



2019 Financial Report to the Community



Excellence
Dedication
Service

Town of Castle Rock, Colorado
CRgov.com/FinancialReports



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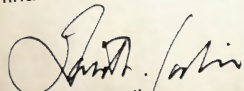


Residents of Castle Rock,

The leadership of your Town takes its financial responsibilities to the community very seriously. The Town prides itself on its conservative financial management, which has allowed for the continued provision of high-caliber community services – per continued strong community survey ratings – without any recent increases in sales or property taxes.

In 2019, the owner of a home valued at \$427,537 paid only \$40.66 in annual property tax to the Town. We believe that represents an excellent return on investment for the full range of general government services the Town provides by maximizing the community's investment through economic development efforts. Though revenues remain solid, continued focus on core services will prove essential in order to sustain the Town's finances through multi-year economic cycles.

The Town's current financial position remains strong, and thus we are proud to share with you the Town's Financial Report to the Community for the year ended Dec. 31, 2019. This report enhances the Town's efforts to provide transparent financial information to the Castle Rock community. We hope that you find this report accessible and educational. You will find additional information about the Town's financials, performance and more at CRgov.com/transparency.


David L. Corliss
Town Manager

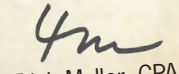

Trish Muller, CPA
Finance Director

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Financial highlights

- The Town's total net position – or net worth – increased by \$51.3 million (5 percent) in 2019.
- As of Dec. 31, 2019, the Town's governmental funds – those supported primarily by taxes – reported combined ending fund balances of \$54.2 million – a decrease of \$7.4 million over 2018; the unassigned fund balance for the General Fund was \$15.6 million, which consisted of cash reserves of \$12.1 million and unappropriated funds of \$3.5 million.
- The Town's long-term liabilities totaled \$111.0 million at the end of 2019; the \$1.3 million (1 percent) of the decrease from 2018 was primarily due to debt service payments.

About this report

This Popular Annual Financial Report (PAFR) provides an overview of the Town's financial position as reported in the 2019 Comprehensive Annual Financial Report (CAFR), available at CRgov.com/FinancialReports. The CAFR is an audited document prepared in accordance with Generally Accepted Accounting Principles (GAAP). The CAFR must include the Town's component units, present individual funds in greater detail, and fully disclose all material events, both financial and non-financial.

Unlike the CAFR, the PAFR is not an audited document, does not include details by fund or other disclosures required by GAAP, and is not intended to present a complete financial picture of the Town in accordance with GAAP. Finance staff designs this report as an easily understandable version for the general public and other interested parties. Both documents have received awards for outstanding financial reporting from the [Government Finance Officers Association](http://GovernmentFinanceOfficersAssociation.org).



Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

Presented to

**Town of Castle Rock
Colorado**

For its Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018


Executive Director/CEO

About your Town

Government organization

The Town of Castle Rock is a home-rule municipality that operates under the Council-Manager form of government. Policy-making and legislative authority are vested with the Town Council, which consists of a Mayor and six Councilmembers elected by residents. The Mayor is elected at-large, and districts elect the Council members – both on a nonpartisan basis. The Mayor and Councilmembers serve four-year terms.

The Council passes ordinances; adopts the budget; appoints boards and commissions; and hires the Town Manager, Town Attorney and Municipal Judge. The Town Manager carries out the policies and ordinances that the Council approves, appoints the Town's department heads (subject to Council ratification), oversees the Town's operations, and implements Council's vision for the Town.

A world-class community

With more than 70,000 residents, Castle Rock values its small-Town character with a traditional Downtown core and regular community events. Slated to grow to more than 130,000 residents, the Town will continue to provide high-quality services while preserving its history and heritage.



Town Council

Castle Rock enjoys a strategic advantage related to its location between Denver and Colorado Springs.



Castle Rock, Colorado

Year	Estimated population
2019	72,168
2018	69,338
2017	65,520
2016	62,188
2015	59,189
2014	56,645
2013	54,238
2012	51,573
2011	49,949
2010	48,150

Source: Town of Castle Rock Development Services

How does the Town focus resources on priorities?






Ensure outstanding public safety

The Castle Rock Police Department (CRPD) and Fire Department (CRFD) work to make our Town one of the safest communities along the front range by providing 24-hour protection. CRPD's 79 officers and 30 civilian staff operate out of the police headquarters and provide services including patrol, investigations, special operations, support services, community policing, co-responder units and K9 units. CRFD operates from five fire stations with 96 full time staff members providing fire, medical and prevention services.

Public Safety

 **Police Response Time** 5 min, 41 sec
Fire Response Time,
90% of the time **8 min, 20 sec**



69,234
Police
Total Calls



5,876
Fire
Total Calls

Please find additional information at [CRgov.com/performance](https://www.crgov.com/performance)

What was accomplished?

- CRFD replaced two older engines and added a Logistics Chief to oversee apparatus purchasing and maintenance, uniforms and Personal Protective Equipment, and facilities maintenance and improvements
- Police added five positions including a School Resource Officer to help protect and serve two middle schools
- Construction began on the final building at the Town's Public Safety Training Campus

New engine at Fire Station 152



Castle Rock ranks high in safety

Using the most recent FBI crime statistics, including violent and property crime rates, Background Checks.org ranked the Town #11 on their list of **Safest Cities in Colorado**.

Safewise, a home security company, ranked Castle Rock #13 on their list of the **20 Safest Cities in Colorado** based on their research of crime statistics and nationwide survey.

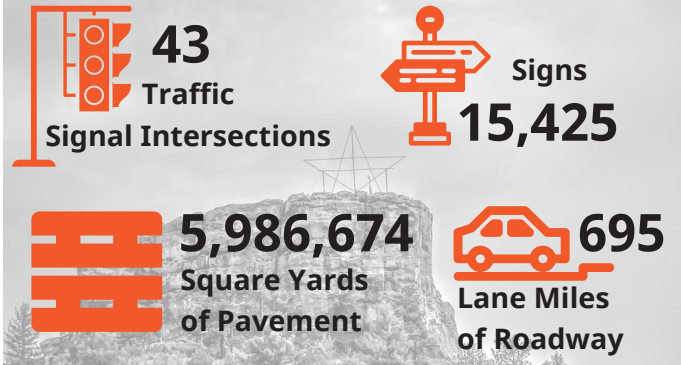




Enhance our transportation

The Public Works Department plans, designs, maintains and repairs almost 700 lane miles of roadways within Castle Rock, providing a broad range of services to ensure the Town's transportation systems can keep pace with growth. Responsibilities include sweeping streets; completing snow and ice removal after storms; and managing traffic signals, signage and pavement markings.

Public Works



Please find additional information at CRgov.com/performance

What was accomplished?

- Founders Parkway and Allen Way, a key Town intersection, saw improvements of additional lanes due in large part to a \$1.7 million federal grant
- More than 127 lane miles of pavement maintained in The Meadows neighborhood as part of an annual program
- Roundabout at Coachline and Wolfensberger roads was constructed

Founders Parkway and Allen Way



Fleet operations recognized
Government Fleet magazine
named the Town's fleet
division as a **Notable Fleet**
for its accomplishments

and efforts based on criteria that included leadership,
competitiveness and efficiency, planning for the future, and
overcoming challenges.



Secure our water future

Castle Rock Water (CRW) provides drinking water, wastewater and stormwater services and manages the Town's portfolio of water resources for residents and businesses.

What was accomplished?

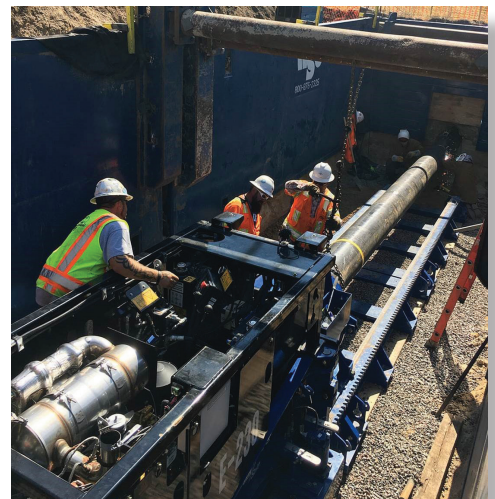
- Red Hawk Reuse Line installed from Plum Creek Water Reclamation Authority to the Red Hawk Golf Course for irrigation that supplements its well during the height of summer heat
- Metzler Ranch Turf Replacement project, a partnership between CRW and Parks and Recreation, converted bluegrass to synthetic turf to increase the number of programming hours, decrease maintenance and save over 6 million gallons of water per year
- Groundwater wells were constructed in the Lanterns/Montaine area

Red Hawk Ridge Golf Course reuse pipeline installation

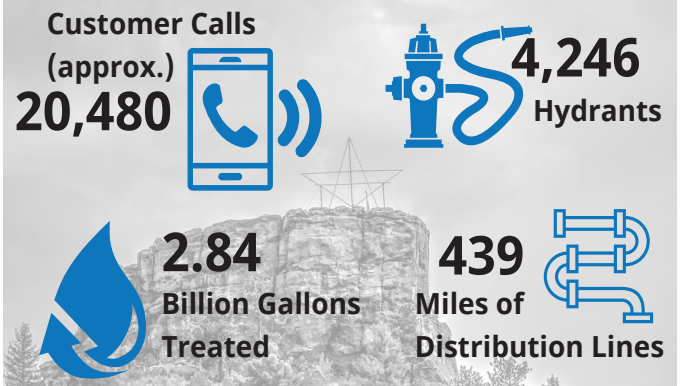


Engineering excellence

The American Council of Engineering Companies recognized Burns & McDonnell, design engineer for the Water Infrastructure and Supply Efficiency (WISE) Project, with the **Engineering Excellence, Honor Award** in the water resources category. The award goes to firms that demonstrate an exceptional degree of innovation, complexity, achievement and value. A team approach during design phase and contributions by Castle Rock Water staff helped ensure a successful project constructed on schedule and under budget.



Castle Rock Water



Please find additional information at CRgov.com/performance



Maintain strong Parks and Recreation

Castle Rock Parks and Recreation manages 23 well-planned parks, 3,040 acres of open space, the Red Hawk Ridge Golf Course, the Miller Activity Complex (MAC), and the Recreation Center. The department also operates five pools and a large number of Town-sponsored special events.

What was accomplished?

- [Deputy Zack S. Parrish III Memorial Park](#) opened in The Meadows development in August 2019
- Two-mile segment of the [East Plum Creek Trail Southern Extension](#) opened to Crystal Valley Parkway funded partly by a \$1.0 million Great Outdoors Colorado grant

Parks and Recreation

611

Acres of
Developed Parks



38,837
Rounds of Golf



316,473
Visits to the
Rec Center and MAC



80
Miles of Trails

Please find additional information at CRgov.com/performance

Deputy Zack S. Parrish III Memorial Park



Park receives award same year that it opens

Deputy Zack S. Parrish III Memorial Park received the **Merit Award for Design** from the Colorado Chapter of the American Society of Landscape Architects. The park, named in memory of the Douglas County Sheriff's deputy and former Castle Rock police officer killed in the line of duty on Dec. 31, 2017, provides a place of recreation and reflection. Castle Rock's community values, Douglas County Sheriff's values and other select symbols inspire and unite the design of the memorial with the surrounding park.



Volunteers for Outdoor Colorado recognized the Town with the **Land Manager of the Year**

Award for outstanding collaboration, support and continued dedication to outdoor stewardship for the development of the Legacy Trail Project at Gateway Mesa.



The Town received the **Columbine Award for Renovated Park Design** by the Colorado Parks and Recreation Association for the reimagining of Festival Park. This award identifies the best practices and creative ideas for design, innovation and programming throughout the state. The project infused vitality and set a higher standard for new construction in Downtown Castle Rock.



Support economic development



Arapahoe Community College (ACC) Sturm Collaboration Campus

Education, industry and community come together at the new Sturm Collaboration Campus that opened in Aug. 2019. The Town contributed \$2.0 million toward the campus and has committed to \$1.0 million more when a second building gets added to the project. Students will have a smooth pathway to a certificate or degree from ACC to a bachelor's degree from Colorado State University while staying in Castle Rock. The campus will focus on degrees in business, health and technology. Along with a variety of learning options, the campus will serve as an incubator for new apprenticeships, such as a partnership with the Town to co-create the first Water Operator Apprenticeship in Colorado.

What was accomplished?

- ACC Sturm Collaboration Campus opened in fall 2019
- Continued work on next-step economic development priorities by entering into agreements designed to facilitate the expansion of the tax base through primary job creation, such as [Riverwalk](#) and [Encore](#), mixed-use properties in the core of Downtown

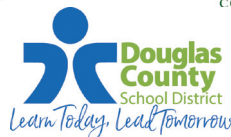
Who are the largest employers?

Source: ReferenceUSA

Company	Rank	Percentage of total town employment
Douglas County	1	10%
Douglas County School District	2	8%
Town of Castle Rock	3	4%
Castle Rock Adventist Medical Campus	4	4%
Keller Williams dba Castle Rock Homes	5	2%



Median household income
Source: U.S. Census Bureau





Manage Town finances conservatively

Town functions

Town functions consist of two groups of activities – governmental-type activities, in **blue**, and business-type activities, in **green**. Taxes primarily fund governmental-type activities, while business-type activities function more like private businesses funded primarily by fees paid for those services.

Net position

The net position, or net worth, of the Town at Dec. 31, 2019 was \$1,075.1 million. The Town's net position increased by \$51.3 million (5 percent). The governmental net position increased by \$27.2 million (6.8 percent), and the business-type net position increased by \$24.1 million (3.9 percent). These increases reflect the planned accumulation of funds for future projects.

Net position	Governmental		Business-type		Total	
as of Dec. 31 in thousands	2019	2018	2019	2018	2019	2018
Assets						
Current and Other Assets	\$ 87,752	\$ 89,399	\$ 144,429	\$ 154,389	\$ 231,881	\$ 243,788
Capital Assets	401,543	373,588	583,374	541,778	984,917	915,366
Total Assets	489,295	462,987	727,503	696,167	1,216,798	1,159,154
Deferred Outflows of Resources	5,544	2,679	748	878	6,292	3,557
Liabilities						
Long-term Liabilities	41,109	42,961	69,195	69,368	111,024	112,329
Other Liabilities	23,165	18,888	10,954	4,428	34,119	23,316
Total Liabilities	64,274	61,849	80,869	73,796	145,143	135,645
Deferred Inflows of Resources	2,806	3,212	-	-	2,806	3,212
Net Position						
Net Investment in Capital Assets	361,695	332,762	512,560	473,028	874,255	805,790
Restricted	16,885	19,853	-	-	16,885	19,853
Unrestricted	49,179	47,990	134,822	150,221	184,001	198,211
Total Net Position	\$ 427,759	\$ 400,605	\$ 647,382	\$ 623,249	\$ 1,075,141	\$ 1,023,854

Summary of activities

The following table reflects a condensed summary of activities and changes in net position. On the governmental side, revenues increased by \$8.9 million (7.8 percent), and expenses increased by \$11.6 million (13.8 percent). On the business-type side, revenues decreased by \$7.7 million (7.1 percent) and expenses increased by \$9.2 million (13.8 percent) largely due to the Town's investment in renewable water projects.

Summary of activities	Governmental		Business-type		Total	
as of Dec. 31 in thousands	2019	2018	2019	2018	2019	2018
Revenues						
Charges for Services	\$ 18,193	\$ 18,907	\$ 63,892	\$ 56,639	\$ 82,085	\$ 75,546
Operating Grants and Contributions	6,973	5,357	-	-	6,973	5,357
Capital Grants and Contributions	24,506	19,444	30,603	46,319	55,109	65,763
Property Taxes	1,483	1,331	-	-	1,483	1,331
Sales and Use Taxes	58,810	57,470	2,961	2,877	61,771	60,347
Other Revenues	12,398	10,958	3,066	2,402	15,464	13,360
Total Revenues	122,363	113,467	100,522	108,237	222,885	221,704
Expenses	95,661	84,092	75,937	66,715	171,598	150,807
Transfers	452	1,304	(452)	(1,304)	-	-
Change in Net Position	27,154	30,679	24,133	40,218	51,287	70,897
Net Position, Beginning of Year	400,605	369,926	623,249	583,031	1,023,854	952,957
Net Position, End of Year	\$ 427,759	\$ 400,605	\$ 647,382	\$ 623,249	\$ 1,075,141	\$ 1,023,854

Revenues and expenses are described in greater detail on the following pages.

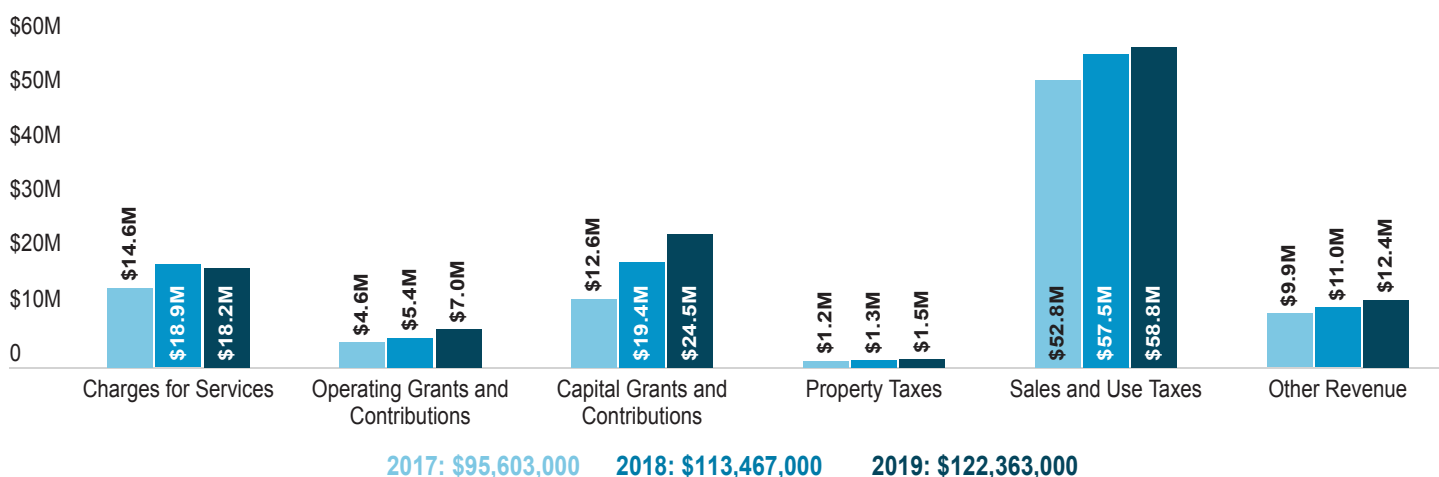
Financial results



Governmental activity revenue

This chart shows governmental revenue activities by source.

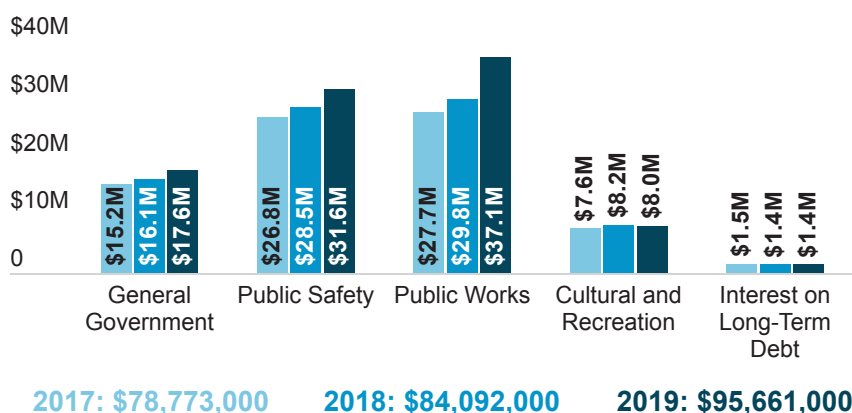
- Sales taxes provide 41 percent of the total revenue for governmental activities. The increase in Sales and Use tax revenue of \$1.3 million is due to an expanded commercial base and strong economy.
- Program revenues – including Charges for Services, Grants and Contributions – provide 41 percent of revenue in the governmental activities. The \$8.9 million (7.8 percent) increase in governmental activity revenue from 2018 is primarily due to an increase in developer contributed assets (\$18.1 million in 2018 versus \$20.0 million in 2019) and federal grant revenue accrual (1.8 million).
- Only 1 percent of the governmental revenues are provided by property taxes.



Governmental activity expenses by program

The Town maintains 15 governmental funds. These funds account for functions such as Municipal Court, Police, Fire and Rescue, Parks and Recreation, Public Works (maintenance of roadways), and general government support.

- Public Safety services account for about 33 percent of all governmental-type expenses.
- Public Works accounts for just over 39 percent of all governmental-type expenses.
- The \$11.6 million (13.8 percent) increase in governmental activity expenses from 2018 resulted primarily from depreciation related to continued investment in capital assets (\$0.2 million), personnel costs (\$2.5 million), and an increase to service and supply costs. Major projects, such as improvements to intersections at Founders Parkway and Crowfoot Valley Road along with Founders Parkway and Allen Way, increased Public Works expenses substantially.



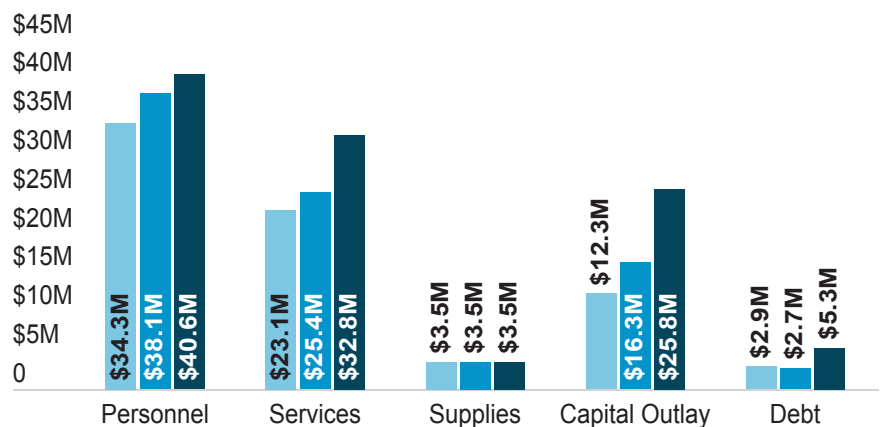


 [FitGround at Philip S. Miller Park](#)



Governmental funds expenses by type *

- Daily governmental functions include paying for operational costs such as salaries, supplies and services.
- Governmental personnel costs for 2019 include 408 full-time equivalents – 54 percent who work to provide the Town’s public safety services.
- Services costs typically include utility and software expenses, costs related to the Town’s annual Pavement Maintenance Program, and contracts with community service partners.
- The completion of projects, such as the Public Works Service Center and Deputy Zack S. Parrish III Memorial Park, resulted in an increase in the Capital Outlay expense. A \$2.1 million Downtown Development Authority Tax Increment Financing (DDA TIF) Fund loan pay-off contributed to an increase in the Debt expense, and an increase to the Pavement Maintenance Program contributed to the Services expense.



2017: \$76,059,232 2018: \$85,915,000 2019: \$108,046,615

*Information presented on modified accrual budgetary basis

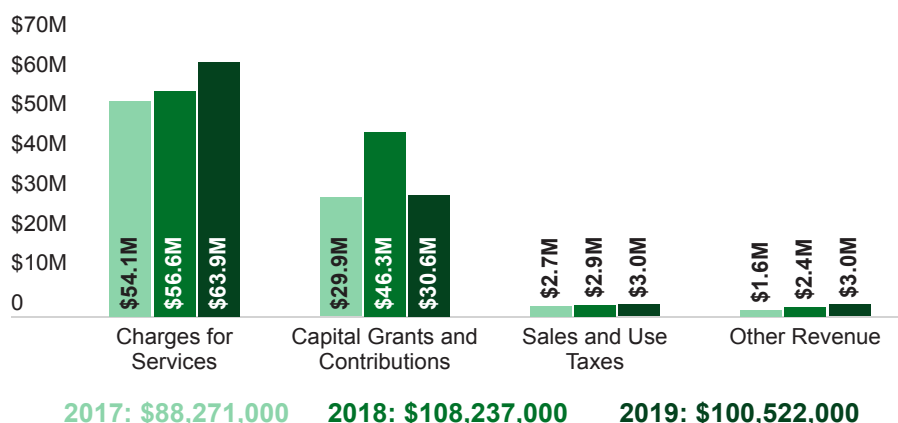
Financial results



Business-type activity revenue

This chart reflects all revenue of the business-type or “enterprise” funds, impact fees, and system development fees. These types of fees can only be used for growth-related costs, primarily the construction of infrastructure assets.

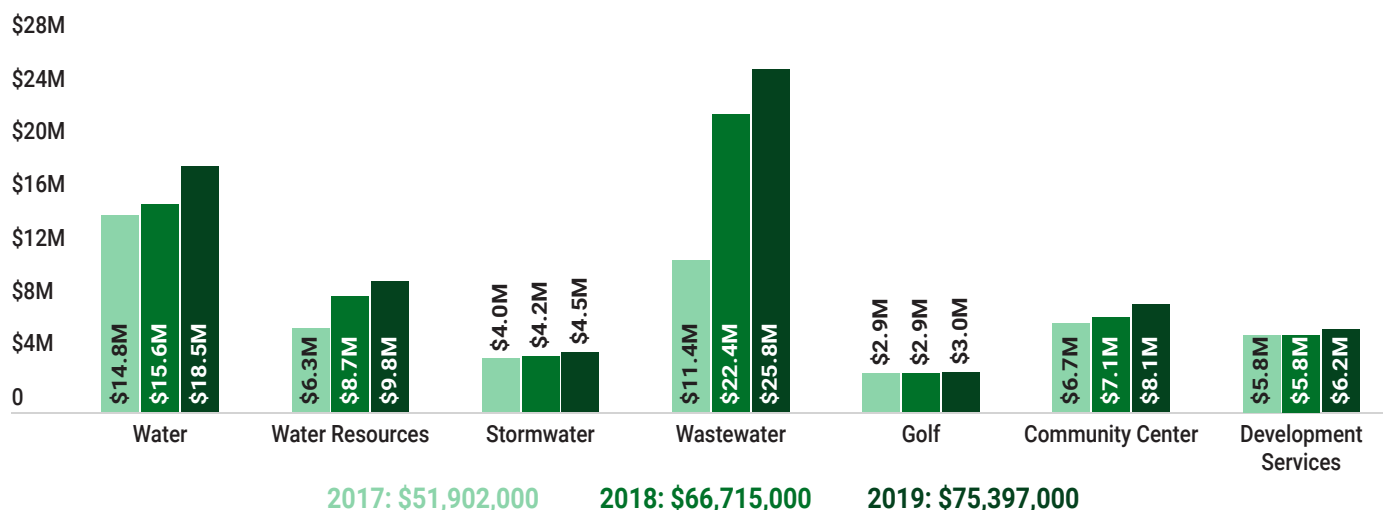
- Charges for Services include water rates paid by customers, building permit revenues, and rates paid at the Recreation Center, Miller Activity Complex, and Red Hawk Ridge Golf Course.
- The \$7.7 million (7.1 percent) decrease in business-type activity revenues from 2018 is due to an overall impact of a decrease in capital grants and contributions (\$15.7 million), a significant amount of developer contributions in 2018, and an increase in charges for services (\$7.3 million) due to a water rights lease revenue increase.



Business-type activity expenses

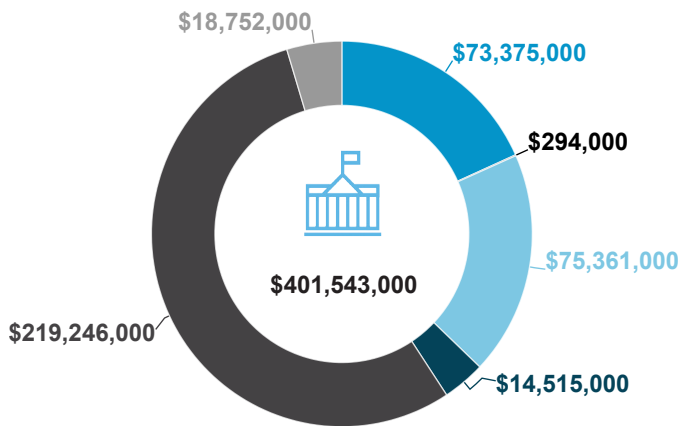
The Town maintains seven business-type funds. These funds account for functions such as Water, Water Resources (long-term water), Stormwater, and Wastewater along with Development Services, Golf and Community Center (recreation).

- Water services account for about 77 percent of all business-type expenses.
- The \$9.2 million (13.8 percent) increase in business-type activity expenses from 2018 is due to an increase in operations costs that resulted from the Plum Creek Reclamation Authority capacity increase, water well repair and drilling cost, and depreciation related to continued investment in capital assets.

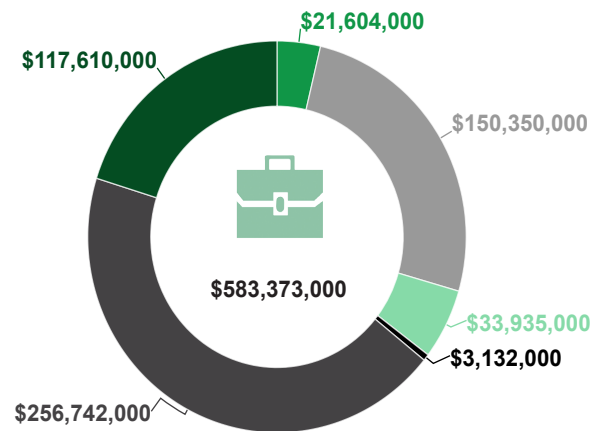


Capital assets (net of depreciation)

The Town had significant investments in infrastructure in 2019. Major capital asset events included continued investment in renewable water projects, design and construction of transportation projects, and completion of Deputy Zack S. Parrish III Memorial Park.



- Land/Easements/Right of Ways (18.3%)
- Buildings/Improvements/Other (18.7%)
- Machinery and Equipment (3.6%)
- Construction in Progress (4.7%)
- Infrastructure (54.6%)
- Artwork (0.1%)



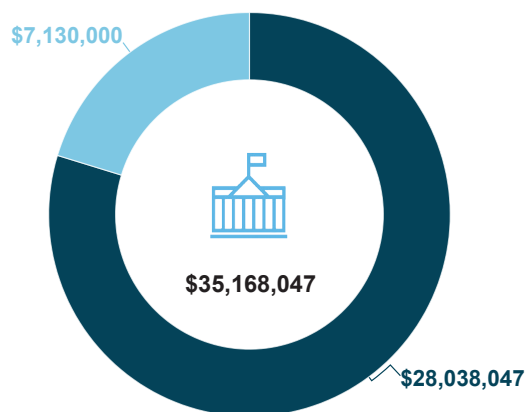
- Land/Easements/Right of Ways (3.7%)
- Buildings/Improvements/Other (5.8%)
- Machinery and Equipment (0.5%)
- Construction in Progress (20.2%)
- Infrastructure (44%)
- Water Rights (25.8%)

Outstanding debt

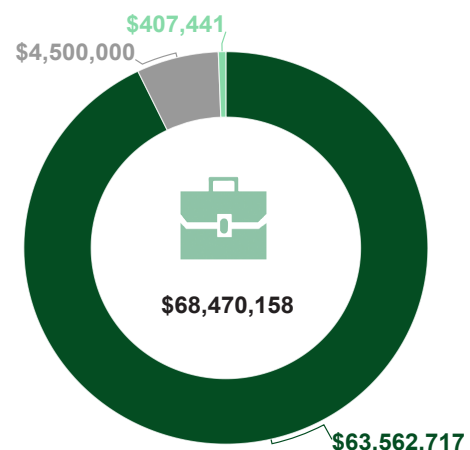
The Town's total long-term debt decreased by \$3.8 million, or 4 percent, in 2019 due to scheduled debt service payments.

The Town has no general obligation bonds outstanding.

The credit position for Castle Rock is very strong, and its Aa1 rating is above the U.S. city median of Aa3. The rating reflects a very healthy financial position, a considerable tax base and an affluent socioeconomic profile. A strong credit rating makes the Town more attractive to potential investors and potentially secures more favorable rates when issuing debt.



- Revenue Bonds (79.7%)
- Certificates of Participation (20.3%)



- Revenue Bonds (92.8%)
- Notes (6.6%)
- Capital Leases (0.6%)

Investments

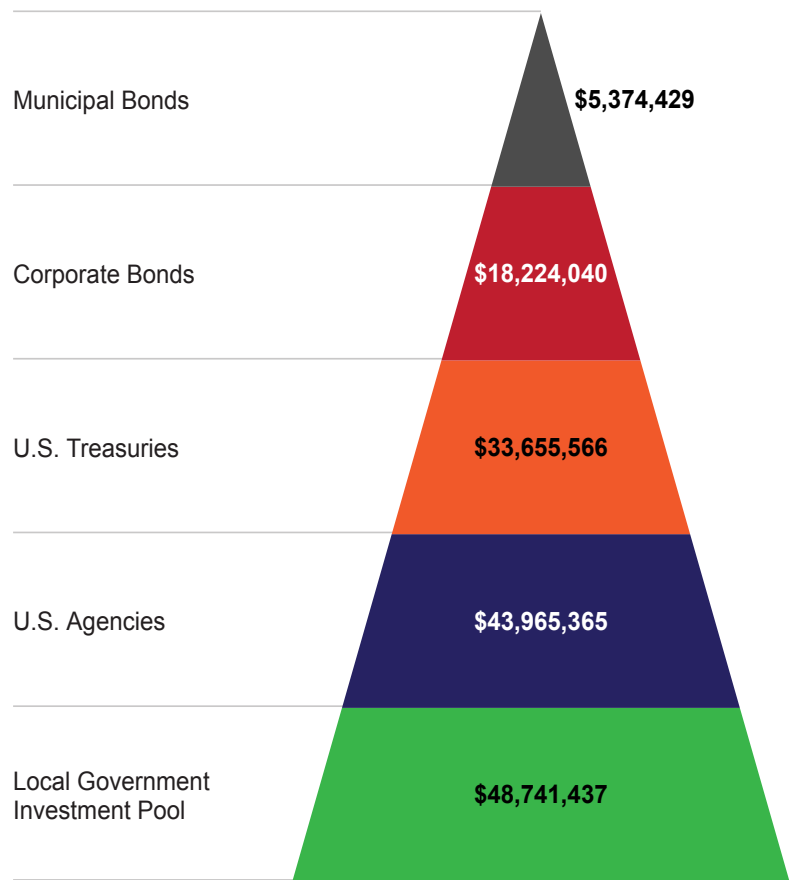
The Town maintains a conservative investment policy.

The principal objectives include:

- Preservation and protection of capital
- Maintenance of sufficient liquidity
- Diversification to avoid unreasonable risk
- Attainment of adequate market rate of return
- Conformance with all stated regulations

Did you know?

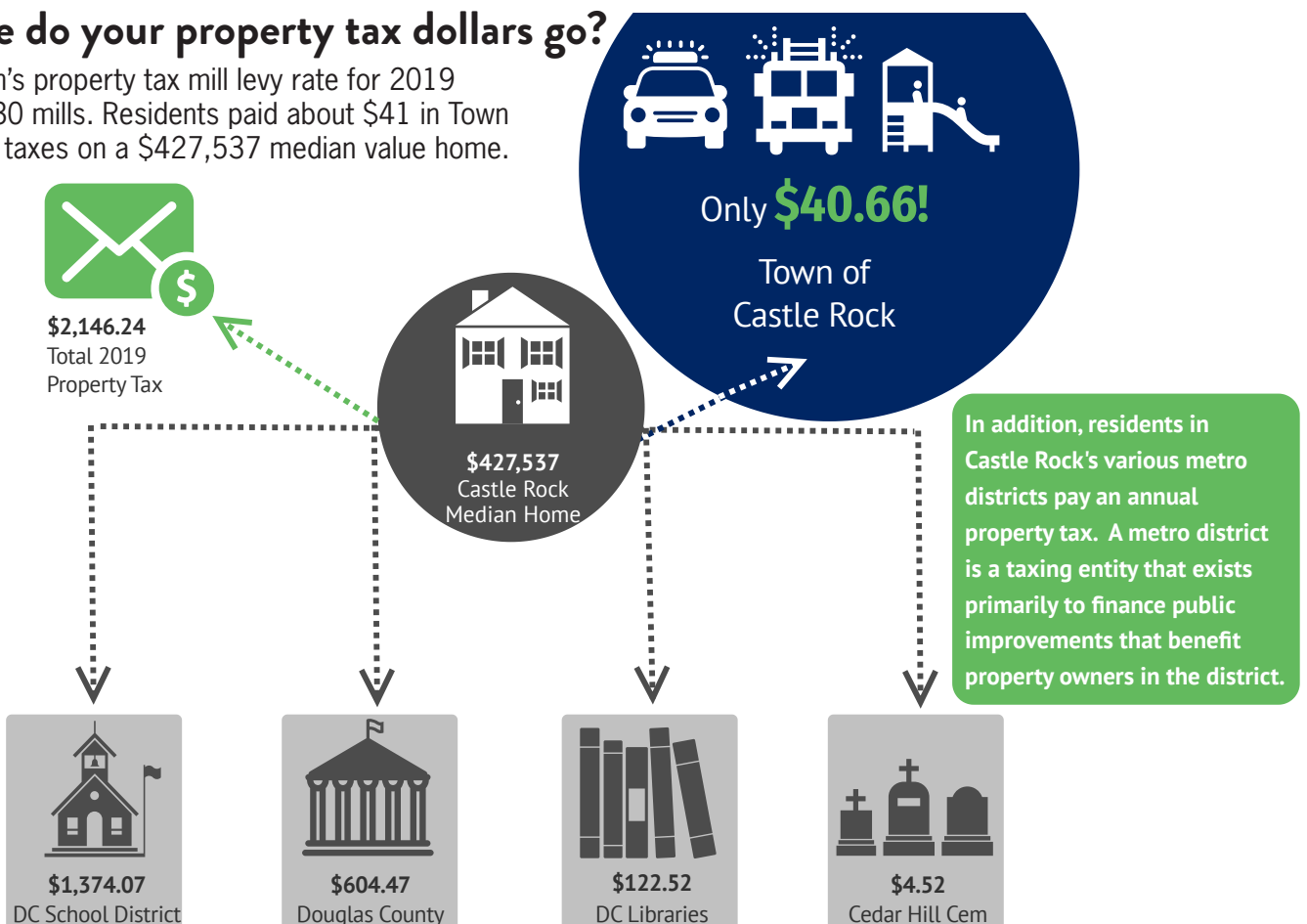
The Town has a large portion of investments in a Local Government Investment Pool (LGIP). In 1988, Colorado local governments formed the LGIP for the sole purpose of serving government entities in the state to meet investment objectives via an asset allocation approach to portfolio management with an emphasis on safety, liquidity, transparency and competitive yields.



Total investments: \$149,960,837

Where do your property tax dollars go?

The Town's property tax mill levy rate for 2019 was 1.330 mills. Residents paid about \$41 in Town property taxes on a \$427,537 median value home.

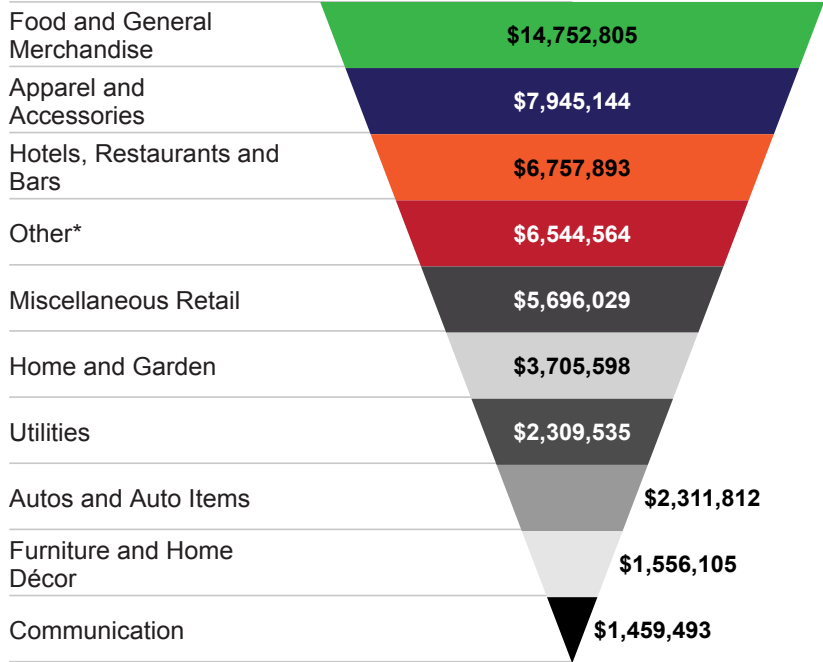


Castle Rock strives to maintain a high-quality business environment that includes unique locally-owned stores in historic Downtown.



Shopping in Downtown Castle Rock

Which industries generate the most sales tax?



*Other: Agricultural and Construction, Audit Revenue, Leasing and Rentals, Services, Ranch Supply/Pet Needs, Wholesale and Manufacturing

Total: \$53,038,978

Source: Town of Castle Rock Revenue Division

PAFR terminology explained

Assets: resources with economic value that the Town owns

Business-type activities: include Water, Water Resources, Stormwater and Wastewater utilities, a golf course, a Community Center (recreation), and Development Services. These activities rely to a significant extent on fees and charges for services.

Governmental-type activities: include most of the Town’s services such as general government, public safety (police and fire), Public Works (transportation and streets), and culture and recreation (parks and open space). Taxes and intergovernmental revenues normally support these services

Deferred inflow of resources: acquisition of net assets applicable to a future reporting period. For example, deferred revenue and advance collections

Deferred outflow of resources: consumption of net assets applicable to a future reporting period. For example, prepaid items and deferred charges.

Liabilities: claims against the Town’s assets

Net position: difference between assets and liabilities – in this case, the Town’s net worth

Restricted: funds set aside for a specific purpose or project and not available for use

Unrestricted: one-time funds available to use for operations or capital

How do residents connect with the Town?

The Town of Castle Rock demonstrates its [values](#) through clear, direct, honest communication. Residents and business-owners have more ways than ever to access information. Your Town government strives to engage residents regarding news, events, programs and services. In its commitment to keep everyone informed, the Town deploys various tools and resources including [Your Town Talk](#), printed monthly and distributed with water bills.

CONNECTING IN CASTLE ROCK

