

City of Cañon City, Colorado

Comprehensive Annual Financial Report
for the Year Ended December 2014

CITY OF CAÑON CITY COLORADO



COMPREHENSIVE ANNUAL FINANCIAL REPORT For the fiscal year ended December 31, 2014

**Prepared by:
Department of Finance**

Finance Department Staff



Back Row: Ken Burger, Hasmukh (Harry) Patel, John McBride

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City of Cañon City

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June 1, 2015

Honorable Mayor and City Council
City of Cañon City, Colorado

The staff of the City of Cañon City is pleased to submit this Comprehensive Annual Financial Report (CAFR) for the City of Cañon City, Colorado (the “City”), for the year ended December 31, 2014, as required by local ordinance, the City Charter and Colorado State statutes. These ordinances and statutes require that the City issue an annual report regarding its financial position and activity and that an independent firm of certified public accountants audit this report. This financial reporting entity addresses all funds of the City of Cañon City.

THE REPORT

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

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

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

The City’s Charter also requires that an annual audit be conducted by an independent certified public accountant. The firm of Swanhurst & 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 16,303 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 small-town lifestyle if you choose. The quality of life for residents has expanded as more services are being provided.

The Royal Gorge Bridge, which was the highest bridge in the world until 2001 but still remains the highest suspension bridge in North America at 1,053 feet above the Arkansas River, continues to be an attraction for visitors from all over the world. 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, attendance declined again to 265,000 visitors. It was hoped that visitation might increase due to the installation of a new zip line attraction in 2012. However, in June 2013 a wildfire destroyed most of the facilities at the Royal Gorge Park, including the new zip line. Access to the Bridge remained closed throughout the 2014 summer tourist season as facilities at the Park were rebuilt. Fortunately, the Park and other tourist amenities such as the Royal Gorge Route Tourist Train and a world class whitewater rafting industry continued to make Cañon City a stop on many tourist itineraries.

The City provides a full range of municipal services. These services include law enforcement, construction and maintenance of streets and stormwater facilities and related infrastructure, parks and recreational facilities, forestry services, fleet maintenance, the public library, cemeteries and administrative services. The governing body also exercises oversight of the water treatment and delivery systems, police and employees' retirement systems, and the operation of the local Government Access Channel (CCTV – Channel 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 by a resolution of City Council. In accordance with the City's charter, all expenditures over \$500 must be bid and approved by the City Council (a provision that was recently changed by the voters in November 2014). 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 2014, one revision to budget appropriations was 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. A significant effect on local business and City sale tax revenue was anticipated. Fortunately, the effect was not as bad as originally feared. Local businesses, marketing groups and the City, with the help of a Federal grant to carry out the Royal Gorge Region Tourism Recovery Plan, immediately developed 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. 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. While local business did feel the effect most continued normal operations. In fact a survey of local businesses found:

- Employment in tourist-related business generally held consistent to pre-fire levels or actually improved.
- Most businesses saw consistent or improved sales volumes, with only a minor number of businesses seeing a reduction in sales.
- The majority of reservation-based businesses saw consistent or improved reservations, as compared to pre-fire levels, again with only a small number seeing a decline.
- Local businesses developed new ways to retain and increase their customer base.
- It appears that many out-of-town guests came to the area for the "variety" of attractions and activities that exist in the Royal Gorge Region.
- The marketing effort also appears to have sparked a new interest in the renewal of the Royal Gorge Bridge and Park.
- The City's retail sales tax revenues rose in 2013 and then again in 2014. Looking at specifically tourism-related retail sectors, (including only general retail, restaurants and bars, and hotels and motels), Cañon City experienced over a 2% increase from the same period before to the fire.
- Over the course of the year the City's 2013 total sales tax receipts increased by \$169,242 over 2012 and the 2014 total sales tax receipts increased by \$357,453 over 2013.
- The local unemployment rate began to fall after being, for three years in a row, above 10 percent.

Even with these improvements, other non-tourism indicators showed that economic development and growth in Cañon City remained slow. For example, building activity actually slowed in 2014. The actual number of building permits dropped from 513 in 2013 to 443 in 2014. The total valuation of building activity dropped almost in half, falling from a valuation of \$15.1 million in 2013 to \$7.8 million in 2014.

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. While this has caused a strain in each of the major operating funds, the reserves for each fund has been maintained at acceptable levels. While it is projected that over the near-term increases in revenues should meet cost-of-living adjustments and provide for the capital improvement needs of the City and its residents, the City's revenues will not be sufficient to

maintain a suitable street maintenance program. More than likely, this will continue to be the case unless significant growth occurs, there is a major increase in Royal Gorge Park attendance or voters agree to some form of tax increase.

After some detailed assessment City administration and City Council have determined that, while the City has experienced small but general increases in sales tax receipts from 2000 through 2014, when considering the effect of inflation the actual growth has been negligible. The City is not sufficiently growing revenue to the point that it can fund activities and improvements beyond those traditionally provided, particularly with respect to street maintenance. In response, City Council has initiated long-term financial planning. A proposal will likely be submitted to the voters in November 2015 to increase the City's sale tax rate and, as an inducement to residents, eliminate the City's ad valorem tax levy. On the surface this would appear to create less diversity in the City's revenue. However, the City currently generates only 3% of its entire General Fund revenue from property tax. This proposal, if approved, will substantially increase City revenue and allow the City to earmark revenues to street maintenance and improvement going forward.

RELEVANT FINANCIAL POLICIES

The Colorado Constitutional Amendment passed in November 1992, commonly known as the Taxpayer Bill of Rights (TABOR), restricts growth in governmental spending and revenues, with those amounts adjusted annually for inflation and a local growth factor. In November 2009, Cañon City's voters approved a referendum that allowed the City a 10-year timeout to retain revenues that might otherwise have been refundable to citizens under the TABOR limits. As a result, the City is able to retain all "excess" revenues and spend them for capital improvements, municipal operations and services, and other public purposes. The City continues to be subject to other provisions of TABOR including maintaining an emergency reserve equal to 3% of annual spending and the requirement for elections to approve any tax increase or debt issuance (except related to enterprise funds, *i.e.*, Water or Stormwater Utility operations).

MAJOR INITIATIVES

There were a number of initiatives in 2014. New marketing strategies, searching for and obtaining significant grants to aid in economic growth and improvement of the community, and economic development incentives aimed at inducing economic growth consumed considerable time on the part of City staff 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.

To respond to concerns about falling attendance at the Royal Gorge Bridge and Park over the past decade, the uncertainty created by a single devastating event and a sustained period of slow economic growth in the community, City Council made economic development a priority. Council's efforts began with comprehensive long-range planning in 2013 and continued in 2014.

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. This work produced a new community vision plan in early 2014. It aims 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. Out of this effort the City initiated the Highway 50 Corridor improvement plan, the Royal Gorge Park Area Master Plan and the Arkansas River Corridor Plan. Each of these master plans should help propel

economic development forward. Significant actions are expected in 2015 and beyond as the community seeks economic and financial growth and improvement.

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, 2013. 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, 2014

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
James Characky, Jr.
Rob Brown
Dennis Wied
Ronald J. Bates
Scott Eckstrom
Colby Katchmar
Patricia Freda

Appointed Officials

City Administrator
City Attorney
Municipal Judge

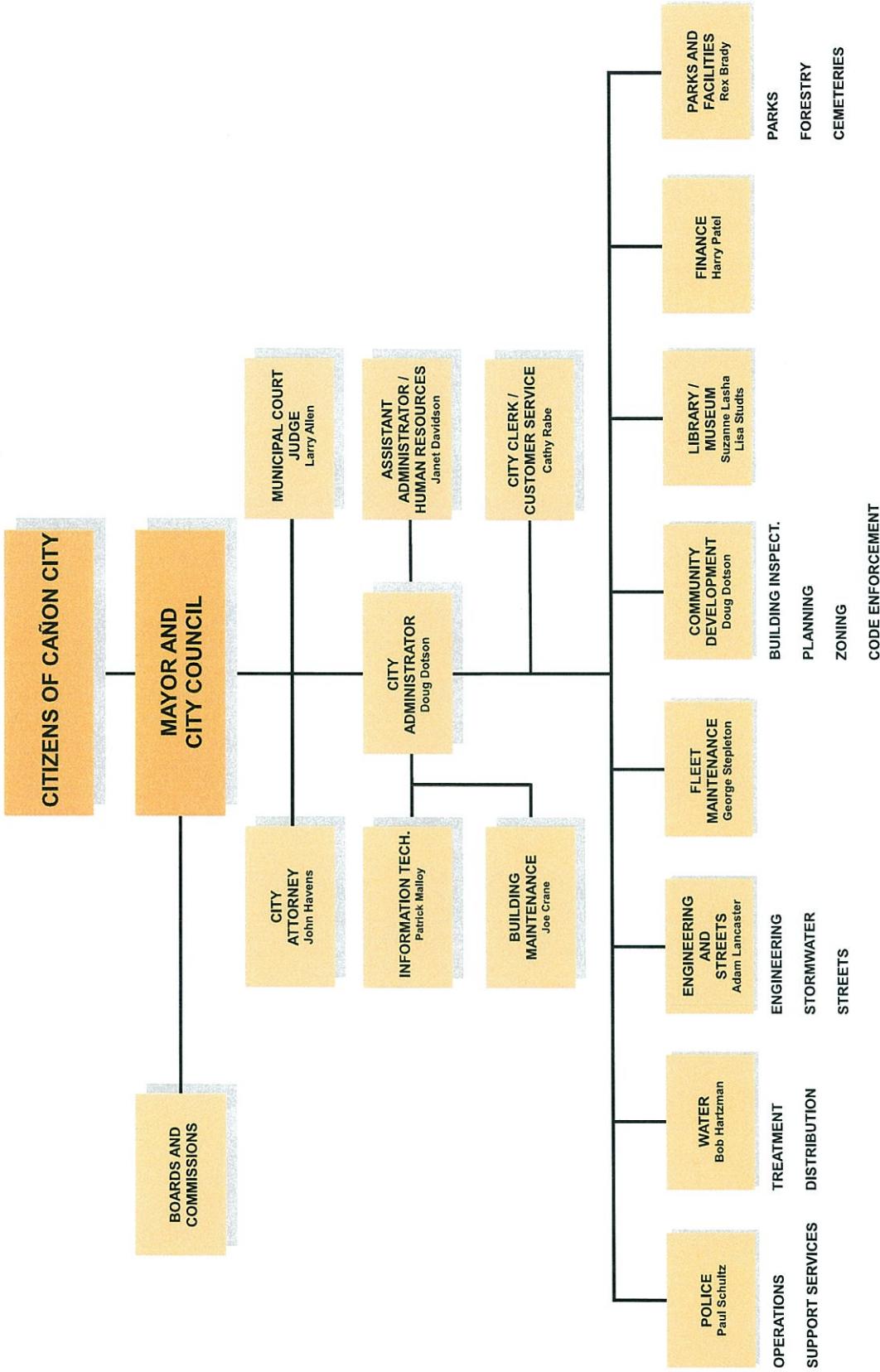
Doug Dotson
John D. Havens
Larry Dean Allen

Department Heads

Parks and Facilities Director
Water Superintendent
City Engineer
Library Director
Finance Director
City Clerk/Customer Service
Police Chief
Fleet Manager

Rex Brady
Bob Hartzman
Adam Lancaster
Suzanne Lasha
Hasmukh (Harry) Patel
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, 2013

A handwritten signature in black ink, appearing to read "Jeffrey R. Evans".

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, 2014, 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' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cañon City as of December 31, 2014, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters (Required Supplementary Information)

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

Other Matters (Other Information)

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2015, 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.

Ernst & Young LLP

May 29, 2015

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, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

Government-wide highlights:

- ◆ The City's total net position increased as a result of this year's operations. The net position of the business-type activities increased by \$127,538 (or 0.36 percent), while the net position of our governmental activities increased by \$22,940,134 (or 67.59 percent). A significant portion (\$21,604,316) of the increase to the net position of the governmental activities is attributable to the post-fire reconstruction of buildings and improvements during 2014 within the Royal Gorge Bridge and Park.
- ◆ During the year, the City's governmental activities had expenses that were \$679,761 less than the prior year (or 5.99 percent), and total revenues were increased by \$21,734,617 (or 190.54 percent).
- ◆ In the City's business activities, revenue increased by \$623,568 (or 9.17 percent) and expenses increased by \$562,252 (or 8.97 percent).

Fund highlights:

- ◆ The fund balance for the General Fund increased by \$1,207,524 compared to a budgeted decrease of \$928,995 primarily due to a combination of significant savings on operating expenses, higher than anticipated sales tax revenues and unexpected revenues from Royal Gorge Bridge.
- ◆ Sales and use tax revenue, the City's largest single source of General Fund revenue, increased by \$273,222 from 2013 due to the positive growth in local economy.
- ◆ At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,014,470 (or 42.40 percent of total General Fund expenditures). The City's governmental funds reported a combined ending fund balance of \$9,908,951 an increase of \$968,818 in comparison with the prior year. Within the total fund balance for the governmental funds, \$561,799 is restricted by specific legal requirements, \$574,233 has been committed, \$2,642,024 is classified as assigned, and \$2,116,425 is non-spendable for inventory, prepaid items and the Cemetery Perpetual Care Fund.
- ◆ Reflected in the General Fund operating statement, revenues that were primarily from property, sales, franchise taxes and general intergovernmental revenues were used to support the following major activities:
 - a. \$2,393,883 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. \$3,664,306 for Public Safety – Victim Assistance, Administration, Patrol, Investigation, Communication, Stop Program, Parking & Code Enforcement, Police Building, School Resource Officer, and Community Programs.
 - c. \$1,994,884 for Public Works – Equipment Repair, Street Maintenance, Engineering, and Street Projects.
 - d. 707,917 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.
 - e. \$467,741 for Capital Outlay.
 - f. \$238,768 for Debt Service.

Long-term debt highlight:

- ◆ Total outstanding long-term debt decreased by \$638,251 during the current fiscal year primarily due to a combination of the COP outstanding balance being reduced by \$387,186, reduced compensated absences liability by \$26,065, reduced outstanding PID bond balance by \$30,000 and the outstanding balance for City Hall being reduced by \$195,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

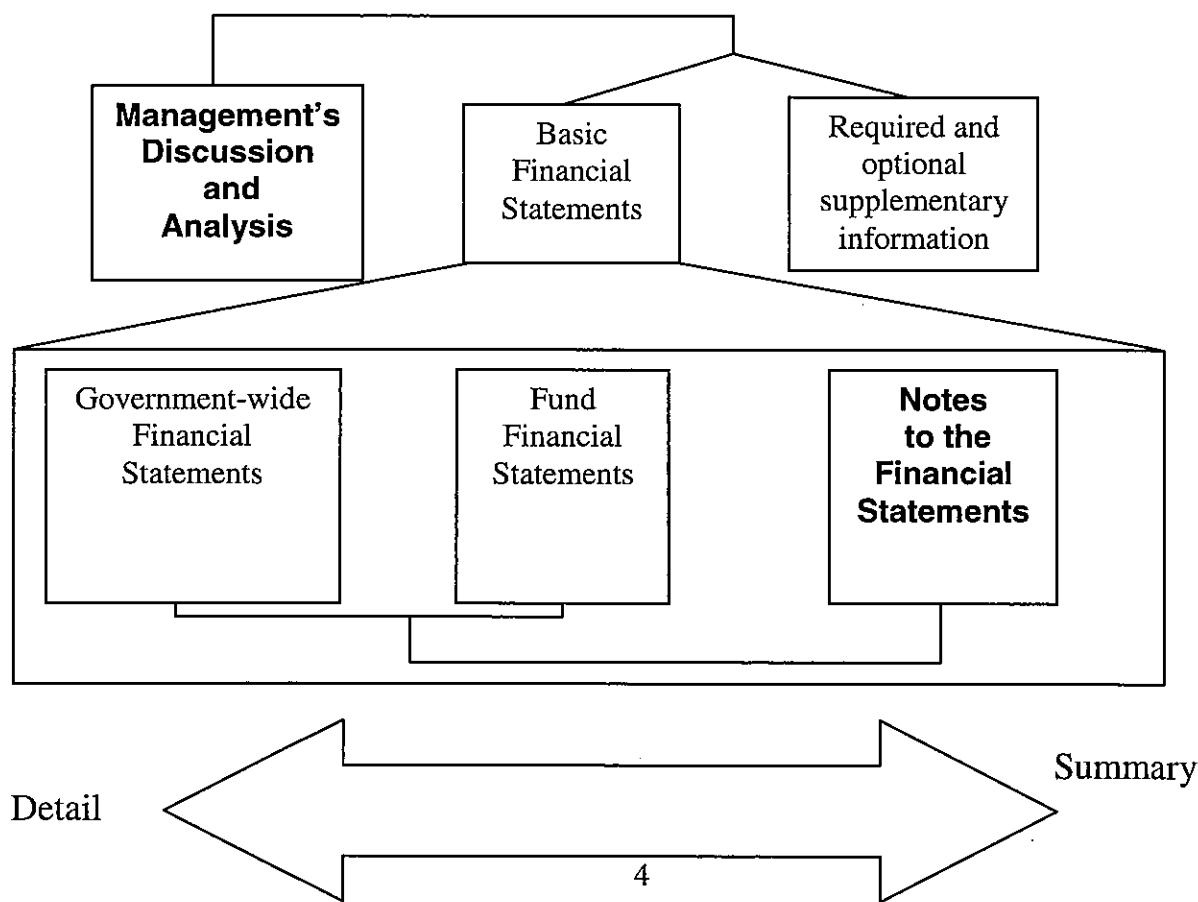
This annual report consists of three components: (1) government-wide statements, (2) fund financial statements, (3) notes to the financial statements. The report also contains other supplementary information.

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 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, 2014. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund which is the only major governmental fund. The Combining Statement of Revenues, Expenditures and Changes in Fund Balances – 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, 2014.

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

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

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

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

GOVERNMENTAL-WIDE FINANCIAL ANALYSIS

The City's net position at fiscal year-end is \$92,277,924. This is a \$23,067,672 increase over last year's net position of \$69,210,252. Net position may serve as a useful indicator of the City's financial position.

The largest portion of Cañon City's net position (80.86 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

Account	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	12,513,893	11,341,014	7,936,619	7,608,408	20,450,512	18,949,422
Capital assets	48,594,665	27,091,670	38,626,360	39,113,757	87,221,025	66,205,427
Total assets	61,108,558	38,432,684	46,562,979	46,722,165	107,671,537	85,154,849
Other Liabilities	1,222,032	1,232,177	392,299	290,541	1,614,331	1,522,718
Long - term liabilities	2,621,885	2,871,654	10,774,036	11,162,518	13,395,921	14,034,172
Total Liabilities	3,843,917	4,103,831	11,166,335	11,453,059	15,010,252	15,556,890
Deferred Inflow of Resources	383,361	387,707	-	-	383,361	387,707
Net position						
Invested in capital assets, net of related debt	46,575,092	25,273,593	28,039,979	28,152,215	74,615,071	53,425,808
Restricted	2,512,941	2,508,822	-	-	2,512,941	2,508,822
Unrestricted	7,793,247	6,158,731	7,356,665	7,116,891	15,149,912	13,275,622
Total net position	56,881,280	33,941,146	35,396,644	35,269,106	92,277,924	69,210,252

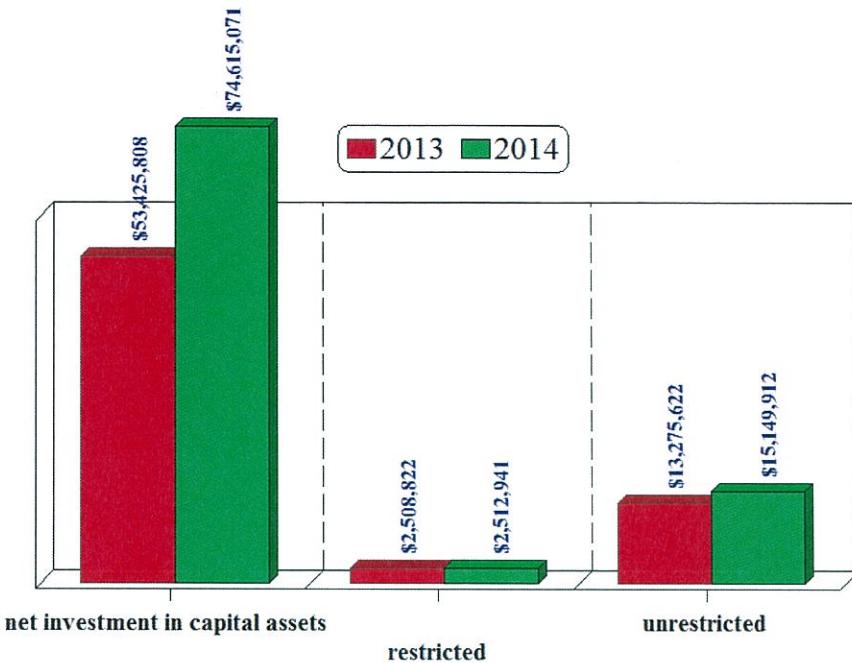
Only \$2,512,941 of the City's net position represent resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$15,149,912 may be used to meet the City's ongoing obligation to citizens and creditors.

As of December 31, 2014, the City is able to report positive balances in all three categories of net position, both for the City as a whole as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The governmental activities long term liabilities decreased by \$249,769. Other governmental activities liabilities decreased by \$10,145 primarily due to decreases in self-insurance claims payable.

CITY OF CAÑON CITY Net Position

December 31, 2013 and 2014



Analysis of City's Operations: Overall the City had an increase in net position of \$23,067,672.

Governmental Activities: Total net position increased by \$22,940,134. The key elements of this increase are due to the following:

- Total revenues from governmental activities increased from the previous year by \$21,734,617 (or 190.54 percent).
- Program revenue had a net increase of \$21,414,193. Charges for services increased by \$29,188 (or 3.51 percent). Operating Grants & Contributions increased by \$112,182 (or 12.96 percent). Capital Grants and Contributions increased by \$21,272,823 (or 1993.70 percent) primarily due to the addition of contributed capital assets from the Royal Gorge Bridge Company subsequent to the June, 2013 fire.
- Sales and use tax revenues increased by \$273,222 (or 4.87 percent) mainly due to improved growth in local economy.
- Franchise tax revenues increased by \$43,174 (or 5.72 percent).
- Royal Gorge Bridge lease revenues increased by \$1,000 (or 0.07 percent).
- Investment earnings decreased by \$7,377 (or 20.86 percent) consistent with the current investment market.
- General Government expenses increased by \$10,477 (or 0.43 percent) primarily due to decrease in operating costs.
- Public Safety expenses decreased by \$334,234 (or 8.63 percent) primarily due to decreases in operating costs and personnel costs due to employee turnover. Public Works expenses increased by \$248,612 (or 9.65 percent) primarily due to a combination of a increase in operating costs and increased capital expenditures.
- Cemetery expenses decreased by \$294,177 (or 100.0 percent). This function was discontinued in 2014. The cemetery operational activities were absorbed in the Park Improvement Fund.
- Interest on long-term debt increased by \$15,271 (or 48.44%).
- Culture and Recreation expenses decreased by \$325,710 (or 15.29 percent) primarily due to decreases in various operating expenses.
- The budgeting strategy for 2014 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, 2014 with comparative totals for the year ended December 31, 2013.

CHANGES IN NET POSITION RESULTING FROM REVENUES AND EXPENSES

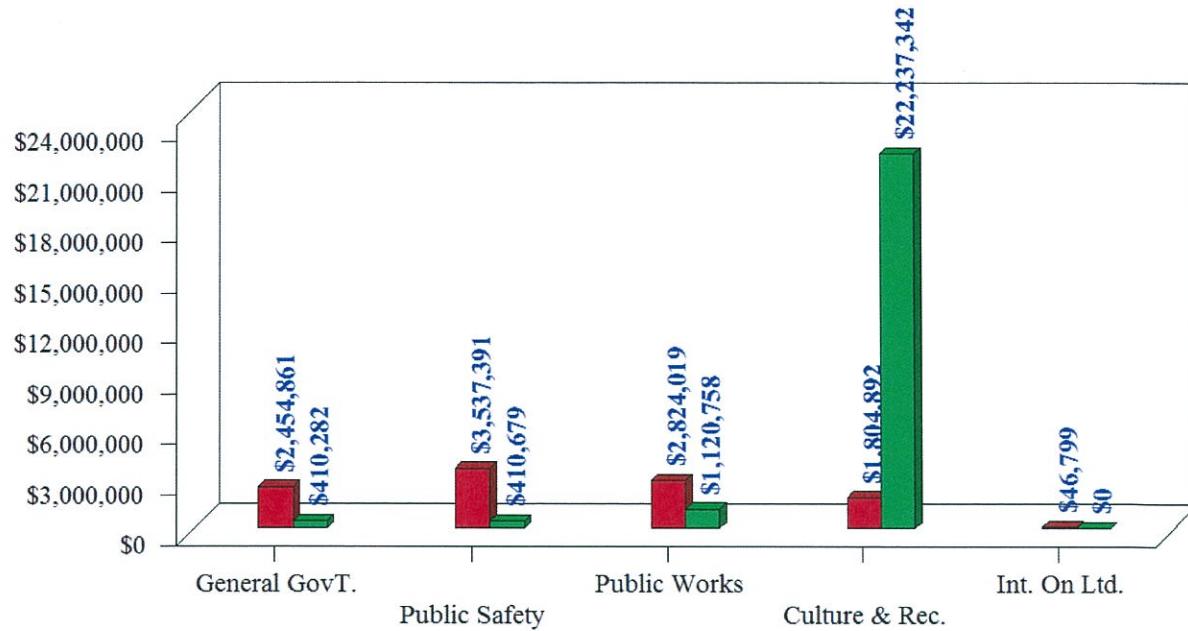
Account	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Program revenues:						
Charges for Services	861,321	832,133	6,539,975	6,535,794	7,401,296	7,367,927
Operating Grants & Contributions	977,913	865,731	751,852	171,516	1,729,765	1,037,247
Capital Grants & Contributions	22,339,827	1,067,004	123,501	82,565	22,463,328	1,149,569
General Revenues:						
Property Taxes	430,871	436,009	-	-	430,871	436,009
Sales and Use Taxes	5,886,441	5,613,219	-	-	5,886,441	5,613,219
Other Taxes	13,831	19,771	-	-	13,831	19,771
Franchise Taxes	797,459	754,285	-	-	797,459	754,285
Grants and Contributions not Restricted to Specific Programs	290,581	260,251	-	-	290,581	260,251
Royal Gorge Bridge Revenues	1,347,351	1,346,351	-	-	1,347,351	1,346,351
Investment Earnings	27,980	35,357	9,252	11,137	37,232	46,494
Other Revenues	167,721	176,568	-	-	167,721	176,568
Total Revenues	<u>33,141,296</u>	<u>11,406,679</u>	<u>7,424,580</u>	<u>6,801,012</u>	<u>40,565,876</u>	<u>18,207,691</u>
Expenses:						
General Government	2,454,861	2,444,384	-	-	2,454,861	2,444,384
Public Safety	3,537,391	3,871,625	-	-	3,537,391	3,871,625
Public Works	2,824,019	2,575,407	-	-	2,824,019	2,575,407
Cemetery	-	294,177	-	-	-	294,177
Culture and Recreation	1,804,892	2,130,602	-	-	1,804,892	2,130,602
Interest on Long-term Debt	46,799	31,528	-	-	46,799	31,528
Water	-	-	6,280,169	5,789,256	6,280,169	5,789,256
Stormwater Utility	-	-	550,073	369,222	550,073	369,222
City Hall Finance Authority	-	-	-	109,512	-	109,512
Total Expenses	<u>10,667,962</u>	<u>11,347,723</u>	<u>6,830,242</u>	<u>6,267,990</u>	<u>17,498,204</u>	<u>17,615,713</u>
Increase in Net Position Before Transfers and Extraordinary Item						
Extraordinary item	-	(2,865,998)	-	-	-	(2,865,998)
Transfers	466,800	917,734	(466,800)	(917,734)	-	-
Increase/Decrease in Net Position	<u>22,940,134</u>	<u>(1,889,308)</u>	<u>127,538</u>	<u>(384,712)</u>	<u>23,067,672</u>	<u>(2,274,020)</u>
Net Position-Jan 01	<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>
Net Position-Dec 31	<u>56,881,280</u>	<u>33,941,146</u>	<u>35,396,644</u>	<u>35,269,106</u>	<u>92,277,924</u>	<u>69,210,252</u>

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GOVERNMENTAL ACTIVITIES

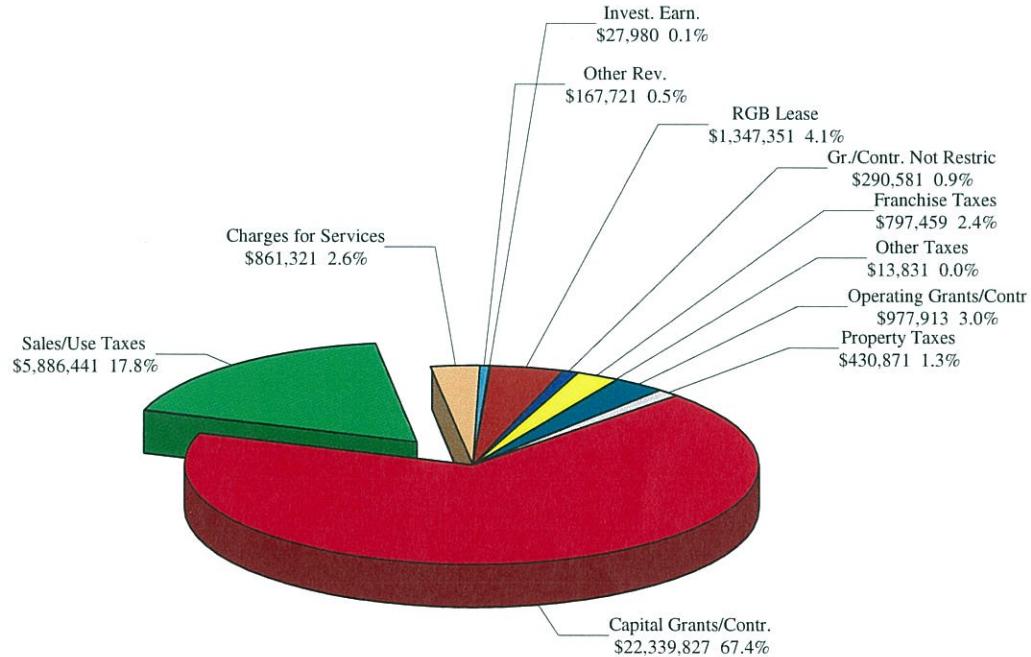
EXPENSES AND PROGRAM REVENUES

■ Expenses ■ Program Revenues



GOVERNMENTAL ACTIVITIES

Revenue Allocation

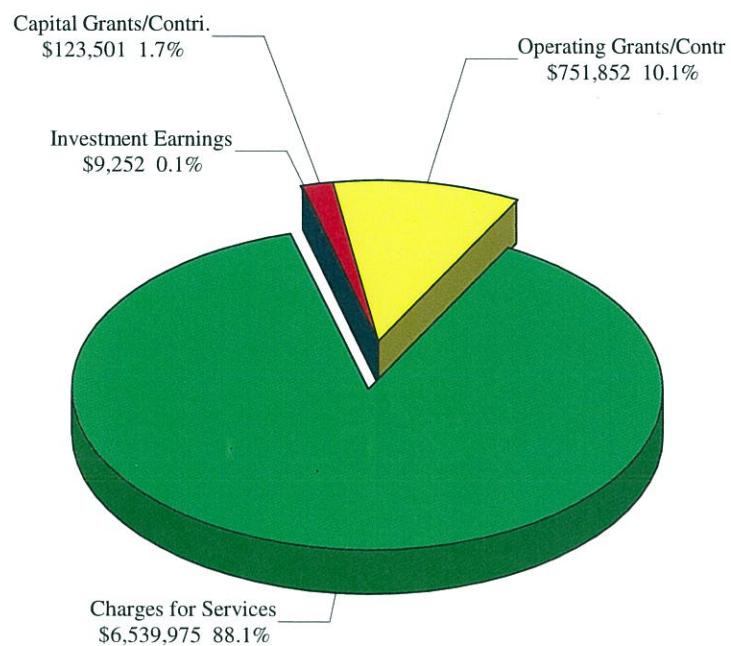


Business-type Activities: Total net position from business-type activities increased from the previous year by \$127,538 (or 0.36 percent). The key elements of this increase are due to the following:

- The City Stormwater Utility Fund had total increase in net position of \$192,387 primarily from purchased services expenditures significantly lower than budgeted amounts.
- The Water Fund had a total decrease in net position of \$64,849 primarily from lower than estimated operating revenues.

BUSINESS-TYPE ACTIVITIES

Revenue Allocation



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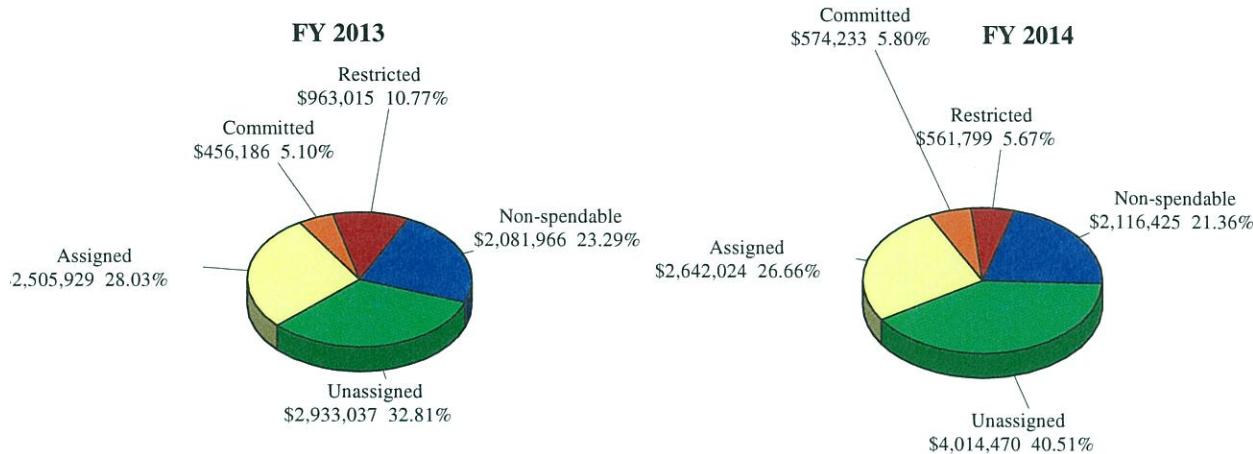
Financial Analysis of City of Cañon City's Funds

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 \$9,908,951, an increase of \$968,818 in comparison with the prior year. Within this total \$561,799 (5.67 percent) is restricted by specific legal requirements, and \$574,233 (5.80 percent) has been committed and \$2,642,024 (26.66 percent) is assigned to specific types of expenditures, and \$2,116,425 (21.36 percent) is non-spendable for inventory, cemetery, and prepaid items. The remaining \$4,014,470 (40.51 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 \$4,014,470, while the total fund balance equaled \$6,848,399. In the current fiscal year, the fund balance of the General Fund increased by \$1,207,524. This is due to a combination of factors, including significant savings in operating, tax revenues greater than estimated and unanticipated revenues from Royal Gorge Bridge.
- ◆ **Proprietary Funds:** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water Fund at the end of the year amounted to \$6,564,680.

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 2014 was \$791,985.

The net position of the Internal Service Fund, which accounts for the City's self-insurance program, increased by \$507,073 (128.23 percent). This increase was primarily the result of plan design changes and a decrease in annual claims. The decrease in claims cost is partially attributable to a decrease in the number of major claims in 2014.

General Fund Budgetary Highlights

The original budget in the General Fund was \$10,047,995. The total General Fund budget was not changed during the year.

The General Fund total revenues were \$1,540,096 higher than the revenue budget. Several of the revenue categories had significant variances from budget. Taxes and assessments revenues were \$542,902 higher than budgeted primarily due to sales and use taxes being \$479,341 greater than budgeted, franchise taxes were \$62,560 higher than budget and other taxes were \$1,001 higher than budgeted. Licenses and permits were \$5,669 lower than budget, due to a change in the housing market. Intergovernmental revenues were \$59,057 higher than budgeted due to the several grant funded projects that were not included in the original revenue estimates. Other revenues were \$28,670 greater than budgeted due to unexpected refunds. The General Fund portion of the Royal Gorge Bridge revenues was \$847,351 higher primarily due to an unexpected annual lease payment from the Royal Gorge Bridge.

The General Fund total expenditures were \$580,496 under budget. General Government expenditures were \$212,569 under budget due to vacancy savings. Operating expenditures were also significantly under budget in various General Government departments, most notably in City Council, City Clerk, City Administration, Special Projects, Finance, and Court. Public Safety spending was \$205,007 lower than budgeted expenditures due to vacancy saving and other reductions in various operating costs. Culture and Recreation spending was \$63,604 under the budget primarily due to vacancy saving.

Capital Assets and Long Term Debt

Capital Assets: Cañon City's investment in capital assets for its governmental and business-type activities as of December 31, 2014 amounted to \$87,221,025 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	
	2014	2013	2014	2013	2014	2013
Land	\$1,883,027	\$1,853,114	\$287,857	\$ 241,695	\$2,170,884	\$ 2,094,809
Ditch Stock	7,414	7,414	1,012,288	1,004,038	1,019,702	1,011,452
Construction in Progress	22,130,129	1,259,926	314,789	84,127	22,444,918	1,344,053
Infrastructure	15,747,780	15,567,379	-	-	15,747,780	15,567,379
Buildings	4,575,555	4,774,976	5,238,833	5,451,401	9,814,388	10,226,377
Improvements	3,701,018	2,889,676	-	-	3,701,018	2,889,676
Water and Stormwater Systems	-	-	31,040,939	31,508,184	31,040,939	31,508,184
Machinery and Equipment	<u>549,742</u>	<u>739,185</u>	<u>731,654</u>	<u>824,312</u>	<u>1,281,396</u>	<u>1,563,497</u>
Total	<u>\$48,594,665</u>	<u>\$27,091,670</u>	<u>\$38,626,360</u>	<u>\$39,113,757</u>	<u>\$87,221,025</u>	<u>\$66,205,427</u>

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

Governmental Activities:

- River Walk Trail Extension
- Library Renovation
- ADA Fishing Access
- Hogback Open Space Improvements
- US Highway 50 & Dozier Roundabout Design
- Royal Gorge Bridge & Park Project: Replacement Property & Renovation due to 2013 Wild Fire.
- Construction of HMA Pavement on S. 9th St., S. 10th St., S. 11th St., Greydene Ave. and South St.

Business-type Activities:

- Water Treatment Plant FWST Coating Rehab Project
- Storm Sewer East Main: Reynolds-Rhodes
- Various water main replacement projects.

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 \$13,395,921 (certificates of participation, capital lease, public improvement bonds and compensated absences). The City's total debt was decreased by \$638,251 during the current fiscal year.

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

- Balance of the City Hall Capital Lease decreased by \$195,000
- Balance of the 2008 certificates of participation decreased by \$380,000
- Balance of Premium decreased by \$7,186
- Compensated absences decreased by \$26,065
- Repayments of Public Improvement Bonds reduced the outstanding balance by \$30,000

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	
	2014	2013	2014	2013	2014	2013
Public Improvement Bonds	\$34,000	\$ 64,000	\$ -	\$ -	\$34,000	\$ 64,000
Compensated Absences	647,885	672,654	199,680	200,976	847,565	873,630
Capital Lease	1,940,000	2,135,000	-	-	1,940,000	2,135,000
Certificates of Participation	-	-	10,445,000	10,825,000	10,445,000	10,825,000
Premium	-	-	129,356	136,542	129,356	136,542
Total	<u>\$2,621,885</u>	<u>\$2,871,654</u>	<u>\$10,774,036</u>	<u>\$11,162,518</u>	<u>\$13,395,921</u>	<u>\$14,034,172</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City's 2015 budget reflects continuation of our plan to keep the City on solid ground for providing services to our citizens during 2015 and for years to come. We recognize the fact that we cannot control the economy as a whole. We are maintaining adequate emergency reserve, and maintaining a very strong unassigned fund balance in the General Fund. The City's main priority includes keeping the community safe, undertaking economic development initiatives, maintaining infrastructure, and keeping a conservative approach in developing a fiscal year budget.

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 years 2013 and 2014 the City continued maintaining the same level of services due to an adequate reserve. With this being said, the 2015 budget lays out the City's vision for achieving long term goals and more focus on action beyond 2015 that promotes economic development and tourism within Fremont County. The Royal Gorge Park reopened on a limited basis in September, 2014. The grand re-opening of the Royal Gorge Bridge and Park is scheduled for May, 2015.

The City's elected and appointed officials considered many factors when setting the fiscal year 2015 budget. One of those factors is the economy. Unemployment in the local area now stands at 7.1 percent versus 8.2 percent one year ago. This compares with the State's unemployment rate of 4.9 percent and the national rate of 6.2 percent. Inflation has been higher locally due, in part, to the residential housing market and tourism. Combined sales and use tax

collections increased by \$273,222 from 2013. The 2015 budget reflects an estimated 1.4 percent sales tax increase. Consistent with the national housing market, new construction in Cañon City was significantly lower in 2014 than the historical average prior to the 2009 recession. The number of building permits issued in 2014 was 443 and the 2014 construction valuation of \$7.8 million was 48.3 percent lower than the 2013 construction valuation of \$15.1 million.

Additionally, the City's primary sources of revenue are expected to increase in 2015 due to the re-opening of the Royal Gorge Bridge and Park.

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

The City's adherence to four basic principles is incorporated into the 2015 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, 2014

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Investments	\$ 9,926,894	\$ 6,514,700	\$ 16,441,594
Receivables			
Accounts	108,453	1,025,793	1,134,246
Taxes	1,069,343	-	1,069,343
Special Assessments	65,966	-	65,966
Interest	368	230	598
Other	1,174,836	33,335	1,208,171
Inventory	161,925	359,407	521,332
Prepaid Expenses	6,108	3,154	9,262
Capital Assets			
Not Being Depreciated	24,020,570	1,614,934	25,635,504
Being Depreciated, Net of Accumulated Depreciation	<u>24,574,095</u>	<u>37,011,426</u>	<u>61,585,521</u>
 Total Assets	 <u>61,108,558</u>	 <u>46,562,979</u>	 <u>107,671,537</u>
Liabilities			
Accounts Payable	487,665	187,993	675,658
Retainage Payable	45,573	12,025	57,598
Accrued Interest Payable	3,277	60,975	64,252
Accrued Liabilities	177,615	51,068	228,683
Deposits	16,116	30,727	46,843
Insurance Claims	212,000	-	212,000
Unearned Revenues	279,786	49,511	329,297
Noncurrent Liabilities			
Due Within One Year	552,600	509,400	1,062,000
Due in More Than One Year	<u>2,069,285</u>	<u>10,264,636</u>	<u>12,333,921</u>
 Total Liabilities	 <u>3,843,917</u>	 <u>11,166,335</u>	 <u>15,010,252</u>
Deferred Inflows of Resources			
Property Taxes	<u>383,361</u>	-	<u>383,361</u>
Net Position			
Net Investment in Capital Assets	46,575,092	28,039,979	74,615,071
Restricted for			
Cemetery Perpetual Care - Nonexpendable	1,951,142	-	1,951,142
Emergencies	260,267	-	260,267
Parks	103,910	-	103,910
Library	4,965	-	4,965
Law Enforcement	33,260	-	33,260
Museum	74,524	-	74,524
Debt Service	84,873	-	84,873
Unrestricted	<u>7,793,247</u>	<u>7,356,665</u>	<u>15,149,912</u>
 Total Net Position	 <u>\$ 56,881,280</u>	 <u>\$ 35,396,644</u>	 <u>\$ 92,277,924</u>

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, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 2,454,861	\$ 255,882	\$ 154,400	\$ -
Public Safety	3,537,391	353,534	57,145	-
Public Works	2,824,019	29,796	697,921	393,041
Culture and Recreation	1,804,892	222,109	68,447	21,946,786
Interest on Long-term Debt	46,799	-	-	-
Total Governmental Activities	10,667,962	861,321	977,913	22,339,827
Business-Type Activities				
Water	6,280,169	5,738,437	626,309	123,501
Stormwater Utility	550,073	801,538	125,543	-
Total Business-Type Activities	6,830,242	6,539,975	751,852	123,501
Total Primary Government	\$ 17,498,204	\$ 7,401,296	\$ 1,729,765	\$ 22,463,328

General Revenues

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

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position, Beginning of Year

Net Position, End of Year

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

Net Revenues (Expenses) and Changes in Net Position

	Governmental Activities	Business-Type Activities	Total
\$	(2,044,579)	\$ -	\$ (2,044,579)
	(3,126,712)	-	(3,126,712)
	(1,703,261)	-	(1,703,261)
	20,432,450	-	20,432,450
	(46,799)	-	(46,799)
	<u>13,511,099</u>	<u>-</u>	<u>13,511,099</u>
	-	208,078	208,078
	-	<u>377,008</u>	<u>377,008</u>
	<u>-</u>	<u>585,086</u>	<u>585,086</u>
	<u>13,511,099</u>	<u>585,086</u>	<u>14,096,185</u>
	430,871	-	430,871
	5,886,441	-	5,886,441
	13,831	-	13,831
	797,459	-	797,459
	290,581	-	290,581
	1,347,351	-	1,347,351
	27,980	9,252	37,232
	167,721	-	167,721
	466,800	(466,800)	-
	<u>9,429,035</u>	<u>(457,548)</u>	<u>8,971,487</u>
	22,940,134	127,538	23,067,672
	<u>33,941,146</u>	<u>35,269,106</u>	<u>69,210,252</u>
\$	<u>56,881,280</u>	<u>\$ 35,396,644</u>	<u>\$ 92,277,924</u>

CITY OF CANON CITY, COLORADO

Balance Sheet

Governmental Funds

December 31, 2014

	General	Other Governmental Funds	Total
Assets			
Cash and Investments	\$ 5,907,291	\$ 2,768,730	\$ 8,676,021
Receivables			
Taxes	1,069,343	-	1,069,343
Special Assessments	-	65,966	65,966
Interest	220	110	330
Other	644,778	530,058	1,174,836
Interfund Receivables	30,000	-	30,000
Inventory	121,498	40,427	161,925
Prepaid Items	<u>3,358</u>	<u>-</u>	<u>3,358</u>
Total Assets	<u><u>\$ 7,776,488</u></u>	<u><u>\$ 3,405,291</u></u>	<u><u>\$ 11,181,779</u></u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts Payable	\$ 306,929	\$ 180,736	\$ 487,665
Interfund Payables	-	30,000	30,000
Retainage Payable	21,890	23,683	45,573
Accrued Liabilities	169,359	8,256	177,615
Deposits	14,716	1,400	16,116
Unearned Revenues	<u>28,416</u>	<u>3,775</u>	<u>32,191</u>
Total Liabilities	<u><u>541,310</u></u>	<u><u>247,850</u></u>	<u><u>789,160</u></u>
Deferred Inflows of Resources			
Property Taxes and Assessments	383,361	65,966	449,327
Grants	<u>3,418</u>	<u>30,923</u>	<u>34,341</u>
Total Deferred Inflows of Resources	<u><u>386,779</u></u>	<u><u>96,889</u></u>	<u><u>483,668</u></u>
Fund Balances			
Nonspendable	124,856	1,991,569	2,116,425
Restricted	283,735	278,064	561,799
Committed	574,233	-	574,233
Assigned	1,851,105	790,919	2,642,024
Unassigned	<u>4,014,470</u>	<u>-</u>	<u>4,014,470</u>
Total Fund Balances	<u><u>6,848,399</u></u>	<u><u>3,060,552</u></u>	<u><u>9,908,951</u></u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u><u>\$ 7,776,488</u></u>	<u><u>\$ 3,405,291</u></u>	<u><u>\$ 11,181,779</u></u>

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, 2014

Total fund balances, Governmental Funds	\$ 9,908,951
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in governmental funds.	48,594,665
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.	100,307
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.	902,519
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds.	(2,621,885)
Accrued interest payable on debt is not due and payable in the current period and, therefore is not reported in the governmental funds.	(3,277)
Total Net Position of Governmental Activities	\$ <u>56,881,280</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, 2014

	General	Other Governmental Funds	Total
Revenues			
Taxes and Assessments	\$ 7,128,602	\$ 43,852	\$ 7,172,454
Licenses and Permits	178,131	-	178,131
Intergovernmental	1,184,907	982,318	2,167,225
Charges for Services	248,036	109,814	357,850
Fines and Forfeitures	226,108	-	226,108
Royal Gorge Bridge	847,351	500,000	1,347,351
Interest	8,376	17,783	26,159
Rent	85,147	14,085	99,232
Contributions and Donations	23,568	58,250	81,818
Other	147,070	4,724	151,794
Total Revenues	<u>10,077,296</u>	<u>1,730,826</u>	<u>11,808,122</u>
Expenditures			
Current			
General Government	2,393,883	608	2,394,491
Public Safety	3,664,306	-	3,664,306
Public Works	1,994,884	10,386	2,005,270
Culture and Recreation	707,917	887,880	1,595,797
Capital Outlay			
Streets	467,741	-	467,741
Other	-	922,258	922,258
Debt Service			
Principal	195,000	30,000	225,000
Interest	43,768	3,400	47,168
Total Expenditures	<u>9,467,499</u>	<u>1,854,532</u>	<u>11,322,031</u>
Excess of Revenues Over (Under) Expenditures	<u>609,797</u>	<u>(123,706)</u>	<u>486,091</u>
Other Financing Sources (Uses)			
Proceeds from the Sales of Capital Assets	15,927	-	15,927
Transfers In	581,800	25,755	607,555
Transfers Out	-	(140,755)	(140,755)
Total Other Financing Sources (Uses)	<u>597,727</u>	<u>(115,000)</u>	<u>482,727</u>
Net Change in Fund Balances	1,207,524	(238,706)	968,818
Fund Balances, Beginning of Year	<u>5,640,875</u>	<u>3,299,258</u>	<u>8,940,133</u>
Fund Balances, End of Year	<u>\$ 6,848,399</u>	<u>\$ 3,060,552</u>	<u>\$ 9,908,951</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, 2014

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

Net Change in Fund Balances, Governmental Funds	\$ 968,818
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 (\$1,491,320), capital outlay \$1,389,999 and capital contributions \$21,604,316.	21,502,995
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.	(288,890)
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 \$30,000 and capital lease principal payments \$195,000.	225,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This includes the changes in accrued compensated absences \$24,769 and accrued interest payable \$369.	25,138
An internal service fund is used by management to charge the costs of employee medical, dental and vision insurance to individual funds. The change in net position of the internal service fund is reported with governmental activities.	<u>507,073</u>
Change in Net Position of Governmental Activities	<u>\$ 22,940,134</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, 2014

	Business-Type Activities			Governmental Activities	
	Water Fund	Stormwater Utility Fund	Total		
				Internal Service Fund	
Assets					
Current Assets					
Cash and Investments	\$ 5,761,809	\$ 752,891	\$ 6,514,700	\$ 1,250,873	
Receivables					
Accounts	913,190	112,603	1,025,793	108,453	
Interest	188	42	230	38	
Other	28,071	5,264	33,335	-	
Inventory	358,982	425	359,407	-	
Prepaid Expenses	3,154	-	3,154	2,750	
Total Current Assets	<u>7,065,394</u>	<u>871,225</u>	<u>7,936,619</u>	<u>1,362,114</u>	
Noncurrent Assets					
Capital Assets					
Not Being Depreciated	1,499,117	115,817	1,614,934	-	
Being Depreciated, Net of Accumulated Depreciation	33,603,409	3,408,017	37,011,426	-	
Total Noncurrent Assets	<u>35,102,526</u>	<u>3,523,834</u>	<u>38,626,360</u>	<u>-</u>	
Total Assets	<u>42,167,920</u>	<u>4,395,059</u>	<u>46,562,979</u>	<u>1,362,114</u>	
Liabilities					
Current Liabilities					
Accounts Payable	151,835	36,158	187,993	-	
Retainage Payable	12,025	-	12,025	-	
Accrued Interest Payable	60,975	-	60,975	-	
Accrued Liabilities	48,171	2,897	51,068	-	
Deposits	30,727	-	30,727	-	
Insurance Claims	-	-	-	212,000	
Unearned Revenues	16,233	33,278	49,511	247,595	
Accrued Compensated Absences, Current Portion	109,200	5,200	114,400	-	
Certificates of Participation Payable, Current Portion	395,000	-	395,000	-	
Total Current Liabilities	<u>824,166</u>	<u>77,533</u>	<u>901,699</u>	<u>459,595</u>	
Noncurrent Liabilities					
Accrued Compensated Absences	83,573	1,707	85,280	-	
Certificates of Participation Payable	10,179,356	-	10,179,356	-	
Total Noncurrent Liabilities	<u>10,262,929</u>	<u>1,707</u>	<u>10,264,636</u>	<u>-</u>	
Total Liabilities	<u>11,087,095</u>	<u>79,240</u>	<u>11,166,335</u>	<u>459,595</u>	
Net Position					
Net Investment in Capital Assets	24,516,145	3,523,834	28,039,979	-	
Unrestricted	6,564,680	791,985	7,356,665	902,519	
Total Net Position	<u>\$ 31,080,825</u>	<u>\$ 4,315,819</u>	<u>\$ 35,396,644</u>	<u>\$ 902,519</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, 2014

	Business Activities			Governmental Activities
	Water Fund	Stormwater Utility Fund	Total	Internal Service Fund
	Operating Revenues	Operating Expenses	Operating Income (Loss)	Nonoperating Revenues (Expenses)
Charges for Services	\$ 5,630,768	\$ 789,549	\$ 6,420,317	\$ 2,941,099
Other Operating Revenue	107,669	11,989	119,658	-
Total Operating Revenues	5,738,437	801,538	6,539,975	2,941,099
Operating Expenses				
Water Administration	1,458,407	-	1,458,407	-
Utility Billing	101,742	-	101,742	-
Water Treatment	1,498,628	-	1,498,628	-
Transmission and Distribution	1,352,286	-	1,352,286	-
Stormwater Operations	-	464,714	464,714	-
Claims	-	-	-	1,804,323
Premiums	-	-	-	483,432
Administration Fee	-	-	-	148,092
Depreciation	1,384,009	85,359	1,469,368	-
Total Operating Expenses	5,795,072	550,073	6,345,145	2,435,847
Operating Income (Loss)	(56,635)	251,465	194,830	505,252
Nonoperating Revenues (Expenses)				
Grants	626,309	125,543	751,852	-
Interest Income	7,873	1,379	9,252	1,821
Interest Expense	(485,097)	-	(485,097)	-
Total Nonoperating Revenues (Expenses)	149,085	126,922	276,007	1,821
Net Income (Loss) Before Capital Contributions and Transfers	92,450	378,387	470,837	507,073
Tap Fees	123,501	-	123,501	-
Transfers In	22,200	-	22,200	-
Transfers Out	(303,000)	(186,000)	(489,000)	-
Change in Net Position	(64,849)	192,387	127,538	507,073
Net Position, Beginning of Year	31,145,674	4,123,432	35,269,106	395,446
Net Position, End of Year	\$ 31,080,825	\$ 4,315,819	\$ 35,396,644	\$ 902,519

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, 2014

	Business-Type Activities			Governmental Activities	
	Water Fund	Stormwater Utility Fund	Total	Internal Service Fund	
Cash Flows From Operating Activities					
Cash Received from Customers	\$ 5,692,907	\$ 809,305	\$ 6,502,212	\$ 3,024,557	
Cash Payments to Suppliers for Goods and Services	(2,141,066)	(359,724)	(2,500,790)		(2,588,405)
Cash Payments to Employees for Services	(2,178,690)	(125,272)	(2,303,962)		-
Net Cash Provided (Used) by Operating Activities	<u>1,373,151</u>	<u>324,309</u>	<u>1,697,460</u>		<u>436,152</u>
Cash Flows From Capital and Related Financing Activities					
Tap Fees Received	123,501	-	123,501		-
Acquisition and Construction of Capital Assets	(472,116)	(469,417)	(941,533)		-
Debt Principal Payments	(380,000)	-	(380,000)		-
Debt Interest Payments	(494,093)	-	(494,093)		-
Net Cash Provided (Used) by Capital Financing Activities	<u>(1,222,708)</u>	<u>(469,417)</u>	<u>(1,692,125)</u>		<u>-</u>
Cash Flows From Noncapital Financing Activities					
Grants	726,471	169,033	895,504		-
Transfers from Other Funds	22,200	-	22,200		-
Transfers to Other Funds	(303,000)	(186,000)	(489,000)		-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>445,671</u>	<u>(16,967)</u>	<u>428,704</u>		<u>-</u>
Cash Flows From Investing Activities					
Interest on Investments	7,887	1,373	9,260	1,815	
Net Increase (Decrease) in Cash and Cash Equivalents	604,001	(160,702)	443,299	437,967	
Cash and Cash Equivalents, Beginning of Year	<u>5,157,808</u>	<u>913,593</u>	<u>6,071,401</u>	<u>812,906</u>	
Cash and Cash Equivalents, End of Year	<u>\$ 5,761,809</u>	<u>\$ 752,891</u>	<u>\$ 6,514,700</u>	<u>\$ 1,250,873</u>	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	\$ (56,635)	\$ 251,465	\$ 194,830	\$ 505,252	
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Depreciation	1,384,009	85,359	1,469,368		-
Changes in Assets and Liabilities					
Accounts Receivable	(50,498)	697	(49,801)	89,079	
Inventory	22,229	(425)	21,804		-
Prepaid Expenses	(575)	-	(575)	142	
Accounts Payable	65,096	(22,327)	42,769		-
Accrued Liabilities	7,709	614	8,323	(152,700)	
Deposits	(4,760)	-	(4,760)		-
Unearned Revenues	9,728	7,070	16,798	(5,621)	
Accrued Compensated Absences	(3,152)	1,856	(1,296)		-
Total Adjustments	<u>1,429,786</u>	<u>72,844</u>	<u>1,502,630</u>		<u>(69,100)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,373,151</u>	<u>\$ 324,309</u>	<u>\$ 1,697,460</u>	<u>\$ 436,152</u>	

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

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements

December 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

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

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

Government-wide and Fund Financial Statements

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

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements December 31, 2014

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, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the City, except those 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, 2014

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

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

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

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements December 31, 2014

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 debt proceeds, are reported as current expenses or expenditures.

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

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

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements

December 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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, 2014, the City had the following cash and investments:

Cash on Hand	\$ 3,481
Deposits	2,379,306
Investments	<u>14,058.807</u>
Total	<u>\$ 16,441,594</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, 2014, the City had bank deposits of \$476,220 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, 2014

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, 2014:

<u>Investment</u>	<u>Maturity</u>	<u>Rating</u>	<u>Fair Value</u>
City PID Bonds:			
PID No. 2009-1	10/01/19	NA	4,000
PID No. 2010-1	08/31/21	NA	3,000
PID No. 2011-1	08/31/15	NA	27,000
Local Government Investment Pools	NA	AAAm	<u>14,024.807</u>
Total			<u>\$ 14,058,807</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, 2014

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 AAA by Standard and Poor's. Investments of the Pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned by the Pools are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the participating governments.

NOTE 3: CAPITAL ASSETS

Following is a summary of changes in capital assets for the year ended December 31, 2014:

	Balance 12/31/13	Additions	Deletions	Balance 12/31/14
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 1,853,114	\$ 29,913	\$ -	\$ 1,883,027
Ditch Stock	7,414	-	-	7,414
Construction In Progress	1,259,926	21,907,318	1,037,115	22,130,129
Total Capital Assets, Not Being Depreciated	3,120,454	21,937,231	1,037,115	24,020,570
Capital Assets, Being Depreciated				
Infrastructure	26,484,486	1,006,073	-	27,490,559
Buildings	7,550,404	-	-	7,550,404
Improvements	6,817,385	1,088,126	-	7,905,511
Machinery and Equipment	4,939,417	-	71,213	4,868,204
Total Capital Assets, Being Depreciated	45,791,692	2,094,199	71,213	47,814,678
Less Accumulated Depreciation for				
Infrastructure	10,917,107	825,672	-	11,742,779
Buildings	2,775,428	199,421	-	2,974,849
Improvements	3,927,709	276,784	-	4,204,493
Machinery and Equipment	4,200,232	189,443	71,213	4,318,462
Total Accumulated Depreciation	21,820,476	1,491,320	71,213	23,240,583
Total Capital Assets, Being Depreciated, Net	23,971,216	602,879	-	24,574,095
Governmental Activities Capital Assets, Net	<u>\$ 27,091,670</u>	<u>\$ 22,540,110</u>	<u>\$ 1,037,115</u>	<u>\$ 48,594,665</u>

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements December 31, 2014

NOTE 3: CAPITAL ASSETS (Continued)

	Balance 12/31/13	Additions	Deletions	Balance 12/31/14
Business-Type Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 241,695	\$ 46,162	\$ -	\$ 287,857
Construction In Progress	84,127	269,563	38,901	314,789
Water Rights/Ditch Stock	<u>1,004,038</u>	<u>8,250</u>	<u>-</u>	<u>1,012,288</u>
Total Capital Assets, Not Being Depreciated	<u>1,329,860</u>	<u>323,975</u>	<u>38,901</u>	<u>1,614,934</u>
Capital Assets, Being Depreciated				
Buildings	9,143,695	-	-	9,143,695
Water and Stormwater Systems	42,465,529	591,907	-	43,057,436
Machinery and Equipment	<u>3,082,092</u>	<u>104,990</u>	<u>7,430</u>	<u>3,179,652</u>
Total Capital Assets, Being Depreciated	<u>54,691,316</u>	<u>696,897</u>	<u>7,430</u>	<u>55,380,783</u>
Less Accumulated Depreciation for				
Buildings	3,692,294	212,568	-	3,904,862
Water and Stormwater Systems	10,957,345	1,059,152	-	12,016,497
Machinery and Equipment	<u>2,257,780</u>	<u>197,648</u>	<u>7,430</u>	<u>2,447,998</u>
Total Accumulated Depreciation	<u>16,907,419</u>	<u>1,469,368</u>	<u>7,430</u>	<u>18,369,357</u>
Total Capital Assets, Being Depreciated, Net	<u>37,783,897</u>	<u>(772,471)</u>	<u>-</u>	<u>37,011,426</u>
Business-Type Activities Capital Assets, Net	<u>\$ 39,113,757</u>	<u>\$ (448,496)</u>	<u>\$ 38,901</u>	<u>\$ 38,626,360</u>

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

Governmental Activities

General Government	\$ 142,925
Public Safety	137,538
Public Works	909,459
Culture and Recreation	<u>301,398</u>
Total	<u>\$ 1,491,320</u>

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements December 31, 2014

NOTE 4: LONG-TERM DEBT

Following is a summary of long-term debt transactions of the City for the year ended December 31, 2014.

	<u>Balance 12/31/13</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 12/31/14</u>	<u>Due Within One Year</u>
Governmental Activities					
Public Improvement Bonds	\$ 64,000	\$ -	\$ 30,000	\$ 34,000	\$ -
Capital Lease	2,135,000	-	195,000	1,940,000	200,000
Compensated Absences	<u>672,654</u>	<u>336,967</u>	<u>361,736</u>	<u>647,885</u>	<u>352,600</u>
Totals	<u>\$ 2,871,654</u>	<u>\$ 336,967</u>	<u>\$ 586,736</u>	<u>\$ 2,621,885</u>	<u>\$ 552,600</u>
Business-Type Activities					
Certificates of Participation, Series 2008	10,825,000	-	380,000	10,445,000	395,000
Premium	136,542	-	7,186	129,356	-
Compensated Absences	<u>200,976</u>	<u>115,185</u>	<u>116,481</u>	<u>199,680</u>	<u>114,400</u>
Totals	<u>\$ 11,162,518</u>	<u>\$ 115,185</u>	<u>\$ 503,667</u>	<u>\$ 10,774,036</u>	<u>\$ 509,400</u>

Public Improvement Bonds

Several Public Improvement Districts have issued bonds to construct various improvements within the Districts. For the year ended December 31, 2014, revenues of \$53,685 were available to pay debt service of \$33,400. In addition, the City has established the Excess Special Improvement District Fund to pay debt service if any shortages in assessments occur. Outstanding bonds at December 31, 2014 are as follows:

<u>Public Improvement District</u>	<u>Due Date</u>	<u>Rate</u>	<u>Balance</u>
09-1	10-2019	7.5%	\$ 4,000
10-1	08-2021	7.5%	3,000
11-1	08-2015	5.0%	<u>27,000</u>
Total			<u>\$ 34,000</u>

Capital Lease

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

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements December 31, 2014

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>
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	215,000	22,960	237,960
2020-2023	<u>905,000</u>	<u>47,048</u>	<u>952,048</u>
Total	<u>\$ 1,940,000</u>	<u>\$ 204,283</u>	<u>\$ 2,144,283</u>

Certificates of Participation

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

Annual debt service requirements for the Certificates of Participation follow:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	465,000	412,443	877,443
2020-2024	<u>2,630,000</u>	<u>1,760,225</u>	<u>4,390,225</u>
2025-2029	<u>3,280,000</u>	<u>1,103,750</u>	<u>4,383,750</u>
2030-2032	<u>2,385,000</u>	<u>242,500</u>	<u>2,627,500</u>
Total	<u>\$ 10,445,000</u>	<u>\$ 5,340,494</u>	<u>\$ 15,785,494</u>

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements December 31, 2014

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, 2014 were as follows:

<u>Receivable</u>	<u>Payable</u>	
General Fund	Quality of Life Fund	<u>\$ 30,000</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, 2014, consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	
General	Water	\$ 303,000
General	Stormwater Utility	163,800
General	Excess Special Improvement District	115,000
Water	Stormwater Utility	22,200
Excess Special Improvement District	Public Improvement Districts	755
Quality of Life	Library Donation	<u>25,000</u>
 Total		<u>\$ 629,755</u>

Transfers from the Water 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 2003-01 property owners. The transfer from the Library Donations Fund to the Quality of Life Fund is the local match requirement by the State Historical Fund Grant which is providing funding for the construction of the library renovation project.

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements December 31, 2014

NOTE 6: FUND BALANCES

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

	General	Nonmajor Governmental Funds	Totals
Nonspendable:			
Inventory	\$ 121,498	\$ 40,427	\$ 161,925
Prepaid Items	3,358	-	3,358
Cemetery Perpetual Care	-	1,951,142	1,951,142
	<u>124,856</u>	<u>1,991,569</u>	<u>2,116,425</u>
Restricted:			
Emergencies	260,267	-	260,267
Parks	-	103,910	103,910
Library	-	4,965	4,965
Law Enforcement	23,468	9,792	33,260
Museum	-	74,524	74,524
Debt Service	-	84,873	84,873
	<u>283,735</u>	<u>278,064</u>	<u>561,799</u>
Committed:			
Royal Gorge Bridge	501,707	-	501,707
Capital Improvements	72,526	-	72,526
	<u>574,233</u>	<u>-</u>	<u>574,233</u>
Assigned:			
Property Acquisition	1,685,010	-	1,685,010
Capital improvements	12,359	-	12,359
Community Agency Funding	38,736	-	38,736
Parks	-	143,385	143,385
Economic Development	115,000	-	115,000
Library	-	29,110	29,110
Quality of Life	-	284,901	284,901
Museum	-	32,716	32,716
Debt Service	-	300,807	300,807
	<u>1,851,105</u>	<u>790,919</u>	<u>2,642,024</u>
Unassigned	<u>4,014,470</u>	<u>-</u>	<u>4,014,470</u>
Total Fund Balance	<u>\$ 6,848,399</u>	<u>\$ 3,060,552</u>	<u>\$ 9,908,951</u>

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements December 31, 2014

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, 2014, 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, 2012	\$ 231,000
Claims Incurred and Adjustments	2,656,336
Claims Paid	<u>(2,522,636)</u>
Claims Payable, December 31, 2013	364,700
Claims Incurred and Adjustments	1,804,323
Claims Paid	<u>(1,957,023)</u>
Claims Payable, December 31, 2014	<u>\$ 212,000</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, 2014

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 – For its uniformed police officers, 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, 2012, 2013 and 2014, 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>
2012	\$180,084
2013	\$171,846
2014	\$171,479

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements

December 31, 2014

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, 2014, the City and employees contributed \$210,063 and \$213,755 to the plan, respectively, equal to the required contributions. Employees may make voluntary contributions to the plan. 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 \$260,267 at December 31, 2014, which was recorded as restricted fund balance in the General Fund.

NOTE 10: SOLID WASTE DISPOSAL FACILITY

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

The City does not expect the impoundment to be closed in the foreseeable future. However, in accordance with the aforementioned regulations, the City has estimated the closure and post-closure costs for thirty years at \$427,683 and \$33,832, respectively. The City will be required to maintain adequate financial assurance coverage for these costs continuously until a release is granted by the Department.

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

REQUIRED SUPPLEMENTARY INFORMATION



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CITY OF CAÑON CITY, COLORADO

Budgetary Comparison Schedule General Fund For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes and Assessments	\$ 6,585,700	\$ 6,585,700	\$ 7,128,602	\$ 542,902
Licenses and Permits	183,800	183,800	178,131	(5,669)
Intergovernmental	1,125,850	1,125,850	1,184,907	59,057
Charges for Services	228,640	228,640	248,036	19,396
Fines and Forfeitures	206,700	206,700	226,108	19,408
Royal Gorge Bridge	-	-	847,351	847,351
Interest	8,200	8,200	8,376	176
Rent	79,910	79,910	85,147	5,237
Contributions and Donations	-	-	23,568	23,568
Other	118,400	118,400	147,070	28,670
Total Revenues	8,537,200	8,537,200	10,077,296	1,540,096
Expenditures				
Current				
General Government	2,606,752	2,606,752	2,393,883	212,869
Public Safety	3,864,313	3,869,313	3,664,306	205,007
Public Works	2,002,141	2,034,341	1,994,884	39,457
Culture and Recreation	771,521	771,521	707,917	63,604
Capital Outlay				
Streets	100,000	467,800	467,741	59
Other	464,500	59,500	-	59,500
Debt Service				
Principal	195,000	195,000	195,000	-
Interest	43,768	43,768	43,768	-
Total Expenditures	10,047,995	10,047,995	9,467,499	580,496
Excess of Revenues Over (Under) Expenditures	(1,510,795)	(1,510,795)	609,797	2,120,592
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	-	-	15,927	15,927
Transfers In	581,800	581,800	581,800	-
Total Other Financing Sources (Uses)	581,800	581,800	597,727	15,927
Net Change in Fund Balance	(928,995)	(928,995)	1,207,524	2,136,519
Fund Balance, Beginning of Year	5,569,141	5,569,141	5,640,875	71,734
Fund Balance, End of Year	\$ 4,640,146	\$ 4,640,146	\$ 6,848,399	\$ 2,208,253

See the accompanying independent auditors' report.



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CITY OF CAÑON CITY, COLORADO

Notes to Required Supplementary Information

December 31, 2014

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 Fund and the Cemetery Fund. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons presented for the Proprietary Funds are presented on a non-GAAP budgetary basis. Debt principal is recognized as an expenditure for budgetary purposes. Capital outlay is budgeted as an expenditure, and depreciation and amortization are not budgeted.
- All appropriations lapse at year end.



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

Permanent Fund

Cemetery Fund

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

CITY OF CAÑON CITY, COLORADO

Combining Balance Sheet Nonmajor Governmental Funds December 31, 2014

Special Revenue Funds						
	<u>Park Improvement</u>	<u>Conservation Trust</u>	<u>Police Forfeiture</u>	<u>Library Donations</u>	<u>Museum Donations</u>	
Assets						
Cash and Investments	\$ 192,018	\$ 85,065	\$ 9,791	\$ 34,074	\$ 107,236	
Receivables						
Special Assessments	-	-	-	-	-	-
Interest	15	4	1	1	4	
Other	16,097	18,841	-	-	-	-
Inventory	<u>40,427</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u><u>\$ 248,557</u></u>	<u><u>\$ 103,910</u></u>	<u><u>\$ 9,792</u></u>	<u><u>\$ 34,075</u></u>	<u><u>\$ 107,240</u></u>	
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Accounts Payable	\$ 36,023	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund Payables	-	-	-	-	-	-
Retainage Payable	-	-	-	-	-	-
Accrued Liabilities	8,256	-	-	-	-	-
Deposits	1,400	-	-	-	-	-
Unearned Revenues	<u>3,775</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u><u>49,454</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Deferred Inflows of Resources						
Assessments	-	-	-	-	-	-
Grants	<u>15,291</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u><u>15,291</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Fund Balances						
Nonspendable						
Inventory	40,427	-	-	-	-	-
Cemetery Perpetual Care	-	-	-	-	-	-
Restricted for						
Parks	-	103,910	-	-	-	-
Library	-	-	-	-	4,965	-
Law Enforcement	-	-	9,792	-	-	-
Museum	-	-	-	-	-	74,524
Debt Service	-	-	-	-	-	-
Assigned to						
Parks	143,385	-	-	-	-	-
Library	-	-	-	-	29,110	-
Quality of life	-	-	-	-	-	-
Museum	-	-	-	-	-	32,716
Debt Service	-	-	-	-	-	-
Total Fund Balances	<u><u>183,812</u></u>	<u><u>103,910</u></u>	<u><u>9,792</u></u>	<u><u>34,075</u></u>	<u><u>107,240</u></u>	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u><u>\$ 248,557</u></u>	<u><u>\$ 103,910</u></u>	<u><u>\$ 9,792</u></u>	<u><u>\$ 34,075</u></u>	<u><u>\$ 107,240</u></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			
\$ 50,941	\$ 334,794	\$ 3,736	\$ 1,951,075	\$ 2,768,730		
65,966	-	-	-	-	65,966	
5	13	-	-	67	110	
-	-	495,120	-	-	530,058	
-	-	-	-	-	40,427	
<u>\$ 116,912</u>	<u>\$ 334,807</u>	<u>\$ 498,856</u>	<u>\$ 1,951,142</u>	<u>\$ 3,405,291</u>		
\$ 73	\$ -	\$ 144,640	\$ -	\$ 180,736		
-	-	30,000	-	-	30,000	
-	-	23,683	-	-	23,683	
-	-	-	-	-	8,256	
-	-	-	-	-	1,400	
-	-	-	-	-	3,775	
<u>73</u>	<u>-</u>	<u>198,323</u>	<u>-</u>	<u>-</u>	<u>247,850</u>	
65,966	-	-	-	-	65,966	
-	-	15,632	-	-	30,923	
<u>65,966</u>	<u>-</u>	<u>15,632</u>	<u>-</u>	<u>-</u>	<u>96,889</u>	
-	-	-	-	-	40,427	
-	-	-	1,951,142	-	1,951,142	
-	-	-	-	-	103,910	
-	-	-	-	-	4,965	
-	-	-	-	-	9,792	
-	-	-	-	-	74,524	
50,873	34,000	-	-	-	84,873	
-	-	-	-	-	143,385	
-	-	-	-	-	29,110	
-	-	284,901	-	-	284,901	
-	-	-	-	-	32,716	
-	300,807	-	-	-	300,807	
<u>50,873</u>	<u>334,807</u>	<u>284,901</u>	<u>1,951,142</u>	<u>-</u>	<u>3,060,552</u>	
\$ 116,912	\$ 334,807	\$ 498,856	\$ 1,951,142	\$ 3,405,291		

CITY OF CAÑON CITY, COLORADO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended December 31, 2014

	Special Revenue Funds				
	Park Improvement	Conservation Trust	Police Forfeiture	Library Donations	Museum Donations
Revenues					
Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	19,135	86,250	-	4,535	-
Charges for Services	91,924	-	-	-	-
Royal Gorge Bridge	500,000	-	-	-	-
Interest	478	142	15	82	157
Rent	14,085	-	-	-	-
Contributions and Donations	48,083	-	-	5,538	4,629
Other	826	-	-	-	-
Total Revenues	674,531	86,392	15	10,155	4,786
Expenditures					
Current					
General Government	-	-	-	-	-
Public Works	-	-	-	-	-
Culture and Recreation	824,605	33,179	-	5,351	974
Capital Outlay	51,581	80,000	-	-	-
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	876,186	113,179	-	5,351	974
Excess of Revenues Over (Under) Expenditures	<u>(201,655)</u>	<u>(26,787)</u>	<u>15</u>	<u>4,804</u>	<u>3,812</u>
Other Financing Sources (Uses)					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	(25,000)	-
Total Other Financing Sources (Uses)	-	-	-	(25,000)	-
Net Change in Fund Balances	(201,655)	(26,787)	15	(20,196)	3,812
Fund Balances, Beginning of Year	385,467	130,697	9,777	54,271	103,428
Fund Balances, End of Year	\$ 183,812	\$ 103,910	\$ 9,792	\$ 34,075	\$ 107,240

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			
\$ 43,852	\$ -	\$ -	\$ -	\$ -	\$ 43,852	
-	-	872,398		-	982,318	
-	-	-	17,890		109,814	
-	-	-	-		500,000	
9,833	568	286	6,222		17,783	
-	-	-	-		14,085	
-	-	-	-		58,250	
-	-	3,598	300		4,724	
<u>53,685</u>	<u>568</u>	<u>876,282</u>	<u>24,412</u>		<u>1,730,826</u>	
608	-	-	-		608	
-	-	10,386	-		10,386	
-	-	23,771	-		887,880	
-	-	790,677	-		922,258	
30,000	-	-	-		30,000	
3,400	-	-	-		3,400	
<u>34,008</u>	<u>-</u>	<u>824,834</u>	<u>-</u>		<u>1,854,532</u>	
<u>19,677</u>	<u>568</u>	<u>51,448</u>	<u>24,412</u>		<u>(123,706)</u>	
-	755	25,000	-		25,755	
<u>(755)</u>	<u>(115,000)</u>	<u>-</u>	<u>-</u>		<u>(140,755)</u>	
<u>(755)</u>	<u>(114,245)</u>	<u>25,000</u>	<u>-</u>		<u>(115,000)</u>	
18,922	(113,677)	76,448	24,412		(238,706)	
<u>31,951</u>	<u>448,484</u>	<u>208,453</u>	<u>1,926,730</u>		<u>3,299,258</u>	
<u>\$ 50,873</u>	<u>\$ 334,807</u>	<u>\$ 284,901</u>	<u>\$ 1,951,142</u>		<u>\$ 3,060,552</u>	

CITY OF CAÑON CITY, COLORADO

Budgetary Comparison Schedule Park Improvement Fund For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ 15,000	\$ 56,000	\$ 19,135	\$ (36,865)
Charges for Services	79,300	79,300	91,924	12,624
Royal Gorge Bridge	500,000	500,000	500,000	-
Interest	100	100	478	378
Rent	12,780	12,780	14,085	1,305
Contributions & Donations	-	48,100	48,083	(17)
Other	-	-	826	826
Total Revenues	607,180	696,280	674,531	(21,749)
Expenditures				
Culture and Recreation	941,701	938,201	824,605	113,596
Capital Outlay	-	91,800	51,581	40,219
Total Expenditures	941,701	1,030,001	876,186	153,815
Net Change in Fund Balance	(334,521)	(333,721)	(201,655)	132,066
Fund Balance, Beginning of Year	390,827	390,827	385,467	(5,360)
Fund Balance, End of Year	\$ 56,306	\$ 57,106	\$ 183,812	\$ 126,706

See the accompanying independent auditors' report.

CITY OF CAÑON CITY, COLORADO

Budgetary Comparison Schedule Conservation Trust Fund For the Year Ended December 31, 2014

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 84,000	\$ 86,250	\$ 2,250
Interest	250	142	(108)
Total Revenues	84,250	86,392	2,142
Expenditures			
Culture and Recreation	39,377	33,179	6,198
Capital Outlay	145,000	80,000	65,000
Total Expenditures	184,377	113,179	71,198
Net Change in Fund Balance	(100,127)	(26,787)	73,340
Fund Balance, Beginning of Year	105,174	130,697	25,523
Fund Balance, End of Year	\$ 5,047	\$ 103,910	\$ 98,863

See the accompanying independent auditors' report.

CITY OF CAÑON CITY, COLORADO

Budgetary Comparison Schedule

Library Donations Fund

For the Year Ended December 31, 2014

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 30,000	\$ 4,535	\$ (25,465)
Interest	100	82	(18)
Contributions and Donations	<u>10,000</u>	<u>5,538</u>	(4,462)
Total Revenues	<u>40,100</u>	<u>10,155</u>	<u>(29,945)</u>
Expenditures			
Culture and Recreation	<u>59,000</u>	<u>5,351</u>	<u>53,649</u>
Total Expenditures	<u>59,000</u>	<u>5,351</u>	<u>53,649</u>
Excess of Revenues Over (Under) Expenditures	(18,900)	4,804	23,704
Other Financing (Uses)			
Transfers Out	<u>(25,000)</u>	<u>(25,000)</u>	-
Net Change in Fund Balance	(43,900)	(20,196)	23,704
Fund Balance, Beginning of Year	<u>45,918</u>	<u>54,271</u>	<u>8,353</u>
Fund Balance, End of Year	<u>\$ 2,018</u>	<u>\$ 34,075</u>	<u>\$ 32,057</u>

See the accompanying independent auditors' report.

CITY OF CAÑON CITY, COLORADO

Budgetary Comparison Schedule

Museum Donations Fund

For the Year Ended December 31, 2014

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Interest	\$ 200	\$ 157	\$ (43)
Contributions and Donations	<u>5,000</u>	<u>4,629</u>	<u>(371)</u>
Total Revenues	<u>5,200</u>	<u>4,786</u>	<u>(414)</u>
Expenditures			
Culture and Recreation	10,000	974	9,026
Total Expenditures	<u>10,000</u>	<u>974</u>	<u>9,026</u>
Excess of Revenues Over (Under) Expenditures	(4,800)	3,812	8,612
Other Financing (Uses)			
Transfers Out	(40,000)	-	40,000
Net Change in Fund Balance	(44,800)	3,812	48,612
Fund Balance, Beginning of Year	<u>96,343</u>	<u>103,428</u>	<u>7,085</u>
Fund Balance, End of Year	<u>\$ 51,543</u>	<u>\$ 107,240</u>	<u>\$ 55,697</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, 2014

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Interest	\$ 750	\$ 568	\$ (182)
Total Revenues	<u>750</u>	<u>568</u>	<u>(182)</u>
Other Financing Sources (Uses)			
Transfers In	470	755	285
Transfers Out	(115,000)	(115,000)	-
Total Other Financing Sources (Uses)	<u>(114,530)</u>	<u>(114,245)</u>	<u>285</u>
Net Change in Fund Balance	(113,780)	(113,677)	103
Fund Balance, Beginning of Year	<u>448,486</u>	<u>448,484</u>	<u>(2)</u>
Fund Balance, End of Year	<u>\$ 334,706</u>	<u>\$ 334,807</u>	<u>\$ 101</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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ 1,029,857	\$ 1,029,857	\$ 872,398	\$ (157,459)
Interest	-	-	286	286
Other	-	-	3,598	3,598
Total Revenues	1,029,857	1,029,857	876,282	(153,575)
Expenditures				
Current				
Public Works	-	11,000	10,386	614
Culture and Recreation	-	23,900	23,771	129
Capital Outlay	1,317,363	1,282,463	790,677	491,786
Total Expenditures	1,317,363	1,317,363	824,834	492,529
Excess of Revenues Over (Under) Expenditures	(287,506)	(287,506)	51,448	338,954
Other Financing Sources				
Transfers In	65,000	65,000	25,000	(40,000)
Net Change in Fund Balance	(222,506)	(222,506)	76,448	298,954
Fund Balance, Beginning of Year	224,752	224,752	208,453	(16,299)
Fund Balance, End of Year	\$ 2,246	\$ 2,246	\$ 284,901	\$ 282,655

See the accompanying independent auditors' report.

CITY OF CAÑON CITY, COLORADO

Budgetary Comparison Schedule Water Fund For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ 520,200	\$ 520,200	\$ 626,309	\$ 106,109
Charges for Services	5,928,100	5,928,100	5,630,768	(297,332)
Interest	10,200	10,200	7,873	(2,327)
Tap Fees	91,800	91,800	123,501	31,701
Other	75,000	75,000	107,669	32,669
Transfers In	22,200	22,200	22,200	-
Total Revenues	<u>6,647,500</u>	<u>6,647,500</u>	<u>6,518,320</u>	<u>(129,180)</u>
Expenditures				
Water Administration	1,428,579	1,510,579	1,458,407	52,172
Utility Billing	119,190	119,190	101,742	17,448
Water Treatment	1,485,942	1,545,642	1,498,628	47,014
Transmission and Distribution	1,293,820	1,358,320	1,352,286	6,034
Capital Outlay	1,138,300	932,100	512,554	419,546
Debt Service	876,600	876,600	872,283	4,317
Transfers Out	303,000	303,000	303,000	-
Total Expenditures	<u>6,645,431</u>	<u>6,645,431</u>	<u>6,098,900</u>	<u>546,531</u>
Change in Net Position, Budgetary Basis				
	\$ <u>2,069</u>	\$ <u>2,069</u>	\$ 419,420	\$ <u>417,351</u>
<i>Adjustments to Reconcile Budgetary Basis to GAAP Basis</i>				
Depreciation			(1,384,009)	
Amortization of Premium			7,186	
Debt Principal Payments			380,000	
Capital Outlay			<u>512,554</u>	
Change in Net Position, GAAP Basis			<u>\$ (64,849)</u>	

See the accompanying independent auditors' report.

CITY OF CAÑON CITY, COLORADO

Budgetary Comparison Schedule Stormwater Utility Fund For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ -	\$ -	\$ 125,543	\$ 125,543
Charges for Services	791,000	791,000	789,549	(1,451)
Interest	1,500	1,500	1,379	(121)
Other	9,500	9,500	11,989	2,489
Total Revenues	802,000	802,000	928,460	126,460
Expenditures				
Stormwater Operations	588,191	588,191	464,714	123,477
Capital Outlay	700,000	700,000	469,417	230,583
Transfers Out	186,000	186,000	186,000	-
Total Expenditures	1,474,191	1,474,191	1,120,131	354,060
Change in Net Position, Budgetary Basis	\$ (672,191)	\$ (672,191)	(191,671)	\$ 480,520
Adjustments to Reconcile Budgetary Basis to GAAP Basis				
Depreciation			(85,359)	
Capital Outlay			469,417	
Change in Net Position, GAAP Basis	\$ 192,387			

See the accompanying independent auditors' report.

CITY OF CAÑON CITY, COLORADO

Budgetary Comparison Schedule Insurance Internal Service Fund For the Year Ended December 31, 2014

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Charges for Services	\$ 3,279,650	\$ 2,941,099	\$ (338,551)
Interest	2,300	1,821	(479)
Total Revenues	<u>3,281,950</u>	<u>2,942,920</u>	<u>(339,030)</u>
Expenditures			
Claims	2,577,100	1,804,323	772,777
Premiums	535,900	483,432	52,468
Administration Fees	158,201	148,092	10,109
Total Expenditures	<u>3,271,201</u>	<u>2,435,847</u>	<u>835,354</u>
Change in Net Position, Budgetary and GAAP Basis	\$ 10,749	\$ 507,073	\$ 496,324

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 These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	67-72
Revenue Capacity These tables contain information to help the reader assess the City's most significant revenue sources.	73-80
Debt Capacity 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.	81-84
Demographic and Economic Information These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	85-87
Operating Information 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.	88-89

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)

(accrual basis of accounting)

TABLE 1

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets	\$ 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	\$ 46,575,092
Restricted - nonspendable	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	1,951,142
Restricted for:										
Emergencies	229,201	239,306	258,927	249,331	238,263	239,545	246,227	247,246	249,556	260,267
Parks	196,309	39,641	60,173	103,487	135,772	201,157	153,552	194,448	130,697	103,910
Library	26,370	27,967	20,261	16,723	15,674	17,190	11,506	10,382	25,242	4,965
Law Enforcement	15,266	22,543	8,628	14,406	14,652	12,837	12,205	9,761	9,777	33,260
Museum	17,483	18,589	45,611	50,127	53,408	55,372	58,046	64,219	70,869	74,324
Debt Service	223,725	205,706	286,405	185,963	221,791	175,037	273,461	135,841	95,951	84,873
Unrestricted	4,078,770	5,108,491	5,057,130	4,731,260	4,561,944	4,926,091	5,510,222	6,013,144	6,158,731	7,793,247
Total governmental activities net position	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	56,881,280
Business-type activities										
Net investment in capital assets	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	28,039,979
Unrestricted	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	7,356,665
Total business-type activities net position	24,158,604	26,196,216	28,685,901	31,867,383	33,786,308	34,611,643	35,464,720	35,653,818	35,269,106	35,396,644

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

(accrual basis of accounting)

TABLE 1

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Primary government										
Net investment in capital assets	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	74,615,071
Restricted for:										
Cemetery Perpetual Care - nonspendable	1,463,428	1,575,630	1,697,269	1,782,341	1,830,005	1,860,900	1,881,338	1,905,732	1,926,730	1,951,142
Emergencies	229,201	239,306	258,927	249,331	238,263	239,545	246,227	247,246	249,556	260,267
Parks	198,309	39,641	60,173	103,487	135,772	201,157	153,552	194,448	130,697	103,910
Library	26,370	27,967	20,261	16,723	15,674	17,190	11,506	10,382	25,242	4,965
Law Enforcement	15,266	22,543	8,628	14,406	14,652	12,837	12,205	9,761	9,777	33,260
Museum	17,483	18,589	45,611	50,127	53,408	55,372	58,046	64,229	70,869	74,524
Debt Service	223,725	205,706	286,405	189,963	221,791	175,037	273,461	135,841	95,951	84,873
Unrestricted	<u>10,356,851</u>	<u>11,294,553</u>	<u>13,962,420</u>	<u>11,767,073</u>	<u>11,053,028</u>	<u>12,717,418</u>	<u>14,094,018</u>	<u>14,292,294</u>	<u>13,275,622</u>	<u>15,149,912</u>
Total primary government net position	<u>\$ 56,777,523</u>	<u>\$ 60,890,761</u>	<u>\$ 63,331,681</u>	<u>\$ 66,577,821</u>	<u>\$ 68,875,455</u>	<u>\$ 69,211,608</u>	<u>\$ 70,667,217</u>	<u>\$ 71,484,272</u>	<u>\$ 69,210,252</u>	<u>\$ 92,277,924</u>

Source: City of Canon City, Colorado, audited financial statements, 2005-2014.

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

CITY OF CAÑON CITY, COLORADO

CHANGES IN NET POSITION LAST TEN FISCAL YEARS (Unaudited)

(accrual basis of accounting)

TABLE 2

	Fiscal Year						2014
	2005	2006	2007	2008	2009	2010	
Expenses							
Governmental Activities							
General Government	\$ 2,091,398	\$ 2,277,507	\$ 2,661,631	\$ 2,731,817	\$ 2,527,950	\$ 2,589,102	\$ 2,412,572
Public Safety	3,315,016	3,425,979	3,744,671	3,795,414	3,787,887	3,690,660	3,557,465
Public Works	2,296,892	2,222,166	2,556,283	2,561,649	2,471,088	2,669,783	2,465,512
Cemetery	307,923	301,993	330,831	326,666	312,911	323,463	339,239
Culture and Recreation	2,012,936	2,039,490	2,276,663	2,415,806	2,060,814	2,118,274	2,196,911
Interest on Long-term Debt	26,313	26,843	21,770	17,164	10,598	8,233	4,200
Total Governmental Activities Expenses	<u>10,050,478</u>	<u>10,293,978</u>	<u>11,591,849</u>	<u>11,848,516</u>	<u>11,171,248</u>	<u>11,399,555</u>	<u>10,975,899</u>
Business-type Activities							
Water	3,835,545	4,028,535	4,577,244	4,487,223	4,689,337	5,272,375	5,412,055
Stormwater Utility	26,840	207,370	294,979	349,910	418,861	429,153	407,764
Canon City Finance Authority	198,251	195,241	227,721	188,950	185,014	180,173	175,544
Total Business-type Activities Expenses	<u>4,060,636</u>	<u>4,431,146</u>	<u>5,099,944</u>	<u>5,026,083</u>	<u>5,293,412</u>	<u>5,881,701</u>	<u>5,995,363</u>
Total Primary Government Expenses	<u>\$ 14,111,114</u>	<u>\$ 14,725,124</u>	<u>\$ 16,691,793</u>	<u>\$ 16,874,599</u>	<u>\$ 16,464,660</u>	<u>\$ 17,281,236</u>	<u>\$ 16,971,262</u>
Program Revenues							
Governmental Activities:							
Charges for Services:							
General Government	\$ 378,325	\$ 371,449	\$ 366,669	\$ 304,636	\$ 222,619	\$ 211,445	\$ 219,072
Public Safety	273,665	172,844	288,648	247,831	273,269	332,635	314,490
Public Works	79,584	88,676	113,985	62,326	179,268	45,190	59,965
Cemetery	158,434	152,927	152,325	114,930	106,506	104,118	99,761
Culture and Recreation	123,819	116,137	136,682	114,132	117,111	202,100	159,710
Operating Grants and Contributions	707,662	789,203	885,163	1,105,380	884,632	862,948	1,079,215
Capital Grants and Contributions	1,648,245	1,971,347	661,698	972,186	992,149	694,981	731,866
Total Governmental Activities Program Revenues	<u>3,369,734</u>	<u>3,662,583</u>	<u>2,605,170</u>	<u>2,921,421</u>	<u>2,775,854</u>	<u>2,453,437</u>	<u>2,664,079</u>
Business-type Activities							
Water	4,352,805	4,404,066	4,735,351	5,424,531	5,219,673	5,915,525	6,027,963
Stormwater Utility	50,796	660,688	746,132	780,712	774,033	778,571	791,893
Canon City Finance Authority	-	-	-	231,227	239,983	241,591	241,892
Operating Grants and Contributions	-	-	-	-	-	-	-
Capital Grants and Contributions	1,198,638	1,389,670	1,893,979	1,701,526	1,317,516	60,990	89,997
Total Business-type Activities Program Revenues	<u>5,602,239</u>	<u>6,454,424</u>	<u>7,375,462</u>	<u>8,137,996</u>	<u>7,551,205</u>	<u>6,996,637</u>	<u>7,151,745</u>
Total Primary Government Revenues	<u>\$ 8,971,973</u>	<u>\$ 10,117,307</u>	<u>\$ 9,980,632</u>	<u>\$ 11,039,417</u>	<u>\$ 10,327,059</u>	<u>\$ 9,450,074</u>	<u>\$ 9,815,824</u>
Net (Expense)/Revenue							
Governmental Activities	\$ (6,680,744)	\$ (6,631,395)	\$ (8,986,679)	\$ (8,927,095)	\$ (8,395,394)	\$ (8,946,098)	\$ (8,311,820)
Business-type Activities	1,541,603	2,023,278	2,275,518	3,111,913	2,257,793	1,114,936	925,775
Total Primary Government Net Expense	<u>\$ (5,139,141)</u>	<u>\$ (4,608,117)</u>	<u>\$ (6,711,161)</u>	<u>\$ (5,815,182)</u>	<u>\$ (6,137,601)</u>	<u>\$ (7,831,162)</u>	<u>\$ (8,704,694)</u>

CITY OF CAÑON CITY, COLORADO

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

(accrual basis of accounting)

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

	Fiscal Year						2014
	2005	2006	2007	2008	2009	2010	
General Revenues and Other Changes in Net Position							
Governmental Activities:							
Property Taxes	\$ 361,970	\$ 347,307	\$ 363,462	\$ 380,957	\$ 398,500	\$ 445,501	\$ 434,508
Sales and Use Taxes	5,060,140	5,430,855	5,500,901	5,414,444	5,139,136	5,211,532	5,239,514
Other Taxes	57,495	86,122	94,294	110,801	12,371	11,857	17,736
Franchise Taxes	601,218	692,671	641,187	645,132	670,120	656,799	714,621
Unrestricted Grants and Contributions	118,257	119,605	120,352	172,840	292,010	275,293	290,551
Royal Gorge Lease Revenues	1,271,918	1,395,796	1,595,622	1,563,333	1,703,414	1,679,694	1,681,688
Investment Earnings	220,566	324,707	338,663	230,209	78,784	61,221	42,013
Other Revenues	238,530	88,786	76,370	101,024	103,768	77,161	167,651
Gain on Sale of Capital Assets	-	-	-	72,513	-	-	-
Extraordinary Item	-	-	-	-	-	-	-
Transfers	111,263	221,172	137,063	305,500	371,000	321,000	335,400
Total Governmental Activities	<u>\$ 8,041,357</u>	<u>8,707,021</u>	<u>8,937,914</u>	<u>8,906,753</u>	<u>8,769,103</u>	<u>8,740,058</u>	<u>8,914,352</u>
Business-type Activities:							
Unrestricted Grants and Contributions	-	-	-	-	-	-	-
Investment Earnings	153,306	235,506	351,230	161,462	37,132	31,399	17,695
Gain on Sale of Capital Assets	-	-	-	2,152	-	-	-
Transfers	<u>(111,263)</u>	<u>(221,172)</u>	<u>(137,063)</u>	<u>(305,500)</u>	<u>(371,000)</u>	<u>(321,000)</u>	<u>(335,400)</u>
Total Business-type Activities	<u>\$ 42,043</u>	<u>14,334</u>	<u>214,167</u>	<u>(141,886)</u>	<u>(333,368)</u>	<u>(289,601)</u>	<u>(303,305)</u>
Total Primary Government	<u>\$ 8,083,400</u>	<u>\$ 8,721,355</u>	<u>\$ 9,152,081</u>	<u>\$ 8,834,867</u>	<u>\$ 8,435,135</u>	<u>\$ 8,450,457</u>	<u>\$ 8,611,047</u>
Change in Net Position							
Government Activities	\$ 1,360,613	\$ 2,075,626	\$ (48,765)	\$ 69,658	\$ 373,709	\$ (206,040)	\$ 602,532
Business-type Activities	<u>1,582,646</u>	<u>2,037,612</u>	<u>\$ 2,489,685</u>	<u>2,970,027</u>	<u>1,923,925</u>	<u>825,335</u>	<u>853,077</u>
Total Primary Government	<u>\$ 2,944,259</u>	<u>\$ 4,113,238</u>	<u>\$ 2,440,920</u>	<u>\$ 3,039,685</u>	<u>\$ 2,297,634</u>	<u>\$ 619,295</u>	<u>\$ 1,455,609</u>

Source: City of Canon City, Colorado, audited financial statements, 2005-2014.

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

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

CITY OF CAÑON CITY, COLORADO

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

TABLE 3

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Nonspendable:										
Inventory	\$ 72,917	\$ 65,547	\$ 99,070	\$ 104,723	\$ 123,164	\$ 148,629	\$ 123,181	\$ 119,148	\$ 121,271	\$ 121,498
Prepaid items	94,311	2,951	1,937	4,524	2,356	4,857	1,962	3,904	2,267	3,358
Restricted For:										
Emergencies	229,201	239,306	238,927	249,331	238,263	239,545	246,227	247,246	249,556	260,267
Capital Improvements	-	-	-	-	-	-	-	-	380,923	-
Law Enforcement	-	-	-	-	-	-	-	-	-	23,468
Committed to:										
Royal Gorge Bridge	146	101,752	206,182	309,384	439,393	515,516	600,000	300,378	401,050	501,707
Capital Improvements	-	-	-	-	-	-	-	-	-	72,526
Garden Park Paleontology Society rent	-	-	-	-	-	-	-	-	-	-
Contractual Obligations	-	-	-	-	-	-	-	-	-	-
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	1,685,010
Capital Improvements	-	-	-	-	6,146	112,264	6,146	6,146	12,359	12,359
Community Agency Funding	-	-	-	-	-	-	-	-	38,017	38,736
Main St. traffic lights	75,000	125,000	55,000	41,184	41,184	41,184	41,184	41,184	-	-
Cemetery	-	-	-	-	-	-	-	-	10,983	4,673
Library continuing education	62,821	57,972	57,042	-	-	27,900	6,527	4,828	-	-
Economic Development	-	-	-	-	-	-	-	-	-	115,000
Unassigned	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	4,014,470
Total general fund	\$ 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	\$ 6,848,399
All Other Governmental Funds										
Nonspendable:										
Inventory	\$ 34,050	\$ 36,299	\$ 38,633	\$ 37,220	\$ 35,152	\$ 34,388	\$ 35,395	\$ 38,531	\$ 31,698	\$ 40,427
Prepaid items	7,588	-	-	-	-	-	-	-	-	-
Permanent Fund	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	1,951,142
Restricted For:										
Parks	198,309	39,641	60,173	103,487	135,772	201,157	153,552	194,448	130,697	103,910
Library	26,370	27,967	20,261	16,723	15,674	17,190	11,506	10,382	25,242	4,965
Law Enforcement	15,266	22,543	8,628	14,406	14,652	12,837	12,205	9,761	9,777	9,792
Museum	17,483	18,589	45,611	50,127	53,408	55,372	58,046	64,279	70,869	74,524
Debt service	223,725	205,706	286,405	185,963	221,791	175,037	273,461	135,841	95,951	84,873
Assigned to:										
Parks	32,701	61,631	70,477	79,097	90,368	52,193	787	56,116	333,769	143,385
Library	18,072	20,254	22,354	23,490	23,785	27,828	27,767	30,936	29,029	29,110
Quality of Life	15,151	4,396	6,572	13,392	10,924	-	48,082	59,985	208,453	284,901
Community Revitalization	113,540	142,938	138,114	156,849	165,194	176,611	181,063	-	-	-
Museum	23,748	25,722	28,691	30,805	31,419	31,896	32,130	32,389	32,559	32,716
Debt service	319,612	348,719	335,724	404,731	386,233	379,004	348,112	470,383	384,484	300,807
Total all other governmental funds	\$ 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	\$ 3,060,552

Source: City of Canon City, Colorado, audited financial statements, 2005-2014.

CITY OF CAÑON CITY, COLORADO

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

(modified accrual basis of accounting)

TABLE 4

	2005	2006	2007	2008	2009	2010	Fiscal Year	2011	2012	2013	2014
Revenues:											
Taxes and Assessments	\$ 6,091,549	\$ 6,622,351	\$ 6,700,262	\$ 6,487,313	\$ 6,253,478	\$ 6,395,570	\$ 6,456,213	\$ 6,752,643	\$ 6,864,398	\$ 7,172,454	
Licenses and Permits	344,624	322,110	315,377	256,291	155,807	165,025	191,730	200,396	254,992	178,131	
Intergovernmental	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	2,167,225	
Changes for Services	255,358	249,724	238,898	205,911	346,935	205,828	219,872	204,644	287,001	357,830	
Fines and Forfeitures	143,744	124,455	171,909	149,103	181,497	245,281	228,429	202,302	199,348	226,108	
Royal Gorge Bridge	1,271,918	1,305,796	1,595,622	1,563,333	1,703,414	1,679,694	1,681,668	1,680,695	1,346,351	1,347,351	
Interest	195,292	284,741	294,305	200,510	68,088	54,076	38,157	37,054	33,689	26,159	
Rent	75,907	71,986	79,161	70,383	118,302	97,664	84,953	86,969	90,792	99,222	
Contributions & Donations	-	-	-	-	-	-	-	-	34,235	81,818	
Other	360,272	321,394	441,559	395,216	328,374	324,093	411,674	460,006	176,568	151,794	
Total Revenues	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	11,808,122	
Expenditures:											
General Government	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	2,394,491	
Public Safety	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	3,664,306	
Public Works	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	2,005,270	
Cemetery	29,1923	289,194	311,394	326,678	307,136	311,219	332,804	300,648	309,343	-	
Culture and Recreation	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	1,595,797	
Capital Outlay	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	1,389,999	
Debt Service	185,278	221,025	195,136	178,270	138,534	152,287	27,000	42,000	216,000	225,000	
Principal	26,313	26,843	14,713	19,717	13,228	10,127	4,200	7,550	27,881	47,168	
Interest	-	-	-	-	-	-	-	-	58,198	-	
Total Expenditures	10,244,269	10,120,327	11,227,025	12,251,352	11,087,882	10,403,549	10,997,710	10,901,431	11,679,875	11,322,931	
Excess of Revenues over (under) Expenditures											
Other Financing Sources (Uses)	(318,162)	561,925	(58,717)	(1,392,725)	(682,146)	230,228	24,535	308,539	(263,129)	486,091	
Proceeds from Sale of Capital Assets	124,203	-	-	740,295	-	4,047	32,240	3,660	-	15,927	
Issuance of Debt	193,087	54,000	70,000	-	40,000	22,000	109,000	-	2,310,000		
Insurance Recoveries	-	-	-	-	-	-	-	-	89,244		
Transfers In	294,195	382,800	339,611	402,799	468,538	416,779	433,951	695,899	561,253	607,555	
Transfers Out	(182,932)	(161,628)	(202,548)	(97,299)	(97,538)	(112,951)	(360,499)	(1,986,392)	(140,755)	482,727	
Total Other Financing Sources (Uses)	423,553	275,172	207,063	1,045,795	411,000	347,047	462,240	339,060	974,105	-	
Net Change in Fund Balances	\$ 110,391	\$ 837,097	\$ 148,346	\$ (346,930)	\$ (271,146)	\$ 577,275	\$ 486,775	\$ 647,599	\$ 710,976	\$ 968,818	
Debt Service as a percentage of noncapital expenditures	2.5%	2.8%	2.1%	1.9%	1.5%	1.7%	0.3%	0.5%	2.5%	2.7%	

Source: City of Cañon City, audited financial statements, 2005-2014.

CITY OF CAÑON CITY, COLORADO

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

TABLE 5

Levy Year	Vacant Land	Residential Property	Commercial Property (b)	Industrial Property	Agricultural Property	Natural Resources	State Assessed	Total Taxable	Total Direct	Estimated Tax Rate (a)	Actual Value	Assessed Value as a Percentage of Actual Value
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	51,933,340	2,417,860	215,610	171,920	5,463,940	132,771,680	2.68	1,081,089,366	12.28%	
2009	7,196,170	68,464,200	53,878,260	2,725,270	225,120	25,930	7,261,410	139,776,360	2.89	1,135,087,602	12.31%	
2010	7,512,000	68,661,710	53,843,720	2,549,190	218,630	21,980	6,199,615	139,006,845	2.89	1,131,707,073	12.28%	
2011	6,933,510	66,802,500	52,409,201	2,482,410	250,820	224,890	7,350,230	136,453,561	2.90	1,124,946,812	12.13%	
2012	6,706,040	67,032,690	52,147,401	2,256,400	258,600	208,360	7,012,340	135,621,831	2.89	1,125,155,335	12.05%	
2013	6,352,190	63,239,130	51,701,986	2,008,278	277,430	273,193	9,747,786	133,599,993	2.90	1,028,552,826	12.99%	
2014	5,890,990	63,162,230	52,352,941	2,277,016	277,450	209,258	7,977,991	132,147,876	2.90	1,024,549,147	12.90%	

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

TABLE 6

Year	City Basic		Overlapping Rates(b)							
	Rate(a)		Fremont County		Cañon City		S.E. Colorado		Upper Arkansas	
	City of Cañon	Fremont	School District	City Fire Protection	Recreation	Water Cons.	Water Cons.	Total		
Year	City (d)	County	RE-1 (c)	District (c)	District	District	District			
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		
2014	2.90	12.95	35.42	17.73	3.53	0.94	0.48	73.95		

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

- (a) The City's basic property tax rate, except for taxes abated and refunded, may be increased only by a majority vote of the City of Cañon City residents.
- (b) Overlapping rates are those of local and county governments that apply to property owners of the City of Cañon City.
- (c) Voter approved property tax increase in 2014.
- (d) The City of Cañon City does not rely on property taxes as a major source of funding for governmental activities. The City's property tax rate is over 62% lower than the statewide average municipal mill levy.

CITY OF CANON CITY, COLORADO

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS
(Unaudited)

TABLE 7

Levy Year	Collection Year	Total Tax	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Amount	Percentage of Levy	Total Collections	
			Levy for Fiscal Year	Amount				Amount	Percentage of Levy
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%	1,254	403,507	99.85%		
2010	2011	401,591	399,248	99.42%	449	399,697	99.53%		
2011	2012	395,851	394,642	99.69%	759	395,401	99.89%		
2012	2013 (a)	392,489	393,136	100.16%	332	393,668	100.30%		
2013	2014	387,707	385,726	99.49%	-	385,726	99.49%		

Source: Fremont County Treasurer and Colorado Division of Property Taxation

Notes:

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

CITY OF CAÑON CITY, COLORADO

TABLE 8
GENERAL REVENUES-TAXES BY CATEGORY
LAST TEN FISCAL YEARS
(Unaudited)
 (modified accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Sales Tax	\$ 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	\$ 5,799,559
General Property Tax	304,756	293,612	306,346	327,898	347,226	394,227	392,591	387,218	384,554	376,803
Specific Ownership Tax	57,214	53,695	57,116	53,059	51,274	51,274	47,980	47,290	51,455	54,067
Use Tax	401,042	408,964	350,353	145,497	90,024	103,878	112,135	205,639	171,113	86,882
Franchise Taxes:										
Cable/television	93,511	96,459	97,075	82,847	103,881	112,632	121,486	126,954	126,848	126,608
Telephone	30,429	30,614	26,885	23,193	20,747	18,218	16,161	14,728	13,635	12,309
Electricity	292,726	339,256	342,318	357,291	367,162	381,466	434,789	494,428	478,000	498,341
Gas	184,552	226,342	174,929	181,801	178,330	144,483	142,185	124,809	135,802	160,202
Penalty & Interest on Tax	21,914	17,898	15,749	13,350	12,371	11,857	17,736	14,190	19,773	13,831
Total	\$ 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	\$ 7,128,602

Source: City of Canon City, Colorado, audited financial statements, 2005-2014.

CITY OF CAÑON CITY, COLORADO

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

TABLE 9

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Merchandise	\$ 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	\$ 1,114,726
Food Stores	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	1,159,484
Restaurants & Bars	531,372	550,636	584,051	592,561	572,997	573,849	580,840	612,023	617,536	638,372
Home Furnishings	92,819	84,672	82,532	80,311	75,822	86,480	79,962	78,734	73,909	69,736
Building Materials & Supplies	278,864	358,237	564,464	541,216	482,110	500,370	492,179	512,596	535,444	565,953
Auto Dealers & Parts/Supplies	602,099	651,950	735,296	666,654	607,820	665,198	643,835	676,527	708,905	796,958
Other Retail Stores	250,659	237,517	307,669	361,738	375,622	379,642	391,709	411,007	433,980	524,320
All Other Outlets	385,631	247,856	254,491	244,353	216,316	234,648	235,372	240,434	252,623	281,333
Hotel/Motel	62,271	64,591	73,928	77,512	77,917	74,803	70,301	71,642	68,429	78,409
Utility Service	408,012	508,463	490,486	549,291	527,913	507,029	522,032	538,434	534,819	570,268
Total	\$ 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	\$ 5,799,559
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, 2005-2014 and Sales Tax Subsidiary Records, 2005-2014.

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)
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
2014	1,347,351	42,256

Source: City of Cañon City, Colorado, audited financial statements, 2005-2014 and Royal Gorge Company of Colorado Year-End Review, 2005-2014.

Notes:

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

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

(a) 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. On January 1, 2014, reconstruction began and the Park re-opened in August 2014.

CITY OF CAÑON CITY, COLORADO

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

TABLE 11

	Fiscal Year						2013	2014		
	2005	2006	2007	2008	2009	2010				
Water Revenues:										
Charges for Services:										
Metered Water Sales by Type of Customer (a)	\$ 3,952,554	\$ 3,978,188	\$ 4,033,524	\$ 5,070,314	\$ 4,926,290	\$ 5,559,580	\$ 5,843,529	\$ 5,377,864		
Water Sales to City Facilities	137,087	133,807	132,741	169,000	162,730	194,893	223,160	126,160		
Hydrant Sales	85,666	60,733	52,391	51,860	6,134	4,384	3,552	5,185		
Bulk Water Sales	37,182	37,867	35,789	43,350	46,118	52,022	64,317	64,317		
Account Maintenance Fee (b) (d)										
Total Charges for Services	4,212,489	4,210,595	4,254,445	5,340,814	5,159,597	5,819,094	5,947,622	6,039,490		
Tap Fees (c)	658,382	526,539	1,830,829	150,976	96,374	60,950	82,077	104,328		
Interest Income	146,059	212,294	314,309	137,718	33,659	28,488	15,574	16,885		
Other (c) (e)	140,316	193,471	480,906	83,717	59,976	96,431	80,341	75,084		
Transfer In	4,500	18,000	27,100	27,800	27,000	27,000	27,000	25,500		
Total Water Revenues	\$ 5,161,746	\$ 5,160,899	\$ 6,907,589	\$ 5,741,025	\$ 5,376,706	\$ 6,031,963	\$ 6,152,614	\$ 6,261,287		

Source: City of Cañon City, Colorado, audited financial statements, 2005-2014 and Water Utility Billing Records, 2005-2014.

(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.
 Water accounts where water is turned off began paying monthly meter charge which is included in Metered Water Sales.
 (e) A significant amount of grant revenue is included in the 2014 non-operating revenue. The City obtained a number of Federal and State grants to provide funding for emergency mitigation, stabilization and reclamation within the City's watershed for damage sustained from the 2013 Royal Gorge Fire.

CITY OF CAÑON CITY, COLORADO

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

	Fiscal Year						2014
	2005	2006	2007	2008	2009	2010	
Metered Water Sales by Type of Customer							
Residential - Inside City limits	\$ 1,259,990	\$ 1,248,395	\$ 1,262,614	\$ 1,581,168	\$ 1,432,983	\$ 1,742,589	\$ 1,822,889
Residential - Outside City limits	709,201	726,864	689,593	830,110	764,579	900,202	894,011
Commercial - Inside City limits	876,929	925,891	943,079	1,139,570	1,325,532	1,157,076	1,311,355
Commercial - Outside City limits	425,444	381,813	418,974	588,886	490,789	651,298	599,348
Prisons	680,990	695,225	719,264	930,580	912,407	1,108,415	1,114,742
Total Metered Water Sales by Type of Customer	\$ 3,952,554	\$ 3,978,188	\$ 4,033,524	\$ 5,070,314	\$ 4,926,290	\$ 5,559,580	\$ 5,656,298
Residential Inside minimum rate per 4,000 gallons (a)	\$10.80	\$10.92	\$10.92	\$13.16	\$13.56		
Residential Outside minimum rate per 4,000 gallons (a)	\$15.84	\$16.00	\$16.00	\$19.28	\$19.84		
Residential Inside Meter Fee - flat rate (b)(c)						\$9.30	\$9.58
Residential Outside Meter Fee - flat rate (b)(c)						\$13.95	\$14.37
Water Gallons Sold by Type of Customer (d)	521,716	508,345	503,868	540,101	474,979	521,319	548,700
Residential - Inside City limits	183,059	188,444	172,790	176,105	154,048	170,919	177,399
Residential - Outside City limits	400,937	422,380	426,141	426,117	389,176	331,019	411,424
Commercial - Inside City limits	247,403	220,495	223,681	334,588	223,119	239,348	229,575
Commercial - Outside City limits	311,757	317,394	325,731	351,597	348,560	367,989	374,951
Total Water Gallons Sold by Type of Customer	1,664,882	1,657,638	1,681,211	1,828,508	1,589,882	1,650,594	1,752,049

Source: City of Canon City, Colorado, audited financial statements, 2005-2014 and Water Utility Billing Records, 2005-2014.

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.
- (c) A new flat rate meter fee was changed monthly in addition to a small fee for each 1,000 gallons of water consumed.
- (d) In thousands of gallons

CITY OF CAÑON CITY, COLORADO

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

TABLE 13

Fiscal Year	Governmental Activities					Business-Type Activities					Total Primary Government	Percentage of Personal Income (d)	Per Capita			
	Public Bonds	Improvement Note Payable	Capital Leases(a)	General Obligation Bonds	Resource Authority(b)	Payable Water	Water Conservation Board(b)	Certificates of Participation Series 2003(c)	Certificates of Participation Series 2008(c)	Capital Lease						
2005	185,000	-	579,252	77,000	2,822,500	89,941	3,015,000	-	-	34,180	6,802,873	1.92%	427			
2006	158,000	-	439,227	31,000	2,595,834	80,180	2,890,000	-	-	27,735	6,221,976	1.53%	391			
2007	177,000	-	295,991	-	2,358,334	70,029	2,765,000	-	-	21,101	5,686,555	1.37%	357			
2008	105,000	-	188,821	-	-	-	2,635,000	12,550,000	14,271	15,493,092	3.48%	942				
2009	116,000	-	79,287	-	-	-	2,500,000	12,230,000	7,239	14,932,526	3.36%	911				
2010	65,000	-	-	-	-	-	2,360,000	11,895,000	-	14,320,000	3.17%	870				
2011	147,000	-	-	-	-	-	2,215,000	11,550,000	-	13,912,000	2.92%	848				
2012	105,000	-	-	-	-	-	2,070,000	11,195,000	-	13,370,000	2.74%	820				
2013	64,000	-	2,135,000	-	-	-	-	10,825,000	-	13,024,000	2.67%	799				
2014	34,000	-	1,940,000	-	-	-	-	10,445,000	-	12,419,000	2.55%	762				

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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Bonded Debt Outstanding										
General Obligation Bonds	\$ 77,000	\$ 31,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Percentage of Estimated Actual Property Value (a)	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Per Capita (b)	4.83	1.95	-	-	-	-	-	-	-	-
Total Taxable Assessed Value	109,713,013	112,325,616	127,343,140	132,711,680	139,776,360	139,006,845	136,453,561	135,621,831	133,599,993	132,147,876
Legal Debt Limit (c)	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	13,214,788
Total Net Debt Applicable To Debt Limit	77,000	31,000	-	-	-	-	-	-	-	-
Legal Debt Margin (d)	\$ 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	\$ 13,214,788
Legal Debt Margin as a Percentage of the Debt Limit	99.30%	99.72%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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

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

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

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

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

CITY OF CAÑON CITY, COLORADO

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

TABLE 15

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Water Fund Debt Outstanding										
General Obligation Bonds	\$ 77,000	\$ 31,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Note Payable-Water Resource Authority	2,822,500	2,595,834	2,338,334	-	-	-	-	-	-	-
Note Payable-Water Conservation Board	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	10,445,000
Capital Leases	34,180	27,735	21,101	14,271	7,239	-	-	-	-	-
Total Water Fund Debt Outstanding	\$ 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	\$ 10,445,000
Number of Active Water Service Connections	8,151	8,251	8,345	8,527	8,545	8,535	8,547	8,553	8,567	8,568
Water Fund Debt per Active Water Service Connection	\$ 371	\$ 331	\$ 294	\$ 1,473	\$ 1,432	\$ 1,394	\$ 1,351	\$ 1,309	\$ 1,264	\$ 1,219

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, 2014
(Unaudited)

TABLE 16

Government Entity	Debt Outstanding	Estimated Percentage Applicable (b)	Estimated Share of Overlapping (a)
Fremont County School District RE-1	\$ 15,785,000	60.0%	\$ 9,471,000
Total Overlapping Debt			<u>9,471,000</u>
City of Cañon City Direct Debt			<u>1,974,000</u>
Total Direct and Overlapping Debt			<u>\$ 11,445,000</u>

(a) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City.

This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Cañon City. This process recognizes that, when considering the City of Cañon City's ability to issue and repay long-term debt, the entire debt burden 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
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	16,303	1,388,144	487,199	29,884	8.2
2014	(c)	1,388,144	487,199	29,884	7.1

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 2014 is not available as of April 2015, so 2013 data is repeated for 2014.

CITY OF CAÑON CITY, COLORADO

PRINCIPAL EMPLOYERS
CURRENT YEAR AND SEVEN YEARS AGO
(Unaudited)

TABLE 18

Employer	2014			2007		
	Employees	Rank	Percentage of Total County Employment (c)	Employees	Rank	Percentage of Total County Employment
Fremont School District (RE-1)	509	1	2.88%	519	2	2.74%
Centura Health (a)	491	2	2.77%	550	1	2.91%
Walmart	308	3	1.74%	425	3	2.25%
Fremont County	295	4	1.67%	300	4	1.59%
International Order of Odd Fellows Complexes	250	5	1.41%	275	5	1.45%
Starpointe	200	6	1.13%	162	8	0.86%
Cornell Companies	160	7	0.90%	176	6	0.93%
City of Canon City	155	8	0.88%	171	7	0.90%
Skyline Ridge Nursing and Rehab	110	9	0.62%	-	-	-
Interroll Engineering West Inc (b)	101	10	0.57%	139	9	0.73%
Canon City Daily Record	-	-	-	125	10	0.66%
Total	<u><u>2,579</u></u>		<u><u>14.57%</u></u>	<u><u>2,842</u></u>		<u><u>15.02%</u></u>

Source: City of Canon City Community and Economic Development Department (data prior to 2007 is not available). Total Fremont County employment information used to calculate the percentage of total county employment from the Colorado Department of Labor & Employment.

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

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

(c) Total 2014 employment within Fremont County 17,704

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

TABLE 19

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
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	1	1	1	1	1
Finance	6	6	6	6	6	6	6	6	6	6
City Attorney (c)	0	0	1	1	1	1	1	1	1	1
Building Maintenance (c) (n)	1	2	4	4	4	4	4	4	4	1
Community Development										
Building Division (g)	2	3	3	3	3	2	2	2	2	2
Planning & Zoning (c) (j)	1	1	2	2	2	2	2	2	1	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	1	0
Human Resources	1	1	1	1	1	1	1	1	1	1
Computer Resources	2	2	2	2	2	2	2	2	2	2
Public Safety										
Patrol Officers (l)	28	28	28	29	28	28	28	28	29	29
Victims Assistance	1	1	1	1	1	1	1	1	1	1
Administration (h)	3	3	3	3	3	3	3	4	4	4
Investigations (h)	5	5	5	5	6	6	6	5	5	5
Parking & Code Enforcement	2	2	2	2	2	2	2	2	2	2
School Resource Program	1	1	1	1	1	1	1	1	1	2
Dare Program (f)	1	1	1	1	1	1	0	0	0	0
Drug Task Force	1	1	1	1	0	0	0	0	0	0
Dispatch Services (a)	6	8	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)	16	16	16	17	16	16	15	15	15	15
Engineering (g)	2	2	3	3	3	2	2	2	2	2
Cemetery (o)	5	5	5	5	5	5	5	5	5	0
Cultural & Recreation										
Forestry (f) (o)	4	4	4	4	4	3	3	3	3	0
Library & History Center	15	15	16	16	15	15	15	15	14	14
Parks Improvement Fund (f) (m) (o)	9	9	9	9	9	8	8	8	7	12
Water Fund										
Administration (f)	7	7	8	8	8	7	7	7	6	6
Water Treatment (f)	11	12	12	12	12	13	12	12	12	12
Water Distribution	16	16	16	16	16	16	16	16	16	17
Water Utility Billing	2	2	2	2	1	1	1	1	1	1
Storm Water Utility Fund										
Administration (b) (g)	0	1	1	1	1	2	2	2	2	2
Total	158	164	171	173	169	165	162	162	160	155

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; position subsequently eliminated in 2014.
- (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.
- (n) In 2014 three custodial positions were eliminated and janitorial services were contracted out.
- (o) In 2014 Cemetery & Forestry Departments were eliminated and functions 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						2013	2014
	2005	2006	2007	2008	2009	2010		
Public Safety								
Physical arrests	1,500	1,511	1,569	1,408	1,743	1,952	2,130	1,750
Traffic violations	2,087	1,924	2,619	2,065	2,902	2,337	2,707	2,537
Parking violations	881	975	1,379	684	765	1,377	911	351
Calls for service	22,000	25,882	27,197	27,742	26,629	26,352	27,292	27,302
Public Works								
Street resurfacing & repairs (miles)	0.50	2.45	1.66	1.08	1.52	1.71	0.71	0.00
Potholes repaired	280	210	130	117	87	82	78	84
Cemetery								
Standard and ash burials	110	125	121	112	97	107	130	90
Spaces sold	70	62	69	48	39	26	48	28
Cultural & Recreation								
Library:								
Physical Volumes in collection	69,612	73,274	78,279	79,885	79,204	60,324	70,661	73,984
Electronic Volumes in collection (a)	-	-	-	-	-	-	526	2,992
Total volumes checked out (b)	226,114	294,223	330,626	319,983	307,616	308,111	290,831	273,374
Water Fund								
Installed and replaced water mains	10,400 ^c	5,100 ^c	2,560 ^c	9,750 ^c	23,583 ^c	7,438 ^c	8,337 ^c	6,926 ^c
Average daily metered consumption (millions of gallons)	4.6	4.5	4.5	5.0	4.4	4.5	4.8	4.6
Peak daily production (millions of gallons)	11.7	10.6	10.3	10.7	10.1	10.5	11.7	9.9

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

Notes:

- (a) In 2011 the library began obtaining and lending downloadable electronic books.
- (b) In 2013 and 2014 the library underwent major building renovations, resulting in fewer patron visits and fewer volumes checked out.

CITY OF CAÑON CITY, COLORADO

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

Function/Program	Fiscal Year					
	2005	2006	2007	2008	2009	2010
Public Safety						
Police Stations	1	1	1	1	2	2
Marked Patrol units	16	16	23	25	27	28
Public Works						
Streets (miles) (a)	117.7	119.1	119.7	118.3	119.4	119.4
Alleys (miles)	16.1	16.1	16.1	16.1	16.1	16.1
Storm sewers (miles)	11.0	11.4	11.4	12.2	13.2	13.4
Cemetery						
City owned Cemeteries	2	2	2	2	2	2
Cultural & Recreation						
Parks	10	10	10	10	10	10
Parks Acreage	6,567	6,567	6,567	6,567	6,567	6,567
Water Fund						
Water mains (miles)	147	147	147	149	150	151
Fire Hydrants	963	984	1,025	1,021	1,049	1,049
Finished Water Storage Tanks (b)	5	5	5	5	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, 2014, 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 29, 2015.

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.

Ernst & Young LLP

May 29, 2015

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, 2014. 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, 2014.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2014-001. Our opinion on each major federal program is not modified with respect to this matter.

The City of Cañon City's response to the noncompliance finding identified in our audit is described in the accompanying corrective action plan. The City of Cañon City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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, 2014, 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 29, 2015, 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 29, 2015

CITY OF CAÑON CITY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2014

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

_____ yes no

Federal Awards

Internal control over major federal programs:

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

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

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

yes _____ no

Identification of major federal programs:

20.205 Highway Planning and Construction
10.923 Emergency Watershed Protection Program

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

Auditee qualified as low-risk auditee? _____ yes 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.

(Continued)

CITY OF CAÑON CITY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2014

Federal Awards Findings and Questioned Costs

2014-001 Procurement and Suspension and Debarment

U.S. Department of Agriculture
Direct Program
CFDA 10.923 Emergency Watershed Protection Program

Criteria	Recipients of federal awards must follow federal laws and regulations applicable to procurement as outlined in the A-102 Common Rule. Specifically, entities are prohibited from contracting with outside parties for goods or services used in federally-funded projects that are suspended or debarred or whose principals are suspended or debarred.
Condition	The City did not verify that a contractor hired for a project partially funded with federal awards was not suspended or debarred from performing such work.
Questioned Costs	None. The contractor hired by the City was not included on the General Services Administration's list of suspended or debarred entities.
Context	The City received State and local funding for clean up and mitigation of the City's water system as the result of a wildfire. Following commencement of the project, the City was awarded a federal grant to assist with the project. The City had previously hired a contractor to perform the clean up and mitigation, and the contractor was paid with federal funding to continue the project. The project manager indicated that the City did not comply with the suspension or debarment requirements because of the unusual receipt of a federal award on an existing project.
Effect	The City could have awarded a contract on a federally-funded project to an ineligible contractor, which increases the risk that substandard services could be provided.
Cause	The City received a federal award to supplement a project that was underway prior to the award. The City did not determine if the existing contractor was suspended or debarred from performing work on federally-funded projects.
Recommendation	When the City enters into a contract that utilizes federal awards of \$25,000 or more, the City must verify that the vendor is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the Excluded Parties List System (EPLS) maintained by General Services Administration (GSA), collecting a certification from the vendor, or adding a clause or condition to the contract with that vendor. In addition, City personnel responsible for federal grant administration should receive ongoing training to understand the laws and regulations that apply to its federal grant awards.

Views of Responsible Officials and Planned Corrective Actions

See the accompanying Corrective Action Plan.



City of Cañon City

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

(719) 269-9011 – Fax: (719) 269-9017

Corrective Action Plan

Effective January 1, 2015, the City implemented a change in the purchasing policy procedure, whereby, when the City enters into a contract that utilizes federal awards of \$25,000 or more, the City will verify that the vendor is not suspended or debarred or otherwise excluded. This verification will be accomplished by checking the Excluded Parties List System (EPLS) maintained by the General Services Administration before a disbursement is made. The verification will be performed by the City staff member in charge of the award. The Finance Director, Harry Patel, and the Chief Accountant, John McBride, will be responsible for the implementation of the corrective action plan.

CITY OF CAÑON CITY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2014

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	\$ 419,666
U.S. Department of Homeland Security		
Passed through Colorado Department of Public Safety		
Disaster Grants - Public Assistance	97.036	107,597
U.S. Department of Justice		
Bulletproof Vest Partnership Program	16.607	3,418
U.S. Department of Agriculture		
Emergency Watershed Protection Program	10.923	203,928
U.S. Department of the Interior		
Passed through Colorado Department of Natural Resources		
Sport Fish Restoration Program	15.605	9,785
U.S. Department of Commerce		
Economic Development Administration		
Economic Development - Technical Assistance	11.303	123,520
TOTAL EXPENDITURES OF FEDERAL AWARDS		\$ 867,914

CITY OF CAÑON CITY, COLORADO

Notes to Schedule of Expenditures of Federal Awards

December 31, 2014

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.

LOCAL HIGHWAY FINANCE REPORT

This Information From The Records Of :

City of Cañon City

Prepared By:

Phone:

City or County:
City of Cañon City
YEAR ENDING :
December 31, 2014Mickey Wells
719-269-9011

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	1,032,270
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	1,475,899
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	1,605,865	b. Snow and ice removal	
3. Other local imposts (from page 2)	154,492	c. Other	
4. Miscellaneous local receipts (from page 2)	247,605	d. Total (a. through c.)	0
5. Transfers from toll facilities		4. General administration & miscellaneous	299,644
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	214,368
a. Bonds - Original Issues	0	6. Total (1 through 5)	3,022,181
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	3,400
7. Total (1 through 6)	2,007,962	b. Redemption	30,000
B. Private Contributions		c. Total (a. + b.)	33,400
C. Receipts from State government (from page 2)	641,365	2. Notes:	
D. Receipts from Federal Government (from page 2)	406,254	a. Interest	
E. Total receipts (A.7 + B + C + D)	3,055,581	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	33,400
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	3,055,581

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	64,000	0	30,000	34,000
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
	3,055,581	3,055,581		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

 STATE:
 Colorado

 YEAR ENDING (mm/yy):
 December 31, 2014

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	43,854	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	214,368
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	23,404
5. Specific Ownership &/or Other	110,638	g. Other Misc. Receipts	9,833
6. Total (1. through 5.)	110,638	h. Other	
c. Total (a. + b.)	154,492	i. Total (a. through h.)	247,605
(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	579,889	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	61,476	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify) CDOT Grant		f. Other Federal CMAQ Grant	406,254
f. Total (a. through e.)	61,476	g. Total (a. through f.)	406,254
4. Total (1. + 2. + 3.f)	641,365	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	26,197	1,006,073	1,032,270
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	26,197	1,006,073	1,032,270
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	26,197	1,006,073	1,032,270
		(Carry forward to page 1)	

Notes and Comments: