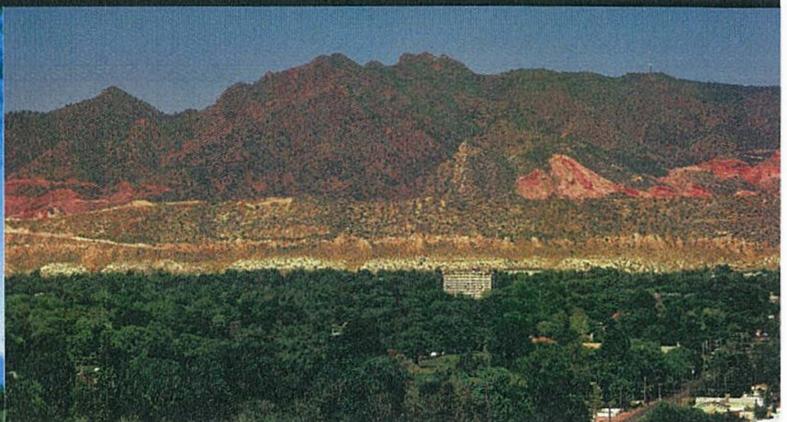
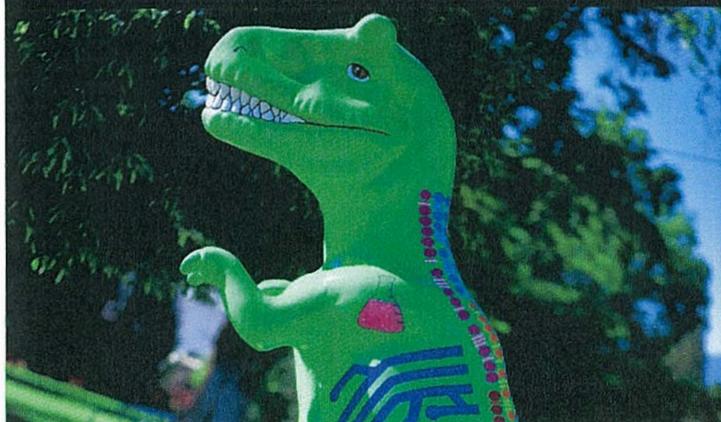


# CITY OF CAÑON CITY, COLORADO



COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2017



# **CITY OF CAÑON CITY COLORADO**



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT For the fiscal year ended December 31, 2017**

**Prepared by:  
Department of Finance**

# City of Cañon City, Colorado

## Finance Department



From Left to Right: Ken Burger, Evonne Allen, Debra Willey, Teresa DiOrio, Pam Stepleton, Chase Weber, Tarla Daniel, Rebekah Nelson, Aleizja Owens, Harry Patel, Mickey Wells, John McBride

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# ***City of Cañon City***

**P.O. Box 1460 – 128 Main Street – Cañon City, CO 81215-1460**  
**(719) 269-9011 – Fax: (719) 269-9017**

June 1, 2018

Honorable Mayor and City Council  
City of Cañon City, Colorado

The Finance Department of the City of Cañon City is pleased to submit this Comprehensive Annual Financial Report (CAFR) for the City of Cañon City, Colorado (the “City”), for the year ended December 31, 2017, as required by local ordinance, the City Charter, and Colorado State statutes. These ordinances and statutes require that the City issue an annual report regarding its financial position and activity and that an independent firm of certified public accountants audit this report. This financial reporting entity addresses all funds of the City of Cañon City.

## **THE REPORT**

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rest with management. To the best of our knowledge and belief, the data presented is accurate in all material respects and is reported in a manner designed to fairly represent the City’s financial position and the result of operations of the various funds. All disclosures necessary to enable the reader to gain an understanding of the City’s financial activities have been included.

The administration of the City is responsible for establishing and maintaining internal control in order to make certain that the assets of the municipality are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not outweigh their benefits, the City’s comprehensive framework of internal controls has been designed to provide reasonable, but not absolute, assurance that the financial statements will be free from material misstatement.

As a recipient of federal, state, and local financial assistance, the City is responsible for ensuring that adequate internal controls are in place to assure and document compliance with the applicable laws and regulations as it relates to these programs. This internal control is subject to periodic evaluation by the City’s administration.

The City’s Charter also requires that an annual audit be conducted by an independent certified public accountant. The firm of Hinkle & Company, PC was retained by City Council for this purpose. The auditors’ report on the basic financial statements is included in the financial section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management’s

Discussion and Analysis (MD&A). The MD&A begins immediately following the report from the independent auditors and provides a narrative introduction, overview and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

## **PROFILE OF THE COMMUNITY AND GOVERNMENT SERVICES**

The City of Cañon City, which is the county seat of Fremont County, is located at the mouth of the Royal Gorge in south-central Colorado where the Arkansas River emerges from the canyon. The community is situated 45 miles southwest of Colorado Springs and 39 miles west of Pueblo, Colorado. The most current population estimate from the State Demographer indicates 16,620 people living within the incorporated City limits. The median age of the community's residents is about six years older than that of the state. The annual median household income in Cañon City is \$40,597, approximately \$21,923 less than it is state-wide.

The City has experienced a minor annual population decrease (about 0.22% per year) since 2010. While Cañon City is close to urban populations it is a place where you can make a living and actually enjoy a relatively small-town lifestyle if you choose. The quality of life for residents has expanded as more services are being provided.

The Royal Gorge Bridge, which was the highest suspension bridge in the world until 2001 but still remains the highest suspension bridge in North America at 1,053 feet above the Arkansas River, continues to be an attraction for visitors from all over the world. The Bridge, as a local attraction, declined from about 504,000 visitors in 1996 to 266,000 in 2012; the year prior to the summer wildfire in 2013 that destroyed most of the Park facilities. In 2017, the third full year of attendance following the fire, the number of visitors has increased to 358,000 or 34.6% since 2012. The increase is attributable to new facilities and new attractions. The Royal Gorge Bridge and Park and other tourist amenities such as the Royal Gorge Route Railroad and a world class whitewater rafting industry continue to make Cañon City a stop on many tourist itineraries.

The City provides a full range of municipal services. These services include law enforcement, construction and maintenance of streets and stormwater facilities and related infrastructure; parks and recreational facilities, forestry services, fleet maintenance, the public library, museum and history center, cemeteries, and administrative services. The governing body also exercises oversight of the water treatment and delivery systems, police and employees' retirement systems, and the operation of the local Government Access Channel (CCTV – Channel 191).

## **BUDGETARY CONTROL**

The City maintains extensive budgetary controls. In October, the City Administrator submits to the City Council a proposed budget for the next calendar year. The budget includes proposed expenditures and the means of financing them. One or more public hearings are conducted by the City Council to obtain taxpayer comments. Prior to December 31<sup>st</sup>, the budget is legally adopted by a resolution of City Council. In accordance with the City's charter, all expenditures over \$6,500 must be bid and approved by the City Council. The charter allows for exceptions to the bid requirements for routine expenditures such as utility payments and payroll taxes.

Appropriations cease at year's end. During the year, the City Administrator, based on department head recommendations, may make operating line item changes within the fund and program. The City Council may amend the budget by ordinance at any time. During 2017, two revisions to budget appropriations

were approved. As demonstrated by the statements and schedules included in the financial section of this report, the City continues meeting its responsibility for sound budgetary and financial management.

## LOCAL ECONOMY

The local economy has continued to grow after several years of recovery subsequent to the 2013 wildfire at the Royal Gorge Bridge and Park that closed this major local attraction for 15 months. Employment in tourist-related business generally held consistent to pre-fire levels or actually improved. The 2017 taxable sales for restaurants increased by 1.6%; building materials sales increased by 2.1%; and general merchandise sales increased by 6.3%. Overall the City's General Fund sales tax revenues increased from \$6,437,303 in 2016 to \$6,597,767 in 2017, a 2.5% increase. Many out-of-town guests come to the area for the "variety" of attractions and activities that exist in the Royal Gorge Region.

Building activity had been relatively flat since the 2009 recession. The local building environment began to regain some of its strength in 2017 with several new large commercial and multi-family projects being completed. The total valuation for new construction in 2017 exceeded the prior 5-year average by 131%.

Year	Number of Permits	Valuation of Work
2013	512	\$15,355,073
2014	443	\$ 7,809,644
2015	422	\$ 8,634,285
2016	464	\$11,068,166
2017	613	\$24,149,567

The City Council has continued to evaluate data gathered from a variety of sources including a 2016 and 2017 citizen surveys. Council recognized and validated the need to move away from "government as usual" and toward a local government that is customer focused, and results oriented. To this end, the City Council established six Strategic Priorities, which are designed to build on the community's past and strengths and move the City towards its vision of a vibrant, attractive and safe community that values quality of life, adventure, and prosperity.

The City's 2017-2020 Strategic Plan discusses that, through collaboration and partnerships with other public, private, and non-profit entities, the City will aggressively support economic development and downtown revitalization efforts that will create quality, living wage jobs to ensure a diverse economic base, a resilient and growing City tax base, and long-term economic vitality for the City businesses. To move the City economy forward, the City will commit to the following initiatives to foster a dynamic and diverse economy for Cañon City.

1. Create policies and programs to retain, expand, incubate and attract businesses to expand and strengthen the local economy.
2. Continue the physical revitalization of the City to promote a strong first impression and community attractiveness to businesses and visitors.
3. Build on the community's history, heritage, natural resources, and livability to promote Cañon City as a tourist and business destination.
4. Collaborate with downtown businesses to foster the growth of the downtown as a destination through development of either a Downtown Development Authority or private non-profit Downtown Association, accessible parking, marketing, additional special events, better retail mix,

an attractive physical environment, pedestrian-oriented design standards, and encourage investment and success by implementing the Downtown Strategic Plan.

5. Partner with the Royal Gorge Bridge and Park Company to build upon the amenities of the park by adding additional recreational and upscale camping opportunities.
6. Ensure a transparent, predictable, fair and balanced regulatory environment for business retention and growth.
7. Provide professional development and education opportunities to City businesses as in customer service, social-media, and business marketing.
8. Increase City involvement and partnerships with the Chamber of Commerce, Fremont Economic Development Corporation, Fremont County Tourism Council, Upper Arkansas Council of Governments, Pueblo Community College, Colorado Department of Transportation and other local, state, and federal partners to stimulate economic development.
9. Encourage the development of reliable and cost-effective ultrahigh-speed internet services throughout the business community.
10. Capitalize on the Arkansas River location by developing the river corridor as a vibrant, attractive, and active location for recreation, restaurants, residences and specialized retail opportunities.
11. Partner with the proposed Sun Cañon Development at Four Mile Ranch to facilitate the development of a 55+ active community with recreational amenities and a significant long term economic benefit to Cañon City.

## **LONG-TERM FINANCIAL PLANNING**

With the continued outlook for the economy still cautious, the City has positioned itself to hold the line on operational spending. Over a number of years, the City has accumulated a large amount of fund balance assigned to capital outlay. Beginning with the 2017 budget, the City began to re-invest these resources into a variety of important community projects primarily related to parks & recreation and public works improvements. In November 2016, the Cañon City public approved Referendum 2-A, a 1% rate increase in sales and use tax to reconstruct the 67% of City streets that are in poor or failed condition. Over the next ten-year period, authorized by 2-A, the City estimates that \$35-\$40M will be invested in addressing the critical street reconstruction needs. While it is projected that the near-term increases in revenues should meet cost-of-living adjustments and provide for the basic capital improvement needs of the City and its residents, the City's revenues will not be sufficient to maintain a suitable street maintenance program after the 10-year expiration of the voter-approved sales tax increase. More than likely, this will continue to be the case unless significant growth occurs, there is a major increase in Royal Gorge Park attendance, or voters agree to some form of a permanent tax increase.

After some detailed assessment, City administration and City Council have determined that, while the City has experienced small but general increases in sales tax receipts from 2000 through 2017, when considering the effect of inflation, the actual growth has been negligible. The City is not sufficiently growing revenue to the point that it can fund activities and improvements beyond those traditionally provided, particularly with respect to street maintenance. In response, City Council has initiated long-term financial planning. A proposal was submitted to the voters in November 2016 to increase the City's sales tax rate by 1.0% to be used exclusively for street construction. The proposal, approved by the voters, will substantially increase City revenue and allow the City to earmark revenues for street construction and improvement through the year 2026.

## **RELEVANT FINANCIAL POLICIES**

The Colorado Constitutional Amendment passed in November 1992, commonly known as the Taxpayer Bill of Rights (TABOR), restricts growth in governmental spending and revenues, with those amounts adjusted annually for inflation and a local growth factor. In November 2017, Cañon City's voters approved a referendum that allowed the City to extend, for an additional 10 years, a previously approved 10-year timeout to retain revenues that might otherwise have been refundable to citizens under the TABOR limits. As a result, the City is able to retain all "excess" revenues and spend them for capital improvements, municipal operations and services, and other public purposes. The City continues to be subject to other provisions of TABOR including maintaining an emergency reserve equal to 3% of annual spending and the requirement for elections to approve any tax increase or debt issuance (except related to enterprise funds, *i.e.*, Water or Stormwater Utility operations).

In 2016 the City adopted the Financial Management Policy & Stewardship of Public Funds. This formal policy document memorialized a number of existing policies and practices. Additional policies were established in the Financial Management Policy including Fund Balance Policies and long-term financial planning.

## **MAJOR INITIATIVES**

The City has instituted a number of new initiatives in recent years. To respond to concerns about falling attendance at the Royal Gorge Bridge and Park over the past decade, the uncertainty created by a single devastating event and a sustained period of slow economic growth in the community, City Council made economic development a priority. Council's efforts began with comprehensive long-range planning in 2013 which has continued through 2017.

The City has completed and adopted a community visioning and branding plan, a downtown strategic plan, a plan for the improvement of the Highway 50 corridor, the Arkansas River Corridor Master Plan, a community trails and open space plan, a plan for the improvement of the Hogbacks Recreation Area, the Centennial Park Master Plan and several other plans that aim to improve the community and attract tourism and economic development. Each of these master plans should help propel economic development forward. Significant actions are expected in 2018 and beyond as the community seeks economic and financial growth and improvement.

The City has instituted efforts with the Chamber of Commerce, the Royal Gorge Regional Tourism Council and the Fremont County Tourism Council to advance the new community brand and undertake new marketing strategies that intend to grow area tourism and attract new business and growth to the community.

In 2017 the City created the Economic Development Department and hired an Economic Development Director. The Economic Development office works to be an advocate for local businesses and to help streamline the process and make the community more business friendly. The Economic Development office is working on building better relationships with community partners, reviewing city policies, and working on existing plans such as the Downtown Master Plan and the Royal Gorge Master Plan.

The City also actively searched for and obtained significant grants to aid in economic growth and improvement of the community, and economic development incentives aimed at inducing economic growth consumed considerable time on the part of City staff. City Council and staff also worked with the Royal Gorge Bridge and Park Company of Colorado to establish a new direction for quality in the reconstruction and future improvements at the Park.

There were initiatives in the City's Parks Department. A number of parks capital improvements were completed in 2017 including new playground equipment, restrooms and a splashpad in Centennial Park. Renovation of restrooms in Mountain View Park and Veterans Park. A trail system is continuing to be constructed in the Royal Gorge Park, which is intended to be a significant trail network that will attract new visitors and enhance business in the community over time.

A number of new initiatives were implemented in the City's Police Department. These included, among others; National Night Out programs, a citizen's police academy, police officer summer mentoring program, improved training, and partnership with various organizations like the Boys and Girls Club. Each of these initiatives is intended to promote and strengthen ties between the community's police department and members of the community.

The City also undertook a city-wide comprehensive street and pavement management assessment to determine not only the condition of the public streets but also to understand financial requirements needed to maintain and improve the streets in the future. To address the need for additional revenue for this purpose, voters were asked to approve a 1% increase in the City's sales tax rate specifically for this purpose. In November 2016 the Cañon City voters approved the requested sales & use tax increase. City Council approved a \$5,000,000 interfund loan that when combined with the \$3,400,000 of sales and use tax collected in 2017 provided significant resources to fast-tract the street improvement program. The additional revenues were authorized for a 10-year period that will sunset on 12/31/26.

## AWARDS AND ACKNOWLEDGEMENTS

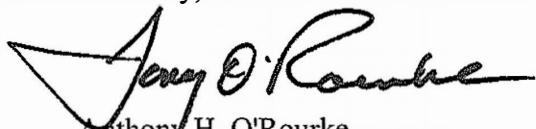
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cañon City for its comprehensive annual financial report for the fiscal year ended December 31, 2016. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated services of the entire staff of the Finance Department. Credit also must be given to John McBride, Chief Accountant and Mickey Wells, Accountant, for their time and effort in the preparation for the audit. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the Mayor and City Council, preparation of this report would not have been possible.

Sincerely,



Anthony H. O'Rourke  
City Administrator



Hasmukh C. Patel  
Finance Director

# City of Cañon City, Colorado Elected Officials



**Mayor**  
**Preston R. Troutman**



**Council Member**  
**Frank Jaquez**  
**District 1**



**Council Member**  
**Ashley R. Smith**  
**District 2**



**Council Member**  
**John Hamrick**  
**District 3**



**Council Member**  
**Vacant**  
**At Large**



**Council Member**  
**Dolly Gonzales**  
**At Large**

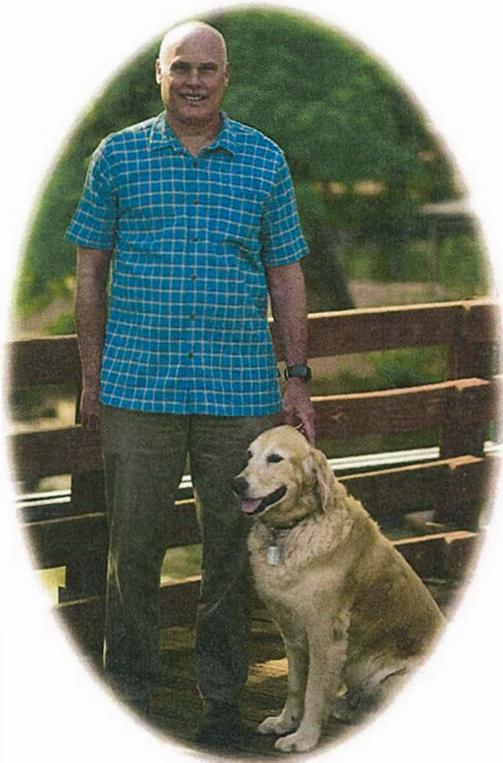


**Council Member**  
**Jim Meisner**  
**At Large**

**Council Member**  
**Kaitlin B. Turner**  
**District 4**

# City of Cañon City, Colorado

## Appointed Officials



City Administrator  
Tony H. O'Rourke

**HP**  
**WC** Hoffmann  
Parker  
Wilson &  
Carberry | P.C.

City Attorneys



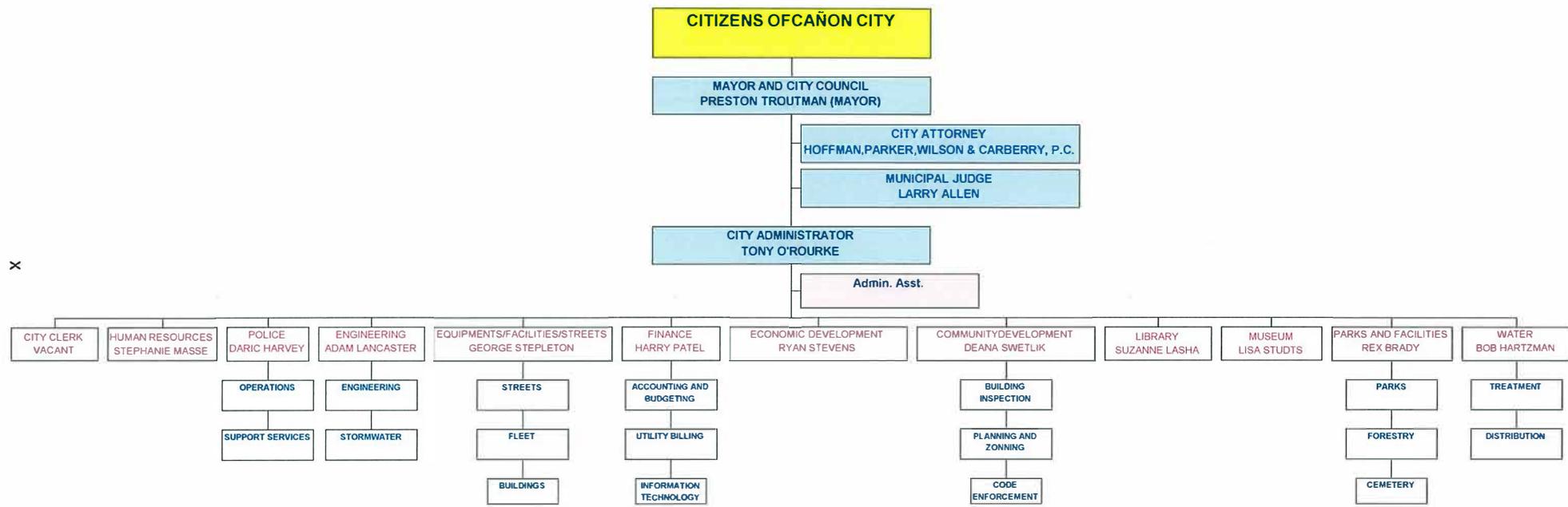
Municipal Court Judge  
Larry D. Allen

# **CITY OF CAÑON CITY COLORADO**

## **Department Heads**

Parks Director	Rex Brady
Water Superintendent	Bob Hartzman
Police Chief	Daric Harvey
City Engineer	Adam Lancaster
Library Director	Suzanne Lasha
Human Resources Director	Stephanie Masse
Finance/IT Director	Hasmukh (Harry) Patel
City Clerk	Vacant
Equipment/Facilities/Streets Director	George Stepleton
Director of Economic Development	Ryan Stevens
Museum Director	Lisa Studts
Community Development Director	Deana Swetlik

# CITY OF CAÑON CITY ORGANIZATIONAL CHART





Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

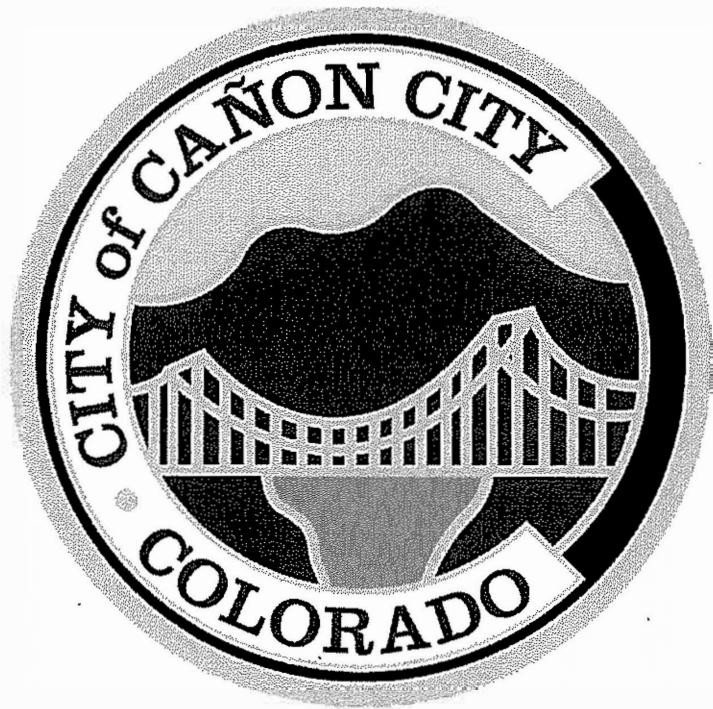
**City of Canon City  
Colorado**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2016**

*Christopher P. Morill*

Executive Director/CEO



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## Independent Auditors' Report

Honorable Mayor and Members of the City Council  
City of Cañon City  
Cañon City, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cañon City as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City of Cañon City, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Honorable Mayor and Members of the City Council  
City of Cañon City  
Page 2

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cañon City as of December 31, 2017, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Cañon City's basic financial statements. The introductory section, combining and individual fund statements and schedules, statistical section, and local highway finance report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules and the local highway finance report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Wade & Company, PC*

Greenwood Village, Colorado  
May 28, 2018



# Management's Discussion and Analysis (Unaudited)

Our discussion and analysis of the City of Cañon City's financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal which can be found in the introductory section of this report.

## FINANCIAL HIGHLIGHTS

### Fund highlights:

- ◆ The fund balance for the General Fund decreased by \$404,076 compared to a budgeted decrease of \$2,629,551 primarily due to a combination of significant savings on operating expenses, deferred capital projects, higher than anticipated license and permits revenues.
- ◆ Sales and use tax revenue, the City's largest single source of General Fund revenue, increased by \$ 347,027 from 2016 due to the positive growth in local economy.
- ◆ At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,237,836 (or 25.78 percent of total General Fund expenditures). The City's other governmental funds reported a combined ending fund balance of \$243,741, a decrease of \$3,147,874 in comparison with the prior year. Within the total fund balance for the governmental funds, \$517,174 is restricted by specific legal requirements, \$721,352 has been committed for contractual obligations, \$4,402,834 is classified as assigned, and \$3,148,999 is non-spendable for inventory, prepaid items, interfund receivable and the Cemetery Perpetual Care Fund. The total unassigned fund balance for governmental funds has a negative fund balance of (\$232,811). This negative fund balance is because a \$5,000,000 interfund loan was received in the Street Improvement Fund for street improvement projects. The interfund loan will be repaid from future sales and use tax revenues, which will eliminate the negative fund balance.
- ◆ Reflected in the General Fund operating statement, revenues that were primarily from property, sales, franchise taxes and general intergovernmental revenues were used to support the following major activities:
  - a. \$3,166,497 was applied to General Government purposes – City Council, City Clerk, Election, Municipal Court, Administration, Human Resources, Computer Resources, Buildings, Finance, City Attorney, Non-Departmental, Economic Development and Community Development.
  - b. \$4,340,891 for Public Safety – Victim Assistance, Administration, Patrol, Investigation, Communication, Stop Program, Parking & Code Enforcement, School Resource Officer, and Community Programs.
  - c. \$2,221,453 for Public Works – Equipment Repair, Street Maintenance, Engineering, and Street Projects.
  - d. \$808,947 for Culture and Recreation – Cañon City Public Library and the Royal Gorge Museum and History Center.
  - e. \$1,778,378 for Capital Outlay.
  - f. \$241,570 for Debt Service.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three components: (1) government-wide statements, (2) fund financial statements, and (3) notes to the financial statements. The report also contains other supplementary information.

### Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. Accrual of the current year's revenues and expenses is taken into account regardless of when cash is received or paid.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time increases or decreases in net position may serve as a useful indicator of

whether the financial position of the City is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's capital assets (roads, buildings, water lines, etc.) to assess the overall health of the City.

The Statement of Activities divides the City into two kinds of activities:

- ◆ **Governmental activities:** Most of the City's basic services are reported here, including police, street maintenance, parks and recreation and general administration. Sales taxes, charges for services and Royal Gorge Bridge lease revenues finance most of these activities.
- ◆ **Business type activities:** The City charges a fee to customers to help it cover all or most of certain services it provides. The City's water facilities and Stormwater Utility Fund are reported here.

The government-wide financial statements can be found immediately following the Management Discussion & Analysis.

### **Reporting on the City's Most Significant Funds:**

**Fund Financial Statements:** The City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. However, the City Council establishes many other funds to help it control and manage money for a particular purpose. The City's two kinds of funds, governmental and proprietary, use different accounting approaches.

**Governmental Funds:** Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called "modified accrual accounting", which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or less financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation beside the fund financial statements.

The City of Cañon City maintained eleven individual governmental funds for the year ended December 31, 2017. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund and Street Improvement Fund which are the only major governmental funds. The Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds includes data from the other nine funds. The Combining Balance Sheet – Nonmajor Governmental Fund's reports data combined into a single aggregated presentation for the remaining nine Nonmajor Governmental Funds as of December 31, 2017.

**Proprietary funds:** When the City charges customers for the full cost of the services it provides, whether to customers or to other units of the City, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) is the same as the business-type activities we reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds.

**Notes to the financial statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements immediately follow the basic financial statements in this report.

**RSI and Supplementary Information** - The combining and individual fund statements and schedules are presented immediately following Notes to the Financial Statements.

## GOVERNMENTAL-WIDE FINANCIAL ANALYSIS

The City's net position at fiscal year-end is \$103,622,562. This is a \$3,966,953 increase over last year's net position of \$99,655,609. Net position may serve as a useful indicator of the City's financial position.

The largest portion of Cañon City's net position, \$85,494,408 (82.51 percent), reflects its net investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. It should be noted that the resources needed to repay capital asset-related debt must be provided from other sources, since capital assets themselves cannot be used to liquidate liabilities.

### CITY OF CAÑON CITY'S NET POSITION

Account	Governmental Activities		Business-type Activities		Total	
	Current		Current		Current	
	Year	Prior Year	Year	Prior Year	Year	Prior Year
<b>Statement of Net Position</b>						
Current and other assets	12,310,536	14,824,977	8,083,078	9,160,409	20,393,614	23,985,386
Capital assets	59,032,290	52,021,851	38,413,118	37,150,592	97,445,408	89,172,443
Net pension assets	55,697	129,813	-	-	55,697	129,813
<b>Total assets</b>	<b>71,398,523</b>	<b>66,976,641</b>	<b>46,496,196</b>	<b>46,311,001</b>	<b>117,894,719</b>	<b>113,287,642</b>
<b>Deferred Outflow of Resources</b>						
Other Liabilities	1,924,400	1,438,773	456,483	343,252	2,380,883	1,782,025
Long - term liabilities	1,800,885	2,040,196	10,748,871	9,950,739	12,549,756	11,990,935
Net Pension Liability	95,659	-	-	-	95,659	-
<b>Total Liabilities</b>	<b>3,820,944</b>	<b>3,478,969</b>	<b>11,205,354</b>	<b>10,293,991</b>	<b>15,026,298</b>	<b>13,772,960</b>
<b>Deferred Inflow of Resources</b>						
	427,148	426,690	-	-	427,148	426,690
<b>Net position</b>						
Net investment in capital assets	57,696,290	50,472,851	27,798,118	27,400,608	85,494,408	77,873,459
Restricted	2,554,859	2,545,585	-	-	2,554,859	2,545,585
Unrestricted	7,538,427	10,620,163	8,034,368	8,616,402	15,573,295	19,236,365
<b>Total net position</b>	<b>67,789,576</b>	<b>63,638,599</b>	<b>35,832,986</b>	<b>36,017,010</b>	<b>103,622,562</b>	<b>99,655,609</b>

Only \$2,554,859 of the City's net position represent resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$15,573,295 may be used to meet the City's ongoing obligation to citizens and creditors.

As of December 31, 2017, the City is able to report positive balances in all three categories of net position, both for the City as a whole as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The governmental activities long term liabilities decreased by \$239,311. Other governmental activities liabilities increased by \$485,627 primarily due to increases in accounts payable and retainage payable. A net pension liability was also reported in the governmental activities in the amount of \$95,659.

**Analysis of City's Operations:** Overall the City had an increase in net position of \$3,966,953.

**Governmental Activities:** Total net position increased by \$4,150,977. The key elements of this increase are due to the following:

- Total revenues from governmental activities increased from the previous year by \$3,588,476 (25.79 percent). This significant increase is due to the additional sales and use tax revenues received from the voter approved 2A initiative.
- Program revenue had a net decrease of \$449,942. Charges for services increased by \$362,085 (or 45.28 percent) primarily from significant increases in building permit fees and street restoration fees. Operating Grants & Contributions decreased by \$29,061 (or 3.50 percent). Capital Grants and Contributions decreased by \$782,966 (or 46.70 percent) primarily due to the reduced level of developer contributions of capital assets and from a decrease in grant funded capital projects.
- Sales and use tax revenues increased by \$3,769,908 (or 57.64 percent) mainly due to the 1% sales and use tax that was approved by the vote of people for exclusive use of street reconstruction. This rate increase resulted in additional sales and use tax revenues of \$3,428,169.
- Franchise tax revenues decreased by \$22,983 (or 2.87 percent).
- Royal Gorge Bridge lease revenues increased by \$145,153 (or 6.08 percent). An attendance increase from 333,697 visitors in 2016 to 358,005 visitors in 2017 (5.6%) was the primary reason for the revenue increase.
- Investment earnings increased by \$111,129 (or 154.43 percent) consistent with the current investment market.
- General Government expenses increased by \$637,740 (or 23.90 percent) due to increases in staffing and operating costs in Community Development, Economic Development and Human Resources. Additionally, the City began to outsource the legal services in 2017 which resulted in additional operating costs.
- Public Safety expenses increased by \$550,784 (or 14.09 percent) primarily due to increases in staffing and operating costs. The conversion to Paid Time off (PTO) during 2017 also resulted in over \$156,000 in payouts to Police Department staff.
- Public Works expenses increased by \$388,484 (or 14.49 percent) primarily due to a combination of an increased operating costs, a staffing re-organization in engineering and PTO payoff costs.
- Culture and Recreation expenses decreased by \$150,494 (or 4.45 percent) primarily due from a significant decrease in the costs allocated to functions from the Self Insurance Fund.
- The budgeting strategy for 2017 was to maintain the reserve at a minimum of 30 percent of expenditures.

The following table provides a summary of the City's operations for the year ended December 31, 2017 with comparative totals for the year ended December 31, 2016.

## CHANGES IN NET POSITION RESULTING FROM REVENUES AND EXPENSES

Account	Governmental Activities		Business-type Activities		Total	
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year
<b>Statement of Activities</b>						
<b>Program revenues(major sources)</b>						
Charges for Services	1,161,797	799,712	6,763,015	6,814,166	7,924,812	7,613,878
Operating Grants & Contributions	800,709	829,770	-	-	800,709	829,770
Capital Grants & Contributions	893,688	1,676,654	248,000	187,300	1,141,688	1,863,954
<b>General Revenues:</b>						
Property Taxes	451,420	439,004	-	-	451,420	439,004
Sales and Use Taxes	10,310,359	6,540,451	-	-	10,310,359	6,540,451
Other Taxes	24,825	18,262	-	-	24,825	18,262
Franchise Taxes	777,740	800,723	-	-	777,740	800,723
Grants and Contributions not Restricted to Specific Programs	273,019	276,061	-	-	273,019	276,061
Royal Gorge Bridge Revenues	2,532,623	2,387,470	-	-	2,532,623	2,387,470
Investment Earnings	183,090	71,961	88,736	39,646	271,826	111,607
Other Revenues	96,100	76,826	-	-	96,100	76,826
<b>Total Revenues</b>	<b>17,505,370</b>	<b>13,916,894</b>	<b>7,099,751</b>	<b>7,041,112</b>	<b>24,605,121</b>	<b>20,958,006</b>
<b>Program Expenses:</b>						
General Government	3,305,686	2,667,946	-	-	3,305,686	2,667,946
Public Safety	4,460,327	3,909,543	-	-	4,460,327	3,909,543
Public Works	3,069,511	2,681,027	-	-	3,069,511	2,681,027
Culture and Recreation	3,229,441	3,379,935	-	-	3,229,441	3,379,935
Interest on Long-term Debt	91,028	36,512	-	-	91,028	36,512
Water	-	-	5,819,458	5,650,774	5,819,458	5,650,774
Stormwater Utility	-	-	662,717	408,173	662,717	408,173
<b>Total Expenses</b>	<b>14,155,993</b>	<b>12,674,963</b>	<b>6,482,175</b>	<b>6,058,947</b>	<b>20,638,168</b>	<b>18,733,910</b>
<b>Increase in Net Position Before Transfers</b>	<b>3,349,377</b>	<b>1,241,931</b>	<b>617,576</b>	<b>982,165</b>	<b>3,966,953</b>	<b>2,224,096</b>
<b>Transfers</b>						
<b>Change in Net Position</b>	<b>801,600</b>	<b>443,700</b>	<b>(801,600)</b>	<b>(443,700)</b>	<b>-</b>	<b>-</b>
<b>Net Position-Beginning of Year</b>	<b>4,150,977</b>	<b>1,685,631</b>	<b>(184,024)</b>	<b>538,465</b>	<b>3,966,953</b>	<b>2,224,096</b>
<b>Net Position, End of Year</b>	<b>63,638,599</b>	<b>61,952,968</b>	<b>36,017,010</b>	<b>35,478,545</b>	<b>99,655,609</b>	<b>97,431,513</b>
	<b>67,789,576</b>	<b>63,638,599</b>	<b>35,832,986</b>	<b>36,017,010</b>	<b>103,622,562</b>	<b>99,655,609</b>

**Business-type Activities:** Total net position from business-type activities decreased from the previous year by \$184,024 (or 0.51 percent). The key elements of this increase are due to the following:

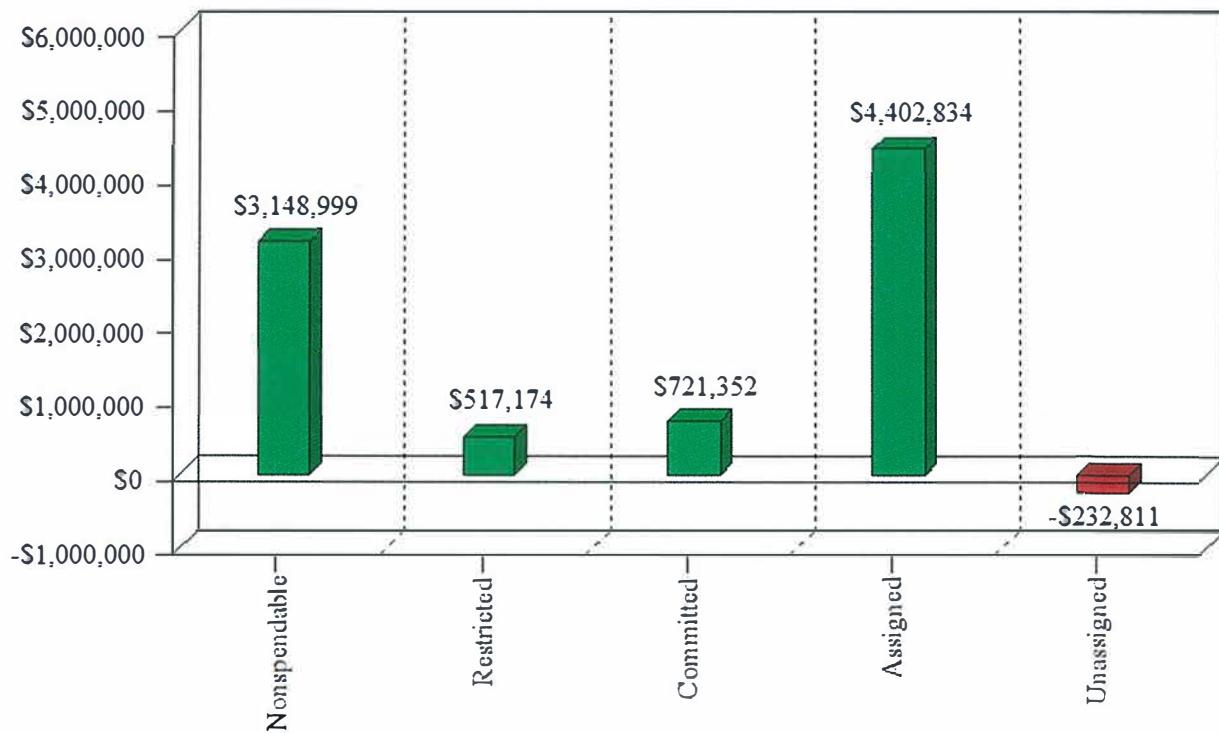
- The City Stormwater Utility Fund had total decrease in net position of (\$378,079) primarily from a mid-year increase in the transfer to the General Fund for reimbursement of street related costs and from greater than originally budgeted capital project costs.
- The Water Fund had a total increase in net position of \$194,055 primarily from greater than estimated tap fee revenue and lower than expected operating expenses.

## Financial Analysis of City of Cañon City's Funds

As noted previously, the City of Cañon City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds:** The focus of the City of Cañon City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, the unassigned fund balance in the General Fund may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

## Fund Balance Analysis



At the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$8,557,548 an decrease of \$3,551,950 in comparison with the prior year. Within this total \$517,174 (6.04 percent) is restricted by specific legal requirements, and \$721,352 (8.43 percent) has been committed and \$4,402,834 (51.45 percent) is assigned to specific types of expenditures, and \$3,148,999 (36.80 percent) is non-spendable for inventory, cemetery, and prepaid items. The \$232,811 (2.72 percent) represent negative unassigned fund balance due to a \$5,000,000 interfund loan to accelerate the street reconstruction program.

- ◆ **The General Fund** is the City's primary operating fund. At the end of the current fiscal year the unassigned fund balance was \$3,237,836, while the total fund balance equaled \$8,313,807. In the current fiscal year, the fund balance of the General Fund decreased by \$404,076. This is primarily due to a large amount of capital projects that were completed utilizing General Fund assigned fund balances accumulated for that purpose.
- ◆ **Street Improvement Fund** was established to account for the financial activity authorized by the passage of Cañon City Referendum #2A on November 8, 2016. All sales and use tax revenue generated from the approved

one percent sales and use tax rate increase (from 2.0% to 3.0%) are deposited into this Fund. Additionally, all investment earnings resulting from the available cash balances in this Fund are allocated to the Street Improvement Fund. The resources accumulated in this fund are used exclusively to fund the costs of street related infrastructure improvements and repairs. The projects that are planned for completion will be prioritized in accordance with the City's pavement management plan criteria.

City Council approved an interfund loan in the amount of \$5M (General Fund \$1M, Cemetery Fund \$2M, Water Fund \$1.25M, & Raw Water Fund \$0.75M) to be repaid over a 10 year period at an interest rate of the average yield of the City's pooled investments plus 0.5%. This financing methodology is expected to result in significant savings in issuance costs and interest expense over the 10-year repayment period.

- ◆ **Proprietary Funds:** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water Fund at the end of the year amounted to \$7,676,714.

The City implemented a new proprietary fund in 2005 to account for the financial activity of the Stormwater Utility. The unrestricted net position in the Storm water Utility Fund at the end of 2017 was \$358,154.

The net position of the Internal Service Fund, which accounts for the City's self-insurance program, increased by \$360,450 (45 percent). This increase was primarily the result of a decrease in annual claims. The decrease in claims cost is partially attributable to a decrease in the number of major claims in 2017.

## General Fund Budgetary Highlights

The original budget in the General Fund was \$13,840,061. The total General Fund budget was increased by \$633,350 during the year. The components of the General Fund budget increase were:

- ◆ Paid Time Off (PTO) conversion payouts \$381,000
- ◆ Election administration costs \$30,000
- ◆ Human Resources staff reclassification costs \$11,000
- ◆ Contractual legal services \$25,000
- ◆ Police equipment purchases \$36,000
- ◆ CCTV equipment upgrades \$27,850
- ◆ Pump Hill stabilization project \$122,500

The General Fund total revenues were \$309,800 higher than the revenue budget. Several of the revenue categories had significant variances from budget. Taxes and assessments revenues were \$48,235 lower than budgeted which was only a 0.6% variance. Licenses and permits were \$187,367 higher than budgeted primarily due to a 331% increase in building permit fees over the previous year. Intergovernmental revenues were \$11,348 higher than budgeted. Charges for services were \$65,976 higher than budgeted and Fines and Forfeitures revenues were \$18,869 lower than budgeted due to a decrease in traffic tickets. The General Fund portion of the Royal Gorge Bridge revenues was \$8,623 higher than budgeted. Other revenues were \$9,938 greater than budgeted due to unexpected refunds. Interest earnings were \$36,809 greater than budget due to positive changes in market conditions. Rent revenue were \$41,725 higher than budgeted, and contribution and donation were \$15,118 greater than budgeted.

The General Fund total expenditures were \$1,915,675 under budget. General Government expenditures were \$186,320 under budget due to a combination of vacancy savings and reduced operating costs. Public Safety spending was \$132,841 lower than budgeted expenditures due to vacancy savings. Public Works operating cost were \$106,232 lower than budgeted, Culture and Recreation spending was \$54,947 under the budget primarily due to vacancy saving, and Capital projects cost were \$1,435,335 lower than budgeted.

## Capital Assets and Long Term Debt

**Capital Assets:** Cañon City's investment in capital assets for its governmental and business-type activities as of December 31, 2017 amounted to \$97,445,408 net of depreciation. This investment in capital assets includes land, water rights, buildings, improvements, machinery and equipment and infrastructure associated with water system, stormwater system and street system infrastructure.

## Capital Assets at Year-End (Net of Depreciation)

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land	1,883,027	1,883,027	340,672	340,672	2,223,699	2,223,699
Ditch Stock	7,414	7,414	1,046,663	1,019,163	1,054,077	1,026,577
Construction in Progress	596,769	491,521	45,226	107,023	641,995	598,544
Infrastructure	23,430,269	16,927,943	-	-	23,430,269	16,927,943
Buildings	17,037,290	17,472,483	4,621,276	4,825,054	21,658,566	22,297,537
Improvements	14,567,897	14,682,065	-	-	14,567,897	14,682,065
Water and Stormwater Systems	-	-	31,864,519	30,373,613	31,864,519	30,373,613
Machinery and Equipment	1,509,624	557,398	494,762	485,067	2,004,386	1,042,465
Total	<u>\$ 59,032,290</u>	<u>\$ 52,021,851</u>	<u>\$ 38,413,118</u>	<u>\$ 37,150,592</u>	<u>\$ 97,445,408</u>	<u>\$ 89,172,443</u>

Major capital asset acquisitions and improvements during this fiscal year included the following:

### Governmental Activities

Three (3) 2017 Ford Explorer emergency response vehicles  
 Three (3) in-car video systems for new Ford Explorers  
 2018 International dump truck with plow/sander for Streets Department  
 Rebuild alley south of Main Street from 6<sup>th</sup> Street to 8<sup>th</sup> Street  
 Build retaining wall at Pump Hill on Park Avenue  
 Install new electric transformer at Centennial Park  
 Install new playground equipment at Centennial Park  
 Install new Splash pad at Centennial Park  
 Demolish and rebuild restrooms at Centennial Park  
 Install new irrigation pump house at Centennial Park  
 Install new concrete curbs and walkways at Centennial Park  
 Install new lights at Mountain View Park  
 2017 Moto tractor trail building equipment  
 Renovate restrooms at Mountain View Park  
 Renovate restrooms at Veteran's Park  
 Install sidewalk on Field Ave from Central Avenue to South Street  
 Renovate Centennial Park duck pond

### Street Improvement Fund

Rebuild 10<sup>th</sup> Street from Highway 50 to Main Street  
 Rebuild 16<sup>th</sup> Street from Main Street to Franklin Avenue  
 Rebuild 1<sup>st</sup> Street from New York Avenue to Temple Canyon Road  
 Rebuild Greenwood Avenue from 15<sup>th</sup> Street to 16<sup>th</sup> Street  
 Rebuild East Main Street from Rainbow Avenue to Steinmeier Ave  
 Rebuild Mariposa Road from Temple Canyon Road to Ptarmigan Trail

Rebuild Orchard Avenue from Highway 50 to East Main Street  
Rebuild South Street from Field Avenue east 1172 linear feet  
Rebuild Yale Place from College Avenue to Harding Street

## Business-type Activities

### Water Fund

Submersible tank mixer for Water Treatment Plant  
2017 Ford pickup truck for Water Treatment Plant  
2017 Caterpillar backhoe-loader for Water Distribution  
2017 Leica GPS rover unit for Water Distribution  
Installed new pump at High Head Pump Station  
Applied new seal coating to 0.5MG water tank  
Installed new logic controller at Bulk Water Station  
Installed ADG backflow monitoring software at Water Distribution  
Installed 250 radio-read water meters  
Installed 8" water main on 16<sup>th</sup> Street: Greenwood Ave to Franklin Ave  
Installed 12" water main on Orchard Ave: Highway 50 to East Main St  
Installed 8" water main on Yale Place: College Ave to Allison Ave  
Installed 8" water main on Yale Place: Ohio Ave to Harding St

### Stormwater Fund

2017 Leica GPS rover survey unit for Stormwater  
Installed concrete culvert on Orchard Ave  
Installed new storm sewer on Field Ave from Central Ave to South St

Additional information on the City's capital assets can be found in Note 4 to the financial statements.

**Debt Administration:** At the end of the current fiscal year, the City had total outstanding debt of \$12,549,756 (certificates of participation, capital lease, public improvement bonds and compensated absences). The City's total debt was increased by \$558,821 during the current fiscal year.

The key elements of this increase are due to the following:

- Balance of City Hall Capital Lease decreased by \$210,000
- Balance of the 2008 certificates of participation were refunded in the amount of \$9,635,000
- Balance of Premium related to the 2008 COPs decreased by \$114,984
- Issued the Refunding and Improvement Certificates of Participation, Series 2017. The net addition to long term debt was \$10,615,000
- Compensated absences decreased by \$93,195
- Repayments of Public Improvement Bonds reduced the outstanding balance by \$3,000

Additional information on the City's long-term debt can be found in Note 5 to the financial statements.

## ***Outstanding Debt at Year-End***

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Public Improvement Bonds	6,000	9,000	-	-	6,000	9,000
Compensated Absences	464,885	491,196	133,871	200,755	598,756	691,951
Capital Lease	1,330,000	1,540,000	-	-	1,330,000	1,540,000
Certificates of Participation	-	-	10,615,000	9,635,000	10,615,000	9,635,000
Premium	-	-	-	114,984	-	114,984
<b>Total</b>	<b>\$ 1,800,885</b>	<b>\$ 2,040,196</b>	<b>\$ 10,748,871</b>	<b>\$ 9,950,739</b>	<b>\$ 12,549,756</b>	<b>\$ 11,990,935</b>

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The City's 2018 budget reflects continuation of our plan to keep the City on solid ground for providing services to our citizens during 2018 and for years to come. We recognize the fact that we cannot control the economy as a whole. We are maintaining adequate emergency reserve, and maintaining a very strong unassigned fund balance in the General Fund. The City's main priority includes keeping the community safe, undertaking economic development initiatives, maintaining infrastructure, and keeping a conservative approach in developing a fiscal year budget.

With this being said, the 2018 budget lays out the City's vision for achieving long term goals and more focus on action beyond 2017 that promotes economic development and tourism within Fremont County. Since re-opening in 2014 after the 2013 fire, the Royal Gorge Bridge and Park has been significantly increasing their annual attendance in each successive year.

The City's elected and appointed officials considered many factors when setting the fiscal year 2018 budget. One of those factors is the economy. Inflation has been higher locally due, in part, to the residential housing market and tourism.

Additionally, the City's primary sources of revenue are expected to increase in 2018 due to the expected continued success of the Royal Gorge Bridge and Park.

The City benefits from strong fund balances and conservative financial practices.

The City's adherence to four basic principles is incorporated into the 2018 budget:

1. To maintain and improve the current level of services in all departments;
2. To remain competitive in the market place in order to maintain a competent efficient workforce;
3. To provide for capital equipment purchases;
4. To provide for capital projects.

The City maintains adequate reserves to provide funding for emergencies.

## **REQUEST FOR INFORMATION**

The City's financial statements are designed to provide users, (citizens, taxpayers, customers, investors and creditors) with a general overview of the City's finances and to demonstrate Cañon City's accountability. Questions concerning any of the information presented in this report or requesting additional information should be sent to the City's Finance Director's attention at the following address:

**128 Main Street, P.O. Box 1460  
CAÑON CITY, CO 81215-1460**

# **BASIC FINANCIAL STATEMENTS**



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# CITY OF CAÑON CITY, COLORADO

## Statement of Net Position

December 31, 2017

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and Investments	\$ 11,344,997	\$ 4,797,493	\$ 16,142,490
Receivables			
Accounts	352	950,448	950,800
Taxes	1,443,937	-	1,443,937
Special Assessments	16,709	-	16,709
Interest	16	-	16
Other	1,390,853	32,028	1,422,881
Inventory	108,359	299,955	408,314
Prepaid Expenses	5,313	3,154	8,467
Internal Balances	(2,000,000)	2,000,000	-
Capital Assets			
Not Being Depreciated	2,487,210	1,432,561	3,919,771
Being Depreciated, Net of Accumulated Depreciation	56,545,080	36,980,557	93,525,637
Net Pension Asset	55,697	-	55,697
 Total Assets	 71,398,523	 46,496,196	 117,894,719
<b>Deferred Outflows of Resources</b>			
Pensions, Net of Accumulated Amortization	639,145	-	639,145
Loss on Debt Refunding, Net of Accumulated Amortization	-	542,144	542,144
 Total Deferred Outflows of Resources	 639,145	 542,144	 1,181,289
<b>Liabilities</b>			
Accounts Payable	1,054,924	204,154	1,259,078
Retainage Payable	357,297	107,802	465,099
Accrued Interest Payable	2,247	25,403	27,650
Accrued Liabilities	196,598	58,471	255,069
Deposits	56,612	25,901	82,513
Insurance Claims	215,700	-	215,700
Unearned Revenues	41,022	34,752	75,774
Noncurrent Liabilities			
Due Within One Year	550,200	692,485	1,242,685
Due in More Than One Year	1,250,685	10,056,386	11,307,071
Net Pension Liability	95,659	-	95,659
 Total Liabilities	 3,820,944	 11,205,354	 15,026,298
<b>Deferred Inflows of Resources</b>			
Property Taxes	397,889	-	397,889
Pensions, Net of Accumulated Amortization	29,259	-	29,259
 Total Deferred Inflows of Resources	 427,148	 -	 427,148
<b>Net Position</b>			
Net Investment in Capital Assets	57,696,290	27,798,118	85,494,408
Restricted for			
Cemetery Perpetual Care - Nonexpendable	2,037,685	-	2,037,685
Emergencies	302,055	-	302,055
Public Safety	24,777	-	24,777
Culture and Recreation	162,424	-	162,424
Debt Service	27,918	-	27,918
Unrestricted	7,538,427	8,034,868	15,573,295
 Total Net Position	 \$ 67,789,576	 \$ 35,832,986	 \$ 103,622,562

The accompanying notes are an integral part of the financial statements.

# CITY OF CAÑON CITY, COLORADO

## Statement of Activities For the Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
<b>Governmental Activities</b>				
General Government	\$ 3,305,686	\$ 405,555	\$ -	\$ -
Public Safety	4,460,327	335,441	41,970	52,700
Public Works	3,069,511	146,056	715,683	284,331
Culture and Recreation	3,229,441	274,745	43,056	556,657
Interest on Long-term Debt	<u>91,028</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Governmental Activities</b>	<b><u>14,155,993</u></b>	<b><u>1,161,797</u></b>	<b><u>800,709</u></b>	<b><u>893,688</u></b>
<b>Business-Type Activities</b>				
Water	5,819,458	5,864,244	-	248,000
Stormwater Utility	<u>662,717</u>	<u>898,771</u>	<u>-</u>	<u>-</u>
<b>Total Business-Type Activities</b>	<b><u>6,482,175</u></b>	<b><u>6,763,015</u></b>	<b><u>-</u></b>	<b><u>248,000</u></b>
<b>Total Primary Government</b>	<b><u>\$ 20,638,168</u></b>	<b><u>\$ 7,924,812</u></b>	<b><u>\$ 800,709</u></b>	<b><u>\$ 1,141,688</u></b>

### General Revenues

Property Taxes  
Sales and Use Taxes  
Other Taxes  
Franchise Taxes  
Grants and Contributions not Restricted to Specific Programs  
Royal Gorge Bridge Revenues  
Investment Earnings  
Other Revenues

### Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position, Beginning of Year

Net Position, End of Year

The accompanying notes are an integral part of the financial statements.

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**Net Revenues (Expenses) and Changes in Net Position**

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<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (2,900,131)	\$ -	\$ (2,900,131)
(4,030,216)	-	(4,030,216)
(1,923,441)	-	(1,923,441)
(2,354,983)	-	(2,354,983)
(91,028)	-	(91,028)
<hr/>	<hr/>	<hr/>
(11,299,799)	-	(11,299,799)
<hr/>	<hr/>	<hr/>
-	292,786	292,786
-	236,054	236,054
<hr/>	<hr/>	<hr/>
-	528,840	528,840
<hr/>	<hr/>	<hr/>
(11,299,799)	528,840	(10,770,959)
<hr/>	<hr/>	<hr/>
451,420	-	451,420
10,310,359	-	10,310,359
24,825	-	24,825
777,740	-	777,740
<hr/>	<hr/>	<hr/>
273,019	-	273,019
2,532,623	-	2,532,623
183,090	88,736	271,826
96,100	-	96,100
801,600	(801,600)	-
<hr/>	<hr/>	<hr/>
15,450,776	(712,864)	14,737,912
<hr/>	<hr/>	<hr/>
4,150,977	(184,024)	3,966,953
<hr/>	<hr/>	<hr/>
63,638,599	36,017,010	99,655,609
<hr/>	<hr/>	<hr/>
\$ 67,789,576	\$ 35,832,986	\$ 103,622,562

# CITY OF CAÑON CITY, COLORADO

## Balance Sheet

### Governmental Funds

December 31, 2017

	<u>General</u>	<u>Street Improvement</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Assets</b>				
Cash and Investments	\$ 6,366,586	\$ 1,626,090	\$ 1,840,854	\$ 9,833,530
Receivables				
Taxes	1,132,415	311,522	-	1,443,937
Special Assessments	-	-	16,709	16,709
Interest	16	-	-	16
Other	1,085,950	-	304,903	1,390,853
Interfund Receivables	1,000,000	-	2,000,000	3,000,000
Inventory	93,554	-	14,805	108,359
Prepaid Items	2,955	-	-	2,955
<b>Total Assets</b>	<b>\$ 9,681,476</b>	<b>\$ 1,937,612</b>	<b>\$ 4,177,271</b>	<b>\$ 15,796,359</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 677,051	\$ 64,337	\$ 177,879	\$ 919,267
Retainage Payable	-	343,922	13,375	357,297
Accrued Liabilities	183,296	-	13,302	196,598
Deposits	55,212	-	1,400	56,612
Unearned Revenues	20,976	-	20,046	41,022
Interfund Payables	-	5,000,000	-	5,000,000
<b>Total Liabilities</b>	<b>936,535</b>	<b>5,408,259</b>	<b>226,002</b>	<b>6,570,796</b>
<b>Deferred Inflows of Resources</b>				
Property Taxes and Assessments	397,889	-	16,709	414,598
Property Liens	28,295	-	-	28,295
Grants	4,950	-	220,172	225,122
<b>Total Deferred Inflows of Resources</b>	<b>431,134</b>	<b>-</b>	<b>236,881</b>	<b>668,015</b>
<b>Fund Balances</b>				
Nonspendable				
Inventory	93,554	-	14,805	108,359
Prepaid Items	2,955	-	-	2,955
Cemetery Perpetual Care	-	-	2,037,685	2,037,685
Interfund Receivable	1,000,000	-	-	1,000,000
Restricted				
General Government	302,055	-	-	302,055
Public Safety	14,804	-	9,973	24,777
Culture and Recreation	-	-	162,424	162,424
Debt Service	-	-	27,918	27,918
Committed				
General Government	121,352	-	-	121,352
Culture and Recreation	600,000	-	-	600,000
Assigned				
General Government	2,844,673	-	-	2,844,673
Public Safety	-	-	79,420	79,420
Public Works	96,578	-	534,062	630,640
Culture and Recreation	-	-	526,748	526,748
Debt Service	-	-	321,353	321,353
Unassigned	3,237,836	(3,470,647)	-	(232,811)
<b>Total Fund Balances</b>	<b>8,313,807</b>	<b>(3,470,647)</b>	<b>3,714,388</b>	<b>8,557,548</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 9,681,476</b>	<b>\$ 1,937,612</b>	<b>\$ 4,177,271</b>	<b>\$ 15,796,359</b>

The accompanying notes are an integral part of the financial statements.

# **CITY OF CAÑON CITY, COLORADO**

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## **Reconciliation of the Governmental Funds Balance Sheet to Statement of Net Position December 31, 2017**

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Total Fund Balances, Governmental Funds	\$ 8,557,548
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in governmental funds.	59,032,290
Net pension asset \$55,697, net pension liability (\$95,659), pension-related deferred outflows of resources \$639,145 and pension-related deferred inflows of resources (\$29,259) are not current resources and, therefore, are not reported in the governmental funds.	569,924
Noncurrent assets are not available to pay current expenditures and, therefore, are deferred in governmental funds. This amount represents special assessments, property liens and grants not available as current financial resources.	270,126
An internal service fund is used by management to charge the costs of employee medical, dental and vision insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	1,162,820
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds.	(1,800,885)
Accrued interest payable on debt is not due and payable in the current period and, therefore is not reported in the governmental funds.	(2,247)
Total Net Position of Governmental Activities	\$ <u>67,789,576</u>

The accompanying notes are an integral part of the financial statements.

# CITY OF CAÑON CITY, COLORADO

## Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended December 31, 2017

	General	Street Improvement	Other Governmental Funds	Total
<b>Revenues</b>				
Taxes and Assessments	\$ 8,136,175	\$ 3,428,169	\$ 7,843	\$ 11,572,187
Licenses and Permits	353,377	-	-	353,377
Intergovernmental	1,012,948	-	243,943	1,256,891
Charges for Services	324,836	-	89,156	413,992
Fines and Forfeitures	192,601	-	-	192,601
Royal Gorge Bridge	983,623	-	1,549,000	2,532,623
Interest	79,809	39,124	48,468	167,401
Rent	145,335	-	28,047	173,382
Contributions and Donations	15,118	-	12,597	27,715
Other	93,238	-	2,862	96,100
<b>Total Revenues</b>	<b>11,337,060</b>	<b>3,467,293</b>	<b>1,981,916</b>	<b>16,786,269</b>
<b>Expenditures</b>				
Current				
General Government	3,166,497	-	85	3,166,582
Public Safety	4,340,891	-	-	4,340,891
Public Works	2,221,453	-	-	2,221,453
Culture and Recreation	808,947	-	1,133,659	1,942,606
Capital Outlay				
Streets	321,521	6,878,762	358,329	7,558,612
Other	1,456,857	-	148,435	1,605,292
Debt Service				
Principal	210,000	-	3,000	213,000
Interest	31,570	59,178	635	91,383
<b>Total Expenditures</b>	<b>12,557,736</b>	<b>6,937,940</b>	<b>1,644,143</b>	<b>21,139,819</b>
Excess of Revenues Over (Under) Expenditures	<u>(1,220,676)</u>	<u>(3,470,647)</u>	<u>337,773</u>	<u>(4,353,550)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	816,600	-	71,365	887,965
Transfers Out	-	-	(86,365)	(86,365)
<b>Total Other Financing Sources (Uses)</b>	<b>816,600</b>	<b>-</b>	<b>(15,000)</b>	<b>801,600</b>
Net Change in Fund Balances	(404,076)	(3,470,647)	322,773	(3,551,950)
<b>Fund Balances, Beginning of Year</b>	<b>8,717,883</b>	<b>-</b>	<b>3,391,615</b>	<b>12,109,498</b>
<b>Fund Balances, End of Year</b>	<b>\$ 8,313,807</b>	<b>\$ (3,470,647)</b>	<b>\$ 3,714,388</b>	<b>\$ 8,557,548</b>

The accompanying notes are an integral part of the financial statements.

# **CITY OF CAÑON CITY, COLORADO**

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## **Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities For the Year Ended December 31, 2017**

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Amounts reported for governmental activities in the statement of activities  
are different because:

Net Change in Fund Balances, Governmental Funds	\$ (3,551,950)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This includes depreciation expense (\$2,670,253), capital outlay \$9,163,904 and capital contributions \$516,788.	7,010,439
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds. This amount represents special assessments, property liens and grants.	186,624
Payments of long-term debt principal are expenditures in governmental funds, but the payments reduce long-term liabilities in the statement of net position and do not affect the statement of activities. This amount represents public improvement bond payments \$3,000 and capital lease principal payments \$210,000.	213,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This includes the changes in accrued compensated absences \$26,311, accrued interest payable \$355, net pension asset (\$74,116), net pension liability (\$95,659) pension-related deferred outflows of resources \$71,528 and pension-related deferred inflows of resources \$3,995.	(67,586)
An internal service fund is used by management to charge the costs of employee medical, dental and vision insurance to individual funds. The change in net position of the internal service fund is reported with governmental activities.	360,450
Change in Net Position of Governmental Activities	\$ <u>4,150,977</u>

The accompanying notes are an integral part of the financial statements.

# CITY OF CAÑON CITY, COLORADO

## Statement of Net Position

### Proprietary Funds

#### December 31, 2017

	Business-Type Activities			Governmental Activities	
	Water Fund	Stormwater Utility Fund	Total	Internal Service Fund	
<b>Assets</b>					
<b>Current Assets</b>					
Cash and Investments	\$ 4,499,627	\$ 297,866	\$ 4,797,493	\$ 1,511,467	
Receivables					
Accounts	828,050	122,398	950,448		352
Other	8,301	23,727	32,028		
Inventory	299,955	-	299,955		
Prepaid Expenses	3,154	-	3,154		2,358
Total Current Assets	<u>5,639,087</u>	<u>443,991</u>	<u>6,083,078</u>		<u>1,514,177</u>
<b>Noncurrent Assets</b>					
Interfund Receivables	2,000,000	-	2,000,000		
Capital Assets					
Not Being Depreciated	1,263,929	168,632	1,432,561		
Being Depreciated, Net of Accumulated Depreciation	33,293,322	3,687,235	36,980,557		
Total Noncurrent Assets	<u>36,557,251</u>	<u>3,855,867</u>	<u>40,413,118</u>		
Total Assets	<u>42,196,338</u>	<u>4,299,858</u>	<u>46,496,196</u>		<u>1,514,177</u>
<b>Deferred Outflows of Resources</b>					
Loss on Debt Refunding, Net of Accumulated Amortization	542,144	-	542,144		
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Accounts Payable	131,984	72,170	204,154	135,657	
Retainage Payable	107,802	-	107,802		
Accrued Interest Payable	25,403	-	25,403		
Accrued Liabilities	56,628	1,843	58,471		
Deposits	25,901	-	25,901		
Insurance Claims	-	-	-		215,700
Unearned Revenues	26,444	8,308	34,752		
Accrued Compensated Absences, Current Portion	115,181	2,304	117,485		
Certificates of Participation Payable, Current Portion	575,000	-	575,000		
Total Current Liabilities	<u>1,064,343</u>	<u>84,625</u>	<u>1,148,968</u>		<u>351,357</u>
<b>Noncurrent Liabilities</b>					
Accrued Compensated Absences	15,174	1,212	16,386		
Certificates of Participation Payable	10,040,000	-	10,040,000		
Total Noncurrent Liabilities	<u>10,055,174</u>	<u>1,212</u>	<u>10,056,386</u>		
Total Liabilities	<u>11,119,517</u>	<u>85,837</u>	<u>11,205,354</u>		<u>351,357</u>
<b>Net Position</b>					
Net Investment in Capital Assets	23,942,251	3,855,867	27,798,118		
Unrestricted	7,676,714	358,154	8,034,868	1,162,820	
Total Net Position	<u>\$ 31,618,965</u>	<u>\$ 4,214,021</u>	<u>\$ 35,832,986</u>	<u>\$ 1,162,820</u>	

The accompanying notes are an integral part of the financial statements.

# CITY OF CAÑON CITY, COLORADO

## **Statement of Revenues, Expenses and Changes in Net Position Proprietary Funds For the Year Ended December 31, 2017**

	Business Activities			Governmental Activities	
	Water Fund	Stormwater Utility Fund	Total		
				Internal Service Fund	
<b>Operating Revenues</b>					
Charges for Services	\$ 5,778,598	\$ 792,711	\$ 6,571,309	\$ 2,552,370	
Other Operating Revenue	85,646	106,060	191,706		-
<b>Total Operating Revenues</b>	<b>5,864,244</b>	<b>898,771</b>	<b>6,763,015</b>	<b>2,552,370</b>	
<b>Operating Expenses</b>					
Water Administration	947,257	-	947,257		-
Utility Billing	161,785	-	161,785		-
Water Treatment	1,576,095	-	1,576,095		-
Transmission and Distribution	1,419,546	-	1,419,546		-
Stormwater Operations	-	560,758	560,758		-
Claims	-	-	-		1,565,007
Premiums	-	-	-		281,539
Administration Fees	-	-	-		361,063
Depreciation	1,403,634	101,959	1,505,593		-
<b>Total Operating Expenses</b>	<b>5,508,317</b>	<b>662,717</b>	<b>6,171,034</b>	<b>2,207,609</b>	
<b>Operating Income</b>	<b>355,927</b>	<b>236,054</b>	<b>591,981</b>	<b>344,761</b>	
<b>Nonoperating Revenues (Expenses)</b>					
Interest Income	82,269	6,467	88,736	15,689	
Debt Issuance Costs	(109,053)	-	(109,053)		-
Interest Expense	(202,088)	-	(202,088)		-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(228,872)</b>	<b>6,467</b>	<b>(222,405)</b>	<b>15,689</b>	
<b>Net Income Before Capital Contributions and Transfers</b>	<b>127,055</b>	<b>242,521</b>	<b>369,576</b>	<b>360,450</b>	
Developer Contributions	27,500	-	27,500		-
Tap Fees	220,500	-	220,500		-
Transfers In	39,400	-	39,400		-
Transfers Out	(220,400)	(620,600)	(841,000)		-
<b>Change in Net Position</b>	<b>194,055</b>	<b>(378,079)</b>	<b>(184,024)</b>	<b>360,450</b>	
<b>Net Position, Beginning of Year</b>	<b>31,424,910</b>	<b>4,592,100</b>	<b>36,017,010</b>	<b>802,370</b>	
<b>Net Position, End of Year</b>	<b>\$ 31,618,965</b>	<b>\$ 4,214,021</b>	<b>\$ 35,832,986</b>	<b>\$ 1,162,820</b>	

The accompanying notes are an integral part of the financial statements.

# CITY OF CAÑON CITY, COLORADO

## Statement of Cash Flows Proprietary Funds For the Year Ended December 31, 2017

	Business-Type Activities			Governmental Activities	
	Water Fund	Stormwater Utility Fund	Total		
				Internal Service Fund	
<b>Cash Flows From Operating Activities</b>					
Cash Received from Customers	\$ 5,945,545	\$ 870,896	\$ 6,816,441	\$ 2,368,474	
Cash Payments to Suppliers for Goods and Services	(1,886,907)	(444,548)	(2,331,455)	(2,296,467)	
Cash Payments to Employees for Services	(2,288,188)	(67,987)	(2,356,175)		
Net Cash Provided (Used) by Operating Activities	<u>1,770,450</u>	<u>358,361</u>	<u>2,128,811</u>	<u>72,007</u>	
<b>Cash Flows From Capital and Related Financing Activities</b>					
Tap Fees Received	220,500	-	220,500		
Acquisition and Construction of Capital Assets	(2,285,210)	(297,870)	(2,583,080)		
Debt Principal Payments	(675,000)	-	(675,000)		
Debt Interest Payments	(197,400)	-	(197,400)		
Loan Proceeds	11,290,000	-	11,290,000		
Payment to Escrow Agent	(10,328,271)	-	(10,328,271)		
Debt Issuance Costs	(109,053)	-	(109,053)		
Net Cash Provided (Used) by Capital Financing Activities	<u>(2,084,434)</u>	<u>(297,870)</u>	<u>(2,382,304)</u>	<u>-</u>	
<b>Cash Flows From Noncapital Financing Activities</b>					
Loans to Other Funds	(2,000,000)	-	(2,000,000)		
Transfers from Other Funds	39,400	-	39,400		
Transfers to Other Funds	(220,400)	(620,600)	(841,000)		
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(2,181,000)</u>	<u>(620,600)</u>	<u>(2,801,600)</u>	<u>-</u>	
<b>Cash Flows From Investing Activities</b>					
Interest on Investments	<u>82,573</u>	<u>6,505</u>	<u>89,078</u>	<u>15,752</u>	
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(2,412,411)</u>	<u>(553,604)</u>	<u>(2,966,015)</u>	<u>87,759</u>	
Cash and Cash Equivalents, Beginning of Year	<u>6,912,038</u>	<u>851,470</u>	<u>7,763,508</u>	<u>1,423,708</u>	
Cash and Cash Equivalents, End of Year	<u>\$ 4,499,627</u>	<u>\$ 297,866</u>	<u>\$ 4,797,493</u>	<u>\$ 1,511,467</u>	
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>					
Operating Income	<u>\$ 355,927</u>	<u>\$ 236,054</u>	<u>\$ 591,981</u>	<u>\$ 344,761</u>	
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities					
Depreciation	1,403,634	101,959	1,505,593		
Changes in Assets and Liabilities					
Accounts Receivable	159,157	(27,957)	131,200	24,689	
Inventory	(20,226)	-	(20,226)		
Prepaid Expenses	-	-	-	2,885	
Accounts Payable	9,278	61,240	70,518	135,657	
Accrued Liabilities	(3,701)	(1,896)	(5,597)	(227,400)	
Deposits	(7,959)	-	(7,959)		
Unearned Revenues	(69,897)	82	(69,815)	(208,585)	
Accrued Compensated Absences	(55,763)	(11,121)	(66,884)		
Total Adjustments	<u>1,414,523</u>	<u>122,307</u>	<u>1,536,830</u>	<u>(272,754)</u>	
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,770,450</u>	<u>\$ 358,361</u>	<u>\$ 2,128,811</u>	<u>\$ 72,007</u>	
<b>Non Cash Transactions</b>					
Developer Contributions	<u>\$ 27,500</u>	<u>\$ -</u>	<u>\$ 27,500</u>	<u>\$ -</u>	

The accompanying notes are an integral part of the financial statements.

# CITY OF CAÑON CITY, COLORADO

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## Notes to Financial Statements December 31, 2017

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### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Cañon City, Colorado (the “City”) was formed on April 2, 1872, and later became a home rule city as defined by Colorado Revised Statutes. The City is governed by a Mayor and a seven-member Council elected by the residents.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental entities. The more significant of the City's accounting policies are described below.

#### **Reporting Entity**

The financial reporting entity consists of the City and organizations for which the City is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the City. In addition, any legally separate organizations for which the City is financially accountable are considered part of the reporting entity. Financial accountability exists if the City appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if there is a potential for the organization to provide benefits to, or impose financial burdens on, the City.

Based on the application of these criteria, the City includes various public improvement districts within its reporting entity. The City Council is the governing authority of the Districts, with the authority to issue debt in the name of the Districts, and management of the City has operational responsibility for the Districts. The financial information of the Districts is blended into the City's financial statements as a debt service fund. No separate financial statements are issued for the individual public improvement districts.

The City previously included the Cañon City Finance Authority (the “Authority”) within its reporting entity. There was no activity for the Authority during 2017 and there will not be any future activity in the Authority. The City considers that the Authority has been dissolved.

#### **Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

# CITY OF CAÑON CITY, COLORADO

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## Notes to Financial Statements December 31, 2017

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### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Government-wide and Fund Financial Statements (Continued)**

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Accordingly, all of the City's assets and liabilities, including capital assets and long-term liabilities are included in the accompanying statement of net position. The statement of activities presents changes in net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within ninety days of the end of the current fiscal period, except for property taxes which are recognized only if collected within sixty days.

Property taxes, sales taxes, intergovernmental revenues, other taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

# CITY OF CAÑON CITY, COLORADO

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## Notes to Financial Statements December 31, 2017

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### NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation** (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers or other funds for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for a specific use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

In the fund financial statements, the City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the City, except those accounted for in another fund.

The *Street Improvement Fund* accounts for a 1% sales and use tax collected from January 1, 2017 through December 31, 2026 to be used exclusively to fund costs of street related infrastructure improvements and repairs.

The City reports the following major proprietary funds:

The *Water Fund* accounts for all activities necessary to provide water services to City residents.

The *Stormwater Utility Fund* accounts for all activities necessary for the operations and maintenance of the City's stormwater facilities.

Additionally, the City reports the following fund type:

The *Internal Service Fund* is used to account for the financing of health-related insurance needs for City employees.

#### **Assets, Liabilities and Net Position/Fund Balances**

*Cash Equivalents* - For purposes of the statement of cash flows, all highly liquid investments with an original maturity of three months or less are considered to be cash equivalents.

*Receivables* - Receivables are reported net of an allowance for uncollectible accounts, where applicable.

# CITY OF CAÑON CITY, COLORADO

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## Notes to Financial Statements December 31, 2017

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### NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

#### **Assets, Liabilities and Net Position/Fund Balances** (Continued)

*Property Taxes Receivable* - Property taxes levied in the current year for collection in the subsequent year are recorded as receivables and deferred inflows of resources at year end. Taxes are due in the subsequent year on April 30, or in two installments on February 28 and June 15. Taxes are collected by the County Treasurer and remitted to the City on a monthly basis.

*Inventory* - Inventories are valued at cost, using the first-in, first-out (FIFO) method. The costs of inventories are recorded as expenditures or expenses when consumed rather than when purchased.

*Prepaid Expenses* - Certain payments to vendors reflect costs applicable to future years and are reported as prepaid expenses using the consumption method.

*Interfund Receivables and Payables* - Certain transactions occur between individual funds. The resulting receivables and payables are classified in the fund financial statements as *interfund receivables* and *payables*. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as *internal balances*.

*Capital Assets* - Capital assets, which include property, equipment, all water and stormwater systems infrastructure and all governmental activities infrastructure acquired since 1980, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements, and in the proprietary funds in the fund financial statements. Purchases or construction of capital assets are recorded as expenditures in the governmental funds.

Capital assets are defined by the City as assets with an individual cost of \$5,000 or greater, and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation. Interest incurred during construction is capitalized in proprietary funds, if applicable. The City's museum collection is not capitalized because it is held for public exhibition and is not subject to sale to outside parties.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	20 - 40 years
Machinery and Equipment	3 - 10 years
Infrastructure	30 - 50 years
Water and Stormwater Systems	30 - 50 years

# CITY OF CAÑON CITY, COLORADO

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## Notes to Financial Statements December 31, 2017

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### NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

#### **Assets, Liabilities and Net Position/Fund Balances** (Continued)

*Pensions* - The City participates in the Statewide Defined Benefit Plan, a cost-sharing multiple-employer defined benefit pension plan, and the Statewide Hybrid Plan, a cost-sharing multiple-employer combination defined benefit and money purchase pension plan. The plans are administered by the Fire & Police Pension Association of Colorado (FPPA).

The net pension asset (liability), deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, and additions to and deductions from each plan's fiduciary net position have been determined using the same basis of accounting as the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

*Unearned Revenues* - Unearned revenues include grants that have been collected but corresponding expenditures have not been incurred, and certain revenues received in advance, such as building and park rent receipts.

*Compensated Absences* - Employees of the City are allowed to accumulate unused personal time off (PTO) up to a maximum based on years of service. Upon termination of employment from the City, an employee will be compensated for all accrued PTO at their current pay rate, provided they have completed six months of service. A liability for unpaid PTO is reported in the government-wide financial statements, and in the proprietary funds in the fund financial statements. Governmental funds recognize a liability only when payment is due.

*Long-Term Debt* - In the government-wide financial statements and the proprietary funds in the fund financial statements, long-term debt is reported as a liability in the applicable governmental activities, business-type activities, or proprietary funds. Debt premiums, discounts and losses resulting from debt refundings, are deferred and amortized over the life of the debt using the straight-line method.

In the fund financial statements, governmental fund types recognize debt premiums and discounts as other financing sources or uses. The face amount of the debt issued is reported as an other financing source.

Debt issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

*Deferred Inflows of Resources* - Deferred inflows of resources include property taxes earned but levied for a subsequent fiscal year. In addition, special assessments and grants earned but not available as current financial resources are deferred in the governmental fund financial statements.

# CITY OF CANON CITY, COLORADO

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## Notes to Financial Statements December 31, 2017

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### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Assets, Liabilities and Net Position/Fund Balances (Continued)**

*Net Position/Fund Balances* - In the government-wide financial statements, net position is restricted when constraints placed on the use of resources are externally imposed. Governmental fund balances are classified as restricted when constraints are placed on the use of resources by creditors, grantors, contributors or laws or regulations of other governments. Committed fund balances include resources which are subject to limitations the City imposes on itself by action of City Council through ordinances. Committed fund balance also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. Commitments may be established, modified or rescinded only through ordinances approved by City Council. Assigned fund balances are constrained by an intent to be used for specific purposes but are neither restricted or committed. In Resolution No. 16, Series of 2010, City Council delegated authority for the establishment of assigned fund balances to the City Administrator and the Finance Director, acting jointly.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless City Council has provided otherwise in its commitment or assignment actions.

#### **Contraband Forfeitures**

The Colorado Contraband Forfeiture Act allows law enforcement agencies to retain proceeds from the seizure of contraband. All such transactions are recorded in the Police Forfeiture Special Revenue Fund. The proceeds are not subject to appropriation in the budget process. Property and equipment seized are recorded as capital assets.

### NOTE 2: ACCOUNTABILITY

At December 31, 2017, the Street Improvement Fund had a negative fund balance of \$3,470,647 because interfund loans totaling \$5,000,000 were received from the General Fund, Cemetery Fund and the Water Fund. The interfund loans will be repaid with future sales and use tax revenues, which will eliminate the negative fund balance.

# CITY OF CAÑON CITY, COLORADO

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## Notes to Financial Statements December 31, 2017

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### NOTE 3: CASH AND INVESTMENTS

At December 31, 2017, the City had the following cash and investments:

Cash on Hand	\$ 800
Deposits	1,785,449
Investments	<u>14,356,241</u>
 Total	 <u>\$ 16,142,490</u>

#### **Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2017, the City had bank deposits of \$558,377 collateralized with securities held by the financial institutions' agents but not in the City's name.

#### **Investments**

The City is required to comply with State statutes which specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk.

- Obligations of the United States and certain U.S. Agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

The City's investment policy does not further limit its investment choices.

# CITY OF CAÑON CITY, COLORADO

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## Notes to Financial Statements December 31, 2017

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### NOTE 3: CASH AND INVESTMENTS (Continued)

#### **Investments** (Continued)

The City had the following investments at December 31, 2017:

<u>Investment</u>	<u>Maturity</u>	<u>Rating</u>	<u>Total</u>
City PID Bonds:			
PID No. 2014-1	06/30/25	NA	\$ 6,000
Local Government Investment Pools	NA	AAAm	<u>14,350,241</u>
<b>Total</b>			<u><b>\$ 14,356,241</b></u>

*Interest Rate Risk* - State statutes generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years.

*Credit Risk* - State statutes limit certain investments to those with specified ratings from nationally recognized statistical rating organizations, depending on the type of investment.

*Concentration of Credit Risk* - State statutes do not limit the amount the City may invest in one issuer, except for corporate securities.

*Local Government Investment Pools* - The City has invested in the Colorado Local Government Liquid Asset Trust (Colotrust) and the Colorado Surplus Asset Fund Trust (CSAFE), investment vehicles established by State statutes for local government entities in Colorado to pool surplus funds.

The Colorado Division of Securities administers and enforces the requirements of creating and operating the Pools. The Pools operate in conformity with the Securities and Exchange Commission Rule 2a-7. The pools are measured at the net asset value per share, with each share valued at \$1. The Pools are rated AAAm by Standard and Poor's. Investments of the Pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned by the Pools are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the participating governments.

# CITY OF CAÑON CITY, COLORADO

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## Notes to Financial Statements December 31, 2017

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### NOTE 4: CAPITAL ASSETS

Following is a summary of changes in capital assets for the year ended December 31, 2017:

	Balance 12/31/16	Additions	Deletions	Balance 12/31/17
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 1,883,027	\$ -	\$ -	\$ 1,883,027
Ditch Stock	7,414	-	-	7,414
Construction In Progress	491,521	348,410	243,162	596,769
Total Capital Assets, Not Being Depreciated	2,381,962	348,410	243,162	2,487,210
Capital Assets, Being Depreciated				
Infrastructure	30,333,938	7,354,531	98,149	37,590,320
Buildings	21,771,311	233,483	-	22,004,794
Improvements	20,645,682	801,270	-	21,446,952
Machinery and Equipment	4,556,398	1,186,160	43,871	5,698,687
Total Capital Assets, Being Depreciated	77,307,329	9,575,444	142,020	86,740,753
Less Accumulated Depreciation for				
Infrastructure	13,405,995	852,205	98,149	14,160,051
Buildings	4,298,828	668,676	-	4,967,504
Improvements	5,963,617	915,438	-	6,879,055
Machinery and Equipment	3,999,000	233,934	43,871	4,189,063
Total Accumulated Depreciation	27,667,440	2,670,253	142,020	30,195,673
Total Capital Assets, Being Depreciated, Net	49,639,889	6,905,191	-	56,545,080
Governmental Activities Capital Assets, Net	<u>\$ 52,021,851</u>	<u>\$ 7,253,601</u>	<u>\$ 243,162</u>	<u>\$ 59,032,290</u>

# CITY OF CAÑON CITY, COLORADO

## Notes to Financial Statements December 31, 2017

### NOTE 4: CAPITAL ASSETS (Continued)

	Balance 12/31/16	Additions	Deletions	Balance 12/31/17
<b>Business-Type Activities</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 340,672	\$ -	\$ -	\$ 340,672
Construction In Progress	107,023	-	61,797	45,226
Water Rights/Ditch Stock	<u>1,019,163</u>	<u>27,500</u>	<u>-</u>	<u>1,046,663</u>
Total Capital Assets, Not Being Depreciated	<u>1,466,858</u>	<u>27,500</u>	<u>61,797</u>	<u>1,432,561</u>
Capital Assets, Being Depreciated				
Buildings	9,143,695	-	-	9,143,695
Water and Stormwater Systems	44,562,261	2,608,041	6,582	47,163,720
Machinery and Equipment	<u>3,326,841</u>	<u>194,375</u>	<u>70,662</u>	<u>3,450,554</u>
Total Capital Assets, Being Depreciated	<u>57,032,797</u>	<u>2,802,416</u>	<u>77,244</u>	<u>59,757,969</u>
Less Accumulated Depreciation for				
Buildings	4,318,641	203,778	-	4,522,419
Water and Stormwater Systems	14,188,648	1,117,135	6,582	15,299,201
Machinery and Equipment	<u>2,841,774</u>	<u>184,680</u>	<u>70,662</u>	<u>2,955,792</u>
Total Accumulated Depreciation	<u>21,349,063</u>	<u>1,505,593</u>	<u>77,244</u>	<u>22,777,412</u>
Total Capital Assets, Being Depreciated, Net	<u>35,683,734</u>	<u>1,296,823</u>	<u>-</u>	<u>36,980,557</u>
Business-Type Activities Capital Assets, Net	<u><u>\$ 37,150,592</u></u>	<u><u>\$ 1,324,323</u></u>	<u><u>\$ 61,797</u></u>	<u><u>\$ 38,413,118</u></u>

Depreciation expense was charged to programs of the City, as follows:

#### Governmental Activities

General Government	\$ 208,052
Public Safety	155,045
Public Works	934,668
Culture and Recreation	<u>1,372,488</u>
Total	<u><u>\$ 2,670,253</u></u>

# CITY OF CANON CITY, COLORADO

## Notes to Financial Statements December 31, 2017

### NOTE 5: LONG-TERM DEBT

Following is a summary of long-term debt transactions of the City for the year ended December 31, 2017.

	<u>Balance 12/31/16</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 12/31/17</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Public Improvement Bonds	\$ 9,000	\$ -	\$ 3,000	\$ 6,000	\$ -
Capital Lease	1,540,000	-	210,000	1,330,000	210,000
Compensated Absences	491,196	635,566	661,877	464,885	340,200
<b>Totals</b>	<b>\$ 2,040,196</b>	<b>\$ 635,566</b>	<b>\$ 874,877</b>	<b>\$ 1,800,885</b>	<b>\$ 550,200</b>
<b>Business-Type Activities</b>					
Certificates of Participation, Series 2008 Premium	\$ 9,635,000 114,984	\$ - -	\$ 9,635,000 114,984	\$ - -	\$ - -
Certificates of Participation, Series 2017	-	11,290,000	675,000	10,615,000	575,000
Compensated Absences	200,755	164,647	231,531	133,871	117,485
<b>Totals</b>	<b>\$ 9,950,739</b>	<b>\$ 11,454,647</b>	<b>\$ 10,656,515</b>	<b>\$ 10,748,871</b>	<b>\$ 692,485</b>

#### **Public Improvement Bonds**

Several Public Improvement Districts have issued bonds to construct various improvements within the Districts. For the year ended December 31, 2017, revenues of \$11,294 were available to pay debt service of \$3,635. In addition, the City has established the Excess Special Improvement District Fund to pay debt service if any shortages in assessments occur. Outstanding bonds at December 31, 2017 are as follows:

<u>Public Improvement District</u>	<u>Due Date</u>	<u>Rate</u>	<u>Balance</u>
14-1	06-2025	7.0%	<u>6,000</u>
<b>Total</b>			<b><u>\$ 6,000</u></b>

#### **Capital Lease**

During 2013, the City entered into a capital lease agreement with the Branch Banking and Trust Company in the principal amount of \$2,310,000 to refund the outstanding Certificates of Participation, Series 2003, originally issued to finance the construction of the new City Hall building and to provide \$380,092 to finance future capital improvements. Interest accrues at the rate of 2.05%. Interest payments are due semi-annually in June and December. Principal payments are due annually in December, through 2023.

# CITY OF CAÑON CITY, COLORADO

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## Notes to Financial Statements December 31, 2017

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### NOTE 5: LONG-TERM DEBT (Continued)

#### Capital Lease (Continued)

Annual debt service requirements for the capital lease follow:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 210,000	\$ 27,265	\$ 237,265
2019	215,000	22,960	237,960
2020	215,000	18,553	233,553
2021	225,000	14,145	239,145
2022	230,000	9,533	239,533
2023	235,000	4,817	239,817
<b>Total</b>	<b>\$ 1,330,000</b>	<b>\$ 97,273</b>	<b>\$ 1,427,273</b>

#### Certificates of Participation

In April 2017, the City issued Refunding and Improvement Certificates of Participation, Series 2017, in the principal amount of \$11,290,000, to refund the outstanding Certificates of Participation, Series 2008, originally issued to finance the cost of the acquisition, construction and improvements to the City's water treatment facility and to provide \$850,537 for water related capital improvements in connection with the planned street improvements. Interest accrues at the rate of 2.81%. Interest payments are due semi-annually on May 15 and November 15. Principal payments are due annually on November 15 through 2032.

Debt proceeds in the amount of \$10,328,271 were deposited with an escrow agent to refund the Certificates of Participation, Series 2008. As a result, the refunded debt is considered defeased and the liability has been removed from the financial statements. Although the refunding resulted in the recognition of an accounting loss of \$578,287, the aggregate debt service payments were reduced by \$4,248 with an economic gain (difference between the present values of the old and new debt service payments) of \$15,804. The refunded debt will be called and paid in full on December 1, 2018. At December 31, 2017, the outstanding balance of the refunded debt was \$9,205,000.

Annual debt service requirements for the Certificates of Participation follow:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 575,000	\$ 298,282	\$ 873,282
2019	595,000	282,124	877,124
2020	615,000	265,404	880,404
2021	630,000	248,123	878,123
2022	645,000	230,420	875,420
2023-2027	3,520,000	868,993	4,388,993
2028-2032	4,035,000	346,613	4,381,613
<b>Total</b>	<b>\$ 10,615,000</b>	<b>\$ 2,539,959</b>	<b>\$ 13,154,959</b>

# CITY OF CAÑON CITY, COLORADO

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## Notes to Financial Statements December 31, 2017

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### NOTE 5: LONG-TERM DEBT (Continued)

#### Compensated Absences

Compensated absences of the governmental activities are expected to be liquidated with revenues from the General and Park Improvement Funds.

### NOTE 6: INTERFUND BALANCES AND TRANSACTIONS

During the year ended December 31, 2017, loans from the General Fund in the amount of \$1,000,000, the Cemetery Fund in the amount of \$2,000,000 and the Water Fund in the amount of \$2,000,000 were made to the Street Improvement Fund to finance street improvement capital projects. The Street Improvement Fund will repay the loans over a ten year period through 2026 as sales and use taxes are collected. Interest will accrue on the outstanding balance of the loans at a rate equal to each year's annual average investment rate plus 0.5%. At December 31, 2017, the outstanding balance of the loan was \$5,000,000.

Transfers between funds during the year ended December 31, 2017, consisted of the following:

Transfers In	Transfers Out	
General	Water	\$ 220,400
General	Stormwater Utility	581,200
General	Excess Special Improvement District	15,000
Water	Stormwater Utility	39,400
Quality of Life Fund	Museum Donations Fund	11,620
Excess Special Improvement District	Public Improvement District 2004-01	26,467
Excess Special Improvement District	Public Improvement District 2005-02	33,278
Total		\$ 927,365

Transfers from the Water and Stormwater Utility Funds to the General Fund were for the reimbursement of central service costs. The transfer from the Excess Special Improvement District Fund to the General Fund were reimbursements of expenditures and administrative costs associated with the Public Improvement Districts. Transfers from the Stormwater Utility Fund to the Water Fund were for the reimbursement of utility billing costs. The transfer from the Museum Donations Fund to the Quality of Life Fund is to provide City grant match for the State Historical Fund grant for the renovation of the Rudd House. The transfer from PID 2004-01 and from PID 2005-02 to the Excess Special Improvement District Fund is the remaining residual equity after all assessments due have been paid by the Public Improvement Districts' property owners.

# CITY OF CAÑON CITY, COLORADO

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## Notes to Financial Statements December 31, 2017

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### NOTE 7: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; natural disasters; and health and dental claims of its employees. The City plans to provide for or restore the economic damages of those losses through risk retention and risk transfer. The City accounts for and finances risk activities in the General Fund and the Internal Service Fund.

#### **Self-Insured Medical Plan**

The City has established an insurance plan to provide medical, dental, and visual benefits to eligible employees and dependents. For the contract year ended October 31, 2017, the City self-insured this program up to \$150,000 per claim, an increase from \$50,000 in the previous contract year. For the contract year ending October 31, 2018, the City decreased the self-insured amount to \$100,000 per claim. Insurance coverage was purchased for claims in excess of these amounts. Self-insurance activities are accounted for in the Internal Service Fund. Claims liabilities, including estimated incurred but not reported claims (IBNR), are reported in the government-wide financial statements and the internal service fund if information available prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Except for the current amounts, the City believes the estimated claims liability is not fully measurable, and the City could incur additional costs related to the IBNR claims.

Changes in claims payable were as follows:

Claims Payable, December 31, 2015	\$ 272,700
Claims Incurred and Adjustments	2,455,242
Claims Paid	<u>(2,284,842)</u>
Claims Payable, December 31, 2016	443,100
Claims Incurred and Adjustments	1,565,007
Claims Paid	<u>(1,792,407)</u>
Claims Payable, December 31, 2017	<u>\$ 215,700</u>

#### **Public Entity Risk Pool**

The City participates in the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provisions of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and the Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members defined liability, property, and workers compensation coverages and to assist members in preventing and reducing losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees and officers.

# CITY OF CAÑON CITY, COLORADO

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## Notes to Financial Statements December 31, 2017

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### NOTE 7: RISK MANAGEMENT (Continued)

#### Public Entity Risk Pool (Continued)

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA.

It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members.

CIRSA is a separate legal entity and the City does not approve budgets nor does it have the ability to significantly affect the operations of CIRSA.

### NOTE 8: EMPLOYEE RETIREMENT PLANS

#### Police Pension Plan

##### General Information

*Plan Description* - The City contributes to the Statewide Defined Benefit Plan (the "SWDB Plan"), a cost-sharing multiple-employer defined benefit pension plan, and the Statewide Hybrid Plan (the "SWH Plan"), a cost-sharing multiple-employer combination defined benefit and money purchase pension plan. The plans are administered by the Fire & Police Pension Association of Colorado (FPPA). All police officers are required to participate in the plans on the first day of employment. Eligible employees hired after April 1, 2007, are required to participate in the SWDB Plan. Title 31, Article 31 of the Colorado Revised Statutes (CRS) grants the authority to establish and amend benefit terms to the FPPA Board of Directors. FPPA issues a publicly available financial report that includes information on the plans. That report may be obtained at [www.fppaco.org](http://www.fppaco.org).

*Benefits Provided* - A SWDB Plan member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55. The annual normal retirement benefit is 2% of the average of the member's highest three years' base salary for each year of credited service up to 10 years, plus 2.5% for each year of service thereafter. Benefits paid to retirees are evaluated and may be re-determined every October 1. The amount of any increase is based on the FPPA Board of Director's discretion and can range from zero to the higher of 3% or the Consumer Price Index.

A member is eligible for an early retirement at age 50 or after 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5% interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the SWDB Plan and remain eligible for a retirement pension at age 55 equal to 2% of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5% for each year of service thereafter.

# CITY OF CAÑON CITY, COLORADO

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## Notes to Financial Statements December 31, 2017

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### NOTE 8: EMPLOYEE RETIREMENT PLANS (Continued)

#### **Police Pension Plan** (Continued)

A SWH Plan member is eligible for a normal retirement pension at any time after age 55, if the member has at least twenty-five years of service. The annual normal retirement benefit of the defined benefit component is 1.5% of the average of the member's highest three years' base salary for each year of credited service. Benefits paid to retirees of the defined benefit component are evaluated and may be re-determined annually on October 1. The amount of any increase is based on the FPPA Board of Director's discretion and can range from zero to 3%.

A member is eligible for an early retirement at age 50 or after 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have all contributions, along with 5% interest, returned as a lump sum distribution from the defined benefit component. Alternatively, a member with at least five years of accredited service may leave contributions with the defined benefit component and remain eligible for a retirement pension at age 55 equal to 1.5% of the member's average highest three years' base salary for each year of credited service. In addition, upon termination the vested account balance in the money purchase component becomes available to the member.

Plan members may elect to participate in the deferred retirement option plan (DROP) after reaching eligibility for normal retirement, early retirement, or vested retirement and age 55. A member can continue to work while participating in the DROP, but must terminate employment within five years of entry into the DROP. The member's percentage of retirement benefits is determined at the time of entry into the DROP. The monthly payments that begin at entry into the DROP are accumulated in a DROP account until the member terminates service, at which time the DROP accumulated benefits can be paid as periodic installments, a lump sum, or if desired, a member may elect to convert the DROP to a lifetime monthly benefit with survivor benefits. While participating in the DROP, the member continues to make pension contributions that are credited to the DROP. Each member shall self-direct the investments in their DROP account, which are held by a custodian and not included in the Plans' net position.

*Contributions* - The City and eligible employees are required to contribute to the SWDB Plan at rates established by State statutes. Employer contribution rates can only be amended by the State Legislature. Employee contribution rates can be amended by the State Legislature or by election of the membership. The City and eligible employees each contributed 8% and 9.5% of base salary, respectively, for the year ended December 31, 2017. SWDB Plan members elected to increase the employee contribution rate 0.5% annually from 2015 through 2022, to a total of 12% of base salary. Employer contributions will remain at 8% of base salary.

# **CITY OF CAÑON CITY, COLORADO**

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## **Notes to Financial Statements**

### **December 31, 2017**

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#### **NOTE 8: EMPLOYEE RETIREMENT PLANS (Continued)**

##### **Police Pension Plan (Continued)**

Contributions from employees and employers re-entering the SWDB Plan are established by resolution of the FPPA Board of Directors. The re-entry group had a combined contribution rate of 20% of base salary through December 31, 2014. The split of contributions between employees and the City is determined by the City Council. In accordance with the aforementioned election, the re-entry group contributions will increase 0.5% percent annually from 2015 through 2022, to a total of 24% of base salary.

The City's contributions to the SWDB Plan for the year ended December 31, 2017, were \$125,732, equal to the required contributions.

The City and eligible employees are required to contribute to the SWH Plan at rates established by City Council. However, the amount allocated to the defined benefit component is set annually by the FPPA Board of Directors, which currently must be at least 8% of base salary for the employee and the employer. Excess contributions are deposited to the money purchase component of the SWH Plan. The defined benefit component allocation from July 1, 2016, through June 30, 2017, was 13.5%, and thereafter was 14.8%. For the year ended December 31, 2017, City Council established the contribution rate split at 10% and 12% of base salary for the City and employees, respectively.

Within the money purchase component, members are always fully vested in their own contributions, as well as the earnings on those contributions. Vesting in the City's contributions within the money purchase component and earnings on those contributions is 20% per year after the first year of service, with 100% vesting after five years of service. Unvested City contributions and earnings thereon are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the SWH Plan's administrative expenses. Any administrative expenses not covered by forfeitures are charged directly to member accounts.

An employee may elect to make voluntary after-tax contributions to the money purchase component of the SWH Plan. All contributions to the money purchase component are invested at the discretion of the member.

The City's contributions to the SWH Plan for the year ended December 31, 2017, were \$6,405, equal to the required contributions.

# CITY OF CAÑON CITY, COLORADO

## Notes to Financial Statements December 31, 2017

### NOTE 8: EMPLOYEE RETIREMENT PLANS (Continued)

#### Police Pension Plan (Continued)

##### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2017, the City reported a net pension asset (liability) of (\$95,659) and \$55,697, representing its proportionate share of the net pension asset (liability) of the SWDB and SWH Plans, respectively. The net pension asset (liability) was measured at December 31, 2016, and the total pension liability used to calculate the net pension asset (liability) was determined by an actuarial valuation at January 1, 2017. The City's proportion of the net pension asset (liability) was based on a projection of the City's contributions to the plans for the calendar year ended December 31, 2016, relative to the projected contributions of all participating employers.

At December 31, 2016, the City's proportion of the SWDB Plan was 0.26473647%, which was an increase of 0.01288120% from its proportion measured at December 31, 2015. The City's proportion of the SWH Plan was 0.51167804%, which was a decrease of 0.67862187% from its proportion measured at December 31, 2015.

For the year ended December 31, 2017, the City recognized pension expense for the SWDB and SWH Plans of \$170,318 and \$32,741, respectively. At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>Statewide Defined Benefit Plan</b>		
Differences between expected and actual experience	\$ 75,400	\$ 4,220
Net difference between projected and actual earnings on plan investments	176,968	-
Changes in assumptions and other inputs	57,383	-
Changes in proportion	-	25,039
Contributions subsequent to the measurement date	<u>125,732</u>	<u>-</u>
Subtotal	<u>435,483</u>	<u>29,259</u>
<b>Statewide Hybrid Plan</b>		
Differences between expected and actual experience	\$ 24,369	\$ -
Net difference between projected and actual earnings on plan investments	8,489	-
Changes in assumptions and other inputs	2,097	-
Changes in proportion	162,302	-
Contributions subsequent to the measurement date	<u>6,405</u>	<u>-</u>
Subtotal	<u>203,662</u>	<u>-</u>
Total	<u><u>\$ 639,145</u></u>	<u><u>\$ 29,259</u></u>

# CITY OF CAÑON CITY, COLORADO

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## Notes to Financial Statements December 31, 2017

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### NOTE 8: EMPLOYEE RETIREMENT PLANS (Continued)

#### Police Pension Plan (Continued)

City contributions to the SWDB and SWH Plans subsequent to the measurement date of \$125,732 and \$6,405, respectively, will be recognized as an increase or decrease to the net pension asset (liability) in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows.

#### Year Ended December 31,

	<u>SWDB</u>	<u>SWH</u>
2018	\$ 94,930	\$ 37,316
2019	89,041	37,081
2020	34,077	34,444
2021	13,693	33,450
2022	13,693	33,450
Thereafter	<u>35,058</u>	<u>21,516</u>
 Total	 <u>\$ 280,492</u>	 <u>\$ 197,257</u>

*Actuarial Assumptions* - The actuarial valuation at January 1, 2017, determined the total pension liability using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Investment rate of return, compounded annually, net of plan investment expenses, including inflation	7.50%
Inflation	2.5%
Projected salary increases	4% - 14%
Cost of living adjustment	0%

Mortality rates were based on the RP-2014 Mortality Table for Blue Collar Employees projected with Scale BB, using a 55% multiplier for off-duty mortality. The RP-2014 Mortality Table for Blue Collar Employees were used in the projection of post-retirement benefits for members under age 55. For post-retirement members ages 65 and older, the RP-2014 Mortality Tables for Blue Collar Healthy Annuitants were used. For post-retirement members ages 55 through 64, a blend of the previous tables was used. All tables were projected with Scale BB.

The current actuarial methods and assumptions were adopted by the FPPA Board of Directors for first use in the actuarial valuation as of January 1, 2016, based upon the actuary's analysis and recommendations from the 2015 Experience Study.

# CITY OF CAÑON CITY, COLORADO

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## Notes to Financial Statements December 31, 2017

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### NOTE 8: EMPLOYEE RETIREMENT PLANS (Continued)

#### Police Pension Plan (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31, 2016, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Global Equity	36%	9.25%
Equity Long/Short	10%	7.35%
Illiquid Alternatives	23%	10.75%
Fixed Income	15%	4.10%
Absolute Return	10%	6.55%
Managed Futures	4%	5.50%
Cash	2%	0.00%
Total	<u><b>100%</b></u>	

*Discount Rate* - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates in the FPPA Board of Director's funding policy, which establishes the contractually required rates under State statutes. Based on this assumption, the plans' fiduciary net position was projected to be available to make all projected future benefit payments to current members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate at the prior measurement date was 7.5%.

# CITY OF CAÑON CITY, COLORADO

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## Notes to Financial Statements December 31, 2017

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### NOTE 8: EMPLOYEE RETIREMENT PLANS (Continued)

#### Police Pension Plan (Continued)

*Sensitivity of the Net Pension Asset (Liability) to Changes in the Discount Rate* - The following presents the City's proportionate share of the net pension asset (liability) calculated using the discount rate of 7.5%, as well as the City's proportionate share of the net pension asset (liability) if it were calculated using a discount that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate, as follows:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the SWDB net pension asset (liability)	\$ (813,908)	\$ (95,659)	\$ 500,882
City's proportionate share of the SWH net pension asset	29,618	55,697	77,454
Total Net Pension Asset (Liability)	<u>\$ (784,290)</u>	<u>\$ (39,962)</u>	<u>\$ 578,336</u>

*Pension Plan Fiduciary Net Position* - Detailed information about the Plans' fiduciary net position is available in FPPA's separately issued financial report, which may be obtained at [www.fppaco.org](http://www.fppaco.org).

#### General Employee's Pension Plan

All employees, other than uniformed police, are eligible to participate in this single-employer defined contribution pension plan after six months of service. The City and employees each contribute 4.9% of the employee's base salary to the plan. Employee contributions are 100% vested when paid. City contributions and trust income are fully vested after three years. All plan provisions, including contribution requirements, are established and may be amended by the City Council. During the year ended December 31, 2017, the City and employees each contributed \$195,022 to the plan, equal to the required contributions. Employees may make voluntary contributions to the plan. The International City Managers Association – Retirement Corporation (ICMA-RC) administers the plan.

# CITY OF CAÑON CITY, COLORADO

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## Notes to Financial Statements December 31, 2017

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### NOTE 8: EMPLOYEE RETIREMENT PLANS (Continued)

#### **Deferred Compensation Plan**

The City has established a deferred compensation plan in accordance with Internal Revenue Code Section 457. The City Council determines the City's contributions to the plan. Currently, the City contributes 5.1% of the City Administrator's base salary to the plan. The plan is also available to all employees and permits them to defer a portion of their salary within the limits established by the Internal Revenue Service. During the year ended December 31, 2017, the City contributed \$6,630 to the plan. The plan is administered by ICMA-RC, and all plan assets are held in trust for the exclusive benefit of the participants.

### NOTE 9: OTHER POSTEMPLOYMENT BENEFITS

*Plan Description* - The City contributes to the Statewide Death and Disability Plan, a cost-sharing multiple-employer defined benefit death and disability plan administered by the Fire & Police Pension Association of Colorado (FPPA). All full-time police officers are members of the plan. Contributions to the plan are used solely for the payment of death and disability benefits. Benefits are established by State statute and generally allow for benefits upon the death or disability of a plan member prior to retirement. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by contacting FPPA as described previously.

*Funding Policy* - The contribution requirements are established by State statutes. The City Council determines the contribution split between employees and the City. No contributions are required for employees hired prior to January 1, 1997. For employees hired on or after January 1, 1997, the City contributes 2.7% of base salaries. The City's contributions to the plan for the years ended December 31, 2017, 2016 and 2015 were \$40,518, \$34,762 and \$32,267, respectively, equal to the required contributions.

### NOTE 10: COMMITMENTS AND CONTINGENCIES

#### **Tax, Spending and Debt Limitations**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. In November of 2009, the citizens approved an election question that allowed the City to collect and spend all revenues, notwithstanding the limitations of the Amendment. The citizens approved this change with an expiration date of January 1, 2020. In 2017, this approval was extended by election to January 1, 2030. The Amendment is complex and subject to judicial interpretation. The City believes it is in compliance with the requirements of the Amendment. However, the City has made certain interpretations of the Amendment's language in order to determine compliance. As required by the Amendment, the City has established an emergency reserve of \$302,055 at December 31, 2017, which was reported as restricted fund balance in the General Fund.

# **CITY OF CAÑON CITY, COLORADO**

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## **Notes to Financial Statements**

### **December 31, 2017**

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#### **NOTE 11: SOLID WASTE DISPOSAL FACILITY**

The City owns and operates a Water Treatment Facility, which utilizes a residual drying bed impoundment that produces solid waste. The Colorado Department of Public Health and Environment (the “Department”) has required the City to comply with its regulations (6 CCR 1007-2) requiring the City to establish financial assurances sufficient to ensure payment of closure and post-closure costs for the impoundment.

The City does not expect the impoundment to be closed in the foreseeable future. However, in accordance with the aforementioned regulations, the City has estimated the closure and post-closure costs for thirty years at \$439,308 and \$34,751, respectively. The City will be required to maintain adequate financial assurance coverage for these costs continuously until a release is granted by the Department.

Because the likelihood that the impoundment will be closed and the City will incur the related closure and post-closure costs is remote, no liability for this loss contingency has been reported in the financial statements.



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## **REQUIRED SUPPLEMENTARY INFORMATION**



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# **CITY OF CAÑON CITY, COLORADO**

## **Budgetary Comparison Schedule**

### **General Fund**

#### **For the Year Ended December 31, 2017**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Taxes and Assessments	\$ 8,034,910	\$ 8,184,410	\$ 8,136,175	\$ (48,235)
Licenses and Permits	166,010	166,010	353,377	187,367
Intergovernmental	1,001,600	1,001,600	1,012,948	11,348
Charges for Services	258,860	258,860	324,836	65,976
Fines and Forfeitures	211,470	211,470	192,601	(18,869)
Royal Gorge Bridge	775,000	975,000	983,623	8,623
Interest	43,000	43,000	79,809	36,809
Rent	103,610	103,610	145,335	41,725
Contributions and Donations	-	-	15,118	15,118
Other	83,300	83,300	93,238	9,938
<b>Total Revenues</b>	<b>10,677,760</b>	<b>11,027,260</b>	<b>11,337,060</b>	<b>309,800</b>
<b>Expenditures</b>				
Current				
General Government	3,218,607	3,352,817	3,166,497	186,320
Public Safety	4,228,532	4,473,732	4,340,891	132,841
Public Works	2,231,185	2,327,685	2,221,453	106,232
Culture and Recreation	839,894	863,894	808,947	54,947
Capital Outlay				
Streets	550,000	658,000	321,521	336,479
Other	2,530,273	2,555,713	1,456,857	1,098,856
Debt Service				
Principal	210,000	210,000	210,000	-
Interest	31,570	31,570	31,570	-
<b>Total Expenditures</b>	<b>13,840,061</b>	<b>14,473,411</b>	<b>12,557,736</b>	<b>1,915,675</b>
Excess of Revenues Over (Under) Expenditures	(3,162,301)	(3,446,151)	(1,220,676)	2,225,475
<b>Other Financing Sources</b>				
Transfers In	560,600	816,600	816,600	-
Net Change in Fund Balance	(2,601,701)	(2,629,551)	(404,076)	2,225,475
<b>Fund Balance, Beginning of Year</b>	<b>8,477,887</b>	<b>8,477,887</b>	<b>8,717,883</b>	<b>239,996</b>
<b>Fund Balance, End of Year</b>	<b>\$ 5,876,186</b>	<b>\$ 5,848,336</b>	<b>\$ 8,313,807</b>	<b>\$ 2,465,471</b>

See the accompanying independent auditors' report.

# **CITY OF CAÑON CITY, COLORADO**

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## **Required Supplementary Information**

### **Schedule of Proportionate Share of the Net Pension Asset and Contributions Fire & Police Pension Association of Colorado Statewide Hybrid Defined Benefit Plan For the Year Ended December 31, 2017**

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	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>	<u>12/31/13</u>
<b>Proportionate Share of the Net Pension Asset</b>				
City's Proportion of the Net Pension Asset	0.51167804%	1.19029991%	2.24608693%	2.71334174%
City's Proportionate Share of the Net Pension Asset	\$ 55,697	\$ 125,373	\$ 266,377	\$ 276,765
City's Covered Payroll	\$ 66,170	\$ 156,746	\$ 278,030	\$ 351,024
City's Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll	84%	80%	96%	79%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	126%	129%	141%	139%
 <b>City Contributions</b>	 <u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>
Statutorily Required Contribution	\$ 6,405	\$ 6,617	\$ 15,675	\$ 27,803
Contributions in Relation to the Statutorily Required Contribution	(6,405)	(6,617)	(15,675)	(27,803)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 64,048	\$ 66,170	\$ 156,746	\$ 278,030
Contributions as a Percentage of Covered Payroll	10.00%	10.00%	10.00%	10.00%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

See the accompanying independent auditors' report.

# CITY OF CAÑON CITY, COLORADO

## Required Supplementary Information

### Schedule of Proportionate Share of the Net Pension Asset (Liability) and Contributions

#### Fire & Police Pension Association of Colorado Statewide Defined Benefit Plan

For the Year Ended December 31, 2017

	12/31/16	12/31/15	12/31/14	12/31/13
<b>Proportionate Share of the Net Pension Asset</b>				
City's Proportion of the Net Pension Asset	0.26473647%	0.25185527%	0.23521294%	0.21431916%
City's Proportionate Share of the Net Pension Asset (Liability)	\$ (95,659)	\$ 4,440	\$ 265,457	\$ 191,641
City's Covered Payroll	\$ 1,311,504	\$ 1,179,685	\$ 998,713	\$ 850,045
City's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of Covered Payroll	(7.3%)	0.4%	27%	23%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.2%	100.1%	107%	106%
 <b>City Contributions</b>	 12/31/17	 12/31/16	 12/31/15	 12/31/14
Statutorily Required Contribution	\$ 125,732	\$ 108,390	\$ 97,674	\$ 84,621
Contributions in Relation to the Statutorily Required Contribution	(125,732)	(108,390)	(97,674)	(84,621)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 1,519,823	\$ 1,311,504	\$ 1,179,685	\$ 998,713
Contributions as a Percentage of Covered Payroll	8.27%	8.26%	8.28%	8.47%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

See the accompanying independent auditors' report.

# CITY OF CAÑON CITY, COLORADO

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## Notes to Required Supplementary Information December 31, 2017

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### NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### **Budgets and Budgetary Accounting**

The City follows these procedures to establish the budgetary data reflected in the financial statements:

- In October, management submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of an ordinance.
- State statutes stipulate that expenditures may not exceed budgeted appropriations at the fund level. The City adopted Resolution No. 41, Series of 1989, which authorizes the City Administrator to transfer budgeted amounts between operating line items within a fund. Any budget revisions that alter the total expenditures of any fund must be approved by the City Council.
- Budgets are legally adopted for all funds of the City except the Public Improvement Districts Fund, the Police Forfeiture Fund and the Cemetery Fund. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP) except for certain interfund transactions that are reported as revenues and expenditures on the budgetary basis but not the GAAP basis of accounting. Budgetary comparisons presented for the Proprietary Funds are presented on a non-GAAP budgetary basis. Debt principal is recognized as an expenditure for budgetary purposes. Capital outlay is budgeted as an expenditure, and depreciation and amortization are not budgeted.
- All appropriations lapse at year end.

# NON MAJOR GOVERNMENTAL FUNDS

## **Special Revenue Funds**

### Park Improvement Fund

This fund accounts for transactions related to maintenance or improvements to the City's parks.

### Conservation Trust Fund

This fund accounts for revenues received from State lottery funding that is restricted for recreational purpose expenditures.

### Police Forfeiture Fund

This fund accounts for revenues from police forfeitures and their use.

### Library Donations Fund

This fund accounts for donations received for the City library and the disbursements for library projects.

### Museum Donations Fund

This fund accounts for donations received for the City museum and the related museum expenditures.

## **Debt Service Funds**

### Public Improvement Districts Fund

This fund accounts for assessment revenue for Public Improvement Districts and the payment of related debt.

### Excess Special Improvement District Fund

This fund accounts for revenues from Public Improvement Districts (PIDs) that are in excess of the requirements of the PIDs, or pays debt service on PID bonds where revenues were not adequate to cover all costs.

## **Capital Projects Fund**

### Quality of Life Fund

This fund accounts for capital improvements, maintenance and repairs of city property, grant funded projects and for the retiring of any bonded indebtedness that City Council determines will enhance the quality of life in the City.

## **Permanent Fund**

### Cemetery Fund

This fund accounts for cemetery related revenues allocated to this fund and accumulates resources for the eventual perpetual care of Lakeside Cemetery.

# CITY OF CAÑON CITY, COLORADO

## Combining Balance Sheet Nonmajor Governmental Funds December 31, 2017

	Special Revenue Funds				
	Park Improvement	Conservation Trust	Police Forfeiture	Library Donations	Museum Donations
<b>Assets</b>					
Cash and Investments	\$ 471,267	\$ 61,131	\$ 9,973	\$ 36,310	\$ 109,930
Receivables					
Special Assessments	-	-	-	-	-
Other	2,172	18,538	-	-	-
Interfund Receivables	-	-	-	-	-
Inventory	14,805	-	-	-	-
<b>Total Assets</b>	<b>\$ 488,244</b>	<b>\$ 79,669</b>	<b>\$ 9,973</b>	<b>\$ 36,310</b>	<b>\$ 109,930</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 39,145	\$ 1,082	\$ -	\$ -	\$ 157
Retainage Payable	-	-	-	-	-
Accrued Liabilities	13,302	-	-	-	-
Deposits	1,400	-	-	-	-
Unearned Revenues	4,119	10,000	-	5,927	-
<b>Total Liabilities</b>	<b>57,966</b>	<b>11,082</b>	<b>-</b>	<b>5,927</b>	<b>157</b>
<b>Deferred Inflows of Resources</b>					
Assessments	-	-	-	-	-
Grants	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>					
Nonspendable					
Inventory	14,805	-	-	-	-
Cemetery Perpetual Care	-	-	-	-	-
Restricted for					
Public Safety	-	-	9,973	-	-
Culture and Recreation	-	68,587	-	2,889	90,948
Debt Service	-	-	-	-	-
Assigned to					
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Culture and Recreation	415,473	-	-	27,494	18,825
Debt Service	-	-	-	-	-
<b>Total Fund Balances</b>	<b>430,278</b>	<b>68,587</b>	<b>9,973</b>	<b>30,383</b>	<b>109,773</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 488,244</b>	<b>\$ 79,669</b>	<b>\$ 9,973</b>	<b>\$ 36,310</b>	<b>\$ 109,930</b>

See the accompanying independent auditors' report.

Debt Service Funds		Capital Projects Fund		Permanent Fund		Total Nonmajor Governmental Funds
Public Improvement Districts	Excess Special Improvement District	Quality of Life		Cemetery		
\$ 21,918	\$ 327,353	\$ 765,287	\$ 37,685	\$ 1,840,854		
16,709	-	-	-	-		16,709
-	-	284,193	-	-		304,903
-	-	-	2,000,000	-		2,000,000
-	-	-	-	-		14,805
<u>\$ 38,627</u>	<u>\$ 327,353</u>	<u>\$ 1,049,480</u>	<u>\$ 2,037,685</u>	<u>\$ 4,177,271</u>		
\$ -	\$ -	\$ 137,495	\$ -	\$ 177,879		
-	-	13,375	-	13,375		
-	-	-	-	-		13,302
-	-	-	-	-		1,400
-	-	-	-	-		20,046
<u>-</u>	<u>-</u>	<u>150,870</u>	<u>-</u>	<u>-</u>		<u>226,002</u>
16,709	-	-	-	-		16,709
<u>16,709</u>	<u>-</u>	<u>220,172</u>	<u>-</u>	<u>-</u>		<u>220,172</u>
<u>16,709</u>	<u>-</u>	<u>220,172</u>	<u>-</u>	<u>-</u>		<u>236,881</u>
-	-	-	-	-		14,805
-	-	-	2,037,685	-		2,037,685
-	-	-	-	-		9,973
-	-	-	-	-		162,424
21,918	6,000	-	-	-		27,918
-	-	79,420	-	-		79,420
-	-	534,062	-	-		534,062
-	-	64,956	-	-		526,748
-	321,353	-	-	-		321,353
<u>21,918</u>	<u>327,353</u>	<u>678,438</u>	<u>2,037,685</u>	<u>-</u>		<u>3,714,388</u>
\$ 38,627	\$ 327,353	\$ 1,049,480	\$ 2,037,685	\$ 4,177,271		

# CITY OF CAÑON CITY, COLORADO

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended December 31, 2017

Special Revenue Funds					
	Park Improvement	Conservation Trust	Police Forfeiture	Library Donations	Museum Donations
<b>Revenues</b>					
Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	11,418	90,547	-	14,641	-
Charges for Services	76,493	-	-	-	-
Royal Gorge Bridge	1,185,000	-	-	-	-
Interest	5,763	354	104	326	1,098
Rent	28,047	-	-	-	-
Contributions and Donations	150	-	-	6,527	5,920
Other	2,862	-	-	-	-
<b>Total Revenues</b>	<b>1,309,733</b>	<b>90,901</b>	<b>104</b>	<b>21,494</b>	<b>7,018</b>
<b>Expenditures</b>					
Current					
General Government	-	-	-	-	-
Culture and Recreation	1,097,389	15,509	-	19,418	1,343
Capital Outlay					
Streets	-	-	-	-	-
Other	39,674	70,880	-	-	-
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total Expenditures</b>	<b>1,137,063</b>	<b>86,389</b>	<b>-</b>	<b>19,418</b>	<b>1,343</b>
Excess of Revenues Over (Under) Expenditures	<b>172,670</b>	<b>4,512</b>	<b>104</b>	<b>2,076</b>	<b>5,675</b>
<b>Other Financing Sources (Uses)</b>					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	(11,620)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11,620)</b>
Net Change in Fund Balances	<b>172,670</b>	<b>4,512</b>	<b>104</b>	<b>2,076</b>	<b>(5,945)</b>
<b>Fund Balances, Beginning of Year</b>	<b>257,608</b>	<b>64,075</b>	<b>9,869</b>	<b>28,307</b>	<b>115,718</b>
<b>Fund Balances, End of Year</b>	<b>\$ 430,278</b>	<b>\$ 68,587</b>	<b>\$ 9,973</b>	<b>\$ 30,383</b>	<b>\$ 109,773</b>

See the accompanying independent auditors' report.

Debt Service Funds		Capital Projects Fund	Permanent Fund	Total Nonmajor Governmental Funds
Public Improvement Districts	Excess Special Improvement District	Quality of Life	Cemetery	
\$ 7,843	\$ -	\$ -	\$ -	\$ 7,843
-	-	127,337	-	243,943
-	-	-	12,663	89,156
-	-	364,000	-	1,549,000
3,451	2,755	6,374	28,243	48,468
-	-	-	-	28,047
-	-	-	-	12,597
-	-	-	-	2,862
<u>11,294</u>	<u>2,755</u>	<u>497,711</u>	<u>40,906</u>	<u>1,981,916</u>
85	-	-	-	85
-	-	-	-	1,133,659
-	-	358,329	-	358,329
-	-	37,881	-	148,435
3,000	-	-	-	3,000
635	-	-	-	635
<u>3,720</u>	<u>-</u>	<u>396,210</u>	<u>-</u>	<u>1,644,143</u>
<u>7,574</u>	<u>2,755</u>	<u>101,501</u>	<u>40,906</u>	<u>337,773</u>
-	59,745	11,620	-	71,365
(59,745)	(15,000)	-	-	(86,365)
<u>(59,745)</u>	<u>44,745</u>	<u>11,620</u>	<u>-</u>	<u>(15,000)</u>
(52,171)	47,500	113,121	40,906	322,773
<u>74,089</u>	<u>279,853</u>	<u>565,317</u>	<u>1,996,779</u>	<u>3,391,615</u>
\$ <u>21,918</u>	\$ <u>327,353</u>	\$ <u>678,438</u>	\$ <u>2,037,685</u>	\$ <u>3,714,388</u>

# **CITY OF CAÑON CITY, COLORADO**

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## **Budgetary Comparison Schedule**

### **Park Improvement Fund**

#### **For the Year Ended December 31, 2017**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>				
Intergovernmental	\$ 11,420	\$ 11,420	\$ 11,418	\$ (2)
Charges for Services	72,500	72,500	76,493	3,993
Royal Gorge Bridge	1,185,000	1,185,000	1,185,000	-
Interest	800	800	5,763	4,963
Rent	17,800	17,800	28,047	10,247
Contributions and Donations	-	-	150	150
Other	6,000	6,000	2,862	(3,138)
<b>Total Revenues</b>	<b><u>1,293,520</u></b>	<b><u>1,293,520</u></b>	<b><u>1,309,733</u></b>	<b><u>16,213</u></b>
<b>Expenditures</b>				
Culture and Recreation	1,152,986	1,193,286	1,097,389	95,897
Capital Outlay	72,000	72,000	39,674	32,326
<b>Total Expenditures</b>	<b><u>1,224,986</u></b>	<b><u>1,265,286</u></b>	<b><u>1,137,063</u></b>	<b><u>128,223</u></b>
Net Change in Fund Balance	68,534	28,234	172,670	144,436
<b>Fund Balance, Beginning of Year</b>	<b><u>181,297</u></b>	<b><u>181,297</u></b>	<b><u>257,608</u></b>	<b><u>76,311</u></b>
<b>Fund Balance, End of Year</b>	<b><u>\$ 249,831</u></b>	<b><u>\$ 209,531</u></b>	<b><u>\$ 430,278</u></b>	<b><u>\$ 220,747</u></b>

See the accompanying independent auditors' report.

# **CITY OF CAÑON CITY, COLORADO**

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## **Budgetary Comparison Schedule Conservation Trust Fund For the Year Ended December 31, 2017**

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	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Intergovernmental	\$ 93,000	\$ 90,547	\$ (2,453)
Interest	300	354	54
<b>Total Revenues</b>	<b>93,300</b>	<b>90,901</b>	<b>(2,399)</b>
<b>Expenditures</b>			
Culture and Recreation	13,500	15,509	(2,009)
Capital Outlay	109,000	70,880	38,120
<b>Total Expenditures</b>	<b>122,500</b>	<b>86,389</b>	<b>36,111</b>
Net Change in Fund Balance	(29,200)	4,512	33,712
<b>Fund Balance, Beginning of Year</b>	<b>58,055</b>	<b>64,075</b>	<b>6,020</b>
<b>Fund Balance, End of Year</b>	<b>\$ 28,855</b>	<b>\$ 68,587</b>	<b>\$ 39,732</b>

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See the accompanying independent auditors' report.

# CITY OF CAÑON CITY, COLORADO

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## Budgetary Comparison Schedule

### Library Donations Fund

#### For the Year Ended December 31, 2017

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	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Intergovernmental	\$ 31,000	\$ 14,641	\$ (16,359)
Interest	150	326	176
Contributions and Donations	6,500	6,527	27
<b>Total Revenues</b>	<b><u>37,650</u></b>	<b><u>21,494</u></b>	<b><u>(16,156)</u></b>
<b>Expenditures</b>			
Culture and Recreation	43,500	19,418	24,082
<b>Total Expenditures</b>	<b><u>43,500</u></b>	<b><u>19,418</u></b>	<b><u>24,082</u></b>
Net Change in Fund Balance	(5,850)	2,076	7,926
<b>Fund Balance, Beginning of Year</b>	<b><u>28,996</u></b>	<b><u>28,307</u></b>	<b><u>(689)</u></b>
<b>Fund Balance, End of Year</b>	<b><u>\$ 23,146</u></b>	<b><u>\$ 30,383</u></b>	<b><u>\$ 7,237</u></b>

See the accompanying independent auditors' report.

# CITY OF CAÑON CITY, COLORADO

## **Budgetary Comparison Schedule Museum Donations Fund For the Year Ended December 31, 2017**

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Interest	\$ 500	\$ 1,098	\$ 598
Other	200	-	(200)
Contributions and Donations	<u>10,000</u>	<u>5,920</u>	<u>(4,080)</u>
<b>Total Revenues</b>	<b><u>10,700</u></b>	<b><u>7,018</u></b>	<b><u>(3,682)</u></b>
<b>Expenditures</b>			
Culture and Recreation	6,940	1,343	5,597
<b>Total Expenditures</b>	<b><u>6,940</u></b>	<b><u>1,343</u></b>	<b><u>5,597</u></b>
Excess of Revenues Over (Under) Expenditures	3,760	5,675	1,915
<b>Other Financing (Uses)</b>			
Transfers Out	(102,200)	(11,620)	90,580
Net Change in Fund Balance	(98,440)	(5,945)	92,495
<b>Fund Balance, Beginning of Year</b>	<b><u>122,666</u></b>	<b><u>115,718</u></b>	<b><u>(6,948)</u></b>
<b>Fund Balance, End of Year</b>	<b><u>\$ 24,226</u></b>	<b><u>\$ 109,773</u></b>	<b><u>\$ 85,547</u></b>

See the accompanying independent auditors' report.

# **CITY OF CANON CITY, COLORADO**

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## **Budgetary Comparison Schedule Excess Special Improvement District Fund For the Year Ended December 31, 2017**

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	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Interest	\$ 1,400	\$ 2,755	\$ 1,355
Total Revenues	<u>1,400</u>	<u>2,755</u>	<u>1,355</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	32,985	59,745	26,760
Transfers Out	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>17,985</u>	<u>44,745</u>	<u>26,760</u>
Net Change in Fund Balance	19,385	47,500	28,115
<b>Fund Balance, Beginning of Year</b>	<u>305,707</u>	<u>279,853</u>	<u>(25,854)</u>
<b>Fund Balance, End of Year</b>	<u>\$ 325,092</u>	<u>\$ 327,353</u>	<u>\$ 2,261</u>

See the accompanying independent auditors' report.

# CITY OF CAÑON CITY, COLORADO

## **Budgetary Comparison Schedule Quality of Life Fund For the Year Ended December 31, 2017**

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Intergovernmental	\$ 2,625,900	\$ 127,337	\$ (2,498,563)
Royal Gorge Bridge	364,000	364,000	-
Interest	1,800	6,374	4,574
<b>Total Revenues</b>	<b>2,991,700</b>	<b>497,711</b>	<b>(2,493,989)</b>
<b>Expenditures</b>			
Capital Outlay			
Streets	2,717,700	358,329	2,359,371
Other	857,200	37,881	819,319
<b>Total Expenditures</b>	<b>3,574,900</b>	<b>396,210</b>	<b>3,178,690</b>
Excess of Revenues Over (Under) Expenditures	(583,200)	101,501	684,701
<b>Other Financing Sources</b>			
Transfers In	102,200	11,620	(90,580)
Net Change in Fund Balance	(481,000)	113,121	594,121
<b>Fund Balance, Beginning of Year</b>	<b>540,769</b>	<b>565,317</b>	<b>24,548</b>
<b>Fund Balance, End of Year</b>	<b>\$ 59,769</b>	<b>\$ 678,438</b>	<b>\$ 618,669</b>

See the accompanying independent auditors' report.

# CITY OF CAÑON CITY, COLORADO

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## Budgetary Comparison Schedule Street Improvement Fund For the Year Ended December 31, 2017

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	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ 3,374,000	\$ 3,374,000	\$ 3,428,169	\$ 54,169
Interest	3,000	3,000	39,124	36,124
<b>Total Revenues</b>	<u>3,377,000</u>	<u>3,377,000</u>	<u>3,467,293</u>	<u>90,293</u>
<b>Expenditures</b>				
Capital Outlay				
Streets	3,040,000	7,980,000	6,878,762	1,101,238
Debt Service				
Interest	-	60,000	59,178	822
<b>Total Expenditures</b>	<u>3,040,000</u>	<u>8,040,000</u>	<u>6,937,940</u>	<u>1,102,060</u>
Excess of Revenues Over (Under) Expenditures	337,000	(4,663,000)	(3,470,647)	1,192,353
<b>Other Financing Sources</b>				
Interfund Loans	-	5,000,000	5,000,000	-
<b>Net Change in Fund Balance, Budgetary Basis</b>	<u>\$ 337,000</u>	<u>\$ 337,000</u>	<u>1,529,353</u>	<u>\$ 1,192,353</u>
<b>Adjustments to GAAP Basis</b>				
Interfund Loans			(5,000,000)	
Net Change in Fund Balance, GAAP Basis			(3,470,647)	
<b>Fund Balance, Beginning of Year</b>			-	
<b>Fund Balance, End of Year</b>			<u>\$ (3,470,647)</u>	

See the accompanying independent auditors' report.

# CITY OF CAÑON CITY, COLORADO

## Budgetary Comparison Schedule Water Fund For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Charges for Services	\$ 5,772,300	\$ 5,772,300	\$ 5,778,598	\$ 6,298
Interest	26,300	26,300	82,269	55,969
Tap Fees	64,700	64,700	220,500	155,800
Other	85,500	85,500	85,646	146
Financing Proceeds	1,118,500	1,118,500	850,537	(267,963)
Transfers In	39,400	39,400	39,400	-
<b>Total Revenues</b>	<b>7,106,700</b>	<b>7,106,700</b>	<b>7,056,950</b>	<b>(49,750)</b>
<b>Expenditures</b>				
Water Administration	978,606	980,516	947,257	33,259
Utility Billing	236,942	235,032	161,785	73,247
Water Treatment	1,998,923	1,912,323	1,576,095	336,228
Transmission and Distribution	1,471,542	1,558,142	1,419,546	138,596
Capital Outlay	1,940,000	2,535,000	2,467,510	67,490
Debt Service	880,200	894,600	840,945	53,655
Debt Issuance Costs	118,500	109,100	109,053	47
Transfers Out	220,400	220,400	220,400	-
<b>Total Expenditures</b>	<b>7,845,113</b>	<b>8,445,113</b>	<b>7,742,591</b>	<b>702,522</b>
<b>Change in Net Position, Budgetary Basis</b>	<b>\$ (738,413)</b>	<b>\$ (1,338,413)</b>	<b>\$ (685,641)</b>	<b>\$ 652,772</b>
Adjustments to Reconcile Budgetary Basis to GAAP Basis				
Depreciation			(1,403,634)	
Amortization of Loss on Debt Refunding			(36,143)	
Debt Principal Payments			675,000	
Capital Outlay			2,467,510	
Developer Contributions			27,500	
Financing Proceeds			<u>(850,537)</u>	
<b>Change in Net Position, GAAP Basis</b>			<b>\$ 194,055</b>	

See the accompanying independent auditors' report.

# **CITY OF CAÑON CITY, COLORADO**

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## **Budgetary Comparison Schedule**

### **Stormwater Utility Fund**

#### **For the Year Ended December 31, 2017**

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	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Charges for Services	\$ 789,300	\$ 789,300	\$ 792,711	\$ 3,411
Interest	3,300	3,300	6,467	3,167
Other	<u>39,300</u>	<u>39,300</u>	<u>106,060</u>	<u>66,760</u>
<b>Total Revenues</b>	<b><u>831,900</u></b>	<b><u>831,900</u></b>	<b><u>905,238</u></b>	<b><u>73,338</u></b>
<b>Expenditures</b>				
Stormwater Operations	612,632	582,632	560,758	21,874
Capital Outlay	132,000	281,900	273,109	8,791
Transfers Out	<u>364,600</u>	<u>620,600</u>	<u>620,600</u>	<u>-</u>
<b>Total Expenditures</b>	<b><u>1,109,232</u></b>	<b><u>1,485,132</u></b>	<b><u>1,454,467</u></b>	<b><u>30,665</u></b>
<b>Change in Net Position, Budgetary Basis</b>	<b><u>\$ (277,332)</u></b>	<b><u>\$ (653,232)</u></b>	<b><u>(549,229)</u></b>	<b><u>\$ 104,003</u></b>
Adjustments to Reconcile Budgetary Basis to GAAP Basis				
Depreciation			(101,959)	
Capital Outlay			<u>273,109</u>	
<b>Change in Net Position, GAAP Basis</b>	<b><u>\$ (378,079)</u></b>			

See the accompanying independent auditors' report.

# **CITY OF CAÑON CITY, COLORADO**

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## **Budgetary Comparison Schedule Insurance Internal Service Fund For the Year Ended December 31, 2017**

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	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Charges for Services	\$ 3,394,200	\$ 3,394,200	\$ 2,552,370	\$ (841,830)
Interest	8,900	8,900	15,689	6,789
<b>Total Revenues</b>	<b><u>3,403,100</u></b>	<b><u>3,403,100</u></b>	<b><u>2,568,059</u></b>	<b><u>(835,041)</u></b>
<b>Expenditures</b>				
Claims	3,003,800	2,788,800	1,565,007	1,223,793
Premiums	340,700	316,700	281,539	35,161
Administration Fees	154,470	393,470	361,063	32,407
<b>Total Expenditures</b>	<b><u>3,498,970</u></b>	<b><u>3,498,970</u></b>	<b><u>2,207,609</u></b>	<b><u>1,291,361</u></b>
<b>Change in Net Position, Budgetary and GAAP Basis</b>	<b><u>\$ (95,870)</u></b>	<b><u>\$ (95,870)</u></b>	<b><u>\$ 360,450</u></b>	<b><u>\$ 456,320</u></b>

See the accompanying independent auditors' report.



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## STATISTICAL SECTION

This part of the City of Cañon City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

CONTENTS	PAGES
<b>Financial Trends</b> These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	73-78
<b>Revenue Capacity</b> These tables contain information to help the reader assess the City's most significant revenue sources.	79-86
<b>Debt Capacity</b> These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the ability to issue additional debt in the future.	87-90
<b>Demographic and Economic Information</b> These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	91-93
<b>Operating Information</b> These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	94-95

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



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## CITY OF CAÑON CITY, COLORADO

**NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(Unaudited)**

**TABLE 1**

(accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	\$ 27,575,800	\$ 28,017,638	\$ 27,111,836	\$ 27,055,940	\$ 27,249,621	\$ 25,273,593	\$ 46,575,092	\$ 50,156,551	\$ 50,472,851	\$ 57,696,290
Restricted for:										
Cemetery Perpetual Care - nonexpendable	1,782,341	1,830,005	1,860,900	1,881,338	1,905,732	1,926,730	1,951,142	1,975,412	1,990,779	2,037,685
Emergencies	249,331	238,263	239,545	246,227	247,246	249,556	260,267	268,253	278,747	302,055
Public safety	14,406	14,652	12,837	12,205	9,761	9,777	33,260	22,173	23,765	24,777
Culture and Recreation	170,337	204,854	273,719	223,104	269,109	226,808	183,399	139,384	163,205	162,424
Debt Service	185,963	221,791	175,037	273,461	135,841	95,951	84,873	99,266	83,089	27,918
Unrestricted	4,737,260	4,561,944	4,926,091	5,510,222	6,013,144	6,158,731	7,793,247	9,291,929	10,620,163	7,538,427
Total governmental activities net position	34,715,438	35,089,147	34,599,965	35,202,497	35,830,454	33,941,146	56,881,280	61,952,968	63,638,599	67,789,576
Business-type activities										
Net investment in capital assets	24,832,570	27,295,224	26,820,316	26,880,924	27,374,668	28,152,215	28,039,979	28,281,711	27,400,608	27,798,118
Unrestricted	7,029,813	6,491,084	7,791,327	8,583,796	8,279,150	7,116,891	7,356,665	7,196,834	8,616,402	8,034,868
Total business-type activities net position	31,862,383	33,786,308	34,611,643	35,464,720	35,653,818	35,269,106	35,396,644	35,478,545	36,017,010	35,832,986

**NET POSITION BY COMPONENT (continued)**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

(accrual basis of accounting)

**TABLE 1**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Primary government										
Net investment in capital assets	52,408,370	55,312,862	53,932,152	53,936,864	54,624,289	53,425,808	74,615,071	78,438,262	77,873,459	85,494,408
Restricted for:										
Cemetery Perpetual Care - nonexpendable	1,782,341	1,830,005	1,860,900	1,881,338	1,905,732	1,926,730	1,951,142	1,975,412	1,996,779	2,037,685
Emergencies	249,331	238,263	239,545	246,227	247,246	249,556	260,267	268,253	278,747	302,055
Public Safety	14,406	14,652	12,837	12,205	9,761	9,777	33,260	22,173	23,765	24,777
Culture and Recreation	170,337	204,854	273,719	223,104	269,109	226,808	183,399	139,384	163,205	162,424
Debt Service	185,963	221,791	175,037	273,461	135,841	95,951	84,873	99,266	83,089	27,918
Unrestricted	11,767,073	11,053,028	12,717,418	14,094,018	14,292,294	13,275,622	15,149,912	16,488,763	19,236,565	15,573,295
Total primary government net position	<u>\$ 66,577,821</u>	<u>\$ 68,875,455</u>	<u>\$ 69,211,608</u>	<u>\$ 70,667,217</u>	<u>\$ 71,484,272</u>	<u>\$ 69,210,252</u>	<u>\$ 92,277,924</u>	<u>\$ 97,431,513</u>	<u>\$ 99,655,609</u>	<u>\$ 103,622,562</u>

Source: City of Canon City, Colorado, audited financial statements, 2008-2017.

Note: The City adopted GASB Statement No. 65 for the year ended December 31, 2013.

The City adopted GASB Statement No. 68 for the year ended December 31, 2015.

# CITY OF CAÑON CITY, COLORADO

## CHANGES IN NET POSITION LAST TEN FISCAL YEARS (Unaudited)

(accrual basis of accounting)

TABLE 2

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
Governmental Activities										
General Government	\$ 2,731,817	\$ 2,527,950	\$ 2,589,102	\$ 2,412,572	\$ 2,516,575	\$ 2,444,384	\$ 2,454,861	\$ 2,525,751	\$ 2,667,946	\$ 3,305,686
Public Safety	3,795,414	3,787,887	3,690,660	3,557,465	3,909,411	3,871,625	3,537,391	3,597,392	3,909,543	4,460,327
Public Works	2,561,649	2,471,088	2,669,783	2,465,512	2,539,669	2,575,407	2,824,019	2,789,143	2,681,027	3,069,511
Culture and Recreation	2,742,472	2,373,725	2,441,737	2,536,150	2,569,102	2,424,779	1,804,892	3,174,986	3,379,935	3,229,441
Interest on Long-term Debt	17,164	10,598	8,253	4,200	7,550	31,528	46,799	41,255	36,512	91,028
Total Governmental Activities Expenses	<u>11,848,516</u>	<u>11,171,248</u>	<u>11,399,535</u>	<u>10,975,899</u>	<u>11,562,307</u>	<u>11,347,723</u>	<u>10,667,962</u>	<u>12,128,527</u>	<u>12,674,963</u>	<u>14,155,993</u>
Business-type Activities										
Water	4,487,223	4,689,537	5,272,375	5,412,055	5,764,390	5,789,256	6,280,169	5,749,551	5,650,774	5,819,458
Stormwater Utility	349,910	418,861	429,153	407,704	572,399	369,222	550,073	467,642	408,173	662,717
Canon City Finance Authority	188,950	185,014	180,173	175,544	163,055	109,512	-	-	-	-
Total Business-type Activities Expenses	<u>5,026,083</u>	<u>5,293,412</u>	<u>5,881,701</u>	<u>5,995,363</u>	<u>6,499,844</u>	<u>6,267,990</u>	<u>6,830,242</u>	<u>6,217,193</u>	<u>6,058,947</u>	<u>6,482,175</u>
Total Primary Government Expenses	<u>\$ 16,874,599</u>	<u>\$ 16,464,660</u>	<u>\$ 17,281,236</u>	<u>\$ 16,971,262</u>	<u>\$ 18,062,151</u>	<u>\$ 17,615,713</u>	<u>\$ 17,498,204</u>	<u>\$ 18,345,720</u>	<u>\$ 18,733,910</u>	<u>\$ 20,638,168</u>
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
General Government	\$ 304,636	\$ 222,619	\$ 211,445	\$ 219,072	\$ 272,919	\$ 332,916	\$ 255,882	\$ 212,959	\$ 197,812	\$ 405,555
Public Safety	247,831	273,269	332,655	314,490	295,914	282,369	353,534	288,423	358,712	335,441
Public Works	62,326	179,268	45,190	59,965	36,656	22,622	29,796	29,792	24,650	146,056
Culture and Recreation	229,062	223,617	306,218	259,471	238,485	194,226	222,109	222,312	218,538	274,745
Operating Grants and Contributions	1,105,380	884,632	862,948	1,079,215	843,263	865,731	977,913	820,047	829,770	800,709
Capital Grants and Contributions	972,186	992,449	694,981	731,866	1,244,601	1,067,004	22,339,827	4,446,799	1,676,654	893,688
Total Governmental Activities Program Revenues	<u>2,921,421</u>	<u>2,775,854</u>	<u>2,453,437</u>	<u>2,664,079</u>	<u>2,931,838</u>	<u>2,764,868</u>	<u>24,179,061</u>	<u>6,020,332</u>	<u>3,306,136</u>	<u>2,856,194</u>
Business-type Activities										
Water	5,424,531	5,219,673	5,915,525	6,027,963	6,114,574	5,693,717	5,738,437	5,745,655	6,007,315	5,864,244
Stormwater Utility	780,712	774,033	778,571	791,893	962,435	798,769	801,538	802,310	806,851	898,771
Canon City Finance Authority	231,227	239,983	241,591	241,892	237,082	43,308	-	-	-	-
Operating Grants and Contributions	-	-	-	-	-	171,516	751,852	128,615	-	-
Capital Grants and Contributions	1,701,526	1,317,516	60,950	89,997	111,528	82,565	123,501	53,500	187,300	248,000
Total Business-type Activities Program Revenues	<u>8,137,996</u>	<u>7,551,205</u>	<u>6,996,637</u>	<u>7,151,745</u>	<u>7,425,619</u>	<u>6,789,875</u>	<u>7,415,328</u>	<u>6,730,080</u>	<u>7,001,466</u>	<u>7,011,015</u>
Total Primary Government Revenues	<u>\$ 11,059,417</u>	<u>\$ 10,327,059</u>	<u>\$ 9,450,074</u>	<u>\$ 9,815,824</u>	<u>\$ 10,357,457</u>	<u>\$ 9,554,743</u>	<u>\$ 31,594,389</u>	<u>\$ 12,750,412</u>	<u>\$ 10,307,602</u>	<u>\$ 9,867,209</u>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (8,927,095)	\$ (8,395,394)	\$ (8,946,098)	\$ (8,311,820)	\$ (8,630,469)	\$ (8,582,855)	\$ 13,511,099	\$ (6,108,195)	\$ (9,368,827)	\$ (11,299,799)
Business-type Activities	3,111,913	2,257,793	1,114,936	1,156,382	925,775	521,885	585,086	512,887	942,519	528,840
Total Primary Government Net Expense	<u>\$ (5,815,182)</u>	<u>\$ (6,137,601)</u>	<u>\$ (7,831,162)</u>	<u>\$ (7,155,438)</u>	<u>\$ (7,704,694)</u>	<u>\$ (8,060,970)</u>	<u>\$ 14,096,185</u>	<u>\$ (5,595,308)</u>	<u>\$ (8,426,308)</u>	<u>\$ (10,770,959)</u>

# CITY OF CAÑON CITY, COLORADO

## CHANGES IN NET POSITION (Continued) LAST TEN FISCAL YEARS (Unaudited)

TABLE 2

(accrual basis of accounting)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes	\$ 380,957	\$ 398,500	\$ 445,501	\$ 440,571	\$ 434,508	\$ 436,009	\$ 430,871	\$ 426,772	\$ 439,004	\$ 451,420
Sales and Use Taxes	5,414,444	5,139,136	5,211,532	5,239,514	5,478,503	5,613,219	5,886,441	6,291,664	6,540,451	10,310,359
Other Taxes	110,801	12,371	11,857	17,736	14,190	19,771	13,831	31,747	18,262	24,825
Franchise Taxes	645,132	670,120	656,799	714,621	790,382	754,285	797,459	802,527	800,723	777,740
Grants and Contributions not Restricted	172,840	292,010	275,293	290,551	297,084	260,251	290,581	263,603	276,061	273,019
Royal Gorge Bridge Revenues	1,563,333	1,703,414	1,679,694	1,680,695	1,681,688	1,346,351	1,347,351	2,130,552	2,387,470	2,532,623
Investment Earnings	230,209	78,784	61,221	42,013	40,536	35,357	27,980	29,821	71,961	183,090
Other Revenues	101,024	103,768	77,161	167,651	186,133	176,568	167,721	178,667	76,826	96,100
Gain on Sale of Capital Assets	72,513	-	-	-	-	-	-	-	-	-
Extraordinary Item	-	-	-	-	-	(2,865,998)	-	-	-	-
Transfers	305,500	371,000	321,000	321,000	335,400	917,734	466,800	443,700	443,700	801,600
<b>Total Governmental Activities</b>	<b>8,996,753</b>	<b>8,769,103</b>	<b>8,740,058</b>	<b>8,914,352</b>	<b>9,258,424</b>	<b>6,693,547</b>	<b>9,429,035</b>	<b>10,599,053</b>	<b>11,054,458</b>	<b>15,450,776</b>
Business-type Activities:										
Unrestricted Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Investment Earnings	161,462	37,132	31,399	17,695	19,454	11,137	9,252	12,714	39,646	88,736
Gain on Sale of Capital Assets	2,152	-	-	-	-	-	-	-	-	-
Transfers	(305,500)	(371,000)	(321,000)	(321,000)	(335,400)	(917,734)	(466,800)	(443,700)	(443,700)	(801,600)
<b>Total Business-type Activities</b>	<b>(141,886)</b>	<b>(333,868)</b>	<b>(289,601)</b>	<b>(303,305)</b>	<b>(315,946)</b>	<b>(906,597)</b>	<b>(457,548)</b>	<b>(430,986)</b>	<b>(404,054)</b>	<b>(712,864)</b>
<b>Total Primary Government</b>	<b>\$ 8,854,867</b>	<b>\$ 8,435,235</b>	<b>\$ 8,450,457</b>	<b>\$ 8,611,047</b>	<b>\$ 8,942,478</b>	<b>\$ 5,786,950</b>	<b>\$ 8,971,487</b>	<b>\$ 10,168,067</b>	<b>\$ 10,650,404</b>	<b>\$ 14,737,912</b>
<b>Change in Net Position</b>										
Government Activities	\$ 69,658	\$ 373,709	\$ (206,040)	\$ 602,532	\$ 627,955	\$ (1,889,308)	\$ 22,940,134	\$ 4,490,858	\$ 1,685,631	\$ 4,150,977
Business-type Activities	2,970,027	1,923,925	825,335	853,077	609,829	(384,712)	127,538	81,901	538,465	(184,024)
<b>Total Primary Government</b>	<b>\$ 3,039,685</b>	<b>\$ 2,297,634</b>	<b>\$ 619,295</b>	<b>\$ 1,455,609</b>	<b>\$ 1,237,784</b>	<b>\$ (2,274,020)</b>	<b>\$ 23,067,672</b>	<b>\$ 4,572,759</b>	<b>\$ 2,224,096</b>	<b>\$ 3,966,953</b>

Source: City of Canon City, Colorado, audited financial statements, 2008-2017.

Notes: (1) On June 11, 2013, a wildfire broke out in the City-owned Royal Gorge Park. The fire destroyed virtually all City-owned buildings and structures within the portion of the park that the City leases to the Royal Gorge Bridge Company of Colorado. The depreciated value of the destroyed City-owned capital assets were removed from the City's 2013 financial statements resulting in an extraordinary loss in the Governmental Activities.

(2) A significant portion (\$21,604,316) of the increase to the net position of the governmental activities is attributable to the post-fire reconstruction of buildings and improvements during 2014 within the Royal Gorge Bridge and Park.

(3) In 2014 Certificates of Participation issued by Canon City Finance Authority were paid in full.

## CITY OF CAÑON CITY, COLORADO

FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST TEN FISCAL YEARS  
(Unaudited)  
(modified accrual basis of accounting)

TABLE 3

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Nonspendable:	\$ 109,247	\$ 125,520	\$ 153,486	\$ 125,143	\$ 123,052	\$ 123,538	\$ 124,856	\$ 132,938	\$ 105,649	\$ 1,096,509
Restricted	249,331	238,263	239,545	246,227	247,246	630,479	283,735	280,615	292,643	316,859
Committed	363,634	472,643	527,766	690,285	333,501	456,186	574,233	692,307	711,832	721,351
Assigned	864,912	934,450	906,959	1,088,541	1,550,381	1,497,635	1,851,105	2,082,151	4,598,958	2,941,251
Unassigned	2,302,899	1,732,255	2,242,614	2,367,918	2,966,194	2,933,037	4,014,470	4,349,153	3,008,801	3,237,837
Total general fund	<u>\$ 3,890,023</u>	<u>\$ 3,503,131</u>	<u>\$ 4,070,370</u>	<u>\$ 4,518,114</u>	<u>\$ 5,220,374</u>	<u>\$ 5,640,875</u>	<u>\$ 6,848,399</u>	<u>\$ 7,537,164</u>	<u>\$ 8,717,883</u>	<u>\$ 8,313,807</u>
Street Improvement Fund										
Unassigned (a)	-	-	-	-	-	-	-	-	-	(3,470,647)
Total street improvement fund	<u>\$ -</u>	<u>\$ (3,470,647)</u>								
All Other Governmental Funds										
Nonspendable:	\$ 1,819,561	\$ 1,865,157	\$ 1,895,288	\$ 1,916,733	\$ 1,944,263	\$ 1,958,428	\$ 1,991,569	\$ 1,985,389	\$ 2,007,085	\$ 2,052,490
Restricted	370,706	441,297	461,593	508,770	414,711	332,536	278,064	248,461	256,163	200,315
Assigned	708,364	707,923	667,532	637,941	649,809	1,008,294	790,919	808,806	1,128,367	1,461,583
Total all other governmental funds	<u>\$ 2,898,631</u>	<u>\$ 3,014,377</u>	<u>\$ 3,024,413</u>	<u>\$ 3,063,444</u>	<u>\$ 3,008,783</u>	<u>\$ 3,299,258</u>	<u>\$ 3,060,552</u>	<u>\$ 3,042,656</u>	<u>\$ 3,391,615</u>	<u>\$ 3,714,388</u>

Source: City of Canon City, Colorado, audited financial statements, 2008-2017.

Notes:

(a) In 2016 voters passed Referendum 2A allowing City Council to increase sales tax from 2% to 3% effective January 1, 2017. The additional 1% sales tax collected is for improving City streets. The negative unassigned fund balance in the Street Improvement Fund is because a \$5,000,000 interfund loan was received for street improvement projects. The interfund loan will be repaid from future sales and use tax revenues, which will eliminate the negative fund balance.

# CITY OF CAÑON CITY, COLORADO

**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
(modified accrual basis of accounting)

**TABLE 4**

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues:</b>										
Taxes and Assessments	\$ 6,487,313	\$ 6,253,478	\$ 6,395,570	\$ 6,466,213	\$ 6,752,643	\$ 6,864,398	\$ 7,172,454	\$ 7,581,049	\$ 7,811,515	\$ 11,572,187
Licenses and Permits	256,291	153,807	165,025	191,730	200,396	254,992	178,131	172,299	155,126	353,377
Intergovernmental	1,530,567	1,251,841	1,466,546	1,700,522	1,584,268	2,129,372	2,167,225	1,189,731	1,716,151	1,256,891
Charges for Services	205,911	346,935	205,828	219,872	204,644	287,001	357,850	319,616	305,185	413,992
Fines and Forfeitures	149,103	181,497	245,281	228,429	202,302	199,348	226,108	150,723	212,101	192,601
Royal Gorge Bridge	1,563,333	1,703,414	1,679,694	1,680,695	1,681,688	1,346,351	1,347,351	2,130,552	2,387,470	2,532,623
Interest	200,510	68,088	54,076	38,157	37,054	33,689	26,159	27,143	63,531	167,400
Rent	70,383	118,302	97,664	84,953	86,969	90,792	99,232	110,848	127,300	173,383
Contributions & Donations	-	-	-	-	-	34,235	81,818	26,012	43,230	27,715
Other	395,216	328,374	324,093	411,674	460,006	176,568	151,794	163,596	76,827	96,100
<b>Total Revenues</b>	<b>10,858,627</b>	<b>10,405,736</b>	<b>10,633,777</b>	<b>11,022,245</b>	<b>11,209,970</b>	<b>11,416,746</b>	<b>11,808,122</b>	<b>11,871,569</b>	<b>12,898,436</b>	<b>16,786,269</b>
<b>Expenditures:</b>										
General Government	2,553,857	2,411,155	2,326,354	2,303,510	2,362,557	2,249,376	2,394,491	2,406,151	2,536,948	3,166,582
Public Safety	3,653,742	3,696,646	3,439,078	3,441,605	3,588,535	3,584,951	3,664,306	3,683,567	3,676,267	4,340,891
Public Works	1,718,095	1,066,989	1,713,661	1,565,388	1,575,822	1,610,948	2,005,270	1,918,862	1,739,921	2,221,453
Culture and Recreation	2,347,888	2,026,787	1,987,315	2,110,996	1,973,393	1,999,666	1,595,797	1,794,676	1,925,932	1,942,606
Capital Outlay										
Streets (a)	-	-	-	-	-	-	-	-	-	7,558,612
Other	1,779,783	1,194,543	774,727	1,545,011	1,351,574	1,932,855	1,389,999	1,603,605	1,682,556	1,605,292
Debt Service										
Principal	178,270	138,534	152,287	27,000	42,000	216,000	225,000	231,000	214,000	213,000
Interest	19,717	13,228	10,127	4,200	7,550	27,881	47,168	41,608	36,834	91,383
Debt Issuance Costs	-	-	-	-	-	58,198	-	-	-	-
<b>Total Expenditures</b>	<b>12,251,352</b>	<b>11,087,882</b>	<b>10,403,549</b>	<b>10,997,710</b>	<b>10,901,431</b>	<b>11,679,875</b>	<b>11,322,031</b>	<b>11,679,469</b>	<b>11,812,458</b>	<b>21,139,819</b>
Excess of Revenues over (under) Expenditures	(1,392,725)	(682,146)	230,228	24,535	308,539	(263,129)	486,091	192,100	1,085,978	(4,353,550)
<b>Other Financing Sources (Uses)</b>										
Proceeds from Sale of Capital Assets	740,295	-	4,047	32,240	3,660	-	15,927	15,069	-	-
Issuance of Debt	-	40,000	22,000	109,000	-	2,310,000	-	20,000	-	-
Insurance Recoveries	-	-	-	-	-	89,244	-	-	-	-
Transfers In	402,799	468,538	416,779	433,951	695,899	561,253	607,555	489,692	471,055	887,965
Transfers Out	(97,299)	(97,538)	(95,779)	(112,951)	(360,499)	(1,986,392)	(140,755)	(45,992)	(27,355)	(86,365)
<b>Total Other Financing Sources (Uses)</b>	<b>1,045,795</b>	<b>411,000</b>	<b>347,047</b>	<b>462,240</b>	<b>339,060</b>	<b>974,105</b>	<b>482,727</b>	<b>478,769</b>	<b>443,700</b>	<b>801,600</b>
Net Change in Fund Balances	<b>\$ (346,930)</b>	<b>\$ (271,146)</b>	<b>\$ 577,275</b>	<b>\$ 486,775</b>	<b>\$ 647,599</b>	<b>\$ 710,976</b>	<b>\$ 968,818</b>	<b>\$ 670,869</b>	<b>\$ 1,529,678</b>	<b>\$ (3,551,950)</b>

Debt Service as a percentage of noncapital expenditures

1.9% 1.6% 1.7% 0.3% 0.5% 2.6% 2.8% 2.8% 2.5% 2.6%

Source: City of Cañon City, audited financial statements, 2008-2017.

Notes:

(a) In 2016 voters passed Referendum 2A allowing City Council to increase sales tax from 2% to 3% effective January 1, 2017. The additional 1% sales tax collected is for improving City streets.

# CITY OF CAÑON CITY, COLORADO

**ASSESSED VALUE AND ESTIMATED ACTUAL  
VALUE OF TAXABLE PROPERTY  
LAST TEN YEARS  
(Unaudited)**

**TABLE 5**

Levy Year	Vacant Land	Residential Property	Commercial Property (b)	Industrial Property	Agricultural Property	Natural Resources	State Assessed	Total Taxable Assessed Value	Total Direct Tax Rate (a)	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
2008	6,817,520	65,731,490	51,953,340	2,417,860	215,610	171,920	5,463,940	132,771,680	2.68	1,081,089,366	12.28%
2009	7,196,170	68,464,200	53,878,260	2,725,270	225,120	25,930	7,261,410	139,776,360	2.89	1,135,087,602	12.31%
2010	7,512,000	68,661,710	53,843,720	2,549,190	218,630	21,980	6,199,615	139,006,845	2.89	1,131,707,073	12.28%
2011	6,933,510	66,802,500	52,409,201	2,482,410	250,820	224,890	7,350,230	136,453,561	2.90	1,124,946,812	12.13%
2012	6,706,040	67,032,690	52,147,401	2,256,400	258,600	208,360	7,012,340	135,621,831	2.89	1,125,155,335	12.05%
2013	6,352,190	63,239,130	51,701,986	2,008,278	277,430	273,193	9,747,786	133,599,993	2.90	1,028,552,826	12.99%
2014	5,890,990	63,162,230	52,352,941	2,277,016	277,450	209,258	7,977,991	132,147,876	2.90	1,024,549,147	12.90%
2015	5,599,800	64,421,260	52,651,377	2,425,369	310,280	161,179	9,318,862	134,888,127	2.90	1,042,524,630	12.94%
2016	5,636,980	64,481,370	52,073,565	2,187,052	311,560	154,719	10,470,807	135,316,053	2.90	1,044,590,804	12.95%
2017	5,970,890	65,330,161	52,811,678	2,068,246	337,267	213,058	10,519,209	137,250,509	2.90	1,144,086,852	12.00%

Source: State of Colorado Annual Report and Fremont County Assessor.

Note: Property in Fremont County is revalued every odd numbered year. The assessment rate is 29 percent of actual value for all properties except residential and producing natural resource properties. The residential assessment rate is established by the State legislature every odd-numbered year in order to maintain the tax burden balance between residential properties and other properties. The 2017 assessment rate for residential properties is 7.20 percent. Tax rates are per \$1,000 of assessed value.

(a) Total Direct Tax Rate equals Mill Levy. Mill levy is property tax revenue divided by total assessed value.

# CITY OF CAÑON CITY, COLORADO

## DIRECT AND OVERLAPPING PROPERTY TAX RATES

### LAST TEN YEARS

(rate per \$1,000 of assessed value)

**(Unaudited)**

**TABLE 6**

Year	City Basic		Overlapping Rates(b)						Total
	Rate(a)		Fremont		Cañon	Cañon	S.E. Colorado	Upper	
	City of	County	County	School District	City Fire	City	Water	Arkansas	
Year	City (d)	County	RE-1 (e.)	District (c)	District	District	Cons.	Water	
2008	2.68	12.44		36.34	13.00	3.53	0.94	0.43	69.36
2009	2.89	12.43		35.67	13.00	3.52	0.94	0.45	68.90
2010	2.89	12.48		35.65	13.00	3.51	0.95	0.45	68.93
2011	2.90	12.97		35.80	13.00	3.52	0.95	0.50	69.64
2012	2.89	12.92		35.77	13.00	3.52	0.94	0.48	69.52
2013	2.90	12.92		35.77	13.00	3.52	0.94	0.48	69.53
2014	2.90	12.95		35.42	17.73	3.53	0.94	0.48	73.95
2015	2.90	12.32		35.17	17.73	3.52	0.94	0.47	73.05
2016	2.91	12.42		35.16	17.76	3.53	0.94	0.48	73.20
2017	2.90	12.45		41.20	17.73	3.52	0.94	0.48	79.22

Source: Colorado Department of Local Affairs annual report: Property Tax Entities by County

#### Notes:

- (a) The City's basic property tax rate, except for taxes abated and refunded, may be increased only by a majority vote of the City of Cañon City residents.
- (b) Overlapping rates are those of local and county governments that apply to property owners of the City of Cañon City.
- (c) Voter approved property tax increase in 2014.
- (d) The City of Cañon City does not rely on property taxes as a major source of funding for governmental activities. The City's property tax rate is over 62.3% lower than the statewide average municipal mill levy.
- (e) Voter approved property tax increase in 2017.

# CITY OF CAÑON CITY, COLORADO

PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN YEARS  
(Unaudited)

TABLE 7

Levy Year	Collection Year	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2007	2008	336,918	334,865	99.39%	508	335,373	99.54%
2008	2009	355,461	353,677	99.50%	117	353,794	99.53%
2009	2010	404,093	402,153	99.52%	1,354	403,507	99.85%
2010	2011	401,591	399,248	99.42%	449	399,697	99.53%
2011	2012	395,851	394,642	99.69%	759	395,401	99.89%
2012	2013 (a)	392,489	393,136	100.16%	532	393,668	100.30%
2013	2014	387,707	385,726	99.49%	-	385,726	99.49%
2014	2015	383,361	379,698	99.04%	1,129	380,827	99.34%
2015	2016	391,715	389,323	99.39%	260	389,583	99.46%
2016	2017 (a)	393,436	393,727	100.07%	-	393,727	100.07%

Source: Fremont County Treasurer and Cañon City Municipal Clerk

Notes:

(a) Due to a distribution error by Fremont County, the City received property taxes in excess of the taxes levied.

## CITY OF CAÑON CITY, COLORADO

GENERAL REVENUES-TAXES BY CATEGORY  
 LAST TEN FISCAL YEARS  
 (Unaudited)  
 (modified accrual basis of accounting)

TABLE 8

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Sales Tax (a)	\$ 5,268,947	\$ 5,049,112	\$ 5,107,654	\$ 5,127,379	\$ 5,272,864	\$ 5,442,106	\$ 5,799,559	\$ 6,214,004	\$ 6,437,283	\$ 9,879,100
General Property Tax	327,898	347,226	394,227	392,591	387,218	384,554	376,803	370,706	380,914	384,394
Specific Ownership Tax	53,059	51,274	51,274	47,980	47,290	51,455	54,067	56,066	58,090	67,026
Use Tax	145,497	90,024	103,878	112,135	205,639	171,113	86,882	77,660	103,168	431,259
Franchise Taxes:										
Cablevision	82,847	103,881	112,632	121,486	126,954	126,848	126,608	125,406	127,405	126,879
Telephone	23,193	20,747	18,218	16,161	14,728	13,635	12,309	13,853	10,466	9,504
Electricity	357,291	367,162	381,466	434,789	494,428	478,000	498,341	504,831	533,923	512,441
Gas	181,801	178,330	144,483	142,185	124,809	135,802	160,202	158,438	128,929	128,916
Penalty & Interest on Tax	13,350	12,371	11,857	17,736	14,190	19,773	13,831	14,579	18,262	24,825
Total	\$ 6,453,883	\$ 6,220,127	\$ 6,325,689	\$ 6,412,442	\$ 6,688,120	\$ 6,823,287	\$ 7,128,602	\$ 7,535,542	\$ 7,798,440	\$ 11,564,344

Source: City of Canon City, Colorado, audited financial statements, 2008-2017.

(a) Canon City voters approved a sales and use tax increase from 2.0 percent to 3.0 percent effective January 1, 2017. The new 1.0 percent sales and use tax is required to be used exclusively on street improvements.

## CITY OF CAÑON CITY, COLORADO

SALES TAX BY CATEGORY  
 LAST TEN FISCAL YEARS  
 (Unaudited)  
 (modified accrual basis of accounting)

TABLE 9

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Merchandise	\$ 1,048,025	\$ 1,068,482	\$ 1,033,750	\$ 1,020,142	\$ 1,019,605	\$ 1,010,236	\$ 1,114,726	\$ 1,126,612	\$ 1,165,449	\$ 1,655,771
Food Stores	1,107,286	1,044,113	1,051,886	1,091,007	1,111,862	1,146,225	1,159,484	1,221,314	1,270,504	2,164,190
Restaurants & Bars	592,561	572,997	573,849	580,840	612,023	617,536	638,372	732,718	755,635	1,168,081
Home Furnishings	80,311	75,822	86,480	79,962	78,734	73,909	69,736	81,045	75,886	110,145
Building Materials & Supplies	541,216	482,110	500,370	492,179	512,596	535,444	565,953	625,200	690,789	1,105,928
Auto Dealers & Parts/Supplies	666,654	607,820	665,198	643,835	676,527	708,905	796,958	885,208	867,037	1,311,795
Other Retail Stores	361,738	375,622	379,642	391,709	411,007	493,980	524,320	598,305	612,442	878,623
All Other Outlets	244,353	216,316	234,648	235,372	240,434	252,623	281,333	283,102	306,209	477,091
Hotel/Motel	77,512	77,917	74,803	70,301	71,642	68,429	78,409	97,443	110,519	165,230
Utility Service	549,291	527,913	507,029	522,032	538,434	534,819	570,268	563,057	582,813	842,246
Total	\$ 5,268,947	\$ 5,049,112	\$ 5,107,655	\$ 5,127,379	\$ 5,272,864	\$ 5,442,106	\$ 5,799,559	\$ 6,214,004	\$ 6,437,283	\$ 9,879,100
City Direct Sales Tax Rate	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	3.00%

Source: City of Canon City, Colorado, audited financial statements, 2008-2017 and Sales Tax Subsidiary Records, 2008-2017.

(a) Canon City voters approved a sales and use tax increase from 2.0 percent to 3.0 percent effective January 1, 2017. The new 1.0 percent sales and use tax is required to be used exclusively on street improvements.

# CITY OF CAÑON CITY, COLORADO

## ROYAL GORGE BRIDGE LEASE REVENUES LAST TEN YEARS (Unaudited)

TABLE 10

Year	Annual Royal Gorge Bridge Lease Revenues	Royal Gorge Bridge & Park Attendance (a)(b)
2008	1,563,333	291,678
2009	1,703,414	311,673
2010	1,679,694	304,714
2011	1,680,695	305,758
2012	1,681,688	265,933
2013 (a)	1,346,351	84,645
2014	1,347,351	42,256
2015	2,130,552	333,697
2016	2,387,470	338,964
2017	2,532,623	358,005

Source: City of Cañon City, Colorado, audited financial statements, 2008-2017 and Royal Gorge Company of Colorado Year-End Review, 2008-2017.

### Notes:

(1) The United States Congress granted the Royal Gorge Park, consisting of 5,300 acres, to the City of Cañon City in 1906. These lands are to be held by the City solely for park purposes and for the use and benefit of the public. In 1929, the Royal Gorge Bridge was constructed. This bridge is 1,053 feet above the Arkansas River and is the highest suspension bridge in the world.

(2) A lease between the City and the Royal Gorge Company has been in effect since 1967. The leased premises include approximately 100 acres of land owned by the City, numerous shops serving food and beverages and selling merchandise, an aerial tramway, the Royal Rush Skycoaster, a zipline across the Royal Gorge and the famous Royal Gorge Bridge. Under the lease ("Bridge Rental Agreement"), the City receives 25% of all admission charges and 10% of the gross revenue from all sales of food, beverages and merchandise within the attraction. The Bridge Rental Agreement is renewable annually at the election of the Royal Gorge Company until October 31, 2026.

(a) On June 11, 2013 a wildfire broke out on the Royal Gorge Park property, destroying nearly all buildings and attractions. The Park remained closed for the remainder of 2013. On January 1, 2014, reconstruction began and the Park re-opened in August 2014.

## CITY OF CAÑON CITY, COLORADO

**WATER REVENUES  
LAST TEN FISCAL YEARS  
(Unaudited)  
(accrual basis of accounting)**

**TABLE 11**

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Water Revenues:</b>										
Charges for Services:										
Metered Water Sales by Type of Customer (a)	\$ 5,070,314	\$ 4,926,290	\$ 5,559,580	\$ 5,656,298	\$ 5,843,529	\$ 5,377,864	\$ 5,448,201	\$ 5,507,312	\$ 5,726,457	\$ 5,545,757
Water Sales to City Facilities	169,000	162,730	194,893	223,160	126,160	123,842	122,206	116,934	116,776	115,259
Hydrant Sales	51,860	6,134	4,384	3,552	5,185	10,070	6,257	5,627	3,901	30,956
Bulk Water Sales	43,350	46,118	52,022	64,317	64,370	55,319	53,432	50,830	75,423	85,201
Account Maintenance Fee (b)	6,290	18,425	8,215	295	245	415	672	813	1,182	1,425
Total Charges for Services	<u>5,340,814</u>	<u>5,159,697</u>	<u>5,819,094</u>	<u>5,947,622</u>	<u>6,039,490</u>	<u>5,567,510</u>	<u>5,630,768</u>	<u>5,681,516</u>	<u>5,923,739</u>	<u>5,778,598</u>
Tap Fees (d)	150,976	96,374	60,950	82,077	104,328	67,543	123,501	43,500	184,550	220,500
Interest Income	137,718	33,659	28,488	15,574	16,885	9,455	7,873	11,137	35,169	82,269
Other (c)	83,717	59,976	96,431	80,341	75,084	248,890	733,978	143,473	83,576	85,646
Transfer In	27,800	27,000	27,000	27,000	25,500	22,200	22,200	22,200	22,200	39,400
Developer Contributions	-	-	-	-	-	-	-	-	2,750	27,500
Total Water Revenues	<u>\$ 5,741,025</u>	<u>\$ 5,376,706</u>	<u>\$ 6,031,963</u>	<u>\$ 6,152,614</u>	<u>\$ 6,261,287</u>	<u>\$ 5,915,598</u>	<u>\$ 6,518,320</u>	<u>\$ 5,901,826</u>	<u>\$ 6,251,984</u>	<u>\$ 6,233,913</u>

Source: City of Cañon City, Colorado, audited financial statements, 2008-2017 and Water Utility Billing Records, 2008-2017.

(a) Effective May 1, 2010, the City implemented a cost-based increasing block water rate schedule.

(b) Effective May 1, 2010 monthly maintenance fee as described in (b) above was discontinued except for buildings under new construction. Water accounts where water is turned off began paying monthly meter charge which is included in Metered Water Sales.

(c) A significant amount of grant revenue is included in the 2014 non-operating revenue. The City obtained a number of Federal and State grants to provide funding for emergency mitigation, stabilization and reclamation within the City's watershed for damage sustained from the 2013 Royal Gorge Fire.

(d) Tap fees declined in 2015 due to the City's implementation of policies designed to stimulate the local economy. The implementation of this temporary program provides waivers of tap fees for certain qualifying new residential, commercial or industrial buildings being constructed within the City.

# CITY OF CAÑON CITY, COLORADO

**WATER SALES BY TYPE OF CUSTOMER  
LAST TEN FISCAL YEARS  
(Unaudited)  
(accrual basis of accounting)**

**TABLE 12**

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Metered Water Sales by Type of Customer</b>										
Residential - Inside City limits	\$ 1,581,168	\$ 1,432,983	\$ 1,742,589	\$ 1,736,842	\$ 1,822,889	\$ 1,615,105	\$ 1,615,756	\$ 1,581,803	\$ 1,690,402	\$ 1,610,179
Residential - Outside City limits	830,110	764,579	900,202	894,011	955,236	874,966	878,336	876,303	920,479	891,552
Commercial - Inside City limits	1,139,570	1,325,532	1,157,076	1,311,355	1,216,886	1,099,018	1,117,912	1,136,226	1,192,248	1,137,729
Commercial - Outside City limits	588,886	490,789	651,298	599,348	623,064	611,537	576,214	518,047	498,370	459,720
Prisons	930,580	912,407	1,108,415	1,114,742	1,225,454	1,177,238	1,259,983	1,394,933	1,424,958	1,446,577
<b>Total Metered Water Sales by Type of Customer</b>	<b>\$ 5,070,314</b>	<b>\$ 4,926,290</b>	<b>\$ 5,559,580</b>	<b>\$ 5,656,298</b>	<b>\$ 5,843,529</b>	<b>\$ 5,377,864</b>	<b>\$ 5,448,201</b>	<b>\$ 5,507,312</b>	<b>\$ 5,726,457</b>	<b>\$ 5,545,757</b>
Residential Inside minimum rate per 4,000 gallons (a)	\$13.16	\$13.56								
Residential Outside minimum rate per 4,000 gallons (a)	\$19.28	\$19.84								
Residential Inside Meter Fee - flat rate (b)(c)			\$9.30	\$9.30	\$9.58	\$9.58	\$9.58	\$9.87	\$9.87	\$9.87
Residential Outside Meter Fee - flat rate (b)(c)			\$13.95	\$13.95	\$14.37	\$14.37	\$14.37	\$14.80	\$14.80	\$14.80
<b>Water Gallons Sold by Type of Customer (d)</b>										
Residential - Inside City limits	540,101	474,979	521,319	548,700	539,054	457,826	461,100	426,626	468,102	439,128
Residential - Outside City limits	176,105	154,048	170,919	177,399	177,941	156,899	158,440	149,775	160,631	153,547
Commercial - Inside City limits	426,117	389,176	331,019	411,424	337,494	295,459	305,016	296,163	315,503	296,506
Commercial - Outside City limits	334,588	223,119	259,348	239,575	245,054	253,496	234,835	181,513	166,683	151,556
Prisons	351,597	348,560	367,989	374,951	385,087	365,953	391,385	418,182	429,806	435,878
<b>Total Water Gallons Sold by Type of Customer</b>	<b>1,828,508</b>	<b>1,589,882</b>	<b>1,650,594</b>	<b>1,752,049</b>	<b>1,684,630</b>	<b>1,529,633</b>	<b>1,550,776</b>	<b>1,472,259</b>	<b>1,540,725</b>	<b>1,476,615</b>

Source: City of Canon City, Colorado, audited financial statements, 2008-2017 and Water Utility Billing Records, 2008-2017.

Notes:

(a) Minimum rate per month for inside and outside of the City limits.

(b) Effective May 1, 2010 water rate schedules were changed to eliminate the minimum usage charge.

A new flat rate meter fee was charged monthly in addition to a small fee for each 1,000 gallons of water consumed.

(c) Effective January 1, 2012, and again January 1, 2015, meter fees and usage rates were increased by 3% to keep up with the inflationary rise in cost of services.

(d) In thousands of gallons

# CITY OF CAÑON CITY, COLORADO

**RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(Unaudited)**

**TABLE 13**

Fiscal Year	Governmental Activities			Business-Type Activities					Total Primary Government	Percentage of Personal Income (b)	Per Capita	
	Public Improvement Bonds		Capital Leases(a)	Certificates of Participation Series 2003(a)	Certificates of Participation Series 2008(a)	Certificates of Participation Premium	Certificates of Participation Series 2017(a)	Capital Lease				
2008	105,000	188,821		2,635,000	12,550,000	172,472		-	14,271	15,665,564	3.83%	962
2009	116,000	79,287		2,500,000	12,230,000	165,286		-	7,239	15,097,812	3.72%	934
2010	65,000	-		2,360,000	11,895,000	158,100		-	-	14,478,100	3.47%	882
2011	147,000	-		2,215,000	11,550,000	150,914		-	-	14,062,914	3.22%	853
2012	105,000	-		2,070,000	11,195,000	143,728		-	-	13,513,728	3.00%	823
2013	64,000	2,135,000		-	10,825,000	136,542		-	-	13,160,542	2.86%	807
2014	34,000	1,940,000		-	10,445,000	129,356		-	-	12,548,356	2.60%	772
2015	23,000	1,740,000		-	10,050,000	122,170		-	-	11,935,170	2.34%	730
2016	9,000	1,540,000		-	9,635,000	114,984		-	-	11,298,984	2.12%	680
2017	6,000	1,330,000		-	-	-	-	10,615,000	-	11,951,000	2.25%	719

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(a) The Cañon City Finance Authority (formerly Canon City Hall Project Corporation), a Colorado non-profit corporation was formed February 2003 for the purpose of purchasing, leasing or otherwise acquiring certain real property and to construct or install certain improvements in the City and thereafter lease the real property and improvements to the City of Cañon City for public purposes. Certificates of Participation of \$3,400,000 were issued by the Corporation in 2003 to finance the new City Hall building. In 2013 the 2003 Certificates of Participation were paid off when the City entered into a lease/purchase agreement in order to refinance the City Hall debt. During 2008, the Corporation issued \$12,550,000 Certificates of Participation to finance the cost of the acquisition, construction and improvements to the City's water treatment facility. In 2017, the Certificates of Participation, Series 2008, were refunded and new Certificates of Participation, Series 2017 were issued.

(b) See Table 17 for personal income and population data.

## CITY OF CAÑON CITY, COLORADO

### RATIOS OF GENERAL BONDED DEBT OUTSTANDING AND LEGAL DEBT MARGIN LAST TEN FISCAL YEARS

TABLE 14

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Bonded Debt Outstanding										
General Obligation Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Percentage of Estimated Actual Property Value (a)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Per Capita (b)	-	-	-	-	-	-	-	-	-	-
Total Taxable Assessed Value	132,771,680	139,776,360	139,006,845	136,453,561	135,621,831	133,599,993	132,147,876	134,888,127	135,316,053	135,316,053
Legal Debt Limit (c)	13,277,168	13,977,636	13,900,685	13,645,356	13,562,183	13,359,999	13,214,788	13,488,813	13,531,605	13,531,605
Total Net Debt Applicable To Debt Limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin (d)	\$ 13,277,168	\$ 13,977,636	\$ 13,900,685	\$ 13,645,356	\$ 13,562,183	\$ 13,359,999	\$ 13,214,788	\$ 13,488,813	\$ 13,531,605	\$ 13,531,605
Legal Debt Margin as a Percentage of the Debt Limit	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(a) Property value data can be found in Table 5: Assessed Value and Estimated Actual Value of Taxable Property.

(b) Population data can be found in Table 17.

(c) State statutes limit the City's outstanding general debt to no more than 10 percent of the assessed value of the property.

(d) The legal debt margin is the City's available borrowing authority under state statutes and is calculated by subtracting the net debt applicable to the legal debt limit from the legal debt limit.

## CITY OF CAÑON CITY, COLORADO

**RATIOS OF WATER FUND DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
(Unaudited)**

**TABLE 15**

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Water Fund Debt Outstanding										
Certificates of Participation Series 2008	\$ 12,550,000	\$ 12,230,000	\$ 11,895,000	\$ 11,550,000	\$ 11,195,000	\$ 10,825,000	\$ 10,445,000	\$ 10,050,000	\$ 9,635,000	\$ -
Certificates of Participation Series 2017	-	-	-	-	-	-	-	-	-	10,615,000
Capital Leases	14,271	7,239	-	-	-	-	-	-	-	-
<b>Total Water Fund Debt Outstanding</b>	<b>\$ 12,564,271</b>	<b>\$ 12,237,239</b>	<b>\$ 11,895,000</b>	<b>\$ 11,550,000</b>	<b>\$ 11,195,000</b>	<b>\$ 10,825,000</b>	<b>\$ 10,445,000</b>	<b>\$ 10,050,000</b>	<b>\$ 9,635,000</b>	<b>\$ 10,615,000</b>
Number of Active Water Service Connections	8,527	8,545	8,535	8,547	8,553	8,567	8,568	8,580	8,614	8,655
Water Fund Debt per Active Water Service Connection	\$ 1,473	\$ 1,432	\$ 1,394	\$ 1,351	\$ 1,309	\$ 1,264	\$ 1,219	\$ 1,171	\$ 1,119	\$ 1,226

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

# CITY OF CAÑON CITY, COLORADO

**DIRECT AND OVERLAPPING DEBT**  
**DECEMBER 31, 2017**  
**(Unaudited)**

**TABLE 16**

<b>Government Entity</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable (b)</b>	<b>Estimated Share of Overlapping (a)</b>
Fremont County School District RE-1	\$ 15,275,000	58.1%	\$ 8,874.775
Cañon City Fire Protection District	-	0.0%	-
Fremont Sanitation District	-	0.0%	-
Cañon City Recreation District	-	0.0%	-
Fremont County	-	0.0%	\$ -
 Total Overlapping Debt			 8,874.775
 City of Cañon City Direct Debt			 1,336,000
 Total Direct and Overlapping Debt			 <u><u>\$ 10,210,775</u></u>

(a) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Cañon City. This process recognizes that when considering the City of Cañon City's ability to issue and repay long-term debt, the entire debt burden by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

(b) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

# CITY OF CAÑON CITY, COLORADO

**DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN YEARS  
(Unaudited)**

**TABLE 17**

Year	Cañon City Population	Personal Income Fremont County (thousands of dollars) (a)	Personal Income Cañon City (thousands of dollars) (b)	Per Capita Personal Income (a)	Unemployment Rate
2008	16,280	1,184,022	408,677	25,103	6.3
2009	16,160	1,175,667	405,341	25,083	8.5
2010	16,407	1,192,642	417,607	25,453	11.7
2011	16,486	1,254,792	436,269	26,463	12.0
2012	16,428	1,291,181	450,144	27,401	11.7
2013	16,303	1,311,204	460,038	28,218	10.7
2014	16,247	1,376,888	481,837	29,657	8.2
2015	16,351	1,456,722	509,906	31,185	6.2
2016	16,620	1,519,031	532,106	32,016	5.2
2017	(c)	16,620	1,519,031	532,106	32,016

**Source: Department of Local Affairs-Demography Section, U.S. Department of Labor-Bureau of Labor Statistics  
and Bureau of Economic Analysis-an agency of the U.S. Department of Commerce.**

(a) The data reported for Personal Income and Per Capita Personal Income is for Fremont County.

(b) Personal Income for Cañon City is calculated by multiplying Cañon City population by Per Capita Personal Income.

(c) Population, Personal Income and Per Capita Personal Income data for 2017 is not available as of April 2018, so 2016 data is repeated for 2017.

# CITY OF CAÑON CITY, COLORADO

**PRINCIPAL EMPLOYERS  
CURRENT YEAR AND TEN YEARS AGO  
(Unaudited)**

**TABLE 18**

Employer	2017			2008		
	Employees	Rank	Percentage of Total County Employment (c)	Employees	Rank	Percentage of Total County Employment
Fremont School District (RE-1)	559	1	3.87%	501	1	2.70%
Centura Health (a)	499	2	3.46%	438	2	2.36%
Fremont County	329	3	2.28%	300	5	1.62%
Walmart	300	4	2.08%	367	3	1.98%
International Order of Odd Fellows Complexes	244	5	1.69%	342	4	1.85%
Starpointe	183	6	1.27%	163	8	0.88%
City of Canon City	152	7	1.05%	173	7	0.93%
Cornell Companies	151	8	1.05%	186	6	1.00%
Skyline Ridge Nursing and Rehabilitation	108	9	0.75%	-	-	-
Interroll Engineering West Inc (b)	101	10	0.70%	124	9	0.67%
Canon City Daily Record	-	-	-	79	10	0.43%
<b>Total</b>	<b>2,626</b>		<b>18.19%</b>	<b>2,673</b>		<b>14.43%</b>

**Source: City of Canon City Community and Economic Development Department**  
**Total Fremont County employment information used to calculate the percentage of**  
**total county employment from the Colorado Department of Labor & Employment.**

(a) Centura Health previously known as St. Thomas More Hospital

(b) Portec was purchased by Interroll in July 2013.

(c) Total 2017 employment within Fremont County 14,437

**FULL-TIME EQUIVALENT CITY GOVERNMENT  
EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

**TABLE 19**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>General Government</b>										
City Clerk	2	2	2	2	2	2	2	2	2	1
Municipal Court	2	2	2	2	2	2	2	2	2	2
City Administrator	2	2	1	1	1	1	1	1	1	2
Finance	6	6	6	6	6	6	6	6	6	6
City Attorney	1	1	1	1	1	1	1	1	1	-
Building Maintenance	4	4	4	4	4	4	1	1	1	2
Community Development										
Building Division	3	3	2	2	2	2	2	2	2	2
Planning & Zoning	2	2	2	2	2	1	1	1	1	2
Code Enforcement	1	1	1	1	1	1	1	1	1	2
Economic Development	-	-	-	-	-	-	-	-	-	1
Administrative Resources										
Special Projects	-	-	-	-	-	1	-	-	-	-
Human Resources	1	1	1	1	1	1	1	1	1	1
Computer Resources	2	2	2	2	2	2	2	2	2	2
<b>Public Safety</b>										
Patrol Officers	29	28	28	28	28	28	28	29	30	31
Victims Assistance	1	1	1	1	1	1	1	1	1	1
Administration	3	3	3	3	4	5	5	5	5	5
Investigations	5	6	6	6	5	5	5	5	5	5
Parking & Code Enforcement	2	2	2	2	2	2	2	2	2	2
School Resource Program	1	1	1	1	1	1	2	2	2	2
Grant Funded Programs	2	1	1	-	-	-	-	-	-	-
Dispatch Services	8	8	8	8	8	8	8	8	8	-
<b>Public Works</b>										
Equipment Repair	3	3	3	3	3	3	3	3	3	3
Street Maintenance	17	16	16	15	15	15	15	15	15	14
Engineering	3	3	2	2	2	2	2	2	2	4
<b>Cemetery</b>	5	5	5	5	5	5	-	-	-	-
<b>Cultural &amp; Recreation</b>										
Forestry	4	4	3	3	3	3	-	-	-	-
Library & Museum/History Center	16	15	15	15	15	14	14	14	14	14
Parks Improvement Fund	9	9	8	8	8	7	12	12	13	12
<b>Water Fund</b>										
Administration	8	8	7	7	7	6	6	6	6	6
Water Treatment	12	12	13	12	12	12	12	12	12	11
Water Distribution	16	16	16	16	16	16	17	17	17	16
Water Utility Billing	2	1	1	1	1	1	1	1	1	2
<b>Storm Water Utility Fund</b>										
Administration	1	1	2	2	2	2	2	2	2	1
Total	<u>173</u>	<u>169</u>	<u>165</u>	<u>162</u>	<u>162</u>	<u>160</u>	<u>155</u>	<u>156</u>	<u>150</u>	<u>152</u>

Source: City of Cañon City Finance Department.

# CITY OF CAÑON CITY, COLORADO

## OPERATING INDICATORS BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS (Unaudited)

TABLE 20

Function/Program	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Public Safety</b>										
Physical arrests	1,408	1,743	1,952	2,130	1,839	1,750	1,676	1,739	820	740
Traffic violations (d)	2,159	2,321	2,468	2,707	1,981	2,096	2,304	1,341	2,524	2,810
Parking violations	684	765	1,377	911	351	86	52	15	5	124
Calls for service (c)	27,742	26,629	26,352	27,292	27,302	27,360	28,627	15,323	28,656	28,297
<b>Public Works</b>										
Street resurfacing & repairs (miles)	1.08	1.52	1.71	0.71	0.00	0.20	8.10	5.27	5.88	6.07
Potholes repaired	117	87	82	78	84	91	75	77	91	103
<b>Cemetery</b>										
Standard and ash burials	112	97	107	130	90	94	98	96	95	107
Spaces sold	48	39	26	48	28	39	57	62	38	42
<b>Cultural &amp; Recreation</b>										
Library:										
Physical Volumes in collection	79,885	79,204	60,324	70,661	73,984	75,228	64,192	56,290	52,508	61,532
Electronic Volumes in collection (a)	2	2	2	526	2,992	8,436	14,688	18,257	32,078	28,167
Total volumes checked out (b)	319,983	307,616	308,111	290,831	273,374	131,148	159,283	168,995	206,163	183,616
<b>Water Fund</b>										
Installed and replaced water mains	9,750'	23,583'	7,438'	8,337'	6,926'	10,400'	2,200'	2,565'	-	4109'
Average daily metered consumption (millions of gallons)	5.0	4.4	4.5	4.8	4.6	4.2	4.2	4.0	4.0	4.2
Peak daily production (millions of gallons)	10.7	10.1	10.5	11.7	9.9	9.7	9.0	9.3	9.5	9.1

Source: City of Cañon City Police Department, Public Works Department, Library, Parks & Recreation Department and Water Department.

### Notes:

(a) In 2011 the library began obtaining and lending downloadable electronic books.

(b) From 2013 to 2015 the library underwent major building renovations, resulting in fewer patron visits and fewer volumes checked out.

(c) On August 1, 2015, the City dispatching services were discontinued and the combined Regional Communications Authority (CRCA) began their operations. In order to provide regional communications services, CRCA was created through contracts among the City of Cañon City, Fremont County and the City of Florence.

(d) Traffic violations for 2006-2014 have been adjusted to report only violations which were referred to County and Municipal Courts and no longer includes traffic warning citations.

## CITY OF CAÑON CITY, COLORADO

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS  
(Unaudited)

TABLE 21

Function/Program	Fiscal Year										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Public Safety</b>											
Police Stations	1	1	2	2	2	2	2	2	2	2	2
Marked Patrol units (c)	23	25	27	28	28	28	28	28	28	29	33
<b>Public Works</b>											
Streets (miles) (a)	119.7	118.3	119.4	119.4	119.4	119.4	119.4	120.0	120.0	120.0	120.0
Alleys (miles)	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1
Storm sewers (miles)	11.4	12.2	13.2	13.2	13.4	13.4	13.4	13.8	13.8	13.8	13.8
<b>Cemetery</b>											
City owned Cemeteries	2	2	2	2	2	2	2	2	2	2	2
<b>Cultural &amp; Recreation</b>											
Parks	10	10	10	10	10	10	10	10	10	10	10
Parks Acreage	6,567	6,567	6,567	6,567	6,567	6,567	6,567	6,567	6,567	6,567	6,567
<b>Water Fund</b>											
Water mains (miles)	147	149	150	151	151	151	151	151	151	151	151
Fire Hydrants	1,025	1,021	1,049	1,049	1,049	1,051	1,051	1,061	1,061	1,061	1,061
Finished Water Storage Tanks (b)	5	5	6	6	6	6	6	6	6	6	6

Source: City of Cañon City Police Department, Public Works Department, Library, Parks & Recreation Department, Engineering and Water Department.

(a) Represents all City street miles including those within the municipal parks.

(b) Although it still exists, and can be placed back in service at any time, the Lincoln Park water storage tank was decommissioned in 2012.

(c) No older patrol vehicles were decommissioned or surplusled when new patrol vehicles were purchased in 2017.



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<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County: City or County: YEAR ENDING :	City of Canon City December 2014 December 2017
This Information From The Records Of (example - City of _ or County of _ City of Canon City		Prepared By: Phone:	Mickey Wells (719) 269-9011

**I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE**

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

**II. RECEIPTS FOR ROAD AND STREET PURPOSES**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	7,581,619
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	1,840,108
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations	308,762	b. Snow and ice removal	
3. Other local imposts (from page 2)	3,636,933	c. Other	
4. Miscellaneous local receipts (from page 2)	287,071	d. Total (a. through c.)	0
5. Transfers from toll facilities		4. General administration & miscellaneous	337,410
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	181,078
a. Bonds - Original Issues		6. Total (1 through 5)	9,940,215
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes	5,000,000	1. Bonds:	
d. Total (a. + b. + c.)	5,000,000	a. Interest	635
7. Total (1 through 6)	9,232,766	b. Redemption	3,000
<b>B. Private Contributions</b>		c. Total (a. + b.)	3,635
<b>C. Receipts from State government</b> (from page 2)	658,082	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	112,180	a. Interest	59,178
<b>E. Total receipts (A.7 + B + C + D)</b>	10,003,028	b. Redemption	
		c. Total (a. + b.)	59,178
		3. Total (1.c + 2.c)	62,813
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	10,003,028

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>	9,000	0	3,000	6,000
1. Bonds (Refunding Portion)				
<b>B. Notes (Total)</b>	0	5,000,000	0	5,000,000

**V. LOCAL ROAD AND STREET FUND BALANCE**

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		10,003,028	10,003,028		0

**Notes and Comments:**

<b>LOCAL HIGHWAY FINANCE REPORT</b>		STATE: Colorado
		YEAR ENDING (mm/yy): December 2014

## II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	7,843	a. Interest on investments	39,124
b. Other local imposts:		b. Traffic Fines & Penalties	181,078
1. Sales Taxes	3,428,169	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	76,295	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	63,418
5. Specific Ownership &/or Other	124,626	g. Other Misc. Receipts	3,451
6. Total (1. through 5.)	3,629,090	h. Other	
c. Total (a. + b.)	3,636,933	i. Total (a. through h.)	287,071
(Carry forward to page 1)		(Carry forward to page 1)	

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	592,901	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	65,181	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	112,180
f. Total (a. through e.)	65,181	g. Total (a. through f.)	112,180
4. Total (1. + 2. + 3.f)	658,082	3. Total (1. + 2.g)	
		(Carry forward to page 1)	

## III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs	89,699	269,715	359,414
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		6,741,544	6,741,544
(4). System Enhancement & Operation	23,006	457,655	480,661
(5). Total Construction (1) + (2) + (3) + (4)	23,006	7,199,199	7,222,205
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	112,705	7,468,914	7,581,619
		(Carry forward to page 1)	

Notes and Comments: