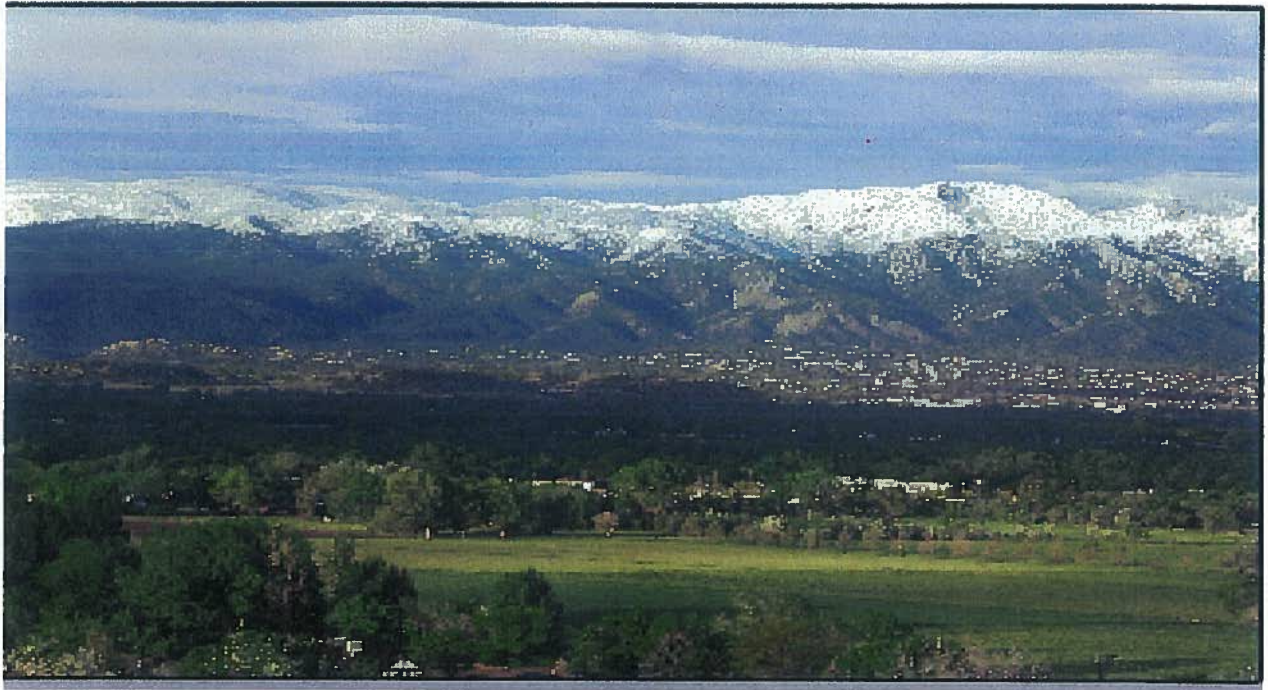


City of Cañon City, Colorado



Comprehensive Annual Financial Report For the Year Ended December 31, 2015



CITY OF CAÑON CITY COLORADO



COMPREHENSIVE ANNUAL FINANCIAL REPORT For the fiscal year ended December 31, 2015

**Prepared by:
Department of Finance**

Finance Department



TABLE OF CONTENTS

INTRODUCTORY SECTION	PAGE
Letter of Transmittal.....	i - v
Elected Officials, Appointed Officials and Department Heads.....	vi
City Organization Chart.....	vii
Certificate of Achievement for Excellence in Financial Reporting.....	viii
 FINANCIAL SECTION	
Independent Auditors' Report.....	1 - 2
Management's Discussion and Analysis.....	3 - 15
 Basic Financial Statements	
Statement of Net Position.....	19
Statement of Activities.....	20 - 21
Balance Sheet - Governmental Funds.....	22
Reconciliation of the Governmental Funds Balance Sheet To Statement of Net Position.....	23
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	24
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.....	25
Statement of Net Position – Proprietary Funds.....	26
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds.....	27
Statement of Cash Flows – Proprietary Funds.....	28
Notes to Financial Statements.....	29 - 51
 Required Supplementary Information	
Budgetary Comparison Schedule – General Fund.....	55
Schedule of Proportionate Share of the Net Pension Asset and Contributions.....	56 - 57
Notes to Required Supplementary Information.....	58

TABLE OF CONTENTS

(Continued)

FINANCIAL SECTION (Continued)

PAGE

Combining and Individual Fund Statements and Schedules

Combining Balance Sheet – Nonmajor Governmental Funds.....	60 - 61
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	62 - 63
Budgetary Comparison Schedule – Park Improvement Fund.....	64
Budgetary Comparison Schedule – Conservation Trust Fund.....	65
Budgetary Comparison Schedule – Library Donations Fund.....	66
Budgetary Comparison Schedule – Museum Donations Fund.....	67
Budgetary Comparison Schedule – Excess Special Improvement District Fund.....	68
Budgetary Comparison Schedule – Quality of Life Fund.....	69
Budgetary Comparison Schedule – Water Fund.....	70
Budgetary Comparison Schedule – Stormwater Utility Fund.....	71
Budgetary Comparison Schedule – Insurance Internal Service Fund.....	72

STATISTICAL SECTION (Unaudited)

Statistical Section Contents Summary.....	73
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Financial Trends

Net Position by Component (Table 1).....	75 - 76
Changes in Net Position (Table 2)	77 - 78
Fund Balances, Governmental Funds (Table 3).....	79
Changes in Fund Balances, Governmental Funds (Table 4).....	80

TABLE OF CONTENTS

(Continued)

STATISTICAL SECTION (Continued)	PAGE
Revenue Capacity	
Assessed Value and Estimated Actual Value of Taxable Property (Table 5).....	81
Direct and Overlapping Property Tax Rates (Table 6).....	82
Property Tax Levies and Collections (Table 7).....	83
General Revenues-Taxes by Category (Table 8).....	84
Sales Tax by Category (Table 9).....	85
Royal Gorge Bridge Lease Revenues (Table 10).....	86
Water Revenues (Table 11).....	87
Water Sales by Type of Customer (Table 12).....	88
Debt Capacity	
Ratios of Outstanding Debt by Type (Table 13).....	89
Ratios of General Bonded Debt Outstanding and Legal Debt Margin (Table 14).....	90
Ratios of Water Fund Debt Outstanding (Table 15).....	91
Direct and Overlapping Debt (Table 16).....	92
Demographic and Economic Information	
Demographic and Economic Statistics (Table 17).....	93
Principal Employers (Table 18).....	94
Full-Time Equivalent City Government Employees by Function/Program (Table 19).....	95
Operating Information	
Operating Indicators by Function/Program (Table 20).....	96
Capital Asset Statistics by Function/Program (Table 21).....	97
COMPLIANCE SECTION	
Local Highway Finance Report.....	99 - 100



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City of Cañon City

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

(719) 269-9011 – Fax: (719) 269-9017

June 30, 2016

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, 2015, 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 Swanhorst & Company LLC was retained by City Council for this purpose. The auditors’ report on the basic financial statements is included in the financial section of this report.

Generally accepted accounting principles require that management provide a narrative introduction,

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

PROFILE OF THE COMMUNITY AND GOVERNMENT SERVICES

The City of Cañon City, which is the county seat of Fremont County, is located at the mouth of the Royal Gorge in south-central Colorado where the Arkansas River emerges from the canyon. The community is situated 45 miles southwest of Colorado Springs and 39 miles west of Pueblo, Colorado. The most current population estimate from the State Demographer shows 16,235 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 0.4% 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. For some period, the Bridge as a local attraction declined, from about 504,000 visitors in 1996 to 265,000 in 2012, the year prior to the summer wildfire in 2013 that destroyed most of the Park facilities. In 2015, the first full year of attendance following the fire, the number of visitors increased about 25% over 2012, to about 333,000. The increase is attributable to new facilities and some improved attractions. The Royal Gorge Park and other tourist amenities such as the Royal Gorge Route Tourist Train and a world class whitewater rafting industry 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 \$6,500 must be bid and approved by the City Council. The charter allows for exceptions to the bid requirements for routine expenditures such as utility payments and payroll taxes.

Appropriations cease at year's end. During the year, the City Administrator, based on department head recommendations, may make operating line item changes within the fund and program. The City Council may amend the budget by ordinance at any time. During 2015, 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. 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. In fact, the City's sales tax revenues increase from \$5,272,864 in 2012 to \$5,442,106 in 2013, a 3.21% increase in spite of the fire. 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. Lodging tax revenues showed an increase of 14.6% in 2014. It appeared that that many out-of-town guests came to the area in 2013 and 2014 for the "variety" of attractions and activities that exist in the Royal Gorge Region.

Following the Royal Gorge fire, the local economy continues to improve, although at a moderate pace. Retail sales activity in the community improved. The City's retail sales tax revenues rose in 2014 and then again in 2015. The City's 2014 total sales tax receipts increased by \$357,453 over 2013. The improvement continued into 2015, when total sales tax receipts increased by \$414,445 over 2014.

Building activity has been relatively flat for some time. The exception was 2013, when a number of new commercial development projects occurred.

Year	Number of Permits	Valuation of Work
2011	596	\$ 7,210,482
2012	700	\$ 9,408,725
2013	512	\$15,355,073
2014	443	\$ 7,809,644
2015	422	\$ 8,634,285

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 2015, 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 2016 to increase the City's sale tax rate. 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

The City has instituted a number of new initiatives in recent years. To respond to concerns about falling attendance at the Royal Gorge Bridge and Park over the past decade, the uncertainty created by a single devastating event and a sustained period of slow economic growth in the community, City Council made economic development a priority. Council's efforts began with comprehensive long-range planning in 2013 and has continued through 2015.

The City has completed and adopted a community visioning and branding plan, a downtown strategic plan, a plan for the improvement of the Highway 50 corridor, the Arkansas River corridor improvement plan, a community trails and open space plan, a plan for the improvement of the Hogbacks Recreation Area, and several other plans that aim to improve the community and attract tourism and economic development. Each of these master plans should help propel economic development forward. Significant actions are expected in 2016 and beyond as the community seeks economic and financial growth and improvement.

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

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

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

There were initiatives in the City's Parks Department. Grants were pursued and awarded to the City for the purposes of developing a significant trail system in the Hogbacks Recreation Area, where about 6 miles of new trails, trailhead and facilities were constructed. The initial trail, a segment of the Rim

Trail, was constructed in the Royal Gorge Park, which is intended to be a significant trail network that will attract new visitors and enhance business in the community over time.

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

The City also undertook a city-wide comprehensive street and pavement management assessment to determine not only the condition of the public streets but also to understand that financial requirements to maintain and improve the streets in the future. To address the need for additional revenue for this purpose, voters were asked to approve a 1% increase in the City's sale tax rate specifically for this purpose. While voters rejected the measure, it was by a narrow margin. Efforts to inform citizens about the measure were minimal and occurred only in the month before the election. It is likely that the City Council, with a better educational process, will send the measure back to the citizens in the near future.

AWARDS AND ACKNOWLEDGEMENTS

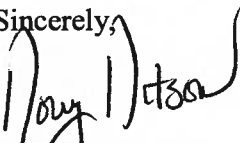
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cañon City for its comprehensive annual financial report for the fiscal year ended December 31, 2014. In order to be awarded a Certificate 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



Hasrulkh C. Patel
Finance Director



CITY OF CAÑON CITY COLORADO

**For the Year Ended
December 31, 2015**

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

Computer Systems Administrator

Human Resources Director

Finance Director

City Clerk/Customer Service

Police Chief

Fleet Manager

Museum Director

Rex Brady

Bob Hartzman

Adam Lancaster

Suzanne Lasha

Patrick Malloy

Stephanie Masse

Hasmukh (Harry) Patel

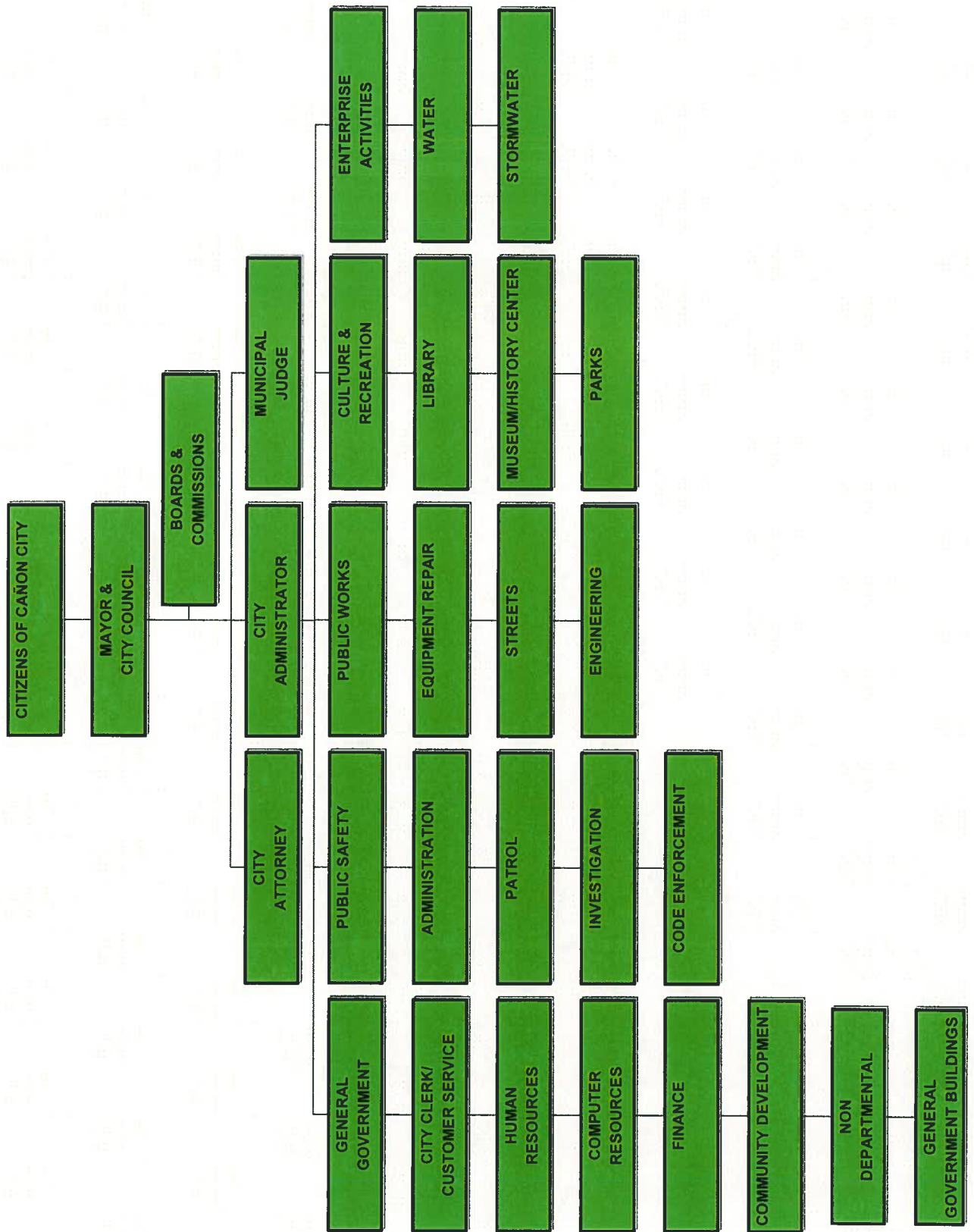
Cathy Rabe

Paul Schultz

George Stepleton

Lisa Studts

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, 2014

Executive Director/CEO



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

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cañon City as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City of Cañon City, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cañon City as of December 31, 2015, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 11 to the financial statements, in the year ended December 31, 2015, the City of Cañon City adopted new accounting guidance as required by Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters (Required Supplementary Information)

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

Other Matters (Other Information)

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



June 30, 2016

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, 2015. 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 net position has an increase of \$580,830 from the implementation of the Governmental Accounting Standard No 68, *Accounting and Financial Reporting of Pension*, and recognizing its proportionate share of pension assets.
- ◆ 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 \$81,901 (or 0.23 percent), while the net position of our governmental activities increased by \$4,490,858 (7.82 percent). A significant portion of the increase to the net position of the governmental activities is attributable to the post-fire reconstruction of buildings and improvements during 2015 within the Royal Gorge Bridge and Park.
- ◆ During the year, the City's governmental activities had expenses that were \$1,460,565 greater than the prior year (or 13.69 percent), and total revenues were decreased by \$16,965,611 (or 51.19 percent).
- ◆ In the City's business activities, revenue decreased by \$681,786 (or 9.18 percent) and expenses decreased by \$613,049 (or 8.98 percent).

Fund highlights:

- ◆ The fund balance for the General Fund increased by \$688,765 compared to a budgeted decrease of \$1,491,679 primarily due to a combination of significant savings on operating expenses, higher than anticipated sales tax revenues and unexpected revenues from the Royal Gorge Bridge.
- ◆ Sales and use tax revenue, the City's largest single source of General Fund revenue, increased by \$405,223 from 2014 due to the positive growth in local economy.
- ◆ At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,349,153 (or 42.06 percent of total General Fund expenditures). The City's other governmental funds reported a combined ending fund balance of \$3,042,656, a decrease of \$17,896 in comparison with the prior year. Within the total fund balance for the governmental funds, \$529,076 is restricted by specific legal requirements, \$692,307 has been committed, \$2,890,957 is classified as assigned, and \$2,118,327 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. \$2,405,702 was applied to General Government purposes – City Council, City Clerk, Election, Municipal Court, Administration, Human Resources, Computer Resources, Buildings, Finance, City Attorney, Non-Departmental, and Community Development.
 - b. \$3,683,567 for Public Safety – Victim Assistance, Administration, Patrol, Investigation, Communication, Stop Program, Parking & Code Enforcement, Police Building, School Resource Officer, and Community Programs.
 - c. \$1,918,862 for Public Works – Equipment Repair, Street Maintenance, Engineering, and Street Projects.
 - d. \$771,222 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. \$1,322,524 for Capital Outlay.
 - f. \$239,770 for Debt Service.

Long-term debt highlight:

- ◆ Total outstanding long-term debt decreased by \$660,959 during the current fiscal year primarily due to a combination of the COP outstanding balance being reduced by \$402,186, reduced compensated absences liability by \$47,773, reduced outstanding PID bond balance by \$11,000 and the outstanding balance for City Hall being reduced by \$200,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

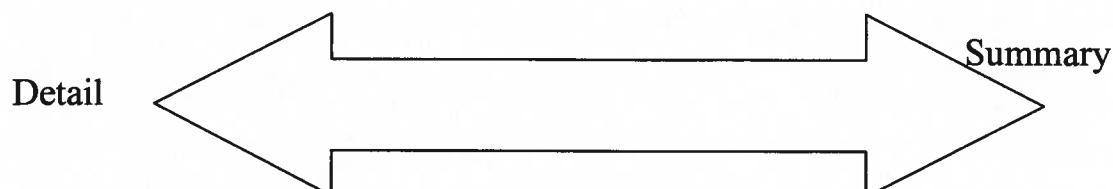
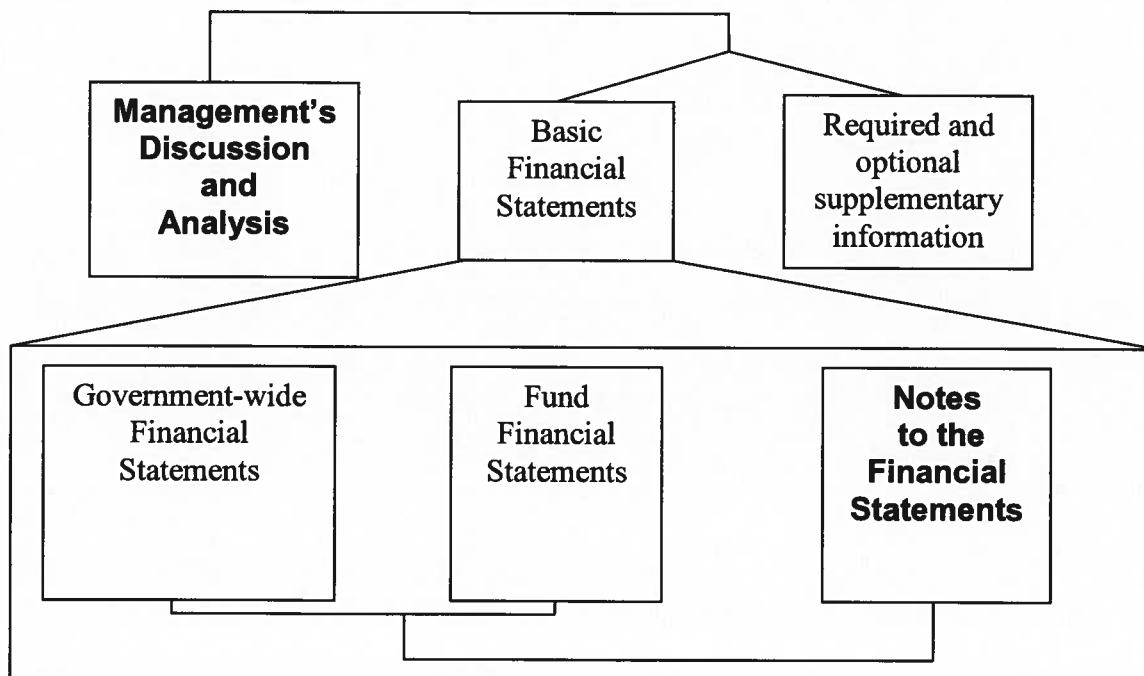
This annual report consists of three components: (1) government-wide statements, (2) fund financial statements, and (3) notes to the financial statements. The report also contains other supplementary information.

Government-wide Financial Statements

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

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's capital assets (roads, buildings, water lines, etc.) to assess the overall health of the City.

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



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

- ◆ **Governmental activities:** Most of the City's basic services are reported here, including police, street maintenance, parks and recreation and general administration. Sales taxes, charges for services and Royal Gorge Bridge lease revenues finance most of these activities.
- ◆ **Business type activities:** The City charges a fee to customers to help it cover all or most of certain services it provides. The City's water facilities and Stormwater Utility Fund are reported here. The Cañon City Finance Authority Corporation is a Colorado nonprofit corporation formed for the purpose of purchasing, leasing, or otherwise acquiring certain real property and to construct or install thereon certain improvements, and thereafter to lease the same for public purposes to the City.

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

Reporting on the City's Most Significant Funds:

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

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

The City of Cañon City maintained ten individual governmental funds for the year ended December 31, 2015. 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 Fund's reports data combined into a single aggregated presentation for the remaining nine Nonmajor Governmental Funds as of December 31, 2015.

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 \$97,431,513. This is a \$4,572,759 increase over last year's net position of \$92,858,754. Net position may serve as a useful indicator of the City's financial position.

The largest portion of Cañon City's net position, \$78,438,262 (80.51 percent), reflects its net investment in capital assets, 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. The adoption of GASB Statement No. 68 resulted in an increase in net position of \$690,139, representing its proportionate share of the plan's net pension assets. FY14 financial information has not been restated because comparable information is not available.

CITY OF CAÑON CITY'S NET POSITION

Account	Governmental Activities		Business-type Activities		Total	
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year
Statement of Net Position						
Current and other assets	13,160,926	12,513,893	7,911,233	7,936,619	21,072,159	20,450,512
Capital assets	51,919,551	48,594,665	38,453,881	38,626,360	90,373,432	87,221,025
Net pension assets	531,834	-	-	-	531,834	-
Total assets	65,612,311	61,108,558	46,365,114	46,562,979	111,977,425	107,671,537
Deferred Outflow of Resources	178,340	-	-	-	178,340	-
Other Liabilities	1,071,302	1,222,032	506,238	392,299	1,577,540	1,614,331
Long - term liabilities	2,354,631	2,621,885	10,380,331	10,774,036	12,734,962	13,395,921
Total Liabilities	3,425,933	3,843,917	10,886,569	11,166,335	14,312,502	15,010,252
Deferred Inflow of Resources	411,750	383,361	-	-	411,750	383,361
Net position						
Net investment in capital assets	50,156,551	46,575,092	28,281,711	28,039,979	78,438,262	74,615,071
Restricted	2,504,488	2,512,941	-	-	2,504,488	2,512,941
Unrestricted	9,291,929	7,793,247	7,196,834	7,356,665	16,488,763	15,149,912
Total net position	61,952,968	56,881,280	35,478,545	35,396,644	97,431,513	92,277,924

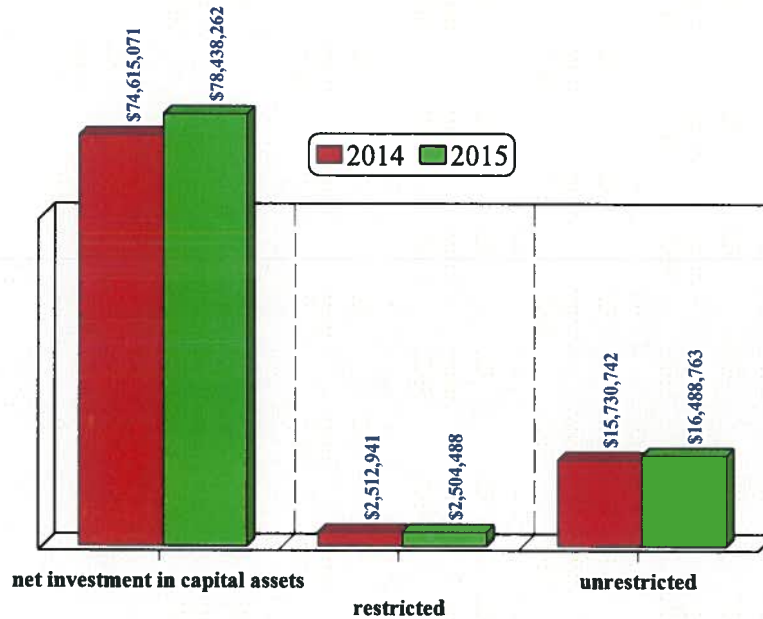
Only \$2,504,488 of the City's net position represent resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$16,488,763 may be used to meet the City's ongoing obligation to citizens and creditors.

As of December 31, 2015, 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 \$267,254. Other governmental activities liabilities decreased by \$150,730 primarily due to decreases in accounts payable.

CITY OF CAÑON CITY Net Position

December 31, 2014 and 2015



Analysis of City's Operations: Overall the City had an increase in net position of \$4,572,872.

Governmental Activities: Total net position increased by \$4,490,858. The key elements of this increase are due to the following:

- Total revenues from governmental activities decreased from the previous year by \$16,965,611 (or 51.19 percent).
- Program revenue had a net decrease of \$18,158,729. Charges for services decreased by \$107,835 (or 12.52 percent). Operating Grants & Contributions decreased by \$157,866 (or 16.14 percent). Capital Grants and Contributions decreased by \$17,893,028 (or 80.09 percent) primarily due to the reduced level of contributed capital assets from the Royal Gorge Bridge Company subsequent to the June, 2013 fire.
- Sales and use tax revenues increased by \$405,223 (or 6.88 percent) mainly due to improved growth in local economy.
- Franchise tax revenues increased by \$5,068 (or 0.64 percent).
- Royal Gorge Bridge lease revenues increased by \$783,201 (or 58.13 percent).
- Investment earnings increased by \$1,841 (or 6.58 percent) consistent with the current investment market.
- General Government expenses increased by \$70,890 (or 2.89 percent) primarily due to an increase in operating costs.
- Public Safety expenses increased by \$60,001 (or 1.70 percent) primarily due to increases in operating costs and departmental personnel reorganization costs. Public Works expenses decreased by \$34,876 (or 1.23 percent) primarily due to a combination of a decrease in operating costs and employee turnover.
- Culture and Recreation expenses increased by \$1,370,094 (or 75.91 percent) primarily due to an increase in depreciation expenses resulting from the reconstruction of major assets at the Royal Gorge Bridge.
- The budgeting strategy for 2015 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, 2015 with comparative totals for the year ended December 31, 2014.

CHANGES IN NET POSITION RESULTING FROM REVENUES AND EXPENSES

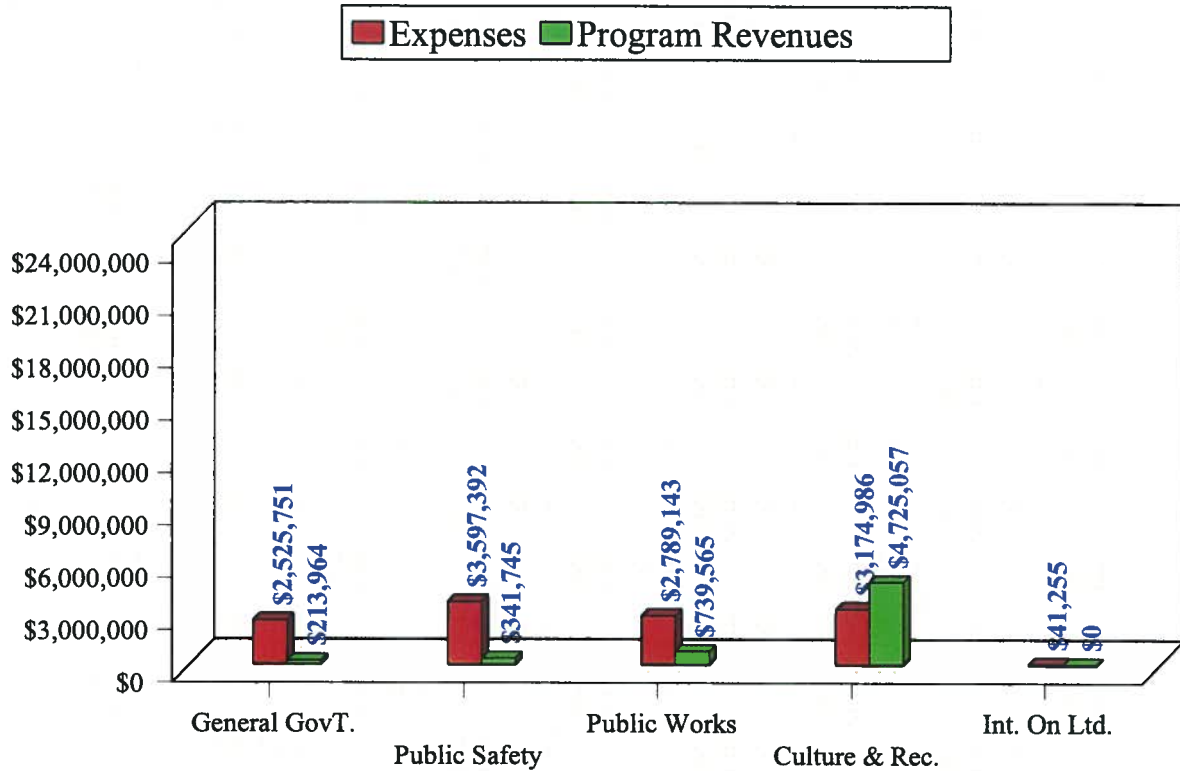
Account	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Statement of Activities						
Program revenues:						
Charges for Services	753,486	861,321	6,547,965	6,539,975	7,301,451	7,401,296
Operating Grants & Contributions	820,047	977,913	128,615	751,852	948,662	1,729,765
Capital Grants & Contributions	4,446,799	22,339,827	53,500	123,501	4,500,299	22,463,328
General Revenues:						
Property Taxes	426,772	430,871	-	-	426,772	430,871
Sales and Use Taxes	6,291,664	5,886,441	-	-	6,291,664	5,886,441
Other Taxes	31,747	13,831	-	-	31,747	13,831
Franchise Taxes	802,527	797,459	-	-	802,527	797,459
Grants and Contributions not Restricted			-	-	-	-
to Specific Programs	263,603	290,581	-	-	263,603	290,581
Royal Gorge Bridge Revenues	2,130,552	1,347,351	-	-	2,130,552	1,347,351
Investment Earnings	29,821	27,980	12,714	9,252	42,535	37,232
Other Revenues	178,667	167,721	-	-	178,667	167,721
Total Revenues	16,175,685	33,141,296	6,742,794	7,424,580	22,918,479	40,565,876
Expenses:						
General Government	2,525,751	2,454,861	-	-	2,525,751	2,454,861
Public Safety	3,597,392	3,537,391	-	-	3,597,392	3,537,391
Public Works	2,789,143	2,824,019	-	-	2,789,143	2,824,019
Culture and Recreation	3,174,986	1,804,892	-	-	3,174,986	1,804,892
Interest on Long-term Debt	41,255	46,799	-	-	41,255	46,799
Water	-	-	5,749,551	6,280,169	5,749,551	6,280,169
Stormwater Utility	-	-	467,642	550,073	467,642	550,073
Total Expenses	12,128,527	10,667,962	6,217,193	6,830,242	18,345,720	17,498,204
Increase in Net Position Before Transfers	4,047,158	22,473,334	525,601	594,338	4,572,759	23,067,672
Transfers	443,700	466,800	(443,700)	(466,800)	-	-
Increase/Decrease in Net Position	4,490,858	22,940,134	81,901	127,538	4,572,759	23,067,672
Net Position-Jan 01	56,881,280	33,941,146	35,396,644	35,269,106	92,277,924	69,210,252
Restatement **	580,830	-	-	-	580,830	-
Net Position, restated	57,462,110	33,941,146	35,396,644	35,269,106	92,858,754	69,210,252
Net Position-Dec 31	61,952,968	56,881,280	35,478,545	35,396,644	97,431,513	92,277,924

** The restatement above includes the change in reporting for the implementation of GASB statement No.68 (see Note 11 in the Notes to the Financial Statement).

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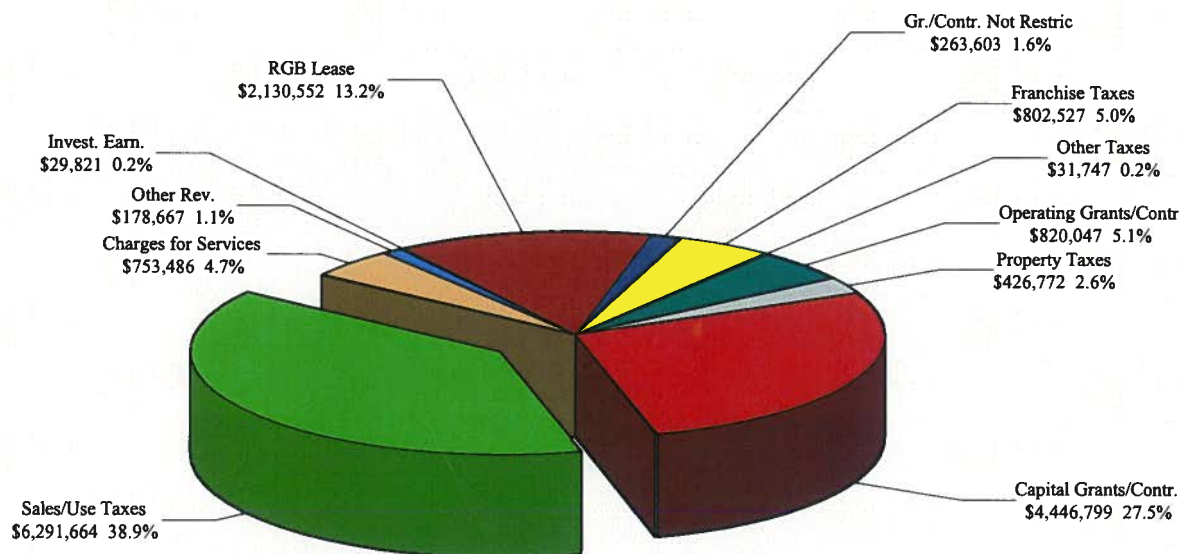
GOVERNMENTAL ACTIVITIES

EXPENSES AND PROGRAM REVENUES



GOVERNMENTAL ACTIVITIES

Revenue Allocation

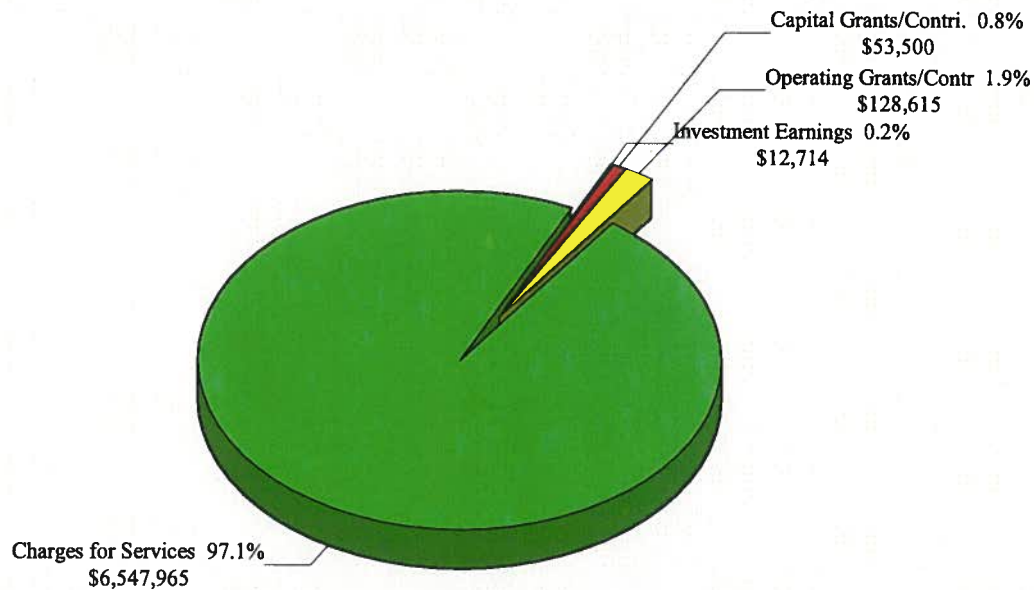


Business-type Activities: Total net position from business-type activities increased from the previous year by \$81,901 (or 0.23 percent). The key elements of this increase are due to the following:

- The City Stormwater Utility Fund had total increase in net position of \$134,326 primarily from purchased services expenditures significantly lower than budgeted amounts.
- The Water Fund had a total decrease in net position of \$52,425 primarily from lower than estimated operating revenues.

BUSINESS-TYPE ACTIVITIES

Revenue Allocation



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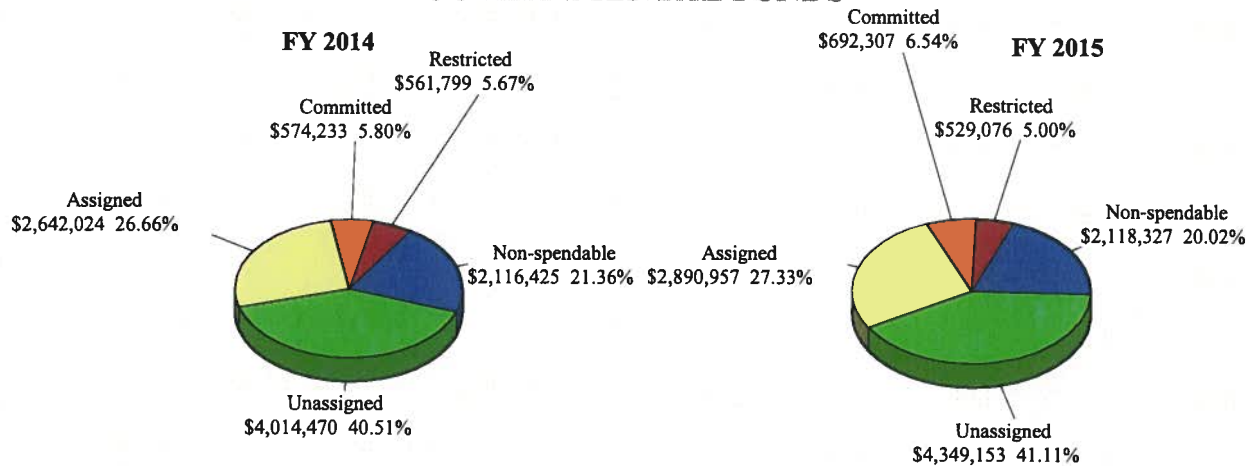
Financial Analysis of City of Cañon City's Funds

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 \$10,579,820 an increase of \$670,869 in comparison with the prior year. Within this total \$529,076 (5.00 percent) is restricted by specific legal requirements, and \$692,307 (6.54 percent) has been committed and \$2,890,957 (27.33 percent) is assigned to specific types of expenditures, and \$2,118,327 (20.02 percent) is non-spendable for inventory, cemetery, and prepaid items. The remaining \$4,349,153 (41.11 percent) is unassigned fund balance in the General Fund and can be used for any lawful purpose. Additional detailed information can be found in note 6 of Notes to Financial Statements.

- ♦ **The General Fund** is the City's primary operating fund. At the end of the current fiscal year the unassigned fund balance was \$4,349,153, while the total fund balance equaled \$7,537,164. In the current fiscal year, the fund balance of the General Fund increased by \$688,765. 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 \$6,468,323.

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 2015 was \$728,511.

The net position of the Internal Service Fund, which accounts for the City's self-insurance program, increased by \$124,204 (12.10 percent). This increase was primarily the result of a decrease in annual claims. The decrease in claims cost is partially attributable to a decrease in the number of major claims in 2014.

General Fund Budgetary Highlights

The original budget in the General Fund was \$11,128,319. The total General Fund budget was not changed during the year.

The General Fund total revenues were \$1,394,297 higher than the revenue budget. Several of the revenue categories had significant variances from budget. Taxes and assessments revenues were \$419,142 higher than budgeted primarily due to sales and use taxes being \$426,964 greater than budgeted, franchise taxes were \$4,973 lower than budgeted and other taxes were \$2,849 lower than budgeted. Licenses and permits were \$2,999 higher than budgeted. Intergovernmental revenues were \$71,898 higher than budgeted due to the several grant funded projects that were not included in the original revenue estimates. Charges for services were \$31,845 lower than budgeted and Fines and Forfeitures revenues were \$69,877 lower than budgeted due to reduction in traffic tickets which resulted in lower than expected court fees revenues, and Other revenues were \$25,888 greater than budgeted due to unexpected refunds. The General Fund portion of the Royal Gorge Bridge revenues was \$953,352 higher primarily due to a higher than expected annual lease payment from the Royal Gorge Bridge.

The General Fund total expenditures were \$786,672 under budget. General Government expenditures were \$181,089 under budget due to a combination of vacancy savings, reduced operating cost and deferred capital outlay were also significantly under budget in various General Government departments, most notably in City Council, City Clerk, City Administration, Finance, and Court. Public Safety spending was \$233,661 lower than budgeted expenditures due to vacancy savings and other operating costs. Public Works operating cost were \$65,012 lower than budgeted, Culture and Recreation spending was \$36,034 under the budget primarily due to vacancy saving, and Capital projects cost were \$270,876 lower than budgeted.

Capital Assets and Long Term Debt

Capital Assets: Cañon City's investment in capital assets for its governmental and business-type activities as of December 31, 2015 amounted to \$90,373,432 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	
	2015	2014	2015	2014	2015	2014
Land	1,883,027	1,883,027	340,672	287,857	2,223,699	2,170,884
Ditch Stock	7,414	7,414	1,016,413	1,012,288	1,023,827	1,019,702
Construction in Progress	145,642	22,130,129	45,226	314,789	190,868	22,444,918
Infrastructure	16,104,447	15,747,780	-	-	16,104,447	15,747,780
Buildings	18,118,258	4,575,555	5,029,255	5,238,833	23,147,513	9,814,388
Improvements	15,105,209	3,701,018	-	-	15,105,209	3,701,018
Water and Stormwater Systems	-	-	31,353,421	31,040,939	31,353,421	31,040,939
Machinery and Equipment	555,554	549,742	668,894	731,654	1,224,448	1,281,396
Total	<u>\$ 51,919,551</u>	<u>\$ 48,594,665</u>	<u>\$ 38,453,881</u>	<u>\$ 38,626,360</u>	<u>\$ 90,373,432</u>	<u>\$ 87,221,025</u>

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

Governmental Activities

- 500-600 Main Street: Road rebuild, curb, gutter, sidewalk
- Police Department: Forensic extraction software
- Police Department: NPCA trained police dog
- Police Department: Portable desktop simulator
- Police Department: 3 new patrol vehicles
- Streets Department: Truck mounted water tank
- Public Works Building: install HVAC system
- Floral Ave: widen and resurface access to Hogback trail head
- Fairview Ave: install curb, gutter, sidewalk
- Parks Department: Purchase excavator
- Royal Gorge Park: Install restroom and picnic shelters
- Carnegie Library: Historic restoration and improvements
- Macon Plaza: Landscaping improvements

Business-type Activities

- Water Treatment Plant: Chlorine feed system
- 500-900 Main St: Replace 8" water main
- Water Distribution: 645 radio-read meters
- Water Treatment Plant: Water storage tank rehab and refinish
- Central Ave: Replace and extend storm sewer

- High Street: Land purchase re: flood management

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 \$12,734,962 (certificates of participation, capital lease, public improvement bonds and compensated absences). The City's total debt was decreased by \$660,959 during the current fiscal year.

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

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	
	2015	2014	2015	2014	2015	2014
Public Improvement Bonds	23,000	34,000	-	-	23,000	34,000
Compensated Absences	591,631	647,885	208,161	199,680	799,792	847,565
Capital Lease	1,740,000	1,940,000	-	-	1,740,000	1,940,000
Certificates of Participation	-	-	10,050,000	10,445,000	10,050,000	10,445,000
Premium	-	-	122,170	129,356	122,170	129,356
Total	<u>\$ 2,354,631</u>	<u>\$ 2,621,885</u>	<u>\$ 10,380,331</u>	<u>\$ 10,774,036</u>	<u>\$ 12,734,962</u>	<u>\$ 13,395,921</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City's 2016 budget reflects continuation of our plan to keep the City on solid ground for providing services to our citizens during 2016 and for years to come. We recognize the fact that we cannot control the economy as a whole. We are maintaining adequate emergency reserve, and maintaining a very strong unassigned fund balance in the General Fund. The City's main priority includes keeping the community safe, undertaking economic development initiatives, maintaining infrastructure, and keeping a conservative approach in developing a fiscal year budget.

With this being said, the 2016 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 is now reopened.

The City's elected and appointed officials considered many factors when setting the fiscal year 2016 budget. One of those factors is the economy. Inflation has been higher locally due, in part, to the residential housing market and tourism.

Additionally, the City's primary sources of revenue are expected to increase in 2016 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 2016 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, 2015

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Investments	\$ 10,800,943	\$ 6,487,138	\$ 17,288,081
Receivables			
Accounts	33,901	1,016,971	1,050,872
Taxes	1,101,076	-	1,101,076
Special Assessments	37,627	-	37,627
Interest	459	271	730
Other	1,039,221	58,201	1,097,422
Inventory	142,253	345,498	487,751
Prepaid Expenses	5,446	3,154	8,600
Capital Assets			
Not Being Depreciated	2,036,083	1,402,311	3,438,394
Being Depreciated, Net of Accumulated Depreciation	49,883,468	37,051,570	86,935,038
Net Pension Asset	531,834	-	531,834
Total Assets	65,612,311	46,365,114	111,977,425
Deferred Outflows of Resources			
Pensions, Net of Accumulated Amortization	178,340	-	178,340
Liabilities			
Accounts Payable	270,337	312,256	582,593
Accrued Interest Payable	2,924	58,643	61,567
Accrued Liabilities	192,427	54,889	247,316
Deposits	15,863	29,618	45,481
Insurance Claims	272,700	-	272,700
Unearned Revenues	317,051	50,832	367,883
Noncurrent Liabilities			
Due Within One Year	552,900	534,000	1,086,900
Due in More Than One Year	1,801,731	9,846,331	11,648,062
Total Liabilities	3,425,933	10,886,569	14,312,502
Deferred Inflows of Resources			
Property Taxes	391,715	-	391,715
Pensions, Net of Accumulated Amortizaion	20,035	-	20,035
Total Deferred Inflows of Resources	411,750	-	411,750
Net Position			
Net Investment in Capital Assets	50,156,551	28,281,711	78,438,262
Restricted for			
Cemetery Perpetual Care - Nonexpendable	1,975,412	-	1,975,412
Emergencies	268,253	-	268,253
Parks	55,655	-	55,655
Law Enforcement	22,173	-	22,173
Museum	83,729	-	83,729
Debt Service	99,266	-	99,266
Unrestricted	9,291,929	7,196,834	16,488,763
Total Net Position	\$ 61,952,968	\$ 35,478,545	\$ 97,431,513

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, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 2,525,751	\$ 212,959	\$ 1,005	\$ -
Public Safety	3,597,392	288,423	22,488	30,834
Public Works	2,789,143	29,792	709,600	173
Culture and Recreation	3,174,986	222,312	86,954	4,415,792
Interest on Long-term Debt	41,255	-	-	-
Total Governmental Activities	12,128,527	753,486	820,047	4,446,799
Business-Type Activities				
Water	5,749,551	5,745,655	69,334	53,500
Stormwater Utility	467,642	802,310	59,281	-
Total Business-Type Activities	6,217,193	6,547,965	128,615	53,500
Total Primary Government	\$ 18,345,720	\$ 7,301,451	\$ 948,662	\$ 4,500,299

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, As Restated

Net Position, End of Year

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

Net Revenues (Expenses) and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (2,311,787)	\$ -	\$ (2,311,787)
(3,255,647)	-	(3,255,647)
(2,049,578)	-	(2,049,578)
1,550,072	-	1,550,072
(41,255)	-	(41,255)
<u>(6,108,195)</u>	<u>-</u>	<u>(6,108,195)</u>
-	118,938	118,938
-	393,949	393,949
<u>-</u>	<u>512,887</u>	<u>512,887</u>
<u>(6,108,195)</u>	<u>512,887</u>	<u>(5,595,308)</u>
426,772	-	426,772
6,291,664	-	6,291,664
31,747	-	31,747
802,527	-	802,527
263,603	-	263,603
2,130,552	-	2,130,552
29,821	12,714	42,535
178,667	-	178,667
443,700	(443,700)	-
<u>10,599,053</u>	<u>(430,986)</u>	<u>10,168,067</u>
4,490,858	81,901	4,572,759
<u>57,462,110</u>	<u>35,396,644</u>	<u>92,858,754</u>
<u>\$ 61,952,968</u>	<u>\$ 35,478,545</u>	<u>\$ 97,431,513</u>

CITY OF CAÑON CITY, COLORADO

Balance Sheet

Governmental Funds

December 31, 2015

	General	Other Governmental Funds	Total
Assets			
Cash and Investments	\$ 6,159,608	\$ 3,146,414	\$ 9,306,022
Receivables			
Taxes	1,101,076	-	1,101,076
Special Assessments	-	37,627	37,627
Interest	283	113	396
Other	918,533	120,688	1,039,221
Inventory	132,276	9,977	142,253
Prepaid Items	662	-	662
Total Assets	\$ 8,312,438	\$ 3,314,819	\$ 11,627,257
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts Payable	\$ 148,160	\$ 122,177	\$ 270,337
Accrued Liabilities	183,997	8,430	192,427
Deposits	14,463	1,400	15,863
Unearned Revenues	35,934	46,871	82,805
Total Liabilities	382,554	178,878	561,432
Deferred Inflows of Resources			
Property Taxes and Assessments	391,715	37,627	429,342
Grants	1,005	55,658	56,663
Total Deferred Inflows of Resources	392,720	93,285	486,005
Fund Balances			
Nonspendable	132,938	1,985,389	2,118,327
Restricted	280,615	248,461	529,076
Committed	692,307	-	692,307
Assigned	2,082,151	808,806	2,890,957
Unassigned	4,349,153	-	4,349,153
Total Fund Balances	7,537,164	3,042,656	10,579,820
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 8,312,438	\$ 3,314,819	\$ 11,627,257

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, 2015

Total fund balances, Governmental Funds	\$ 10,579,820
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.	51,919,551
Net pension asset \$531,834, pension-related deferred outflows of resources \$178,340, and pension-related deferred inflows of resources (\$20,035) are not current financial resources and, therefore, are not reported in governmental funds	690,139
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.	94,290
An internal service fund is used by management to charge the costs of employee medical, dental and vision insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	1,026,723
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds.	(2,354,631)
Accrued interest payable on debt is not due and payable in the current period and, therefore is not reported in the governmental funds.	(2,924)
Total Net Position of Governmental Activities	\$ <u>61,952,968</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, 2015

	General	Other Governmental Funds	Total
Revenues			
Taxes and Assessments	\$ 7,535,542	\$ 45,507	\$ 7,581,049
Licenses and Permits	172,299	-	172,299
Intergovernmental	1,049,978	139,753	1,189,731
Charges for Services	219,355	100,261	319,616
Fines and Forfeitures	150,723	-	150,723
Royal Gorge Bridge	1,146,552	984,000	2,130,552
Interest	13,044	14,099	27,143
Rent	94,440	16,408	110,848
Contributions and Donations	9,966	16,046	26,012
Other	140,338	23,258	163,596
Total Revenues	<u>10,532,237</u>	<u>1,339,332</u>	<u>11,871,569</u>
Expenditures			
Current			
General Government	2,405,702	449	2,406,151
Public Safety	3,683,567	-	3,683,567
Public Works	1,918,862	-	1,918,862
Culture and Recreation	771,222	1,023,454	1,794,676
Capital Outlay			
Streets	1,173,346	22,345	1,195,691
Other	149,178	258,736	407,914
Debt Service			
Principal	200,000	31,000	231,000
Interest	39,770	1,838	41,608
Total Expenditures	<u>10,341,647</u>	<u>1,337,822</u>	<u>11,679,469</u>
Excess of Revenues Over (Under) Expenditures	<u>190,590</u>	<u>1,510</u>	<u>192,100</u>
Other Financing Sources (Uses)			
Debt Issuance	-	20,000	20,000
Proceeds from Sale of Capital Assets	9,475	5,594	15,069
Transfers In	488,700	992	489,692
Transfers Out	-	(45,992)	(45,992)
Total Other Financing Sources (Uses)	<u>498,175</u>	<u>(19,406)</u>	<u>478,769</u>
Net Change in Fund Balances	688,765	(17,896)	670,869
Fund Balances, Beginning of Year	<u>6,848,399</u>	<u>3,060,552</u>	<u>9,908,951</u>
Fund Balances, End of Year	<u>\$ 7,537,164</u>	<u>\$ 3,042,656</u>	<u>\$ 10,579,820</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, 2015

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

Net Change in Fund Balances, Governmental Funds	\$ 670,869
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This includes depreciation expense (\$2,571,105), capital outlay \$1,603,605 and capital contributions \$4,292,386.	3,324,886
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.	(6,017)
Issuing debt provides current financial resources to governmental funds, but increases long-term liabilities in the statement of net position and does not affect the statement of activities.	(20,000)
Payments of long-term debt principal are expenditures in governmental funds, but the payments reduce long-term liabilities in the statement of net position and do not affect the statement of activities. This amount represents public improvement bond payments \$31,000 and capital lease principal payments \$200,000.	231,000
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 \$56,254, accrued interest payable \$353, net pension asset \$63,428, pension-related deferred outflows of resources \$65,916, and pension-related deferred inflows of resources (\$20,035).	165,916
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>124,204</u>
Change in Net Position of Governmental Activities	<u>\$ 4,490,858</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, 2015

	Business-Type Activities			Governmental Activities
	Water Fund	Stormwater Utility Fund	Total	Internal Service Fund
Assets				
Current Assets				
Cash and Investments	\$ 5,664,050	\$ 823,088	\$ 6,487,138	\$ 1,494,921
Receivables				
Accounts	901,387	115,584	1,016,971	33,901
Interest	237	34	271	63
Other	54,516	3,685	58,201	-
Inventory	345,115	383	345,498	-
Prepaid Expenses	3,154	-	3,154	4,784
Total Current Assets	<u>6,968,459</u>	<u>942,774</u>	<u>7,911,233</u>	<u>1,533,669</u>
Noncurrent Assets				
Capital Assets				
Not Being Depreciated	1,233,679	168,632	1,402,311	-
Being Depreciated, Net of Accumulated Depreciation	33,498,568	3,553,002	37,051,570	-
Total Noncurrent Assets	<u>34,732,247</u>	<u>3,721,634</u>	<u>38,453,881</u>	<u>-</u>
Total Assets	<u>41,700,706</u>	<u>4,664,408</u>	<u>46,365,114</u>	<u>1,533,669</u>
Liabilities				
Current Liabilities				
Accounts Payable	128,948	183,308	312,256	-
Accrued Interest Payable	58,643	-	58,643	-
Accrued Liabilities	51,630	3,259	54,889	-
Deposits	29,618	-	29,618	-
Insurance Claims	-	-	-	272,700
Unearned Revenues	35,828	15,004	50,832	234,246
Accrued Compensated Absences, Current Portion	113,500	5,500	119,000	-
Certificates of Participation Payable, Current Portion	415,000	-	415,000	-
Total Current Liabilities	<u>833,167</u>	<u>207,071</u>	<u>1,040,238</u>	<u>506,946</u>
Noncurrent Liabilities				
Accrued Compensated Absences	81,969	7,192	89,161	-
Certificates of Participation Payable	9,757,170	-	9,757,170	-
Total Noncurrent Liabilities	<u>9,839,139</u>	<u>7,192</u>	<u>9,846,331</u>	<u>-</u>
Total Liabilities	<u>10,672,306</u>	<u>214,263</u>	<u>10,886,569</u>	<u>506,946</u>
Net Position				
Net Investment in Capital Assets	24,560,077	3,721,634	28,281,711	-
Unrestricted	6,468,323	728,511	7,196,834	1,026,723
Total Net Position	<u>\$ 31,028,400</u>	<u>\$ 4,450,145</u>	<u>\$ 35,478,545</u>	<u>\$ 1,026,723</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, 2015

	Business Activities			Governmental Activities
	Water Fund	Stormwater Utility Fund	Total	Internal Service Fund
Operating Revenues				
Charges for Services	\$ 5,681,516	\$ 788,466	\$ 6,469,982	\$ 2,853,923
Other Operating Revenue	64,139	13,844	77,983	-
Total Operating Revenues	<u>5,745,655</u>	<u>802,310</u>	<u>6,547,965</u>	<u>2,853,923</u>
Operating Expenses				
Water Administration	925,739	-	925,739	-
Utility Billing	106,287	-	106,287	-
Water Treatment	1,514,821	-	1,514,821	-
Transmission and Distribution	1,324,116	-	1,324,116	-
Stormwater Operations	-	370,542	370,542	-
Claims	-	-	-	2,077,873
Premiums	-	-	-	510,795
Administration Fee	-	-	-	143,729
Depreciation	1,404,480	97,100	1,501,580	-
Total Operating Expenses	<u>5,275,443</u>	<u>467,642</u>	<u>5,743,085</u>	<u>2,732,397</u>
Operating Income	<u>470,212</u>	<u>334,668</u>	<u>804,880</u>	<u>121,526</u>
Nonoperating Revenues (Expenses)				
Grants	69,334	59,281	128,615	-
Interest Income	11,137	1,577	12,714	2,678
Loss on Disposal of Capital Assets	(3,782)	-	(3,782)	-
Interest Expense	(470,326)	-	(470,326)	-
Total Nonoperating Revenues (Expenses)	<u>(393,637)</u>	<u>60,858</u>	<u>(332,779)</u>	<u>2,678</u>
Net Income Before Capital Contributions and Transfers	76,575	395,526	472,101	124,204
Tap Fees	53,500	-	53,500	-
Transfers In	22,200	-	22,200	-
Transfers Out	<u>(204,700)</u>	<u>(261,200)</u>	<u>(465,900)</u>	<u>-</u>
Change in Net Position	(52,425)	134,326	81,901	124,204
Net Position, Beginning of Year	<u>31,080,825</u>	<u>4,315,819</u>	<u>35,396,644</u>	<u>902,519</u>
Net Position, End of Year	\$ <u>31,028,400</u>	\$ <u>4,450,145</u>	\$ <u>35,478,545</u>	\$ <u>1,026,723</u>

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, 2015

	Business-Type Activities			Governmental Activities
	Water Fund	Stormwater Utility Fund	Total	Internal Service Fund
Cash Flows From Operating Activities				
Cash Received from Customers	\$ 5,768,214	\$ 781,055	\$ 6,549,269	\$ 2,915,126
Cash Payments to Suppliers for Goods and Services	(1,677,524)	(251,856)	(1,929,380)	(2,673,731)
Cash Payments to Employees for Services	(2,167,891)	(134,046)	(2,301,937)	-
Net Cash Provided (Used) by Operating Activities	1,922,799	395,153	2,317,952	241,395
Cash Flows From Capital and Related Financing Activities				
Tap Fees Received	53,500	-	53,500	-
Acquisition and Construction of Capital Assets	(1,079,933)	(129,886)	(1,209,819)	-
Debt Principal Payments	(395,000)	-	(395,000)	-
Debt Interest Payments	(479,844)	-	(479,844)	-
Net Cash Provided (Used) by Capital Financing Activities	(1,901,277)	(129,886)	(2,031,163)	-
Cash Flows From Noncapital Financing Activities				
Grants	52,131	64,545	116,676	-
Transfers from Other Funds	22,200	-	22,200	-
Transfers to Other Funds	(204,700)	(261,200)	(465,900)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(130,369)	(196,655)	(327,024)	-
Cash Flows From Investing Activities				
Interest on Investments	11,088	1,585	12,673	2,653
Net Increase (Decrease) in Cash and Cash Equivalents	(97,759)	70,197	(27,562)	244,048
Cash and Cash Equivalents, Beginning of Year	5,761,809	752,891	6,514,700	1,250,873
Cash and Cash Equivalents, End of Year	\$ 5,664,050	\$ 823,088	\$ 6,487,138	\$ 1,494,921
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Operating Income	\$ 470,212	\$ 334,668	\$ 804,880	\$ 121,526
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities				
Depreciation	1,404,480	97,100	1,501,580	-
Changes in Assets and Liabilities				
Accounts Receivable	4,073	(2,981)	1,092	74,552
Inventory	13,867	42	13,909	-
Prepaid Expenses	-	-	-	(2,034)
Accounts Payable	5,526	(21,549)	(16,023)	-
Accrued Liabilities	3,459	362	3,821	60,700
Deposits	(1,109)	-	(1,109)	-
Unearned Revenues	19,595	(18,274)	1,321	(13,349)
Accrued Compensated Absences	2,696	5,785	8,481	-
Total Adjustments	1,452,587	60,485	1,513,072	119,869
Net Cash Provided (Used) by Operating Activities	\$ 1,922,799	\$ 395,153	\$ 2,317,952	\$ 241,395

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

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements December 31, 2015

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, 2015

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, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund type:

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

Assets, Liabilities and Net Position/Fund Balances

Cash and Investments - For purposes of the statement of cash flows, all highly liquid investments with an original maturity of three months or less are considered to be cash and cash equivalents. Investments are reported at fair value.

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

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Capital assets are defined by the City as assets with an individual cost of \$5,000 or greater, and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements

December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Contraband Forfeitures

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

NOTE 2: CASH AND INVESTMENTS

At December 31, 2015, the City had the following cash and investments:

Cash on Hand	\$ 790
Deposits	1,813,097
Investments	<u>15,474,194</u>
Total	<u>\$ 17,288,081</u>

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements December 31, 2015

NOTE 2: CASH AND INVESTMENTS (Continued)

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2015, the City had bank deposits of \$732,804 collateralized with securities held by the financial institutions' agents but not in the City's name.

Investments

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

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

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

The City had the following investments at December 31, 2015:

<u>Investment</u>	<u>Maturity</u>	<u>Rating</u>	<u>Fair Value</u>
City PID Bonds:			
PID No. 2009-1	10/01/19	NA	1,000
PID No. 2010-1	08/31/21	NA	2,000
PID No. 2014-1	06/30/25	NA	20,000
Local Government Investment Pools	NA	AAAm	<u>15,451,194</u>
Total			<u>\$ 15,474,194</u>

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements December 31, 2015

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

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

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

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

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

The Colorado Division of Securities administers and enforces the requirements of creating and operating the Pools. The Pools operate in conformity with the Securities and Exchange Commission Rule 2a-7 as promulgated under the investment company act of 1940, as amended. Accordingly, the Pools qualify as 2a-7 like pools and are reported at the net asset value per share, which approximates fair value. The Pools are rated AAAm by Standard and Poor's. Investments of the Pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned by the Pools are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the participating governments.

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements December 31, 2015

NOTE 3: CAPITAL ASSETS

Following is a summary of changes in capital assets for the year ended December 31, 2015:

	Balance 12/31/14	Additions	Deletions	Balance 12/31/15
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 1,883,027	\$ -	\$ -	\$ 1,883,027
Ditch Stock	7,414	-	-	7,414
Construction In Progress	<u>22,130,129</u>	<u>76,503</u>	<u>22,060,990</u>	<u>145,642</u>
Total Capital Assets, Not Being Depreciated	<u>24,020,570</u>	<u>76,503</u>	<u>22,060,990</u>	<u>2,036,083</u>
Capital Assets, Being Depreciated				
Infrastructure	27,490,559	1,187,530	-	28,678,089
Buildings	7,550,404	14,199,707	-	21,750,111
Improvements	7,905,511	12,318,180	-	20,223,691
Machinery and Equipment	<u>4,868,204</u>	<u>175,061</u>	<u>528,099</u>	<u>4,515,166</u>
Total Capital Assets, Being Depreciated	<u>47,814,678</u>	<u>27,880,478</u>	<u>528,099</u>	<u>75,167,057</u>
Less Accumulated Depreciation for				
Infrastructure	11,742,779	830,863	-	12,573,642
Buildings	2,974,849	657,004	-	3,631,853
Improvements	4,204,493	913,989	-	5,118,482
Machinery and Equipment	<u>4,318,462</u>	<u>169,249</u>	<u>528,099</u>	<u>3,959,612</u>
Total Accumulated Depreciation	<u>23,240,583</u>	<u>2,571,105</u>	<u>528,099</u>	<u>25,283,589</u>
Total Capital Assets, Being Depreciated, Net	<u>24,574,095</u>	<u>25,309,373</u>	<u>-</u>	<u>49,883,468</u>
Governmental Activities Capital Assets, Net	<u>\$ 48,594,665</u>	<u>\$ 25,385,876</u>	<u>\$ 22,060,990</u>	<u>\$ 51,919,551</u>

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements December 31, 2015

NOTE 3: CAPITAL ASSETS (Continued)

	Balance 12/31/14	Additions	Deletions	Balance 12/31/15
Business-Type Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 287,857	\$ 52,815	\$ -	\$ 340,672
Construction In Progress	314,789	-	269,563	45,226
Water Rights/Ditch Stock	<u>1,012,288</u>	<u>4,125</u>	<u>-</u>	<u>1,016,413</u>
Total Capital Assets, Not Being Depreciated	<u>1,614,934</u>	<u>56,940</u>	<u>269,563</u>	<u>1,402,311</u>
Capital Assets, Being Depreciated				
Buildings	9,143,695	-	-	9,143,695
Water and Stormwater Systems	43,057,436	1,399,953	19,252	44,438,137
Machinery and Equipment	<u>3,179,652</u>	<u>147,065</u>	<u>9,874</u>	<u>3,316,843</u>
Total Capital Assets, Being Depreciated	<u>55,380,783</u>	<u>1,547,018</u>	<u>29,126</u>	<u>56,898,675</u>
Less Accumulated Depreciation for				
Buildings	3,904,862	209,578	-	4,114,440
Water and Stormwater Systems	12,016,497	1,082,177	13,958	13,084,716
Machinery and Equipment	<u>2,447,998</u>	<u>209,825</u>	<u>9,874</u>	<u>2,647,949</u>
Total Accumulated Depreciation	<u>18,369,357</u>	<u>1,501,580</u>	<u>23,832</u>	<u>19,847,105</u>
Total Capital Assets, Being Depreciated, Net	<u>37,011,426</u>	<u>45,438</u>	<u>5,294</u>	<u>37,051,570</u>
Business-Type Activities Capital Assets, Net	<u>\$ 38,626,360</u>	<u>\$ 102,378</u>	<u>\$ 274,857</u>	<u>\$ 38,453,881</u>

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

Governmental Activities

General Government	\$ 140,160
Public Safety	126,155
Public Works	903,260
Culture and Recreation	<u>1,401,530</u>
Total	<u>\$ 2,571,105</u>

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements December 31, 2015

NOTE 4: LONG-TERM DEBT

Following is a summary of long-term debt transactions of the City for the year ended December 31, 2015.

	<u>Balance 12/31/14</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 12/31/15</u>	<u>Due Within One Year</u>
Governmental Activities					
Public Improvement Bonds	\$ 34,000	\$ 20,000	\$ 31,000	\$ 23,000	\$ -
Capital Lease	1,940,000	-	200,000	1,740,000	200,000
Compensated Absences	647,885	276,936	333,190	591,631	352,900
Totals	<u>\$ 2,621,885</u>	<u>\$ 296,936</u>	<u>\$ 564,190</u>	<u>\$ 2,354,631</u>	<u>\$ 552,900</u>
Business-Type Activities					
Certificates of Participation, Series 2008	10,445,000	-	395,000	10,050,000	415,000
Premium	129,356	-	7,186	122,170	-
Compensated Absences	199,680	121,348	112,867	208,161	119,000
Totals	<u>\$ 10,774,036</u>	<u>\$ 121,348</u>	<u>\$ 515,053</u>	<u>\$ 10,380,331</u>	<u>\$ 534,000</u>

Public Improvement Bonds

Several Public Improvement Districts have issued bonds to construct various improvements within the Districts. For the year ended December 31, 2015, revenues of \$51,872 were available to pay debt service of \$32,838. 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, 2015 are as follows:

<u>Public Improvement District</u>	<u>Due Date</u>	<u>Rate</u>	<u>Balance</u>
09-1	10-2019	7.5%	\$ 1,000
10-1	08-2021	7.5%	2,000
14-1	06-2025	7.0%	20,000
Total			<u>\$ 23,000</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, 2015

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>
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	215,000	18,553	233,553
2021-2023	690,000	28,495	718,495
Total	<u>\$ 1,740,000</u>	<u>\$ 164,513</u>	<u>\$ 1,904,513</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>
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	485,000	393,844	878,844
2021-2025	2,740,000	1,649,631	4,389,631
2026-2030	3,440,000	939,750	4,379,750
2031-2032	1,630,000	123,250	1,753,250
Total	<u>\$ 10,050,000</u>	<u>\$ 4,860,650</u>	<u>\$ 14,910,650</u>

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements December 31, 2015

NOTE 4: LONG-TERM DEBT (Continued)

Compensated Absences

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

NOTE 5: INTERFUND TRANSFERS

Transfers between funds during the year ended December 31, 2015, consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	
General	Water	\$ 204,700
General	Stormwater Utility	239,000
General	Excess Special Improvement District	45,000
Water	Stormwater Utility	22,200
Public Improvement Districts	Excess Special Improvement District	<u>992</u>
Total		<u>\$ 511,892</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 from the Excess Special Improvement District Fund to PID 2011-01 is to pay the remaining debt service after all assessments have been paid by the PID 2011-01 property owners.

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements December 31, 2015

NOTE 6: FUND BALANCES

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

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
Nonspendable:			
Inventory	\$ 132,276	\$ 9,977	\$ 142,253
Prepaid Items	662	-	662
Cemetery Perpetual Care	-	<u>1,975,412</u>	<u>1,975,412</u>
	<u>132,938</u>	<u>1,985,389</u>	<u>2,118,327</u>
Restricted:			
Emergencies	268,253	-	268,253
Parks	-	55,655	55,655
Law Enforcement	12,362	9,811	22,173
Museum	-	83,729	83,729
Debt Service	-	<u>99,266</u>	<u>99,266</u>
	<u>280,615</u>	<u>248,461</u>	<u>529,076</u>
Committed:			
Royal Gorge Bridge	600,000	-	600,000
Capital Improvements	<u>92,307</u>	-	<u>92,307</u>
	<u>692,307</u>	-	<u>692,307</u>
Assigned:			
Property Acquisition	1,685,010	-	1,685,010
Capital improvements	20,284	-	20,284
Community Agency Funding	16,857	-	16,857
Parks	-	69,070	69,070
Economic Development	360,000	-	360,000
Library	-	26,996	26,996
Quality of Life	-	413,381	413,381
Museum	-	32,942	32,942
Debt Service	-	<u>266,417</u>	<u>266,417</u>
	<u>2,082,151</u>	<u>808,806</u>	<u>2,890,957</u>
Unassigned	<u>4,349,153</u>	-	<u>4,349,153</u>
Total Fund Balance	<u>\$ 7,537,164</u>	<u>\$ 3,042,656</u>	<u>\$10,579,820</u>

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements December 31, 2015

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, 2015, 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, 2013	\$ 364,700
Claims Incurred and Adjustments	1,804,323
Claims Paid	<u>(1,957,023)</u>
Claims Payable, December 31, 2014	212,000
Claims Incurred and Adjustments	2,077,873
Claims Paid	<u>(2,017,173)</u>
Claims Payable, December 31, 2015	<u><u>\$ 272,700</u></u>

Public Entity Risk Pool

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

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

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

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements December 31, 2015

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

General Information

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

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

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

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements

December 31, 2015

NOTE 8: EMPLOYEE RETIREMENT PLANS (Continued)

Police Pension Plan (Continued)

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

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

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

Contributions - The City and eligible employees are required to contribute to the SWDB Plan at rates established by State statutes. Employer contribution rates can only be amended by the State Legislature. Employee contribution rates can be amended by the State Legislature or by election of the membership. The City and eligible employees each contributed 8% of base salary through December 31, 2014. SWDB Plan members elected to increase the employee contribution rate thereafter. As such, the employee contribution rate will increase 0.5% percent annually from 2015 through 2022, to a total of 12% of base salary. Employer contributions will remain at 8% of base salary.

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements December 31, 2015

NOTE 8: EMPLOYEE RETIREMENT PLANS (Continued)

Police Pension Plan (Continued)

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

The City's contributions to the SWDB Plan for the year ended December 31, 2015, were \$97,674, equal to the required contributions.

The City and eligible employees are required to contribute to the SWH Plan at rates established by City Council. However, the amount allocated to the defined benefit component is set annually by the FPPA Board of Directors, which currently must be at least 8% of base salary for the employee and the employer. Excess contributions are deposited to the money purchase component of the SWH Plan. The defined benefit component allocation from July 1, 2014, through June 30, 2015, was 12.5%, and thereafter was 12.6%. For the year ended December 31, 2015, City Council established the contribution rate split at 10% of base salary for both the City and employees.

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

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

The City's contributions to the SWH Plan for the year ended December 31, 2015, were \$15,675, equal to the required contributions.

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements December 31, 2015

NOTE 8: EMPLOYEE RETIREMENT PLANS (Continued)

Police Pension Plan (Continued)

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

At December 31, 2015, the City reported a net pension asset of \$265,457 and \$266,377, representing its proportionate share of the net pension asset of the SWDB and SWH Plans, respectively. The net pension asset was measured at December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation at January 1, 2015. The City's proportion of the net pension asset was based on a projection of the City's contributions to the Plans for the calendar year ended December 31, 2014, relative to the projected contributions of all participating employers.

At December 31, 2014, the City's proportion of the SWDB Plan was 0.23521294%, which was a decrease of 0.02089378% from its proportion measured at December 31, 2013. The City's proportion of the SWH Plan was 2.24608693%, which was an increase of 0.46725481% from its proportion measured at December 31, 2013.

For the year ended December 31, 2015, the City recognized pension expense for the SWDB and SWH Plans of \$15,142 and (\$11,102), respectively. At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,476	\$ 4,895
Net difference between projected and actual earnings on plan investments	18,798	-
Change in proportion	37,717	15,140
Contributions subsequent to the measurement date	113,349	-
Total	<u>\$ 178,340</u>	<u>\$ 20,035</u>

City contributions to the SWDB and SWH Plans subsequent to the measurement date of \$97,674 and \$15,675, respectively, will be recognized as an increase to the net pension asset in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows.

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements December 31, 2015

NOTE 8: EMPLOYEE RETIREMENT PLANS (Continued)

Police Pension Plan (Continued)

Year Ended December 31,

2016	\$ 10,011
2017	10,011
2018	10,011
2019	3,745
2020	3,745
Thereafter	<u>7,433</u>
Total	<u>\$ 44,956</u>

Actuarial Assumptions - The actuarial valuation at January 1, 2015, determined the total pension liability using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Investment rate of return, compounded annually, net of plan investment expenses, including inflation	7.50%
Inflation	3.0%
Projected salary increases (SWDB Plan)	4% - 14%
Projected salary increases (SWH Plan)	4% - 16%
Cost of living adjustment	0%

Mortality rates were based on the RP-2000 Combined Mortality Table with Blue Collar Adjustment projected with Scale AA, 40 percent multiplier for off-duty mortality of active members. On-duty related mortality is assumed to be 0.0002 per year for all members. The RP-2000 Combined Mortality Table with Blue Collar Adjustment projected with Scale AA is used in the projection of post-retirement benefits.

The actuarial assumptions used in the January 1, 2015, valuation were based on the results of an actuarial experience study conducted for the period January 1, 2007, to December 31, 2011, adopted by the FPPA Board of Directors in July, 2011.

A five-year smoothing methodology is used in the determination of the actuarial value of assets. The long-term expected rate of return on the Plans' investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements

December 31, 2015

NOTE 8: EMPLOYEE RETIREMENT PLANS (Continued)

Police Pension Plan (Continued)

The best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Global Equity	40%	8.9%
Equity Long/Short	10%	7.5%
Illiquid Alternatives	18%	10.5%
Fixed Income	15%	4.6%
Absolute Return	12%	6.5%
Managed Futures	4%	5.5%
Cash	1%	2.5%
Total	<u>100%</u>	

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

Sensitivity of the Net Pension Asset (Liability) to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension asset (liability) calculated using the discount rate of 7.5%, as well as the City's proportionate share of the net pension asset (liability) if it were calculated using a discount that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate, as follows:

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements

December 31, 2015

NOTE 8: EMPLOYEE RETIREMENT PLANS (Continued)

Police Pension Plan (Continued)

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the SWDB net pension asset (liability)	\$ (250,275)	\$ 265,457	\$ 695,645
City's proportionate share of the SWH net pension asset	188,104	266,377	335,945
Total Net Pension Asset (Liability)	<u>\$ (62,171)</u>	<u>\$ 531,834</u>	<u>\$ 1,031,590</u>

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

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, 2015, the City and employees contributed \$206,421 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 \$268,253 at December 31, 2015, which was recorded as restricted fund balance in the General Fund.

CITY OF CAÑON CITY, COLORADO

Notes to Financial Statements

December 31, 2015

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 \$433,670 and \$34,305, respectively. The City will be required to maintain adequate financial assurance coverage for these costs continuously until a release is granted by the Department.

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

NOTE 11: CHANGE IN ACCOUNTING PRINCIPLE

For the year ended December 31, 2015, the City adopted the standards of the Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. As a result, net position of the governmental activities at December 31, 2014, was restated to reflect the cumulative effect of adopting the standards.

Certain balances of deferred outflows of resources and deferred inflows of resources related to pensions at December 31, 2014, were not available and have not been reported in the financial statements.

	<u>Governmental Activities</u>
Net Position, December 31, 2014 Originally Stated	\$ 56,881,280
Pension Contributions Subsequent to Measurement Date	112,424
Net Pension Asset	<u>468,406</u>
Net Position, December 31, 2014, As Restated	<u><u>\$ 57,462,110</u></u>



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REQUIRED SUPPLEMENTARY INFORMATION



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CITY OF CAÑON CITY, COLORADO

Budgetary Comparison Schedule

General Fund

For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes and Assessments	\$ 7,116,400	\$ 7,116,400	\$ 7,535,542	\$ 419,142
Licenses and Permits	169,300	169,300	172,299	2,999
Intergovernmental	978,080	978,080	1,049,978	71,898
Charges for Services	251,200	251,200	219,355	(31,845)
Fines and Forfeitures	220,600	220,600	150,723	(69,877)
Royal Gorge Bridge	193,200	193,200	1,146,552	953,352
Interest	7,600	7,600	13,044	5,444
Rent	87,110	87,110	94,440	7,330
Contributions and Donations	-	-	9,966	9,966
Other	114,450	114,450	140,338	25,888
Total Revenues	<u>9,137,940</u>	<u>9,137,940</u>	<u>10,532,237</u>	<u>1,394,297</u>
Expenditures				
Current				
General Government	2,695,751	2,586,791	2,405,702	181,089
Public Safety	3,821,228	3,917,228	3,683,567	233,661
Public Works	2,050,814	1,983,874	1,918,862	65,012
Culture and Recreation	807,256	807,256	771,222	36,034
Capital Outlay				
Streets	1,280,000	1,383,500	1,173,346	210,154
Other	233,500	209,900	149,178	60,722
Debt Service				
Principal	200,000	200,000	200,000	-
Interest	39,770	39,770	39,770	-
Total Expenditures	<u>11,128,319</u>	<u>11,128,319</u>	<u>10,341,647</u>	<u>786,672</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,990,379)</u>	<u>(1,990,379)</u>	<u>190,590</u>	<u>2,180,969</u>
Other Financing Sources				
Proceeds from Sale of Capital Assets	10,000	10,000	9,475	(525)
Transfers In	488,700	488,700	488,700	-
Total Other Financing Sources	<u>498,700</u>	<u>498,700</u>	<u>498,175</u>	<u>(525)</u>
Net Change in Fund Balance	(1,491,679)	(1,491,679)	688,765	2,180,444
Fund Balance, Beginning of Year	<u>6,542,003</u>	<u>6,542,003</u>	<u>6,848,399</u>	<u>306,396</u>
Fund Balance, End of Year	<u>\$ 5,050,324</u>	<u>\$ 5,050,324</u>	<u>\$ 7,537,164</u>	<u>\$ 2,486,840</u>

See the accompanying independent auditors' report.

CITY OF CAÑON CITY, COLORADO

Required Supplementary Information

Schedule of Proportionate Share of the Net Pension Asset and Contributions

Fire & Police Pension Association of Colorado Statewide Hybrid Defined Benefit Plan For the Year Ended December 31, 2015

	12/31/14	12/31/13
Proportionate Share of the Net Pension Asset		
City's Proportion of the Net Pension Asset	2.24608693%	2.71334174%
City's Proportionate Share of the Net Pension Asset	\$ 266,377	\$ 276,765
City's Covered Payroll	\$ 278,030	\$ 351,024
City's Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll	96%	79%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	141%	139%
City Contributions	12/31/15	12/31/14
Statutorily Required Contribution	\$ 15,675	\$ 27,803
Contributions in Relation to the Statutorily Required Contribution	(15,675)	(27,803)
Contribution Deficiency (Excess)	\$ -	\$ -
City's Covered Payroll	\$ 156,746	\$ 278,030
Contributions as a Percentage of Covered Payroll	10.00%	10.00%

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

See the accompanying independent auditors' report.

CITY OF CAÑON CITY, COLORADO

Required Supplementary Information

Schedule of Proportionate Share of the Net Pension Asset and Contributions

Fire & Police Pension Association of Colorado Statewide Defined Benefit Plan

For the Year Ended December 31, 2015

	12/31/14	12/31/13
Proportionate Share of the Net Pension Asset		
City's Proportion of the Net Pension Asset	0.23521294%	0.21431916%
City's Proportionate Share of the Net Pension Asset	\$ 265,457	\$ 191,641
City's Covered Payroll	\$ 998,713	\$ 850,045
City's Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll	27%	23%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	107%	106%
City Contributions	12/31/15	12/31/14
Statutorily Required Contribution	\$ 97,674	\$ 84,621
Contributions in Relation to the Statutorily Required Contribution	(97,674)	(84,621)
Contribution Deficiency (Excess)	\$ -	\$ -
City's Covered Payroll	\$ 1,179,685	\$ 998,713
Contributions as a Percentage of Covered Payroll	8.28%	8.47%

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

See the accompanying independent auditors' report.

CITY OF CAÑON CITY, COLORADO

Notes to Required Supplementary Information December 31, 2015

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.

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, 2015

	Special Revenue Funds				
	Park Improvement	Conservation Trust	Police Forfeiture	Library Donations	Museum Donations
Assets					
Cash and Investments	\$ 79,383	\$ 119,281	\$ 9,811	\$ 32,966	\$ 116,666
Receivables					
Special Assessments	-	-	-	-	-
Interest	4	5	-	1	5
Other	63,256	19,166	-	-	-
Inventory	9,977	-	-	-	-
Total Assets	<u>\$ 152,620</u>	<u>\$ 138,452</u>	<u>\$ 9,811</u>	<u>\$ 32,967</u>	<u>\$ 116,671</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts Payable	\$ 4,363	\$ 82,797	\$ -	\$ 680	\$ -
Accrued Liabilities	8,430	-	-	-	-
Deposits	1,400	-	-	-	-
Unearned Revenues	3,893	-	-	5,291	-
Total Liabilities	<u>18,086</u>	<u>82,797</u>	<u>-</u>	<u>5,971</u>	<u>-</u>
Deferred Inflows of Resources					
Assessments	-	-	-	-	-
Grants	55,487	-	-	-	-
Total Deferred Inflows of Resources	<u>55,487</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances					
Nonspendable					
Inventory	9,977	-	-	-	-
Cemetery Perpetual Care	-	-	-	-	-
Restricted for					
Parks	-	55,655	-	-	-
Law Enforcement	-	-	9,811	-	-
Museum	-	-	-	-	83,729
Debt Service	-	-	-	-	-
Assigned to					
Parks	69,070	-	-	-	-
Library	-	-	-	26,996	-
Quality of life	-	-	-	-	-
Museum	-	-	-	-	32,942
Debt Service	-	-	-	-	-
Total Fund Balances	<u>79,047</u>	<u>55,655</u>	<u>9,811</u>	<u>26,996</u>	<u>116,671</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 152,620</u>	<u>\$ 138,452</u>	<u>\$ 9,811</u>	<u>\$ 32,967</u>	<u>\$ 116,671</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	
\$ 76,263	\$ 289,404	\$ 447,310	\$ 1,975,330	\$ 3,146,414
37,627	-	-	-	37,627
3	13	-	82	113
-	-	38,266	-	120,688
-	-	-	-	9,977
<u>\$ 113,893</u>	<u>\$ 289,417</u>	<u>\$ 485,576</u>	<u>\$ 1,975,412</u>	<u>\$ 3,314,819</u>
\$ -	\$ -	\$ 34,337	\$ -	\$ 122,177
-	-	-	-	8,430
-	-	-	-	1,400
-	-	37,687	-	46,871
<u>-</u>	<u>-</u>	<u>72,024</u>	<u>-</u>	<u>178,878</u>
37,627	-	-	-	37,627
-	-	171	-	55,658
<u>37,627</u>	<u>-</u>	<u>171</u>	<u>-</u>	<u>93,285</u>
-	-	-	-	9,977
-	-	-	1,975,412	1,975,412
-	-	-	-	55,655
-	-	-	-	9,811
-	-	-	-	83,729
76,266	23,000	-	-	99,266
-	-	-	-	69,070
-	-	-	-	26,996
-	-	413,381	-	413,381
-	-	-	-	32,942
-	266,417	-	-	266,417
<u>76,266</u>	<u>289,417</u>	<u>413,381</u>	<u>1,975,412</u>	<u>3,042,656</u>
<u>\$ 113,893</u>	<u>\$ 289,417</u>	<u>\$ 485,576</u>	<u>\$ 1,975,412</u>	<u>\$ 3,314,819</u>

CITY OF CAÑON CITY, COLORADO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended December 31, 2015

	Special Revenue Funds				
	Park Improvement	Conservation Trust	Police Forfeiture	Library Donations	Museum Donations
Revenues					
Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	88,756	-	5,334	-
Charges for Services	81,879	-	-	-	-
Royal Gorge Bridge	709,000	-	-	-	-
Interest	233	237	19	60	226
Rent	16,408	-	-	-	-
Contributions and Donations	-	-	-	6,133	9,913
Other	2,164	-	-	-	-
Total Revenues	<u>809,684</u>	<u>88,993</u>	<u>19</u>	<u>11,527</u>	<u>10,139</u>
Expenditures					
Current					
General Government	-	-	-	-	-
Culture and Recreation	893,852	96,725	-	18,606	708
Capital Outlay					
Streets	-	-	-	-	-
Other	26,191	40,523	-	-	-
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	<u>920,043</u>	<u>137,248</u>	<u>-</u>	<u>18,606</u>	<u>708</u>
Excess of Revenues Over (Under) Expenditures	<u>(110,359)</u>	<u>(48,255)</u>	<u>19</u>	<u>(7,079)</u>	<u>9,431</u>
Other Financing Sources (Uses)					
Debt Issuance	-	-	-	-	-
Proceeds from Sale of Capital Assets	5,594	-	-	-	-
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>5,594</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(104,765)	(48,255)	19	(7,079)	9,431
Fund Balances, Beginning of Year	<u>183,812</u>	<u>103,910</u>	<u>9,792</u>	<u>34,075</u>	<u>107,240</u>
Fund Balances, End of Year	<u>\$ 79,047</u>	<u>\$ 55,655</u>	<u>\$ 9,811</u>	<u>\$ 26,996</u>	<u>\$ 116,671</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	
\$ 45,507	\$ -	\$ -	\$ -	\$ 45,507
-	-	45,663	-	139,753
-	-	-	18,382	100,261
-	-	275,000	-	984,000
6,365	602	669	5,688	14,099
-	-	-	-	16,408
-	-	-	-	16,046
-	-	20,894	200	23,258
<u>51,872</u>	<u>602</u>	<u>342,226</u>	<u>24,270</u>	<u>1,339,332</u>
449	-	-	-	449
-	-	13,563	-	1,023,454
14,184	-	8,161	-	22,345
-	-	192,022	-	258,736
31,000	-	-	-	31,000
1,838	-	-	-	1,838
<u>47,471</u>	<u>-</u>	<u>213,746</u>	<u>-</u>	<u>1,337,822</u>
4,401	602	128,480	24,270	1,510
20,000	-	-	-	20,000
-	-	-	-	5,594
992	-	-	-	992
-	(45,992)	-	-	(45,992)
<u>20,992</u>	<u>(45,992)</u>	<u>-</u>	<u>-</u>	<u>(19,406)</u>
25,393	(45,390)	128,480	24,270	(17,896)
<u>50,873</u>	<u>334,807</u>	<u>284,901</u>	<u>1,951,142</u>	<u>3,060,552</u>
\$ <u>76,266</u>	\$ <u>289,417</u>	\$ <u>413,381</u>	\$ <u>1,975,412</u>	\$ <u>3,042,656</u>

CITY OF CAÑON CITY, COLORADO

Budgetary Comparison Schedule Park Improvement Fund For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ 41,000	\$ 41,000	\$ -	\$ (41,000)
Charges for Services	76,800	76,800	81,879	5,079
Royal Gorge Bridge	709,000	709,000	709,000	-
Interest	100	100	233	133
Rent	14,600	14,600	16,408	1,808
Other	1,000	1,000	2,164	1,164
Total Revenues	<u>842,500</u>	<u>842,500</u>	<u>809,684</u>	<u>(32,816)</u>
Expenditures				
Culture and Recreation	889,975	899,175	893,852	5,323
Capital Outlay	<u>56,041</u>	<u>46,841</u>	<u>26,191</u>	<u>20,650</u>
Total Expenditures	<u>946,016</u>	<u>946,016</u>	<u>920,043</u>	<u>25,973</u>
Excess of Revenues Over (Under) Expenditures	(103,516)	(103,516)	(110,359)	(6,843)
Other Financing Sources				
Proceeds from Sale of Capital Assets	<u>-</u>	<u>-</u>	<u>5,594</u>	<u>5,594</u>
Net Change in Fund Balance	(103,516)	(103,516)	(104,765)	(1,249)
Fund Balance, Beginning of Year	<u>149,626</u>	<u>149,626</u>	<u>183,812</u>	<u>34,186</u>
Fund Balance, End of Year	<u>\$ 46,110</u>	<u>\$ 46,110</u>	<u>\$ 79,047</u>	<u>\$ 32,937</u>

See the accompanying independent auditors' report.

CITY OF CAÑON CITY, COLORADO

Budgetary Comparison Schedule

Conservation Trust Fund

For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ 88,000	\$ 88,000	\$ 88,756	\$ 756
Interest	150	150	237	87
Total Revenues	<u>88,150</u>	<u>88,150</u>	<u>88,993</u>	<u>843</u>
Expenditures				
Culture and Recreation	14,000	97,133	96,725	408
Capital Outlay	<u>163,000</u>	<u>79,867</u>	<u>40,523</u>	<u>39,344</u>
Total Expenditures	<u>177,000</u>	<u>177,000</u>	<u>137,248</u>	<u>39,752</u>
Net Change in Fund Balance	(88,850)	(88,850)	(48,255)	40,595
Fund Balance, Beginning of Year	<u>91,970</u>	<u>91,970</u>	<u>103,910</u>	<u>11,940</u>
Fund Balance, End of Year	<u>\$ 3,120</u>	<u>\$ 3,120</u>	<u>\$ 55,655</u>	<u>\$ 52,535</u>

See the accompanying independent auditors' report.

CITY OF CAÑON CITY, COLORADO

Budgetary Comparison Schedule Library Donations Fund For the Year Ended December 31, 2015

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 30,000	\$ 5,334	\$ (24,666)
Interest	100	60	(40)
Contributions and Donations	4,500	6,133	1,633
Total Revenues	<u>34,600</u>	<u>11,527</u>	<u>(23,073)</u>
Expenditures			
Culture and Recreation	57,500	18,606	38,894
Total Expenditures	<u>57,500</u>	<u>18,606</u>	<u>38,894</u>
Net Change in Fund Balance	(22,900)	(7,079)	15,821
Fund Balance, Beginning of Year	<u>30,061</u>	<u>34,075</u>	<u>4,014</u>
Fund Balance, End of Year	<u>\$ 7,161</u>	<u>\$ 26,996</u>	<u>\$ 19,835</u>

See the accompanying independent auditors' report.

CITY OF CAÑON CITY, COLORADO

Budgetary Comparison Schedule Museum Donations Fund For the Year Ended December 31, 2015

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Interest	\$ 150	\$ 226	\$ 76
Contributions and Donations	5,000	9,913	4,913
Total Revenues	5,150	10,139	4,989
Expenditures			
Culture and Recreation	2,800	708	2,092
Total Expenditures	2,800	708	2,092
Excess of Revenues Over (Under) Expenditures	2,350	9,431	7,081
Other Financing (Uses)			
Transfers Out	(40,000)	-	40,000
Net Change in Fund Balance	(37,650)	9,431	47,081
Fund Balance, Beginning of Year	107,078	107,240	162
Fund Balance, End of Year	\$ 69,428	\$ 116,671	\$ 47,243

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, 2015

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Interest	\$ 640	\$ 602	\$ (38)
Total Revenues	<u>640</u>	<u>602</u>	<u>(38)</u>
Other Financing Sources (Uses)			
Transfers Out	<u>(46,050)</u>	<u>(45,992)</u>	<u>58</u>
Total Other Financing Sources (Uses)	<u>(46,050)</u>	<u>(45,992)</u>	<u>58</u>
Net Change in Fund Balance	(45,410)	(45,390)	20
Fund Balance, Beginning of Year	<u>334,879</u>	<u>334,807</u>	<u>(72)</u>
Fund Balance, End of Year	\$ <u>289,469</u>	\$ <u>289,417</u>	\$ <u>(52)</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, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ 489,600	\$ 489,600	\$ 45,663	\$ (443,937)
Royal Gorge Bridge	275,000	275,000	275,000	
Interest	-	-	669	669
Other	-	-	20,894	20,894
Total Revenues	<u>764,600</u>	<u>764,600</u>	<u>342,226</u>	<u>(422,374)</u>
Expenditures				
Current				
Culture and Recreation	-	13,563	13,563	-
Capital Outlay				
Streets	823,500	660,975	8,161	652,814
Other	139,490	288,452	192,022	96,430
Total Expenditures	<u>962,990</u>	<u>962,990</u>	<u>213,746</u>	<u>749,244</u>
Excess of Revenues Over (Under) Expenditures	(198,390)	(198,390)	128,480	326,870
Other Financing Sources				
Transfers In	<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>(40,000)</u>
Net Change in Fund Balance	(158,390)	(158,390)	128,480	286,870
Fund Balance, Beginning of Year	<u>205,145</u>	<u>205,145</u>	<u>284,901</u>	<u>79,756</u>
Fund Balance, End of Year	<u>\$ 46,755</u>	<u>\$ 46,755</u>	<u>\$ 413,381</u>	<u>\$ 366,626</u>

See the accompanying independent auditors' report.

CITY OF CAÑON CITY, COLORADO

Budgetary Comparison Schedule

Water Fund

For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ -	\$ 34,942	\$ 69,334	\$ 34,392
Charges for Services	5,772,500	5,772,500	5,681,516	(90,984)
Interest	7,200	7,200	11,137	3,937
Tap Fees	21,400	21,400	53,500	32,100
Other	77,100	77,100	64,139	(12,961)
Transfers In	22,200	22,200	22,200	-
Total Revenues	<u>5,900,400</u>	<u>5,935,342</u>	<u>5,901,826</u>	<u>(33,516)</u>
Expenditures				
Water Administration	1,023,058	957,537	925,739	31,798
Utility Billing	124,763	124,763	106,287	18,476
Water Treatment	1,906,343	1,562,543	1,514,821	47,722
Transmission and Distribution	1,327,402	1,339,762	1,324,116	15,646
Capital Outlay	642,500	1,085,800	1,039,495	46,305
Debt Service	877,350	877,600	872,512	5,088
Transfers Out	204,700	204,700	204,700	-
Total Expenditures	<u>6,106,116</u>	<u>6,152,705</u>	<u>5,987,670</u>	<u>165,035</u>
Change in Net Position, Budgetary Basis	\$ <u>(205,716)</u>	\$ <u>(217,363)</u>	(85,844)	\$ <u>131,519</u>
Adjustments to Reconcile Budgetary Basis to GAAP Basis				
Depreciation			(1,404,480)	
Amortization of Premium			7,186	
Loss on Disposal of Capital Assets			(3,782)	
Debt Principal Payments			395,000	
Capital Outlay			<u>1,039,495</u>	
Change in Net Position, GAAP Basis			\$ <u>(52,425)</u>	

See the accompanying independent auditors' report.

CITY OF CAÑON CITY, COLORADO

Budgetary Comparison Schedule Stormwater Utility Fund For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ 10,791	\$ 59,241	\$ 59,281	\$ 40
Charges for Services	790,400	790,400	788,466	(1,934)
Interest	1,500	1,500	1,577	77
Other	10,525	10,525	13,844	3,319
Total Revenues	<u>813,216</u>	<u>861,666</u>	<u>863,168</u>	<u>1,502</u>
Expenditures				
Stormwater Operations	469,899	481,499	370,542	110,957
Capital Outlay	300,000	353,000	294,900	58,100
Transfers Out	261,200	261,200	261,200	-
Total Expenditures	<u>1,031,099</u>	<u>1,095,699</u>	<u>926,642</u>	<u>169,057</u>
Change in Net Position, Budgetary Basis	<u>\$ (217,883)</u>	<u>\$ (234,033)</u>	(63,474)	<u>\$ 170,559</u>
Adjustments to Reconcile Budgetary Basis to GAAP Basis				
Depreciation			(97,100)	
Capital Outlay			<u>294,900</u>	
Change in Net Position, GAAP Basis			<u>\$ 134,326</u>	

See the accompanying independent auditors' report.

CITY OF CAÑON CITY, COLORADO

Budgetary Comparison Schedule Insurance Internal Service Fund For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Charges for Services	\$ 3,198,630	\$ 3,198,630	\$ 2,853,923	\$ (344,707)
Interest	1,900	1,900	2,678	778
Total Revenues	<u>3,200,530</u>	<u>3,200,530</u>	<u>2,856,601</u>	<u>(343,929)</u>
Expenditures				
Claims	2,443,700	2,443,700	2,077,873	365,827
Premiums	583,400	589,900	510,795	79,105
Administration Fees	149,290	155,290	143,729	11,561
Total Expenditures	<u>3,176,390</u>	<u>3,188,890</u>	<u>2,732,397</u>	<u>456,493</u>
Change in Net Position, Budgetary and GAAP Basis	\$ <u>24,140</u>	\$ <u>11,640</u>	\$ <u>124,204</u>	\$ <u>112,564</u>

See the accompanying independent auditors' report.

STATISTICAL SECTION

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

CONTENTS	PAGES
Financial Trends	75-80
These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	81-88
These tables contain information to help the reader assess the City's most significant revenue sources.	
Debt Capacity	89-92
These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the ability to issue additional debt in the future.	
Demographic and Economic Information	93-95
These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	96-97
These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

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



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CITY OF CAÑON CITY, COLORADO

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

(accrual basis of accounting)

TABLE 1

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$ 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	\$ 50,156,551
Restricted - nonspendable	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	1,975,412
Restricted for:										
Emergencies	239,306	258,927	249,331	238,263	239,545	246,227	247,246	249,556	260,267	268,253
Parks	39,641	60,173	103,487	135,772	201,157	153,552	194,448	130,697	103,910	55,655
Library	27,967	20,261	16,723	15,674	17,190	11,506	10,382	25,242	4,965	-
Law Enforcement	22,543	8,628	14,406	14,652	12,837	12,205	9,761	9,777	33,260	22,173
Museum	18,589	45,611	50,127	53,408	55,372	58,046	64,279	70,869	74,524	83,729
Debt Service	205,706	286,405	185,963	221,791	175,037	273,461	135,841	95,951	84,873	99,266
Unrestricted	5,108,491	5,057,130	4,737,260	4,561,944	4,926,091	5,510,222	6,013,144	6,158,731	7,793,247	9,291,929
Total governmental activities net position	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	61,952,968
Business-type activities										
Net investment in capital assets	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	28,281,711
Unrestricted	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	7,196,834
Total business-type activities net position	26,196,216	28,685,901	31,862,383	33,786,308	34,611,643	35,464,720	35,653,818	35,269,106	35,396,644	35,478,545

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

TABLE 1

(accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Primary government										
Net investment in capital assets	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	78,438,262
Restricted for:										
Cemetery Perpetual Care - nonspendable	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	1,975,412
Emergencies	239,306	258,927	249,331	238,263	239,545	246,227	247,246	249,556	260,267	268,253
Parks	39,641	60,173	103,487	135,772	201,157	153,552	194,448	130,697	103,910	55,655
Library	27,967	20,261	16,723	15,674	17,190	11,506	10,382	25,242	4,965	-
Law Enforcement	22,543	8,628	14,406	14,652	12,837	12,205	9,761	9,777	33,260	22,173
Museum	18,589	45,611	50,127	53,408	55,372	58,046	64,279	70,869	74,524	83,729
Debt Service	205,706	286,405	185,963	221,791	175,037	273,461	135,841	95,951	84,873	99,266
Unrestricted	11,294,553	13,962,420	11,767,073	11,053,028	12,717,418	14,094,018	14,292,294	13,275,622	15,149,912	16,488,763
Total primary government net position	\$ 60,890,761	\$ 63,331,681	\$ 66,577,821	\$ 68,875,455	\$ 69,211,608	\$ 70,667,217	\$ 71,484,272	\$ 69,210,252	\$ 92,277,924	\$ 97,431,513

Source: City of Canon City, Colorado, audited financial statements, 2006-2015.

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

The City adopted GASB Statement No. 68 for the year ended December 31, 2015. Financial information for 2014 has not been restated.

CITY OF CAÑON CITY, COLORADO

CHANGES IN NET POSITION LAST TEN FISCAL YEARS (Unaudited)

TABLE 2

(accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities										
General Government	\$ 2,277,507	\$ 2,661,631	\$ 2,731,817	\$ 2,527,950	\$ 2,589,102	\$ 2,412,572	\$ 2,516,575	\$ 2,444,384	\$ 2,454,861	\$ 2,525,751
Public Safety	3,425,979	3,744,671	3,795,414	3,787,887	3,690,660	3,557,465	3,909,411	3,871,625	3,537,391	3,597,392
Public Works	2,222,166	2,556,283	2,561,649	2,471,088	2,669,783	2,465,512	2,559,669	2,575,407	2,824,019	2,789,143
Cemetery	301,993	330,831	326,666	312,911	323,463	339,239	314,592	294,177	-	-
Culture and Recreation	2,039,490	2,276,663	2,415,806	2,060,814	2,118,274	2,196,911	2,254,510	2,130,602	1,804,892	3,174,986
Interest on Long-term Debt	26,843	21,770	17,164	10,598	8,253	4,200	7,550	31,528	46,799	41,255
Total Governmental Activities Expenses	10,293,978	11,591,849	11,848,516	11,171,248	11,399,535	10,975,899	11,562,307	11,347,723	10,667,962	12,128,527
Business-type Activities										
Water	4,028,535	4,577,244	4,487,223	4,689,537	5,272,375	5,412,055	5,764,390	5,789,256	6,280,169	5,749,551
Stormwater Utility	207,370	294,979	349,910	418,861	429,153	407,764	572,399	369,222	550,073	467,642
Canon City Finance Authority	195,241	227,721	188,950	185,014	180,173	175,544	163,055	109,512	-	-
Total Business-type Activities Expenses	4,431,146	5,099,944	5,026,083	5,293,412	5,881,701	5,995,363	6,499,844	6,267,990	6,830,242	6,217,193
Total Primary Government Expenses	\$ 14,725,124	\$ 16,691,793	\$ 16,874,599	\$ 16,464,660	\$ 17,281,236	\$ 16,971,262	\$ 18,062,151	\$ 17,615,713	\$ 17,498,204	\$ 18,345,720
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 371,449	\$ 366,669	\$ 304,636	\$ 222,619	\$ 211,445	\$ 219,072	\$ 272,919	\$ 332,916	\$ 255,882	\$ 212,959
Public Safety	172,844	288,648	247,831	273,269	332,655	314,490	295,914	282,369	353,534	288,423
Public Works	88,676	113,985	62,326	179,268	45,190	59,965	36,656	22,622	29,796	29,792
Cemetery	152,927	152,325	114,930	106,506	104,118	99,761	83,277	89,352	-	-
Culture and Recreation	116,137	136,682	114,132	117,111	202,100	159,710	155,208	104,874	222,109	222,312
Operating Grants and Contributions	789,203	885,163	1,105,380	884,632	862,948	1,079,215	843,263	865,731	977,913	820,047
Capital Grants and Contributions	1,971,347	661,698	972,186	992,449	694,981	731,866	1,244,601	1,067,004	22,339,827	4,446,799
Total Governmental Activities Program Revenues	3,662,583	2,603,170	2,921,421	2,775,854	2,453,437	2,664,079	2,931,838	2,764,868	24,179,061	6,020,332
Business-type Activities										
Water	4,404,066	4,735,351	5,424,531	5,219,673	5,915,525	6,027,963	6,114,574	5,693,717	5,738,437	5,745,655
Stormwater Utility	660,688	746,132	780,712	774,033	778,571	791,893	962,435	798,769	801,538	802,310
Canon City Finance Authority	-	-	231,227	239,983	241,591	241,892	237,082	43,308	-	-
Operating Grants and Contributions	-	-	-	-	-	-	-	171,516	751,852	128,615
Capital Grants and Contributions	1,389,670	1,893,979	1,701,526	1,317,516	60,950	89,997	111,528	82,565	123,501	53,500
Total Business-type Activities Program Revenues	6,454,424	7,375,462	8,137,996	7,551,205	6,996,637	7,151,745	7,425,619	6,789,875	7,415,328	6,730,080
Total Primary Government Revenues	\$ 10,117,007	\$ 9,980,632	\$ 11,059,417	\$ 10,327,059	\$ 9,450,074	\$ 9,815,824	\$ 10,357,457	\$ 9,554,743	\$ 31,594,389	\$ 12,750,412
Net (Expense)/Revenue										
Governmental Activities	\$ (6,631,395)	\$ (8,986,679)	\$ (8,927,095)	\$ (8,395,394)	\$ (8,946,098)	\$ (8,311,820)	\$ (8,630,469)	\$ (8,582,855)	\$ 13,511,099	\$ (6,108,195)
Business-type Activities	2,023,278	2,275,518	3,111,913	2,257,793	1,114,936	1,156,382	925,775	521,885	585,086	512,887
Total Primary Government Net Expense	\$ (4,608,117)	\$ (6,711,161)	\$ (5,815,182)	\$ (6,137,601)	\$ (7,831,162)	\$ (7,155,438)	\$ (7,704,694)	\$ (8,060,970)	\$ 14,096,185	\$ (5,595,308)

CITY OF CAÑON CITY, COLORADO

TABLE 2

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

(accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 347,307	\$ 363,462	\$ 380,957	\$ 398,500	\$ 445,501	\$ 440,571	\$ 434,508	\$ 436,009	\$ 430,871	\$ 426,772
Sales and Use Taxes	5,430,855	5,570,901	5,414,444	5,139,136	5,211,532	5,239,514	5,478,503	5,613,219	5,886,441	6,291,664
Other Taxes	86,122	94,294	110,801	12,371	11,857	17,736	14,190	19,771	13,831	31,747
Franchise Taxes	692,671	641,187	645,132	670,120	656,799	714,621	790,382	754,285	797,459	802,527
Grants and Contributions not Restricted	119,605	120,352	172,840	292,010	275,293	290,551	297,084	260,251	290,581	263,603
Royal Gorge Bridge Revenues	1,395,796	1,595,622	1,563,333	1,703,414	1,679,694	1,680,695	1,681,688	1,346,351	1,347,351	2,130,552
Investment Earnings	324,707	338,663	230,209	78,784	61,221	42,013	40,536	35,357	27,980	29,821
Other Revenues	88,786	76,370	101,024	103,768	77,161	167,651	186,133	176,568	167,721	178,667
Gain on Sale of Capital Assets	-	-	-	-	-	-	-	-	-	-
Extraordinary Item	-	-	-	-	-	-	-	(2,865,998)	-	-
Transfers	221,172	137,063	305,500	371,000	321,000	321,000	335,400	917,734	466,800	443,700
Total Governmental Activities	8,707,021	9,937,914	8,996,753	8,769,103	8,740,058	8,914,352	9,258,424	6,693,547	9,429,035	10,599,053
Business-type Activities:										
Unrestricted Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Investment Earnings	235,506	351,230	161,462	37,132	31,399	17,695	19,454	11,137	9,252	12,714
Gain on Sale of Capital Assets	-	-	2,152	-	-	-	-	-	-	-
Transfers	(221,172)	(137,063)	(305,500)	(371,000)	(321,000)	(321,000)	(335,400)	(917,734)	(466,800)	(443,700)
Total Business-type Activities	14,334	214,167	(141,886)	(333,868)	(289,601)	(303,305)	(315,946)	(906,597)	(457,548)	(430,986)
Total Primary Government	\$ 8,721,355	\$ 9,152,081	\$ 8,854,867	\$ 8,435,235	\$ 8,450,457	\$ 8,611,047	\$ 8,942,478	\$ 5,786,950	\$ 8,971,487	\$ 10,168,067
Change in Net Position										
Government Activities	\$ 2,075,626	\$ (48,765)	\$ 69,658	\$ 373,709	\$ (206,040)	\$ 602,532	\$ 627,955	\$ (1,889,308)	\$ 22,940,134	\$ 4,490,858
Business-type Activities	2,037,612	2,489,685	2,970,027	1,923,925	825,335	853,077	609,829	(384,712)	127,538	81,901
Total Primary Government	\$ 4,113,238	\$ 2,440,920	\$ 3,039,685	\$ 2,297,634	\$ 619,295	\$ 1,455,609	\$ 1,237,784	\$ (2,274,020)	\$ 23,067,672	\$ 4,572,759

Source: City of Canon City, Colorado, audited financial statements, 2006-2015.

- Notes: (1) On June 11, 2013, a wildfire broke out in the City-owned Royal Gorge Park. The fire destroyed virtually all City-owned buildings and structures within the portion of the park that the City leases to the Royal Gorge Bridge Company of Colorado. The depreciated value of the destroyed City-owned capital assets were removed from the City's 2013 financial statements resulting in an extraordinary loss in the Governmental Activities.
- (2) A significant portion (\$21,604,316) of the increase to the net position of the governmental activities is attributable to the post-fire reconstruction of buildings and improvements during 2014 within the Royal Gorge Bridge and Park.
- (3) In 2014 all Cemetery activities were absorbed into the Parks Department.
- (4) In 2014 Certificates of Participation issued by Cañon City Finance Authority were paid in full.
- (5) The City adopted GASB Statement No. 68 for the year ended December 31, 2015. Financial information for 2014 has not been restated.

CITY OF CAÑON CITY, COLORADO

TABLE 3

FUND BALANCES, GOVERNMENTAL FUNDS, LAST TEN FISCAL YEARS

(Unaudited)

(modified accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Nonspendable:										
Inventory	\$ 65,547	\$ 99,070	\$ 104,723	\$ 123,164	\$ 148,629	\$ 123,181	\$ 119,148	\$ 121,271	\$ 121,498	\$ 132,276
Prepaid items	2,951	1,937	4,524	2,356	4,857	1,962	3,904	2,267	3,358	662
Restricted For:										
Emergencies	239,306	258,927	249,331	238,263	239,545	246,227	247,246	249,556	260,267	268,253
Capital Improvements	-	-	-	-	-	-	-	380,923	-	-
Law Enforcement	-	-	-	-	-	-	-	-	23,468	12,362
Committed to:										
Royal Gorge Bridge	101,752	206,182	309,384	439,393	515,516	600,000	300,378	401,050	501,707	600,000
Capital Improvements	-	-	-	-	-	-	33,123	55,136	72,526	92,307
Garden Park Paleontology Society rent	-	-	54,250	33,250	12,250	-	-	-	-	-
Contractual Obligations	-	-	-	-	-	90,285	-	-	-	-
Assigned to:										
Property acquisition	750,000	750,000	817,582	753,102	853,102	1,023,740	1,443,010	1,443,010	1,685,010	1,685,010
Capital Improvements	-	-	6,146	112,264	6,146	6,146	12,359	12,359	12,359	20,284
Community Agency Funding	-	-	-	-	-	-	38,017	37,593	38,736	16,857
Main St. traffic lights	125,000	55,000	41,184	41,184	41,184	41,184	41,184	-	-	-
Cemetery	-	-	-	-	-	12,643	10,983	4,673	-	-
Library continuing education	57,972	57,042	-	27,900	6,527	4,828	4,828	-	-	-
Economic Development	-	-	-	-	-	-	-	-	115,000	360,000
Unassigned	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	4,349,153
Total general fund	\$ 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	\$ 7,537,164
All Other Governmental Funds										
Nonspendable:										
Inventory	\$ 36,299	\$ 38,633	\$ 37,220	\$ 35,152	\$ 34,388	\$ 35,395	\$ 38,531	\$ 31,698	\$ 40,427	\$ 9,977
Prepaid items	-	-	-	-	-	-	-	-	-	-
Permanent Fund	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	1,975,412
Restricted For:										
Parks	39,641	60,173	103,487	135,772	201,157	153,552	194,448	130,697	103,910	55,655
Library	27,967	20,261	16,723	15,674	17,190	11,506	10,382	25,242	4,965	-
Law Enforcement	22,543	8,628	14,406	14,652	12,837	12,205	9,761	9,777	9,792	9,811
Museum	18,589	45,611	50,127	53,408	55,372	58,046	64,279	70,869	74,524	83,729
Debt service	205,706	286,405	185,963	221,791	175,037	273,461	135,841	95,951	84,873	99,266
Assigned to:										
Parks	61,631	70,477	79,097	90,368	52,193	787	56,116	353,769	143,385	69,070
Library	20,254	22,354	23,490	23,785	27,828	27,767	30,936	29,029	29,110	26,996
Quality of Life	4,396	6,572	13,392	10,924	-	48,082	59,985	208,453	284,901	413,381
Community Revitalization	142,938	138,114	156,849	165,194	176,611	181,063	-	-	-	-
Museum	25,722	28,691	30,805	31,419	31,896	32,130	32,389	32,559	32,716	32,942
Debt service	348,719	335,724	404,731	386,233	379,004	348,112	470,383	384,484	300,807	266,417
Total all other governmental funds	\$ 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	\$ 3,042,656

Source: City of Canon City, Colorado, audited financial statements, 2006-2015.

CITY OF CAÑON CITY, COLORADO

TABLE 4

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
Taxes and Assessments	\$ 6,622,351	\$ 6,700,262	\$ 6,487,313	\$ 6,253,478	\$ 6,395,570	\$ 6,466,213	\$ 6,752,643	\$ 6,864,398	\$ 7,172,454	\$ 7,581,049
Licenses and Permits	322,110	315,377	256,291	153,807	165,025	191,730	200,396	254,992	178,131	172,299
Intergovernmental	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	1,189,731
Charges for Services	249,724	238,898	205,911	346,935	205,828	219,872	204,644	287,001	357,850	319,616
Fines and Forfeitures	124,455	171,909	149,103	181,497	245,281	228,429	202,302	199,348	226,108	150,723
Royal Gorge Bridge	1,395,796	1,595,622	1,563,333	1,703,414	1,679,694	1,680,695	1,681,688	1,346,351	1,347,351	2,130,552
Interest	284,741	294,305	200,510	68,088	54,076	38,157	37,054	33,689	26,159	27,143
Rent	71,986	79,161	70,383	118,302	97,664	84,953	86,969	90,792	99,232	110,848
Contributions & Donations	-	-	-	-	-	-	-	34,235	81,818	26,012
Other	321,394	441,559	395,216	328,374	324,093	411,674	460,006	176,568	151,794	163,596
Total Revenues	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	11,871,569
Expenditures:										
General Government	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	2,406,151
Public Safety	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	3,683,567
Public Works	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	1,918,862
Cemetery	289,194	311,394	326,678	307,136	311,219	332,804	300,648	309,343	-	-
Culture and Recreation	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	1,794,676
Capital Outlay	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	1,603,605
Debt Service	-	-	-	-	-	-	-	-	-	-
Principal	221,025	195,136	178,270	138,534	152,287	27,000	42,000	216,000	225,000	231,000
Interest	26,843	14,713	19,717	13,228	10,127	4,200	7,550	27,881	47,168	41,608
Debt Issuance Costs	-	-	-	-	-	-	-	58,198	-	-
Total Expenditures	10,120,327	11,227,025	12,251,352	11,087,882	10,403,549	10,997,710	10,901,431	11,679,875	11,322,031	11,679,469
Excess of Revenues over (under) Expenditures	561,925	(58,717)	(1,392,725)	(682,146)	230,228	24,535	308,539	(263,129)	486,091	192,100
Other Financing Sources (Uses)										
Proceeds from Sale of Capital Assets	-	-	740,295	-	4,047	32,240	3,660	-	15,927	15,069
Issuance of Debt	54,000	70,000	-	40,000	22,000	109,000	-	2,310,000	-	20,000
Insurance Recoveries	-	-	-	-	-	-	-	89,244	-	-
Transfers In	382,800	339,611	402,799	468,538	416,779	433,951	695,899	561,253	607,555	489,692
Transfers Out	(161,628)	(202,548)	(97,299)	(97,538)	(95,779)	(112,951)	(360,499)	(1,986,392)	(140,755)	(45,992)
Total Other Financing Sources (Uses)	275,172	207,063	1,045,795	411,000	347,047	462,240	339,060	974,105	482,727	478,769
Net Change in Fund Balances	\$ 837,097	\$ 148,346	\$ (346,930)	\$ (271,146)	\$ 577,275	\$ 486,775	\$ 647,599	\$ 710,976	\$ 968,818	\$ 670,869
Debt Service as a percentage of noncapital expenditures	2.8%	2.1%	1.9%	1.5%	1.7%	0.3%	0.5%	2.5%	2.7%	2.7%

Source: City of Cañon City, audited financial statements, 2006-2015.

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 Tax Rate (a)	Estimated		Assessed Value as a Percentage of Actual Value
								Assessed Value	Value		Actual Value	Value	
2006	6,337,039	54,939,185	43,287,797	2,605,143	149,056	164,879	4,842,517	112,325,616		2.79	900,579,082		12.47%
2007	8,599,150	61,428,450	48,535,370	2,919,710	162,250	209,630	5,488,580	127,343,140		2.59	1,047,870,322		12.15%
2008	6,817,520	65,731,490	51,953,340	2,417,860	215,610	171,920	5,463,940	132,771,680		2.68	1,081,089,366		12.28%
2009	7,196,170	68,464,200	53,878,260	2,725,270	225,120	25,930	7,261,410	139,776,360		2.89	1,135,087,602		12.31%
2010	7,512,000	68,661,710	53,843,720	2,549,190	218,630	21,980	6,199,615	139,006,845		2.89	1,131,707,073		12.28%
2011	6,933,510	66,802,500	52,409,201	2,482,410	250,820	224,890	7,350,230	136,453,561		2.90	1,124,946,812		12.13%
2012	6,706,040	67,032,690	52,147,401	2,256,400	258,600	208,360	7,012,340	135,621,831		2.89	1,125,155,335		12.05%
2013	6,352,190	63,239,130	51,701,986	2,008,278	277,430	273,193	9,747,786	133,599,993		2.90	1,028,552,826		12.99%
2014	5,890,990	63,162,230	52,352,941	2,277,016	277,450	209,258	7,977,991	132,147,876		2.90	1,024,549,147		12.90%
2015	5,599,800	64,421,260	52,651,377	2,425,369	310,280	161,179	9,318,862	134,888,127		2.90	1,042,524,630		12.94%

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

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

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

**DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS**

TABLE 6

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

Year	City Basic Rate(a)		Overlapping Rates(b)					Total
	City of Cañon City (d)	Fremont County	Fremont County School District RE-1	Cañon City Fire Protection District (c)	Cañon City Recreation District	S.E. Colorado Water Cons. District	Upper Arkansas Water Cons.	
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
2015	2.90	12.32	35.17	17.73	3.52	0.94	0.47	73.05

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 62.6% lower than the statewide average municipal mill levy.

CITY OF CAÑON CITY, COLORADO

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN YEARS (Unaudited)

TABLE 7

Levy Year	Collection Year	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2005	2006	299,876	298,790	99.64%	2	298,792	99.64%
2006	2007	313,303	312,596	99.77%	(275)	312,321	99.69%
2007	2008	336,918	334,865	99.39%	508	335,373	99.54%
2008	2009	355,461	353,677	99.50%	117	353,794	99.53%
2009	2010	404,093	402,153	99.52%	1,354	403,507	99.85%
2010	2011	401,591	399,248	99.42%	449	399,697	99.53%
2011	2012	395,851	394,642	99.69%	759	395,401	99.89%
2012	2013 (a)	392,489	393,136	100.16%	532	393,668	100.30%
2013	2014	387,707	385,726	99.49%	-	385,726	99.49%
2014	2015	383,361	379,698	99.04%	-	379,698	99.04%

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)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Sales Tax	\$ 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	\$ 6,214,004
General Property Tax	293,612	306,346	327,898	347,226	394,227	392,591	387,218	384,554	376,803	370,706
Specific Ownership Tax	53,695	57,116	53,059	51,274	51,274	47,980	47,290	51,455	54,067	56,066
Use Tax	408,964	350,353	145,497	90,024	103,878	112,135	205,639	171,113	86,882	77,660
Franchise Taxes:										
Cablevision	96,459	97,075	82,847	103,881	112,632	121,486	126,954	126,848	126,608	125,406
Telephone	30,614	26,865	23,193	20,747	18,218	16,161	14,728	13,635	12,309	13,853
Electricity	339,256	342,318	357,291	367,162	381,466	434,789	494,428	478,000	498,341	504,831
Gas	226,342	174,929	181,801	178,330	144,483	142,185	124,809	135,802	160,202	158,438
Penalty & Interest on Tax	17,898	15,749	13,350	12,371	11,857	17,736	14,190	19,773	13,831	14,579
Total	\$ 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	\$ 7,535,542

Source: City of Canon City, Colorado, audited financial statements, 2006-2015.

CITY OF CAÑON CITY, COLORADO

TABLE 9

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Merchandise	\$ 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	\$ 1,126,612
Food Stores	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	1,221,314
Restaurants & Bars	550,636	584,051	592,561	572,997	573,849	580,840	612,023	617,536	638,372	732,718
Home Furnishings	84,672	82,532	80,311	75,822	86,480	79,962	78,734	73,909	69,736	81,045
Building Materials & Supplies	588,237	564,464	541,216	482,110	500,370	492,179	512,596	535,444	565,953	625,200
Auto Dealers & Parts/Supplies	651,950	735,296	666,654	607,820	665,198	643,835	676,527	708,905	796,958	885,208
Other Retail Stores	287,517	307,669	361,738	375,622	379,642	391,709	411,007	493,980	524,320	598,305
All Other Outlets	247,856	254,491	244,353	216,316	234,648	235,372	240,434	252,623	281,333	283,102
Hotel/Motel	64,591	73,928	77,512	77,917	74,803	70,301	71,642	68,429	78,409	97,443
Utility Service	508,463	490,486	549,291	527,913	507,029	522,032	538,434	534,819	570,268	563,057
Total	\$ 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	\$ 6,214,004
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, 2006-2015 and Sales Tax Subsidiary Records, 2006-2015.

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)
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
2015	2,130,552	333,697

Source: City of Cañon City, Colorado, audited financial statements, 2006-2015 and Royal Gorge Company of Colorado Year-End Review, 2006-2015.

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. Attendance at the Royal Gorge Bridge and Park decreased from 504,875 in 1996 to 279,239 in 2005, a 44.7% decrease. This decrease 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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Water Revenues:										
Charges for Services:										
Metered Water Sales by Type of Customer (a)	\$ 3,978,188	\$ 4,033,524	\$ 5,070,314	\$ 4,926,290	\$ 5,559,580	\$ 5,656,298	\$ 5,843,529	\$ 5,377,864	\$ 5,448,201	\$ 5,507,312
Water Sales to City Facilities	133,807	132,741	169,000	162,730	194,893	223,160	126,160	123,842	122,206	116,934
Hydrant Sales	60,733	52,391	51,860	6,134	4,384	3,552	5,185	10,070	6,257	5,627
Bulk Water Sales	37,867	35,789	43,350	46,118	52,022	64,317	64,370	55,319	53,432	50,830
Account Maintenance Fee (b) (d)	-	-	6,290	18,425	8,215	295	245	415	672	813
Total Charges for Services	4,210,595	4,254,445	5,340,814	5,159,697	5,819,094	5,947,622	6,039,490	5,567,510	5,630,768	5,681,516
Tap Fees (c) (f)	526,539	1,830,829	150,976	96,374	60,950	82,077	104,328	67,543	123,501	43,500
Interest Income	212,294	314,309	137,718	33,659	28,488	15,574	16,885	9,455	7,873	11,137
Other (c) (e)	193,471	480,906	83,717	59,976	96,431	80,341	75,084	248,890	733,978	143,473
Transfer In	18,000	27,100	27,800	27,000	27,000	27,000	25,500	22,200	22,200	22,200
Total Water Revenues	\$ 5,160,899	\$ 6,907,589	\$ 5,741,025	\$ 5,376,706	\$ 6,031,963	\$ 6,152,614	\$ 6,261,287	\$ 5,915,598	\$ 6,518,320	\$ 5,901,826

Source: City of Cañon City, Colorado, audited financial statements, 2006-2015 and Water Utility Billing Records, 2006-2015.

(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.

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

CITY OF CAÑON CITY, COLORADO

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

TABLE 12

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Metered Water Sales by Type of Customer										
Residential - Inside City limits	\$ 1,248,395	\$ 1,262,614	\$ 1,581,168	\$ 1,432,983	\$ 1,742,589	\$ 1,736,842	\$ 1,822,889	\$ 1,615,105	\$ 1,615,756	\$ 1,581,803
Residential - Outside City limits	726,864	689,593	830,110	764,579	900,202	894,011	955,236	874,966	878,336	876,303
Commercial - Inside City limits	925,891	943,079	1,139,570	1,325,532	1,157,076	1,311,355	1,216,886	1,099,018	1,117,912	1,136,226
Commercial - Outside City limits	381,813	418,974	588,886	490,789	651,298	599,348	623,064	611,537	576,214	518,047
Prisons	695,225	719,264	930,580	912,407	1,108,415	1,114,742	1,225,454	1,177,238	1,259,983	1,394,933
Total Metered Water Sales by Type of Customer	\$ 3,978,188	\$ 4,033,524	\$ 5,070,314	\$ 4,926,290	\$ 5,559,580	\$ 5,656,298	\$ 5,843,529	\$ 5,377,864	\$ 5,448,201	\$ 5,507,312
Residential Inside minimum rate per 4,000 gallons (a)	\$10.92	\$10.92	\$13.16	\$13.56						
Residential Outside minimum rate per 4,000 gallons (a)	\$16.00	\$16.00	\$19.28	\$19.84						
Residential Inside Meter Fee - flat rate (b)(c)					\$9.30	\$9.30	\$9.58	\$9.58	\$9.58	\$9.87
Residential Outside Meter Fee - flat rate (b)(c)					\$13.95	\$13.95	\$14.37	\$14.37	\$14.37	\$14.80
Water Gallons Sold by Type of Customer (d)										
Residential - Inside City limits	508,345	503,868	540,101	474,979	521,319	548,700	539,054	457,826	461,100	426,626
Residential - Outside City limits	188,414	172,790	176,105	154,048	170,919	177,399	177,941	156,899	158,440	149,775
Commercial - Inside City limits	422,480	426,141	426,117	389,176	331,019	411,424	337,494	295,459	305,016	296,163
Commercial - Outside City limits	220,495	252,681	334,588	223,119	259,348	239,575	245,054	253,496	234,835	181,513
Prisons	317,894	325,731	351,597	348,560	367,989	374,951	385,087	365,953	391,385	418,182
Total Water Gallons Sold by Type of Customer	1,657,628	1,681,211	1,828,508	1,589,882	1,650,594	1,752,049	1,684,630	1,529,633	1,550,776	1,472,259

Source: City of Canon City, Colorado, audited financial statements, 2006-2015 and Water Utility Billing Records, 2006-2015.

Notes:

- (a) Minimum rate per month for inside and outside of the City limits.
- (b) Effective May 1, 2010 water rate schedules were changed to eliminate the minimum usage charge.
 A new flat rate meter fee was charged monthly in addition to a small fee for each 1,000 gallons of water consumed.
- (c) Effective January 1, 2012, and again January 1, 2015, meter fees and usage rates were increased by 3% to keep up with the inflationary rise in cost of services.
- (d) In thousands of gallons

CITY OF CAÑON CITY, COLORADO

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

TABLE 13

Governmental Activities				Business-Type Activities													
Fiscal Year	Public Improvement Bonds	Capital Leases(a)	General Obligation Bonds	Note Payable Water Resource Authority(b)		Note Payable Water Conservation Board(b)		Certificates of Participation Series 2003(c)		Certificates of Participation Series 2008(c)		Certificates of Participation Premium		Capital Lease	Total Primary Government	Percentage of Personal Income (d)	Per Capita
2006	158,000	439,227	31,000	2,595,834	80,180	2,890,000	-	-	-	27,735	6,221,976	1.76%	390				
2007	177,000	295,091	-	2,358,334	70,029	2,765,000	-	-	-	21,101	5,686,555	1.40%	357				
2008	105,000	188,821	-	-	-	2,635,000	12,550,000	172,472	14,271	15,665,564	3.78%	983					
2009	116,000	79,287	-	-	-	2,500,000	12,230,000	165,286	7,239	15,097,812	3.39%	918					
2010	65,000	-	-	-	-	2,360,000	11,895,000	158,100	-	14,478,100	3.26%	883					
2011	147,000	-	-	-	-	2,215,000	11,550,000	150,914	-	14,062,914	3.11%	854					
2012	105,000	-	-	-	-	2,070,000	11,195,000	143,728	-	13,513,728	2.84%	824					
2013	64,000	2,135,000	-	-	-	-	10,825,000	136,542	-	13,160,542	2.70%	807					
2014	34,000	1,940,000	-	-	-	-	10,445,000	129,356	-	12,548,356	2.64%	773					
2015	23,000	1,740,000	-	-	-	-	10,050,000	122,170	-	11,935,170	2.51%	735					

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Bonded Debt Outstanding										
General Obligation Bonds	\$ 31,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Percentage of Estimated Actual Property Value (a)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Per Capita (b)	1.95	-	-	-	-	-	-	-	-	-
Total Taxable Assessed Value	112,325,562	127,343,140	132,771,680	139,776,360	139,006,845	136,453,561	135,621,831	133,599,993	132,147,876	134,888,127
Legal Debt Limit (c)	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	13,488,813
Total Net Debt Applicable To Debt Limit	31,000	-	-	-	-	-	-	-	-	-
Legal Debt Margin (d)	\$ 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	\$ 13,488,813
Legal Debt Margin as a Percentage of the Debt Limit	99.72%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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

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

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

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

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

CITY OF CAÑON CITY, COLORADO

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

TABLE 15

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Water Fund Debt Outstanding										
General Obligation Bonds	\$ 31,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Note Payable-Water Resource Authority	2,595,834	2,358,334	-	-	-	-	-	-	-	-
Note Payable-Water Conservation Board	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	10,050,000
Capital Leases	27,735	21,101	14,271	7,239	-	-	-	-	-	-
Total Water Fund Debt Outstanding	\$ 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	\$ 10,050,000
Number of Active Water Service Connections	8,251	8,345	8,527	8,545	8,535	8,547	8,553	8,567	8,568	8,580
Water Fund Debt per Active Water Service Connection	\$ 331	\$ 294	\$ 1,473	\$ 1,432	\$ 1,394	\$ 1,351	\$ 1,309	\$ 1,264	\$ 1,219	\$ 1,171

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, 2015 (Unaudited)

TABLE 16

<u>Government Entity</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (b)</u>	<u>Estimated Share of Overlapping (a) Debt</u>
Fremont County School District RE-1	\$ 14,205,000	58.8%	\$ 8,352,540
Total Overlapping Debt			8,352,540
City of Cañon City Direct Debt			1,763,000
Total Direct and Overlapping Debt			\$ 10,115,540

(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
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	16,235	1,360,927	475,134	29,266	7.1
2015 (c)	16,235	1,360,927	475,134	29,266	6.2

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

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

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

(c) Population, Personal Income and Per Capita Personal Income data for 2015 is not available as of April 2016, so 2014 data is repeated for 2015.

CITY OF CAÑON CITY, COLORADO

PRINCIPAL EMPLOYERS CURRENT YEAR AND EIGHT YEARS AGO (Unaudited)

TABLE 18

Employer	2015			2007		
	Employees	Rank	Percentage of Total County Employment (c)	Employees	Rank	Percentage of Total County Employment
Centura Health (a)	519	1	3.78%	550	1	2.91%
Fremont School District (RE-1)	514	2	3.74%	519	2	2.74%
Fremont County	323	3	2.35%	300	4	1.59%
International Order of Odd Fellows Complexes	308	4	2.24%	275	5	1.45%
Walmart	300	5	2.18%	425	3	2.25%
Starpointe	220	6	1.60%	162	8	0.86%
Cornell Companies	160	7	1.17%	176	6	0.93%
City of Canon City	156	8	1.14%	171	7	0.90%
Skyline Ridge Nursing and Rehab	107	9	0.78%	-	-	-
Interroll Engineering West Inc (b)	103	10	0.75%	139	9	0.73%
Canon City Daily Record	-	-	-	125	10	0.66%
Total	2,710		19.73%	2,842		15.02%

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 2015 employment within Fremont County 13,733

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

TABLE 19

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	1	1	1	1	1	1
Finance	6	6	6	6	6	6	6	6	6	6
City Attorney (b)	0	1	1	1	1	1	1	1	1	1
Building Maintenance (b) (k)	2	4	4	4	4	4	4	4	1	1
Community Development										
Building Division (d)	3	3	3	3	2	2	2	2	2	2
Planning & Zoning (b) (f)	1	2	2	2	2	2	2	1	1	1
Code Enforcement	1	1	1	1	1	1	1	1	1	1
Administrative Resources										
Special Projects (g)	0	0	0	0	0	0	0	1	0	0
Human Resources	1	1	1	1	1	1	1	1	1	1
Computer Resources	2	2	2	2	2	2	2	2	2	2
Public Safety										
Patrol Officers (h)	28	28	29	28	28	28	28	29	29	30
Victims Assistance	1	1	1	1	1	1	1	1	1	1
Administration (e)	3	3	3	3	3	3	4	4	4	4
Investigations (e)	5	5	5	6	6	6	5	5	5	5
Parking & Code Enforcement	2	2	2	2	2	2	2	2	2	2
School Resource Program	1	1	1	1	1	1	1	1	2	2
Dare Program (c)	1	1	1	1	1	0	0	0	0	0
Drug Task Force	1	1	1	0	0	0	0	0	0	0
Dispatch Services	8	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 (c)	16	16	17	16	16	15	15	15	15	15
Engineering (d)	2	3	3	3	2	2	2	2	2	2
Cemetery (m)	5	5	5	5	5	5	5	5	0	0
Cultural & Recreation										
Forestry (c) (m)	4	4	4	4	3	3	3	3	0	0
Library & History Center	15	16	16	15	15	15	15	14	14	14
Parks Improvement Fund (c) (j) (m)	9	9	9	9	8	8	8	7	12	12
Water Fund										
Administration (c)	7	8	8	8	7	7	7	6	6	6
Water Treatment (c)	12	12	12	12	13	12	12	12	12	12
Water Distribution	16	16	16	16	16	16	16	16	17	17
Water Utility Billing	2	2	2	1	1	1	1	1	1	1
Storm Water Utility Fund										
Administration (a) (d)	1	1	1	1	2	2	2	2	2	2
Total	<u>164</u>	<u>171</u>	<u>173</u>	<u>169</u>	<u>165</u>	<u>162</u>	<u>162</u>	<u>160</u>	<u>155</u>	<u>156</u>

Source: City of Cañon City Finance Department.

- (a) Beginning on December 1, 2005, the City initiated a stormwater utility program. The first stormwater staff position was hired in 2006.
- (b) In 2007, a City Attorney, Community Development Director and 2 additional custodians were hired. These services had previously been contracted.
- (c) Some positions which were vacated in 2009, 2010 and 2011 were not refilled due to downturn in revenues.
- (d) In 2010 a building inspector assumed GIS Tech duties in Stormwater Dept when building inspections decreased.
- (e) In 2012 one Administrative Assistant position was moved from Investigations to Police Administration.
- (f) In 2013 the position of Community Development Director was vacated when the director was appointed City Administrator.
- (g) 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.
- (h) In 2013 a new Crime Prevention Officer position was created.
- (j) In 2013 the Community Revitalization Fund was eliminated and seasonal maintenance duties were absorbed by the Parks Fund.
- (k) In 2014 three custodial positions were eliminated and janitorial services were contracted out.
- (m) 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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety										
Physical arrests	1,511	1,569	1,408	1,743	1,952	2,130	1,839	1,750	1,676	1,739
Traffic violations (d)	2,028	2,697	2,159	2,321	2,468	2,707	1,981	2,096	2,304	1,341
Parking violations	975	1,379	684	765	1,377	911	351	86	52	15
Calls for service (c)	25,882	27,197	27,742	26,629	26,352	27,292	27,302	27,360	28,627	15,323
Public Works										
Street resurfacing & repairs (miles)	2.45	1.66	1.08	1.52	1.71	0.71	0.00	0.20	8.10	5.27
Potholes repaired	210	130	117	87	82	78	84	91	75	77
Cemetery										
Standard and ash burials	125	121	112	97	107	130	90	94	98	96
Spaces sold	62	69	48	39	26	48	28	39	57	62
Cultural & Recreation										
Library:										
Physical Volumes in collection	73,274	78,279	79,885	79,204	60,324	70,661	73,984	75,228	64,192	56,290
Electronic Volumes in collection (a)	-	-	-	-	-	526	2,992	8,436	14,688	18,257
Total volumes checked out (b)	294,223	330,626	319,983	307,616	308,111	290,831	273,374	131,148	159,283	168,995
Water Fund										
Installed and replaced water mains	5,100'	2,560'	9,750'	23,583'	7,438'	8,337'	6,926'	10,400'	2,200'	2565'
Average daily metered consumption (millions of gallons)	4.5	4.5	5.0	4.4	4.5	4.8	4.6	4.2	4.2	4.0
Peak daily production (millions of gallons)	10.6	10.3	10.7	10.1	10.5	11.7	9.9	9.7	9.0	9.3

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

Notes:

- (a) In 2011 the library began obtaining and lending downloadable electronic books.
- (b) From 2013 to 2015 the library underwent major building renovations, resulting in fewer patron visits and fewer volumes checked out.
- (c) On August 1, 2015, the City dispatching services were discontinued and the combined Regional Communications Authority (CRCA) began their operations. In order to provide regional communications services, CRCA was created through contracts among the City of Cañon City, Fremont County and the City of Florence.
- (d) Traffic violations for 2006-2014 have been adjusted to report only violations which were referred to County and Municipal Courts and no longer includes traffic warning citations.

CITY OF CAÑON CITY, COLORADO

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

TABLE 21

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety										
Police Stations	1	1	1	2	2	2	2	2	2	1
Marked Patrol units	16	23	25	27	28	28	28	28	28	28
Public Works										
Streets (miles) (a)	119.1	119.7	118.3	119.4	119.4	119.4	119.4	119.4	120.0	120.0
Alleys (miles)	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1
Storm sewers (miles)	11.4	11.4	12.2	13.2	13.2	13.4	13.4	13.4	13.8	13.8
Cemetery										
City owned Cemeteries	2	2	2	2	2	2	2	2	2	2
Cultural & Recreation										
Parks	10	10	10	10	10	10	10	10	10	10
Parks Acreage	6,567	6,567	6,567	6,567	6,567	6,567	6,567	6,567	6,567	6,567
Water Fund										
Water mains (miles)	147	147	149	150	151	151	151	151	151	151
Fire Hydrants	984	1,025	1,021	1,049	1,049	1,049	1,051	1,051	1,061	1,061
Finished Water Storage Tanks (b)	5	5	5	6	6	6	6	6	6	6

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

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

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



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LOCAL HIGHWAY FINANCE REPORTCity or County:
City of Cañon City
YEAR ENDING :
December 31, 2015

This Information From The Records Of: City of Cañon City

Prepared By: John McBride
Phone: (719) 276-5254**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
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	2,108,044
3. Other local imposts (from page 2)	163,270
4. Miscellaneous local receipts (from page 2)	171,118
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	20,000
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	20,000
7. Total (1 through 6)	2,462,432
B. Private Contributions	
C. Receipts from State government (from page 2)	655,827
D. Receipts from Federal Government (from page 2)	173
E. Total receipts (A.7 + B + C + D)	3,118,432

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	1,222,989
2. Maintenance:	1,470,330
3. Road and street services:	
a. Traffic control operations	
b. Snow and ice removal	
c. Other	
d. Total (a. through c.)	0
4. General administration & miscellaneous	251,200
5. Highway law enforcement and safety	141,075
6. Total (1 through 5)	3,085,594
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	1,838
b. Redemption	31,000
c. Total (a. + b.)	32,838
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	32,838
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	3,118,432

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	34,000	20,000	31,000	23,000
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
		3,118,432	3,118,432		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:

Colorado

YEAR ENDING (mm/yy):

December 31, 2015

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	45,507	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	141,075
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	7,925	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	23,678
5. Specific Ownership &/or Other	109,838	g. Other Misc. Receipts	6,365
6. Total (1. through 5.)	117,763	h. Other	
c. Total (a. + b.)	163,270	i. Total (a. through h.)	171,118
(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	593,423	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	62,404	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal - CMAQ Grant	173
f. Total (a. through e.)	62,404	g. Total (a. through f.)	173
4. Total (1. + 2. + 3.f)	655,827	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	8,161	1,214,828	1,222,989
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	8,161	1,214,828	1,222,989
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	8,161	1,214,828	1,222,989
		(Carry forward to page 1)	

Notes and Comments: