

City of Cañon City, Colorado



Comprehensive Annual Financial Report For the Year Ended December 31, 2013

CITY OF CAÑON CITY COLORADO



COMPREHENSIVE ANNUAL FINANCIAL REPORT For the fiscal year ended December 31, 2013

**Prepared by:
Department of Finance**

Finance Department Staff



Back Row: Ken Burger, Hasmukh (Harry) Patel, John McBride
Front Row: Taryn Gaskill, Evonne Estis, Kathy Ulsh, Pam Stepleton, Teresa DiOrio, Mickey Wells

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over \$5,000 be by formal sealed bid; expenditures under \$5,000 and more than \$500 may be by a phone/fax/email request. 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 2013, 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

On June 11, 2013 a major wildfire broke out west of the Royal Gorge Bridge. Within a few hours the fire destroyed about 90% of the facilities at the Royal Gorge Bridge and Park. Fortunately, the bridge sustained only minor damage. Many local businesses felt the effect of reduced tourism over the summer months as the Park and Bridge remained closed through the remainder of 2013. By this time most of the combined tourism marketing dollars of the community marketing the 2013 summer tourist season had already been spent. Local businesses, marketing groups and the City, with the help of a Federal grant, immediately began developing a new message to send out, not only state-wide, but to many markets throughout the country with the goal of enticing tourists back to the Royal Gorge area and increasing tourist traffic. The new message was Royal Gorge area businesses are open in spite of the recent fire and that there are many attractions and recreational activities here for tourists and guests.

In spite of the fire, there was good news on several fronts. The local unemployment rate began to fall after being, for three years in a row, above 10 percent. Based on the sales tax receipt indicator there was some improvement in the local economy. Over the course of the year the City's sales tax receipts increased by \$134,716 over 2012. This is significant given the effect the June wildfire had on area tourism. Building activity improved. While the actual number of building permits dropped from 700 in 2012 to 514 in 2013, the total valuation of the activity was up significantly, increasing from a valuation of \$9.4 million in 2012 to \$15.0 million in 2013. While new construction increased slightly in 2013, a substantial amount of building remodels and repairs occurred. There was still very little new residential construction.

LONG-TERM FINANCIAL PLANNING

With the continued outlook for the economy still cautious, the City has positioned itself to hold the line on spending, both in operating and in capital expenditures. As a result the City's reserves for each of its major operating funds have been strained. For the long-term, however, increases in revenues in the future are expected to meet cost-of-living adjustments and provide for the capital improvement needs of the City and its residents.

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 of Cañon City

P.O. Box 1460 – 128 Main Street – Cañon City, CO 81215-1460

(719) 269-9011 – Fax: (719) 269-9017

June 1, 2014

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 ending December 31, 2013, 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.

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 also 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 requires that an annual audit be conducted by an independent certified public accountant. The firm of Swanhorst & 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 16,404 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 \$18,000 less than it is state-wide.

The City has experienced relatively low average annual population growth (about 0.5% per year) since 2000. While Cañon City is close to urban populations it is a place where you can make a living and actually enjoy a relatively rural lifestyle if you choose. The quality of life for residents has expanded as more services are being provided.

The Royal Gorge Bridge, the highest suspension bridge in the world at 1,053 feet above the Arkansas River, continues to be an attraction for visitors from all over the world. However, the bridge, as a local attraction, has declined over time from about 504,000 visitors in 1996 to about 305,000 in 2011. In 2012, the attendance declined again to 265,000 visitors, which can be attributed largely to national media coverage about a major wildfire in late June near Colorado Springs. When the media began coverage of that fire attendance at the Royal Gorge Bridge and Park dropped over night by 30%. It remained down throughout the 2012 summer tourist season. Still, the Bridge and other tourist amenities such as the Royal Gorge Route Tourist Train and a world class whitewater rafting industry has made local attractions a stop on many tourist itineraries.

The financial reporting entity includes all funds of the City of Cañon City. 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 19).

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 31st, the budget is legally adopted through passage of a resolution. In accordance with the City's charter, all expenditures over \$500 must be bid and approved by the City Council. The City's purchasing policy requires all expenditures

over \$5,000 be by formal sealed bid; expenditures under \$5,000 and more than \$500 may be by a phone/fax/email request. 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 2013, 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.

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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).

As of December 31, 2013, the City has implemented all of the new standards required by the Governmental Accounting Standards Board (GASB) Statement including GASB No. 65 in 2013.

MAJOR INITIATIVES

While there were a number of initiatives in 2013, the response to the June wildfire that destroyed most of the facilities at the Royal Gorge Park became the focus of attention that lasted one-half of the year. New marketing strategies, searching for and obtaining significant grants to aid in the restoration of the environment and to control run-off from the burn area within the Park consumed considerable time on the part of City staff and many others. 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.

Given the financial uncertainty brought on by the Royal Gorge Fire, the City took significant steps to control and reduce General Fund expenditures that had been planned for the year while striving to maintain current service levels for the community. This step was a necessary immediate precaution. Moreover, it should make the City's operations more cost-effective for the future.

After some detailed assessment in 2013 we did determine that while the City has experienced small but general increases in sales tax receipts from 2000 through 2012, when considering the effect of inflation the actual increase has been negligible. The City is not sufficiently growing revenue to the point that it can fund activities and improvements beyond those traditionally provided. Economic development became a primary focus of the City in 2013.

To advance a consistent economic development strategy for the future, the City Council launched a community visioning and branding process, involving and gaining input from many people in the community. That process aimed at reconsidering the economic base of the community, investigating a brand for the community's future and producing strategies that will best help the community achieve its economic diversification and growth goals.

AWARDS AND ACKNOWLEDGEMENTS

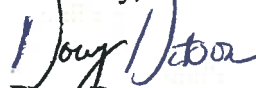
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cañon City for its comprehensive annual financial report for the fiscal year ended December 31, 2012. In order to be awarded a Certificate 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,


Doug Dotson
City Administrator


Hasmukh C. Patel
Finance Director



CITY OF CAÑON CITY COLORADO

**For the Year Ended
December 31, 2013**

Elected Officials

Mayor
Council Member – District 1
Council Member – District 2
Council Member – District 3
Council Member – District 4
Council Member – At-Large
Council Member – At-Large
Council Member – At-Large

Tony Greer
Gerald A. Meloni
Kevin Ditmore
Dennis Wied
Ronald J. Bates
Scott Eckstrom
Colby Katchmar
Patricia Freda

Appointed Officials

City Administrator
City Attorney
Municipal Judge

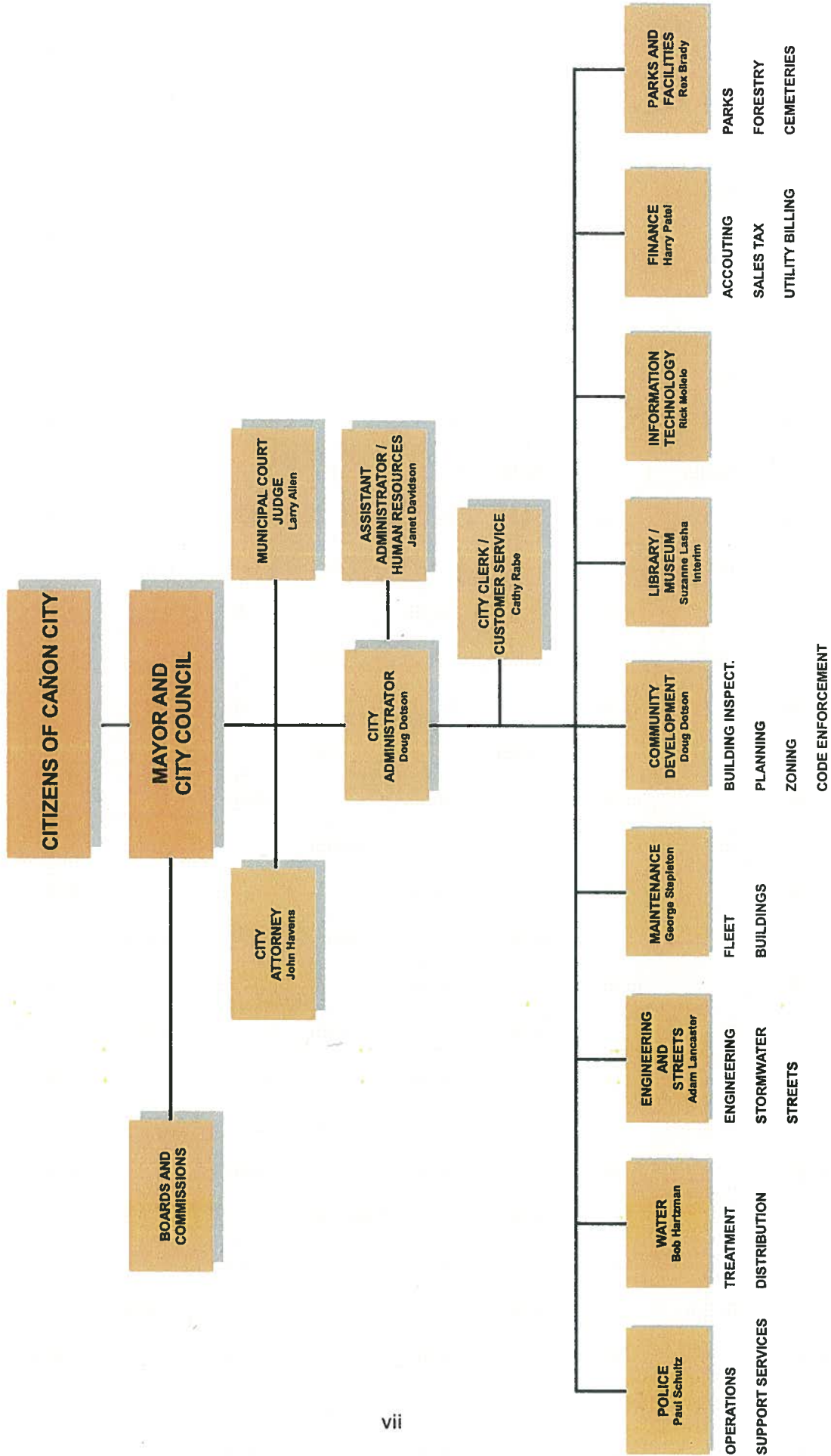
Doug Dotson
John D. Havens
Larry Dean Allen

Department Heads

Parks and Facilities Director
HR Director/Assistant City Administrator
Water Superintendent
City Engineer
Finance Director
Interim Library and Museum Director
City Clerk/Customer Service
Police Chief
Fleet Manager

Rex Brady
Janet Davidson
Bob Hartzman
Adam Lancaster
Hasmukh (Harry) Patel
Suzanne Lasha
Cathy Rabe
Paul Schultz
George Stepleton

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, 2012

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is written in a cursive, flowing style.

Executive Director/CEO

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

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

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, 2013, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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' judgement, 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, 2013, 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.

Emphasis of Matter

As discussed in Note 10 to the financial statements, in the year ended December 31, 2013, the City of Cañon City adopted new accounting guidance as required by Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2014, on our consideration of the City of Cañon City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Cañon City's internal control over financial reporting and compliance.



May 28, 2014

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, 2013. 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 decreased as a result of this year's operations. The net position of the business-type activities decreased by \$384,712 (or nearly 1.08 percent), while the net position of our governmental activities decreased by \$1,889,308 (or nearly 5.27 percent).
- ◆ During the year, the City governmental activities had expenses that were \$214,583 less than the prior year (or 1.86 percent), and total revenues were decreased by \$448,184 (or nearly 3.78 percent).
- ◆ In the City's business activities, revenue decreased by \$644,062 (or 8.65 percent) and expenses decreased by \$652,586 (or 9.43 percent).

Fund highlights:

- ◆ The fund balance for the General Fund increased by \$420,501 compared to a budgeted decrease of \$297,114 primarily due to a combination of significant savings on operating and capital expenditures.
- ◆ Sales and use tax revenue, the City's largest single source of General Fund revenue, increased by \$134,716 from 2012 due to the positive growth in local economy.
- ◆ At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,933,037 (or 28.24 percent of total General Fund expenditures). The City's governmental funds reported a combined ending fund balance of \$8,940,133, an increase of \$710,976 in comparison with the prior year. Within the total fund balance for the governmental funds, \$963,015 is restricted by specific legal requirements, \$456,186 has been committed, \$2,505,929 is classified as assigned, and \$2,081,966 is non-spendable for inventory, prepaid items and the Cemetery Perpetual Care Fund.
- ◆ Reflected in General Fund operating statements, revenues that were primarily from property, sales, franchise taxes and general intergovernmental revenues were used to support the following major activities:
 - a. \$2,226,966 was applied to General Government purposes – City Council, City Clerk, Election, Municipal Court, Administration, Human Resources, Computer Resources, Special Projects, Buildings, Finance, City Attorney, Non-Departmental, and Community Development.
 - b. \$3,584,951 for Public Safety – Victim Assistance, Administration, Patrol, Investigation, Communication, Stop Program, Parking & Code Enforcement, Police Building, School Resource Officer, and Community Programs.
 - c. \$1,589,036 for Public Works – Equipment Repair, Street Maintenance, Engineering, and Street Projects.
 - d. \$309,343 for Cemetery.
 - e. 1,113,753 for Culture and Recreation – Forestry, Library Administration, Library Tech. Services, Library Public Services, Library Children Services, Royal Gorge Museum and History Center, and Library/Museum Buildings.
 - f. \$1,306,065 for Capital Outlay.
 - g. \$255,429 for Debt Service.

Long-term debt highlight:

- ◆ Total outstanding long-term debt decreased by \$432,371 during the current fiscal year primarily due to a combination of the COP outstanding balance reduced by \$312,186, reduced compensated absences liability by \$79,185, reduced outstanding PID bond balance by \$41,000 and savings from refinancing City Hall.

OVERVIEW OF THE FINANCIAL STATEMENTS

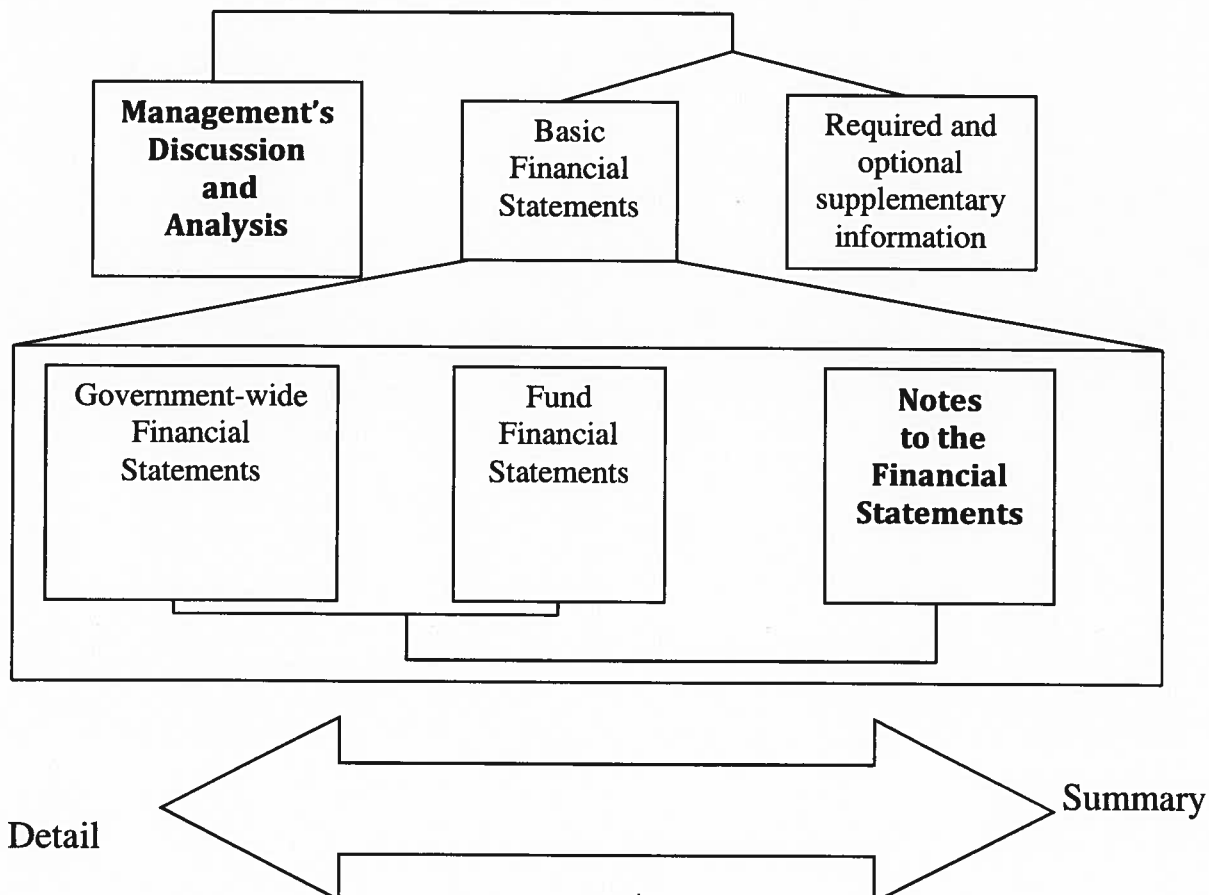
This annual report consists of three components: (1) government-wide statements, (2) fund financial statements, (3) notes to the financial statements. The report also contains other supplementary information.

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. All activities of the Cañon City Finance Authority are also reported here.

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

Reporting on the City's Most Significant Funds:

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

Governmental Funds: Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called "modified accrual accounting", which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or less financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Net 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, 2013. Information is presented separately in the governmental fund balance sheet and in the governmental fund 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 – Nonmajor Governmental Funds includes data from the other nine funds. The Combining Balance Sheet – Nonmajor Governmental Funds reports data combined into a single aggregated presentation for the remaining nine Nonmajor Governmental Funds as of December 31, 2013.

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.

Other 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 \$69,210,252. This is a \$2,274,020 decrease over last year's net position of \$71,484,272. Net position may serve as a useful indicator of the City's financial position.

The largest portion of Cañon City's net position (77.2 percent) reflects its 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

<u>Account</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and other assets	\$11,341,014	\$10,577,561	\$7,608,408	\$8,825,766	\$18,949,422	\$19,403,327
Capital Assets	27,091,670	27,354,621	39,113,757	40,783,396	66,205,427	68,138,017
Total Assets	38,432,684	37,932,182	46,722,165	49,609,162	85,154,849	87,541,344
Long term liabilities	2,871,654	846,499	11,162,518	13,620,044	14,034,172	14,466,543
Other liabilities	1,232,177	862,740	290,541	335,300	1,522,718	1,198,040
Total Liabilities	4,103,831	1,709,239	11,453,059	13,955,344	15,556,890	15,664,583
Deferred Inflow of Resources	387,707	392,489	-	-	387,707	392,489
Net Position:						
Net investment in capital assets	25,273,593	27,249,621	28,152,215	27,323,517	53,425,808	54,573,138
Restricted	2,508,822	2,567,689	-	242,478	2,508,822	2,810,167
Unrestricted	6,158,731	6,013,144	7,116,891	8,087,823	13,275,622	14,100,967
Total Net Position	<u>\$33,941,146</u>	<u>\$35,830,454</u>	<u>\$35,269,106</u>	<u>\$35,653,818</u>	<u>\$69,210,252</u>	<u>\$71,484,272</u>

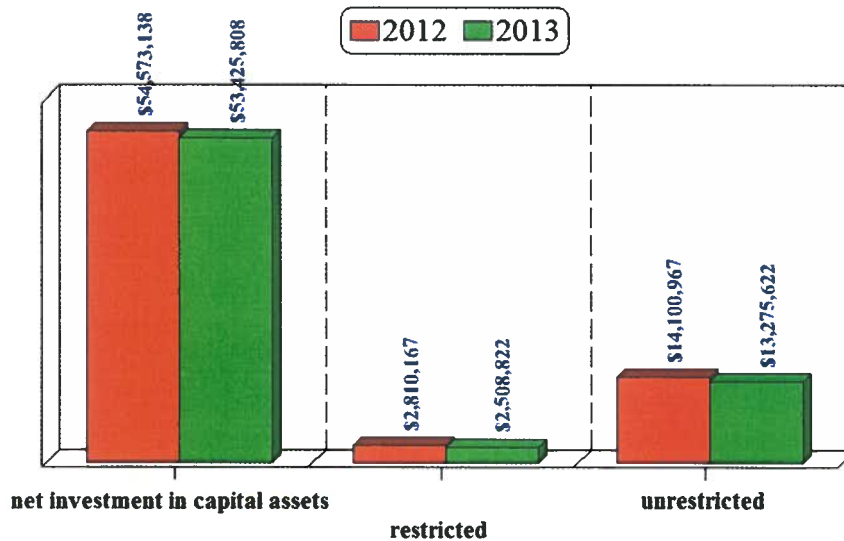
Only \$2,508,822 of the City's net position represent resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$13,275,622, may be used to meet the City's ongoing obligation to citizens and creditors.

As of December 31, 2013, 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 increased by \$2,025,155. Other governmental activities liabilities increased by \$369,437 primarily due to increases in accounts payable, retainage payable and insurance claims payable. These increases are primarily from construction contract payments and increased self-insurance claims costs.

CITY OF CAÑON CITY Net Position

December 31, 2012 and 2013



Analysis of City's Operations: Overall the City had an decrease in net position of \$2,274,020.

Governmental Activities: Total net position decreased by \$1,889,308. The key elements of this increase are due to the following:

- Total revenues from governmental activities decreased from the previous year by \$448,184 or 3.78 percent).
- Program revenue had a net decrease of \$166,970. Charges for services decreased by \$11,841 (or 1.40 percent). Operating Grants & Contributions increased by \$22,468 (or 2.66 percent). Capital Grants and Contributions decreased by \$177,597 (or 14.27 percent) primarily due to the elimination of any contributed capital assets from the Royal Gorge Bridge Company subsequent to the June, 2013 fire.
- Sales and use tax revenues increased by \$134,716 (or 2.46 percent) mainly due to improved growth in local economy.
- Franchise tax revenues decreased by \$36,097 (or 4.57 percent).
- Royal Gorge Bridge lease revenues decreased by \$335,337 (or 19.94 percent).
- Investment earnings decreased by \$5,180 (or 12.78 percent) consistent with the current investment market.
- Extraordinary loss due to Royal Gorge Bridge fire.
- General Government expenses decreased by \$72,190 (or 2.87 percent) primarily due to a combination of a decrease in operating costs and decreased capital expenditures.
- Public Safety expenses decreased by \$37,786 (or 0.97 percent) primarily due to decreased operating costs. Public Works expenses increased by \$15,738 (or 0.61 percent) from the increase in the self-insurance program claims costs.
- Culture and Recreation expenses decreased by \$123,908 (or 5.50 percent) primarily due to decreases in various operating expenses.
- The budgeting strategy for 2013 was to maintain the reserve at a minimum of 25 percent of expenditures.

The following table provides a summary of the City's operations for the year ended December 31, 2013 with comparative totals for the year ended December 31, 2012.

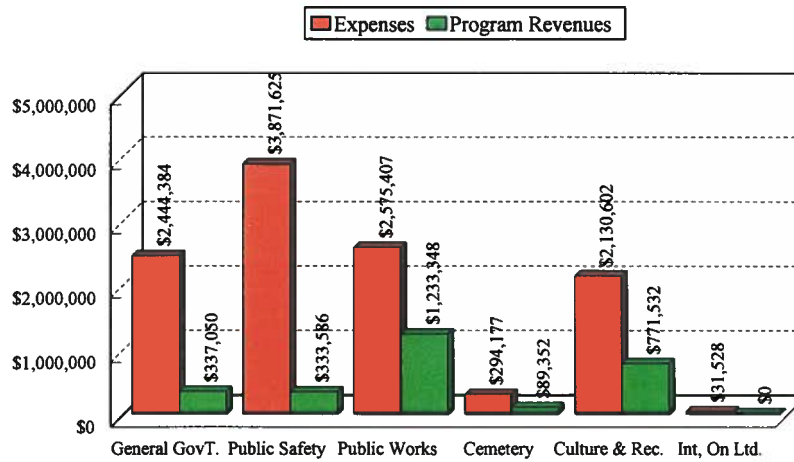
CHANGES IN NET POSITION RESULTING FROM REVENUES AND EXPENSES

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Program Revenues:						
Charges for Services	\$ 832,133	\$ 843,974	\$ 6,535,794	7,155,025	\$ 7,367,927	\$ 7,998,999
Operating Grants and Contributions	865,731	843,263	171,516	-	1,037,247	843,263
Capital Grants and Contributions	1,067,004	1,244,601	82,565	270,595	1,149,569	1,515,196
General Revenues:						
Property Taxes	436,009	434,508	-	-	436,009	434,508
Sales and Use Taxes	5,613,219	5,478,503	-	-	5,613,219	5,478,503
Other Taxes	19,771	14,190	-	-	19,771	14,190
Franchise Taxes	754,285	790,382	-	-	754,285	790,382
Grants & Contributions Not Restricted	260,251	297,084	-	-	260,251	297,084
Royal Gorge Bridge Lease Revenue	1,346,351	1,681,688	-	-	1,346,351	1,681,688
Investment Earnings	35,357	40,537	11,137	19,454	46,494	59,991
Other Revenues	176,568	186,133	-	-	176,568	186,133
Total Revenues	<u>11,406,679</u>	<u>11,854,863</u>	<u>6,801,012</u>	<u>7,445,074</u>	<u>18,207,691</u>	<u>19,299,937</u>
Expenses:						
General Government	2,444,384	2,516,574	-	-	2,444,384	2,516,574
Public Safety	3,871,625	3,909,411	-	-	3,871,625	3,909,411
Public Works	2,575,407	2,559,669	-	-	2,575,407	2,559,669
Cemetery	294,177	314,592	-	-	294,177	314,592
Culture and Recreation	2,130,602	2,254,510	-	-	2,130,602	2,254,510
Interest on Long-term Debt	31,528	7,550	-	-	31,528	7,550
Water	-	-	5,789,256	5,764,390	5,789,256	5,764,390
Stormwater Utility	-	-	369,222	572,399	369,222	572,399
City Hall Finance Authority	-	-	109,512	163,055	109,512	163,055
Total Expenses	<u>11,347,723</u>	<u>11,562,306</u>	<u>6,267,990</u>	<u>6,499,844</u>	<u>17,615,713</u>	<u>18,062,150</u>
Increase/Decrease in Net Position before Transfers And Extraordinary item	58,956	292,557	533,022	945,230	591,978	1,237,787
Extraordinary item	(2,865,998)	-	-	-	(2,865,998)	-
Transfers	917,734	335,400	(917,734)	(335,400)	-	-
Increase/Decrease in Net Position	<u>(1,889,308)</u>	<u>627,957</u>	<u>(384,712)</u>	<u>609,830</u>	<u>(2,274,020)</u>	<u>1,237,787</u>
Net Position-Jan 01	35,830,454	35,202,497	35,653,818	35,043,988	71,484,272	70,246,485
Net Position-Dec 31	<u>33,941,146</u>	<u>\$35,830,454</u>	<u>\$35,269,106</u>	<u>\$35,653,818</u>	<u>\$69,210,252</u>	<u>\$71,484,272</u>

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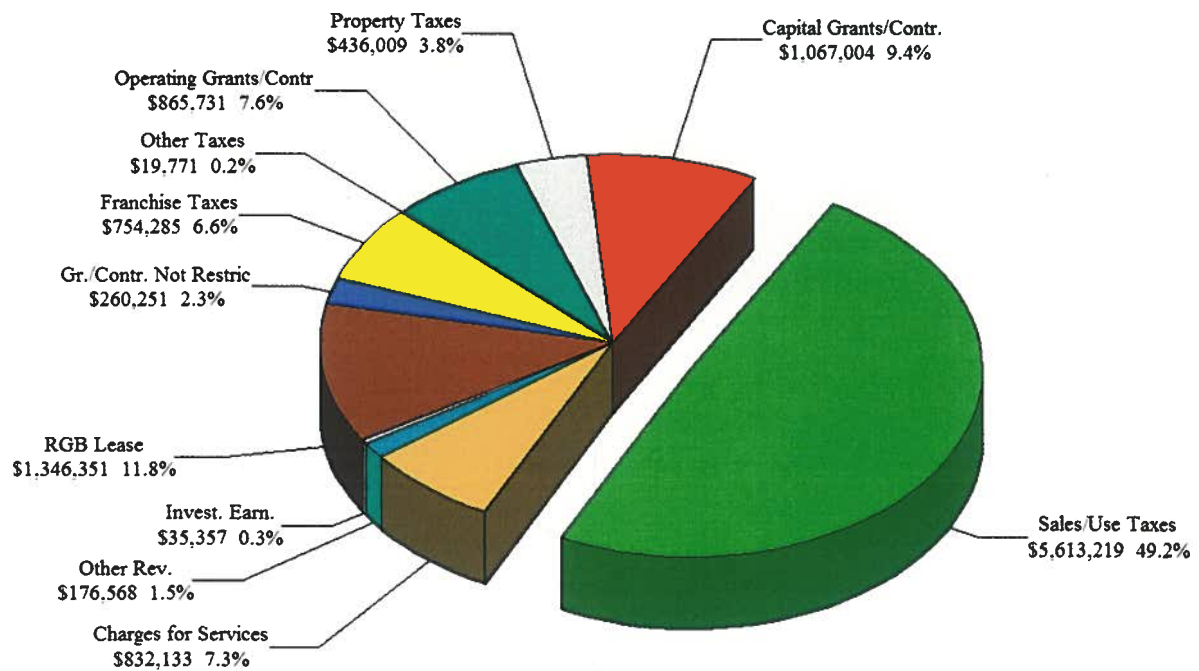
GOVERNMENTAL ACTIVITIES

EXPENSES AND PROGRAM REVENUES



GOVERNMENTAL ACTIVITIES

Revenue Allocation

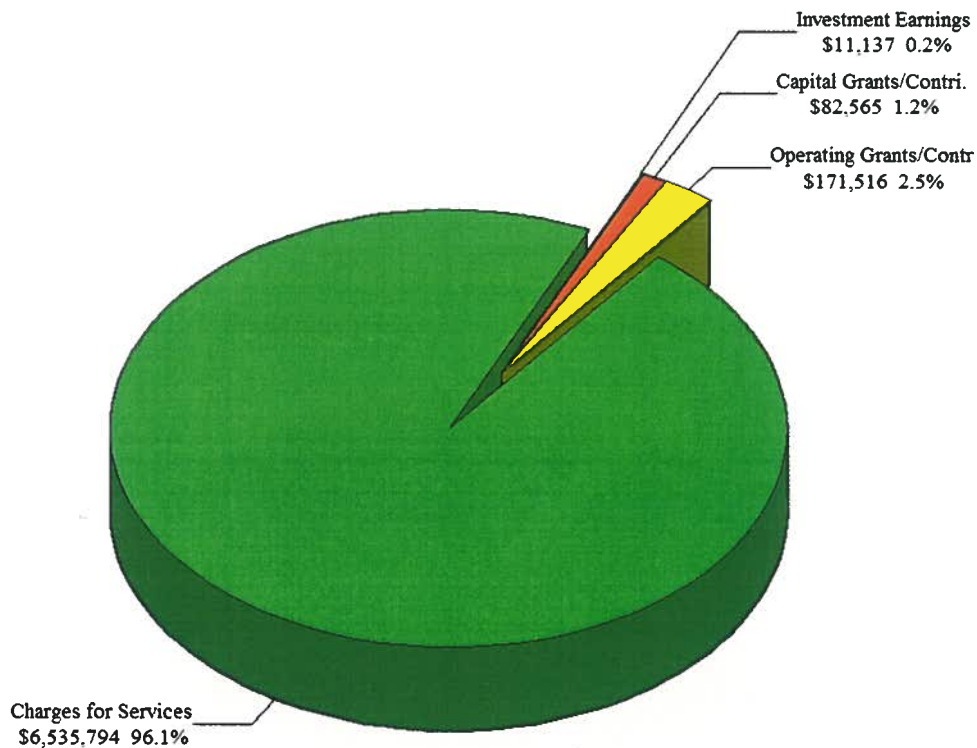


Business-type Activities: Total net position from business-type activities decreased from the previous year by \$384,712 (or 1.08 percent). The key elements of this increase are due to the following:

- The City Stormwater Utility Fund had total net position increased by \$308,997 primarily from purchased services expenditures significantly lower than budgeted amounts.
- The Water Fund had a total decrease in net position of \$155,858 primarily from lower than estimated operating revenues.
- The Cañon City Finance Authority had total net position decreased by \$537,851. The City entered into a capital lease to refund the 2003 COP's previously accounted for in this fund. The capital assets in this fund were transferred to the City's governmental activities.

BUSINESS-TYPE ACTIVITIES

Revenue Allocation



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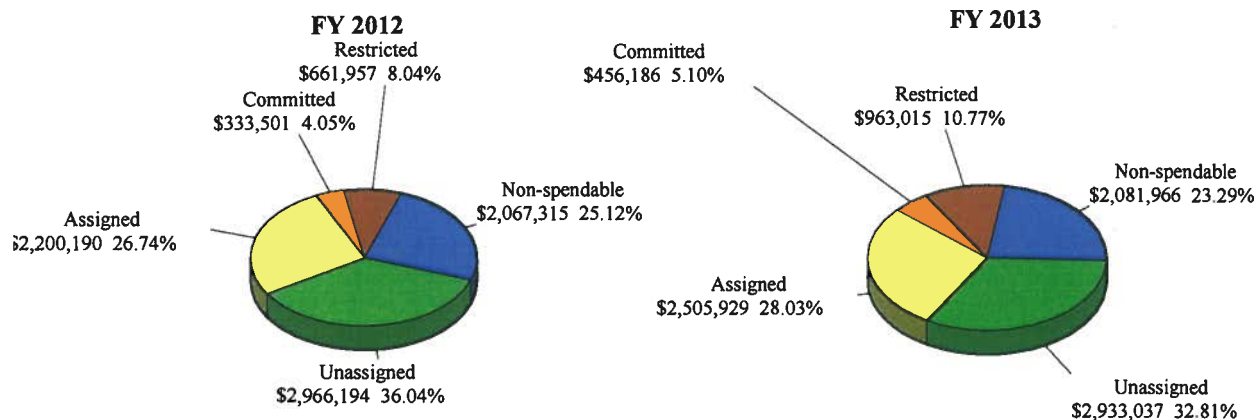
Financial Analysis of City of Cañon City's Funds

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

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

FUND BALANCE BY TYPE

GOVERNMENTAL FUNDS



At the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$8,940,133, an increase of \$710,976 in comparison with the prior year. Within this total \$963,015 (10.77 percent) is restricted by specific legal requirements, and \$456,186 (5.10 percent) has been committed and \$2,505,929 (28.03 percent) is assigned to specific types of expenditures, and \$2,081,966 (23.29 percent) is non-spendable for inventory, cemetery, and prepaid items. The remaining \$2,933,037 (32.81 percent) is unassigned fund balance in the General Fund and can be used for any lawful purpose. Additional detailed information can be found on page 41 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 \$2,933,037, while the total fund balance equaled \$5,640,875. In the current fiscal year, the fund balance of the General Fund increased by \$420,501. This is due to a combination of factors, including significant savings in operating and capital expenditures and tax revenues greater than estimated.
- ◆ **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 \$6,133,234.

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 2013 was \$983,657.

The net position of the Internal Service Fund, which accounts for the City's self-insurance program, decreased by \$296,796 (42.87 percent). This decrease was primarily the result of an increase in annual claims. The increase in claims cost is partially attributable to a significant increase in the number of major claims in 2013. The City believes that this extraordinary situation is unlikely to repeat on a consistent basis.

General Fund Budgetary Highlights

The original budget in the General Fund was \$11,730,055. The total General Fund budget was increased by \$255,429 during the year. This budget increase was authorized by City Council to cover the additional debt service costs from refinancing City Hall. The annual debt service costs from the previous City Hall COP's were budgeted in the Quality of Life Fund and in the Water Fund.

The General Fund total revenues were \$792,727 lower than the revenue budget. Several of the revenue categories had significant variances from budget. Taxes and assessments revenues were \$208,187 higher than budgeted primarily due to sales and use taxes being \$208,719 greater than budgeted, franchise taxes were \$12,715 lower than budget and other taxes were \$12,183 higher than budgeted. Licenses and permits were \$66,592 over budget, due to a change in the housing market. Intergovernmental revenues were \$522,047 lower than budgeted due to the postponement of several major grant funded projects; other revenues were \$75,877 greater than budgeted due to unexpected refunds. The General Fund portion of the Royal Gorge Bridge revenues was \$658,238 lower than budget primarily due to a combination of the wildfire resulting in a \$335,337 decrease in the annual lease payment from Royal Gorge Bridge and a \$284,189 re-allocation of this revenue source to the Park Improvement Fund.

The General Fund total expenditures were \$1,599,941 under budget. General Government expenditures were \$244,582 under budget due to vacancy savings in Community Development and Computer Resources. Operating expenditures were also significantly under budget in various General Government departments, most notably in City Council, Finance, Non-departmental, and Community Development. Public Safety spending was \$290,984 lower than budgeted expenditures due to vacancy saving and other reductions in various operating costs. Capital outlay was \$835,404 under the budget primarily due to the several projects being postponed in whole or in part until future years.

Capital Assets: Cañon City's investment in capital assets for its governmental and business-type activities as of December 31, 2013 amounted to \$66,205,427 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.

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Capital Assets at Year-End (Net of Depreciation)

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Land	\$1,853,114	\$ 1,688,114	\$241,695	\$ 406,695	\$2,094,809	\$ 2,094,809
Ditch Stock	7,414	7,414	1,004,038	994,413	1,011,452	1,001,827
Construction in Progress	1,259,926	711,504	84,127	45,226	1,344,053	756,730
Infrastructure	15,567,379	15,093,479	-	-	15,567,379	15,093,479
Buildings	4,774,976	4,195,821	5,451,401	7,864,415	10,226,377	12,060,236
Improvements	2,889,676	4,755,076	-	-	2,889,676	4,755,076
Water and Stormwater Systems	-	-	31,508,184	30,897,514	31,508,184	30,897,514
Machinery and Equipment	<u>739,185</u>	<u>903,213</u>	<u>824,312</u>	<u>972,594</u>	<u>1,563,497</u>	<u>1,875,807</u>
Total	<u>\$27,091,670</u>	<u>\$27,354,621</u>	<u>\$39,113,757</u>	<u>\$41,180,857</u>	<u>\$66,205,427</u>	<u>\$68,535,478</u>

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

Governmental Activities:

- Pave Highland Ave & 2nd St.
- 5th & Main Improvement
- LED Downtown Street Lights
- Rebuild RR Crossing Reynolds & US 50
- 5th Street Gateway Project
- Kiosk Way Finding Project
- Library Renovation
- Riverwalk Trail Extension
- ADA Fishing Access

Business-type Activities:

- Purchased Bobcat All Wheel Drive Loader with Trailer
- Replace Windows at Water Treatment Plant
- Refurbish two storage Tanks at Water Treatment Plant
- Installed Security Fencing
- Installed Water Main at Reynolds & US 50
- Installed Water Main at Circle Drive
- Installed Water Main South 9th St.

- Installed Sewer line at Reynolds & US 50
- Installed Sewer line Highland 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 \$14,034,172 (certificates of participation, capital lease, public improvement bonds and compensated absences). The City's total debt decreased by \$432,371 during the current fiscal year.

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

- Entered into a capital lease in the amount of \$2,310,000 and repaid \$175,000 in principal
- Refunded the 2003 certificates of participation in the amount of \$2,070,000
- Balance of the 2008 certificates of participation decreased by \$370,000
- Balance of Premium decreased by \$7,186
- Compensated absences decreased by \$79,185
- Repayments of Public Improvement Bonds reduced the outstanding balance by \$41,000

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

Outstanding Debt at Year-End

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Public Improvement Bonds	\$ 64,000	\$ 105,000	\$ -	\$ -	\$64,000	\$ 105,000
Compensated Absences	672,654	741,499	200,976	211,316	873,630	952,815
Capital Lease	2,135,000	-	-	-	2,135,000	-
Certificates of Participation	-	-	10,825,000	13,265,000	10,825,000	13,265,000
Premium	-	-	136,542	143,728	136,542	143,728
Total	<u>\$2,871,654</u>	<u>\$846,499</u>	<u>\$11,162,518</u>	<u>\$13,620,044</u>	<u>\$14,034,172</u>	<u>\$14,466,543</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City's 2014 budget reflects continuation of our plan to keep the City on solid ground for providing services to our citizens during 2014 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 community safe, undertaking economic development initiatives, maintaining infrastructure, and keeping a conservative approach in developing a fiscal year budget.

On June 11, 2013 a wildfire swept through the City of Cañon City's Royal Gorge Park. By the time the fire was contained, 3,218 acres had burned, 2,165 within the boundaries of the City of Cañon City's Royal Gorge Park. The Royal Gorge Park and surrounding land is a major economic driver of the local economy. During the fiscal year 2013 the City continued maintaining the same level of services due to an adequate reserve. With this being said, the

2014 budget lays out the City's vision for achieving long term goals and more focus on action beyond 2014 that promote economic development and tourism within Fremont County. We believe Royal Gorge Park will reopen in August 2014. As a result, a number of organizational changes aimed at efficiency and cost reduction have been made and improvements will be postponed until revenue rebounds.

The City's elected and appointed officials considered many factors when setting the fiscal year 2014 budget. One of those factors is the economy. Unemployment in the local area now stands at 8.2 percent versus 10.1 percent one year ago. This compares with the State's unemployment rate of 6.8 percent and the national rate of 7.4 percent. Inflation has been higher locally due, in part, to the residential housing market and tourism. The total numbers of visitors attending the Royal Gorge Bridge and Park at the end of 2013 were 84,645, a decrease of 68.2 percent from 2012. The Royal Gorge Bridge and Park closed after the June 13, 2013 wildfire and is not expected to re-open until August, 2014. Combined sales and use tax collections increased by \$134,716 from 2012. The 2014 budget reflects an estimated 2.1 percent sales tax decrease and a significant Royal Gorge Bridge lease revenue decrease due to the temporary closer of the Royal Gorge Bridge. The anticipated short term decline in City revenues is unknown at this time. Consistent with the national housing market, new construction in Cañon City was significantly lower in 2013 than the historical average prior to the 2009 recession. The overall new construction valuation was, however, up in 2013 primarily due to several major commercial construction projects. The number of building permits issued in 2013 was 514 and the 2013 construction valuation of \$15,052,099 was 61.4 percent greater than the previous five year average.

The City, like most local governments, has been impacted by the extended sluggish economy. Additionally, the City's primary sources of revenue are expected to decline temporarily in 2014 due to the short-term closure of the Royal Gorge Bridge and Park. The City has implemented a variety of cost cutting measures. The City eliminated ten full time positions in the 2014 budget and outsourced several services including janitorial, mowing and tree trimming. The City's capital program was also reduced in 2014 to offset the expected revenue decline.

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

The City's adherence to four basic principles is incorporated into the 2014 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**



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BASIC FINANCIAL STATEMENTS



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CITY OF CAÑON CITY, COLORADO

Statement of Net Position

December 31, 2013

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Investments	\$ 8,156,738	\$ 6,071,401	\$ 14,228,139
Receivables			
Accounts	197,532	983,209	1,180,741
Taxes	1,035,237	-	1,035,237
Special Assessments	109,818	-	109,818
Interest	329	238	567
Other	1,683,232	169,770	1,853,002
Inventory	152,969	381,211	534,180
Prepaid Expenses	5,159	2,579	7,738
Capital Assets			
Not Being Depreciated	3,120,454	1,329,860	4,450,314
Being Depreciated, Net of Accumulated Depreciation	23,971,216	37,783,897	61,755,113
Total Assets	38,432,684	46,722,165	85,154,849
Liabilities			
Accounts Payable	374,960	110,585	485,545
Retainage Payable	47,299	6,226	53,525
Accrued Interest Payable	3,647	62,785	66,432
Accrued Liabilities	143,532	42,745	186,277
Deposits	16,012	35,487	51,499
Insurance Claims	364,700	-	364,700
Unearned Revenues	282,027	32,713	314,740
Noncurrent Liabilities			
Due Within One Year	530,100	484,600	1,014,700
Due in More Than One Year	2,341,554	10,677,918	13,019,472
Total Liabilities	4,103,831	11,453,059	15,556,890
Deferred Inflows of Resources			
Property Taxes	387,707	-	387,707
Net Position			
Net Investment in Capital Assets	25,273,593	28,152,215	53,425,808
Restricted for			
Cemetery Perpetual Care - Nonexpendable	1,926,730	-	1,926,730
Emergencies	249,556	-	249,556
Parks	130,697	-	130,697
Library	25,242	-	25,242
Law Enforcement	9,777	-	9,777
Museum	70,869	-	70,869
Debt Service	95,951	-	95,951
Unrestricted	6,158,731	7,116,891	13,275,622
Total Net Position	\$ 33,941,146	\$ 35,269,106	\$ 69,210,252

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, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 2,444,384	\$ 332,916	\$ 4,134	\$ -
Public Safety	3,871,625	282,369	51,217	-
Public Works	2,575,407	22,622	720,337	490,389
Cemetery	294,177	89,352	-	-
Culture and Recreation	2,130,602	104,874	90,043	576,615
Interest on Long-term Debt	31,528	-	-	-
Total Governmental Activities	11,347,723	832,133	865,731	1,067,004
Business-Type Activities				
Water	5,789,256	5,693,717	107,661	82,565
Stormwater Utility	369,222	798,769	63,855	-
Cañon City Finance Authority	109,512	43,308	-	-
Total Business-Type Activities	6,267,990	6,535,794	171,516	82,565
Total Primary Government	\$ 17,615,713	\$ 7,367,927	\$ 1,037,247	\$ 1,149,569

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

Extraordinary Item

Capital Assets Destroyed

Transfers

Total General Revenues, Extraordinary Item
 and Transfers

Change in Net Position

Net Position, Beginning of Year, As Restated

Net Position, End of Year

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

Net Revenues (Expenses) and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (2,107,334)	\$ -	\$ (2,107,334)
(3,538,039)	-	(3,538,039)
(1,342,059)	-	(1,342,059)
(204,825)	-	(204,825)
(1,359,070)	-	(1,359,070)
(31,528)	-	(31,528)
<u>(8,582,855)</u>	<u>-</u>	<u>(8,582,855)</u>
-	94,687	94,687
-	493,402	493,402
-	(66,204)	(66,204)
<u>-</u>	<u>521,885</u>	<u>521,885</u>
<u>(8,582,855)</u>	<u>521,885</u>	<u>(8,060,970)</u>
436,009	-	436,009
5,613,219	-	5,613,219
19,771	-	19,771
754,285	-	754,285
260,251	-	260,251
1,346,351	-	1,346,351
35,357	11,137	46,494
176,568	-	176,568
(2,865,998)	-	(2,865,998)
917,734	(917,734)	-
<u>6,693,547</u>	<u>(906,597)</u>	<u>5,786,950</u>
(1,889,308)	(384,712)	(2,274,020)
<u>35,830,454</u>	<u>35,653,818</u>	<u>71,484,272</u>
\$ <u>33,941,146</u>	\$ <u>35,269,106</u>	\$ <u>69,210,252</u>

CITY OF CAÑON CITY, COLORADO

Balance Sheet

Governmental Funds

December 31, 2013

	General	Other Governmental Funds	Total
Assets			
Cash and Investments	\$ 4,559,144	\$ 2,784,688	\$ 7,343,832
Receivables			
Taxes	1,035,237	-	1,035,237
Special Assessments	-	109,818	109,818
Interest	190	107	297
Other	605,009	1,078,223	1,683,232
Interfund Receivables	180,000	-	180,000
Inventory	121,271	31,698	152,969
Prepaid Items	2,267	-	2,267
Total Assets	\$ 6,503,118	\$ 4,004,534	\$ 10,507,652
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts Payable	\$ 275,807	\$ 99,153	\$ 374,960
Interfund Payables	-	180,000	180,000
Retainage Payable	18,666	28,633	47,299
Accrued Liabilities	136,526	7,006	143,532
Deposits	14,612	1,400	16,012
Unearned Revenues	17,079	11,733	28,812
Total Liabilities	462,690	327,925	790,615
Deferred Inflows of Resources			
Property Taxes and Assessments	387,707	109,818	497,525
Grants	11,846	267,533	279,379
Total Deferred Inflows of Resources	399,553	377,351	776,904
Fund Balances			
Nonspendable	123,538	1,958,428	2,081,966
Restricted	630,479	332,536	963,015
Committed	456,186	-	456,186
Assigned	1,497,635	1,008,294	2,505,929
Unassigned	2,933,037	-	2,933,037
Total Fund Balances	5,640,875	3,299,258	8,940,133
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,503,118	\$ 4,004,534	10,507,652

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, 2013

Total fund balances, Governmental Funds	\$ 8,940,133
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	27,091,670
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.	389,198
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.	395,446
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds.	(2,871,654)
Accrued interest payable on debt is not due and payable in the current period and, therefore is not reported in the governmental funds.	(3,647)
Total Net Position of Governmental Activities	<u>\$ 33,941,146</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, 2013

	General	Other Governmental Funds	Total
Revenues			
Taxes and Assessments	\$ 6,823,287	\$ 41,111	\$ 6,864,398
Licenses and Permits	254,992	-	254,992
Intergovernmental	1,515,983	613,389	2,129,372
Charges for Services	274,837	12,164	287,001
Fines and Forfeitures	199,348	-	199,348
Royal Gorge Bridge	487,162	859,189	1,346,351
Interest	7,702	25,987	33,689
Rent	78,395	12,397	90,792
Contributions and Donations	-	34,235	34,235
Other	172,577	3,991	176,568
Total Revenues	<u>9,814,283</u>	<u>1,602,463</u>	<u>11,416,746</u>
Expenditures			
Current			
General Government	2,226,966	22,410	2,249,376
Public Safety	3,584,951	-	3,584,951
Public Works	1,589,036	21,912	1,610,948
Cemetery	309,343	-	309,343
Culture and Recreation	1,113,753	576,570	1,690,323
Capital Outlay			
Streets	1,217,416	-	1,217,416
Other	88,649	626,790	715,439
Debt Service			
Principal	175,000	41,000	216,000
Interest	22,231	5,650	27,881
Debt Issuance Costs	58,198	-	58,198
Total Expenditures	<u>10,385,543</u>	<u>1,294,332</u>	<u>11,679,875</u>
Excess of Revenues Over (Under) Expenditures	<u>(571,260)</u>	<u>308,131</u>	<u>(263,129)</u>
Other Financing Sources (Uses)			
Issuance of Debt	2,310,000	-	2,310,000
Insurance Recoveries	-	89,244	89,244
Transfers In	552,900	8,353	561,253
Transfers Out	(1,871,139)	(115,253)	(1,986,392)
Total Other Financing Sources (Uses)	<u>991,761</u>	<u>(17,656)</u>	<u>974,105</u>
Net Change in Fund Balances	420,501	290,475	710,976
Fund Balances, Beginning of Year	<u>5,220,374</u>	<u>3,008,783</u>	<u>8,229,157</u>
Fund Balances, End of Year	<u>\$ 5,640,875</u>	<u>\$ 3,299,258</u>	<u>\$ 8,940,133</u>

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, 2013

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

Net Change in Fund Balances, Governmental Funds	\$ 710,976
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 (\$1,583,437), capital outlay \$1,932,855, disposition of capital assets (\$2,955,242) and the transfer of assets previously accounted for in the Cañon City Finance Authority proprietary fund \$2,342,873.	(262,951)
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.	(11,735)
The issuance of long-term debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. This amount represents the issuance of long term debt from a capital lease.	(2,310,000)
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 \$41,000 and capital lease principal payments \$175,000.	216,000
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 change in accrued compensated absences \$68,845 and accrued interest payable (\$3,647).	65,198
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.	(296,796)
Change in Net Position of Governmental Activities	<u>\$ (1,889,308)</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, 2013

	Business-Type Activities				Governmental Activities
	Water Fund	Stormwater Utility Fund	Cañon City Finance Authority	Total	Internal Service Fund
Assets					
Current Assets					
Cash and Investments	\$ 5,157,808	\$ 913,593	\$ -	\$ 6,071,401	\$ 812,906
Receivables					
Accounts	869,909	113,300	-	983,209	197,532
Interest	202	36	-	238	32
Other	121,015	48,755	-	169,770	-
Inventory	381,211	-	-	381,211	-
Prepaid Expenses	2,579	-	-	2,579	2,892
Total Current Assets	<u>6,532,724</u>	<u>1,075,684</u>	<u>-</u>	<u>7,608,408</u>	<u>1,013,362</u>
Noncurrent Assets					
Capital Assets					
Not Being Depreciated	1,221,304	108,556	-	1,329,860	-
Being Depreciated, Net of Accumulated Depreciation	34,752,678	3,031,219	-	37,783,897	-
Total Noncurrent Assets	<u>35,973,982</u>	<u>3,139,775</u>	<u>-</u>	<u>39,113,757</u>	<u>-</u>
Total Assets	<u>42,506,706</u>	<u>4,215,459</u>	<u>-</u>	<u>46,722,165</u>	<u>1,013,362</u>
Liabilities					
Current Liabilities					
Accounts Payable	58,326	52,259	-	110,585	-
Retainage Payable	-	6,226	-	6,226	-
Accrued Interest Payable	62,785	-	-	62,785	-
Accrued Liabilities	40,462	2,283	-	42,745	-
Deposits	35,487	-	-	35,487	-
Insurance Claims	-	-	-	-	364,700
Unearned Revenues	6,505	26,208	-	32,713	253,216
Accrued Compensated Absences, Current Portion	99,800	4,800	-	104,600	-
Certificates of Participation Payable, Current Portion	380,000	-	-	380,000	-
Total Current Liabilities	<u>683,365</u>	<u>91,776</u>	<u>-</u>	<u>775,141</u>	<u>617,916</u>
Noncurrent Liabilities					
Accrued Compensated Absences	96,125	251	-	96,376	-
Certificates of Participation Payable	10,581,542	-	-	10,581,542	-
Total Noncurrent Liabilities	<u>10,677,667</u>	<u>251</u>	<u>-</u>	<u>10,677,918</u>	<u>-</u>
Total Liabilities	<u>11,361,032</u>	<u>92,027</u>	<u>-</u>	<u>11,453,059</u>	<u>617,916</u>
Net Position					
Net Investment in Capital Assets	25,012,440	3,139,775	-	28,152,215	-
Unrestricted	6,133,234	983,657	-	7,116,891	395,446
Total Net Position	<u>\$ 31,145,674</u>	<u>\$ 4,123,432</u>	<u>\$ -</u>	<u>\$ 35,269,106</u>	<u>\$ 395,446</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, 2013

	Business Activities				Governmental Activities
	Water Fund	Stormwater Utility Fund	Cañon City Finance Authority	Total	Internal Service Fund
Operating Revenues					
Charges for Services	\$ 5,567,510	\$ 788,823	\$ 43,308	\$ 6,399,641	\$ 2,901,820
Other Operating Revenue	126,207	9,946	-	136,153	-
Total Operating Revenues	5,693,717	798,769	43,308	6,535,794	2,901,820
Operating Expenses					
Water Administration	999,460	-	-	999,460	-
Utility Billing	99,900	-	-	99,900	-
Water Treatment	1,438,919	-	-	1,438,919	-
Transmission and Distribution	1,284,360	-	-	1,284,360	-
Stormwater Operations	-	288,003	-	288,003	-
Claims	-	-	-	-	2,656,337
Premiums	-	-	-	-	427,013
Administration Fee	-	-	-	-	116,934
Depreciation and Amortization	1,468,405	81,219	29,671	1,579,295	-
Total Operating Expenses	5,291,044	369,222	29,671	5,689,937	3,200,284
Operating Income (Loss)	402,673	429,547	13,637	845,857	(298,464)
Nonoperating Revenues (Expenses)					
Grants	107,661	63,855	-	171,516	-
Interest Income	9,455	1,595	87	11,137	1,668
Interest Expense	(498,212)	-	(79,841)	(578,053)	-
Transfer of Capital Assets	-	-	(2,342,873)	(2,342,873)	-
Total Nonoperating Revenues (Expenses)	(381,096)	65,450	(2,422,627)	(2,738,273)	1,668
Net Income (Loss) Before Capital Contributions and Transfers	21,577	494,997	(2,408,990)	(1,892,416)	(296,796)
Capital Grants and Contributions	15,022	-	-	15,022	-
Tap Fees	67,543	-	-	67,543	-
Transfers In	22,200	-	1,871,139	1,893,339	-
Transfers Out	(282,200)	(186,000)	-	(468,200)	-
Change in Net Position	(155,858)	308,997	(537,851)	(384,712)	(296,796)
Net Position, Beginning of Year	31,301,532	3,814,435	537,851	35,653,818	692,242
Net Position, End of Year	\$ 31,145,674	\$ 4,123,432	\$ -	\$ 35,269,106	\$ 395,446

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, 2013

	Business-Type Activities				Governmental Activities
	Water Fund	Stormwater Utility Fund	Cañon City Finance Authority	Total	Internal Service Fund
Cash Flows From Operating Activities					
Cash Received from Customers	\$ 5,672,433	\$ 797,421	\$ 43,308	\$ 6,513,162	\$ 2,788,800
Cash Payments to Suppliers for Goods and Services	(1,754,930)	(159,673)	-	(1,914,603)	(3,068,851)
Cash Payments to Employees for Services	(2,156,291)	(117,292)	-	(2,273,583)	-
Net Cash Provided (Used) by Operating Activities	1,761,212	520,456	43,308	2,324,976	(280,051)
Cash Flows From Capital and Related Financing Activities					
Tap Fees Received	67,543	-	-	67,543	-
Capital Grants and Contributions Received	13,647	166,267	-	179,914	-
Transfers from Other Funds	-	-	1,871,139	1,871,139	-
Acquisition and Construction of Capital Assets	(1,531,071)	(322,622)	-	(1,853,693)	-
Debt Principal Payments	(370,000)	-	(2,070,000)	(2,440,000)	-
Debt Interest Payments	(507,044)	-	(87,012)	(594,056)	-
Net Cash Provided (Used) by Capital Financing Activities	(2,326,925)	(156,355)	(285,873)	(2,769,153)	-
Cash Flows From Noncapital Financing Activities					
Grants	-	15,100	-	15,100	-
Transfers from Other Funds	22,200	-	-	22,200	-
Transfers to Other Funds	(282,200)	(186,000)	-	(468,200)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(260,000)	(170,900)	-	(430,900)	-
Cash Flows From Investing Activities					
Interest on Investments	9,619	1,606	87	11,312	1,702
Net Increase (Decrease) in Cash and Cash Equivalents	(816,094)	194,807	(242,478)	(863,765)	(278,349)
Cash and Cash Equivalents, Beginning of Year	5,973,902	718,786	242,478	6,935,166	1,091,255
Cash and Cash Equivalents, End of Year	\$ 5,157,808	\$ 913,593	\$ -	\$ 6,071,401	\$ 812,906
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	\$ 402,673	\$ 429,547	\$ 13,637	\$ 845,857	\$ (298,464)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Depreciation	1,468,405	81,219	29,671	1,579,295	-
Changes in Assets and Liabilities					
Accounts Receivable	(32,048)	(12,408)	-	(44,456)	(121,818)
Inventory	(9,437)	-	-	(9,437)	-
Prepaid Expenses	-	-	-	-	183
Accounts Payable	(75,245)	13,561	-	(61,684)	(2,450)
Accrued Liabilities	3,633	284	-	3,917	133,700
Deposits	7,824	-	-	7,824	-
Unearned Revenues	2,940	11,060	-	14,000	8,798
Accrued Compensated Absences	(7,533)	(2,807)	-	(10,340)	-
Total Adjustments	1,358,539	90,909	29,671	1,479,119	18,413
Net Cash Provided (Used) by Operating Activities	\$ 1,761,212	\$ 520,456	\$ 43,308	\$ 2,324,976	\$ (280,051)
Non Cash Transactions					
Developer Contributions	\$ 1,375	\$ -	\$ -	\$ 1,375	\$ -
Transfer Capital Assets to Governmental Activities	-	-	(2,342,873)	(2,342,873)	-
	\$ 1,375	\$ -	\$ (2,342,873)	\$ (2,341,498)	\$ -

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

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements December 31, 2013

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 the organization provides benefits to, or imposes 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. 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 is presented as a blended Enterprise Fund and does not issue separate financial statements. During the year ended December 31, 2013, the Authority's debt was paid in full and the Authority had no financial balances at December 31, 2013.

Government-wide and Fund Financial Statements

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

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements

December 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements December 31, 2013

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 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 required to be 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. Investments are reported at fair value.

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

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.

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements

December 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 estimated fair market value at 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 asset 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

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.

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.

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements December 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 actual debt proceeds received, are reported as current expenses or expenditures.

Deferred Inflows of Resources/Deferred Outflows of Resources - The City implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position. GASB 63 provides guidance for reporting deferred outflows and deferred inflows of resources. A deferred outflow of resources is the consumption of net position that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position applicable to a future reporting period.

The City identified certain financial statement balances that met the definition of a deferred inflow of resources. The three items that qualify for reporting in this category are: 1) Earned revenue for property taxes recorded as receivables for the current calendar year tax levy which is not due until the subsequent year. This amount, reported on the statement of net position and the governmental funds balance sheet, will be recognized as revenue next year as it is received. 2) Unavailable revenue for public improvement district assessments that are recorded as receivables for the current year but will not be received for up to ten years after the assessments receivables are originally recorded. These amounts, reported on the governmental funds balance sheet, will be recognized as revenue in the years where they are received. 3) Unavailable revenue for grants when the grant eligible expenditures were incurred but the grant reimbursements are not received within ninety days of the end of the current fiscal period. These amounts, reported on the governmental funds balance sheet, will be recognized as revenue in the years where they are received.

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

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements December 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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, 2013, the City had the following cash and investments:

Cash on Hand	\$ 3,543
Deposits	2,850,671
Investments	<u>11,373,925</u>
Total	<u>\$ 14,228,139</u>

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2013, the City had bank deposits of \$1,107,870 collateralized with securities held by the financial institutions' agents but not in the City's name.

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements

December 31, 2013

NOTE 2: CASH AND INVESTMENTS (Continued)

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, 2013:

<u>Investment</u>	<u>Maturity</u>	<u>Rating</u>	<u>Fair Value</u>
City PID Bonds:			
PID No. 2009-1	10/01/19	NA	6,000
PID No. 2010-1	08/31/21	NA	5,000
PID No. 2011-1	08/31/15	NA	53,000
Local Government			
Investment Pools	NA	AAAm	<u>11,309,925</u>
Total			<u>\$ 11,373,925</u>

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

Credit Risk - State statutes limit 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.

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements

December 31, 2013

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

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 as promulgated under the investment company act of 1940, as amended, with each share equal in value to \$1.00. The Pools are rated AAAM by Standard and Poor's. Investments of the Pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned by the Pools are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the participating governments.

NOTE 3: CAPITAL ASSETS

Following is a summary of changes in capital assets for the year ended December 31, 2013:

	Balance 12/31/12	Additions and Transfers	Deletions and Transfers	Balance 12/31/13
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 1,688,114	\$ 165,000	\$ -	\$ 1,853,114
Ditch Stock	7,414	-	-	7,414
Construction In Progress	711,504	626,790	78,368	1,259,926
Total Capital Assets, Not Being Depreciated	2,407,032	791,790	78,368	3,120,454
Capital Assets, Being Depreciated				
Infrastructure	25,226,755	1,257,731	-	26,484,486
Buildings	8,260,221	2,177,873	2,887,690	7,550,404
Improvements	14,372,365	38,053	7,593,033	6,817,385
Machinery and Equipment	4,971,303	88,649	120,535	4,939,417
Total Capital Assets, Being Depreciated	52,830,644	3,562,306	10,601,258	45,791,692
Less Accumulated Depreciation for				
Infrastructure	10,133,276	783,831	-	10,917,107
Buildings	4,064,400	200,679	1,489,651	2,775,428
Improvements	9,617,289	357,063	6,046,643	3,927,709
Machinery and Equipment	4,068,090	241,864	109,722	4,200,232
Total Accumulated Depreciation	27,883,055	1,583,437	7,646,016	21,820,476
Total Capital Assets, Being Depreciated, Net	24,947,589	1,978,869	2,955,242	23,971,216
Governmental Activities Capital Assets, Net	\$ 27,354,621	\$ 2,770,659	\$ 3,033,610	\$ 27,091,670

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements December 31, 2013

NOTE 3: CAPITAL ASSETS (Continued)

	Balance 12/31/12	Additions	Deletions and Transfers	Balance 12/31/13
Business-Type Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 406,695	\$ -	\$ 165,000	\$ 241,695
Construction In Progress	45,226	38,901	-	84,127
Water Rights/Ditch Stock	<u>994,413</u>	<u>9,625</u>	<u>-</u>	<u>1,004,038</u>
Total Capital Assets, Not Being Depreciated	<u>1,446,334</u>	<u>48,526</u>	<u>165,000</u>	<u>1,329,860</u>
Capital Assets, Being Depreciated				
Buildings	11,985,324	6,815	2,848,444	9,143,695
Water and Stormwater Systems	40,829,785	1,641,794	6,050	42,465,529
Machinery and Equipment	<u>2,989,264</u>	<u>157,933</u>	<u>65,105</u>	<u>3,082,092</u>
Total Capital Assets, Being Depreciated	<u>53,804,373</u>	<u>1,806,542</u>	<u>2,919,599</u>	<u>54,691,316</u>
Less Accumulated Depreciation for				
Buildings	4,120,909	241,956	670,571	3,692,294
Water and Stormwater Systems	9,932,271	1,031,124	6,050	10,957,345
Machinery and Equipment	<u>2,016,670</u>	<u>306,215</u>	<u>65,105</u>	<u>2,257,780</u>
Total Accumulated Depreciation	<u>16,069,850</u>	<u>1,579,295</u>	<u>741,726</u>	<u>16,907,419</u>
Total Capital Assets, Being Depreciated, Net	<u>39,734,523</u>	<u>227,247</u>	<u>2,177,873</u>	<u>37,783,897</u>
Business-Type Activities Capital Assets, Net	<u>\$ 41,180,857</u>	<u>\$ 275,773</u>	<u>\$ 2,342,873</u>	<u>\$ 39,113,757</u>

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

Governmental Activities

General Government	\$ 117,123
Public Safety	156,274
Public Works	892,795
Cemetery	1,907
Culture and Recreation	<u>415,338</u>
Total	<u>\$ 1,583,437</u>

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements December 31, 2013

NOTE 4: LONG-TERM DEBT

Following is a summary of long-term debt transactions of the City for the year ended December 31, 2013.

	<u>Balance 12/31/12</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 12/31/13</u>	<u>Due Within One Year</u>
Governmental Activities					
Public Improvement Bonds	\$ 105,000	\$ -	\$ 41,000	\$ 64,000	\$ -
Capital Lease	-	2,310,000	175,000	2,135,000	195,000
Compensated Absences	741,499	294,875	363,720	672,654	335,100
Totals	<u>\$ 846,499</u>	<u>\$ 2,604,875</u>	<u>\$ 579,720</u>	<u>\$ 2,871,654</u>	<u>\$ 530,100</u>
Business-Type Activities					
Certificates of Participation,					
Series 2003	\$ 2,070,000	\$ -	\$ 2,070,000	\$ -	\$ -
Series 2008	11,195,000	-	370,000	10,825,000	380,000
Premium	143,728	-	7,186	136,542	-
Compensated Absences	211,316	117,379	127,719	200,976	104,600
Totals	<u>\$ 13,620,044</u>	<u>\$ 117,379</u>	<u>\$ 2,574,905</u>	<u>\$ 11,162,518</u>	<u>\$ 484,600</u>

Public Improvement Bonds

Several Public Improvement Districts have issued bonds to construct various improvements within the Districts. For the year ended December 31, 2013, revenues of \$56,677 were available to pay debt service of \$46,650. In addition, the City has established the Excess Special Improvement Fund to pay debt service if any shortages in assessments occur. Outstanding bonds at December 31, 2013 are as follows:

<u>Public Improvement District</u>	<u>Due Date</u>	<u>Rate</u>	<u>Balance</u>
09-1	10-2019	7.5%	\$ 6,000
10-1	08-2021	7.5%	5,000
11-1	08-2015	5.0%	53,000
Total			<u>\$ 64,000</u>

Capital Lease

On June 12, 2013, the City of Cañon 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. The refunding resulted in an accounting loss of \$43,506. The City decreased its aggregate debt service payments by \$18,838 and incurred an economic gain (difference between the present values of the old and new debt services payments) of \$155,937. The refunded certificates of participation were called and paid in full on December 1, 2013. 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, 2013

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>
2014	195,000	43,768	238,768
2015	200,000	39,770	239,770
2016	200,000	35,670	235,670
2017	210,000	31,570	241,570
2018	210,000	27,265	237,265
2019-2023	<u>1,120,000</u>	<u>70,007</u>	<u>1,190,007</u>
Total	<u>\$ 2,135,000</u>	<u>\$ 248,050</u>	<u>\$ 2,383,050</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. Such Certificates do not constitute debt of the City because the City's obligation to make payments under the related lease purchase agreement are subject to annual appropriation by the City. 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>
2014	380,000	494,094	874,094
2015	395,000	479,844	874,844
2016	415,000	464,044	879,044
2017	430,000	447,444	877,444
2018	445,000	430,244	875,244
2019-2023	2,525,000	1,864,481	4,389,481
2024-2028	3,130,000	1,256,687	4,386,687
2029-2032	<u>3,105,000</u>	<u>397,750</u>	<u>3,502,750</u>
Total	<u>\$ 10,825,000</u>	<u>\$ 5,834,588</u>	<u>\$ 16,659,588</u>

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements December 31, 2013

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 BALANCES AND TRANSFERS

Interfund balances between funds as of December 31, 2013 were as follows:

<u>Receivable</u>	<u>Payable</u>	
General Fund	Quality of Life Fund	<u>\$ 180,000</u>

The General Fund made a cash advance to the Quality of Life Fund for the purpose of paying grant eligible expenditures that were reimbursed to the Quality of Life fund by the grantor after the end of the fiscal period.

Transfers between funds during the year ended December 31, 2013, consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	
General	Water	\$ 282,200
General	Park Improvement	91,900
General	Stormwater Utility	163,800
General	Excess Special Improvement District	15,000
Water	Stormwater Utility	22,200
Excess Special Improvement District	Public Improvement Districts	8,353
Cañon City Finance Authority	General Fund	<u>1,871,139</u>
Total		<u>\$ 2,454,592</u>

Transfers from the Water, Park Improvement and Stormwater Utility Funds to the General Fund were for the reimbursement of central service costs. Transfers 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 to the Excess Special Improvement District Fund from the Public Improvement Districts Fund is the remaining residual equity after all the assessments due have been paid by the PID 2002-01 property owners. The transfer from the General Fund to the Cañon City Finance Authority (CCFA) is from the proceeds received from the 2013 re-financing of City Hall. The amount transferred to CCFA is equal to the final principal and interest payments for the Series 2003 Certificates of Participation.

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements December 31, 2013

NOTE 6: FUND BALANCES

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

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
Nonspendable:			
Inventory	\$ 121,271	\$ 31,698	\$ 152,969
Prepaid Items	2,267	-	2,267
Cemetery Perpetual Care	-	1,926,730	1,926,730
	<u>123,538</u>	<u>1,958,428</u>	<u>2,081,966</u>
Restricted:			
Emergencies	249,556	-	249,556
Capital improvements	380,923	-	380,923
Parks	-	130,697	130,697
Library	-	25,242	25,242
Law Enforcement	-	9,777	9,777
Museum	-	70,869	70,869
Debt Service	-	95,951	95,951
	<u>630,479</u>	<u>332,536</u>	<u>963,015</u>
Committed:			
Royal Gorge Bridge	401,050	-	401,050
Capital Improvements	55,136	-	55,136
	<u>456,186</u>	<u>-</u>	<u>456,186</u>
Assigned:			
Property Acquisition	1,443,010	-	1,443,010
Capital improvements	12,359	-	12,359
Community Agency Funding	37,593	-	37,593
Parks	-	353,769	353,769
Cemetery	4,673	-	4,673
Library	-	29,029	29,029
Quality of Life	-	208,453	208,453
Museum	-	32,559	32,559
Debt Service	-	384,484	384,484
	<u>1,497,635</u>	<u>1,008,294</u>	<u>2,505,929</u>
Unassigned	<u>2,933,037</u>	<u>-</u>	<u>2,933,037</u>
Total Fund Balance	<u>\$ 5,640,875</u>	<u>\$ 3,299,258</u>	<u>\$ 8,940,133</u>

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements

December 31, 2013

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 year ended December 31, 2013, the City self-insured this program up to \$50,000 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, 2011	\$ 171,757
Claims Incurred and Adjustments	2,484,905
Claims Paid	<u>(2,425,662)</u>
Claims Payable, December 31, 2012	231,000
Claims Incurred and Adjustments	2,656,336
Claims Paid	<u>(2,522,636)</u>
Claims Payable, December 31, 2013	<u><u>\$ 364,700</u></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.

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.

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements December 31, 2013

NOTE 7: RISK MANAGEMENT (Continued)

Public Entity Risk Pool (Continued)

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

Plan Description – The City contributes to the Statewide Defined Benefit Plan, a multiple-employer defined benefit plan, the Statewide Hybrid Plan, a cost-sharing multiple-employer combination defined benefit and defined contribution plan, the Statewide Money Purchase Plan, a multiple-employer defined contribution money purchase plan, and the 457 Deferred Compensation Plan, all of which are administered by the Fire and Police Pension Association (FPPA). The plans provide retirement and disability, annual increases, and death benefits for members or their beneficiaries. Title 31, Article 31, Part 1101, of the Colorado Revised Statutes (CRS), as amended, assigns authority to establish benefit provisions to the State Legislature. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for the plans. That report may be obtained by contacting FPPA of Colorado, 5290 DTC Parkway, Suite 100, Greenwood Village, Colorado 80111.

Funding Policy – Employees are allowed to select the segmentation of their plan participation depending on their initial employment date with the City. Employees hired after April 1, 2007, are required to participate in the Statewide Defined Benefit Plan. Plan provisions, including contribution requirements, are established and may be amended by the City Council. All police officers participate in the plan on the first day of employment. Vesting applies at 20% per year with full vesting after 5 years. The City contributes 11.1% of each participating employee's compensation, and each employee must contribute a matching amount. The split of contributions is determined by City Council. The contribution requirements of plan members and the City are established under Title 31, Article 31, CRS, as amended. For the years ended December 31, 2011, 2012 and 2013, the contribution rate was 8% of base salary for both members and the City. However, members that transferred from an existing money purchase plan to the Statewide Defined Benefit Plan were required to contribute a total of 20% of base salary. Contributions in excess of those required by the CRS are deposited into the 457 Deferred Compensation Plan. The City's contributions to the Plan, equal to the required contributions, were as follows:

<u>Year Ended December 31,</u>	<u>City Contributions</u>
2011	\$182,328
2012	\$180,084
2013	\$171,846

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements December 31, 2013

NOTE 8: EMPLOYEE RETIREMENT PLANS (Continued)

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, 2013, the City and employees contributed \$218,874 and \$222,566 to the plan, respectively, equal to the required contributions. Wells Fargo Bank West, N.A. Institutional Trust Group administers the plan.

NOTE 9: 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 \$249,556 at December 31, 2013, which was recorded as restricted fund balance in the General Fund.

NOTE 10: CHANGE IN ACCOUNTING PRINCIPLE

During the year ended December 31, 2013, the City implemented the Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously reported as Assets and Liabilities*. GASB Statement No. 65 establishes accounting and financial reporting standards that reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. The result of implementation was a restatement to net position in the amount of \$397,461 in the business-type activities to eliminate debt issuance costs capitalized in previous years. Net Position at December 31, 2012, was restated as follows:

	<u>Water Fund</u>	<u>Cañon City Finance Authority</u>	<u>Business-type Activities</u>
Balances, December 31, 2012, as Originally Stated	\$ 31,615,920	\$ 620,924	\$ 36,051,279
Debt Issuance Costs, Net of Accumulated Amortization	<u>(314,388)</u>	<u>(83,073)</u>	<u>(397,461)</u>
Balances, December 31, 2012, as Restated	<u>\$ 31,301,532</u>	<u>\$ 537,851</u>	<u>\$ 35,653,818</u>

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements December 31, 2013

NOTE 11: EXTRAORDINARY ITEM

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, causing a temporary closure of the attraction. Additionally, several other City-owned structures outside of the leased premises were also destroyed by the fire. The Royal Gorge Bridge was essentially undamaged and it is anticipated that the attraction will be reopened during the summer of 2014. The improvements, both within the attraction and outside of the leased premises, were insured and will be reconstructed or replaced.

As of the end of the fiscal year, reconstruction of the destroyed buildings had not begun. The depreciated value of the destroyed City-owned capital assets were removed from the City's financial statements resulting in an extraordinary item in the Governmental Activities as follows:

Capital Assets, Being Depreciated	
Buildings	\$ 2,842,042
Improvements	7,593,033
Machinery and Equipment	<u>60,072</u>
	10,495,147
Less: Accumulated Depreciation	<u>(7,539,905)</u>
Net Book Value	\$ 2,955,242
Less: Insurance recoveries on	
structures outside of leased premises	<u>(89,244)</u>
Extraordinary Item	<u>\$ 2,865,998</u>



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REQUIRED SUPPLEMENTARY INFORMATION



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CITY OF CAÑON CITY, COLORADO

Budgetary Comparison Schedule General Fund For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes and Assessments	\$ 6,615,100	\$ 6,615,100	\$ 6,823,287	\$ 208,187
Licenses and Permits	188,400	188,400	254,992	66,592
Intergovernmental	2,038,030	2,038,030	1,515,983	(522,047)
Charges for Services	236,680	236,680	274,837	38,157
Fines and Forfeitures	198,100	198,100	199,348	1,248
Royal Gorge Bridge	1,145,400	1,145,400	487,162	(658,238)
Interest	11,600	11,600	7,702	(3,898)
Rent	77,000	77,000	78,395	1,395
Other	96,700	96,700	172,577	75,877
Total Revenues	<u>10,607,010</u>	<u>10,607,010</u>	<u>9,814,283</u>	<u>(792,727)</u>
Expenditures				
Current				
General Government	2,448,898	2,471,548	2,226,966	244,582
Public Safety	3,874,655	3,875,935	3,584,951	290,984
Public Works	1,673,120	1,688,440	1,589,036	99,404
Cemetery	325,686	325,686	309,343	16,343
Culture and Recreation	1,190,293	1,202,293	1,113,753	88,540
Capital Outlay				
Streets	1,865,119	1,815,169	1,217,416	597,753
Other	327,600	326,300	88,649	237,651
Debt Service				
Principal	21,100	196,100	175,000	21,100
Interest	3,584	25,815	22,231	3,584
Debt Issuance Costs	-	58,198	58,198	-
Total Expenditures	<u>11,730,055</u>	<u>11,985,484</u>	<u>10,385,543</u>	<u>1,599,941</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,123,045)</u>	<u>(1,378,474)</u>	<u>(571,260)</u>	<u>807,214</u>
Other Financing Sources (Uses)				
Issuance of Debt	89,600	2,399,600	2,310,000	(89,600)
Transfers In	454,300	552,900	552,900	-
Transfers Out	-	(1,871,140)	(1,871,139)	1
Total Other Financing Sources (Uses)	<u>543,900</u>	<u>1,081,360</u>	<u>991,761</u>	<u>(89,599)</u>
Net Change in Fund Balance	(579,145)	(297,114)	420,501	717,615
Fund Balance, Beginning of Year	<u>4,776,282</u>	<u>4,776,282</u>	<u>5,220,374</u>	<u>444,092</u>
Fund Balance, End of Year	<u>\$ 4,197,137</u>	<u>\$ 4,479,168</u>	<u>\$ 5,640,875</u>	<u>\$ 1,161,707</u>

See the accompanying independent auditors' report.



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CITY OF CAÑON CITY, COLORADO

Notes to Required Supplementary Information December 31, 2013

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The City follows these procedures in establishing 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 Special Fund and the Cemetery Fund. In addition, the Cañon City Finance Authority did not adopt a budget. 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.



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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 Council determines will enhance the quality of life in the city.

Permanent Fund

Cemetery Fund

This fund accounts for of 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, 2013

	Special Revenue Funds				
	Park Improvement	Conservation Trust	Police Forfeiture	Library Donations	Museum Donations
Assets					
Cash and Investments	\$ 85,974	\$ 109,805	\$ 9,777	\$ 58,803	\$ 103,424
Receivables					
Special Assessments	-	-	-	-	-
Interest	3	4	-	3	4
Other	284,770	21,911	-	-	-
Inventory	31,698	-	-	-	-
Total Assets	<u>\$ 402,445</u>	<u>\$ 131,720</u>	<u>\$ 9,777</u>	<u>\$ 58,806</u>	<u>\$ 103,428</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts Payable	\$ 4,902	\$ 1,023	\$ -	\$ -	\$ -
Interfund Payables	-	-	-	-	-
Retainage Payable	-	-	-	-	-
Accrued Liabilities	7,006	-	-	-	-
Deposits	1,400	-	-	-	-
Unearned Revenues	3,670	-	-	4,535	-
Total Liabilities	<u>16,978</u>	<u>1,023</u>	<u>-</u>	<u>4,535</u>	<u>-</u>
Deferred Inflows of Resources					
Assessments	-	-	-	-	-
Grants	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances					
Nonspendable					
Inventory	31,698	-	-	-	-
Cemetery Perpetual Care	-	-	-	-	-
Restricted for					
Parks	-	130,697	-	-	-
Library	-	-	-	25,242	-
Law Enforcement	-	-	9,777	-	-
Museum	-	-	-	-	70,869
Debt Service	-	-	-	-	-
Assigned to					
Parks	353,769	-	-	-	-
Library	-	-	-	29,029	-
Quality of life	-	-	-	-	-
Museum	-	-	-	-	32,559
Debt Service	-	-	-	-	-
Total Fund Balances	<u>385,467</u>	<u>130,697</u>	<u>9,777</u>	<u>54,271</u>	<u>103,428</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 402,445</u>	<u>\$ 131,720</u>	<u>\$ 9,777</u>	<u>\$ 58,806</u>	<u>\$ 103,428</u>

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	
\$ 31,950	\$ 448,466	\$ 9,832	\$ 1,926,657	\$ 2,784,688
109,818	-	-	-	109,818
1	18	1	73	107
-	-	771,542	-	1,078,223
-	-	-	-	31,698
<u>\$ 141,769</u>	<u>\$ 448,484</u>	<u>\$ 781,375</u>	<u>\$ 1,926,730</u>	<u>\$ 4,004,534</u>
\$ -	\$ -	\$ 93,228	\$ -	\$ 99,153
-	-	180,000	-	180,000
-	-	28,633	-	28,633
-	-	-	-	7,006
-	-	-	-	1,400
-	-	3,528	-	11,733
<u>-</u>	<u>-</u>	<u>305,389</u>	<u>-</u>	<u>327,925</u>
109,818	-	-	-	109,818
-	-	267,533	-	267,533
<u>109,818</u>	<u>-</u>	<u>267,533</u>	<u>-</u>	<u>377,351</u>
-	-	-	-	31,698
-	-	-	1,926,730	1,926,730
-	-	-	-	130,697
-	-	-	-	25,242
-	-	-	-	9,777
-	-	-	-	70,869
31,951	64,000	-	-	95,951
-	-	-	-	353,769
-	-	-	-	29,029
-	-	208,453	-	208,453
-	-	-	-	32,559
-	384,484	-	-	384,484
<u>31,951</u>	<u>448,484</u>	<u>208,453</u>	<u>1,926,730</u>	<u>3,299,258</u>
<u>\$ 141,769</u>	<u>\$ 448,484</u>	<u>\$ 781,375</u>	<u>\$ 1,926,730</u>	<u>\$ 4,004,534</u>

CITY OF CAÑON CITY, COLORADO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended December 31, 2013

	Special Revenue Funds				
	Park Improvement	Conservation Trust	Police Forfeiture	Library Donations	Museum Donations
Revenues					
Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	97,007	-	2,750	-
Charges for Services	-	-	-	-	-
Royal Gorge Bridge	859,189	-	-	-	-
Interest	130	333	16	78	170
Rent	12,397	-	-	-	-
Contributions and Donations	8,593	-	-	18,047	7,595
Other	1,980	-	-	262	-
Total Revenues	<u>882,289</u>	<u>97,340</u>	<u>16</u>	<u>21,137</u>	<u>7,765</u>
Expenditures					
Current					
General Government	-	-	-	-	-
Public Works	-	-	-	-	-
Culture and Recreation	499,569	39,468	-	8,184	1,005
Capital Outlay	-	121,623	-	-	-
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	<u>499,569</u>	<u>161,091</u>	<u>-</u>	<u>8,184</u>	<u>1,005</u>
Excess of Revenues Over (Under) Expenditures	<u>382,720</u>	<u>(63,751)</u>	<u>16</u>	<u>12,953</u>	<u>6,760</u>
Other Financing Sources (Uses)					
Insurance Recoveries	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers Out	(91,900)	-	-	-	-
Total Other Financing Sources (Uses)	<u>(91,900)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	290,820	(63,751)	16	12,953	6,760
Fund Balances, Beginning of Year	<u>94,647</u>	<u>194,448</u>	<u>9,761</u>	<u>41,318</u>	<u>96,668</u>
Fund Balances, End of Year	<u>\$ 385,467</u>	<u>\$ 130,697</u>	<u>\$ 9,777</u>	<u>\$ 54,271</u>	<u>\$ 103,428</u>

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	
\$ 41,111	\$ -	\$ -	\$ -	\$ 41,111
-	-	513,632	-	613,389
-	-	-	12,164	12,164
-	-	-	-	859,189
15,566	755	205	8,734	25,987
-	-	-	-	12,397
-	-	-	-	34,235
-	-	1,649	100	3,991
<u>56,677</u>	<u>755</u>	<u>515,486</u>	<u>20,998</u>	<u>1,602,463</u>
564	-	21,846	-	22,410
-	-	21,912	-	21,912
-	-	28,344	-	576,570
-	-	505,167	-	626,790
41,000	-	-	-	41,000
5,650	-	-	-	5,650
<u>47,214</u>	<u>-</u>	<u>577,269</u>	<u>-</u>	<u>1,294,332</u>
<u>9,463</u>	<u>755</u>	<u>(61,783)</u>	<u>20,998</u>	<u>308,131</u>
-	-	89,244	-	89,244
-	8,353	-	-	8,353
(8,353)	(15,000)	-	-	(115,253)
<u>(8,353)</u>	<u>(6,647)</u>	<u>89,244</u>	<u>-</u>	<u>(17,656)</u>
1,110	(5,892)	27,461	20,998	290,475
<u>30,841</u>	<u>454,376</u>	<u>180,992</u>	<u>1,905,732</u>	<u>3,008,783</u>
<u>\$ 31,951</u>	<u>\$ 448,484</u>	<u>\$ 208,453</u>	<u>\$ 1,926,730</u>	<u>\$ 3,299,258</u>

CITY OF CAÑON CITY, COLORADO

Budgetary Comparison Schedule Park Improvement Fund For the Year Ended December 31, 2013

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 131,500	\$ -	\$ (131,500)
Royal Gorge Bridge	575,000	859,189	284,189
Interest	100	130	30
Rent	11,850	12,397	547
Contributions and Donations	-	8,593	8,593
Other	-	1,980	1,980
Total Revenues	<u>718,450</u>	<u>882,289</u>	<u>163,839</u>
Expenditures			
Culture and Recreation	518,238	499,569	18,669
Capital Outlay	<u>137,500</u>	<u>-</u>	<u>137,500</u>
Total Expenditures	<u>655,738</u>	<u>499,569</u>	<u>156,169</u>
Excess of Revenues Over (Under) Expenditures	<u>62,712</u>	<u>382,720</u>	<u>320,008</u>
Other Financing Sources (Uses)			
Transfers Out	<u>(91,900)</u>	<u>(91,900)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(91,900)</u>	<u>(91,900)</u>	<u>-</u>
Net Change in Fund Balance	(29,188)	290,820	320,008
Fund Balance, Beginning of Year	<u>91,788</u>	<u>94,647</u>	<u>2,859</u>
Fund Balance, End of Year	<u>\$ 62,600</u>	<u>\$ 385,467</u>	<u>\$ 322,867</u>

See the accompanying independent auditors' report.

CITY OF CAÑON CITY, COLORADO

Budgetary Comparison Schedule Conservation Trust Fund For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ 75,200	\$ 75,200	\$ 97,007	\$ 21,807
Interest	500	500	333	(167)
Total Revenues	<u>75,700</u>	<u>75,700</u>	<u>97,340</u>	<u>21,640</u>
Expenditures				
Culture and Recreation	6,000	44,500	39,468	5,032
Capital Outlay	233,500	195,000	121,623	73,377
Total Expenditures	<u>239,500</u>	<u>239,500</u>	<u>161,091</u>	<u>78,409</u>
Net Change in Fund Balance	(163,800)	(163,800)	(63,751)	100,049
Fund Balance, Beginning of Year	<u>185,391</u>	<u>185,391</u>	<u>194,448</u>	<u>9,057</u>
Fund Balance, End of Year	\$ <u>21,591</u>	\$ <u>21,591</u>	\$ <u>130,697</u>	\$ <u>109,106</u>

See the accompanying independent auditors' report.

CITY OF CAÑON CITY, COLORADO

Budgetary Comparison Schedule

Library Donations Fund

For the Year Ended December 31, 2013

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 78,900	\$ 2,750	\$ (76,150)
Interest	150	78	(72)
Contributions and Donations	6,500	18,047	11,547
Other	-	262	262
Total Revenues	<u>85,550</u>	<u>21,137</u>	<u>(64,413)</u>
Expenditures			
Culture and Recreation	<u>86,400</u>	<u>8,184</u>	<u>78,216</u>
Total Expenditures	<u>86,400</u>	<u>8,184</u>	<u>78,216</u>
Net Change in Fund Balance	(850)	12,953	13,803
Fund Balance, Beginning of Year	<u>36,384</u>	<u>41,318</u>	<u>4,934</u>
Fund Balance, End of Year	<u>\$ 35,534</u>	<u>\$ 54,271</u>	<u>\$ 18,737</u>

See the accompanying independent auditors' report.

CITY OF CAÑON CITY, COLORADO

Budgetary Comparison Schedule Museum Donations Fund For the Year Ended December 31, 2013

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 16,800	\$ -	\$ (16,800)
Interest	300	170	(130)
Contributions and Donations	3,000	7,595	4,595
Total Revenues	<u>20,100</u>	<u>7,765</u>	<u>(12,335)</u>
Expenditures			
Culture and Recreation	10,000	1,005	8,995
Capital Outlay	22,400	-	22,400
Total Expenditures	<u>32,400</u>	<u>1,005</u>	<u>31,395</u>
Net Change in Fund Balance	(12,300)	6,760	19,060
Fund Balance, Beginning of Year	<u>93,756</u>	<u>96,668</u>	<u>2,912</u>
Fund Balance, End of Year	<u>\$ 81,456</u>	<u>\$ 103,428</u>	<u>\$ 21,972</u>

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, 2013

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Interest	\$ 1,400	\$ 755	\$ (645)
Total Revenues	<u>1,400</u>	<u>755</u>	<u>(645)</u>
Other Financing Sources (Uses)			
Transfers In	8,300	8,353	53
Transfers Out	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(6,700)</u>	<u>(6,647)</u>	<u>53</u>
 Net Change in Fund Balance	 (5,300)	 (5,892)	 (592)
 Fund Balance, Beginning of Year	 <u>454,246</u>	 <u>454,376</u>	 <u>130</u>
 Fund Balance, End of Year	 <u>\$ 448,946</u>	 <u>\$ 448,484</u>	 <u>\$ (462)</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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ 898,593	\$ 898,593	\$ 513,632	\$ (384,961)
Royal Gorge Bridge	15,000	15,000	-	(15,000)
Other	-	-	1,649	1,649
Interest	-	-	205	205
Total Revenues	<u>913,593</u>	<u>913,593</u>	<u>515,486</u>	<u>(398,107)</u>
Expenditures				
Current				
General Government	121,000	56,300	21,846	34,454
Public Works	25,000	25,000	21,912	3,088
Culture and Recreation	-	64,700	28,344	36,356
Capital Outlay	766,593	766,593	505,167	261,426
Total Expenditures	<u>912,593</u>	<u>912,593</u>	<u>577,269</u>	<u>335,324</u>
Excess of Revenues Over (Under) Expenditures	<u>1,000</u>	<u>1,000</u>	<u>(61,783)</u>	<u>(62,783)</u>
Other Financing Sources				
Insurance Recoveries	-	-	89,244	89,244
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>89,244</u>	<u>89,244</u>
Net Change in Fund Balance	1,000	1,000	27,461	26,461
Fund Balance, Beginning of Year	<u>125,398</u>	<u>125,398</u>	<u>180,992</u>	<u>55,594</u>
Fund Balance, End of Year	<u>\$ 126,398</u>	<u>\$ 126,398</u>	<u>\$ 208,453</u>	<u>\$ 82,055</u>

See the accompanying independent auditors' report.

CITY OF CAÑON CITY, COLORADO

Budgetary Comparison Schedule Water Fund For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ -	\$ 90,900	\$ 107,661	\$ 16,761
Charges for Services	6,193,600	6,193,600	5,567,510	(626,090)
Interest	17,000	17,000	9,455	(7,545)
Tap Fees	83,800	83,800	67,543	(16,257)
Other	64,600	64,600	126,207	61,607
Transfers In	22,200	22,200	22,200	-
Total Revenues	<u>6,381,200</u>	<u>6,472,100</u>	<u>5,900,576</u>	<u>(571,524)</u>
Expenditures				
Water Administration	981,872	1,026,472	999,460	27,012
Utility Billing	118,257	118,257	99,900	18,357
Water Treatment	1,517,792	1,511,402	1,438,919	72,483
Transmission and Distribution	1,267,869	1,292,259	1,284,360	7,899
Capital Outlay	1,685,000	1,645,000	1,531,071	113,929
Debt Service	879,550	879,550	875,398	4,152
Transfers Out	183,600	282,200	282,200	-
Total Expenditures	<u>6,633,940</u>	<u>6,755,140</u>	<u>6,511,308</u>	<u>243,832</u>
Change in Net Position, Budgetary Basis	\$ <u>(252,740)</u>	\$ <u>(283,040)</u>	(610,732)	\$ <u>(327,692)</u>
Adjustments to Reconcile Budgetary Basis to GAAP Basis				
Depreciation			(1,468,405)	
Amortization			7,186	
Debt Principal Payments			370,000	
Capital Outlay			1,531,071	
Developer Contributions			<u>15,022</u>	
Change in Net Position, GAAP Basis			\$ <u>(155,858)</u>	

See the accompanying independent auditors' report.

CITY OF CAÑON CITY, COLORADO

Budgetary Comparison Schedule

Stormwater Utility Fund

For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ -	\$ -	\$ 63,855	\$ 63,855
Charges for Services	786,700	786,700	788,823	2,123
Interest	2,500	2,500	1,595	(905)
Other	9,300	9,300	9,946	646
Total Revenues	<u>798,500</u>	<u>798,500</u>	<u>864,219</u>	<u>65,719</u>
Expenditures				
Stormwater Operations	582,810	559,810	288,003	271,807
Capital Outlay	300,000	323,000	322,622	378
Transfers Out	186,000	186,000	186,000	-
Total Expenditures	<u>1,068,810</u>	<u>1,068,810</u>	<u>796,625</u>	<u>272,185</u>
Change in Net Position, Budgetary Basis	\$ <u>(270,310)</u>	\$ <u>(270,310)</u>	67,594	\$ <u>337,904</u>
Adjustments to Reconcile Budgetary Basis to GAAP Basis				
Depreciation			(81,219)	
Capital Outlay			<u>322,622</u>	
Change in Net Position, GAAP Basis			\$ <u>308,997</u>	

See the accompanying independent auditors' report.

CITY OF CAÑON CITY, COLORADO

Budgetary Comparison Schedule Insurance Internal Service Fund For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Charges for Services	\$ 3,013,110	\$ 3,013,110	\$ 2,901,820	\$ (111,290)
Interest	4,700	4,700	1,668	(3,032)
Total Revenues	<u>3,017,810</u>	<u>3,017,810</u>	<u>2,903,488</u>	<u>(114,322)</u>
Expenditures				
Claims	2,549,900	2,774,900	2,656,337	118,563
Premiums	425,000	440,350	427,013	13,337
Administration Fees	117,300	121,950	116,934	5,016
Total Expenditures	<u>3,092,200</u>	<u>3,337,200</u>	<u>3,200,284</u>	<u>136,916</u>
Change in Net Position, Budgetary and GAAP Basis	\$ <u>(74,390)</u>	\$ <u>(319,390)</u>	\$ <u>(296,796)</u>	\$ <u>22,594</u>

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
Financial Trends	69-74
These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	75-82
These tables contain information to help the reader assess the City's most significant revenue sources.	
Debt Capacity	83-86
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.	
Demographic and Economic Information	87-89
These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	90-91
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.	

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



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CITY OF CAÑON CITY, COLORADO

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

TABLE 1

(accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	\$ 25,068,153	\$ 26,366,367	\$ 27,456,652	\$ 27,211,376	\$ 27,575,800	\$ 28,017,638	\$ 27,111,836	\$ 27,055,940	\$ 27,249,621	\$ 25,273,593
Restricted - nonspendable	1,373,846	1,463,428	1,575,650	1,697,269	1,782,341	1,830,005	1,860,900	1,881,338	1,905,732	\$ 1,926,730
Restricted for:										
Emergencies	219,249	229,201	239,306	258,927	249,331	238,263	239,545	246,227	247,246	249,556
Parks	119,077	198,309	39,641	60,173	103,487	135,772	201,157	153,552	194,448	130,697
Library	60,667	26,370	27,967	20,261	16,723	15,674	17,190	11,506	10,382	25,242
Law Enforcement	8,609	15,266	22,543	8,628	14,406	14,652	12,837	12,205	9,761	9,777
Museum	14,344	17,483	18,589	45,611	50,127	53,408	55,372	58,046	64,279	70,869
Debt Service	190,645	223,725	205,706	286,405	185,963	221,791	175,037	273,461	135,841	95,951
Unrestricted	4,203,716	4,078,770	5,108,491	5,057,130	4,737,260	4,561,944	4,926,091	5,510,222	6,013,144	6,158,731
Total governmental activities net position	31,258,306	32,618,919	34,694,545	34,645,780	34,715,438	35,089,147	34,599,965	35,202,497	35,830,454	33,941,146
Business-type activities										
Net investment in capital assets	17,169,071	17,880,523	20,010,154	19,780,611	24,832,570	27,295,224	26,820,316	26,880,924	27,374,668	28,152,215
Unrestricted	5,405,887	6,278,081	6,186,062	8,905,290	7,029,813	6,491,084	7,791,327	8,583,796	8,279,150	7,116,891
Total business-type activities net position	22,574,958	24,158,604	26,196,216	28,685,901	31,862,383	33,786,308	34,611,643	35,464,720	35,653,818	35,269,106

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

TABLE 1

(accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Primary government										
Net investment in capital assets	42,237,224	44,246,890	47,466,806	46,991,987	52,408,370	55,312,862	53,932,152	53,936,864	54,624,289	53,425,808
Restricted for:										
Cemetery Perpetual Care - nonspendable	1,373,846	1,463,428	1,575,650	1,697,269	1,782,341	1,830,005	1,860,900	1,881,338	1,905,732	1,926,730
Emergencies	219,249	229,201	239,306	258,927	249,331	238,263	239,545	246,227	247,246	249,556
Parks	119,077	198,309	39,641	60,173	103,487	135,772	201,157	153,552	194,448	130,697
Library	60,667	26,370	27,967	20,261	16,723	15,674	17,190	11,506	10,382	25,242
Law Enforcement	8,609	15,266	22,543	8,628	14,406	14,652	12,837	12,205	9,761	9,777
Museum	14,344	17,483	18,589	45,611	50,127	53,408	55,372	58,046	64,279	70,869
Debt Service	190,645	223,725	205,706	286,405	185,963	221,791	175,037	273,461	135,841	95,951
Unrestricted	9,609,603	10,356,851	11,294,553	13,962,420	11,767,073	11,053,028	12,717,418	14,094,018	14,292,294	13,275,622
Total primary government net position	\$ 53,833,264	\$ 56,777,523	\$ 60,890,761	\$ 63,331,681	\$ 66,577,821	\$ 68,875,455	\$ 69,211,608	\$ 70,667,217	\$ 71,484,272	\$ 69,210,252

Source: City of Canon City, Colorado, audited financial statements, 2004-2013.

Note: The City adopted GASB Statement No. 65 for the year ended December 31, 2013. Information for 2012 has been restated.

CITY OF CAÑON CITY, COLORADO

CHANGES IN NET POSITION LAST TEN FISCAL YEARS (Unaudited)

TABLE 2

(accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental Activities										
General Government	\$ 1,993,014	\$ 2,091,398	\$ 2,277,507	\$ 2,661,631	\$ 2,731,817	\$ 2,527,950	\$ 2,589,102	\$ 2,412,572	\$ 2,516,575	\$ 2,444,384
Public Safety	3,276,712	3,315,016	3,425,979	3,744,671	3,795,414	3,787,887	3,690,660	3,557,465	3,909,411	3,871,625
Public Works	2,071,376	2,296,892	2,222,166	2,556,283	2,561,649	2,471,088	2,669,783	2,465,512	2,559,669	2,575,407
Cemetery	273,216	307,923	301,993	330,831	326,666	312,911	323,463	339,239	314,592	294,177
Culture and Recreation	1,855,930	2,012,936	2,039,490	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	38,929	26,313	26,843	21,770	17,164	10,598	8,253	4,200	7,550	31,528
Total Governmental Activities Expenses	9,509,177	10,050,478	10,293,978	11,591,849	11,848,516	11,171,248	11,399,535	10,975,899	11,562,307	11,347,723
Business-type Activities										
Water	3,540,182	3,835,545	4,028,535	4,577,244	4,487,223	4,689,537	5,272,375	5,412,055	5,764,390	5,789,256
Stormwater Utility	-	26,840	207,370	294,979	349,910	418,861	429,153	407,764	572,399	369,222
Canon City Finance Authority	175,699	198,251	195,241	227,721	188,950	185,014	180,173	175,544	163,055	109,512
Total Business-type Activities Expenses	3,715,881	4,060,636	4,431,146	5,099,944	5,026,083	5,293,412	5,881,701	5,995,363	6,499,844	6,267,990
Total Primary Government Expenses	\$ 13,225,058	\$ 14,111,114	\$ 14,725,124	\$ 16,691,793	\$ 16,874,599	\$ 16,464,660	\$ 17,281,236	\$ 16,971,262	\$ 18,062,151	\$ 17,615,713
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 407,438	\$ 378,325	\$ 371,449	\$ 366,669	\$ 304,636	\$ 222,619	\$ 211,445	\$ 219,072	\$ 272,919	\$ 332,916
Public Safety	500,372	273,665	172,844	288,648	247,831	273,269	332,655	314,490	295,914	282,369
Public Works	139,434	79,584	88,676	113,985	62,326	179,268	45,190	59,965	36,656	22,622
Cemetery	123,439	158,434	152,927	152,325	114,930	106,506	104,118	99,761	83,277	89,352
Culture and Recreation	188,648	123,819	116,137	136,682	114,132	117,111	202,100	159,710	155,208	104,874
Operating Grants and Contributions	689,650	707,662	789,203	885,163	1,105,380	884,632	862,948	1,079,215	843,263	865,731
Capital Grants and Contributions	1,342,049	1,648,245	1,971,347	661,698	972,186	992,449	694,981	731,866	1,244,601	1,067,004
Total Governmental Activities Program Revenues	3,391,030	3,369,734	3,662,583	2,603,170	2,921,421	2,775,854	2,453,437	2,664,079	2,931,838	2,764,868
Business-type Activities										
Water	3,922,788	4,352,805	4,404,066	4,735,351	5,424,531	5,219,673	5,915,525	6,027,963	6,114,574	5,693,717
Stormwater Utility	-	50,796	660,688	746,132	780,712	774,033	778,571	791,893	962,435	798,769
Canon City Finance Authority	-	-	-	-	231,227	239,983	241,591	241,892	237,082	43,308
Operating Grants and Contributions	-	-	-	-	-	-	-	-	-	171,516
Capital Grants and Contributions	1,432,985	1,198,638	1,389,670	1,893,979	1,701,526	1,317,516	60,950	89,997	111,528	82,565
Total Business-type Activities Program Revenues	5,355,773	5,602,239	6,454,424	7,375,462	8,137,996	7,551,205	6,996,637	7,151,745	7,425,619	6,789,875
Total Primary Government Revenues	\$ 8,746,803	\$ 8,971,973	\$ 10,117,007	\$ 9,980,632	\$ 11,059,417	\$ 10,327,059	\$ 9,450,074	\$ 9,815,824	\$ 10,357,457	\$ 9,554,743
Net (Expense)/Revenue										
Governmental Activities	\$ (6,118,147)	\$ (6,680,744)	\$ (6,631,395)	\$ (8,986,679)	\$ (8,927,095)	\$ (8,395,394)	\$ (8,946,098)	\$ (8,311,820)	\$ (8,630,469)	\$ (8,582,855)
Business-type Activities	1,639,892	1,541,603	2,023,278	2,275,518	3,111,913	2,257,793	1,114,936	1,156,382	925,775	521,885
Total Primary Government Net Expense	\$ (4,478,255)	\$ (5,139,141)	\$ (4,608,117)	\$ (6,711,161)	\$ (5,815,182)	\$ (6,137,601)	\$ (7,831,162)	\$ (7,155,438)	\$ (7,704,694)	\$ (8,060,970)

CITY OF CAÑON CITY, COLORADO

TABLE 2
CHANGES IN NET POSITION (Continued)
LAST TEN FISCAL YEARS
(Unaudited)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 317,716	\$ 361,970	\$ 347,307	\$ 363,462	\$ 380,957	\$ 398,500	\$ 445,501	\$ 440,571	\$ 434,508	\$ 436,009
Sales and Use Taxes	4,648,287	5,060,140	5,430,855	5,570,901	5,414,444	5,139,136	5,211,532	5,239,514	5,478,503	5,613,219
Other Taxes	58,857	57,495	86,122	94,294	110,801	12,371	11,857	17,736	14,190	19,771
Franchise Taxes	546,867	601,218	692,671	641,187	645,132	670,120	656,799	714,621	790,382	754,285
Unrestricted Grants and Contributions	109,622	118,257	119,605	120,352	172,840	292,010	275,293	290,551	297,084	260,251
Royal Gorge Lease Revenues	1,265,837	1,271,918	1,395,796	1,595,622	1,563,333	1,703,414	1,679,694	1,680,695	1,681,688	1,346,351
Investment Earnings	93,057	220,566	324,707	338,663	230,209	78,784	61,221	42,013	40,536	35,357
Other Revenues	60,490	238,530	88,786	76,370	101,024	103,768	77,161	167,651	186,133	176,568
Gain on Sale of Capital Assets	-	-	-	-	72,513	-	-	-	-	-
Extraordinary Item	-	-	-	-	-	-	-	-	-	(2,865,998)
Transfers	85,517	111,263	221,172	137,063	305,500	371,000	321,000	321,000	335,400	917,734
Total Governmental Activities	7,186,250	8,041,357	8,707,021	8,937,914	8,996,753	8,769,103	8,740,058	8,914,352	9,258,424	6,693,547
Business-type Activities:										
Unrestricted Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Investment Earnings	61,117	153,306	235,506	351,230	161,462	37,132	31,399	17,695	19,454	11,137
Other Revenues	-	-	-	-	-	-	-	-	-	-
Gain on Sale of Capital Assets	-	-	-	-	2,152	-	-	-	-	-
Transfers	(85,517)	(111,263)	(221,172)	(137,063)	(305,500)	(371,000)	(321,000)	(321,000)	(335,400)	(917,734)
Total Business-type Activities	(24,400)	42,043	14,334	214,167	(141,886)	(333,868)	(289,601)	(303,305)	(315,946)	(906,597)
Total Primary Government	\$ 7,161,850	\$ 8,083,400	\$ 8,721,355	\$ 9,152,081	\$ 8,854,867	\$ 8,435,235	\$ 8,450,457	\$ 8,611,047	\$ 8,942,478	\$ 5,786,950
Change in Net Position										
Government Activities	\$ 1,068,103	\$ 1,360,613	\$ 2,075,626	\$ (48,765)	\$ 69,658	\$ 373,709	\$ (206,040)	\$ 602,532	\$ 627,955	\$ (1,889,308)
Business-type Activities	1,615,492	1,583,646	2,037,612	2,489,685	2,970,027	1,923,925	825,335	853,077	609,829	(384,712)
Total Primary Government	\$ 2,683,595	\$ 2,944,259	\$ 4,113,238	\$ 2,440,920	\$ 3,039,685	\$ 2,297,634	\$ 619,295	\$ 1,455,609	\$ 1,237,784	\$ (2,274,020)

Source: City of Canon City, Colorado, audited financial statements, 2004-2013.

Note: 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 financial statements resulting in an extraordinary loss in the Governmental Activities.

The City adopted GASB Statement No. 65 for the year ended December 31, 2013. Information for 2012 has been restated.

CITY OF CAÑON CITY, COLORADO

FUND BALANCES, GOVERNMENTAL FUNDS, LAST TEN FISCAL YEARS

(Unaudited)

(modified accrual basis of accounting)

TABLE 3

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Nonspendable:										
Inventory	\$ 61,344	\$ 72,917	\$ 65,547	\$ 99,070	\$ 104,723	\$ 123,164	\$ 148,629	\$ 123,181	\$ 119,148	\$ 121,271
Prepaid items	95,972	94,311	2,951	1,937	4,524	2,356	4,857	1,962	3,904	2,267
Restricted For:										
Emergencies	219,249	229,201	239,306	258,927	249,331	238,263	239,545	246,227	247,246	249,556
Capital Improvements	-	-	-	-	-	-	-	-	-	380,923
Committed to:										
Royal Gorge Bridge	968	146	101,752	206,182	309,384	439,393	515,516	600,000	300,378	401,050
Capital Improvements	-	-	-	-	-	-	-	-	33,123	55,136
Garden Park Paleontology Society rent	-	-	-	-	54,250	33,250	12,250	-	-	-
Contractual Obligations	-	-	-	-	-	-	-	90,285	-	-
Assigned to:										
Property acquisition	-	381,834	750,000	750,000	817,582	753,102	853,102	1,023,740	1,443,010	1,443,010
Capital Improvements	-	-	-	-	6,146	112,264	6,146	6,146	12,359	12,359
Community Agency Funding	-	-	-	-	-	-	-	-	38,017	37,593
Main St. traffic lights	50,000	75,000	125,000	55,000	41,184	41,184	41,184	41,184	41,184	-
Cemetery	-	-	-	-	-	-	-	12,643	10,983	4,673
Library continuing education	65,000	62,821	57,972	57,042	-	27,900	6,527	4,828	4,828	-
Unassigned	2,752,401	2,724,868	3,114,655	2,948,514	2,302,899	1,732,255	2,242,614	2,367,918	2,966,194	2,933,037
Total general fund	\$ 3,244,934	\$ 3,641,098	\$ 4,457,183	\$ 4,376,672	\$ 3,890,023	\$ 3,503,131	\$ 4,070,370	\$ 4,518,114	\$ 5,220,374	\$ 5,640,875

All Other Governmental Funds

Nonspendable:										
Inventory	\$ 32,414	\$ 34,050	\$ 36,299	\$ 38,633	\$ 37,220	\$ 35,152	\$ 34,388	\$ 35,395	\$ 38,531	\$ 31,698
Prepaid items	7,808	7,588	-	-	-	-	-	-	-	-
Permanent Fund	1,373,846	1,463,428	1,575,650	1,697,269	1,782,341	1,830,005	1,860,900	1,881,338	1,905,732	1,926,730
Restricted For:										
Parks	119,077	198,309	39,641	60,173	103,487	135,772	201,157	153,552	194,448	130,697
Library	60,667	26,370	27,967	20,261	16,723	15,674	17,190	11,506	10,382	25,242
Law Enforcement	8,609	15,266	22,543	8,628	14,406	14,652	12,837	12,205	9,761	9,777
Museum	14,344	17,483	18,589	45,611	50,127	53,408	55,372	58,046	64,279	70,869
Debt service	190,645	223,725	205,706	286,405	185,963	221,791	175,037	273,461	135,841	95,951
Assigned to:										
Parks	6,556	32,701	61,631	70,477	79,097	90,368	52,193	787	56,116	353,769
Library	16,118	18,072	20,254	22,354	23,490	23,785	27,828	27,767	30,936	29,029
Quality of Life	496,563	15,151	4,396	6,572	13,392	10,924	-	48,082	59,985	208,453
Community Revitalization	99,656	113,540	142,938	138,114	156,849	165,194	176,611	181,063	-	-
Museum	22,471	23,748	25,722	28,691	30,805	31,419	31,896	32,130	32,389	32,559
Debt service	346,042	319,612	348,719	335,724	404,731	386,233	379,004	348,112	470,383	384,484
Total all other governmental funds	\$ 2,794,816	\$ 2,509,043	\$ 2,530,055	\$ 2,758,912	\$ 2,898,631	\$ 3,014,377	\$ 3,024,413	\$ 3,063,444	\$ 3,008,783	\$ 3,299,258

Source: City of Canon City, Colorado, audited financial statements, 2004-2013.

Note: Some of the City's Fund Balance classifications have been modified to conform with the required standards.

CITY OF CAÑON CITY, COLORADO

CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

(Unaudited)

(modified accrual basis of accounting)

TABLE 4

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:										
Taxes and Assessments	\$ 5,605,472	\$ 6,091,549	\$ 6,622,351	\$ 6,700,262	\$ 6,487,313	\$ 6,253,478	\$ 6,395,570	\$ 6,466,213	\$ 6,752,643	\$ 6,864,398
Licenses and Permits	286,630	344,624	322,110	315,377	256,291	153,807	165,025	191,730	200,396	254,992
Intergovernmental	1,585,502	1,167,443	1,289,695	1,331,215	1,530,567	1,251,841	1,466,546	1,700,522	1,584,268	2,129,372
Charges for Services	415,721	255,358	249,724	238,898	205,911	346,935	205,828	219,872	204,644	287,001
Fines and Forfeitures	181,682	143,744	124,455	171,909	149,103	181,497	245,281	228,429	202,302	199,348
Royal Gorge Bridge	1,265,838	1,271,918	1,395,796	1,595,622	1,563,333	1,703,414	1,679,694	1,680,695	1,681,688	1,346,351
Interest	84,165	195,292	284,741	294,305	200,510	68,088	54,076	38,157	37,054	33,689
Rent	75,490	75,907	71,986	79,161	70,383	118,302	97,664	84,953	86,969	90,792
Contributions & Donations	-	-	-	-	-	-	-	-	-	34,235
Other	262,582	360,272	321,394	441,559	395,216	328,374	324,093	411,674	460,006	176,568
Total Revenues	9,763,082	9,906,107	10,682,252	11,168,308	10,858,627	10,405,736	10,633,777	11,022,245	11,209,970	11,416,746
Expenditures:										
General Government	1,895,258	1,931,893	2,108,007	2,428,494	2,553,857	2,411,155	2,326,354	2,303,510	2,362,557	2,249,376
Public Safety	3,113,578	3,072,444	3,210,784	3,485,455	3,653,742	3,696,646	3,439,078	3,441,605	3,588,535	3,584,951
Public Works	1,442,656	1,571,713	1,463,610	1,759,175	1,718,095	1,606,989	1,713,661	1,565,388	1,575,822	1,610,948
Cemetery	259,949	291,923	289,194	311,394	326,678	307,136	311,219	332,804	300,648	309,343
Culture and Recreation	1,390,687	1,532,698	1,566,047	1,798,356	2,021,210	1,719,651	1,676,096	1,778,192	1,672,745	1,690,323
Capital Outlay	1,631,799	1,612,007	1,234,817	1,234,302	1,779,783	1,194,543	774,727	1,545,011	1,351,574	1,932,855
Debt Service										
Principal	229,068	185,278	221,025	195,136	178,270	138,534	152,287	27,000	42,000	216,000
Interest	38,929	26,313	26,843	14,713	19,717	13,228	10,127	4,200	7,550	27,881
Debt Issuance Costs	-	-	-	-	-	-	-	-	-	58,198
Total Expenditures	10,001,924	10,224,269	10,120,327	11,227,025	12,251,352	11,087,882	10,403,549	10,997,710	10,901,431	11,679,875
Excess of Revenues over (under) Expenditures	(238,842)	(318,162)	561,925	(58,717)	(1,392,725)	(682,146)	230,228	24,535	308,539	(263,129)
Other Financing Sources (Uses)										
Proceeds from Sale of Capital Assets	30,937	124,203	-	-	740,295	-	4,047	32,240	3,660	-
Issuance of Debt	365,977	193,087	54,000	70,000	-	40,000	22,000	109,000	-	2,310,000
Insurance Recoveries	-	-	-	-	-	-	-	-	-	89,244
Transfers In	316,139	294,195	382,800	339,611	402,799	468,538	416,779	433,951	695,899	561,253
Transfers Out	(230,622)	(182,932)	(161,628)	(202,548)	(97,299)	(97,538)	(95,779)	(112,951)	(360,499)	(1,986,392)
Total Other Financing Sources (Uses)	482,431	428,553	275,172	207,063	1,045,795	411,000	347,047	462,240	339,060	974,105
Net Change in Fund Balances	\$ 243,589	\$ 110,391	\$ 837,097	\$ 148,346	\$ (346,930)	\$ (271,146)	\$ 577,275	\$ 486,775	\$ 647,599	\$ 710,976
Debt Service as a percentage of noncapital Expenditures	3.2%	2.5%	2.8%	2.1%	1.9%	1.5%	1.7%	0.3%	0.5%	2.5%

Source: City of Cañon City, audited financial statements, 2004-2013.

CITY OF CAÑON CITY, COLORADO

TABLE 5

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

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
2004	7,296,595	44,724,632	34,161,210	2,905,036	150,561	31,539	6,395,272	95,664,845	3.31	717,246,108	13.34%
2005	7,458,462	53,347,107	41,011,164	2,873,906	146,530	168,747	4,707,097	109,713,013	2.74	849,308,094	12.92%
2006	6,337,039	54,939,185	43,287,797	2,605,143	149,056	164,879	4,842,517	112,325,616	2.79	900,579,082	12.47%
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	67,032,690	52,147,401	2,256,400	258,600	208,360	7,012,340	135,621,831	2.89	1,125,155,335	12.05%
2013	6,352,190	63,239,130	51,701,986	2,008,278	277,430	273,193	9,747,786	133,599,993	2.90	1,028,552,826	12.99%

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.

(b) A significant increase in commercial values in 2005 was the result of an audit conducted in the Assessor's office by the State of Colorado.

CITY OF CAÑON CITY, COLORADO

DIRECT AND OVERLAPPING PROPERTY TAX RATES LAST TEN YEARS

TABLE 6

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

(Unaudited)

Year	City Basic Rate(a)		Overlapping Rates(b)					Total
	City of Cañon City (d)	Fremont County	Fremont County School District RE-1 (c)	Cañon City Fire Protection District (c)	Cañon City Recreation District	S.E. Colorado Water Cons. District	Upper Arkansas Water Cons.	
2004	3.31	12.74	46.24	13.49	3.67	0.95	0.44	80.84
2005	2.74	12.49	39.63	13.15	3.45	0.94	0.42	72.82
2006	2.79	12.32	37.97	13.03	3.51	0.94	0.44	71.00
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

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 increases in 2003 and 2004.

(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% 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 Levy for Fiscal Year	Collected Within the		Collections in Subsequent Years	Total Collections	
			Fiscal Year of the Levy	Percentage of Levy		Amount	Percentage of Levy
2003	2004	284,934	267,805	93.99%	674	268,479	94.22%
2004	2005	316,408	310,301	98.07%	1,187	311,488	98.45%
2005	2006	299,876	298,790	99.64%	2	298,792	99.64%
2006	2007	313,303	312,596	99.77%	(275)	312,321	99.69%
2007	2008	336,918	334,865	99.39%	508	335,373	99.54%
2008	2009	355,461	353,677	99.50%	117	353,794	99.53%
2009	2010	404,093	402,153	99.52%	1,354	403,507	99.85%
2010	2011	401,591	399,248	99.42%	449	399,697	99.53%
2011	2012	395,851	394,642	99.69%	759	395,401	99.89%
2012	2013	392,489	393,136	100.16%	-	393,136	100.16%

Source: Fremont County Treasurer and Colorado Division of Property Taxation

CITY OF CAÑON CITY, COLORADO

TABLE 8

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Sales Tax	\$ 4,541,937	\$ 4,637,184	\$ 5,003,993	\$ 5,220,548	\$ 5,268,947	\$ 5,049,112	\$ 5,107,654	\$ 5,127,379	\$ 5,272,864	\$ 5,442,106
General Property Tax	262,807	304,756	293,612	306,346	327,898	347,226	394,227	392,591	387,218	384,554
Specific Ownership Tax	54,909	57,214	53,695	57,116	53,059	51,274	51,274	47,980	47,290	51,455
Use Tax	88,951	401,042	408,964	350,353	145,497	90,024	103,878	112,135	205,639	171,113
Franchise Taxes:										
Cablevision	97,080	93,511	96,459	97,075	82,847	103,881	112,632	121,486	126,954	126,848
Telephone	29,088	30,429	30,614	26,865	23,193	20,747	18,218	16,161	14,728	13,635
Electricity	254,135	292,726	339,256	342,318	357,291	367,162	381,466	434,789	494,428	478,000
Gas	166,564	184,552	226,342	174,929	181,801	178,330	144,483	142,185	124,809	135,802
Penalty & Interest on Tax	17,399	21,914	17,898	15,749	13,350	12,371	11,857	17,736	14,190	19,773
Total	\$ 5,512,870	\$ 6,023,328	\$ 6,470,833	\$ 6,591,299	\$ 6,453,883	\$ 6,220,127	\$ 6,325,689	\$ 6,412,442	\$ 6,688,120	\$ 6,823,287

Source: City of Canon City, Colorado, audited financial statements, 2004-2013.

Notes:

- (1) During late 2004, the City initiated collecting use tax on construction during the permitting process based on estimated valuation.
- (2) The City of Cañon City does not rely on property taxes as a major source of funding for governmental activities.
- (3) Fremont County Treasurer collects property taxes on behalf of the City. The Treasurer retains a 2% fee before forwarding taxes collected to the City.

CITY OF CAÑON CITY, COLORADO

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

TABLE 9

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Merchandise	\$ 1,041,551	\$ 1,059,243	\$ 1,038,662	\$ 1,080,427	\$ 1,048,025	\$ 1,068,482	\$ 1,033,750	\$ 1,020,142	\$ 1,019,605	\$ 1,010,236
Food Stores	968,748	966,174	981,409	1,047,204	1,107,286	1,044,113	1,051,886	1,091,007	1,111,862	1,146,225
Restaurants & Liquor Stores	505,717	531,372	550,636	584,051	592,561	572,997	573,849	580,840	612,023	617,536
Home Furnishings	89,744	92,819	84,672	82,532	80,311	75,822	86,480	79,962	78,734	73,909
Building Materials & Supplies	312,615	278,864	588,237	564,464	541,216	482,110	500,370	492,179	512,596	535,444
Auto Dealers & Parts/Supplies	612,482	602,099	651,950	735,296	666,654	607,820	665,198	643,835	676,527	708,905
Other Retail Stores	212,571	250,699	287,517	307,669	361,738	375,622	379,642	391,709	411,007	493,980
All Other Outlets	372,905	385,631	247,856	254,491	244,353	216,316	234,648	235,372	240,434	252,623
Hotel/Motel	52,937	62,271	64,591	73,928	77,512	77,917	74,803	70,301	71,642	68,429
Utility Service	372,667	408,012	508,463	490,486	549,291	527,913	507,029	522,032	538,434	534,819
Total	\$ 4,541,937	\$ 4,637,184	\$ 5,003,993	\$ 5,220,548	\$ 5,268,947	\$ 5,049,112	\$ 5,107,655	\$ 5,127,379	\$ 5,272,864	\$ 5,442,106
City Direct Sales Tax Rate	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

Source: City of Canon City, Colorado, audited financial statements, 2004-2013 and Sales Tax Subsidiary Records, 2004-2013.

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)
2004	1,265,837	287,733
2005	1,271,918	279,239
2006	1,395,796	299,683
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

Source: City of Cañon City, Colorado, audited financial statements, 2004-2013 and Royal Gorge Company of Colorado Year-End Review, 2004-2013.

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, an incline railway to the bottom of 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) Individuals attending the Royal Gorge Bridge and Park. The steady decline in attendance through 2005 is attributed to the cessation of state funding of tourism promotion when Colorado voters rejected continuing the tourism tax in 1993. The reversal of the downward trend in 2006 is attributable to a combination of several factors. The State of Colorado began to provide funding to promote tourism in Colorado and the tourism industry in the region had begun to recover from the negative impacts of the 911 attack and from the Colorado wildfires in 2002. 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. As of January 1, 2014, reconstruction has begun and it is anticipated the Park will re-open in August 2014.

CITY OF CAÑON CITY, COLORADO

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

TABLE 11

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Water Revenues:										
Charges for Services:										
Metered Water Sales by Type of Customer (a)	\$ 3,647,644	\$ 3,952,554	\$ 3,978,188	\$ 4,033,524	\$ 5,070,314	\$ 4,926,290	\$ 5,559,580	\$ 5,656,298	\$ 5,843,529	\$ 5,377,864
Water Sales to City Facilities	126,948	137,087	133,807	132,741	169,000	162,730	194,893	223,160	126,160	123,842
Hydrant Sales	11,402	85,666	60,733	52,391	51,860	6,134	4,384	3,552	5,185	10,070
Bulk Water Sales	35,109	37,182	37,867	35,789	43,350	46,118	52,022	64,317	64,370	55,319
Account Maintenance Fee (b) (d)	-	-	-	-	6,290	18,425	8,215	295	245	415
Total Charges for Services	3,821,103	4,212,489	4,210,595	4,254,445	5,340,814	5,159,697	5,819,094	5,947,622	6,039,490	5,567,510
Tap Fees (c)	562,055	658,382	526,539	1,830,829	150,976	96,374	60,950	82,077	104,328	67,543
Interest Income	58,043	146,059	212,294	314,309	137,718	33,659	28,488	15,574	16,885	9,455
Other (c)	101,685	140,316	193,471	480,906	83,717	59,976	96,431	80,341	75,084	248,890
Transfer In	-	4,500	18,000	27,100	27,800	27,000	27,000	27,000	25,500	22,200
Total Water Revenues	\$ 4,542,886	\$ 5,161,746	\$ 5,160,899	\$ 6,907,589	\$ 5,741,025	\$ 5,376,706	\$ 6,031,963	\$ 6,152,614	\$ 6,261,287	\$ 5,915,598

Source: City of Cañon City, Colorado, audited financial statements, 2004-2013 and Water Utility Billing Records, 2004-2013.

- (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 CDOC facilities.
 (d) Effective May 1, 2010 monthly maintenance fee as described in (b) above was discontinued except for buildings under new construction.

CITY OF CAÑON CITY, COLORADO

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

TABLE 12

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Metered Water Sales by Type of Customer										
Residential - Inside City limits	\$ 1,159,874	\$ 1,259,990	\$ 1,248,395	\$ 1,262,614	\$ 1,581,168	\$ 1,432,983	\$ 1,742,589	\$ 1,736,842	\$ 1,822,889	\$ 1,615,105
Residential - Outside City limits	666,417	709,201	726,864	689,593	830,110	764,579	900,202	894,011	955,236	874,966
Commercial - Inside City limits	800,810	876,929	925,891	943,079	1,139,570	1,325,532	1,157,076	1,311,355	1,216,886	1,099,018
Commercial - Outside City limits	416,743	425,444	381,813	418,974	588,886	490,789	651,298	599,348	623,064	611,537
Prisons	603,800	680,990	695,225	719,264	930,580	912,407	1,108,415	1,114,742	1,225,454	1,177,238
Total Metered Water Sales by Type of Customer	\$ 3,647,644	\$ 3,952,554	\$ 3,978,188	\$ 4,033,524	\$ 5,070,314	\$ 4,926,290	\$ 5,559,580	\$ 5,656,298	\$ 5,843,529	\$ 5,377,864
Residential Inside minimum rate per 4,000 gallons (a)	\$10.60	\$10.80	\$10.92	\$10.92	\$13.16	\$13.56				
Residential Outside minimum rate per 4,000 gallons (a)	\$15.56	\$15.84	\$16.00	\$16.00	\$19.28	\$19.84				
Residential Inside Meter Fee - flat rate (b)(c)							\$9.30	\$9.30	\$9.58	\$9.58
Residential Outside Meter Fee - flat rate (b)(c)							\$13.95	\$13.95	\$14.37	\$14.37
Water Gallons Sold by Type of Customer (d)										
Residential - Inside City limits	484,894	521,716	508,345	503,868	540,101	474,979	521,319	548,700	539,054	457,826
Residential - Outside City limits	175,460	183,069	188,414	172,790	176,105	154,048	170,919	177,399	177,941	156,899
Commercial - Inside City limits	368,781	400,937	422,480	426,141	426,117	389,176	331,019	411,424	337,494	295,459
Commercial - Outside City limits	253,038	247,403	220,495	252,681	334,588	223,119	259,348	239,575	245,054	253,496
Prisons	280,889	311,757	317,894	325,731	351,597	348,560	367,989	374,951	385,087	365,953
Total Water Gallons Sold by Type of Customer	1,563,062	1,664,882	1,657,628	1,681,211	1,828,508	1,589,882	1,650,594	1,752,049	1,684,630	1,529,633

Source: City of Canon City, Colorado, audited financial statements, 2004-2013 and Water Utility Billing Records, 2004-2013.

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 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

Governmental Activities					Business-Type Activities											
Fiscal Year	Public Improvement Bonds	Note Payable	Capital Leases(a)	General Obligation Bonds	Note Payable Water Resource Authority(b)		Note Payable Water Conservation Board(b)		Certificates of Participation Series 2003(c)		Certificates of Participation Series 2008(c)		Capital Lease	Total Primary Government	Percentage of Personal Income (d)	Per Capita
2004	145,000	-	611,443	121,000	3,039,167	99,327	3,135,000	-	40,439	7,191,376	2.26%	459				
2005	185,000	-	579,252	77,000	2,822,500	89,941	3,015,000	-	34,180	6,802,873	2.05%	432				
2006	158,000	-	439,227	31,000	2,595,834	80,180	2,890,000	-	27,735	6,221,976	1.76%	390				
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	14,271	15,493,092	3.74%	972				
2009	116,000	-	79,287	-	-	-	2,500,000	12,230,000	7,239	14,932,526	3.36%	908				
2010	65,000	-	-	-	-	-	2,360,000	11,895,000	-	14,320,000	3.23%	873				
2011	147,000	-	-	-	-	-	2,215,000	11,550,000	-	13,912,000	3.08%	845				
2012	105,000	-	-	-	-	-	2,070,000	11,195,000	-	13,370,000	2.81%	815				
2013	64,000	-	2,135,000	-	-	-	-	10,825,000	-	13,024,000	2.73%	794				

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 \$154,601. 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 Canon City Hall Project Corporation), a Colorado non-profit corporation was formed February 2003 for the purpose of purchasing, leasing or otherwise acquiring certain real property and to construct or install certain improvements in the City and thereafter lease the real property and improvements to the City of Cañon City for public purposes. Certificates of Participation of \$3,400,000 were issued by the Corporation in 2003 to finance the new City Hall building. In 2013 the 2003 Certificates of Participation were paid off when the City entered into a lease/purchase agreement in order to refinance the City Hall debt. During 2008, the Corporation issued \$12,550,000 Certificates of Participation to finance the cost of the acquisition, construction and improvements to the City's water treatment facility. In 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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Bonded Debt Outstanding										
General Obligation Bonds	\$ 121,000	\$ 77,000	\$ 31,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Percentage of Estimated Actual Property Value (a)	0.02%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Per Capita (b)	7.72	4.89	1.95	-	-	-	-	-	-	-
Total Taxable Assessed Value	95,654,845	109,713,013	112,325,616	127,343,140	132,771,680	139,776,360	139,006,845	136,453,561	135,621,831	133,599,993
Legal Debt Limit (c)	9,565,485	10,971,301	11,232,562	12,734,314	13,277,168	13,977,636	13,900,685	13,645,356	13,562,183	13,359,999
Total Net Debt Applicable To Debt Limit	121,000	77,000	31,000	-	-	-	-	-	-	-
Legal Debt Margin (d)	\$ 9,444,485	\$ 10,894,301	\$ 11,201,562	\$ 12,734,314	\$ 13,277,168	\$ 13,977,636	\$ 13,900,685	\$ 13,645,356	\$ 13,562,183	\$ 13,359,999
Legal Debt Margin as a Percentage of the Debt Limit	98.74%	99.30%	99.72%	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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Water Fund Debt Outstanding										
General Obligation Bonds	\$ 121,000	\$ 77,000	\$ 31,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Note Payable-Water Resource Authority	3,039,167	2,822,500	2,595,834	2,358,334	-	-	-	-	-	-
Note Payable-Water Conservation Board	99,327	89,941	80,180	70,029	-	-	-	-	-	-
Certificates of Participation Series 2008	-	-	-	-	12,550,000	12,230,000	11,895,000	11,550,000	11,195,000	10,825,000
Capital Leases	40,439	34,180	27,735	21,101	14,271	7,239	-	-	-	-
Total Water Fund Debt Outstanding	\$ 3,299,933	\$ 3,023,621	\$ 2,734,749	\$ 2,449,464	\$ 12,564,271	\$ 12,237,239	\$ 11,895,000	\$ 11,550,000	\$ 11,195,000	\$ 10,825,000
Number of Active Water Service Connections	8,195	8,151	8,251	8,345	8,527	8,545	8,535	8,547	8,553	8,567
Water Fund Debt per Active Water Service Connection	\$ 403	\$ 371	\$ 331	\$ 294	\$ 1,473	\$ 1,432	\$ 1,394	\$ 1,351	\$ 1,309	\$ 1,264

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, 2013 (Unaudited)

TABLE 16

<u>Government Entity</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (b)</u>	<u>Estimated Share of Overlapping (a) Debt</u>
Fremont County School District RE-1	\$ 17,105,000	60.0%	\$ 10,263,000
Total Overlapping Debt			10,263,000
City of Cañon City Direct Debt			64,000
Total Direct and Overlapping Debt			\$ 10,327,000

(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
2004	15,683	990,991	317,800	21,088	5.3
2005	15,760	1,048,635	332,347	22,212	6.2
2006	15,934	1,095,684	353,926	23,149	5.6
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 (c)	16,404	1,358,394	476,257	29,033	8.2

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 2013 is not available as of April 2014, so 2012 data is repeated for 2013.

CITY OF CAÑON CITY, COLORADO

PRINCIPAL EMPLOYERS CURRENT YEAR AND SIX YEARS AGO (Unaudited)

TABLE 18

Employer	2013			2007		
	Employees	Rank	Percentage of Total County Employment (b)	Employees	Rank	Percentage of Total County Employment
Fremont School District (RE-1)	506	1	3.01%	519	2	2.74%
Centura Health (a)	485	2	2.89%	550	1	2.91%
Walmart	315	3	1.87%	425	3	2.25%
Fremont County	300	4	1.78%	300	4	1.59%
International Order of Odd Fellows Complexes	273	5	1.62%	275	5	1.45%
Starpointe	199	6	1.18%	162	8	0.86%
Cornell Companies	166	7	0.99%	176	6	0.93%
City of Canon City	160	8	0.95%	171	7	0.90%
Skyline Ridge Nursing and Rehab	106	9	0.63%	-	-	-
Interroll Engineering West Inc (c)	100	10	0.59%	139	9	0.73%
Canon City Daily Record	-	-	-	125	10	0.66%
Total	<u>2,610</u>		<u>15.53%</u>	<u>2,842</u>		<u>15.02%</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) Total 2013 employment within Fremont County 16,810

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

CITY OF CAÑON CITY, COLORADO

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

TABLE 19

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
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	2	2	2	1	1	1	1
Finance	6	6	6	6	6	6	6	6	6	6
City Attorney (c)	0	0	0	1	1	1	1	1	1	1
Building Maintenance (c)	1	1	2	4	4	4	4	4	4	4
Community Development										
Building Division (g)	2	2	3	3	3	3	2	2	2	2
Planning & Zoning (c) (j)	1	1	1	2	2	2	2	2	2	1
Code Enforcement	1	1	1	1	1	1	1	1	1	1
Administrative Resources										
Special Projects (k)	0	0	0	0	0	0	0	0	0	1
Human Resources	1	1	1	1	1	1	1	1	1	1
Computer Resources	2	2	2	2	2	2	2	2	2	2
Public Safety										
Patrol Officers (l)	28	28	28	28	29	28	28	28	28	29
Victims Assistance	1	1	1	1	1	1	1	1	1	1
Administration (h)	3	3	3	3	3	3	3	3	4	4
Investigations (h)	4	5	5	5	5	6	6	6	5	5
Parking & Code Enforcement	2	2	2	2	2	2	2	2	2	2
School Resource Program	1	1	1	1	1	1	1	1	1	1
Dare Program (f)	1	1	1	1	1	1	1	0	0	0
Drug Task Force	0	1	1	1	1	0	0	0	0	0
Dispatch Services (a)	11	6	8	8	8	8	8	8	8	8
Public Works										
Equipment Repair	3	3	3	3	3	3	3	3	3	3
Street Maintenance (f)	17	16	16	16	17	16	16	15	15	15
Engineering (g)	2	2	2	3	3	3	2	2	2	2
Cemetery	5	5	5	5	5	5	5	5	5	5
Cultural & Recreation										
Forestry (f)	4	4	4	4	4	4	3	3	3	3
Library & History Center	13	15	15	16	16	15	15	15	15	14
Parks Improvement Fund (f)(m)	9	9	9	9	9	9	8	8	8	7
Water Fund										
Administration (f)	6	7	7	8	8	8	7	7	7	6
Water Treatment (f)	9	11	12	12	12	12	13	12	12	12
Water Distribution	16	16	16	16	16	16	16	16	16	16
Water Utility Billing	2	2	2	2	2	1	1	1	1	1
Storm Water Utility Fund										
Administration (b) (g)	0	0	1	1	1	1	2	2	2	2
Total	157	158	164	171	173	169	165	162	162	160

Source: City of Cañon City Finance Department.

- (a) In 2005, the agreement for the City to provide dispatch services to Fremont County was terminated resulting in 5 eliminated positions.
- (b) Beginning on December 1, 2005, the City initiated a stormwater utility program. The first stormwater staff position was hired in 2006.
- (c) In 2007, a City Attorney, Community Development Director and 2 additional custodians were hired. These services had previously been contracted.
- (f) Some positions which were vacated in 2009, 2010 and 2011 were not refilled due to downturn in revenues.
- (g) In 2010 a building inspector assumed GIS Tech duties in Stormwater Dept when building inspections decreased.
- (h) In 2012 one Administrative Assistant position was moved from Investigations to Police Administration.
- (j) In 2013 the position of Community Development Director was vacated when the director was appointed City Administrator.
- (k) In 2013 the new position of Director of Administrative Services was created as a liaison with the community to coordinate special projects.
- (l) In 2013 a new Crime Prevention Officer position was created.
- (m) In 2013 the Community Revitalization Fund was eliminated and seasonal maintenance duties were absorbed by the Parks Fund.

CITY OF CAÑON CITY, COLORADO

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

TABLE 20

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Safety										
Physical arrests	1,213	1,500	1,511	1,569	1,408	1,743	1,952	2,130	1,839	1,750
Traffic violations	3,189	2,087	1,924	2,619	2,065	2,902	2,337	2,707	2,521	2,537
Parking violations	1,662	881	975	1,379	684	765	1,377	911	351	86
Calls for service	24,200	22,000	25,882	27,197	27,742	26,629	26,352	27,292	27,302	27,871
Public Works										
Street resurfacing & repairs (miles)	0.25	0.50	2.45	1.66	1.08	1.52	1.71	0.71	0.00	0.20
Potholes repaired	300	280	210	130	117	87	82	78	84	91
Cemetery										
Standard and ash burials	135	110	125	121	112	97	107	130	90	94
Spaces sold	50	70	62	69	48	39	26	48	28	39
Cultural & Recreation										
Library:										
Physical Volumes in collection	64,380	69,612	73,274	78,279	79,885	79,204	60,324	70,661	73,984	75,228
Electronic Volumes in collection (a)	-	-	-	-	-	-	-	526	2,992	8,436
Total volumes checked out (b)	226,384	226,114	294,223	330,626	319,983	307,616	308,111	290,831	273,374	131,148
Water Fund										
Installed and replaced water mains	16,800'	10,400'	5,100'	2,560'	9,750'	23,583'	7,438'	8,337'	6,926'	10,400'
Average daily metered consumption (millions of gallons)	4.3	4.6	4.5	4.5	5.0	4.4	4.5	4.8	4.6	4.2
Peak daily production (millions of gallons)	9.4	11.7	10.6	10.3	10.7	10.1	10.5	11.7	9.9	9.7

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

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

CITY OF CAÑON CITY, COLORADO

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

TABLE 21

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Safety										
Police Stations	1	1	1	1	1	2	2	2	2	2
Marked Patrol units	16	16	16	23	25	27	28	28	28	28
Public Works										
Streets (miles) (a)	115.0	117.7	119.1	119.7	118.3	119.4	119.4	119.4	119.4	119.4
Alleys (miles)	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1
Storm sewers (miles)	10.8	11.0	11.4	11.4	12.2	13.2	13.2	13.4	13.4	13.4
Cemetery										
City owned Cemeteries	2	2	2	2	2	2	2	2	2	2
Cultural & Recreation										
Parks	10	10	10	10	10	10	10	10	10	10
Parks Acreage	6,567	6,567	6,567	6,567	6,567	6,567	6,567	6,567	6,567	6,567
Water Fund										
Water mains (miles)	144	147	147	147	149	150	151	151	151	151
Fire Hydrants	963	963	984	1,025	1,021	1,049	1,049	1,049	1,051	1,051
Finished Water Storage Tanks (b)	5	5	5	5	5	6	6	6	6	6

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

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

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



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COMPLIANCE SECTION OVERVIEW

SINGLE AUDIT

Schedule of Expenditures of Federal Awards, which is required for all state and local governments with more than \$500,000 of federal expenditures.

OTHER REPORTS

Local Highway Finance Report, which is an annual statement of receipts and expenditures required to be submitted annually to the Colorado Department of Transportation as part of the mileage certification process.



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

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the 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, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City of Cañon City, and have issued our report thereon dated May 28, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Cañon City's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Cañon City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Cañon City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City of Cañon City's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the City of Cañon City's internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Cañon City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Cañon City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Cañon City's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



May 28, 2014



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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM, INTERNAL CONTROL OVER COMPLIANCE,
AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY OMB CIRCULAR A-133**

Report on Compliance for Each Major Federal Program

We have audited the City of Cañon City's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Cañon City's major federal programs for the year ended December 31, 2013. The City of Cañon City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Cañon City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Cañon City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Cañon City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Cañon City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

Report on Internal Control Over Compliance

Management of the City of Cañon City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Cañon City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Cañon City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the City of Cañon City's internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the 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, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City of Cañon City. We issued our report thereon dated May 28, 2014, which contained unmodified opinions on those financial statements. 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 accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



May 28, 2014

CITY OF CAÑON CITY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2013

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weaknesses identified? _____ yes x no
- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes x none reported

Noncompliance material to financial statements noted?

_____ yes x no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? _____ yes x no
- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes x none reported

Type of auditors' report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?

_____ yes x no

Identification of major program:

20.205 Highway Planning and Construction

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?

_____ yes x no

Financial Statement Findings

The audit of the financial statements did not disclose significant deficiencies in internal control that would be considered material weaknesses, and did not disclose fraud, violations of provisions of contracts and grant agreements, or abuse that were material to those financial statements.

Federal Awards Findings and Questioned Costs

The audit of federal awards did not disclose significant deficiencies in internal control that would be considered material weaknesses, and did not disclose instances of noncompliance or abuse that were material to those federal awards.

CITY OF CAÑON CITY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2013

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
U.S. Department of Transportation		
Passed through Colorado Department of Transportation		
Highway Planning and Construction	20.205	\$ 469,094
U.S. Department of Homeland Security		
Passed through Colorado Department of Local Affairs		
Flood Mitigation Assistance	97.029	15,100
Passed through Colorado Department of Public Safety		
Disaster Grants - Public Assistance	97.036	123,472
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY		138,572
U.S. Department of Justice		
Public Safety Partnership and Community Policing Grants	16.710	10,848
Edward Byrne Memorial Justice Assistance Grant Program	16.738	4,308
Bulletproof Vest Partnership Program	16.607	4,725
TOTAL U.S. DEPARTMENT OF JUSTICE		19,881
U. S. Department of Agriculture		
Passed through Colorado State University Colorado State Forest Service		
Cooperative Forestry Assistance	10.664	14,715
U.S. Department of the Interior		
Passed through Colorado Department of Natural Resources		
Sport Fish Restoration Program	15.605	13,213
U.S. Department of Commerce		
Economic Development Administration		
Economic Development - Technical Assistance	11.303	3,307
TOTAL EXPENDITURES OF FEDERAL AWARDS		\$ 658,782

CITY OF CAÑON CITY, COLORADO

Notes to Schedule of Expenditures of Federal Awards December 31, 2013

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, using the accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements.

The public report burden for this information collection is estimated to average 380 hours annually.

LOCAL HIGHWAY FINANCE REPORT			City or County: City of Cañon City	
			YEAR ENDING : December 2013	
This Information From The Records Of : City of Cañon City		Prepared By: Mickey Wells	Phone: 719-269-9011	

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE				
ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	1,179,363
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	1,137,042
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	1,268,338	b. Snow and ice removal	
3. Other local imposts (from page 2)	150,294	c. Other	
4. Miscellaneous local receipts (from page 2)	212,152	d. Total (a. through c.)	0
5. Transfers from toll facilities		4. General administration & miscellaneous	221,533
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	182,995
a. Bonds - Original Issues	0	6. Total (1 through 5)	2,720,933
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	5,650
7. Total (1 through 6)	1,630,784	b. Redemption	41,000
B. Private Contributions		c. Total (a. + b.)	46,650
C. Receipts from State government (from page 2)	938,295	2. Notes:	
D. Receipts from Federal Government (from page 2)	198,504	a. Interest	
E. Total receipts (A.7 + B + C + D)	2,767,583	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	46,650
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	2,767,583

IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)				
	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	105,000	0	41,000	64,000
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE					
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		2,767,583	2,767,583		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:

Colorado

YEAR ENDING (mm/yy):

December 2013

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	41,111	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	182,995
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	13,591
5. Specific Ownership &/or Other	109,183	g. Other Misc. Receipts	15,566
6. Total (1. through 5.)	109,183	h. Other	
c. Total (a. + b.)	150,294	i. Total (a. through h.)	212,152
(Carry forward to page 1)		(Carry forward to page 1)	

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	577,263	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	21,328
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	61,032	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify) CDOT Grant	300,000	f. Other Federal CMAQ Grant	177,176
f. Total (a. through e.)	361,032	g. Total (a. through f.)	198,504
4. Total (1. + 2. + 3.f)	938,295	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)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		1,179,363	1,179,363
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	1,179,363	1,179,363
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	1,179,363	1,179,363
		(Carry forward to page 1)	

Notes and Comments: