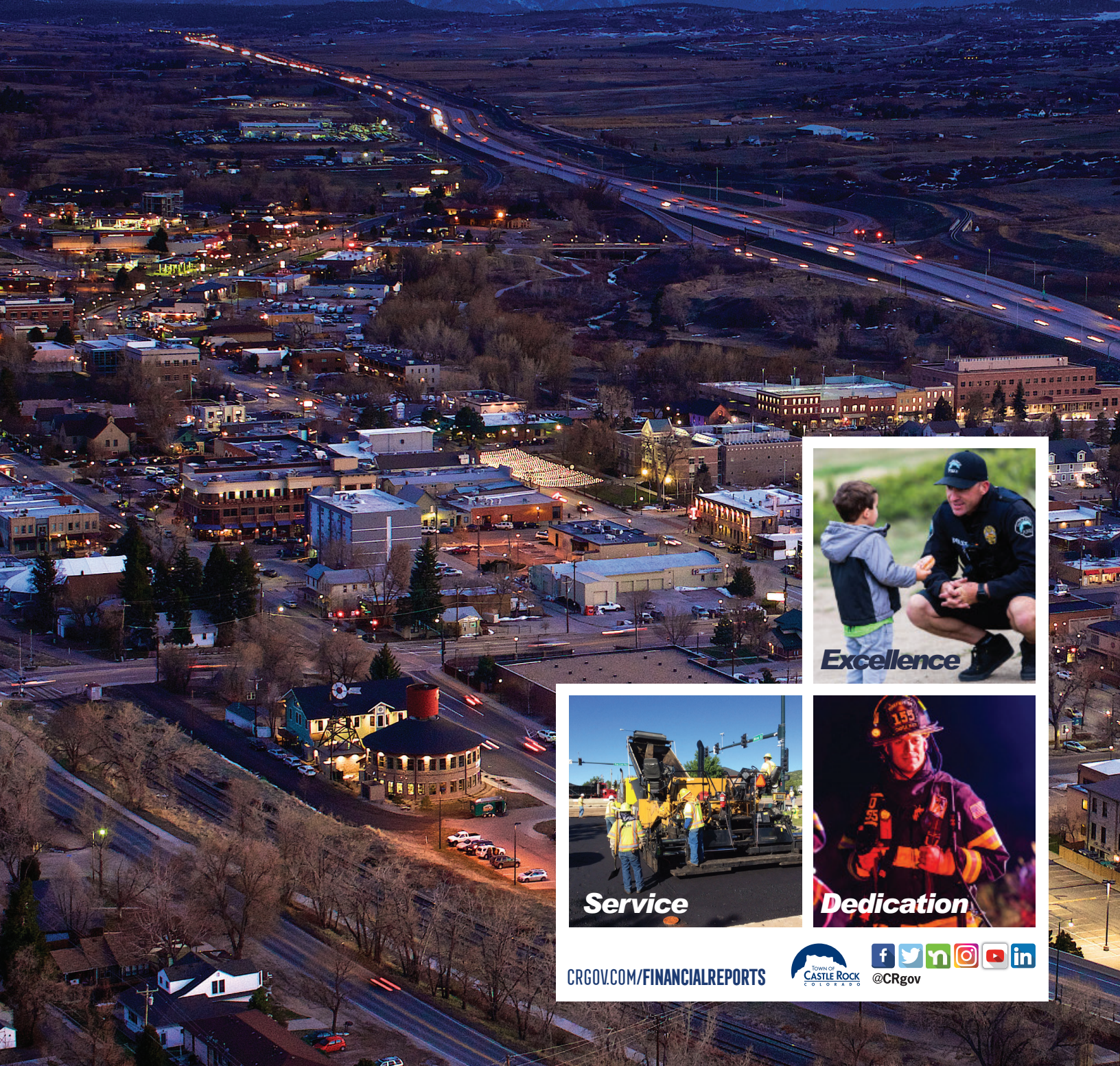




2020 FINANCIAL REPORT TO THE COMMUNITY

FOR THE YEAR ENDED DEC. 31, 2020



[CRGOV.COM/FINANCIALREPORTS](https://www.crgov.com/financialreports)



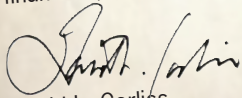


Residents of Castle Rock,

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. Staff pivoted during the pandemic to continue to deliver high-quality services – and to support small local businesses.

In 2020, the owner of a home valued at \$428,977 – Castle Rock's median home value, per April 2020 Douglas County Community Development Department data – paid only \$36.68 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 multiyear 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, 2020. 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

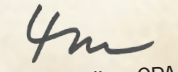

Trish Muller, CPA
Finance Director

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Financial highlights

- The Town's total net position – or net worth – increased by \$94.1 million (9 percent) in 2020. Due to the COVID-19 pandemic, the Town received almost \$3.5 million in [CARES Act](#) funds. Town Council awarded over half of the funds, more than \$1.8 million, in three rounds of grants to small local businesses that met eligibility.
- As of Dec. 31, 2020, the Town's governmental funds – those supported primarily by taxes – reported combined ending fund balances of \$93.9 million – an increase of \$39.7 million over 2019; the unassigned fund balance for the General Fund was \$21.1 million, which consisted of cash reserves of \$12.1 million and unappropriated funds of \$9.0 million.
- The Town's long-term liabilities totaled \$118.8 million at the end of 2020; \$7.8 million (7 percent) of the increase from 2019 was primarily due to long-term debt and net pension liability.

About this report

This Financial Report to the Community provides an overview of the Town's financial position as reported in the 2020 Comprehensive Annual Financial Report (AFR), available at CRgov.com/FinancialReports. The AFR is an audited document prepared in accordance with Generally Accepted Accounting Principles (GAAP). The AFR must include the Town's component units, present individual funds in greater detail, and fully disclose all material events, both financial and non-financial.

This is an unaudited 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](#).



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, 2019


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.

Councilmembers for Districts 1, 2, 4 and 6 were elected in November 2020 and took office at the first regular meeting in December.

A world-class community

With over 75,000 residents, Castle Rock values its distinct character with a traditional Downtown core and regular community events. Estimated to grow to up to 120,000-140,000 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.

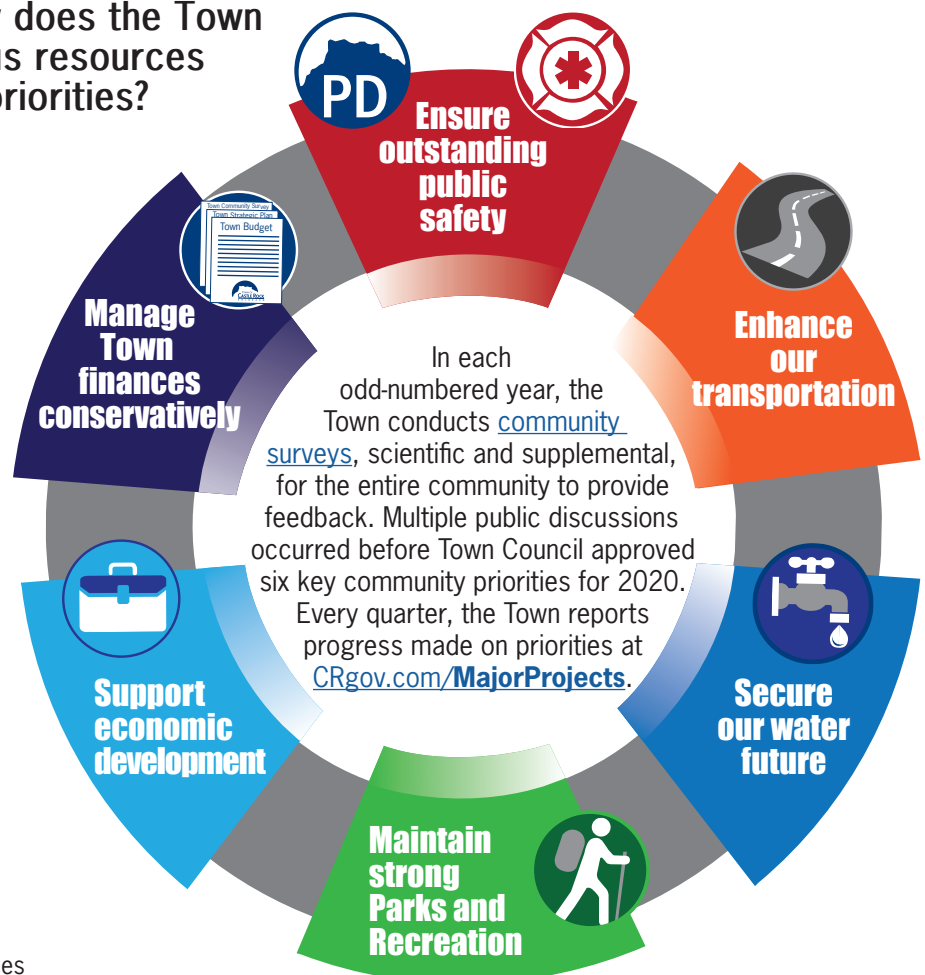


Castle Rock, Colorado

Year	Estimated population
2020	75,857
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

Source: Town of Castle Rock Development Services

How does the Town focus resources on priorities?





Ensure outstanding public safety

Castle Rock Police (CRPD) and Fire and Rescue (CRFD) work to make our Town one of the safest communities along the Front Range by providing 24-hour protection. CRPD's 80 officers and 32 civilian staff operate out of Police Headquarters and provide services including patrol, investigations, special operations, support services, community policing, school officers, co-responder units and K9 units. CRFD operates five divisions from five fire stations with 96 full-time staff members providing fire, medical, education, inspections and investigations services.

Public Safety



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

What was accomplished?

- CRFD dedicated an ambulance to the COVID-19 response to ensure the safety and best care of patients who had suspected or confirmed cases; [CARES Act](#) funding helped adequately staff and maintain supplies for the unit
- Two new members of CRFD completed the fire academy
- From early 2019 to 2020, CRPD added a detective, a school resource officer, a community response team officer and a training officer
- Completed construction of the North Building at the Public Safety Training Facility

New and final building at the Public Safety Training Facility



Healthy police culture honored

During the 2020 International Association of Chiefs of Police annual conference, keynote speaker Simon Sinek, notable leadership expert and author, recognized

Chief Jack Cauley and the Castle Rock Police Department as examples of **excellence in providing a healthy police culture** and One-By-One Policing philosophy. Sinek previously presented the Igniter of the Year award to Chief Cauley as a person who has taken his work "to transform the culture and the lives of the people around them," and he highlighted Cauley in his book, *The Infinite Game*, in a chapter on creating trusting teams.



Next-level trauma care

The Colorado Trauma Network reviews and makes recommendations to the State on improving trauma care. The organization recognized

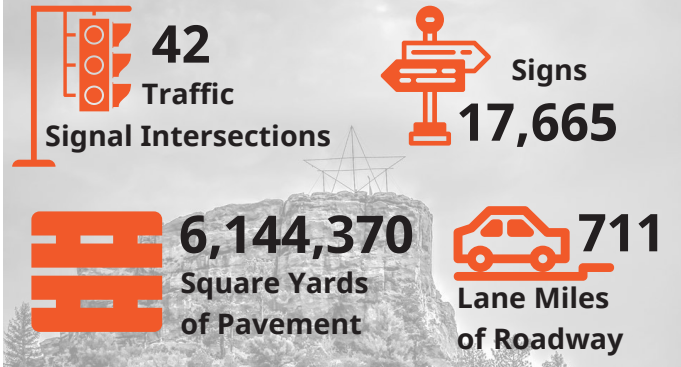
CRFD as the **2020 Prehospital Agency of the Year**. CRFD's nomination included not only trauma care given to patients but also trauma prevention and education through several community "Stop the Bleed" classes taught in conjunction with Castle Rock Adventist Hospital.



Enhance our transportation

Castle Rock Public Works plans, designs, maintains and repairs 711 lane miles of roadways within Castle Rock, providing a broad range of services to ensure the Town's transportation system 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](https://www.crgov.com/performance)

What was accomplished?

- Budget restrictions associated with COVID-19 put multiple projects on hold; however, most of the deferred projects have been programmed into the 2021 Budget
- Issued Transportation Action Plan Sales and Use Tax Revenue Bonds, Series 2020, to advance refund a portion of the Town's Series 2013 Bonds; this refunding amounted to overall savings of \$2.2 million
- Widened Plum Creek Parkway east of Gilbert Street to Eaton Circle, including construction of two new roundabouts

Plum Creek Parkway widening and paving



Statewide quality award received

The Colorado Asphalt Pavement Association presented the Town of Castle Rock and Schmidt Construction, a local paving contractor, with a **"Best in Colorado" Asphalt Pavement Award**, City Street New or Reconstruction category, for the Butterfield Crossing Project. The award recognizes asphalt producers, contractors and agencies/owners for overall quality and smoothness.



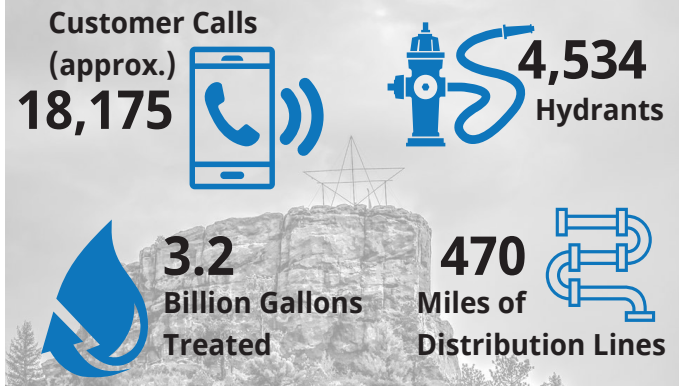
Secure our water future

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?

- Due to COVID-19, CRW developed [two assistance programs](#) to help small businesses and residential customers with water bills through no-interest loans and credits; in addition, CRW temporarily waived various fees
- Added advanced treatment processes to the Plum Creek Water Purification Facility, so the Town can purify reuse water and provide a major water supply source aligned with the goal towards 75 percent renewable water
- Added a new pump station to the Plum Creek diversion to capture active water rights and reuse water supplies
- Installed new stormwater infrastructure along Gordon Drive in conjunction with replacement of aging water and sewer lines

Castle Rock Water



Please find additional information at CRgov.com/performance

Plum Creek Water Purification Facility



Protecting public health

The **Commitment Award** recognizes Castle Rock Water's impressive commitment to a culture of protecting public health and overcoming difficult challenges. It also recognizes the department for its commitment to developing best practices in standard operating procedures for source water protection measures, treatment goals and distribution components. Castle Rock Water is the first water provider in the State to receive this award.



Staying golden

For the third year, the Colorado Department of Public Health and Environment recognized Castle Rock Water with the **Environmental Leadership Program Gold Award** for going above and beyond regulatory standards that positively impact the environment.



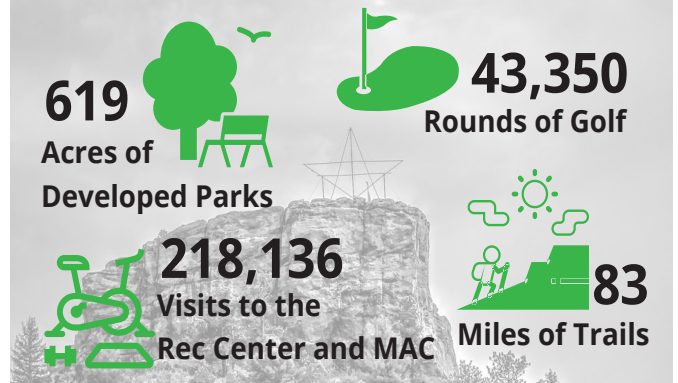
Maintain strong Parks and Recreation

Castle Rock Parks and Recreation manages 24 well-planned parks, 2,934 acres of open space, 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?

- Facilities pivoted to meet public health guidelines and capacity restrictions by offering virtual fitness classes, socially distanced live music events and chances to get outdoors during the pandemic
- Launched RockREC point-of-sale registration and reservation software that includes a streamlined desktop dashboard and convenient mobile app
- Completed the first loop of Legacy Trail, constructed at Gateway Mesa Open Space near the eastern boundary of Castle Rock, enhanced with signs, a wooden bridge with chain railing and chain hand holds for the rocky section

Parks and Recreation



Please find additional information at CRgov.com/performance

RockREC brings a customer-centered recreation experience to the community



Seven chosen as the best

The local community chose seven Parks and Recreation programs and venues for **Best of the Best Awards** by Colorado Community Media: Family

Entertainment Center - Miller Activity Center, Golf Course - Red Hawk Ridge, Gymnastics - Castle Rock Recreation Center, Live Music Venue - Amphitheater at Philip S. Miller Park, Park - Philip S. Miller Park, Swimming Pool/Waterpark - Castle Rock Recreation Center, and Summer Camps (Kids) - Summer Camps at Miller Activity Complex.



Red Hawk Ridge celebrated Statewide

To recognize the best in golf throughout the State, Colorado AvidGolfer magazine hosts the annual **CAGGY Award**, known as a readers' choice and staff selection celebration. In 2020, Red Hawk Ridge Golf Course received top staff picks for both Best Par 5 and the Best Value. In addition, readers voted for the course as the runner-up in the Best Ego-Booster category. For almost 20 years, Colorado AvidGolfer has served as the ultimate Statewide resource for the game.



Support economic development



[Arapahoe Community College \(ACC\) Sturm Collaboration Campus](#)

From the Douglas County School District to ACC to Colorado State University, a student can earn a bachelor's degree while staying in Castle Rock. Options and opportunities continued to grow at the Sturm Collaboration Campus where students have smooth pathways in business, health and technology to a certificate or degree. Cohorts in cybersecurity and secure software development have grown, which will help fill unmet workforce demand in the technology sector. In partnership with ACC, the Town hired a Water Utility Operator Apprentice. This student has worked halfway through the two-year apprenticeship program to gain hands-on experience in the four major disciplines of water utility operations and obtain operator certification, while earning part-time pay and 50 percent tuition reimbursement towards an Associate of Science degree.

What was accomplished?

- Implemented financial relief efforts in response to the COVID-19 pandemic through [Small Business Support Grants](#), KIVA community-backed loans and 0% interest loans in partnership with the Economic Development Council, Chamber of Commerce, FirstTier Bank and Colorado Lending Source
- Issued \$9.7 million in certificates of participation (COPs) to fulfill the Town's financial commitments for the Encore project that will add 308 public parking spaces in Downtown Castle Rock



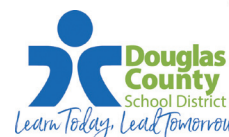
Median household income

Source: U.S. Census Bureau

Who are the largest employers?

Source: ReferenceUSA

Company	Rank	Percentage of total town employment	Number of FTEs*
Douglas County	1	10%	1500-2000
Douglas County School District	2	8%	1000-1500
Town of Castle Rock	3	4%	501-750
Castle Rock Adventist Medical Campus	4	4%	501-750
Walmart	5	3%	251-500



*Full-time employee equivalents who work in the Castle Rock area



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, 2020 was \$1.2 billion. The Town's net position increased by \$94.1 million (9 percent). The governmental net position increased by \$43.2 million (10 percent), and the business-type net position increased by \$50.9 million (8 percent). These increases reflect the planned accumulation of funds for future projects.

Net position	Governmental		Business-type		Total	
as of Dec. 31 in thousands	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 127,582	\$ 87,752	\$ 139,669	\$ 144,129	\$ 267,251	\$ 231,881
Capital assets	412,563	401,543	634,584	583,374	1,047,147	984,917
Total assets	540,145	489,295	774,253	727,503	1,314,398	1,216,798
Deferred outflows of resources	4,969	5,544	617	748	5,586	6,292
Liabilities						
Long-term liabilities	48,956	41,109	69,841	69,915	118,797	111,024
Other liabilities	21,721	23,165	6,780	10,954	28,501	34,119
Total liabilities	70,677	64,274	76,621	80,869	147,298	145,143
Deferred inflows of resources	3,445	2,806	-	-	3,445	2,806
Net position						
Net investment in capital assets	376,706	361,695	567,916	512,560	944,622	874,255
Restricted	29,327	16,885	-	-	29,327	16,885
Unrestricted	64,959	49,179	130,333	134,822	195,292	184,001
Total net position	\$ 470,992	\$ 427,759	\$ 698,249	\$ 647,382	\$ 1,169,241	\$ 1,075,141

Summary of activities

The following table reflects a condensed summary of activities and changes in net position. On the governmental side, revenues increased by \$12.5 million (10 percent), and expenses decreased by \$4.2 million (4 percent) due to greater than anticipated use tax and impact fee collections from residential and commercial construction activity, and spending reductions related to the COVID-19 pandemic. On the business-type side, revenues increased by \$11.0 million (11 percent) and expenses decreased by \$15.1 million (20 percent) primarily due to water, water resources, stormwater and wastewater fund system development fees of \$27.6 million; contributed infrastructure from developers of \$16.8 million; in addition to spending reductions and project deferrals as a result of the pandemic.

Summary of activities	Governmental		Business-type		Total	
as of Dec. 31 in thousands	2020	2019	2020	2019	2020	2019
Revenues						
Charges for services	\$ 29,600	\$ 18,193	\$ 61,185	\$ 63,892	\$ 90,785	\$ 82,085
Operating grants and contributions	12,497	6,973	-	-	12,497	6,973
Capital grants and contributions	17,892	24,506	44,345	30,603	62,237	55,109
Property taxes	1,745	1,483	-	-	1,745	1,483
Sales and use taxes	62,572	58,810	3,275	2,961	65,847	61,771
Other revenues	10,598	12,398	2,755	3,066	13,353	15,464
Total revenues	134,904	122,363	111,560	100,522	246,464	222,885
Expenses	91,483	95,661	60,881	75,937	152,364	171,598
Transfers	(188)	452	188	(452)	-	-
Change in net position	43,233	27,154	50,867	24,133	94,100	51,287
Net position, beginning of year	427,759	400,605	647,382	623,249	1,075,141	1,023,854
Net position, end of year	\$ 470,992	\$ 427,759	\$ 698,249	\$ 647,382	\$ 1,169,241	\$ 1,075,141

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

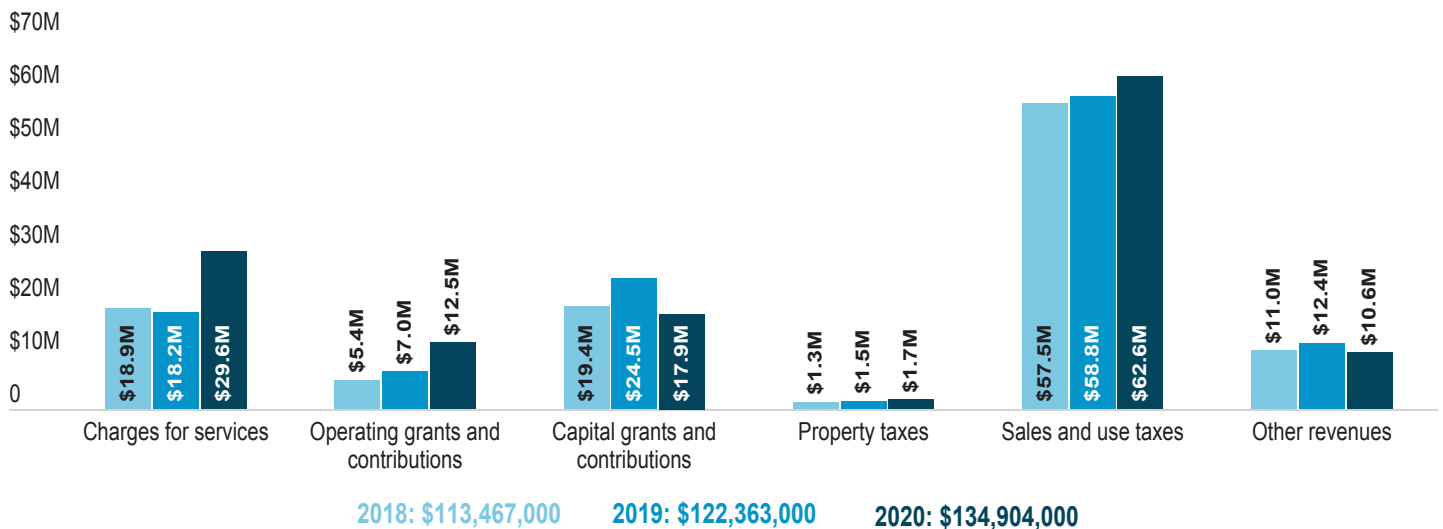
Financial results



Governmental activities revenue

This chart shows governmental revenue activities by source.

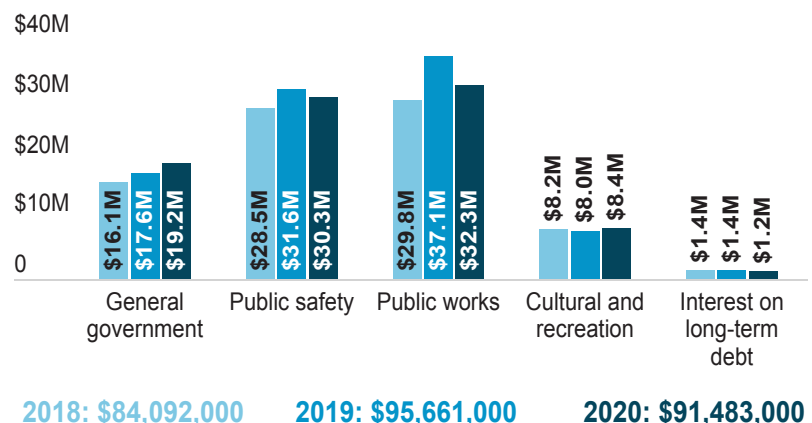
- Sales and use taxes provide 39 percent of the total revenue for governmental activities. The increase in sales and use tax revenue of \$3.8 million is due to an expanded commercial base; construction activity; and local spending on groceries, home improvement and online purchasing.
- Program revenues – including charges for services, grants and contributions – provide 44 percent of revenue in the governmental activities. The \$12.5 million (10 percent) increase in governmental activities revenue from 2019 is primarily due to an increase in charges for services due to development impact fees, and an increase in operating grants and contributions due to [CARES Act](#) reimbursement revenue.
- Only 1 percent of governmental revenues are provided by property taxes.



Governmental activities 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 35 percent of all governmental-type expenses.
- The \$4.2 million (4 percent) decrease in governmental activities expenses from 2019 resulted primarily from a decrease in service and supply costs (\$7.7 million) due to spending reductions during times of economic uncertainty.



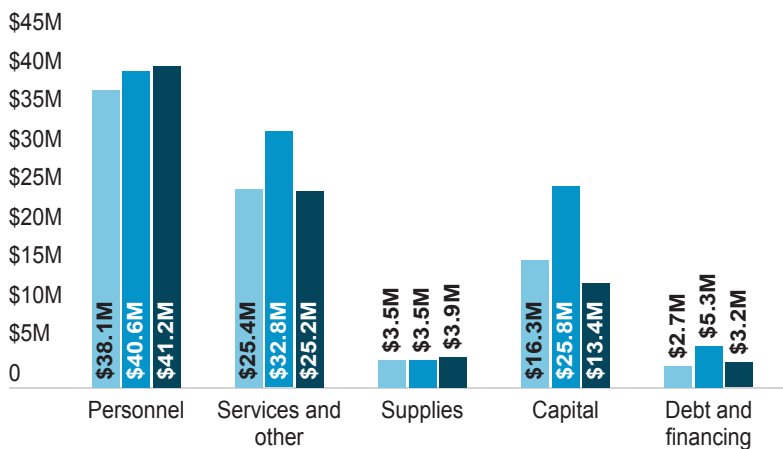


▲ Apart from the holiday season, Council approved lighting the Star in March as a beacon of hope during the pandemic



Governmental funds expenses by type *

- Daily governmental functions include paying for operational costs such as salaries, supplies and services.
- Governmental personnel costs for 2020 include 415 full-time equivalents – 50 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.
- Due to economic uncertainty, budget expense reductions were identified and moved to services and other, and went unspent in 2020. This includes the deferral of part of the Pavement Maintenance Program. Capital expenses decreased due to capital project timing and delays, also as a result of economic uncertainty. Debt and financing decreased due to refunding of the 2013 Sales and Use Tax Bonds.



*Information presented on modified accrual budgetary basis

2018: \$85,915,000 2019: \$108,047,000 2020: \$86,822,000

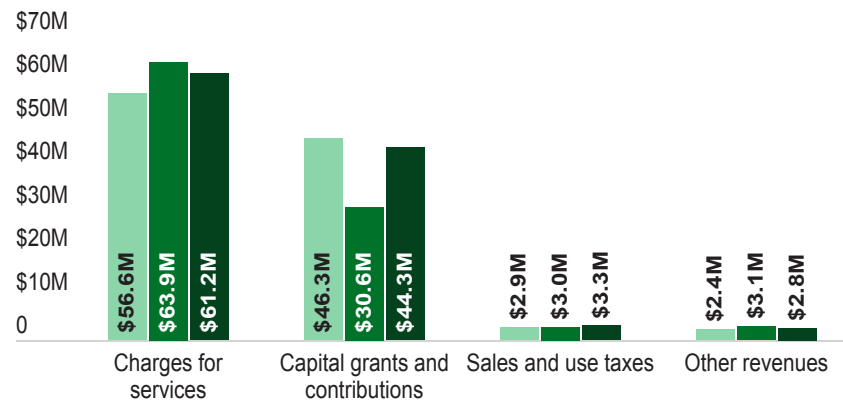
Financial results



Business-type activities 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 \$11.0 million (11 percent) increase in business-type activities revenues from 2019 is primarily due to an increase in capital grants and contributions (\$13.7 million), and a significant amount of developer contributions in 2020.



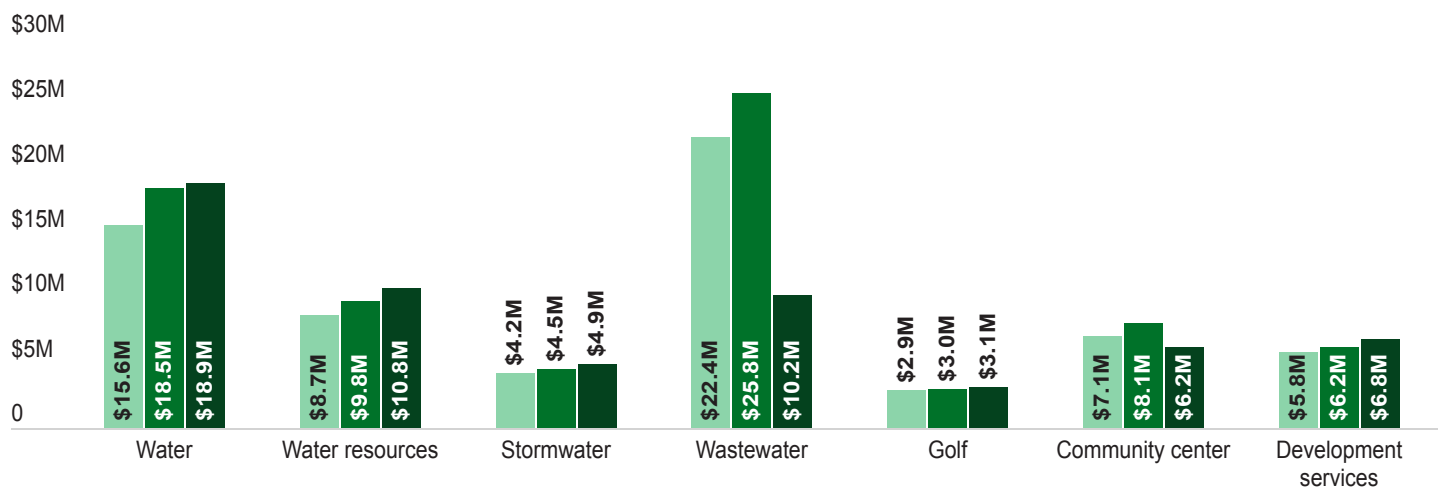
2018: \$108,237,000 2019: \$100,522,000 2020: \$111,560,000



Business-type activities 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 74 percent of all business-type expenses.
- The \$15.1 million (20 percent) decrease in business-type activities expenses from 2019 is largely due to the Plum Creek Water Reclamation Authority capacity expansion project in 2019 (\$16.6 million), as well as services and supply and capital spending reductions, and project deferrals as a result of the COVID-19 pandemic.



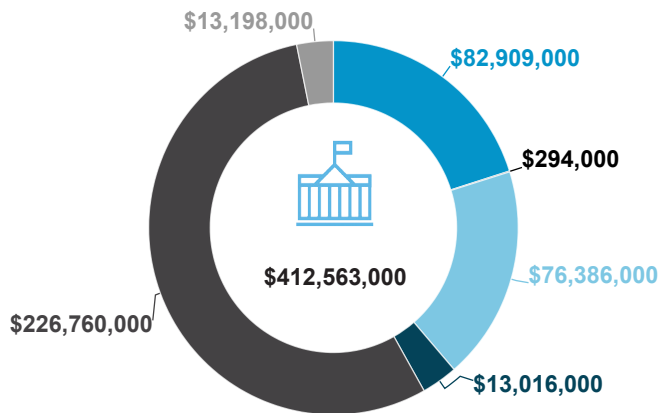
2018: \$66,715,000 2019: \$75,937,000 2020: \$60,881,000

Financial results

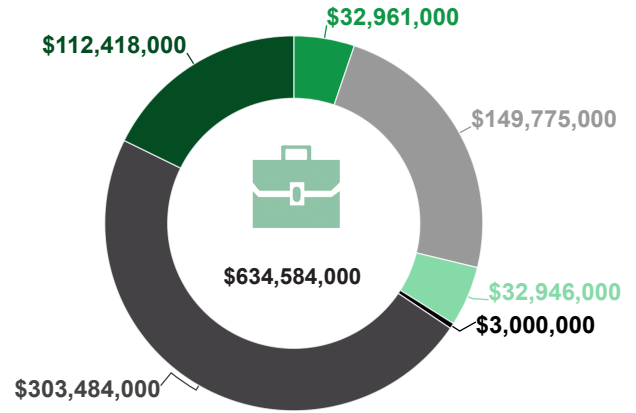
Capital assets (net of depreciation)

The Town had significant investments in infrastructure in 2020. Major capital asset events included renewable water projects, and design and construction of transportation projects.

Governmental activities



Business-type activities



- Land/easements/right of ways (20.1%)
- Buildings/improvements/other (18.5%)
- Machinery and equipment (3.1%)
- Construction in progress (3.2%)
- Infrastructure (55.0%)
- Artwork (0.1%)

- Land/easements/right of ways (5.2%)
- Buildings/improvements/other (5.2%)
- Machinery and equipment (0.5%)
- Construction in progress (17.7%)
- Infrastructure (47.8%)
- Water rights (23.6%)

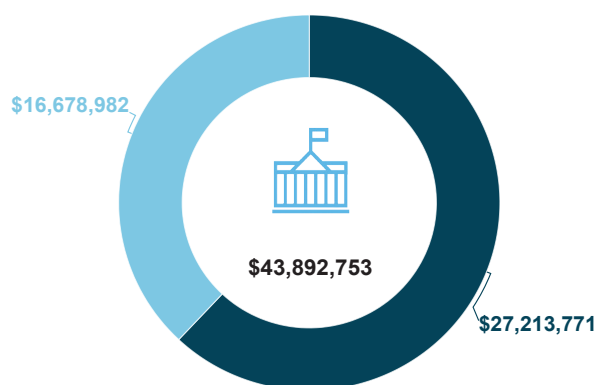
Outstanding debt

The Town's total long-term debt increased by \$8.3 million, or 8 percent, in 2020 due to a new issuance of certificates of participation.

The Town has no general obligation bonds outstanding.

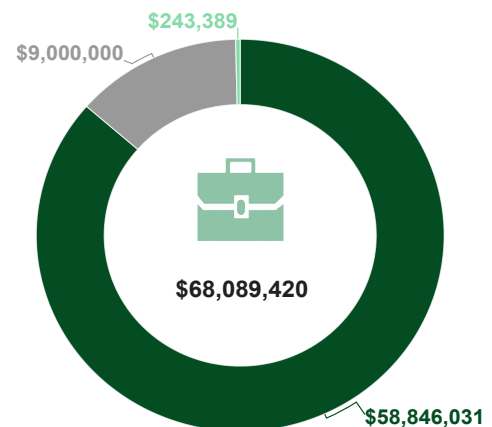
The credit position for Castle Rock is very strong, and its Aa1 rating is above the U.S. city median of Aa3. The rating reflects a very healthy financial position, a considerable tax base and an affluent socioeconomic profile. A strong credit rating makes the Town more attractive to potential investors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

Governmental activities



- Revenue bonds (62.0%)
- Certificates of participation (38.0%)

Business-type activities



- Revenue bonds (86.4%)
- Notes payable (13.2%)
- Leases payable (0.4%)

Investments

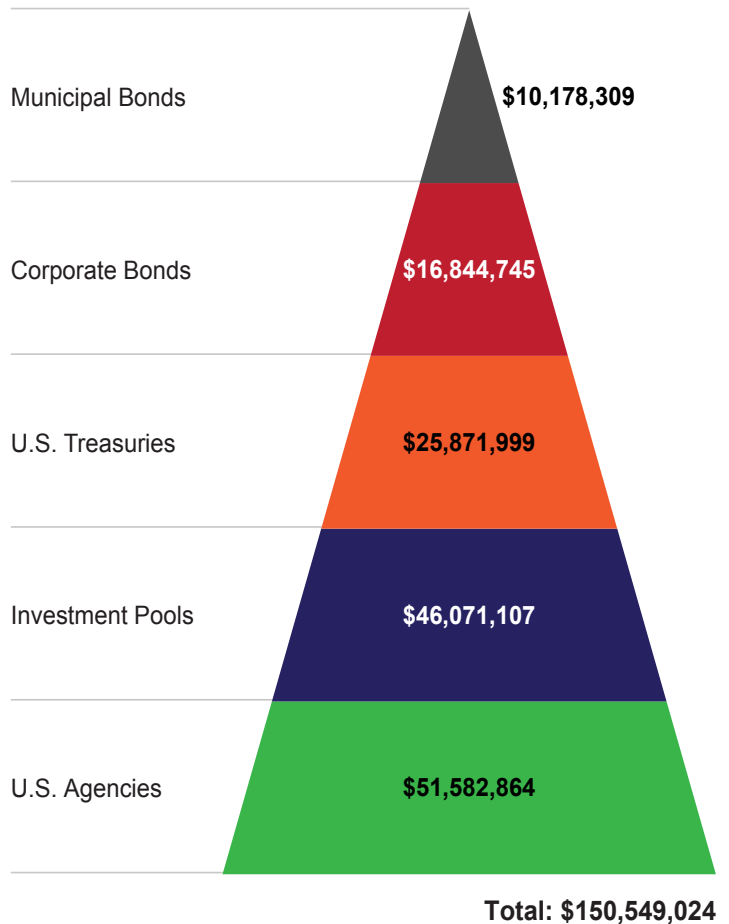
The Town maintains a conservative investment policy.

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

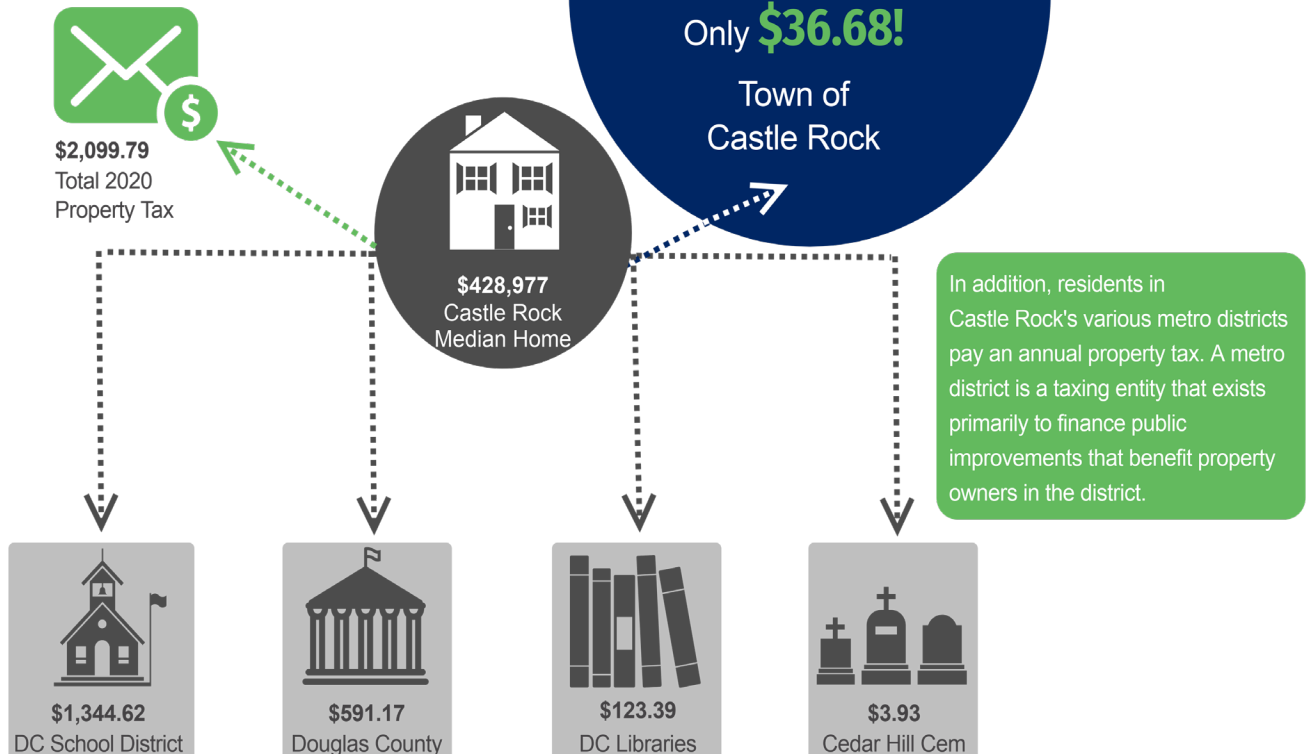
Did you know?

The Town has a large portion of investments in Investment Pools, which include a Local Government Investment Pool and a Pension Trust Affiliated Local Plan Pool. The Local Government Investment Pool serves government entities via an asset allocation approach to portfolio management and places an emphasis on safety, liquidity, transparency and competitive yields. The Pension Trust Affiliated Local Plan Pool is a Fire & Police Members' Benefit Long-Term Investment Fund and falls under the complete investment authority of the Fire & Police Pension Association Board of Directors. The Long-Term Pool is designed primarily for open plans with a longer time horizon, higher risk tolerance and lower liquidity needs.



Where do your property tax dollars go?

The Town's property tax mill levy rate for 2020 was 1.196 mills. Residents paid under \$37 in Town property taxes on a \$428,977 median value home.

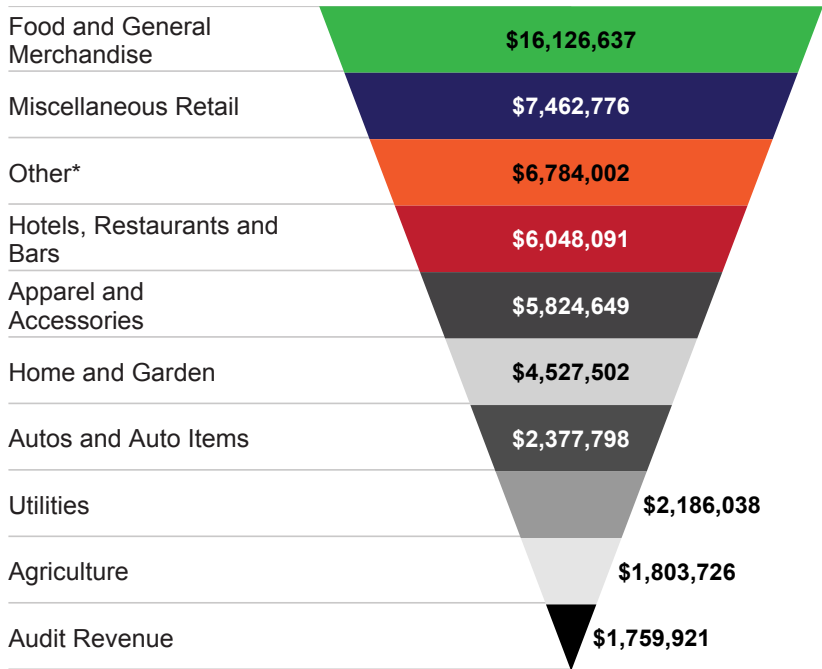


Supporting local businesses builds community character. Sales tax dollars generated by shopping locally help fund vital services. During the pandemic, the community united to support shops and restaurants in Town and maintain a high-quality business environment.



Supporting local

Which industries generate the most sales tax?



*Other: Furniture and Home Décor, Communications, Leasing and Rentals, Ranch Supply/Pet Needs, Services, Wholesale and Manufacturing

Total: \$54,901,140

Source: Town of Castle Rock Revenue Division

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

Liabilities: claims against the Town’s assets

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

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

