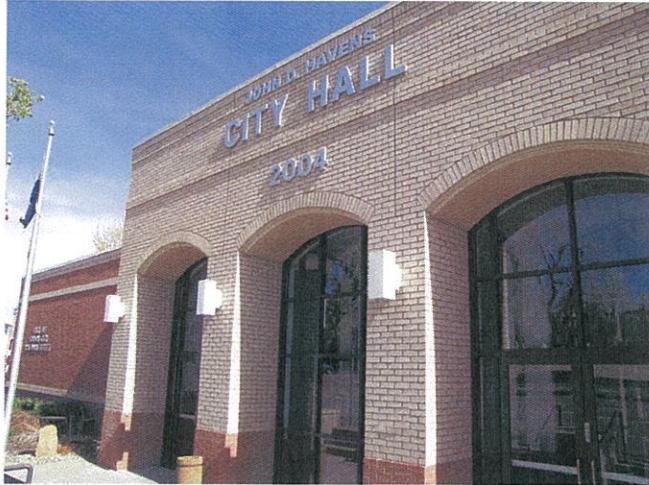
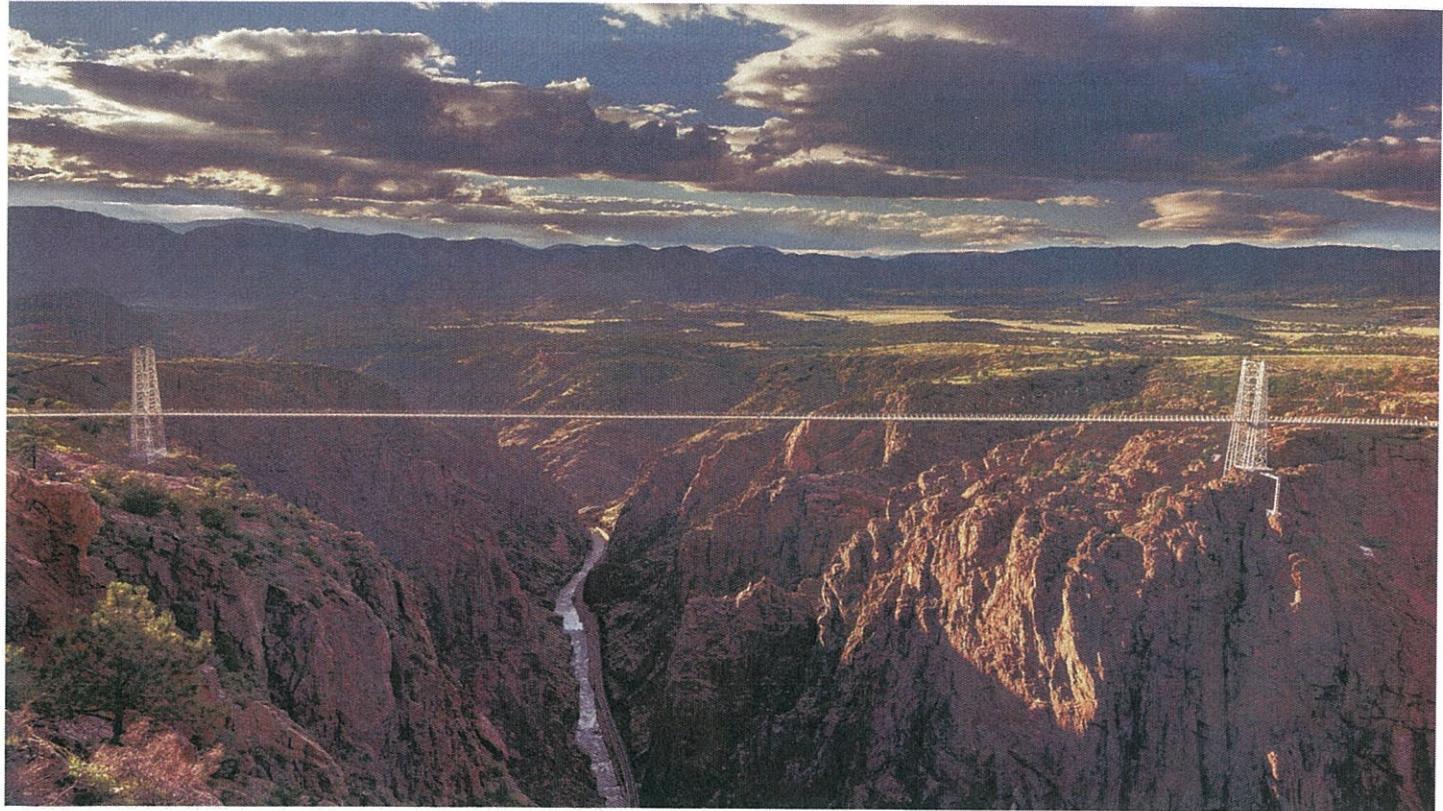


# CITY OF CAÑON CITY, COLORADO



## COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDING DECEMBER 31, 2016



# **CITY OF CAÑON CITY COLORADO**



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT For the fiscal year ended December 31, 2016**

**Prepared by:  
Department of Finance**



**THIS PAGE INTENTIONALLY LEFT BLANK**

# TABLE OF CONTENTS

	<b>PAGE</b>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal.....	i - vi
Elected Officials, Appointed Officials and Department Heads.....	vii
City Organization Chart.....	viii
Certificate of Achievement for Excellence in Financial Reporting.....	ix
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report.....	1 - 2
Management's Discussion and Analysis.....	3 - 14
<b>Basic Financial Statements</b>	
Statement of Net Position.....	17
Statement of Activities.....	18 - 19
Balance Sheet - Governmental Funds.....	20
Reconciliation of the Governmental Funds Balance Sheet To Statement of Net Position.....	21
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.....	23
Statement of Net Position – Proprietary Funds.....	24
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds.....	25
Statement of Cash Flows – Proprietary Funds.....	26
Notes to Financial Statements.....	27 - 50
<b>Required Supplementary Information</b>	
Budgetary Comparison Schedule – General Fund.....	53
Schedule of Proportionate Share of the Net Pension Asset and Contributions.....	54 - 55
Notes to Required Supplementary Information.....	56

# TABLE OF CONTENTS

(Continued)

<b>FINANCIAL SECTION</b> (Continued)	<b>PAGE</b>
<b>Combining and Individual Fund Statements and Schedules</b>	
Combining Balance Sheet – Nonmajor Governmental Funds.....	58 - 59
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	60 - 61
Budgetary Comparison Schedule – Park Improvement Fund.....	62
Budgetary Comparison Schedule – Conservation Trust Fund.....	63
Budgetary Comparison Schedule – Library Donations Fund.....	64
Budgetary Comparison Schedule – Museum Donations Fund.....	65
Budgetary Comparison Schedule – Excess Special Improvement District Fund.....	66
Budgetary Comparison Schedule – Quality of Life Fund.....	67
Budgetary Comparison Schedule – Water Fund.....	68
Budgetary Comparison Schedule – Stormwater Utility Fund.....	69
Budgetary Comparison Schedule – Insurance Internal Service Fund.....	70
<b>STATISTICAL SECTION</b> (Unaudited)	
Statistical Section Contents Summary.....	71
<b>Financial Trends</b>	
Net Position by Component (Table 1).....	73 - 74
Changes in Net Position (Table 2) .....	75 - 76
Fund Balances, Governmental Funds (Table 3).....	77
Changes in Fund Balances, Governmental Funds (Table 4).....	78

# TABLE OF CONTENTS

(Continued)

<b>STATISTICAL SECTION (Continued)</b>	<b>PAGE</b>
<b>Revenue Capacity</b>	
Assessed Value and Estimated Actual Value of Taxable Property (Table 5).....	79
Direct and Overlapping Property Tax Rates (Table 6).....	80
Property Tax Levies and Collections (Table 7).....	81
General Revenues-Taxes by Category (Table 8).....	82
Sales Tax by Category (Table 9).....	83
Royal Gorge Bridge Lease Revenues (Table 10).....	84
Water Revenues (Table 11).....	85
Water Sales by Type of Customer (Table 12).....	86
<b>Debt Capacity</b>	
Ratios of Outstanding Debt by Type (Table 13).....	87
Ratios of General Bonded Debt Outstanding and Legal Debt Margin (Table 14).....	88
Ratios of Water Fund Debt Outstanding (Table 15).....	89
Direct and Overlapping Debt (Table 16).....	90
<b>Demographic and Economic Information</b>	
Demographic and Economic Statistics (Table 17).....	91
Principal Employers (Table 18).....	92
Full-Time Equivalent City Government Employees by Function/Program (Table 19).....	93
<b>Operating Information</b>	
Operating Indicators by Function/Program (Table 20).....	94
Capital Asset Statistics by Function/Program (Table 21).....	95
<b>COMPLIANCE SECTION</b>	
Local Highway Finance Report.....	97 - 98



**THIS PAGE INTENTIONALLY LEFT BLANK**



# ***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, 2017

Honorable Mayor and City Council  
City of Cañon City, Colorado

The staff 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, 2016, 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 Swanson & Company LLC 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 shows 16,313 persons living within the incorporated City limits. The median age of the community's residents is about seven years older than that of the state. The annual median household income in Cañon City is approximately \$18,500 less than it is state-wide.

The City has experienced a minor annual population decrease (about 0.09% 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 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. For some period, the Bridge as a local attraction declined, from about 504,000 visitors in 1996 to 265,000 in 2012, the year prior to the summer wildfire in 2013 that destroyed most of the Park facilities. In 2016, the second full year of attendance following the fire, the number of visitors has increased about 27.5% over 2012, to about 339,000. The increase is attributable to new facilities and some improved attractions. The Royal Gorge Park and other tourist amenities such as the Royal Gorge Route Tourist Train 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, 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 2016, 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 continued to be strong in spite of the 2013 major 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 2016 taxable sales for restaurants increased by 3.8% and hotel/motel businesses increased by 10.1%. Overall the City's sales tax revenues increased from \$6,214,004 in 2015 to \$6,437,303 in 2016, a 3.6% 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 has been relatively flat for some time. The exception was 2013, when a number of new commercial development projects occurred.

Year	Number of Permits	Valuation of Work
2012	700	\$ 9,408,725
2013	512	\$15,355,073
2014	443	\$ 7,809,644
2015	422	\$ 8,634,285
2016	464	\$11,068,166

In November, 2016, the City Council met and evaluated data gathered from a variety of sources including a 2016 citizen survey. 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 recently adopted 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 Park and Bridge 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 will begin 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 2016, 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 to 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 2009, Cañon City's voters approved a referendum that allowed the City a 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 and has continued through 2016.

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 improvement plan, a community trails and open space plan, a plan for the improvement of the Hogbacks Recreation Area, 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 2017 and beyond as the community seeks economic and financial growth and improvement.

The City has instituted efforts with the Chamber of Commerce 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.

Initiatives also included the formation and organization of a downtown development authority. The intention of this initiative is to attract and promote business development in the downtown area. A downtown development authority will over time also promote improvements to existing properties downtown.

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 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. Grants were pursued and awarded to the City for the purposes of developing a significant trail system in the Hogbacks Recreation Area, where about

6 miles of new trails, trailhead and facilities were constructed. The initial trail, a segment of the Rim Trail, was 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 are 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. 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, 2015. 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 R. O'Rourke  
City Administrator



Hasmukh C. Patel  
Finance Director



# CITY OF CAÑON CITY COLORADO

## For the Year Ended December 31, 2016

### Elected Officials

Mayor	Preston Troutman
Council Member – District 1	Frank Jaquez
Council Member – District 2	Ashley Smith
Council Member – District 3	Dennis Wied
Council Member – District 4	Mark Gill
Council Member – At-Large	Scott Eckstrom
Council Member – At-Large	Kathleen Schumacher
Council Member – At-Large	Jim Meisner

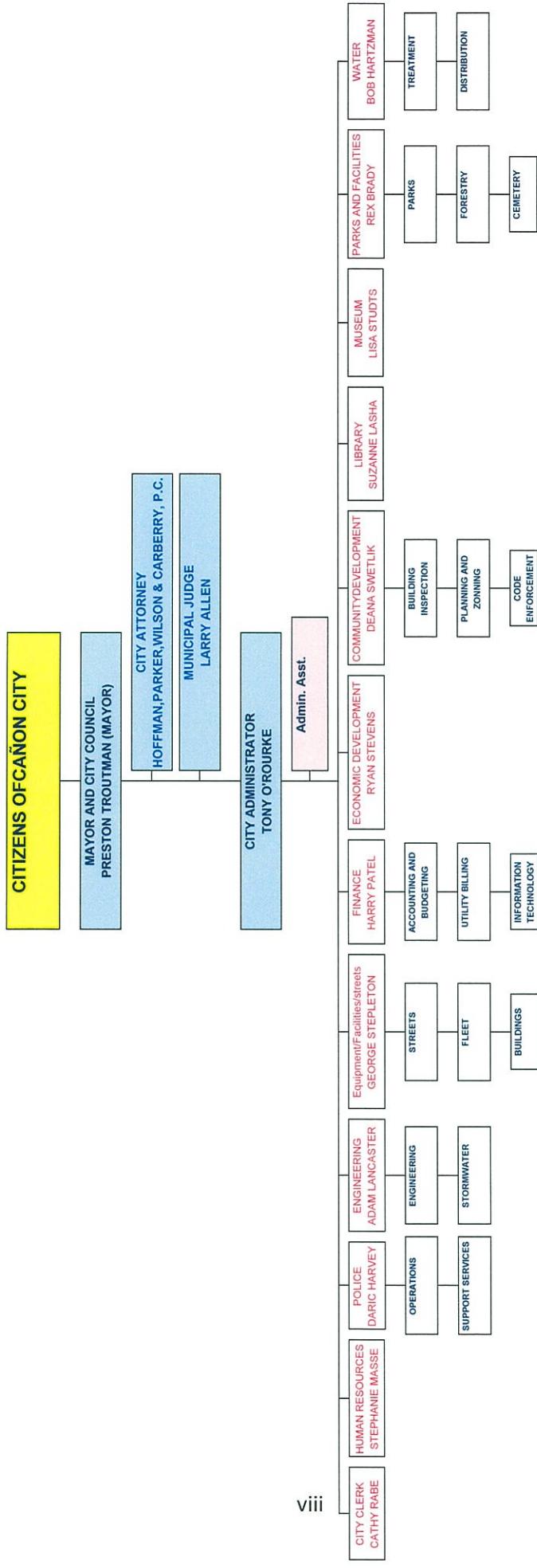
### Appointed Officials

City Administrator	Tony O'Rourke
City Attorney	Kathy Sellars,
Municipal Judge	Corey Hoffman
	Larry Dean Allen

### Department Heads

Community Development Director	Terri Bernath
Parks Director	Rex Brady
Water Superintendent	Bob Hartzman
City Engineer	Adam Lancaster
Library Director	Suzanne Lasha
Human Resources Director	Stephanie Masse
Finance Director	Hasmukh (Harry) Patel
City Clerk	Cathy Rabe
Police Chief	Paul Schultz
Fleet Manager	George Stepleton
Museum Director	Lisa Studts

# 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, 2015**

Executive Director/CEO



**THIS PAGE INTENTIONALLY LEFT BLANK**



Certified Public Accountants

## Swanhorst & Company LLC

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

### INDEPENDENT AUDITORS' REPORT

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, 2016, 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.

#### **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, 2016, 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 Matters (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.



May 31, 2017

# 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, 2016. 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

### Government-wide highlights:

- ◆ The City's total net position increased as a result of this year's operations. The net position of the business-type activities increased by \$538,465 (or 1.52 percent), while the net position of our governmental activities increased by \$1,685,631 (2.72 percent). A significant portion of the increase to the net position of the governmental activities is attributable to the increase in Royal Gorge Bridge lease revenues from the Royal Gorge Bridge and Park as the economy continues to improve following a major fire at the Royal Gorge Bridge in 2013.
- ◆ During the year, the City's governmental activities had expenses that were \$546,436 greater than the prior year (or 4.51 percent), and total revenues were decreased by \$2,258,791 (or 13.96 percent).
- ◆ In the City's business activities, revenue increased by \$298,318 (or 4.42 percent) and expenses decreased by \$158,246 (or 2.55 percent).

### Fund highlights:

- ◆ The fund balance for the General Fund increased by \$1,180,719 compared to a budgeted decrease of \$1,740,986 primarily due to a combination of significant savings on operating expenses, deferred capital projects, higher than anticipated sales tax revenues and unexpected revenues from the Royal Gorge Bridge.
- ◆ Sales and use tax revenue, the City's largest single source of General Fund revenue, increased by \$248,787 from 2015 due to the positive growth in the local economy.
- ◆ At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,008,801 (or 31.31 percent of total General Fund expenditures). The City's other governmental funds reported a combined ending fund balance of \$3,391,615, an increase of \$348,959 in comparison with the prior year. Within the total fund balance for the governmental funds, \$548,806 is restricted by specific legal requirements, \$711,832 has been committed, \$5,727,325 is classified as assigned, and \$2,112,734 is non-spendable for inventory, prepaid items and the Cemetery Perpetual Care Fund.
- ◆ 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. \$2,536,781 was applied to General Government purposes – City Council, City Clerk, Election, Municipal Court, Administration, Human Resources, Computer Resources, Buildings, Finance, City Attorney, Non-Departmental, and Community Development.
  - b. \$3,676,267 for Public Safety – Victim Assistance, Administration, Patrol, Investigation, Communication, Stop Program, Parking & Code Enforcement, Police Building, School Resource Officer, and Community Programs.
  - c. \$1,739,921 for Public Works – Equipment Repair, Street Maintenance, Engineering, and Street Projects.
  - d. \$783,169 for Culture and Recreation – Cañon City Public Library and the Royal Gorge Museum and History Center.
  - e. \$638,726 for Capital Outlay.
  - f. \$235,670 for Debt Service.

## Long-term debt highlight:

- ◆ Total outstanding long-term debt decreased by \$744,027 during the current fiscal year primarily due to a combination of the COP outstanding balance being reduced by \$422,186, reduced compensated absences liability by \$107,841, reduced outstanding PID bond balance by \$14,000 and the outstanding balance for City Hall capital lease being reduced by \$200,000.

## OVERVIEW OF THE FINANCIAL STATEMENTS

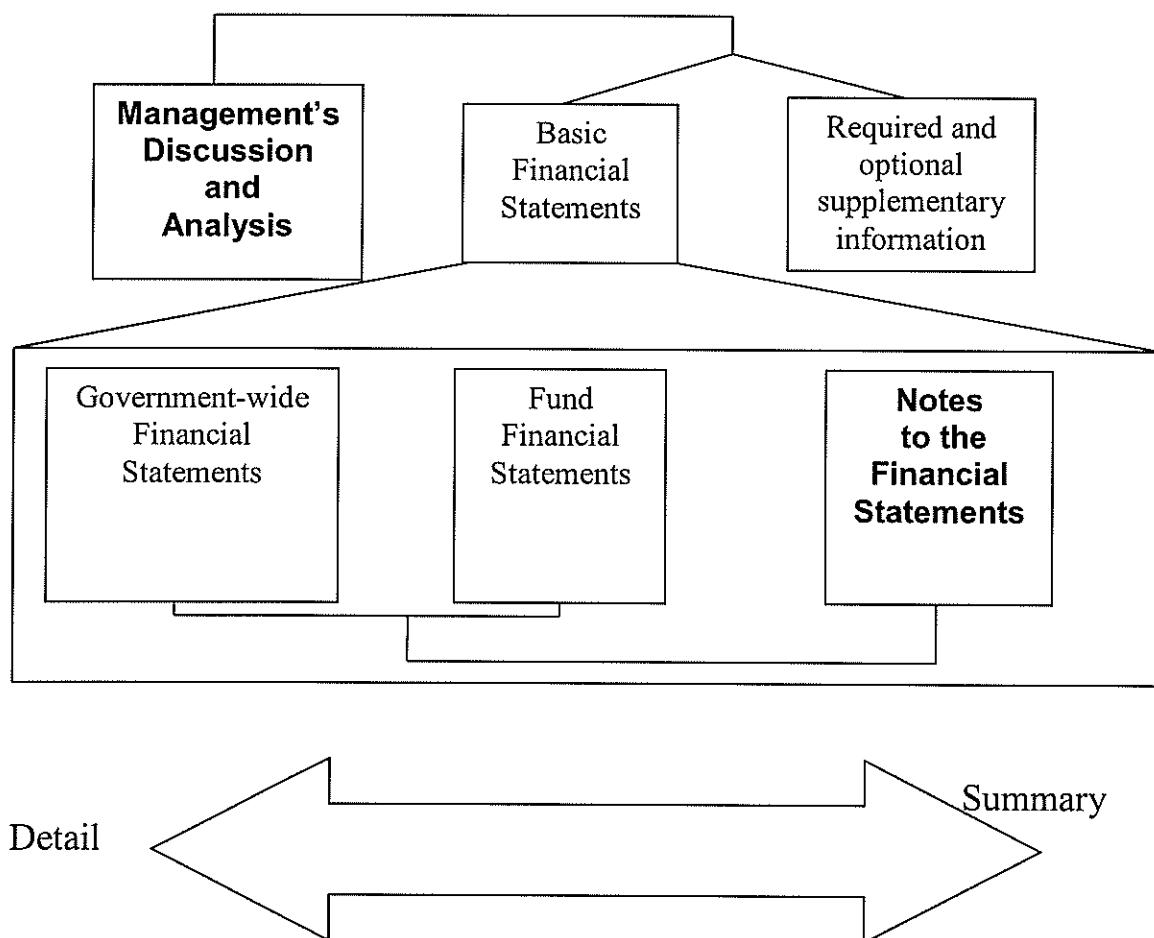
This annual report consists of three components: (1) government-wide statements, (2) fund financial statements, and (3) notes to the financial statements. The report also contains other supplementary information.

### 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.

### Required Financial Information of City of Cañon City's Annual Financial Report



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 Cañon City Finance Authority Corporation is a Colorado nonprofit corporation formed for the purpose of purchasing, leasing, or otherwise acquiring certain real property and to construct or install thereon certain improvements, and thereafter to lease the same for public purposes to the City.

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 ten individual governmental funds for the year ended December 31, 2016. 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 which is the only major governmental fund. The Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds includes data from the other nine funds. The Combining Balance Sheet – Non-major Governmental Fund's reports data combined into a single aggregated presentation for the remaining nine Non-major Governmental Funds as of December 31, 2016.

**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 \$99,655,609. This is a \$2,224,096 increase over last year's net position of \$97,431,513. Net position may serve as a useful indicator of the City's financial position.

The largest portion of Cañon City's net position, \$77,873,459 (77.71 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	14,824,977	13,160,926	9,160,409	7,911,233	23,985,386	21,072,159
Capital assets	52,021,851	51,919,551	37,150,592	38,453,881	89,172,443	90,373,432
Net pension assets	129,813	531,834	-	-	129,813	531,834
<b>Total assets</b>	<b>66,976,641</b>	<b>65,612,311</b>	<b>46,311,001</b>	<b>46,365,114</b>	<b>113,287,642</b>	<b>111,977,425</b>
Deferred Outflow of Resources	567,617	178,340	-	-	567,617	178,340
Other Liabilities	1,438,773	1,071,302	343,252	506,238	1,782,025	1,577,540
Long - term liabilities	2,040,196	2,354,631	9,950,739	10,380,331	11,990,935	12,734,962
<b>Total Liabilities</b>	<b>3,478,969</b>	<b>3,425,933</b>	<b>10,293,991</b>	<b>10,886,569</b>	<b>13,772,960</b>	<b>14,312,502</b>
Deferred Inflow of Resources	426,690	411,750	-	-	426,690	411,750
<b>Net position</b>						
Net investment in capital assets	50,472,851	50,156,551	27,400,608	28,281,711	77,873,459	78,438,262
Restricted	2,545,585	2,504,488	-	-	2,545,585	2,504,488
Unrestricted	10,620,163	9,291,929	8,616,402	7,196,834	19,236,565	16,488,763
<b>Total net position</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>

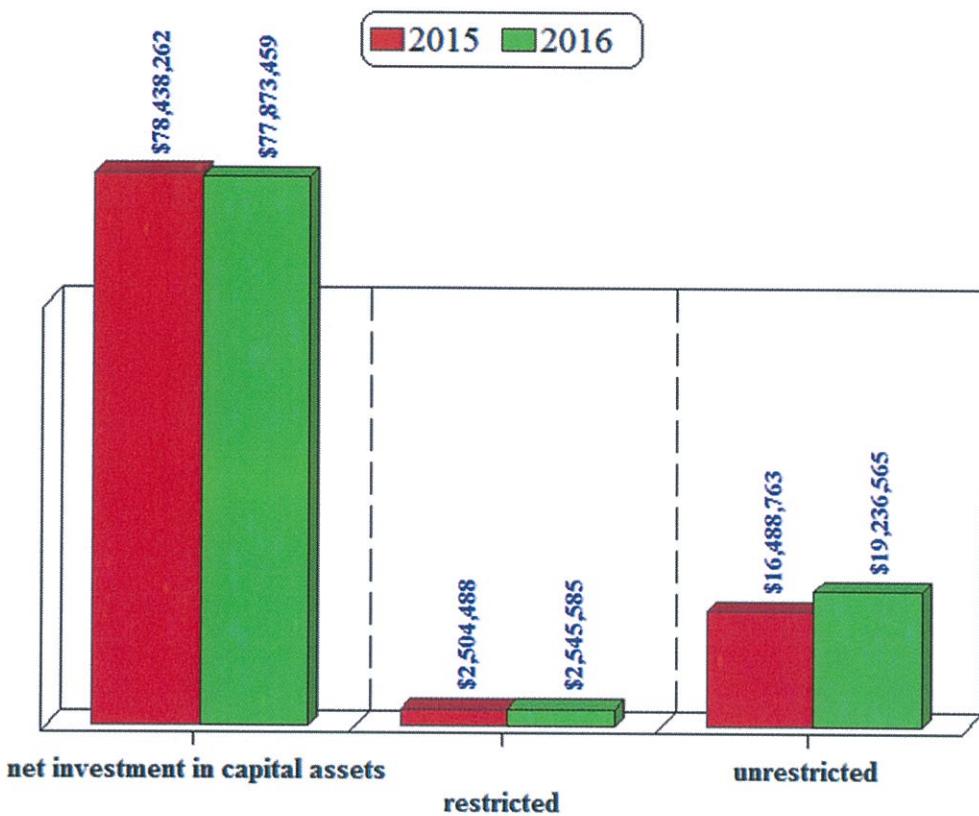
Only \$2,545,585 of the City's net position represent resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$19,236,565 may be used to meet the City's ongoing obligation to citizens and creditors.

As of December 31, 2016, 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 \$314,435. Other governmental activities liabilities increased by \$367,471 primarily due to increases in accounts payable and self-insurance claims payable.

## CITY OF CAÑON CITY Net Position

December 31, 2015 and 2016



**Analysis of City's Operations:** Overall the City had an increase in net position of \$2,224,096.

**Governmental Activities:** Total net position increased by \$1,685,631. The key elements of this increase are due to the following:

- Total revenues from governmental activities decreased from the previous year by \$2,258,791 (13.96 percent).
- Program revenue had a net decrease of \$2,714,196. Charges for services increased by \$46,226 (or 6.13 percent). Operating Grants & Contributions increased by \$9,723 (or 1.19 percent). Capital Grants and Contributions decreased by \$2,770,145 (or 62.30 percent) primarily due to the reduced level of contributed capital assets from the Royal Gorge Bridge Company subsequent to the June, 2013 fire.
- Sales and use tax revenues increased by \$248,787 (or 3.95 percent) mainly due to improved growth in local economy.
- Franchise tax revenues decreased by \$1,804 (or 0.22 percent).
- Royal Gorge Bridge lease revenues increased by \$256,918 (or 12.06 percent).
- Investment earnings increased by \$42,140 (or 141.31 percent) consistent with the current investment market.
- General Government expenses increased by \$142,195 (or 5.63 percent) primarily due to an increase in operating costs.
- Public Safety expenses increased by \$312,151 (or 8.68 percent) primarily due to increases in operating costs and departmental personnel reorganization costs. Public Works expenses decreased by \$108,116 (or 3.88 percent) primarily due to a combination of a decrease in operating costs and employee turnover.
- Culture and Recreation expenses increased by \$204,949 (or 6.46 percent) primarily due to an increase in depreciation expenses resulting from the reconstruction of major assets at the Royal Gorge Bridge.
- The budgeting strategy for 2016 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, 2016 with comparative totals for the year ended December 31, 2015.

## CHANGES IN NET POSITION RESULTING FROM REVENUES AND EXPENSES

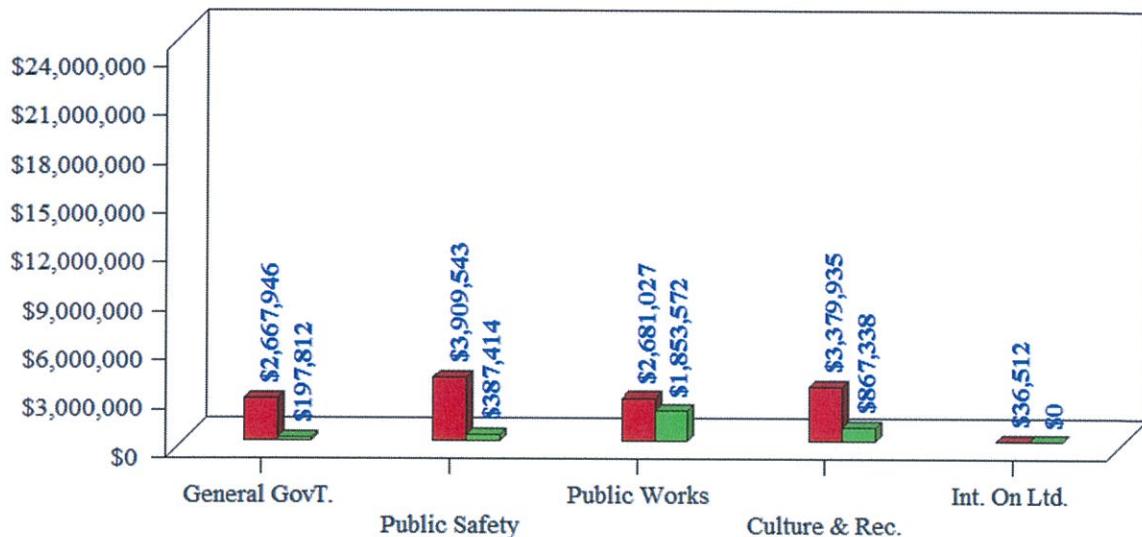
Account	Governmental Activities		Business-type Activities		Total	
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year
<b>Statement of Activities</b>						
<b>Program revenues(major sources)</b>						
Charges for Services	799,712	753,486	6,814,166	6,547,965	7,613,878	7,301,451
Operating Grants & Contributions	829,770	820,047	-	128,615	829,770	948,662
Capital Grants & Contributions	1,676,654	4,446,799	187,300	53,500	1,863,954	4,500,299
<b>General Revenues:</b>						
Property Taxes	439,004	426,772	-	-	439,004	426,772
Sales and Use Taxes	6,540,451	6,291,664	-	-	6,540,451	6,291,664
Other Taxes	18,262	31,747	-	-	18,262	31,747
Franchise Taxes	800,723	802,527	-	-	800,723	802,527
Grants and Contributions not Restricted to Specific Programs	276,061	263,603	-	-	276,061	263,603
Royal Gorge Bridge Revenues	2,387,470	2,130,552	-	-	2,387,470	2,130,552
Investment Earnings	71,961	29,821	39,646	12,714	111,607	42,535
Other Revenues	76,826	178,667	-	-	76,826	178,667
<b>Total Revenues</b>	<b>13,916,894</b>	<b>16,175,685</b>	<b>7,041,112</b>	<b>6,742,794</b>	<b>20,958,006</b>	<b>22,918,479</b>
<b>Program Expenses:</b>						
General Government	2,667,946	2,525,751	-	-	2,667,946	2,525,751
Public Safety	3,909,543	3,597,392	-	-	3,909,543	3,597,392
Public Works	2,681,027	2,789,143	-	-	2,681,027	2,789,143
Culture and Recreation	3,379,935	3,174,986	-	-	3,379,935	3,174,986
Interest on Long-term Debt	36,512	41,255	-	-	36,512	41,255
Water	-	-	5,650,774	5,749,551	5,650,774	5,749,551
Stormwater Utility	-	-	408,173	467,642	408,173	467,642
<b>Total Expenses</b>	<b>12,674,963</b>	<b>12,128,527</b>	<b>6,058,947</b>	<b>6,217,193</b>	<b>18,733,910</b>	<b>18,345,720</b>
<b>Increase in Net Position Before Transfers</b>	<b>1,241,931</b>	<b>4,047,158</b>	<b>982,165</b>	<b>525,601</b>	<b>2,224,096</b>	<b>4,572,759</b>
<b>Transfers</b>						
<b>Change in Net Position</b>	<b>443,700</b>	<b>443,700</b>	<b>(443,700)</b>	<b>(443,700)</b>	<b>-</b>	<b>-</b>
<b>Net Position-Beginning of Year</b>	<b>1,685,631</b>	<b>4,490,858</b>	<b>538,465</b>	<b>81,901</b>	<b>2,224,096</b>	<b>4,572,759</b>
<b>Net Position, End of Year</b>	<b>61,952,968</b>	<b>57,462,110</b>	<b>35,478,545</b>	<b>35,396,644</b>	<b>97,431,513</b>	<b>92,858,754</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>

**(Remainder of Page Left Blank Intentionally)**

# GOVERNMENTAL ACTIVITIES

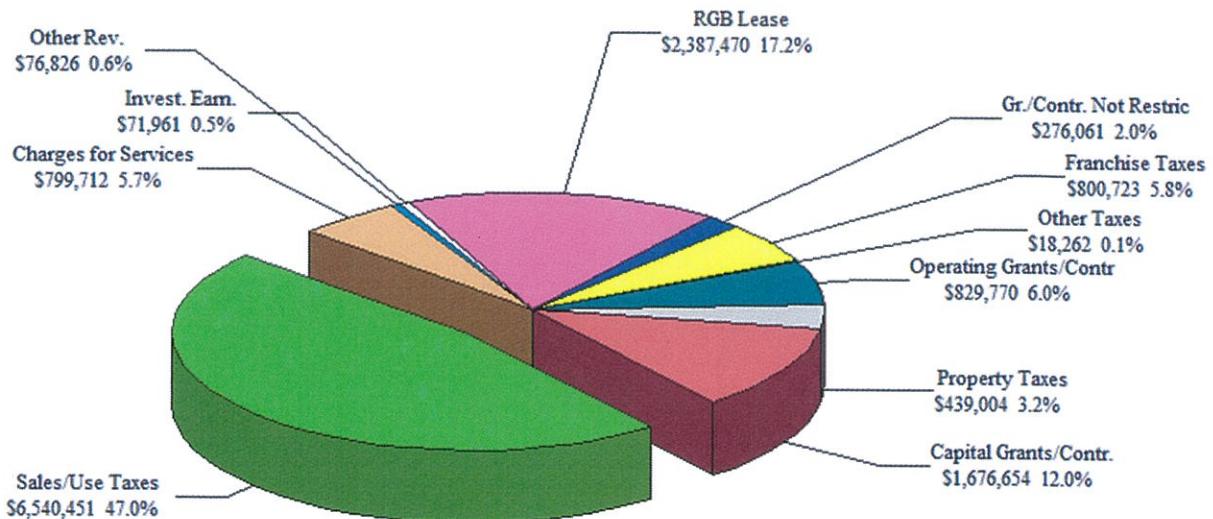
## EXPENSES AND PROGRAM REVENUES

■ Expenses ■ Program Revenues



# GOVERNMENTAL ACTIVITIES

## Revenue Allocation

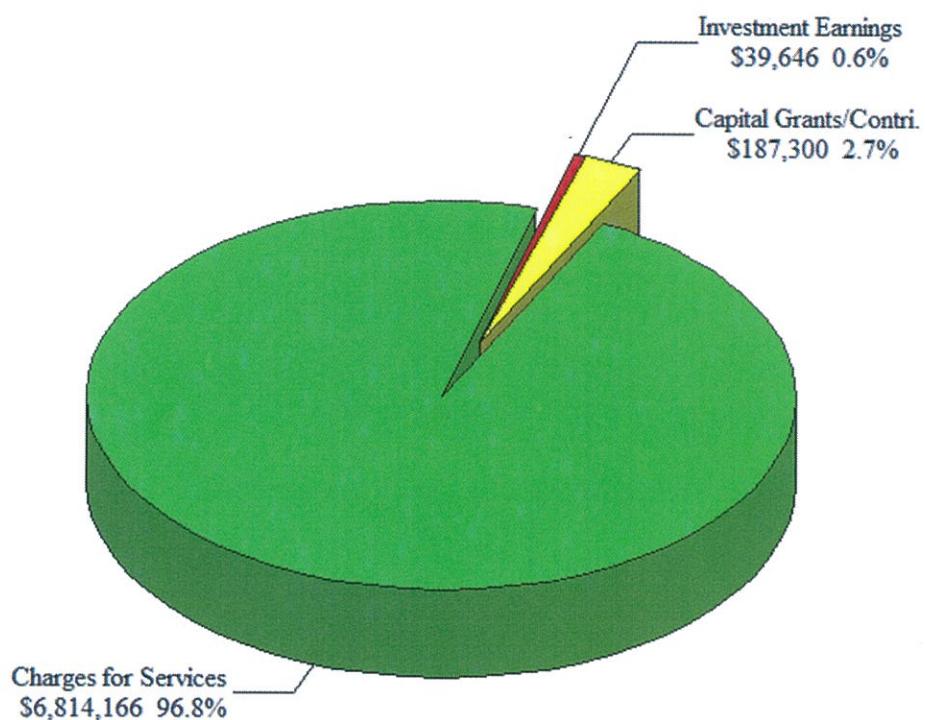


**Business-type Activities:** Total net position from business-type activities increased from the previous year by \$538,465 (or 1.52 percent). The key elements of this increase are due to the following:

- The City Stormwater Utility Fund had a total increase in net position of \$141,955 primarily from purchased services expenditures significantly lower than budgeted amounts.
- The Water Fund had a total increase in net position of \$396,510 primarily from greater than estimated operating revenues and tap fees.

## BUSINESS-TYPE ACTIVITIES

### Revenue Allocation



(Remainder of Page Left Blank Intentionally)

## 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.



At the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$12,109,498, an increase of \$1,529,678 in comparison with the prior year. Within this total \$548,806 (4.53 percent) is restricted by specific legal requirements, \$711,832 (5.88 percent) has been committed and \$5,727,325 (47.30 percent) is assigned to specific types of expenditures, and \$2,112,734 (17.45 percent) is non-spendable for inventory, cemetery, and prepaid items. The remaining \$3,008,801 (24.85 percent) is unassigned fund balance in the General Fund and can be used for any lawful purpose. Additional detailed information can be found in note 6 of Notes to Financial Statements.

- ◆ **The General Fund** is the City's primary operating fund. At the end of the current fiscal year the unassigned fund balance was \$3,008,801, while the total fund balance equaled \$8,717,883. In the current fiscal year, the fund balance of the General Fund increased by \$1,180,719. This is due to a combination of factors, including significant savings in operating, deferred capital projects, tax revenues greater than estimated and unanticipated revenues from the Royal Gorge Bridge.
- ◆ **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 \$7,709,019.

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 Stormwater Utility Fund at the end of 2016 was \$907,383.

The net position of the Internal Service Fund, which accounts for the City's self-insurance program, decreased by \$224,353 (21.85 percent). This decrease was primarily the result of an increase in annual claims. The increase in claims cost is partially attributable to an increase in the number of major claims in 2016.

### General Fund Budgetary Highlights

The original budget in the General Fund was \$11,897,856. The total General Fund budget was increased by \$48,000 during the year.

The General Fund total revenues were \$586,383 higher than the revenue budget. Several of the revenue categories had significant variances from budget. Taxes and assessments revenues were \$163,039 higher than budgeted primarily due to sales and use taxes being \$197,712 greater than budgeted, franchise taxes were \$39,477 lower than budgeted and other taxes were \$4,804 higher than budgeted. Licenses and permits were \$31,174 lower than budgeted. Intergovernmental revenues were \$266 higher than budgeted. Charges for services were \$33,739 lower than budgeted and Fines and Forfeitures revenues were \$5,101 higher than budgeted due to an increase in traffic tickets. Other revenues were \$34,693

greater than budgeted due to unexpected refunds. The General Fund portion of the Royal Gorge Bridge revenues was \$417,470 higher primarily due to a higher than expected annual lease payment from the Royal Gorge Bridge.

The General Fund total expenditures were \$2,335,322 under budget. General Government expenditures were \$338,440 under budget due to a combination of vacancy savings, reduced operating costs were also significantly under budget in various General Government departments, most notably in City Council, City Clerk, City Administration, Finance, and Court. Public Safety spending was \$382,534 lower than budgeted expenditures due to vacancy savings and other operating costs. Public Works operating costs were \$243,224 lower than budgeted, Culture and Recreation spending was \$93,330 under the budget primarily due to vacancy saving, and Capital projects costs were \$1,277,794 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, 2016 amounted to \$89,172,443 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	
	2016	2015	2016	2015	2016	2015
Land	1,883,027	1,883,027	340,672	340,672	2,223,699	2,223,699
Ditch Stock	7,414	7,414	1,019,163	1,016,413	1,026,577	1,023,827
Construction in Progress	491,521	145,642	107,023	45,226	598,544	190,868
Infrastructure	16,927,943	16,104,447	-	-	16,927,943	16,104,447
Buildings	17,472,483	18,118,258	4,825,054	5,029,255	22,297,537	23,147,513
Improvements	14,682,065	15,105,209	-	-	14,682,065	15,105,209
Water and Stormwater Systems	-	-	30,373,613	31,353,421	30,373,613	31,353,421
Machinery and Equipment	557,398	555,554	485,067	668,894	1,042,465	1,224,448
<b>Total</b>	<b>\$ 52,021,851</b>	<b>\$ 51,919,551</b>	<b>\$ 37,150,592</b>	<b>\$ 38,453,881</b>	<b>\$ 89,172,443</b>	<b>\$ 90,373,432</b>

(Remainder of Page Left Blank Intentionally)

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

## Governmental Activities

- Purchased e-mail server for City Hall
- Installed HVAC system for Royal Gorge Regional Museum
- Made security improvements to Police Department impound lot
- Purchased two patrol vehicles for Police Department
- Purchased flat saw for Streets Department
- Purchased weed spray trailer for Streets Department
- Installed new culvert for Oil Creek Ditch
- Paved US Highway pull off for future way-finding kiosk site
- Repaved alley north of Main Street from 600-700 block
- Constructed trail in Hogback Open Space
- Purchased three turf mowers for Parks Department
- Constructed traffic round-about at US Highway 50 and Dozier Ave
- Paved a half mile of dirt roads at Phelps, Cherry, and Four Mile Roads
- Replaced roof on historic Rudd House at Royal Gorge Regional Museum
- Constructed trailhead parking and restroom facilities at Tunnel Drive Trail
- Renovated elevator chair at Royal Gorge Regional Museum

## Business-type Activities

- Purchased radio-read data collector
- Purchased radio-read water meters
- Constructed culvert along Orchard Ave

Additional information on the City's capital assets can be found in Note 3 to the financial statements.

**Debt Administration:** At the end of the current fiscal year, the City had total outstanding debt of \$11,990,935 (certificates of participation, capital lease, public improvement bonds and compensated absences). The City's total debt was decreased by \$744,027 during the current fiscal year.

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

- Balance of City Hall Capital Lease decreased by \$200,000
- Balance of the 2008 certificates of participation decreased by \$415,000
- Balance of Premium related to the 2008 COPs decreased by \$7,186
- Compensated absences decreased by \$107,841
- Repayments of Public Improvement Bonds reduced the outstanding balance by \$14,000

Additional information on the City's long-term debt can be found in Note 4 to the financial statements.

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Public Improvement Bonds	9,000	23,000	-	-	9,000	23,000
Compensated Absences	491,196	591,631	200,755	208,161	691,951	799,792
Capital Lease	1,540,000	1,740,000	-	-	1,540,000	1,740,000
Certificates of Participation	-	-	9,635,000	10,050,000	9,635,000	10,050,000
Premium	-	-	114,984	122,170	114,984	122,170
<b>Total</b>	<b>\$ 2,040,196</b>	<b>\$ 2,354,631</b>	<b>\$ 9,950,739</b>	<b>\$ 10,380,331</b>	<b>\$ 11,990,935</b>	<b>\$ 12,734,962</b>

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

The City's 2017 budget reflects continuation of our plan to keep the City on solid ground for providing services to our citizens during 2017 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 2017 budget lays out the City's vision for achieving long term goals and more focus on action beyond 2016 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 2017 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 2017 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 2017 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**



**THIS PAGE INTENTIONALLY LEFT BLANK**

# **CITY OF CAÑON CITY, COLORADO**

## **Statement of Net Position**

**December 31, 2016**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash and Investments	\$ 12,017,556	\$ 7,763,508	\$ 19,781,064
Receivables			
Accounts	25,041	1,030,375	1,055,416
Taxes	1,128,069	-	1,128,069
Special Assessments	24,552	-	24,552
Interest	534	342	876
Other	1,508,027	83,301	1,591,328
Inventory	112,817	279,729	392,546
Prepaid Expenses	8,381	3,154	11,535
Capital Assets			
Not Being Depreciated	2,381,962	1,466,858	3,848,820
Being Depreciated, Net of Accumulated Depreciation	49,639,889	35,683,734	85,323,623
Net Pension Asset	<u>129,813</u>	<u>-</u>	<u>129,813</u>
<b>Total Assets</b>	<b><u>66,976,641</u></b>	<b><u>46,311,001</u></b>	<b><u>113,287,642</u></b>
<b>Deferred Outflows of Resources</b>			
Pensions, Net of Accumulated Amortization	<u>567,617</u>	<u>-</u>	<u>567,617</u>
<b>Liabilities</b>			
Accounts Payable	427,603	83,899	511,502
Retainage Payable	20,644	-	20,644
Accrued Interest Payable	2,602	56,858	59,460
Accrued Liabilities	201,385	64,068	265,453
Deposits	21,660	33,860	55,520
Insurance Claims	443,100	-	443,100
Unearned Revenues	321,779	104,567	426,346
Noncurrent Liabilities			
Due Within One Year	577,200	547,900	1,125,100
Due in More Than One Year	<u>1,462,996</u>	<u>9,402,839</u>	<u>10,865,835</u>
<b>Total Liabilities</b>	<b><u>3,478,969</u></b>	<b><u>10,293,991</u></b>	<b><u>13,772,960</u></b>
<b>Deferred Inflows of Resources</b>			
Property Taxes	393,436	-	393,436
Pensions, Net of Accumulated Amortization	<u>33,254</u>	<u>-</u>	<u>33,254</u>
<b>Total Deferred Inflows of Resources</b>	<b><u>426,690</u></b>	<b><u>-</u></b>	<b><u>426,690</u></b>
<b>Net Position</b>			
Net Investment in Capital Assets	50,472,851	27,400,608	77,873,459
Restricted for			
Cemetery Perpetual Care - Nonexpendable	1,996,779	-	1,996,779
Emergencies	278,747	-	278,747
Parks	64,075	-	64,075
Law Enforcement	23,765	-	23,765
Library	1,139	-	1,139
Museum	97,991	-	97,991
Debt Service	83,089	-	83,089
Unrestricted	<u>10,620,163</u>	<u>8,616,402</u>	<u>19,236,565</u>
<b>Total Net Position</b>	<b><u>\$ 63,638,599</u></b>	<b><u>\$ 36,017,010</u></b>	<b><u>\$ 99,655,609</u></b>

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, 2016

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	\$ 2,667,946	\$ 197,812	\$ -	\$ -
Public Safety	3,909,543	358,712	24,709	3,993
Public Works	2,681,027	24,650	707,171	1,121,751
Culture and Recreation	3,379,935	218,538	97,890	550,910
Interest on Long-term Debt	36,512	-	-	-
<b>Total Governmental Activities</b>	<b>12,674,963</b>	<b>799,712</b>	<b>829,770</b>	<b>1,676,654</b>
<b>Business-Type Activities</b>				
Water	5,650,774	6,007,315	-	187,300
Stormwater Utility	408,173	806,851	-	-
<b>Total Business-Type Activities</b>	<b>6,058,947</b>	<b>6,814,166</b>	<b>-</b>	<b>187,300</b>
<b>Total Primary Government</b>	<b>\$ 18,733,910</b>	<b>\$ 7,613,878</b>	<b>\$ 829,770</b>	<b>\$ 1,863,954</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.

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

	Governmental Activities	Business-Type Activities	Total
\$	(2,470,134)	\$ -	\$ (2,470,134)
	(3,522,129)	-	(3,522,129)
	(827,455)	-	(827,455)
	(2,512,597)	-	(2,512,597)
	(36,512)	-	(36,512)
	<u>(9,368,827)</u>	<u>-</u>	<u>(9,368,827)</u>
	-	543,841	543,841
	-	<u>398,678</u>	<u>398,678</u>
	-	942,519	942,519
	<u>(9,368,827)</u>	<u>942,519</u>	<u>(8,426,308)</u>
	439,004	-	439,004
	6,540,451	-	6,540,451
	18,262	-	18,262
	800,723	-	800,723
	276,061	-	276,061
	2,387,470	-	2,387,470
	71,961	39,646	111,607
	76,826	-	76,826
	<u>443,700</u>	<u>(443,700)</u>	<u>-</u>
	<u>11,054,458</u>	<u>(404,054)</u>	<u>10,650,404</u>
	1,685,631	538,465	2,224,096
	<u>61,952,968</u>	<u>35,478,545</u>	<u>97,431,513</u>
\$	<u>63,638,599</u>	<u>\$ 36,017,010</u>	<u>\$ 99,655,609</u>

# **CITY OF CAÑON CITY, COLORADO**

## **Balance Sheet**

### **Governmental Funds**

**December 31, 2016**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Assets</b>			
Cash and Investments	\$ 7,570,604	\$ 3,023,244	\$ 10,593,848
Receivables			
Taxes	1,128,069	-	1,128,069
Special Assessments	-	24,552	24,552
Interest	353	118	471
Other	900,857	607,170	1,508,027
Inventory	102,511	10,306	112,817
Prepaid Items	3,138	-	3,138
 Total Assets	 \$ 9,705,532	 \$ 3,665,390	 \$ 13,370,922
 <b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 275,082	\$ 152,521	\$ 427,603
Retainage Payable	4,845	15,799	20,644
Accrued Liabilities	190,285	11,100	201,385
Deposits	20,260	1,400	21,660
Unearned Revenues	103,241	9,953	113,194
 Total Liabilities	 593,713	 190,773	 784,486
 <b>Deferred Inflows of Resources</b>			
Property Taxes and Assessments	393,436	24,552	417,988
Grants	500	58,450	58,950
 Total Deferred Inflows of Resources	 393,936	 83,002	 476,938
 <b>Fund Balances</b>			
Nonspendable	105,649	2,007,085	2,112,734
Restricted	292,643	256,163	548,806
Committed	711,832	-	711,832
Assigned	4,598,958	1,128,367	5,727,325
Unassigned	3,008,801	-	3,008,801
 Total Fund Balances	 8,717,883	 3,391,615	 12,109,498
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	 \$ 9,705,532	 \$ 3,665,390	 \$ 13,370,922

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

# CITY OF CAÑON CITY, COLORADO

---

## Reconciliation of the Governmental Funds Balance Sheet to Statement of Net Position December 31, 2016

---

Total fund balances, Governmental Funds	\$ 12,109,498
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.	52,021,851
Net pension asset \$129,813, pension-related deferred outflows of resources \$567,617, and pension-related deferred inflows of resources (\$33,254) are not current financial resources and, therefore, are not reported in governmental funds	664,176
Noncurrent assets are not available to pay current expenditures and, therefore, are deferred in governmental funds. This amount represents special assessments and grants not available as current financial resources.	83,502
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.	802,370
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds.	(2,040,196)
Accrued interest payable on debt is not due and payable in the current period and, therefore is not reported in the governmental funds.	(2,602)
Total Net Position of Governmental Activities	\$ <u>63,638,599</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, 2016**

	General	Other Governmental Funds	Total
<b>Revenues</b>			
Taxes and Assessments	\$ 7,798,439	\$ 13,076	\$ 7,811,515
Licenses and Permits	155,126	-	155,126
Intergovernmental	1,008,626	707,525	1,716,151
Charges for Services	225,961	79,224	305,185
Fines and Forfeitures	212,101	-	212,101
Royal Gorge Bridge	707,470	1,680,000	2,387,470
Interest	40,127	23,404	63,531
Rent	109,810	17,490	127,300
Contributions and Donations	4,820	38,410	43,230
Other	70,073	6,754	76,827
<b>Total Revenues</b>	<b><u>10,332,553</u></b>	<b><u>2,565,883</u></b>	<b><u>12,898,436</u></b>
<b>Expenditures</b>			
Current			
General Government	2,536,781	167	2,536,948
Public Safety	3,676,267	-	3,676,267
Public Works	1,739,921	-	1,739,921
Culture and Recreation	783,169	1,142,763	1,925,932
Capital Outlay			
Streets	484,347	668,396	1,152,743
Other	154,379	375,434	529,813
Debt Service			
Principal	200,000	14,000	214,000
Interest	35,670	1,164	36,834
<b>Total Expenditures</b>	<b><u>9,610,534</u></b>	<b><u>2,201,924</u></b>	<b><u>11,812,458</u></b>
Excess of Revenues Over (Under) Expenditures	<u>722,019</u>	<u>363,959</u>	<u>1,085,978</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	458,700	12,355	471,055
Transfers Out	-	(27,355)	(27,355)
<b>Total Other Financing Sources (Uses)</b>	<b><u>458,700</u></b>	<b><u>(15,000)</u></b>	<b><u>443,700</u></b>
Net Change in Fund Balances	1,180,719	348,959	1,529,678
<b>Fund Balances, Beginning of Year</b>	<b><u>7,537,164</u></b>	<b><u>3,042,656</u></b>	<b><u>10,579,820</u></b>
<b>Fund Balances, End of Year</b>	<b><u>\$ 8,717,883</u></b>	<b><u>\$ 3,391,615</u></b>	<b><u>\$ 12,109,498</u></b>

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

# **CITY OF CAÑON CITY, COLORADO**

---

## **Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities For the Year Ended December 31, 2016**

---

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

Net Change in Fund Balances, Governmental Funds	\$ 1,529,678
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 (\$2,601,072), capital outlay \$1,703,291, capital contributions \$1,020,816 and disposals (\$20,735).	102,300
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 and grants.	(10,788)
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 \$14,000 and capital lease principal payments \$200,000.	214,000
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 \$100,435, accrued interest payable \$322, net pension asset (\$402,021), pension-related deferred outflows of resources \$389,277, and pension-related deferred inflows of resources (\$13,219).	74,794
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.	<u>(224,353)</u>
Change in Net Position of Governmental Activities	<u>\$ 1,685,631</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, 2016

	Business-Type Activities			Governmental Activities	
	Water Fund	Stormwater Utility Fund	Total		
				Internal Service Fund	
<b>Assets</b>					
<b>Current Assets</b>					
Cash and Investments	\$ 6,912,038	\$ 851,470	\$ 7,763,508	\$ 1,423,708	
Receivables					
Accounts	912,207	118,168	1,030,375	25,041	
Interest	304	38	342	63	
Other	83,301	-	83,301	-	
Inventory	279,729	-	279,729	-	
Prepaid Expenses	3,154	-	3,154	5,243	
Total Current Assets	<u>8,190,733</u>	<u>969,676</u>	<u>9,160,409</u>	<u>1,454,055</u>	
<b>Noncurrent Assets</b>					
Capital Assets					
Not Being Depreciated	1,236,429	230,429	1,466,858	-	
Being Depreciated, Net of Accumulated Depreciation	<u>32,229,446</u>	<u>3,454,288</u>	<u>35,683,734</u>	<u>-</u>	
Total Noncurrent Assets	<u>33,465,875</u>	<u>3,684,717</u>	<u>37,150,592</u>	<u>-</u>	
Total Assets	<u>41,656,608</u>	<u>4,654,393</u>	<u>46,311,001</u>	<u>1,454,055</u>	
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Accounts Payable	48,208	35,691	83,899	-	
Accrued Interest Payable	56,858	-	56,858	-	
Accrued Liabilities	60,329	3,739	64,068	-	
Deposits	33,860	-	33,860	-	
Insurance Claims	-	-	-	443,100	
Unearned Revenues	96,341	8,226	104,567	208,585	
Accrued Compensated Absences, Current Portion	113,500	4,400	117,900	-	
Certificates of Participation Payable, Current Portion	<u>430,000</u>	<u>-</u>	<u>430,000</u>	<u>-</u>	
Total Current Liabilities	<u>839,096</u>	<u>52,056</u>	<u>891,152</u>	<u>651,685</u>	
<b>Noncurrent Liabilities</b>					
Accrued Compensated Absences	72,618	10,237	82,855	-	
Certificates of Participation Payable	<u>9,319,984</u>	<u>-</u>	<u>9,319,984</u>	<u>-</u>	
Total Noncurrent Liabilities	<u>9,392,602</u>	<u>10,237</u>	<u>9,402,839</u>	<u>-</u>	
Total Liabilities	<u>10,231,698</u>	<u>62,293</u>	<u>10,293,991</u>	<u>651,685</u>	
<b>Net Position</b>					
Net Investment in Capital Assets	23,715,891	3,684,717	27,400,608	-	
Unrestricted	<u>7,709,019</u>	<u>907,383</u>	<u>8,616,402</u>	<u>802,370</u>	
Total Net Position	<u>\$ 31,424,910</u>	<u>\$ 4,592,100</u>	<u>\$ 36,017,010</u>	<u>\$ 802,370</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, 2016**

	Business Activities			Governmental Activities
	Water Fund	Stormwater Utility Fund	Total	Internal Service Fund
<b>Operating Revenues</b>				
Charges for Services	\$ 5,923,739	\$ 789,164	\$ 6,712,903	\$ 2,813,708
Other Operating Revenue	83,576	17,687	101,263	-
<b>Total Operating Revenues</b>	<b>6,007,315</b>	<b>806,851</b>	<b>6,814,166</b>	<b>2,813,708</b>
<b>Operating Expenses</b>				
Water Administration	838,333	-	838,333	-
Utility Billing	98,491	-	98,491	-
Water Treatment	1,470,125	-	1,470,125	-
Transmission and Distribution	1,385,509	-	1,385,509	-
Stormwater Operations	-	309,459	309,459	-
Claims	-	-	-	2,455,242
Premiums	-	-	-	438,680
Administration Fee	-	-	-	152,569
Depreciation	1,403,244	98,714	1,501,958	-
<b>Total Operating Expenses</b>	<b>5,195,702</b>	<b>408,173</b>	<b>5,603,875</b>	<b>3,046,491</b>
<b>Operating Income (Loss)</b>	<b>811,613</b>	<b>398,678</b>	<b>1,210,291</b>	<b>(232,783)</b>
<b>Nonoperating Revenues (Expenses)</b>				
Interest Income	35,169	4,477	39,646	8,430
Interest Expense	(455,072)	-	(455,072)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(419,903)</b>	<b>4,477</b>	<b>(415,426)</b>	<b>8,430</b>
<b>Net Income (Loss) Before Capital Contributions and Transfers</b>	<b>391,710</b>	<b>403,155</b>	<b>794,865</b>	<b>(224,353)</b>
Developer Contributions	2,750	-	2,750	-
Tap Fees	184,550	-	184,550	-
Transfers In	22,200	-	22,200	-
Transfers Out	(204,700)	(261,200)	(465,900)	-
<b>Change in Net Position</b>	<b>396,510</b>	<b>141,955</b>	<b>538,465</b>	<b>(224,353)</b>
<b>Net Position, Beginning of Year</b>	<b>31,028,400</b>	<b>4,450,145</b>	<b>35,478,545</b>	<b>1,026,723</b>
<b>Net Position, End of Year</b>	<b>\$ 31,424,910</b>	<b>\$ 4,592,100</b>	<b>\$ 36,017,010</b>	<b>\$ 802,370</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, 2016

	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	\$ 6,007,763	\$ 797,489	\$ 6,805,252	\$ 2,796,907
Cash Payments to Suppliers for Goods and Services	(1,627,147)	(180,831)	(1,807,978)	(2,876,550)
Cash Payments to Employees for Services	(2,181,317)	(133,899)	(2,315,216)	-
Net Cash Provided (Used) by Operating Activities	<u>2,199,299</u>	<u>482,759</u>	<u>2,682,058</u>	<u>(79,643)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Tap Fees Received	184,550	-	184,550	-
Acquisition and Construction of Capital Assets	(134,122)	(197,650)	(331,772)	-
Debt Principal Payments	(415,000)	-	(415,000)	-
Debt Interest Payments	(464,043)	-	(464,043)	-
Net Cash Provided (Used) by Capital Financing Activities	<u>(828,615)</u>	<u>(197,650)</u>	<u>(1,026,265)</u>	<u>-</u>
<b>Cash Flows From Noncapital Financing Activities</b>				
Grants	24,702	-	24,702	-
Transfers from Other Funds	22,200	-	22,200	-
Transfers to Other Funds	(204,700)	(261,200)	(465,900)	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(157,798)</u>	<u>(261,200)</u>	<u>(418,998)</u>	<u>-</u>
<b>Cash Flows From Investing Activities</b>				
Interest on Investments	35,102	4,473	39,575	8,430
Net Increase (Decrease) in Cash and Cash Equivalents	1,247,988	28,382	1,276,370	(71,213)
Cash and Cash Equivalents, Beginning of Year	<u>5,664,050</u>	<u>823,088</u>	<u>6,487,138</u>	<u>1,494,921</u>
<b>Cash and Cash Equivalents, End of Year</b>	<b><u>\$ 6,912,038</u></b>	<b><u>\$ 851,470</u></b>	<b><u>\$ 7,763,508</u></b>	<b><u>\$ 1,423,708</u></b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating Income (Loss)	\$ 811,613	\$ 398,678	\$ 1,210,291	\$ (232,783)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Depreciation	1,403,244	98,714	1,501,958	-
Changes in Assets and Liabilities				
Accounts Receivable	(64,307)	(2,584)	(66,891)	8,860
Inventory	65,386	383	65,769	-
Prepaid Expenses	-	-	-	(459)
Accounts Payable	(80,740)	(8,079)	(88,819)	-
Accrued Liabilities	8,699	480	9,179	170,400
Deposits	4,242	-	4,242	-
Unearned Revenues	60,513	(6,778)	53,735	(25,661)
Accrued Compensated Absences	(9,351)	1,945	(7,406)	-
Total Adjustments	<u>1,387,686</u>	<u>84,081</u>	<u>1,471,767</u>	<u>153,140</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,199,299</u>	<u>\$ 482,759</u>	<u>\$ 2,682,058</u>	<u>\$ (79,643)</u>
<b>Non Cash Transactions</b>				
Developer Contributions	\$ 2,750	\$ -	\$ 2,750	\$ -
	<u>\$ 2,750</u>	<u>\$ -</u>	<u>\$ 2,750</u>	<u>\$ -</u>

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

# **CITY OF CAÑON CITY, COLORADO**

---

## **Notes to Financial Statements**

### **December 31, 2016**

---

#### **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 includes the Cañon City Finance Authority (the “Authority”) within its reporting entity. The Authority Board is appointed by the City Council. The Authority was formed to purchase, lease, or otherwise acquire certain real estate and, thereafter, lease the same to the City for City purposes. The Authority had no financial transactions other than those reported in the Water Fund (see Note 4) and, therefore, is not reported separately in the financial statements. The Authority does not issue separate financial statements.

#### **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 CANON CITY, COLORADO

---

## Notes to Financial Statements December 31, 2016

---

### 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 CANON CITY, COLORADO

---

## Notes to Financial Statements December 31, 2016

---

### 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 fund:

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 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 and Investments* - 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 and cash equivalents.

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

# CITY OF CAÑON CITY, COLORADO

---

## Notes to Financial Statements December 31, 2016

---

### 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.

*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 CANON CITY, COLORADO

---

## Notes to Financial Statements December 31, 2016

---

### 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 rent receipts and self-insurance premiums.

*Compensated Absences* - Employees of the City are allowed to accumulate unused vacation time up to a maximum based on years of service, and unused sick time up to 360 hours. Upon termination of employment from the City, an employee will be compensated for all accrued vacation time at their current pay rate, provided they have completed six months of service, and for accrued sick time up to 240 hours at their current rate of pay, if age plus years of service equals 60 or greater. A liability for unpaid vacation and sick time is reported in the government-wide financial statements, and in the proprietary funds in the fund financial statements.

*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 and discounts 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 CAÑON CITY, COLORADO

---

## Notes to Financial Statements December 31, 2016

---

### 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: CASH AND INVESTMENTS

At December 31, 2016, the City had the following cash and investments:

Cash on Hand	\$ 800
Deposits	1,619,418
Investments	<u>18,160,846</u>
 Total	 <u>\$ 19,781,064</u>

# CITY OF CANON CITY, COLORADO

---

## Notes to Financial Statements December 31, 2016

---

### NOTE 2: CASH AND INVESTMENTS (Continued)

#### 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, 2016, the City had bank deposits of \$634,898 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.

The City had the following investments at December 31, 2016:

Investment	Maturity	Rating	Fair Value
City PID Bonds:			
PID No. 2010-1	08/31/21	NA	\$ 1,000
PID No. 2014-1	06/30/25	NA	8,000
Local Government Investment Pools	NA	AAAm	<u>18,151,846</u>
Total			<u>\$ 18,160,846</u>

# CITY OF CAÑON CITY, COLORADO

---

## Notes to Financial Statements December 31, 2016

---

### NOTE 2: CASH AND INVESTMENTS (Continued)

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

*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 most investments to those with certain 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 with each share valued at \$1. The Pools are rated AAA 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.

*Fair Value Measurements* - The City reports its investments using the fair value measurements established by generally accepted accounting principles. As such, a fair value hierarchy categorizes the inputs used to measure the fair value of the investments into three levels. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs include quoted prices in active markets for similar investments, or other observable inputs; and Level 3 inputs are unobservable inputs. At December 31, 2016, the City's investment in Colotrust was reported at the net asset value per share, measured utilizing quoted prices in active markets for similar investments (Level 2 inputs) and the City's investment in CSAFE was reported at the net asset value per share, which was measured using amortized cost.

# CITY OF CAÑON CITY, COLORADO

## Notes to Financial Statements December 31, 2016

### NOTE 3: CAPITAL ASSETS

Following is a summary of changes in capital assets for the year ended December 31, 2016:

	Balance 12/31/15	Additions	Deletions	Balance 12/31/16
<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	145,642	872,429	526,550	491,521
Total Capital Assets, Not Being Depreciated	2,036,083	872,429	526,550	2,381,962
Capital Assets, Being Depreciated				
Infrastructure	28,678,089	1,655,849	-	30,333,938
Buildings	21,750,111	21,200	-	21,771,311
Improvements	20,223,691	492,506	70,515	20,645,682
Machinery and Equipment	4,515,166	208,673	167,441	4,556,398
Total Capital Assets, Being Depreciated	75,167,057	2,378,228	237,956	77,307,329
Less Accumulated Depreciation for				
Infrastructure	12,573,642	832,353	-	13,405,995
Buildings	3,631,853	666,975	-	4,298,828
Improvements	5,118,482	915,650	70,515	5,963,617
Machinery and Equipment	3,959,612	186,094	146,706	3,999,000
Total Accumulated Depreciation	25,283,589	2,601,072	217,221	25,667,440
Total Capital Assets, Being Depreciated, Net	49,883,468	(222,844)	20,735	49,639,889
Governmental Activities Capital Assets, Net	<u>\$ 51,919,551</u>	<u>\$ 649,585</u>	<u>\$ 547,285</u>	<u>\$ 52,021,851</u>

# CITY OF CAÑON CITY, COLORADO

## Notes to Financial Statements December 31, 2016

### NOTE 3: CAPITAL ASSETS (Continued)

	Balance 12/31/15	Additions	Deletions	Balance 12/31/16
<b>Business-Type Activities</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 340,672	\$ -	\$ -	\$ 340,672
Construction In Progress	45,226	61,797	-	107,023
Water Rights/Ditch Stock	1,016,413	2,750	-	1,019,163
Total Capital Assets, Not Being Depreciated	1,402,311	64,547	-	1,466,858
Capital Assets, Being Depreciated				
Buildings	9,143,695	-	-	9,143,695
Water and Stormwater Systems	44,438,137	124,124	-	44,562,261
Machinery and Equipment	3,316,843	9,998	-	3,326,841
Total Capital Assets, Being Depreciated	56,898,675	134,122	-	57,032,797
Less Accumulated Depreciation for				
Buildings	4,114,440	204,201	-	4,318,641
Water and Stormwater Systems	13,084,716	1,103,932	-	14,188,648
Machinery and Equipment	2,647,949	193,825	-	2,841,774
Total Accumulated Depreciation	19,847,105	1,501,958	-	21,349,063
Total Capital Assets, Being Depreciated, Net	37,051,570	(1,367,836)	-	35,683,734
Business-Type Activities Capital Assets, Net	<u>\$ 38,453,881</u>	<u>\$ (1,303,289)</u>	<u>\$ -</u>	<u>\$ 37,150,592</u>

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

#### Governmental Activities

General Government	\$ 142,902
Public Safety	132,223
Public Works	905,588
Culture and Recreation	1,420,359
Total	<u>\$ 2,601,072</u>

# CITY OF CAÑON CITY, COLORADO

## Notes to Financial Statements December 31, 2016

### NOTE 4: LONG-TERM DEBT

Following is a summary of long-term debt transactions of the City for the year ended December 31, 2016.

	<u>Balance 12/31/15</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 12/31/16</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Public Improvement Bonds	\$ 23,000	\$ -	\$ 14,000	\$ 9,000	\$ -
Capital Lease	1,740,000	-	200,000	1,540,000	210,000
Compensated Absences	<u>591,631</u>	<u>306,328</u>	<u>406,763</u>	<u>491,196</u>	<u>367,200</u>
<b>Totals</b>	<b><u>\$ 2,354,631</u></b>	<b><u>\$ 306,328</u></b>	<b><u>\$ 620,763</u></b>	<b><u>\$ 2,040,196</u></b>	<b><u>\$ 577,200</u></b>
<b>Business-Type Activities</b>					
Certificates of Participation, Series 2008	\$ 10,050,000	\$ -	\$ 415,000	\$ 9,635,000	\$ 430,000
Premium	122,170	-	7,186	114,984	-
Compensated Absences	<u>208,161</u>	<u>115,726</u>	<u>123,132</u>	<u>200,755</u>	<u>117,900</u>
<b>Totals</b>	<b><u>\$ 10,380,331</u></b>	<b><u>\$ 115,726</u></b>	<b><u>\$ 545,318</u></b>	<b><u>\$ 9,950,739</u></b>	<b><u>\$ 547,900</u></b>

### **Public Improvement Bonds**

Several Public Improvement Districts have issued bonds to construct various improvements within the Districts. For the year ended December 31, 2016, revenues of \$16,968 were available to pay debt service of \$15,164. 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, 2016 are as follows:

<u>Public Improvement District</u>	<u>Due Date</u>	<u>Rate</u>	<u>Balance</u>
10-1	08-2021	7.5%	\$ 1,000
14-1	06-2025	7.0%	<u>8,000</u>
<b>Total</b>			<b><u>\$ 9,000</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

---

## Notes to Financial Statements December 31, 2016

---

### NOTE 4: 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>
2017	\$ 210,000	\$ 31,570	\$ 241,570
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
2022-2023	<u>465,000</u>	<u>14,350</u>	<u>479,350</u>
Total	<u>\$ 1,540,000</u>	<u>\$ 128,843</u>	<u>\$ 1,668,843</u>

#### Certificates of Participation

During 2008, the Cañon City Finance Authority issued \$12,550,000 Certificates of Participation, Series 2008, to finance the cost of the acquisition, construction and improvements to the City's water treatment facility. Principal and interest payments are due annually on December 1, through 2032. Interest accrues at rates ranging from 3.5% to 5.0% per annum. In accordance with the transaction documents for the Certificates, the City leases certain water system improvements from the Authority and makes annual lease payments equal to debt service of the Certificates of Participation. All transactions related to the Certificates are accounted for in the City's Water Fund.

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>
2017	\$ 430,000	\$ 447,444	\$ 877,444
2018	445,000	430,244	875,244
2019	465,000	412,443	877,443
2020	485,000	393,844	878,844
2021	505,000	373,837	878,837
2022-2026	<u>2,860,000</u>	<u>1,529,294</u>	<u>4,389,294</u>
2027-2031	<u>3,610,000</u>	<u>767,750</u>	<u>4,377,750</u>
2032	<u>835,000</u>	<u>41,750</u>	<u>876,750</u>
Total	<u>\$ 9,635,000</u>	<u>\$ 4,396,606</u>	<u>\$ 14,031,606</u>

# CITY OF CAÑON CITY, COLORADO

---

## Notes to Financial Statements December 31, 2016

---

### NOTE 4: 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 5: INTERFUND TRANSFERS

Transfers between funds during the year ended December 31, 2016, consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	
General	Water	\$ 204,700
General	Stormwater Utility	239,000
General	Excess Special Improvement District	15,000
Water	Stormwater Utility	22,200
Quality of Life Fund	Museum Donations Fund	8,541
Excess Special Improvement District	Public Improvement District 2004-02	3,814
 Total		 <u>\$ 493,255</u>

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 2004-02 to the Excess Special Improvement District Fund is the remaining residual equity after all assessments due have been paid by the PID 2004-02 property owners.

# CITY OF CAÑON CITY, COLORADO

## Notes to Financial Statements December 31, 2016

### NOTE 6: FUND BALANCES

The specific purposes for each fund balance classification on the governmental funds balance sheet are detailed in the table below:

	General	Nonmajor Governmental Funds	Totals
<b>Nonspendable:</b>			
Inventory	\$ 102,511	\$ 10,306	\$ 112,817
Prepaid Items	3,138	-	3,138
Cemetery Perpetual Care	-	1,996,779	1,996,779
	<u>105,649</u>	<u>2,007,085</u>	<u>2,112,734</u>
<b>Restricted:</b>			
Emergencies	278,747	-	278,747
Parks	-	64,075	64,075
Law Enforcement	13,896	9,869	23,765
Library	-	1,139	1,139
Museum	-	97,991	97,991
Debt Service	-	83,089	83,089
	<u>292,643</u>	<u>256,163</u>	<u>548,806</u>
<b>Committed:</b>			
Royal Gorge Bridge	600,000	-	600,000
Capital Improvements	111,832	-	111,832
	<u>711,832</u>	<u>-</u>	<u>711,832</u>
<b>Assigned:</b>			
Property Acquisition	1,685,010	-	1,685,010
Capital improvements	20,284	-	20,284
Capital Projects / Use of Reserve	2,893,664	-	2,893,664
Parks	-	247,302	247,302
Library	-	27,168	27,168
Quality of Life	-	565,317	565,317
Museum	-	17,727	17,727
Debt Service	-	270,853	270,853
	<u>4,598,958</u>	<u>1,128,367</u>	<u>5,727,325</u>
<b>Unassigned</b>	<b>3,008,801</b>	<b>-</b>	<b>3,008,801</b>
<b>Total Fund Balance</b>	<b>\$ 8,717,883</b>	<b>\$ 3,391,615</b>	<b>\$12,109,498</b>

# CITY OF CAÑON CITY, COLORADO

---

## Notes to Financial Statements December 31, 2016

---

### 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, 2016, the City self-insured this program up to \$50,000 per claim. For the contract year ending October 31, 2017, the City increased the self-insured limit up to \$150,000 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, 2014	\$ 212,000
Claims Incurred and Adjustments	2,077,873
Claims Paid	<u>(2,017,173)</u>
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	<u>\$ 443,100</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 provision 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

---

## Notes to Financial Statements December 31, 2016

---

### 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**

---

## **Notes to Financial Statements**

### **December 31, 2016**

---

#### **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% of base salary through December 31, 2014. SWDB Plan members elected to increase the employee contribution rate thereafter. As such, the employee contribution rate will increase 0.5% percent 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**

---

## **Notes to Financial Statements**

### **December 31, 2016**

---

#### **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, 2016, were \$108,390, 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, 2014, through June 30, 2015, was 12.5%, and thereafter was 12.6%. For the year ended December 31, 2016, City Council established the contribution rate split at 10% of base salary for both the City and employees.

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, 2016, were \$6,617, equal to the required contributions.

# CITY OF CAÑON CITY, COLORADO

---

## Notes to Financial Statements December 31, 2016

---

### 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, 2016, the City reported a net pension asset of \$4,440 and \$125,373 representing its proportionate share of the net pension asset of the SWDB and SWH Plans, respectively. The net pension asset was measured at December 31, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation at January 1, 2016. The City's proportion of the net pension asset was based on a projection of the City's contributions to the Plans for the calendar year ended December 31, 2015, relative to the projected contributions of all participating employers.

At December 31, 2015, the City's proportion of the SWDB Plan was 0.25185527%, which was an increase of 0.01664233% from its proportion measured at December 31, 2014. The City's proportion of the SWH Plan was 1.19029991%, which was a decrease of 1.05578702% from its proportion measured at December 31, 2014.

For the year ended December 31, 2016, the City recognized pension expense for the SWDB and SWH Plans of \$126,100 and \$14,870, respectively. At December 31, 2016, 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
Differences between expected and actual experience	\$ 68,042	\$ 4,783
Net difference between projected and actual earnings on plan investments	187,805	-
Change in Assumptions and Other Inputs	67,913	-
Change in proportion	128,850	28,471
Contributions subsequent to the measurement date	115,007	-
 Total	 <u>\$ 567,617</u>	 <u>\$ 33,254</u>

City contributions to the SWDB and SWH Plans subsequent to the measurement date of \$108,390 and \$6,617, respectively, will be recognized as an increase to the net pension asset 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.

# CITY OF CAÑON CITY, COLORADO

---

## Notes to Financial Statements December 31, 2016

---

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

#### Police Pension Plan (Continued)

Year Ended December 31,

2017	\$ 97,779
2018	97,779
2019	91,511
2020	33,088
2021	33,088
Thereafter	<u>66,111</u>
 Total	 <u>\$ 419,356</u>

*Actuarial Assumptions* - The actuarial valuation at January 1, 2016, 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, 55 percent multiplier for off-duty mortality of active members. On-duty related mortality is assumed to be 0.0002 per year for all members. The RP-2014 Mortality Table for Blue Collar Employees projected with Scale BB is 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, projected with Scale BB are used. For post-retirement members ages 55 through 64, a blend of the previous tables was used.

In July 2015, the FPPA Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The assumption changes were effective for actuarial valuations beginning January 1, 2016. The actuarial assumptions impacted actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used. The date the new actuarial assumptions were effective for benefit purposes was October 1, 2016.

# CITY OF CAÑON CITY, COLORADO

---

## Notes to Financial Statements December 31, 2016

---

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

#### Police Pension Plan (Continued)

The primary actuarial factor changes effective January 1, 2016, were as follows:

- Reduce the inflation assumption from 3.0% to 2.5%.
- Revise the base mortality tables and the explicit assumption for increasing longevity in the future to reflect current mortality studies.
- Increase the expected incidence of total disability for plan members.

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, 2015, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Global Equity	37%	6.5%
Equity Long/Short	10%	4.7%
Illiquid Alternatives	20%	8.0%
Fixed Income	16%	1.5%
Absolute Return	11%	4.1%
Managed Futures	4%	3.0%
Cash	2%	0.0%
Total	<u><u>100%</u></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 those assumptions, 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.

# CITY OF CAÑON CITY, COLORADO

---

## Notes to Financial Statements December 31, 2016

---

### 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 1 percentage point lower (6.5%) or 1 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)	\$ (621,956)	\$ 4,440	\$ 524,013
City's proportionate share of the SWH net pension asset	72,604	125,373	169,487
Total Net Pension Asset (Liability)	<u>\$ (549,352)</u>	<u>\$ 129,813</u>	<u>\$ 693,500</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, 2016, the City and employees each contributed \$191,044 to the plan equal to the required contributions. Employees may make voluntary contributions to the plan. Wells Fargo Bank West, N.A. Institutional Trust Group administered the plan until December 15, 2016. On December 15, 2016 the City transferred all pension assets from Wells Fargo Bank to the International City Managers Association – Retirement Corporation (ICMA-RC). ICMA-RC began the administration of the plan beginning on that date.

# **CITY OF CAÑON CITY, COLORADO**

---

## **Notes to Financial Statements**

### **December 31, 2016**

---

#### **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. Effective January 1, 2017, the plan will become available to all employees and will permit them to defer a portion of their salary within the limits established by the Internal Revenue Service. During the year ended December 31, 2016, the City contributed \$4,622 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 2.6% of base salaries. The City's contributions to the plan for the years ended December 31, 2016, 2015 and 2014 were \$34,762, \$32,267 and \$30,510, 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. 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 \$278,747 at December 31, 2016, which was reported as restricted fund balance in the General Fund.

# **CITY OF CAÑON CITY, COLORADO**

---

## **Notes to Financial Statements**

### **December 31, 2016**

---

#### **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 \$438,007 and \$34,648, 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.

#### **NOTE 12: SUBSEQUENT EVENTS**

On April 17, 2017, the City executed a loan agreement with BBVA Compass Mortgage Corp. to advance refund the Certificates of Participation, Series 2008. In addition to the refunding of the 2008 COPs, the City received additional proceeds in the amount of \$850,537 that were deposited into a project account. City Council has committed these additional proceeds to be used exclusively for water related capital improvements in connection with the planned street capital improvements approved by the voters on ballot issue 2A in the November, 2016 election. Interest will be payable semi-annually on May 15 and November 15, beginning on May 15, 2017. Annual principal payments will be due on November 15, 2017 through 2032.

The City adopted Ordinance No. 9, Series of 2017 terminating the City’s current employee benefit plan effective September 30, 2017. The Ordinance further directed that a new employee benefit plan that will be open to City employees only be submitted for consideration of formal adoption on or before September 5, 2017.

## **REQUIRED SUPPLEMENTARY INFORMATION**



**THIS PAGE INTENTIONALLY LEFT BLANK**

# **CITY OF CAÑON CITY, COLORADO**

## **Budgetary Comparison Schedule General Fund For the Year Ended December 31, 2016**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Taxes and Assessments	\$ 7,635,400	\$ 7,635,400	\$ 7,798,439	\$ 163,039
Licenses and Permits	186,300	186,300	155,126	(31,174)
Intergovernmental	1,008,360	1,008,360	1,008,626	266
Charges for Services	259,700	259,700	225,961	(33,739)
Fines and Forfeitures	207,000	207,000	212,101	5,101
Royal Gorge Bridge	290,000	290,000	707,470	417,470
Interest	9,400	9,400	40,127	30,727
Rent	91,210	91,210	109,810	18,600
Contributions and Donations	-	-	4,820	4,820
Other	58,800	58,800	70,073	11,273
<b>Total Revenues</b>	<b>9,746,170</b>	<b>9,746,170</b>	<b>10,332,553</b>	<b>586,383</b>
<b>Expenditures</b>				
Current				
General Government	2,803,761	2,875,221	2,536,781	338,440
Public Safety	4,068,801	4,058,801	3,676,267	382,534
Public Works	1,982,125	1,983,145	1,739,921	243,224
Culture and Recreation	876,499	876,499	783,169	93,330
Capital Outlay				
Streets	1,746,000	1,746,000	484,347	1,261,653
Other	185,000	170,520	154,379	16,141
Debt Service				
Principal	200,000	200,000	200,000	-
Interest	35,670	35,670	35,670	-
<b>Total Expenditures</b>	<b>11,897,856</b>	<b>11,945,856</b>	<b>9,610,534</b>	<b>2,335,322</b>
Excess of Revenues Over (Under) Expenditures	(2,151,686)	(2,199,686)	722,019	2,921,705
<b>Other Financing Sources</b>				
Transfers In	458,700	458,700	458,700	-
Net Change in Fund Balance	(1,692,986)	(1,740,986)	1,180,719	2,921,705
<b>Fund Balance, Beginning of Year</b>	<b>7,007,136</b>	<b>7,007,136</b>	<b>7,537,164</b>	<b>530,028</b>
<b>Fund Balance, End of Year</b>	<b>\$ 5,314,150</b>	<b>\$ 5,266,150</b>	<b>\$ 8,717,883</b>	<b>\$ 3,451,733</b>

See the accompanying independent auditors' report.

# **CITY OF CAÑON CITY, COLORADO**

## **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, 2016**

	<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	1.19029991%	2.24608693%	2.71334174%
City's Proportionate Share of the Net Pension Asset	\$ 125,373	\$ 266,377	\$ 276,765
City's Covered Payroll	\$ 156,746	\$ 278,030	\$ 351,024
City's Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll	80%	96%	79%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	129%	141%	139%
 <b>City Contributions</b>	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>
Statutorily Required Contribution	\$ 6,617	\$ 15,675	\$ 27,803
Contributions in Relation to the Statutorily Required Contribution	<u>(6,617)</u>	<u>(15,675)</u>	<u>(27,803)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 66,170	\$ 156,746	\$ 278,030
Contributions as a Percentage of Covered Payroll	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 and Contributions Fire & Police Pension Association of Colorado Statewide Defined Benefit Plan For the Year Ended December 31, 2016**

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

---

## Notes to Required Supplementary Information December 31, 2016

---

### NOTE 1: SCHEDULES OF PROPORTIONATE SHARE OF THE NET PENSION ASSET AND CONTRIBUTIONS

The City's net pension asset at December 31, 2016, was measured at December 31, 2015, based on Actuarial valuations of the Statewide Defined Benefit Plan and the Statewide Hybrid Benefit Plan at January 1, 2016.

*Changes of Assumptions* – In July 2015, the FPPA Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The assumption changes were effective for actuarial valuations beginning January 1, 2016. The actuarial assumptions impacted actuarial factors for the benefit purposes such as purchases of service credit and other benefits where actuarial factors are used. The date the new actuarial assumptions were effective for benefit purposes was October 1, 2016.

The primary actuarial factor changes effective January 1, 2016, were as follows:

- Reduce the inflation assumption from 3.0% to 2.5%.
- Revise the base mortality tables and explicit assumption for increasing longevity in the future to reflect current mortality studies.
- Increase the expected incidence of total disability for plan members.

### NOTE 2: STEWARDEDHIP, 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). 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, 2016

	Special Revenue Funds				
	Park Improvement	Conservation Trust	Police Forfeiture	Library Donations	Museum Donations
<b>Assets</b>					
Cash and Investments	\$ 107,725	\$ 52,121	\$ 9,868	\$ 34,246	\$ 115,713
Receivables					
Special Assessments	-	-	-	-	-
Interest	5	2	1	2	5
Other	210,078	18,822	-	-	-
Inventory	10,306	-	-	-	-
<b>Total Assets</b>	<b>\$ 328,114</b>	<b>\$ 70,945</b>	<b>\$ 9,869</b>	<b>\$ 34,248</b>	<b>\$ 115,718</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 46,700	\$ 6,870	\$ -	\$ -	\$ -
Retainage Payable	-	-	-	-	-
Accrued Liabilities	11,100	-	-	-	-
Deposits	1,400	-	-	-	-
Unearned Revenues	4,012	-	-	5,941	-
<b>Total Liabilities</b>	<b>63,212</b>	<b>6,870</b>	<b>-</b>	<b>5,941</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>					
Assessments	-	-	-	-	-
Grants	7,294	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>7,294</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>					
Nonspendable					
Inventory	10,306	-	-	-	-
Cemetery Perpetual Care	-	-	-	-	-
Restricted for					
Parks	-	64,075	-	-	-
Law Enforcement	-	-	9,869	-	-
Library	-	-	-	1,139	-
Museum	-	-	-	-	97,991
Debt Service	-	-	-	-	-
Assigned to					
Parks	247,302	-	-	-	-
Library	-	-	-	27,168	-
Quality of life	-	-	-	-	-
Museum	-	-	-	-	17,727
Debt Service	-	-	-	-	-
<b>Total Fund Balances</b>	<b>257,608</b>	<b>64,075</b>	<b>9,869</b>	<b>28,307</b>	<b>115,718</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 328,114</b>	<b>\$ 70,945</b>	<b>\$ 9,869</b>	<b>\$ 34,248</b>	<b>\$ 115,718</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			
\$ 74,086	\$ 279,841	\$ 352,953	\$ 1,996,691	\$ 3,023,244		
24,552	-	-	-	-	24,552	
3	12	-	-	88	118	
-	-	378,270	-	-	607,170	
-	-	-	-	-	10,306	
<u>\$ 98,641</u>	<u>\$ 279,853</u>	<u>\$ 731,223</u>	<u>\$ 1,996,779</u>	<u>\$ 3,665,390</u>		
\$ -	\$ -	\$ 98,951	\$ -	\$ 152,521		
-	-	15,799	-	15,799		
-	-	-	-	-	11,100	
-	-	-	-	-	1,400	
-	-	-	-	-	9,953	
<u>-</u>	<u>-</u>	<u>114,750</u>	<u>-</u>	<u>-</u>	<u>190,773</u>	
24,552	-	-	-	-	24,552	
<u>24,552</u>	<u>-</u>	<u>51,156</u>	<u>-</u>	<u>-</u>	<u>58,450</u>	
<u>24,552</u>	<u>-</u>	<u>51,156</u>	<u>-</u>	<u>-</u>	<u>83,002</u>	
-	-	-	-	-	10,306	
-	-	-	1,996,779	1,996,779		
-	-	-	-	-	64,075	
-	-	-	-	-	9,869	
-	-	-	-	-	1,139	
-	-	-	-	-	97,991	
74,089	9,000	-	-	-	83,089	
-	-	-	-	-	247,302	
-	-	-	-	-	27,168	
-	-	565,317	-	-	565,317	
-	-	-	-	-	17,727	
<u>-</u>	<u>270,853</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>270,853</u>	
<u>74,089</u>	<u>279,853</u>	<u>565,317</u>	<u>1,996,779</u>	<u>1,996,779</u>	<u>3,391,615</u>	
\$ 98,641	\$ 279,853	\$ 731,223	\$ 1,996,779	\$ 1,996,779	\$ 3,665,390	

# CITY OF CAÑON CITY, COLORADO

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended December 31, 2016

Special Revenue Funds					
	Park Improvement	Conservation Trust	Police Forfeiture	Library Donations	Museum Donations
<b>Revenues</b>					
Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	52,495	100,162	-	5,291	-
Charges for Services	70,716	-	-	-	-
Royal Gorge Bridge	1,095,000	-	-	-	-
Interest	1,709	388	58	172	672
Rent	17,490	-	-	-	-
Contributions and Donations	10,950	-	-	6,639	20,821
Other	6,354	-	-	-	-
<b>Total Revenues</b>	<b>1,254,714</b>	<b>100,550</b>	<b>58</b>	<b>12,102</b>	<b>21,493</b>
<b>Expenditures</b>					
Current					
General Government	-	-	-	-	-
Culture and Recreation	1,070,491	11,201	-	10,791	5,430
Capital Outlay					
Streets	-	-	-	-	-
Other	5,662	80,929	-	-	8,475
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total Expenditures</b>	<b>1,076,153</b>	<b>92,130</b>	<b>-</b>	<b>10,791</b>	<b>13,905</b>
Excess of Revenues Over (Under) Expenditures	178,561	8,420	58	1,311	7,588
<b>Other Financing Sources (Uses)</b>					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	(8,541)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,541)</b>
Net Change in Fund Balances	178,561	8,420	58	1,311	(953)
<b>Fund Balances, Beginning of Year</b>	<b>79,047</b>	<b>55,655</b>	<b>9,811</b>	<b>26,996</b>	<b>116,671</b>
<b>Fund Balances, End of Year</b>	<b>\$ 257,608</b>	<b>\$ 64,075</b>	<b>\$ 9,869</b>	<b>\$ 28,307</b>	<b>\$ 115,718</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	
\$ 13,076	\$ -	\$ -	\$ -	\$ 13,076
-	-	549,577	-	707,525
-	-	-	8,508	79,224
-	-	585,000	-	1,680,000
3,892	1,622	2,432	12,459	23,404
-	-	-	-	17,490
-	-	-	-	38,410
-	-	-	400	6,754
<u>16,968</u>	<u>1,622</u>	<u>1,137,009</u>	<u>21,367</u>	<u>2,565,883</u>
167	-	-	-	167
-	-	44,850	-	1,142,763
-	-	668,396	-	668,396
-	-	280,368	-	375,434
14,000	-	-	-	14,000
1,164	-	-	-	1,164
<u>15,331</u>	<u>-</u>	<u>993,614</u>	<u>-</u>	<u>2,201,924</u>
1,637	1,622	143,395	21,367	363,959
-	3,814	8,541	-	12,355
(3,814)	(15,000)	-	-	(27,355)
(3,814)	(11,186)	8,541	-	(15,000)
(2,177)	(9,564)	151,936	21,367	348,959
<u>76,266</u>	<u>289,417</u>	<u>413,381</u>	<u>1,975,412</u>	<u>3,042,656</u>
<u>\$ 74,089</u>	<u>\$ 279,853</u>	<u>\$ 565,317</u>	<u>\$ 1,996,779</u>	<u>\$ 3,391,615</u>

# **CITY OF CAÑON CITY, COLORADO**

## **Budgetary Comparison Schedule**

### **Park Improvement Fund**

#### **For the Year Ended December 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>				
Intergovernmental	\$ -	\$ -	\$ 52,495	\$ 52,495
Charges for Services	85,100	85,000	70,716	(14,284)
Royal Gorge Bridge	1,095,000	1,095,000	1,095,000	-
Interest	200	200	1,709	1,509
Rent	15,600	15,600	17,490	1,890
Contributions and Donations	-	-	10,950	10,950
Other	1,300	1,300	6,354	5,054
<b>Total Revenues</b>	<b><u>1,197,200</u></b>	<b><u>1,197,100</u></b>	<b><u>1,254,714</u></b>	<b><u>57,614</u></b>
<b>Expenditures</b>				
Culture and Recreation	1,103,464	1,132,114	1,070,491	61,623
Capital Outlay	60,000	42,000	5,662	36,338
<b>Total Expenditures</b>	<b><u>1,163,464</u></b>	<b><u>1,174,114</u></b>	<b><u>1,076,153</u></b>	<b><u>97,961</u></b>
Net Change in Fund Balance	33,736	22,986	178,561	155,575
<b>Fund Balance, Beginning of Year</b>	<b><u>152,057</u></b>	<b><u>152,057</u></b>	<b><u>79,047</u></b>	<b><u>(73,010)</u></b>
<b>Fund Balance, End of Year</b>	<b><u>\$ 185,793</u></b>	<b><u>\$ 175,043</u></b>	<b><u>\$ 257,608</u></b>	<b><u>\$ 82,565</u></b>

See the accompanying independent auditors' report.

# **CITY OF CAÑON CITY, COLORADO**

---

## **Budgetary Comparison Schedule Conservation Trust Fund For the Year Ended December 31, 2016**

---

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>				
Intergovernmental	\$ 90,000	\$ 90,000	\$ 100,162	\$ 10,162
Interest	150	150	388	238
<b>Total Revenues</b>	<b>90,150</b>	<b>90,150</b>	<b>100,550</b>	<b>10,400</b>
<b>Expenditures</b>				
Culture and Recreation	10,000	11,250	11,201	49
Capital Outlay	85,000	83,750	80,929	2,821
<b>Total Expenditures</b>	<b>95,000</b>	<b>95,000</b>	<b>92,130</b>	<b>2,870</b>
Net Change in Fund Balance	(4,850)	(4,850)	8,420	13,270
<b>Fund Balance, Beginning of Year</b>	<b>33,890</b>	<b>33,890</b>	<b>55,655</b>	<b>21,765</b>
<b>Fund Balance, End of Year</b>	<b>\$ 29,040</b>	<b>\$ 29,040</b>	<b>\$ 64,075</b>	<b>\$ 35,035</b>

See the accompanying independent auditors' report.

# CITY OF CAÑON CITY, COLORADO

## Budgetary Comparison Schedule Library Donations Fund For the Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Intergovernmental	\$ 35,900	\$ 5,291	\$ (30,609)
Interest	100	172	72
Contributions and Donations	6,500	6,639	139
Total Revenues	<u>42,500</u>	<u>12,102</u>	<u>(30,398)</u>
<b>Expenditures</b>			
Culture and Recreation	52,900	10,791	42,109
Total Expenditures	<u>52,900</u>	<u>10,791</u>	<u>42,109</u>
Net Change in Fund Balance	(10,400)	1,311	11,711
<b>Fund Balance, Beginning of Year</b>	<u>14,335</u>	<u>26,996</u>	<u>12,661</u>
<b>Fund Balance, End of Year</b>	<u>\$ 3,935</u>	<u>\$ 28,307</u>	<u>\$ 24,372</u>

See the accompanying independent auditors' report.

# **CITY OF CAÑON CITY, COLORADO**

## **Budgetary Comparison Schedule Museum Donations Fund For the Year Ended December 31, 2016**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Interest	\$ 180	\$ 180	\$ 672	\$ 492
Contributions and Donations	<u>6,500</u>	<u>6,500</u>	<u>20,821</u>	<u>14,321</u>
<b>Total Revenues</b>	<b><u>6,680</u></b>	<b><u>6,680</u></b>	<b><u>21,493</u></b>	<b><u>14,813</u></b>
<b>Expenditures</b>				
Culture and Recreation	1,500	5,430	5,430	-
Capital Outlay	-	8,500	8,475	25
<b>Total Expenditures</b>	<b><u>1,500</u></b>	<b><u>13,930</u></b>	<b><u>13,905</u></b>	<b><u>25</u></b>
Excess of Revenues Over (Under) Expenditures	5,180	(7,250)	7,588	14,838
<b>Other Financing (Uses)</b>				
Transfers Out	<u>(21,000)</u>	<u>(8,570)</u>	<u>(8,541)</u>	<u>29</u>
Net Change in Fund Balance	(15,820)	(15,820)	(953)	14,867
<b>Fund Balance, Beginning of Year</b>	<b><u>114,420</u></b>	<b><u>114,420</u></b>	<b><u>116,671</u></b>	<b><u>2,251</u></b>
<b>Fund Balance, End of Year</b>	<b><u>\$ 98,600</u></b>	<b><u>\$ 98,600</u></b>	<b><u>\$ 115,718</u></b>	<b><u>\$ 17,118</u></b>

See the accompanying independent auditors' report.

# **CITY OF CAÑON CITY, COLORADO**

---

## **Budgetary Comparison Schedule**

### **Excess Special Improvement District Fund**

#### **For the Year Ended December 31, 2016**

---

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Interest	\$ 600	\$ 1,622	\$ 1,022
Total Revenues	<u>600</u>	<u>1,622</u>	<u>1,022</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	29,900	3,814	(26,086)
Transfers Out	(15,000)	(15,000)	-
Total Other Financing Sources (Uses)	<u>14,900</u>	<u>(11,186)</u>	<u>(26,086)</u>
Net Change in Fund Balance	15,500	(9,564)	(25,064)
<b>Fund Balance, Beginning of Year</b>	<u>289,307</u>	<u>289,417</u>	<u>110</u>
<b>Fund Balance, End of Year</b>	<u>\$ 304,807</u>	<u>\$ 279,853</u>	<u>\$ (24,954)</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, 2016**

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Intergovernmental	\$ 1,375,368	\$ 549,577	\$ (825,791)
Royal Gorge Bridge	585,000	585,000	-
Interest	300	2,432	2,132
Other	-	-	-
<b>Total Revenues</b>	<b>1,960,668</b>	<b>1,137,009</b>	<b>(823,659)</b>
<b>Expenditures</b>			
Current			
Culture and Recreation	50,250	44,850	5,400
Capital Outlay			
Streets	1,403,215	668,396	734,819
Other	553,580	280,368	273,212
<b>Total Expenditures</b>	<b>2,007,045</b>	<b>993,614</b>	<b>1,013,431</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(46,377)</b>	<b>143,395</b>	<b>189,772</b>
<b>Other Financing Sources</b>			
Transfers In	21,000	8,541	(12,459)
Net Change in Fund Balance	(25,377)	151,936	177,313
<b>Fund Balance, Beginning of Year</b>	<b>387,864</b>	<b>413,381</b>	<b>25,517</b>
<b>Fund Balance, End of Year</b>	<b>\$ 362,487</b>	<b>\$ 565,317</b>	<b>\$ 202,830</b>

See the accompanying independent auditors' report.

# **CITY OF CAÑON CITY, COLORADO**

## **Budgetary Comparison Schedule** **Water Fund** **For the Year Ended December 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>				
Charges for Services	\$ 5,712,100	\$ 5,712,100	\$ 5,923,739	\$ 211,639
Interest	9,100	9,100	35,169	26,069
Tap Fees	32,900	32,900	184,550	151,650
Other	82,600	82,600	83,576	976
Transfers In	22,200	22,200	22,200	-
<b>Total Revenues</b>	<b>5,858,900</b>	<b>5,858,900</b>	<b>6,249,234</b>	<b>390,334</b>
<b>Expenditures</b>				
Water Administration	878,253	878,253	838,333	39,920
Utility Billing	126,847	126,847	98,491	28,356
Water Treatment	1,938,292	1,851,692	1,470,125	381,567
Transmission and Distribution	1,381,177	1,467,777	1,385,509	82,268
Capital Outlay	470,000	470,000	134,122	335,878
Debt Service	881,800	881,800	877,258	4,542
Transfers Out	204,700	204,700	204,700	-
<b>Total Expenditures</b>	<b>5,881,069</b>	<b>5,881,069</b>	<b>5,008,538</b>	<b>872,531</b>
<b>Change in Net Position, Budgetary Basis</b>	<b>\$ (22,169)</b>	<b>\$ (22,169)</b>	<b>1,240,696</b>	<b>\$ 1,262,865</b>
Adjustments to Reconcile Budgetary Basis to GAAP Basis				
Depreciation			(1,403,244)	
Amortization of Premium			7,186	
Debt Principal Payments			415,000	
Capital Outlay			134,122	
Developer Contributions			2,750	
<b>Change in Net Position, GAAP Basis</b>	<b>\$ 396,510</b>			

See the accompanying indendent auditors' report.

# **CITY OF CAÑON CITY, COLORADO**

## **Budgetary Comparison Schedule**

### **Stormwater Utility Fund**

#### **For the Year Ended December 31, 2016**

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Charges for Services	\$ 789,700	\$ 789,164	\$ (536)
Interest	1,200	4,477	3,277
Other	10,825	17,687	6,862
<b>Total Revenues</b>	<b><u>801,725</u></b>	<b><u>811,328</u></b>	<b><u>9,603</u></b>
<b>Expenditures</b>			
Stormwater Operations	510,237	309,459	200,778
Capital Outlay	160,000	61,797	98,203
Transfers Out	261,200	261,200	-
<b>Total Expenditures</b>	<b><u>931,437</u></b>	<b><u>632,456</u></b>	<b><u>298,981</u></b>
<b>Change in Net Position, Budgetary Basis</b>	<b><u>\$ (129,712)</u></b>	<b><u>178,872</u></b>	<b><u>\$ 308,584</u></b>
Adjustments to Reconcile Budgetary Basis to GAAP Basis			
Depreciation	(98,714)		
Capital Outlay	61,797		
<b>Change in Net Position, GAAP Basis</b>	<b><u>\$ 141,955</u></b>		

See the accompanying independent auditors' report.

# **CITY OF CAÑON CITY, COLORADO**

## **Budgetary Comparison Schedule Insurance Internal Service Fund For the Year Ended December 31, 2016**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Charges for Services	\$ 3,193,620	\$ 3,193,620	\$ 2,813,708	\$ (379,912)
Interest	2,000	2,000	8,430	6,430
<b>Total Revenues</b>	<b>3,195,620</b>	<b>3,195,620</b>	<b>2,822,138</b>	<b>(373,482)</b>
<b>Expenditures</b>				
Claims	2,497,100	2,617,100	2,455,242	161,858
Premiums	560,100	440,800	438,680	2,120
Administration Fees	162,540	161,840	152,569	9,271
<b>Total Expenditures</b>	<b>3,219,740</b>	<b>3,219,740</b>	<b>3,046,491</b>	<b>173,249</b>
<b>Change in Net Position, Budgetary and GAAP Basis</b>	<b>\$ (24,120)</b>	<b>\$ (24,120)</b>	<b>\$ (224,353)</b>	<b>\$ (200,233)</b>

See the accompanying independent auditors' report.

## 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.



**THIS PAGE INTENTIONALLY LEFT BLANK**

## CITY OF CAÑON CITY, COLORADO

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

(accrual basis of accounting)

TABLE 1

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Governmental activities</b>										
Net investment in capital assets										
Restricted - nonexpendable										
Restricted for:										
Emergencies	258,927	249,331	238,263	239,545	246,227	247,246	249,556	260,267	268,253	278,747
Parks	60,173	103,487	135,772	201,157	153,552	194,448	130,897	103,910	55,655	64,075
Library	20,261	16,723	15,674	17,190	11,506	10,382	25,242	4,965	-	1,139
Law Enforcement	8,628	14,406	14,652	12,837	12,205	9,761	9,777	33,260	22,173	23,765
Museum	45,611	50,127	53,408	55,372	58,046	64,279	70,869	74,524	83,729	97,991
Debt Service	286,405	185,963	221,791	175,037	273,461	135,841	95,951	84,873	99,266	83,089
Unrestricted	5,057,130	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
Total governmental activities net position	34,645,780	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
<b>Business-type activities</b>										
Net investment in capital assets										
Unrestricted										
Total business-type activities net position	19,780,611	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
	8,905,290	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
	28,685,901	31,862,183	33,786,308	34,611,643	35,464,720	35,653,818	35,269,106	35,396,644	35,478,545	36,017,010

**NET POSITION BY COMPONENT (continued)**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
**(accrual basis of accounting)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Primary government	46,991,987	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
Net investment in capital assets										
Restricted for:										
Cemetery Perpetual Care - nonspendable	1,697,269	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
Emergencies	258,927	249,331	238,263	239,545	246,227	247,246	249,556	260,267	268,253	278,747
Parks	60,173	103,487	135,772	201,157	153,552	194,448	130,697	103,910	55,655	64,075
Library	20,261	16,723	15,674	17,190	11,506	10,382	25,242	4,965	"	1,139
Law Enforcement	8,628	14,406	14,652	12,837	12,205	9,761	9,777	33,260	22,173	23,765
Museum	45,611	50,127	53,408	55,372	58,046	64,279	70,869	74,524	83,729	97,991
Debt Service	286,405	185,963	221,791	175,037	273,461	135,841	95,951	84,873	99,266	83,089
Unrestricted	13,902,420	11,767,073	11,093,028	12,717,418	14,094,018	14,292,294	13,275,622	15,149,912	16,488,763	19,236,565
Total primary government net position	\$ 63,331,681	\$ 66,577,821	\$ 68,875,455	\$ 69,211,608	\$ 70,667,217	\$ 71,484,272	\$ 69,210,252	\$ 92,277,924	\$ 97,431,513	\$ 99,655,609

Source: City of Canon City, Colorado, audited financial statements, 2007-2016.

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						2015	2016		
	2007	2008	2009	2010	2011	2012				
<b>Expenses</b>										
<b>Governmental Activities</b>										
General Government	\$ 2,661,631	\$ 2,731,817	\$ 2,527,950	\$ 2,589,102	\$ 2,412,572	\$ 2,516,575	\$ 2,444,394	\$ 2,525,751		
Public Safety	3,744,671	3,795,414	3,787,887	3,690,660	3,557,465	3,909,411	3,871,625	3,537,391		
Public Works	2,556,283	2,561,649	2,471,088	2,669,783	2,465,512	2,559,669	2,575,407	2,824,019		
Cemetery	330,831	326,666	312,911	323,463	339,239	314,592	294,177	2,789,143		
Culture and Recreation	2,276,663	2,415,806	2,060,814	2,118,274	2,196,911	2,254,510	2,130,602	-		
Interest on Long-Term Debt	21,770	17,164	10,598	8,253	4,200	7,550	31,528	1,304,892		
Total Governmental Activities Expenses	<u>11,591,849</u>	<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>3,174,986</u>		
<b>Business-type Activities</b>										
Water	4,577,244	4,487,223	4,689,537	5,272,375	5,412,055	5,764,390	5,789,256	6,280,169		
Stormwater Utility	294,979	349,910	418,861	429,153	407,764	572,399	369,222	550,073		
Canon City Finance Authority	237,721	188,350	185,014	180,173	175,544	163,055	109,512	-		
Total Business-type Activities Expenses	<u>5,099,944</u>	<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>		
Total Primary Government Expenses	<u>\$ 16,691,793</u>	<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>		
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges for Services:										
General Government	\$ 366,669	\$ 304,636	\$ 222,619	\$ 211,445	\$ 219,072	\$ 272,919	\$ 332,916	\$ 255,882		
Public Safety	288,648	247,831	273,269	332,655	314,490	295,914	282,369	353,534		
Public Works	113,985	62,326	179,268	45,190	59,965	36,656	22,622	288,423		
Cemetery	132,325	114,930	106,506	104,118	99,761	83,277	89,352	29,792		
Culture and Recreation	136,682	114,132	117,111	202,100	159,710	155,208	104,874	-		
Operating Grants and Contributions	885,163	1,105,380	884,632	862,948	1,079,215	843,263	865,731	977,913		
Capital Grants and Contributions	661,698	972,186	992,449	694,981	731,866	1,244,601	1,067,004	222,109		
Total Governmental Activities Program Revenues	<u>2,605,170</u>	<u>2,921,421</u>	<u>2,775,854</u>	<u>2,453,437</u>	<u>2,564,079</u>	<u>2,931,838</u>	<u>2,764,868</u>	<u>4,446,799</u>		
<b>Business-type Activities</b>										
Water	4,735,351	5,424,531	5,219,673	5,915,525	6,027,963	6,114,574	5,693,717	5,738,437		
Stormwater Utility	746,132	780,712	774,033	778,571	791,893	902,435	798,769	801,538		
Canon City Finance Authority	-	231,227	239,983	241,591	241,892	237,082	43,308	802,310		
Operating Grants and Contributions										
Capital Grants and Contributions										
Total Business-type Activities Program Revenues	<u>1,893,979</u>	<u>1,701,526</u>	<u>1,317,516</u>	<u>60,350</u>	<u>89,997</u>	<u>111,528</u>	<u>82,565</u>	<u>123,501</u>		
Total Primary Government Revenues	<u>7,375,462</u>	<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>		
Net (Expense)/Revenue	<u>\$ (8,986,679)</u>	<u>\$ (8,927,095)</u>	<u>\$ (8,395,394)</u>	<u>\$ (8,946,098)</u>	<u>\$ (8,311,820)</u>	<u>\$ (8,630,469)</u>	<u>\$ (8,582,855)</u>	<u>\$ (13,511,099)</u>		
Governmental Activities	<u>\$ 2,275,518</u>	<u>\$ 3,111,913</u>	<u>\$ 2,257,793</u>	<u>\$ 1,114,936</u>	<u>\$ 1,156,382</u>	<u>\$ 925,775</u>	<u>\$ 521,885</u>	<u>\$ 583,086</u>		
Business-type Activities	<u>\$ 9,980,632</u>	<u>\$ 11,059,417</u>	<u>\$ 10,327,059</u>	<u>\$ 9,450,974</u>	<u>\$ 9,815,824</u>	<u>\$ 10,357,457</u>	<u>\$ 9,534,743</u>	<u>\$ 12,750,412</u>		
Total Primary Government Net Expense	<u>\$ (6,711,161)</u>	<u>\$ (5,915,182)</u>	<u>\$ (6,137,601)</u>	<u>\$ (7,831,162)</u>	<u>\$ (7,704,694)</u>	<u>\$ (8,060,970)</u>	<u>\$ 14,096,185</u>	<u>\$ (5,595,308)</u>		

# CITY OF CAÑON CITY, COLORADO

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

(accrual basis of accounting)

	Fiscal Year					
	2011	2012	2013	2014	2015	2016
<b>General Revenues and Other Changes in Net Position</b>						
Governmental Activities:						
Property Taxes	\$ 363,462	\$ 380,957	\$ 398,500	\$ 445,501	\$ 434,508	\$ 436,009
Sales and Use Taxes	5,570,901	5,414,444	5,139,136	5,211,532	5,239,514	5,478,503
Other Taxes	94,294	110,801	12,371	11,857	17,736	14,190
Franchise Taxes	641,187	645,132	670,120	656,799	714,621	790,382
Grants and Contributions not Restricted	120,352	172,840	292,010	275,293	290,551	297,084
Royal Gorge Bridge Revenues	1,595,622	1,563,333	1,703,414	1,679,694	1,680,695	1,681,688
Investment Earnings	338,663	230,209	78,784	61,221	42,013	40,536
Other Revenues	76,370	101,024	103,768	77,161	167,651	186,133
Gain on Sale of Capital Assets	-	72,513	-	-	-	-
Extraordinary Item	-	-	-	-	-	-
Transfers	137,063	305,500	371,000	321,000	335,400	917,734
Total Governmental Activities	<u>\$ 8,937,914</u>	<u>8,996,753</u>	<u>8,769,103</u>	<u>8,740,058</u>	<u>9,258,424</u>	<u>6,693,547</u>
Business-type Activities:						
Unrestricted Grants and Contributions	-	-	-	-	-	-
Investment Earnings	351,230	161,462	37,132	31,399	17,695	19,454
Gain on Sale of Capital Assets	-	2,152	-	-	-	-
Transfers	<u>(137,063)</u>	<u>(305,500)</u>	<u>(371,000)</u>	<u>(321,000)</u>	<u>(335,400)</u>	<u>(917,734)</u>
Total Business-type Activities	<u>\$ 214,167</u>	<u>\$ 141,386</u>	<u>\$ 333,868</u>	<u>\$ 289,601</u>	<u>\$ 315,946</u>	<u>\$ (466,800)</u>
Total Primary Government	<u><u>\$ 9,152,081</u></u>	<u><u>\$ 8,854,867</u></u>	<u><u>\$ 8,435,235</u></u>	<u><u>\$ 8,450,457</u></u>	<u><u>\$ 8,611,047</u></u>	<u><u>\$ 8,942,478</u></u>
Change in Net Position						
Government Activities	\$ (48,765)	\$ 69,658	\$ 373,709	\$ (206,040)	\$ 602,532	\$ 627,955
Business-type Activities	2,489,685	2,970,027	1,923,925	825,335	833,077	\$ (1,889,308)
Total Primary Government	<u><u>\$ 2,440,920</u></u>	<u><u>\$ 3,039,685</u></u>	<u><u>\$ 2,297,634</u></u>	<u><u>\$ 619,295</u></u>	<u><u>\$ 1,455,609</u></u>	<u><u>\$ 1,237,784</u></u>

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes	\$ 363,462	\$ 380,957	\$ 398,500	\$ 445,501	\$ 434,508	\$ 436,009	\$ 430,871	\$ 426,772	\$ 439,004	
Sales and Use Taxes	5,570,901	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
Other Taxes	94,294	110,801	12,371	11,857	17,736	14,190	19,771	13,831	31,747	18,262
Franchise Taxes	641,187	645,132	670,120	656,799	714,621	790,382	754,285	797,459	802,527	800,723
Grants and Contributions not Restricted	120,352	172,840	292,010	275,293	290,551	297,084	260,251	290,581	263,603	276,061
Royal Gorge Bridge Revenues	1,595,622	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
Investment Earnings	338,663	230,209	78,784	61,221	42,013	40,536	35,357	27,980	29,821	71,961
Other Revenues	76,370	101,024	103,768	77,161	167,651	186,133	176,568	167,721	178,667	76,826
Gain on Sale of Capital Assets	-	72,513	-	-	-	-	-	-	-	-
Extraordinary Item	-	-	-	-	-	-	-	-	-	-
Transfers	137,063	305,500	371,000	321,000	335,400	917,734	466,800	443,700	443,700	443,700
Total Governmental Activities	<u>\$ 8,937,914</u>	<u>8,996,753</u>	<u>8,769,103</u>	<u>8,740,058</u>	<u>9,258,424</u>	<u>6,693,547</u>	<u>9,429,035</u>	<u>10,599,053</u>	<u>11,054,458</u>	
Business-type Activities:										
Unrestricted Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Investment Earnings	351,230	161,462	37,132	31,399	17,695	19,454	11,137	9,252	12,714	39,646
Gain on Sale of Capital Assets	-	2,152	-	-	-	-	-	-	-	-
Transfers	<u>(137,063)</u>	<u>(305,500)</u>	<u>(371,000)</u>	<u>(321,000)</u>	<u>(335,400)</u>	<u>(917,734)</u>	<u>(466,800)</u>	<u>(443,700)</u>	<u>(443,700)</u>	
Total Business-type Activities	<u>\$ 214,167</u>	<u>\$ 141,386</u>	<u>\$ 333,868</u>	<u>\$ 289,601</u>	<u>\$ 315,946</u>	<u>\$ (906,597)</u>	<u>\$ (457,548)</u>	<u>\$ (430,986)</u>	<u>\$ (404,054)</u>	
Total Primary Government	<u><u>\$ 9,152,081</u></u>	<u><u>\$ 8,854,867</u></u>	<u><u>\$ 8,435,235</u></u>	<u><u>\$ 8,450,457</u></u>	<u><u>\$ 8,611,047</u></u>	<u><u>\$ 8,942,478</u></u>	<u><u>\$ 5,786,930</u></u>	<u><u>\$ 8,971,487</u></u>	<u><u>\$ 10,168,067</u></u>	<u><u>\$ 10,650,404</u></u>
Change in Net Position										
Government Activities	\$ (48,765)	\$ 69,658	\$ 373,709	\$ (206,040)	\$ 602,532	\$ 627,955	\$ (1,889,308)	\$ 22,940,134	\$ 4,490,858	\$ 1,685,631
Business-type Activities	2,489,685	2,970,027	1,923,925	825,335	833,077	609,829	(384,712)	127,538	81,901	538,465
Total Primary Government	<u><u>\$ 2,440,920</u></u>	<u><u>\$ 3,039,685</u></u>	<u><u>\$ 2,297,634</u></u>	<u><u>\$ 619,295</u></u>	<u><u>\$ 1,455,609</u></u>	<u><u>\$ 1,237,784</u></u>	<u><u>\$ (2,274,020)</u></u>	<u><u>\$ 23,067,672</u></u>	<u><u>\$ 4,572,759</u></u>	<u><u>\$ 2,224,096</u></u>

Source: City of Canon City, Colorado, audited financial statements, 2007-2016.

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 all Cemetery activities were absorbed into the Parks Department.

(4) 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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>General Fund</b>										
<b>Nonspendable:</b>										
Inventory	\$ 99,070	\$ 104,723	\$ 123,164	\$ 148,629	\$ 123,181	\$ 119,148	\$ 121,271	\$ 121,498	\$ 132,276	\$ 102,511
Prepaid items	1,937	4,524	2,356	4,857	1,962	3,904	2,267	3,358	662	3,138
Restricted For:										
Emergencies	258,927	249,331	238,263	239,545	246,227	247,246	249,556	260,267	268,253	278,747
Capital Improvements	-	-	-	-	-	-	380,923	-	23,468	-
Law Enforcement	-	-	-	-	-	-	-	-	12,362	13,896
Committed to:										
Royal Gorge Bridge	206,182	309,384	439,393	515,516	600,000	300,378	401,050	501,707	600,000	600,000
Capital Improvements	-	-	-	-	-	-	55,136	72,526	92,307	111,832
Garden Park Paleontology Society rent	-	54,250	33,250	12,250	-	33,123	-	-	-	-
Contractual Obligations	-	-	-	-	90,285	-	-	-	-	-
Assigned to:										
Property acquisition	750,000	817,582	753,102	853,102	1,023,740	1,443,010	1,443,010	1,685,010	1,685,010	1,685,010
Capital Improvements	-	6,146	112,264	6,146	6,146	12,359	12,359	12,359	20,284	20,284
Capital Projects- Use of Reserve	-	-	-	-	-	-	-	-	-	2,893,664
Community Agency Funding	-	-	-	-	-	38,017	37,591	38,736	16,857	-
Main St. traffic lights	55,000	41,184	41,184	41,184	41,184	41,184	-	-	-	-
Cemetery	-	-	-	-	27,900	6,527	12,643	10,983	4,673	-
Library continuing education	57,042	-	-	-	-	4,828	4,828	-	-	-
Economic Development	-	-	-	-	-	-	-	-	-	-
Unassigned	2,948,514	2,302,899	1,731,255	2,242,614	-	-	-	115,000	360,000	-
Total general fund	<u>\$ 4,376,672</u>	<u>\$ 3,890,023</u>	<u>\$ 3,501,131</u>	<u>\$ 4,070,370</u>	<u>\$ 4,518,114</u>	<u>\$ 2,367,918</u>	<u>\$ 2,966,194</u>	<u>\$ 2,933,037</u>	<u>\$ 4,014,470</u>	<u>\$ 4,349,153</u>
	<u><u>\$ 4,376,672</u></u>	<u><u>\$ 3,890,023</u></u>	<u><u>\$ 3,501,131</u></u>	<u><u>\$ 4,070,370</u></u>	<u><u>\$ 4,518,114</u></u>	<u><u>\$ 2,367,918</u></u>	<u><u>\$ 2,966,194</u></u>	<u><u>\$ 2,933,037</u></u>	<u><u>\$ 4,014,470</u></u>	<u><u>\$ 4,349,153</u></u>
	<u><u><u>\$ 4,376,672</u></u></u>	<u><u><u>\$ 3,890,023</u></u></u>	<u><u><u>\$ 3,501,131</u></u></u>	<u><u><u>\$ 4,070,370</u></u></u>	<u><u><u>\$ 4,518,114</u></u></u>	<u><u><u>\$ 2,367,918</u></u></u>	<u><u><u>\$ 2,966,194</u></u></u>	<u><u><u>\$ 2,933,037</u></u></u>	<u><u><u>\$ 4,014,470</u></u></u>	<u><u><u>\$ 4,349,153</u></u></u>
	<u><u><u><u>\$ 4,376,672</u></u></u></u>	<u><u><u><u>\$ 3,890,023</u></u></u></u>	<u><u><u><u>\$ 3,501,131</u></u></u></u>	<u><u><u><u>\$ 4,070,370</u></u></u></u>	<u><u><u><u>\$ 4,518,114</u></u></u></u>	<u><u><u><u>\$ 2,367,918</u></u></u></u>	<u><u><u><u>\$ 2,966,194</u></u></u></u>	<u><u><u><u>\$ 2,933,037</u></u></u></u>	<u><u><u><u>\$ 4,014,470</u></u></u></u>	<u><u><u><u>\$ 4,349,153</u></u></u></u>
<b>All Other Governmental Funds</b>										
<b>Nonspendable:</b>										
Inventory	\$ 38,633	\$ 37,220	\$ 35,152	\$ 34,388	\$ 35,395	\$ 38,531	\$ 31,698	\$ 40,427	\$ 9,977	\$ 10,306
Prepaid items	-	-	-	-	-	-	-	-	-	-
Permanent Fund	1,697,269	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
Restricted For:										
Parks	60,173	103,487	135,772	201,157	153,552	194,448	130,697	103,910	55,655	64,075
Library	20,261	16,723	15,674	17,190	11,506	10,382	25,242	4,965	-	1,139
Law Enforcement	8,628	14,406	14,652	12,837	12,205	9,761	9,777	9,792	9,811	9,869
Museum	45,611	50,127	53,408	55,372	58,046	64,279	70,869	74,524	83,729	97,991
Debt service	286,405	185,963	221,791	175,037	273,461	135,841	95,951	84,873	99,266	83,089
Assigned to:										
Parks	70,477	79,097	90,368	52,193	787	56,116	353,769	143,385	69,070	247,302
Library	22,354	23,490	23,785	27,828	27,767	30,936	29,029	29,110	26,996	27,168
Quality of Life	6,572	13,392	10,924	-	48,082	59,985	208,453	284,901	413,381	563,317
Community Revitalization	138,114	156,849	165,194	176,611	181,063	-	-	-	-	-
Museum	28,691	30,895	31,419	31,896	32,130	32,389	32,559	32,716	32,942	17,727
Debt service	335,724	404,731	386,233	379,004	348,112	470,383	384,484	300,807	266,417	270,853
Total all other governmental funds	<u>\$ 2,758,912</u>	<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>\$ 3,000,552</u>	<u>\$ 3,047,656</u>	<u>\$ 3,391,615</u>

Source: City of Cañon City, Colorado, audited financial statements, 2007-2016.

# CITY OF CAÑON CITY, COLORADO

CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(Unadjusted)

TABLE 4

Fiscal Year										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues:</b>										
Taxes and Assessments	\$ 6,700,262	\$ 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
Licenses and Permits	315,377	256,291	153,807	165,025	191,730	200,396	254,992	178,311	172,299	155,126
Intergovernmental	1,331,215	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
Charges for Services	238,898	205,914	346,935	205,828	219,872	204,644	287,001	357,350	319,616	305,185
Fines and Forfeitures	171,909	149,103	181,497	245,281	228,429	202,302	199,348	226,108	150,723	212,101
Royal Gorge Bridge	1,595,622	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
Interest	294,305	200,510	68,088	54,076	38,157	37,054	33,689	26,159	27,143	63,531
Rent	79,161	70,383	118,302	97,664	84,953	86,969	90,792	99,232	110,848	127,300
Contributions & Donations	-	-	-	-	-	-	34,235	81,818	26,012	43,230
Other	441,559	395,216	328,374	324,093	411,674	460,006	176,568	151,794	163,596	76,827
Total Revenues	11,168,308	10,838,627	10,405,736	10,633,777	11,022,245	11,209,970	11,416,746	11,808,122	11,871,569	12,898,436
<b>Expenditures:</b>										
General Government	2,428,494	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
Public Safety	3,485,455	3,653,742	3,696,646	3,429,078	3,441,605	3,588,535	3,584,951	3,664,306	3,683,567	3,676,267
Public Works	1,759,175	1,718,095	1,606,989	1,713,661	1,565,388	1,575,822	1,610,948	2,005,270	1,918,862	1,739,921
Cemetery	311,394	326,678	307,136	311,219	332,804	300,648	309,343	-	-	-
Culture and Recreation	1,798,556	2,021,210	1,719,651	1,676,096	1,778,192	1,672,745	1,690,323	1,595,779	1,794,676	1,925,932
Capital Outlay	1,234,302	1,779,783	1,194,543	774,727	1,545,011	1,351,574	1,932,855	1,389,999	1,693,605	1,682,556
Debt Service										
Principal	195,136	178,270	138,534	152,287	27,000	42,000	216,000	225,000	231,000	214,000
Interest	14,713	19,717	13,228	10,127	4,200	7,550	27,881	47,168	41,608	36,834
Debt Issuance Costs										
Total Expenditures	11,327,025	12,251,352	11,087,982	10,403,549	10,997,710	10,901,431	11,679,875	11,322,031	11,679,469	11,812,458
Excess of Revenues over (under) Expenditures	(58,717)	(1,392,725)	(682,146)	230,228	24,535	308,539	(263,129)	486,091	192,100	1,085,978
<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	70,000	-	40,000	22,000	109,000	-	2,310,000	-	20,000	-
Insurance Recoveries	-	-	-	-	-	-	89,244	-	-	-
Transfers In	339,611	402,799	468,538	416,779	433,351	695,899	561,253	607,555	489,692	471,055
Transfers Out	(202,548)	(97,299)	(97,538)	(95,779)	(112,951)	(360,499)	(1,986,392)	(140,755)	(45,992)	(27,355)
Total Other Financing Sources (Uses)	207,063	1,045,795	411,000	347,047	462,240	339,060	974,105	482,727	478,769	443,700
Net Change in Fund Balances	\$ 148,346	\$ (346,920)	\$ (271,146)	\$ 577,275	\$ 486,775	\$ 647,599	\$ 710,976	\$ 968,818	\$ 670,869	\$ 1,529,678
Debt Service as a percentage of noncapital expenditures	2.1%	1.9%	1.5%	1.7%	0.3%	0.5%	2.5%	2.7%	2.7%	2.5%

# 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
2007	8,599,150	61,428,450	48,535,370	2,919,710	162,250	209,630	5,488,580	127,343,140	2.59	1,047,870,322	12.15%
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	67,032,590	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%

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. 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.

**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	City Fire	City	Water	Arkansas			
Year	Cañon	Fremont	School District	Protection	Recreation	Cons.	Water		
Year	City (d)	County	RE-1	District (c)	District	District	Cons.		
2007	2.59	12.48	36.29	13.00	3.51	0.92	0.48		69.27
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

**Source: Fremont County Assessor's Office, Fremont County Treasurer's Office and Division of Property Taxation Annual Report.**

- (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 61.9% lower than the statewide average municipal mill levy.

# CITY OF CAÑON CITY, COLORADO

## PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN YEARS (Unaudited)

TABLE 7

Levy Year	Collection Year	Total Tax		Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years		Total Collections	
		Levy for Fiscal Year	Amount	Percentage of Levy	Years	Amount	Percentage of Levy		
							(275)	312,321	
2006	2007	313,303	312,596	99.77%	(275)				99.69%
2007	2008	336,918	334,865	99.39%		508			99.54%
2008	2009	355,461	353,677	99.50%		117			99.53%
2009	2010	404,093	402,153	99.52%		1,354			99.85%
2010	2011	401,591	399,248	99.42%		449			99.53%
2011	2012	395,851	394,642	99.69%		759			99.89%
2012	2013 (a)	392,489	393,136	100.16%		532			100.30%
2013	2014	387,707	385,726	99.49%	-				385,726
2014	2015	383,361	379,698	99.04%		1,129			99.49%
2015	2016	391,715	389,323	99.39%	-				380,827
									389,323
									99.39%

Source: Fremont County Treasurer and Colorado Division of Property Taxation

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Sales Tax	\$ 5,220,548	\$ 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
General Property Tax	306,346	327,898	347,226	394,227	392,591	387,218	384,554	376,803	370,706	380,914
Specific Ownership Tax	57,116	53,059	51,274	51,274	47,980	47,290	51,455	54,067	56,066	58,090
Use Tax	350,353	145,497	90,024	103,878	112,135	205,639	171,113	86,882	77,660	103,168
Franchise Taxes:										
Cable/television	97,075	82,847	103,881	112,632	121,486	126,954	126,848	126,608	125,406	127,405
Telephone	26,865	23,193	20,747	18,218	16,161	14,728	13,635	12,309	13,853	10,466
Electricity	342,318	357,291	367,162	381,466	434,789	494,438	478,000	498,341	504,831	533,923
Gas	174,929	181,801	178,330	144,483	142,185	124,809	135,802	160,202	158,438	128,929
Penalty & Interest on Tax	15,749	13,350	12,371	11,857	17,736	14,190	19,773	13,831	14,579	18,262
Total	<u>\$ 6,591,209</u>	<u>\$ 6,453,883</u>	<u>\$ 6,220,127</u>	<u>\$ 6,325,689</u>	<u>\$ 6,412,442</u>	<u>\$ 6,688,120</u>	<u>\$ 6,323,287</u>	<u>\$ 7,128,602</u>	<u>\$ 7,535,542</u>	<u>\$ 7,798,440</u>

Source: City of Canon City, Colorado, audited financial statements, 2007-2016.

## CITY OF CAÑON CITY, COLORADO

**SALES TAX BY CATEGORY  
LAST TEN FISCAL YEARS  
(Unaudited)**

Source: City of Canon City, Colorado, audited financial statements, 2007-2016 and Sales Tax Subsidiary Records, 2007-2016.

# **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)
2007	1,595,622	308,306
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 (b)	1,346,351	84,645
2014	1,347,351	42,256
2015	2,130,552	333,697
2016	2,387,470	338,964

**Source: City of Cañon City, Colorado, audited financial statements, 2007-2016 and Royal Gorge Company of Colorado Year-End Review, 2007-2016.**

**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) Attendance in 2008 was impacted by the declining economy and rising gas costs, but began to recover in 2009. There was a significant decrease in attendance in 2012 which has been attributed to the proximity of the Waldo Canyon wildfire.

(b) 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)**

TABLE II

Santos, City of, Kansas City, Colorado and Gunnison, 2000, 201

- a) Effective May 1, 2010, the City implemented a cost-based increasing block water rate schedule.
- b) A monthly fee established in 2008 which applies to any account where water service is turned off.
- c) The increase in tap fees and other water revenues in 2007 were due to prepayments received from the Colorado Department of Corrections related to the construction of CSP2 and a water main installation at other DOC facilities.
- d) 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.
- e) 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.
- f) 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							2016
	2007	2008	2009	2010	2011	2012	2013	
<b>Metered Water Sales by Type of Customer</b>								
Residential - Inside City limits	\$ 1,262,614	\$ 1,581,168	\$ 1,432,983	\$ 1,742,589	\$ 1,736,842	\$ 1,822,889	\$ 1,615,105	\$ 1,581,803
Residential - Outside City limits	689,593	830,110	764,579	900,202	894,011	955,236	874,966	878,336
Commercial - Inside City limits	943,079	1,139,570	1,325,532	1,157,076	1,311,355	1,216,886	1,099,018	1,117,912
Commercial - Outside City limits	418,974	588,886	490,789	651,298	599,348	623,064	611,537	576,214
Prisons	719,264	930,580	912,407	1,108,415	1,114,742	1,225,454	1,177,238	1,259,983
<b>Total Metered Water Sales by Type of Customer</b>	<b>\$ 4,033,524</b>	<b>\$ 5,070,314</b>	<b>\$ 4,926,290</b>	<b>\$ 5,539,580</b>	<b>\$ 5,656,298</b>	<b>\$ 5,843,579</b>	<b>\$ 5,377,864</b>	<b>\$ 5,448,201</b>
Residential Inside minimum rate per 4,000 gallons (a)	\$10.92	\$13.16	\$13.56					
Residential Outside minimum rate per 4,000 gallons (a)	\$16.00	\$19.28	\$19.84					
Residential Inside Meter Fee - flat rate (b)(c)				\$9.30	\$9.30	\$9.58	\$9.58	\$9.87
Residential Outside Meter Fee - flat rate (b)(c)				\$13.95	\$13.95	\$14.37	\$14.37	\$14.80
<b>Water Gallons Sold by Type of Customer (d)</b>								
Residential - Inside City limits	503,868	540,101	474,979	521,319	548,700	539,054	457,826	461,100
Residential - Outside City limits	172,790	176,105	154,048	170,919	177,399	177,941	156,899	158,440
Commercial - Inside City limits	426,117	426,117	389,76	331,019	411,424	337,994	295,459	305,016
Commercial - Outside City limits	252,681	334,588	223,119	259,348	239,575	245,054	253,496	234,835
Prisons	325,731	351,597	348,560	367,989	374,951	385,087	365,953	391,385
<b>Total Water Gallons Sold by Type of Customer</b>	<b>1,681,211</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>

Source: City of Canon City, Colorado, audited financial statements, 2007-2016 and Water Utility Billing Records, 2007-2016.

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										
	Public Bonds	Improvement Capital Leases(a)	General Obligation Bonds	Resource Authority(b)	Payable Water	Note	Payable Water	Conservation Board(b)	Certificates of Participation Series 2003(c)	Certificates of Participation Series 2008(c)	Certificates of Participation Premium	Capital Lease	Total Primary Government	Percentage of Personal Income (d)	Per Capita	
													Note	Note	Note	
2007	177,000	295,091	-	2,358,334	70,029	2,765,000	-	-	-	-	-	21,101	5,686,555	1.40%	357	
2008	105,000	188,821	-	-	-	2,635,000	12,550,000	12,230,000	165,286	172,472	14,271	15,665,564	3.78%	983		
2009	116,000	79,287	-	-	-	2,500,000	-	-	-	7,239	-	15,097,812	3.39%	918		
2010	65,000	-	-	-	-	-	2,360,000	11,895,000	158,100	-	-	14,478,100	3.26%	883		
2011	147,000	-	-	-	-	-	2,215,000	11,550,000	150,914	-	-	14,062,914	3.11%	854		
2012	105,000	-	-	-	-	-	2,070,000	11,195,000	143,728	-	-	13,513,728	2.84%	824		
2013	64,000	2,135,000	-	-	-	-	-	-	10,825,000	136,542	-	13,160,542	2.70%	807		
2014	34,000	1,940,000	-	-	-	-	-	-	10,445,000	129,356	-	12,548,356	2.64%	773		
2015	23,000	1,740,000	-	-	-	-	-	-	10,050,000	122,170	-	11,935,170	2.57%	732		
2016	9,000	1,540,000	-	-	-	-	-	-	9,635,000	114,984	-	11,298,984	2.24%	693		

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

(a) In 2004, the City entered into a lease/purchase agreement to refinance debt for the construction of the public works facility and parking lot. Also, in 2004, lease/purchase agreements were entered into for the purchase of two dump trucks and a loader for \$1,54,601. In 2005, a lease/purchase agreement was entered into to purchase a recycling trailer equipped with a crane and power pack for \$88,088. In 2013, the City entered into a lease/purchase agreement to refinance the City Hall Building and pay off the Series 2003 Certificates of Participation issued in 2003 to construct City Hall.

(b) The Water Resource Authority and Water Conservation Board notes payable were paid early to facilitate the issuance of the \$12.5M Certificates of Participation, Series 2008.

(c) The Cañon City Finance Authority (formerly Cañon 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 \$33,400,000 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 accordance with lease agreements, the City leases the building and the water system improvements from the Corporation with annual payments equal to the debt service of the Certificates of Participation.

(d) 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

	2007	2008	2009	2010	Fiscal Year					
					2011	2012	2013	2014	2015	2016
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	127,343,140	132,771,650	139,776,360	139,006,845	136,453,561	135,621,831	133,599,993	132,147,876	134,888,127	135,316,053
Legal Debt Limit (c)	12,734,314	13,277,168	13,977,636	13,900,685	13,645,356	13,562,183	13,359,999	13,214,788	13,488,813	13,331,605
Total Net Debt Applicable To Debt Limit	<u>\$ 12,734,314</u>	<u>\$ 13,277,168</u>	<u>\$ 13,977,636</u>	<u>\$ 13,900,685</u>	<u>\$ 13,645,356</u>	<u>\$ 13,562,183</u>	<u>\$ 13,359,999</u>	<u>\$ 13,214,788</u>	<u>\$ 13,488,813</u>	<u>\$ 13,331,605</u>
Legal Debt Margin (d)										
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					
	2007	2008	2009	2010	2011	2012
Water Fund Debt Outstanding						
General Obligation Bonds	\$ 2,358,334	\$ -	\$ -	\$ -	\$ -	\$ -
Note Payable-Water Resource Authority	70,029	-	-	-	-	-
Note Payable-Water Conservation Board	-	12,550,000	12,230,000	11,895,000	11,550,000	11,195,000
Certificates of Participation Series 2008	21,101	14,271	7,239	-	-	-
Capital Leases	\$ 2,449,464	\$ 12,564,271	\$ 12,237,239	\$ 11,895,000	\$ 11,550,000	\$ 11,195,000
<b>Total Water Fund Debt Outstanding</b>	<b>\$ 2,449,464</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>
Number of Active Water Service Connections	8,345	8,527	8,545	8,535	8,547	8,553
Water Fund Debt per Active Water Service Connection	\$ 294	\$ 1,473	\$ 1,432	\$ 1,394	\$ 1,351	\$ 1,309
	89					

Water Fund Debt Outstanding	\$ 2,358,334	\$ -	\$ -	\$ -	\$ -	\$ -
General Obligation Bonds						
Note Payable-Water Resource Authority	70,029	-	-	-	-	-
Note Payable-Water Conservation Board	-	12,550,000	12,230,000	11,895,000	11,550,000	11,195,000
Certificates of Participation Series 2008	21,101	14,271	7,239	-	-	-
Capital Leases	\$ 2,449,464	\$ 12,564,271	\$ 12,237,239	\$ 11,895,000	\$ 11,550,000	\$ 11,195,000
<b>Total Water Fund Debt Outstanding</b>	<b>\$ 2,449,464</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>
Number of Active Water Service Connections	8,345	8,527	8,545	8,535	8,547	8,553
Water Fund Debt per Active Water Service Connection	\$ 294	\$ 1,473	\$ 1,432	\$ 1,394	\$ 1,351	\$ 1,309

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, 2016**  
**(Unaudited)**

**TABLE 16**

<b>Government Entity</b>	<b>Debt Outstanding</b>	<b>Estimated Applicable (b)</b>	<b>Estimated Percentage</b>	<b>Estimated Share of Overlapping (a) Debt</b>
Fremont County School District RE-1	\$ 12,755,000	58.4%	\$	7,448,920
Total Overlapping Debt				<hr/> 7,448,920
City of Cañon City Direct Debt				<hr/> 1,549,000
Total Direct and Overlapping Debt			\$	<hr/> 8,997,920

(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 borne 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
2007	15,913	1,218,253	406,609	25,552	5.0
2008	15,933	1,244,712	414,768	26,032	6.5
2009	16,447	1,267,980	445,072	27,061	9.0
2010	16,400	1,267,980	443,800	27,061	10.5
2011	16,464	1,299,183	451,772	27,440	10.0
2012	16,404	1,358,394	476,257	29,033	10.1
2013	16,303	1,388,144	487,199	29,884	8.2
2014	16,228	1,360,927	474,929	29,266	7.1
2015	16,313	1,443,768	504,414	30,921	6.2
2016	(c)	16,313	1,443,768	504,414	30,921

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 2016 is not available as of April 2017, so 2015 data is repeated for 2016.

# CITY OF CAÑON CITY, COLORADO

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

**TABLE 18**

Employer	2016			2007		
	Employees	Rank	Percentage of Total County Employment (c)	Employees	Rank	Percentage of Total County Employment
Centura Health (a)	620	1	4.48%	550	1	2.91%
Fremont School District (RE-I)	520	2	3.76%	519	2	2.74%
Fremont County	320	3	2.31%	300	4	1.59%
Walmart	290	4	2.10%	425	3	2.25%
International Order of Odd Fellows Complexes	201	5	1.45%	275	5	1.45%
Starpointe	182	6	1.32%	162	8	0.86%
Cornell Companies	150	7	1.08%	176	6	0.93%
City of Canon City	150	7	1.08%	171	7	0.90%
Skyline Ridge Nursing and Rehab	112	9	0.81%	-	-	-
Interroll Engineering West Inc (b)	101	10	0.73%	139	9	0.73%
Canon City Daily Record	-	-	-	125	10	0.66%
Total	<u><u>2,646</u></u>		<u><u>19.14%</u></u>	<u><u>2,842</u></u>		<u><u>15.02%</u></u>

**Source:** City of Canon City Community and Economic Development Department (data prior to 2007 is not available). 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 2016 employment within Fremont County 13,827

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

**TABLE 19**

	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>General Government</b>										
City Clerk	2	2	2	2	2	2	2	2	2	2
Municipal Court	2	2	2	2	2	2	2	2	2	2
City Administrator	2	2	2	1	1	1	1	1	1	1
Finance	6	6	6	6	6	6	6	6	6	6
City Attorney	1	1	1	1	1	1	1	1	1	1
Building Maintenance (g)	4	4	4	4	4	4	4	1	1	1
Community Development										
Building Division (b)	3	3	3	2	2	2	2	2	2	2
Planning & Zoning (d)	2	2	2	2	2	2	1	1	1	1
Code Enforcement	1	1	1	1	1	1	1	1	1	1
Administrative Resources										
Special Projects (e)	0	0	0	0	0	0	1	0	0	0
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	28	29	28	28	28	28	28	29	30	
Victims Assistance	1	1	1	1	1	1	1	1	1	1
Administration (c) (f)	3	3	3	3	3	4	5	5	5	5
Investigations (c)	5	5	6	6	6	5	5	5	5	5
Parking & Code Enforcement	2	2	2	2	2	2	2	2	2	2
School Resource Program (j)	1	1	1	1	1	1	1	2	2	2
Dare Program (a)	1	1	1	1	0	0	0	0	0	0
Drug Task Force	1	1	0	0	0	0	0	0	0	0
Dispatch Services (k)	8	8	8	8	8	8	8	8	8	0
<b>Public Works</b>										
Equipment Repair	3	3	3	3	3	3	3	3	3	3
Street Maintenance (a)	16	17	16	16	15	15	15	15	15	15
Engineering (a)	3	3	3	2	2	2	2	2	2	2
Cemetery (h)	5	5	5	5	5	5	5	0	0	0
<b>Cultural &amp; Recreation</b>										
Forestry (a) (h)	4	4	4	3	3	3	3	0	0	0
Library & History Center	16	16	15	15	15	15	14	14	14	14
Parks Improvement Fund (a) (h)	9	9	9	8	8	8	7	12	12	13
<b>Water Fund</b>										
Administration (a)	8	8	8	7	7	7	6	6	6	6
Water Treatment	12	12	12	13	12	12	12	12	12	12
Water Distribution	16	16	16	16	16	16	16	17	17	17
Water Utility Billing	2	2	1	1	1	1	1	1	1	1
<b>Storm Water Utility Fund</b>										
Administration (b)	1	1	1	2	2	2	2	2	2	2
<b>Total</b>	<b>171</b>	<b>173</b>	<b>169</b>	<b>165</b>	<b>162</b>	<b>162</b>	<b>160</b>	<b>155</b>	<b>156</b>	<b>150</b>

Source: City of Cañon City Finance Department.

(a) Some positions which were vacated in 2009, 2010 and 2011 were not refilled due to downturn in revenues.

(b) In 2010 a building inspector assumed GIS Tech duties in Stormwater Dept when building inspections decreased.

(c) In 2012 one Administrative Assistant position was moved from Investigations to Police Administration.

(d) In 2013 the position of Community Development Director was vacated when the director was appointed City Administrator.

(e) In 2013 the new position of Director of Administrative Services was created as a liaison with the community to coordinate special projects; position subsequently eliminated in 2014.

(f) In 2013 a new Crime Prevention Officer position was created.

(g) In 2014 three custodial positions were eliminated and janitorial services were outsourced.

(h) In 2014 Cemetery & Forestry Departments were eliminated and functions were absorbed by the Parks Fund.

(j) In 2014 a second School Resource Officer position was created.

(k) Dispatch services were absorbed by the newly organized special service district, Fremont County Combined Regional Communications Authority.

## CITY OF CAÑON CITY, COLORADO

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

TABLE 20

Function/Program	Fiscal Year					
	2007	2008	2009	2010	2011	2012
<b>Public Safety</b>						
Physical arrests	1,569	1,408	1,743	1,952	2,130	1,839
Traffic violations (d)	2,697	2,159	2,321	2,468	2,707	1,981
Parking violations	1,379	684	765	1,377	911	351
Calls for service (c)	27,197	27,742	26,629	26,352	27,292	27,302
<b>Public Works</b>						
Street resurfacing & repairs (miles)	1.66	1.08	1.52	1.71	0.71	0.00
Potholes repaired	130	117	87	82	78	84
<b>Cemetery</b>						
Standard and ash burials	121	112	97	107	130	90
Spaces sold	69	48	39	26	48	28
<b>Cultural &amp; Recreation</b>						
Library:						
Physical Volumes in collection (a)	78,279	79,885	79,204	60,324	70,661	73,984
Electronic Volumes in collection (a)	—	—	—	—	526	2,992
Total volumes checked out (b)	330,626	319,983	307,616	308,111	290,831	273,374
Water Fund						
Installed and replaced water mains	2,560'	9,750'	23,583'	7,438'	8,337'	6,926'
Average daily metered consumption (millions of gallons)	4.5	5.0	4.4	4.5	4.8	4.6
Peak daily production (millions of gallons)	10.3	10.7	10.1	10.5	11.7	9.9

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
Public Safety						
Police Stations	1	1	2	2	2	2
Marked Patrol units	23	25	27	28	28	28
Public Works						
Streets (miles) (a)	119.7	118.3	119.4	119.4	119.4	119.4
Alleys (miles)	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
Cemetery						
City owned Cemeteries	2	2	2	2	2	2
Cultural & Recreation						
Parks	10	10	10	10	10	10
Parks Acreage	6,567	6,567	6,567	6,567	6,567	6,567
Water Fund						
Water mains (miles)	147	149	150	151	151	151
Fire Hydrants	1,025	1,021	1,049	1,049	1,051	1,051
Finished Water Storage Tanks (b)	5	5	6	6	6	6

95

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.



**THIS PAGE INTENTIONALLY LEFT BLANK**

<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County: City or County: YEAR ENDING :		
This Information From The Records Of (example - City of _____ or County of _____ City of Canon City)		Prepared By: Phone: Mickey Wells (719) 269-9011		
<b>I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE</b>				
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				
<b>II. RECEIPTS FOR ROAD AND STREET PURPOSES</b>		<b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES</b>		
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)	872,750	
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	1,336,115	
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	1,543,475	b. Snow and ice removal		
3. Other local imposts (from page 2)	128,224	c. Other		
4. Miscellaneous local receipts (from page 2)	226,807	d. Total (a. through c.)	0	
5. Transfers from toll facilities		4. General administration & miscellaneous	200,181	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	204,518	
a. Bonds - Original Issues		6. Total (1 through 5)	2,613,564	
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>		
c. Notes		1. Bonds:		
d. Total (a. + b. + c.)	0	a. Interest	1,164	
7. Total (1 through 6)	1,898,506	b. Redemption	14,000	
<b>B. Private Contributions</b>		c. Total (a. + b.)	15,164	
<b>C. Receipts from State government</b>		2. Notes:		
(from page 2)	650,114	a. Interest		
<b>D. Receipts from Federal Government</b>		b. Redemption		
(from page 2)	300,108	c. Total (a. + b.)	0	
<b>E. Total receipts (A.7 + B + C + D)</b>	2,848,728	3. Total (1.c + 2.c)	15,164	
		<b>C. Payments to State for highways</b>	220,000	
		<b>D. Payments to toll facilities</b>		
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	2,848,728	
<b>IV. LOCAL HIGHWAY DEBT STATUS</b> (Show all entries at par)				
	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>	23,000	0	14,000	9,000
1. Bonds (Refunding Portion)				
<b>B. Notes (Total)</b>				0
<b>V. LOCAL ROAD AND STREET FUND BALANCE</b>				
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance
		2,848,728	2,848,728	0
Notes and Comments:				

**LOCAL HIGHWAY FINANCE REPORT**

 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	13,076	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	204,518
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	18,397
5. Specific Ownership &/or Other	115,148	g. Other Misc. Receipts	3,892
6. Total (1. through 5.)	115,148	h. Other	
c. Total (a. + b.)	128,224	i. Total (a. through h.)	226,807
(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	586,403	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	63,711	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	300,108
f. Total (a. through e.)	63,711	g. Total (a. through f.)	300,108
4. Total (1. + 2. + 3.f)	650,114	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			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation	85,262	787,488	872,750
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	85,262	787,488	872,750
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	85,262	787,488	872,750
			(Carry forward to page 1)

Notes and Comments: