

# CITY OF CAÑON CITY, COLORADO



## COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2019





# City of Cañon City, Colorado



## **Comprehensive Annual Financial Report** For the fiscal year ended December 31, 2019

Prepared by:  
**Department of Finance**

# City of Cañon City, Colorado

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## **Introductory Section**



# CITY OF CAÑON CITY

## Finance Department

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Cañon City, CO 81215-1460  
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August 10, 2020

Honorable Mayor and City Council  
City of Cañon City, Colorado

The Finance Department of the City of Cañon City is pleased to submit this Comprehensive Annual Financial Report (CAFR) for the City of Cañon City, Colorado (the “City”), for the year ended December 31, 2019, as required by local ordinance, the City Charter, and Colorado State statutes. These ordinances and statutes require that the City issue an annual report regarding its financial position and activity and that an independent firm of certified public accountants audit this report. This financial reporting entity addresses all funds of the City of Cañon City.

### THE REPORT

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

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

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

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

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



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

The City of Cañon City, which is the county seat of Fremont County, is located at the mouth of the Royal Gorge in south-central Colorado where the Arkansas River emerges from the canyon. The community is situated 45 miles southwest of Colorado Springs and 39 miles west of Pueblo, Colorado. The most current population estimate from the State Demographer indicates 16,690 people living within the incorporated City limits. The median age of the community's residents is about eight years older than that of the state. The annual median household income in Cañon City is \$46,296, approximately \$22,515 less than it is state-wide.

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

The Royal Gorge Bridge, which was the highest suspension bridge in the world until 2001 but still remains the highest suspension bridge in North America at 1,053 feet above the Arkansas River, continues to be an attraction for visitors from all over the world. The Bridge, as a local attraction, declined from about 329,000 visitors in 2002 to 266,000 in 2012; the year prior to the summer wildfire in 2013 that destroyed most of the Park facilities. In 2019, the fifth full year of attendance following the fire, the number of visitors is estimated at over 352,000 or 32.43% since 2012. The increase is attributable to new facilities and new attractions. The Royal Gorge Bridge and Park and other tourist amenities such as the Royal Gorge Route Railroad, a world-class whitewater rafting industry and an ever-increasing mountain trail network continue to make Cañon City a stop on many tourist itineraries.

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

## **BUDGETARY CONTROL**

The City maintains extensive budgetary controls. In October, the City Administrator submits to the City Council a proposed budget for the next calendar year. The budget includes proposed expenditures and the means of financing them. One or more public hearings are conducted by the City Council to obtain taxpayer comments. Prior to December 31<sup>st</sup>, the budget is legally adopted by a resolution of City Council. In accordance with the City's charter, expenditures over \$6,500 must be bid and approved by the City Council. The charter allows for exceptions to the bid requirements for professional services and 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 2019, one revision to the general fund and self-insurance fund appropriations was approved. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound budgetary and financial management.

## **LOCAL ECONOMY**

Tourism, corrections, and healthcare are the three key industry drivers in Cañon City and the surrounding Fremont County. The tourism industry has been growing at a steady rate and is anchored by the Royal Gorge Bridge with approximately 350,000 visitors each year, the Royal Gorge Route Railroad with

approximately 130,000 annual visitors, and ever-expanding outdoor recreation. The corrections industry along with St. Thomas Moore Hospital continue to be economic stabilizers in Cañon City as the largest employers of the City with services that outreach into Fremont County.

The local economy has continued to grow after several years of recovery subsequent to the 2013 wildfire at the Royal Gorge Bridge and Park. The 2019 taxable sales for home furnishings increased by 7.55%; building materials sales increased by 4.33%; and general merchandise sales increased by 13.05%. Overall, the City's General Fund sales tax revenues increased from \$6,597,767 in 2017 to \$6,920,819 in 2018, a 4.9% increase. Many out-of-town guests come to the area for the variety of attractions and activities that exist in the Royal Gorge Region.

Over the last two years the building market has improved with new, large, commercial and multi-family projects. The increase of tourism is evident in the building development that is occurring within the City boundaries. Construction of the new Holiday Inn Express at the eastern gateway of Cañon City and the restoration of the historic Hotel St. Cloud are underway in downtown Cañon City with a scheduled opening in 2021. The total valuation for new construction in 2020 exceeded the prior 5-year average by 104.0%. A large portion of the building permit increase was due to the large commercial projects started during the year.

Year	Number of Permits	Valuation of Work
2014	443	\$7,809,644
2015	422	8,634,285
2016	464	11,068,166
2017	613	24,149,567
2018	1,091	29,473,889
2019	748	33,157,969

The City Council has continued to evaluate data gathered from a variety of sources including a 2017 and 2018 citizen survey. As a result, in 2017 the City Council established six Strategic Priorities, which are designed to build on the community's past and strengths and move the City towards its vision of a vibrant, attractive and safe community that values quality of life, adventure, and prosperity.

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

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

Downtown Association, accessible parking, marketing, additional special events, better retail mix, an attractive physical environment, pedestrian-oriented design standards, and encourage investment and success by implementing the Downtown Strategic Plan.

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

## **LONG-TERM FINANCIAL PLANNING**

Over a number of years, the City has accumulated a large amount of fund balance assigned to capital outlay. Beginning with the 2017 budget, the City began to re-invest these resources into a variety of important community projects primarily related to parks & recreation and public works improvements. In November 2016, the Cañon City public approved Referendum 2-A, a 1.0% rate increase in sales and use tax to reconstruct the 67.0% of City streets that are in poor or failed condition. The proposal, approved by the voters, will allow the City to earmark revenues for street construction and improvement through the year 2026. Over the next ten-year period, the City estimates that \$35-\$40M will be invested in addressing the critical street reconstruction needs. While it is projected that the near-term increases in revenues should meet cost-of-living adjustments and provide for the basic capital improvement needs of the City and its residents, the City's revenues will not be sufficient to maintain a suitable street maintenance program after the 10-year expiration of the voter-approved sales tax increase. More than likely, this will continue to be the case unless significant growth occurs, there is a major increase in Royal Gorge Park attendance, or voters agree to some form of a permanent tax increase.

After some detailed assessment, City administration and City Council have determined that, while the City has experienced small but general increases in sales tax receipts from 2000 through 2018, 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 must continue to emphasize long-term financial planning.



## **RELEVANT FINANCIAL POLICIES**

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

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

## **MAJOR INITIATIVES**

The City has instituted a number of new initiatives in recent years. To respond to concerns about falling attendance at the Royal Gorge Bridge and Park over the past decade, the uncertainty created by a single devastating event and a sustained period of slow economic growth in the community, City Council made economic development a priority. Council's efforts began with comprehensive long-range planning in 2017 which has continued through 2019.

The City has completed and adopted a community visioning and branding plan as well as a downtown strategy. Additionally, plans have been completed for the improvement of the Highway 50 corridor, the Arkansas River corridor, improvements of bridges and sidewalks, community trails and open spaces, 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 2020 and beyond as the community seeks economic and financial growth and improvement.

The City has continued to institute efforts with the Chamber of Commerce, Fremont County Economic Development Corporation, TechSTART and the Fremont County Tourism Council to advance the new community brand and undertake new marketing strategies that intend to grow area tourism and attract new business and growth to the community.

In 2017 the City created the Economic Development Department and hired an Economic Development Director. The Economic Development office works to be an advocate for local businesses and to help streamline the process and make the community more business friendly. The Economic Development office is working on building better relationships with community partners, reviewing city policies, and working on existing plans such as the Downtown Master Plan and the Royal Gorge Master Plan. The City also actively searched for and obtained significant grants to aid in economic growth and improvement of the community. City Council and staff also worked with the Royal Gorge Bridge and Park Company of Colorado to establish a new direction for quality in the reconstruction and future improvements at the Park.

Multiple capital projects and improvements took place in the City's Parks Department during the year. Centennial Park had various improvements with the installation of three pavilions, new signs and landscaping, an ADA ramp and railing, LED lighting, and an additional 210 feet of sidewalk. The installation of rapid block wave improvements at the whitewater park was also accomplished. At the Royal

Gorge Park the third and final trestle bridge was re-decked, 5.6 miles of new trail was added, new fencing went up, and installation and construction was completed for twenty one designated campsites. Reconstruction of 2.6 and 2.5 miles of roadway were completed at Temple Canyon Park and Red Canyon Park respectively. A NEPA study and a trail design for the Royal Gorge Park/Tunnel Drive connection was also done with a favorable seasonal closure agreement with BLM and CPW being negotiated.

In 2019 the City's Police Department continued to promote safety and awareness and strengthen ties to the community with events such as the Law Enforcement Torch Run and National Night Out and programs like Coffee with a Cop and Shop with a Cop. The department continued to expand its K9 division with the additions of Boot and Merlin. Advanced training and safety equipment are also things that the Police Department continually keeps up with in order to ensure optimum performance for the citizens of Cañon City. A large impact was the development of the continuing Co-Responder Program that assists those with mental illness and substance abuse with getting back on their feet in order to enhance their way of life and decrease the potential for unnecessary incarceration or repeat offenses.

In November 2016, the Cañon City voters approved the requested 1% sales & use tax increase. By utilizing a \$5,000,000 interfund loan in combination with sales tax collections, the City completed multiple major street improvements in the 2019 year. Five major streets were completed throughout the city including Main Street for a total area of pavement of 59,856 square yards. The street improvement program continues to assess and upgrade local streets in order to provide safety and stability for years to come.

## **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, 2018. 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. 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,



Ryan Stevens  
City Administrator



Tammy Nordyke  
Finance Director

# City of Cañon City, Colorado

## Elected Officials

For the Year Ended December 31, 2019



Mayor  
Preston R. Troutman  
At Large



Council Member  
Frank Jaquez  
District 1



Council Member  
Ashley R. Smith  
District 2



Council Member  
John Hamrick  
District 3



Council Member  
Amanda Cochran  
At Large



Council Member  
Dolly Gonzales  
At Large



Council Member  
Jim Meisner  
At Large



Council Member  
Kaitlin B. Turner  
District 4



# **City of Cañon City, Colorado**

## **Appointed Officials**

For the Year Ended December 31, 2019

City Administrator	Ryan Stevens
City Attorneys	Hoffmann, Parker, Wilson & Carberry, P.C.
Municipal Court Judge	Larry D. Allen

## **Department Heads**

For the Year Ended December 31, 2019

Parks Director	Rex Brady
Water Superintendent	Bob Hartzman
Police Chief	Daric Harvey
City Engineer/IT Director	Adam Lancaster
Library Director	Suzanne Lasha
Human Resources Director	Ivy Morris
Finance/IT Director	Tammy Nordyke
City Clerk	Cindy Foster-Owens
Equipment/Facilities/Streets Director	Jim Johnson
Economic Development Director	Ryan Stevens
Museum Director	Lisa Studts
Community Development Director	Deana Swetlik

# Organizational Chart

as of December 31, 2019

## CITIZENS OF CAÑON CITY

### MAYOR AND CITY COUNCIL

Preston Troutman - MAYOR

Frank Jaquez, Ashley Smith, John Hamrick, Kaitlin Turner, Dolly Gonzales, Amanda Cochran, Jim Meisner

### CITY ATTORNEY

Hoffman, Parker, Wilson, & Carberry, P.C.

### MUNICIPAL JUDGE

Larry Allen

### CITY ADMINISTRATOR

Ryan Stevens

### ADMIN ASSISTANT

Denise Warren

### BUILDING

Kathy Ulsh

### CITY CLERK

Cindy Foster Owens

### ECONOMIC DEVELOPMENT

Ryan Stevens

### ENGINEERING

Adam Lancaster

### ENGINEERING

### STORMWATER

### INFORMATION TECHNOLOGY

### FINANCE

Tammy Nordyke

### ACCOUNTING & BUDGETING

### UTILITY BILLING

### HUMAN RESOURCES

Ivy Morris

### LIBRARY

Suzanne Lasha

### LONG RANGE PLANNING

Deana Swetlik

### MUSEUM

Lisa Studts

### PARKS & FACILITIES

Rex Brady

### PARKS

### OPEN SPACE

### CEMETERY

### PLANNING & ZONING

Patrick Mulready

### POLICE

Daric Harvey

### OPERATIONS

### SUPPORT SERVICES

### NEIGHBORHOOD PARTNERSHIP

### PUBLIC INFORMATION

Kristy Gotham

### STREETS, FLEETS, BUILDINGS

Jim Johnson

### STREETS

### FLEET

### BUILDING

### WATER

Bob Hartzman

### TREATMENT

### DISTRIBUTION



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, 2018**

*Christopher P. Morrell*

Executive Director/CEO



## **Financial Section**



**HINKLE &  
COMPANY**  
*Strategic* <sup>PC</sup>  
*Business Advisors*

## **Independent Auditors' Report**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cañon City as of and for the year ended December 31, 2019, 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, 2019, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

## **Other Information**

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

*Hick & Company, PC*

Greenwood Village, Colorado  
August 12, 2020



# **City of Cañon City, Colorado**

## **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, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal which can be found in the introductory section of this report.

### **FINANCIAL HIGHLIGHTS**

#### **Fund highlights:**

- ◆ The fund balance for the General Fund increased by \$258,144 compared to a budgeted decrease of \$4,319,644 primarily due to a combination of significant savings on operating expenses, deferred capital projects, greater than anticipated sales and use tax revenues, and proceeds from the sale of a City property not originally anticipated in the budget.
- ◆ Sales and use tax revenue, the City's largest single source of General Fund revenue, increased by \$219,378 from 2018 due to the positive growth in the local economy largely resulting from increases in taxable sales and increased activity in new construction within the community.
- ◆ At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,252,742 (or 22.6 percent of total General Fund operating expenditures plus debt service). The City's other governmental funds reported a combined ending fund balance of \$1,357,228, a decrease of \$1,022,313 in comparison with the prior year primarily as a result of increased capital projects in the Street Improvement Fund. Within the total fund balance for the governmental funds, \$472,515 is restricted by specific legal requirements, \$310,146 has been committed for contractual obligations, \$6,083,096 is classified as assigned, and \$3,083,942 is non-spendable for inventory, prepaid items, interfund receivable and the Cemetery Perpetual Care Fund. The total unassigned fund balance for governmental funds of \$597,232 includes a negative fund balance of (\$2,655,510) in the Street Improvement Fund. This negative fund balance in the Street Improvement Fund is related to outstanding interfund loan balance of \$3,888,888 that was received for street improvement projects. The interfund loan will be repaid from future sales and use tax revenues, which will eliminate the negative fund balance.
- ◆ Reflected in the General Fund Budgetary Comparison Schedule, revenues that were primarily from property taxes, sales and use taxes, franchise taxes, Royal Gorge Bridge lease revenues, and general intergovernmental revenues were used to support the following major activities:
  - a. \$3,249,089 was applied to General Government purposes – City Council, City Clerk, Elections, Municipal Court, Administration, Human Resources, Computer Resources, Buildings, Finance, Non-Departmental, Economic Development and Community Development.
  - b. \$4,530,487 for Public Safety – Victim Assistance, Administration, Special Response Team, Patrol, Investigation, Parking & Code Enforcement, School Resource Officer, and Community Programs.
  - c. \$2,313,330 for Public Works – Equipment Repair, Street Maintenance, Engineering, and Street Projects.
  - d. \$860,731 for Culture and Recreation – Cañon City Public Library and the Royal Gorge Museum and History Center.
  - e. \$3,062,526 for Capital Outlay.
  - f. \$348,205 for Debt Service.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The discussion and analysis serves as an introduction to the City of Cañon City's basic financial statements. The City of Cañon City's financial statements are comprised of three components, government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

# **City of Cañon City, Colorado**

## **Management's Discussion and Analysis (Unaudited)**

**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. The Statement of Net Position presents information on all of the City of Cañon City's assets and deferred outflows of resources along with liabilities and deferred inflows of resources, with the difference 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. The Statement of Net Position combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations. Other nonfinancial factors should also be taken into consideration, 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 or financial condition of the City.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but not used paid time off.). Both the Statement of Net Position and the Statement of Activities are prepared utilizing the accrual basis of accounting and the economic resources measurement focus.

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 recover the full cost of certain services it provides. The City's water facilities and Stormwater Utility Fund are reported here.

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

## **Reporting 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 determine whether there are more or less financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation beside the fund financial statements.

The City of Cañon City maintained eleven individual governmental funds for the year ended December 31, 2019. 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, Street Improvement Fund and the Quality of Life Fund which are the major governmental funds. The Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds includes data from the other eight funds. The Combining Balance Sheet – Non-major Governmental Fund's reports data combined into a single aggregated presentation for the remaining eight Non-major Governmental Funds as of December 31, 2019.



# City of Cañon City, Colorado

## Management's Discussion and Analysis (Unaudited)

Proprietary funds: When the City charges 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 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 can be found following the basic financial statements.

### RSI and Supplementary Information

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

## THE CITY AS A WHOLE – Government-Wide Financial Analysis

The City's net position at fiscal year-end is \$116,709,127. This is a \$5,414,901 increase over last year's net position of \$111,294,226. Net position may serve as a useful indicator of the City's financial position.

The largest portion of Cañon City's net position, \$88,420,104 (75.8 percent), reflects its net investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's net investment in its capital assets is reported net of related debt, should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate liabilities.

### Summary of Net Position At December 31, 2019

	Governmental Activities		Business -Type Activities		Total	
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year
<b>Statement of Net Position</b>						
Current and Other Assets	\$14,375,183	\$14,970,517	\$16,642,388	\$8,866,039	\$31,017,571	\$23,836,556
Capital Assets	69,525,432	63,377,191	37,268,259	37,257,413	106,793,691	100,634,604
Net Pension Assets	58,331	468,459	-	-	58,331	468,459
<b>Total Assets</b>	<b>\$83,958,946</b>	<b>\$78,816,167</b>	<b>\$53,910,647</b>	<b>\$46,123,452</b>	<b>\$137,869,593</b>	<b>\$124,939,619</b>
<b>Deferred Outflows of Resources</b>	<b>\$1,069,411</b>	<b>\$611,369</b>	<b>\$469,858</b>	<b>\$506,001</b>	<b>\$1,539,269</b>	<b>\$1,117,370</b>
Other Liabilities	\$2,622,374	\$2,089,294	\$470,794	\$415,778	\$3,093,168	\$2,505,072
Long-Term Liabilities	1,278,884	1,507,810	17,560,408	10,175,513	18,839,292	11,683,323
Net Pension Liability	308,341	-	-	-	308,341	-
<b>Total Liabilities</b>	<b>\$4,209,599</b>	<b>\$3,597,104</b>	<b>\$18,031,202</b>	<b>\$10,591,291</b>	<b>\$22,240,801</b>	<b>\$14,188,395</b>
<b>Deferred Inflow of Resources</b>	<b>\$458,934</b>	<b>\$574,368</b>	<b>-</b>	<b>-</b>	<b>\$458,934</b>	<b>\$574,368</b>

# City of Cañon City, Colorado

## Management's Discussion and Analysis (Unaudited)

### Net position

Net Investment in Capital Assets	\$68,575,855	\$62,253,191	\$19,844,249	\$27,723,414	\$88,420,104	\$89,976,605
Restricted	2,660,205	2,647,080	-	-	2,660,205	2,647,080
Unrestricted	9,123,764	10,355,793	16,505,054	8,314,748	25,628,818	18,670,541
<b>Total Net Position</b>	<b>\$80,359,824</b>	<b>\$75,256,064</b>	<b>\$36,349,303</b>	<b>\$36,038,162</b>	<b>\$116,709,127</b>	<b>\$111,294,226</b>

Only \$2,660,205 of the City's net position represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$25,628,818 may be used to meet the City's ongoing obligation to citizens and creditors.

As of December 31, 2019, the City as a whole was able to report positive balances in all three categories of net position for as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

### Analysis of City's Operations

Governmental and Business-Type activities increased the City's net position by a total of \$5,414,901. The key elements of this increase are as follows:

### CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year
<b>Statement of Activities</b>						
<b>Program Revenues (Major Source)</b>						
Charges for Services	\$1,163,162	\$1,090,406	\$8,453,403	\$7,539,238	\$9,616,565	\$8,629,644
Operating Grants & Contributions	1,065,475	983,724	36,579	147,500	1,102,054	1,131,224
Capital Grants & Contributions	1,411,625	4,099,710	-	307,699	1,411,625	4,407,409
<b>General Revenues:</b>						
Property Taxes	462,806	452,830	-	-	462,806	452,830
Sales and Use Taxes	11,213,904	10,838,128	-	-	11,213,904	10,838,128
Other Taxes	32,277	28,780	-	-	32,277	28,780
Franchise Taxes	765,657	786,863	-	-	765,657	786,863
Grants & Contributions not Restricted to Specific Programs	321,226	290,790	-	-	321,226	290,790
Royal Gorge Bridge Revenues	2,726,245	2,714,331	-	-	2,726,245	2,714,331
Investment Earnings	257,941	319,102	306,360	149,220	564,301	468,322
Other Revenues	837,014	64,340	-	-	837,014	64,340
<b>Total Revenues</b>	<b>20,257,332</b>	<b>21,669,004</b>	<b>8,796,342</b>	<b>8,143,657</b>	<b>29,053,674</b>	<b>29,812,661</b>
<b>Program Expenses:</b>						
General Government	3,535,379	3,743,706	-	-	3,535,379	3,743,706
Public Safety	4,977,168	4,312,632	-	-	4,977,168	4,312,632
Public Works	3,615,072	3,399,296	-	-	3,615,072	3,399,296
Culture & Recreation	3,884,311	3,555,067	-	-	3,884,311	3,555,067
Interest on Long-Term Debt	133,122	144,815	-	-	133,122	144,815
Water	-	-	6,711,905	6,330,927	6,711,905	6,330,927
Stormwater Utility	-	-	781,816	654,554	781,816	654,554
<b>Total Expenses</b>	<b>16,145,052</b>	<b>15,155,516</b>	<b>7,493,721</b>	<b>6,985,481</b>	<b>23,638,773</b>	<b>22,140,997</b>
<b>Increase in Net Position Before Transfers</b>	<b>4,112,280</b>	<b>6,513,488</b>	<b>1,302,621</b>	<b>1,158,176</b>	<b>5,414,901</b>	<b>7,671,664</b>
<b>Transfers</b>	<b>991,480</b>	<b>953,000</b>	<b>(991,480)</b>	<b>(953,000)</b>		
<b>Change in Net Position</b>	<b>5,103,760</b>	<b>7,466,488</b>	<b>311,141</b>	<b>205,176</b>	<b>5,414,901</b>	<b>7,671,664</b>
<b>Net Position, Beginning of Year</b>	<b>75,256,064</b>	<b>67,789,576</b>	<b>36,038,162</b>	<b>35,832,986</b>	<b>111,294,226</b>	<b>103,622,562</b>
<b>Net Position, End of Year</b>	<b>\$80,359,824</b>	<b>\$75,256,064</b>	<b>\$ 36,349,303</b>	<b>\$36,038,162</b>	<b>\$116,709,127</b>	<b>\$111,294,226</b>

# City of Cañon City, Colorado

## Management's Discussion and Analysis (Unaudited)

### Governmental Activities

The City's general revenues within governmental activities increased when compared to the prior year by 7.2% or \$1,121,906. The primary reason for this increase was due to the sale of a City owned asset that had previously been leased. Sales tax has been increasing steadily for the last ten years. Refer to Statistical Table 9 for detailed information about sales tax collections by category.

### General Revenues

	2019	2018	Increase (Decrease)
Property Taxes	\$462,806	\$452,830	\$9,976
Sales and Use Taxes	11,213,904	10,838,128	375,776
Other taxes	32,277	28,780	3,497
Franchise Taxes	765,657	786,863	(21,206)
Grants and Contributions not restricted to Specific Programs	321,226	290,790	30,436
Royal Gorge Bridge Revenues	2,726,245	2,714,331	11,914
Investment Earnings	257,941	319,102	(61,161)
Other Revenues	837,014	64,340	772,674
Total General Revenues	<u>\$16,617,070</u>	<u>\$15,495,164</u>	<u>\$1,121,906</u>

- Program revenues had a net decrease of \$2,533,578 (or 41.0 percent). Charges for services increased by \$72,756 (or 6.7 percent). Operating Grants & Contributions increased by \$81,751 (or 8.3 percent) mainly due to an additional grant funded programs in the year. Capital Grants and Contributions decreased by \$2,688,085 (or 65.6 percent) primarily due to decreased grant funded capital projects.
- Sales and use tax revenues increased by \$375,776 (or 3.5 percent) mainly due to an improved building environment with increased building sales and construction as well as increases in tourism revenue.
- Franchise tax revenues decreased by \$21,206 (or 2.7 percent).
- Royal Gorge Bridge lease revenues increased by \$11,914 (or 0.4 percent). Paid admissions were relatively flat in comparison to the prior year; however, the per capita revenue increased by 4.82 percent.
- Investment earnings decreased by \$61,161 (or 19.2 percent).
- General Government expenses decreased by \$208,327 (or 5.6 percent) due to decreases in personnel costs due to vacancies and reduced operating costs.
- Public Safety expenses increased by \$664,536 (or 15.4 percent) primarily due to capital projects and equipment.
- Public Works expenses increased by \$215,776 (or 6.3 percent) primarily due to increased street maintenance material costs.
- Culture and Recreation expenses increased by \$329,244 (or 9.3 percent) primarily due to increased depreciation expense from additions of capital assets and grant funded contractual services costs in the year.
- The budgeting strategy for 2019 was to maintain the unassigned reserve at a minimum of 20.5 percent and a maximum of 30.0 percent of expenditures.

The governmental activities long term liabilities, excluding net pension liability, decreased by \$228,926 due to principal repayments and a decrease in the City's compensated absence liability. Other governmental activities liabilities increased by \$533,080 primarily due to an increase in accounts payable. A net pension asset was also reported in the governmental activities in the amount of \$58,331 as well as a net pension liability of \$308,341.

**Business-Type Activities:** Total net position from business-type activities increased from the previous year by \$311,141 (or 0.9 percent). The key elements of this increase are due to the following:

- The City Stormwater Utility Fund had a total increase in net position of \$322,255 primarily from the issuance of certificates of participation to be used for future capital projects.
- The Water Fund had a total decrease in net position of \$11,114 primarily from the increase in accrued liabilities at year end.

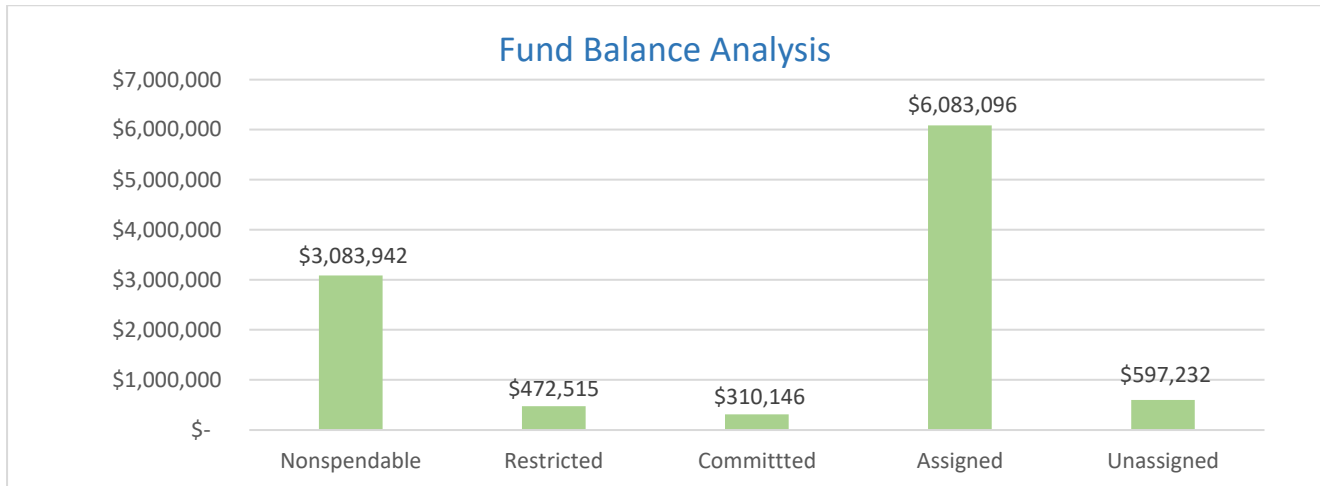
# City of Cañon City, Colorado

## Management's Discussion and Analysis (Unaudited)

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

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

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



At the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$10,546,931 a decrease of \$764,169 in comparison with the prior year. Within this total \$472,515 (4.5 percent) is restricted by specific legal requirements, and \$310,146 (2.9 percent) has been committed and \$6,083,096 (57.7 percent) is assigned to specific types of expenditures, and \$3,083,942 (29.2 percent) is non-spendable for inventory, cemetery, and prepaid items. The unassigned fund balance represents a positive \$597,232 (5.7 percent).

- ◆ **The General Fund** is the City's primary operating fund. At the end of the current fiscal year the unassigned fund balance was \$3,252,742 while the total fund balance equaled \$9,189,703. In the current fiscal year, the fund balance of the General Fund increased by \$258,144. This is primarily due to an increased amount of sales and use tax and deferred capital projects.

**Quality of Life Fund:** The City's quality of life fund is used to account for various major grant funded capital projects. The City allocates a portion of the Royal Gorge lease revenues to this fund to provide the local match requirements of the various grants. For the 2019 fiscal year, of the \$759,694 total project expenditures, \$515,660 (or 67.9 percent) was provided by multiple grant sources. The main projects with funding assistance were as follows: Completion of the river corridor improvement project that was partly funded by a Great Outdoors Colorado (GOCO) grant with additional funding from Fremont County, State Historical funding for renovation of a City Library historic building. The US 50 Pedestrian Crossing study/design and Safe Routes to School project were primarily funded by Colorado Department of Transportation (CDOT) grants.

- ◆ **The Street Improvement Fund** was established to account for the financial activity authorized by the passage of Cañon City Referendum #2A on November 8, 2016. All sales and use tax revenue generated from the approved one percent sales and use tax rate increase (from 2.0% to 3.0%) are deposited into this Fund. Additionally, all investment earnings resulting from the available cash balances in this Fund are allocated to the Street Improvement Fund. The resources accumulated in this fund are used exclusively to fund the costs of street related infrastructure improvements and repairs. The projects that are planned for completion will be prioritized in accordance with the City's pavement management plan criteria.

# City of Cañon City, Colorado

## Management's Discussion and Analysis (Unaudited)

In 2017 City Council approved an interfund loan in the amount of \$5M (General Fund \$1M, Cemetery Fund \$2M, Water Fund \$1.25M, & Raw Water Fund \$0.75M) to be repaid over a 10 year period at an interest rate of the average yield of the City's pooled investments plus 0.5%. This financing methodology is expected to result in significant savings in issuance costs and interest expense over the 10-year repayment period.

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

Unrestricted net position of the Water Fund at the end of the year amounted to \$8,199,587.

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 2019 was \$8,305,467.

The net position of the Internal Service Fund, which accounts for the City's self-insurance program, decreased by \$299,658 (28.1 percent). This decrease was primarily the result increased claims in 2019. In order to stabilize the Internal Service Fund, premiums for the self-insurance program were increased by 8.5% in 2020. It is anticipated that smaller increases will be imposed for future years.

### General Fund Budgetary Highlights

The original expense budget in the General Fund was \$17,182,259. The total General Fund expense budget was increased by \$943,975 during the year. The components of the General Fund budget increase were:

- ◆ Eligible costs for the Canon City Police Department Behavioral Health Program funded by the Colorado Office of Behavioral Health grant \$181,800
- ◆ Unappropriated fund balance committed to the Royal Gorge Park Fund of \$325,000 available to cover the cost of new attractions at the Royal Gorge Bridge and Park
- ◆ Eligible police equipment and training costs funded by a State POST grant \$33,930
- ◆ Further funding of \$80,000 for contributions for the Royal Gorge Park Trestle Bridge Project
- ◆ Additional \$289,245 available for contributions to the Fremont Arts Center and Golden Age Center, as well as several Capital Projects including the Oil Creek Ditch Crossing, US 50 West Highway Access Study, railroad crossing resurfacing, and pedestrian bridge repairs.

The General Fund total revenues were \$365,268 higher than the revenue budget. Several of the revenue categories had significant variances from budget. Taxes and assessments revenues were \$30,270 higher than budgeted which was only a 0.35% variance. Licenses and permits were \$155,003 higher than budgeted primarily due to a large commercial project which was started during the year. Intergovernmental revenues were \$185,227 higher than budgeted primarily due to grant payments. Charges for services were \$27,661 higher because of Code Enforcement related revenues which were greater than budget. Fines and Forfeitures revenues were \$54,305 lower than budgeted due to a decrease in traffic tickets. The General Fund portion of the Royal Gorge Bridge revenues was \$4,755 lower than budgeted because a greater than budgeted portion of this revenue source was allocated to both the Park Improvement and Quality of Life Funds. Interest earnings were \$21,044 greater than budgeted due to a significant increase to the average yield on the City's investments. Rent revenues were \$34,027 higher than budgeted, and contributions and donations were \$862 greater than budgeted. Other revenues were \$29,766 lower than budgeted due to lower than expected refunds.

The General Fund total expenditures were \$3,761,867 under budget. General Government expenditures were \$793,746 under budget due to a combination of vacancy savings and reduced operating costs. Public Safety spending was \$492,569 lower than budgeted expenditures due to vacancy savings. Public Works operating costs were \$127,315 lower than budgeted due to vacancy savings and reduced operating costs. Culture and Recreation spending was \$42,873 under budget primarily due to reduced operating costs. Capital projects cost were \$2,295,609 lower than budgeted mainly due to capital projects deferred into the subsequent year.

# City of Cañon City, Colorado

## Management's Discussion and Analysis (Unaudited)

### Capital Assets and Debt Administration

#### Capital Assets

Cañon City's investment in capital assets for its governmental and business-type activities as of December 31, 2019 amounted to \$106,793,691 net of depreciation. This investment in capital assets includes land, water rights, buildings, improvements, machinery and equipment and infrastructure associated with the water system, stormwater system and street system infrastructure.

The increase in capital assets is attributed primarily to the purchase of properties to be used to encourage economic development within the City's boundaries. The City is continuing to upgrade water mains to help improve our level of service to our customers.

For additional information relating to the capital assets of the City please refer to note 4 in the notes to the financial statements.

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

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land	\$ 3,373,033	\$ 1,986,777	\$ 386,730	\$ 350,151	\$ 3,759,763	\$ 2,336,928
Ditch Stock	7,414	7,414	1,053,538	1,053,538	1,060,952	1,060,952
Construction in Progress	6,061,171	3,719,196	432,619	45,226	6,493,790	3,764,422
Infrastructure	24,829,716	25,439,316	-	-	24,829,716	25,439,316
Buildings	15,422,718	16,421,647	4,221,373	4,421,324	19,644,091	20,842,971
Improvements	17,785,007	14,027,053	-	-	17,785,007	14,027,053
Water and Stormwater Systems	-	-	30,847,367	30,936,219	30,847,367	30,936,219
Machinery and Equipment	2,046,373	1,775,788	326,632	450,955	2,373,005	2,226,743
Total	<u>\$ 69,525,432</u>	<u>\$ 63,377,191</u>	<u>\$ 37,268,259</u>	<u>\$ 37,257,413</u>	<u>\$ 106,793,691</u>	<u>\$ 100,634,604</u>



# **City of Cañon City, Colorado**

## **Management's Discussion and Analysis (Unaudited)**

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

### **Governmental Activities**

Five copier/ printers  
Council Chamber video system upgrade  
HVAC systems for Police Station and Police Annex  
Boiler for Police Station  
Library circulation desk  
Purchase vacant lot located at 110 South 1st Street  
Purchase parking lot and clock tower located at 232 Main Street  
Purchase property at 304 South 1st Street  
Repave road and parking lots at Centennial Park  
Install curb, gutter, and sidewalk at Centennial Park  
Install Arkansas River Corridor Recreation Enhancements  
Entrance signs for Mountain View and Centennial Parks  
Welcome sign at East City Limit  
Centennial Bridge programmable lighting  
Rebuild roads at Temple Canyon and Red Canyon Parks  
Install fencing at Royal Gorge Park  
New attraction "Via Ferrata" at Royal Gorge Park  
Water Treatment Plant at Royal Gorge Park  
72-inch turf mower  
2016 BMW police motorcycle  
Two police canines  
2020 Ford Explorer patrol vehicle  
2019 Elgin street sweeper  
2019 John Deere loader  
Complete railroad crossing resurfacing at four locations  
Install curb, gutter, and sidewalk at Myrtle Ave (Lincoln School)

### **Business-type Activities**

#### **Water Fund**

8" water main installed at 4th Street and Myrtle Ave  
8" water main installed on Main Street  
8" water main installed at Meadows Ave

#### **Stormwater Fund**

Land donated by Dawson Ranch LLC for stormwater drainage

#### **Debt Administration:**

At the end of the current fiscal year, the City had total outstanding debt of \$18,839,292 (certificates of participation, capital lease, public improvement bonds and compensated absences). The City's total debt was increased by \$7,155,970 during the current fiscal year.

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

- Repayments of Public Improvement Bonds reduced the outstanding balance by \$2,000
- Balance of City Hall Capital Lease decreased by \$215,000

# City of Cañon City, Colorado

## Management's Discussion and Analysis (Unaudited)

- Balance of the 2017 certificates of participation were decreased by \$595,000
- Compensated absences decreased by \$11,040
- Certificates of participation issued and paid during the year \$8,184,747

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

### *Outstanding Debt at Year-End*

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Public Improvement Bonds	\$ 2,000	\$ 4,000	\$ -	\$ -	\$ 2,000	\$ 4,000
Compensated Absences	371,884	383,810	136,398	135,513	508,282	519,323
Capital Lease	905,000	1,120,000	-	-	905,000	1,120,000
Certificates of Participation	-	-	17,424,010	10,040,000	17,424,010	10,040,000
<b>Total</b>	<b>\$ 1,278,884</b>	<b>\$ 1,507,810</b>	<b>\$ 17,560,408</b>	<b>\$ 10,175,513</b>	<b>\$ 18,839,292</b>	<b>\$ 11,683,323</b>

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City's 2020 budget reflects continuation of our plan to keep the City on solid ground for providing services to our citizens during 2020 and for years to come. We recognize the fact that we cannot control the economy as a whole. We are maintaining an adequate emergency reserve, and upholding 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 2020 budget lays out the City's vision for achieving long term goals and more focus on action beyond 2020 that promotes economic development and tourism within Fremont County. Since re-opening in 2014 after the 2013 fire, the Royal Gorge Bridge and Park continues to increase their annual attendance in each successive year.

The City's elected and appointed officials considered many factors when setting the fiscal year 2020 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 2020 due to the expected continued success of the Royal Gorge Bridge and Park due to continued development of new attractions.

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

The City's adherence to four basic principles is incorporated into the 2020 budget:

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

After the adoption of the 2020 budget, the City was faced with the economic impacts of COVID-19. As of this report, overall revenue is down. In order for the City to maintain its strong financial position, efforts were put in place to reduce expenditures. The City continues to maintain adequate reserves to provide funding for emergencies.

**City of Cañon City, Colorado**  
Management's Discussion and Analysis (Unaudited)

**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 Finance Director's attention at the following address:

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

## **Basic Financial Statements**

**City of Cañon City, Colorado**  
**Statement of Net Position**  
**December 31, 2019**

	Governmental Activities	Business-Type Activities	Totals
<b>Assets</b>			
Cash and Investments	\$ 12,999,689	\$ 13,919,527	\$ 26,919,216
Receivables			
Accounts	3,182	788,990	792,172
Taxes	1,557,421	-	1,557,421
Special Assessments	7,754	-	7,754
Other	1,194,560	8,301	1,202,861
Inventory	123,963	366,861	490,824
Prepaid Expenses	44,169	3,154	47,323
Internal Balances	(1,555,555)	1,555,555	-
Capital Assets			
Not Being Depreciated	9,441,618	1,872,887	11,314,505
Being Depreciated, <i>Net of Accumulated Depreciation</i>	60,083,814	35,395,372	95,479,186
Net Pension Asset (SWH)	58,331	-	58,331
 Total Assets	 83,958,946	 53,910,647	 137,869,593
<b>Deferred Outflows of Resources</b>			
Pensions, <i>Net of Accumulated Amortization</i>	1,069,411	-	1,069,411
Loss on Debt Refunding, <i>Net of Accumulated Amortization</i>	-	469,858	469,858
 Total Deferred Outflows of Resources	 1,069,411	 469,858	 1,539,269
<b>Liabilities</b>			
Accounts Payable	1,812,531	201,885	2,014,416
Retainage Payable	42,577	-	42,577
Accrued Interest Payable	1,529	23,252	24,781
Accrued Liabilities	271,304	81,135	352,439
Deposits	167,007	38,241	205,248
Insurance Claims	262,200	-	262,200
Unearned Revenues	65,226	126,281	191,507
Noncurrent Liabilities			
Due Within One Year	588,884	1,007,159	1,596,043
Due in More Than One Year	690,000	16,553,249	17,243,249
Net Pension Liability (SWDB)	308,341	-	308,341
 Total Liabilities	 4,209,599	 18,031,202	 22,240,801
<b>Deferred Inflows of Resources</b>			
Property Taxes	440,886	-	440,886
Pensions, <i>Net of Accumulated Amortizations</i>	18,048	-	18,048
 Total Deferred Inflows of Resources	 458,934	 -	 458,934
<b>Net Position</b>			
Net Investment in Capital Assets	68,575,855	19,844,249	88,420,104
Restricted For			
Cemetery Perpetual Care	2,102,974	-	2,102,974
Emergencies	339,241	-	339,241
Public Safety	9,395	-	9,395
Culture and Recreation	187,183	-	187,183
Debt Service	21,412	-	21,412
Unrestricted	9,123,764	16,505,054	25,628,818
 Total Net Position	 \$ 80,359,824	 \$ 36,349,303	 \$ 116,709,127

See Notes to Financial Statements.

**City of Cañon City, Colorado**  
**Statement of Activities**  
For the Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
<b>Primary Government</b>							
<i>Governmental Activities</i>							
General Government	\$ 3,535,379	\$ 453,107	\$ 139	\$ -	\$ (3,082,133)	\$ -	\$ (3,082,133)
Public Safety	4,977,168	271,804	164,928	21,800	(4,518,636)	-	(4,518,636)
Public Works	3,615,072	153,417	861,774	208,640	(2,391,241)	-	(2,391,241)
Culture and Recreation	3,884,311	284,834	38,634	1,181,185	(2,379,658)	-	(2,379,658)
Interest on Long-Term Debt	133,122	-	-	-	(133,122)	-	(133,122)
Total Government Activities	16,145,052	1,163,162	1,065,475	1,411,625	(12,504,790)	-	(12,504,790)
<i>Business-Type Activities</i>							
Water	6,711,905	6,788,323	-	-	-	76,418	76,418
Stormwater	781,816	1,665,080	36,579	-	-	919,843	919,843
Total Business-Type Activities	7,493,721	8,453,403	36,579	-	-	996,261	996,261
Total Primary Government	\$ 23,638,773	\$ 9,616,565	\$ 1,102,054	\$ 1,411,625	(12,504,790)	996,261	(11,508,529)
<b>General Revenues</b>							
Property Taxes					462,806	-	462,806
Sales and Use Taxes					11,213,904	-	11,213,904
Other Taxes					32,277	-	32,277
Franchise Taxes					765,657	-	765,657
Grants and Contributions not Restricted to Specific Programs					321,226	-	321,226
Royal Gorge Bridge Revenues					2,726,245	-	2,726,245
Investment Earnings					257,941	306,360	564,301
Other Revenues					837,014	-	837,014
Transfers					991,480	(991,480)	-
Total General Revenues					17,608,550	(685,120)	16,923,430
Change in Net Position					5,103,760	311,141	5,414,901
Net Position, Beginning of year					75,256,064	36,038,162	111,294,226
Net Position, End of year					\$ 80,359,824	\$ 36,349,303	\$ 116,709,127



**City of Cañon City, Colorado**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2019**

	General	Quality of Life	Street Improvement	Other Governmental Funds	Totals
<b>Assets</b>					
Cash and Investments	\$ 7,572,523	\$ 819,537	\$ 1,784,622	\$ 1,834,421	\$ 12,011,103
Receivables					
Taxes	1,222,459	-	334,962	-	1,557,421
Special Assessments	-	-	-	7,754	7,754
Other	1,180,003	12,199	-	2,358	1,194,560
Interfund Receivables	777,778	-	-	1,555,555	2,333,333
Inventory	113,999	-	-	9,964	123,963
Prepaid Items	4,970	-	-	-	4,970
<b>Total Assets</b>	<b>\$ 10,871,732</b>	<b>\$ 831,736</b>	<b>\$ 2,119,584</b>	<b>\$ 3,410,052</b>	<b>\$ 17,233,104</b>
<b>Liabilities</b>					
Accounts Payable	783,052	68,427	843,629	117,423	1,812,531
Retainage Payable	-	-	42,577	-	42,577
Accrued Liabilities	251,607	-	-	19,697	271,304
Deposits	165,607	-	-	1,400	167,007
Unearned Revenues	40,877	-	-	14,349	55,226
Interfund Payables	-	-	3,888,888	-	3,888,888
<b>Total Liabilities</b>	<b>1,241,143</b>	<b>68,427</b>	<b>4,775,094</b>	<b>152,869</b>	<b>6,237,533</b>
<b>Deferred Inflows of Resources</b>					
Property Taxes and Assessments	440,886	-	-	7,754	448,640
<b>Total Deferred Inflows of Resources</b>	<b>440,886</b>	<b>-</b>	<b>-</b>	<b>7,754</b>	<b>448,640</b>
<b>Fund Balances</b>					
Nonspendable					
Inventory	113,999	-	-	9,964	123,963
Prepaid Items	4,970	-	-	-	4,970
Cemetery Perpetual Care	-	-	-	2,177,231	2,177,231
Interfund Receivable	777,778	-	-	-	777,778
Restricted					
Emergencies	339,241	-	-	-	339,241
Public Safety	-	-	-	7,326	7,326
Culture and Recreation	-	-	-	113,161	113,161
Debt Service	-	-	-	12,787	12,787
Committed					
General Government	35,146	-	-	-	35,146
Culture and Recreation	275,000	-	-	-	275,000
Assigned					
General Government	4,159,109	-	-	-	4,159,109
Public Works	191,718	636,523	-	-	828,241
Culture and Recreation	-	126,786	-	601,485	728,271
Marketing/Economic Development	40,000	-	-	-	40,000
Debt Service	-	-	-	327,475	327,475
Unassigned	3,252,742	-	(2,655,510)	-	597,232
<b>Total Fund Balances</b>	<b>9,189,703</b>	<b>763,309</b>	<b>(2,655,510)</b>	<b>3,249,429</b>	<b>10,546,931</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 10,871,732</b>	<b>\$ 831,736</b>	<b>\$ 2,119,584</b>	<b>\$ 3,410,052</b>	<b>\$ 17,233,104</b>

See Notes to Financial Statements.

**City of Cañon City, Colorado**  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
December 31, 2019

**Amounts Reported for Governmental Activities  
in the Statement of Net Position are Different Because:**

Total Fund Balances of Governmental Funds	\$ 10,546,931
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	69,525,432
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	7,754
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds.	
Notes Payable	(907,000)
Accrued Interest Payable	(1,529)
Grants	(10,000)
Accrued Compensated Absences	(371,884)
Net Pension Liability	(250,010)
Pension-related Deferred Outflows of Resources	1,069,411
Pension-related Deferred Inflows of Resources	(18,048)
Internal Service Funds are blended into Governmental Activities	<u>768,767</u>
Total Net Position of Governmental Activities	\$ <u><u>80,359,824</u></u>

**City of Cañon City, Colorado**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2019**

	General	Quality of Life	Street Improvement	Other Governmental Funds	Totals
<b>Revenues</b>					
Taxes and Assessments	\$ 8,698,240	\$ -	\$ 3,776,406	\$ 4,093	\$ 12,478,739
Licenses and Permits	506,103	-	-	-	506,103
Intergovernmental	1,350,347	515,660	-	11,523	1,877,530
Charges for Services	259,461	-	-	93,669	353,130
Fines and Forfeitures	107,695	-	-	-	107,695
Royal Gorge Bridge	1,151,245	278,000	-	1,297,000	2,726,245
Interest	180,444	12,938	74,138	81,194	348,714
Rent	165,627	-	-	32,535	198,162
Contributions and Donations	15,362	-	-	-	15,362
Other	85,834	-	-	104,422	190,256
Total Revenues	<u>12,520,358</u>	<u>806,598</u>	<u>3,850,544</u>	<u>1,624,436</u>	<u>18,801,936</u>
<b>Expenditures</b>					
Current					
General Government	3,249,089	-	-	54	3,249,143
Public Safety	4,530,487	-	-	2,220	4,532,707
Public Works	2,313,330	-	-	-	2,313,330
Culture and Recreation	860,731	-	-	1,372,668	2,233,399
Capital Outlay					
Streets	607,193	501,769	4,793,006	-	5,901,968
Other	2,455,333	257,925	-	241,214	2,954,472
Debt Service					
Principal	325,245	-	-	2,000	327,245
Interest	22,960	-	117,755	280	140,995
Total Expenditures	<u>14,364,368</u>	<u>759,694</u>	<u>4,910,761</u>	<u>1,618,436</u>	<u>21,653,259</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(1,844,010)</u>	<u>46,904</u>	<u>(1,060,217)</u>	<u>6,000</u>	<u>(2,851,323)</u>
<b>Other Financing Sources (Uses)</b>					
Financing Proceeds	320,069	-	-	-	320,069
Proceeds from Sale of Capital Assets	775,605	-	-	-	775,605
Transfers In	1,106,480	11,119	-	-	1,117,599
Transfers Out	(100,000)	-	-	(26,119)	(126,119)
Total Other Financing Sources (Uses)	<u>2,102,154</u>	<u>11,119</u>	<u>-</u>	<u>(26,119)</u>	<u>2,087,154</u>
<b>Net Change in Fund Balances</b>	258,144	58,023	(1,060,217)	(20,119)	(764,169)
<b>Fund Balances, Beginning of year</b>	<u>8,931,559</u>	<u>705,286</u>	<u>(1,595,293)</u>	<u>3,269,548</u>	<u>11,311,100</u>
<b>Fund Balances, End of year</b>	<u>\$ 9,189,703</u>	<u>\$ 763,309</u>	<u>\$ (2,655,510)</u>	<u>\$ 3,249,429</u>	<u>\$ 10,546,931</u>

**City of Cañon City, Colorado**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities**  
**Governmental Funds**  
**For the Year Ended December 31, 2019**

**Amounts Reported for Governmental Activities  
in the Statement of Activities are Different Because:**

Net Change in Fund Balances of Governmental Funds	\$ (764,169)
Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities.	
Capital Outlay	9,754,671
Depreciation Expense	(3,251,332)
Disposal of Capital Assets	(355,098)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds. This amount presents special assessments and grants.	(91,941)
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 governmental funds.	
Payments on Long-Term Debt	217,000
Change in Accrued Interest Payable	363
Change in Grants	(10,000)
Change in Accrued Compensated Absences	11,926
Change in Pension Liability	(718,469)
Change in Pension Related Deferred Outflows of Resources	458,042
Change in Pension Related Deferred Inflows of Resources	152,425
Internal Service Funds are blended into Governmental Activities:	
Fleet Maintenance and Information Technology Funds, Change in Net Position	<u>(299,658)</u>
Change in Net Position of Governmental Activities	<u>\$ 5,103,760</u>

**City of Cañon City, Colorado**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2019**

	Business-Type Activities			Governmental Activities
	Water Fund	Stormwater Utility Fund	Totals	Internal Service Funds
<b>Assets</b>				
<b>Current Assets</b>				
Cash and Investments	\$ 5,643,435	\$ 8,276,092	\$ 13,919,527	\$ 988,586
Receivables				
Accounts	641,298	147,692	788,990	3,182
Other	8,301	-	8,301	-
Inventory	366,861	-	366,861	-
Prepaid Expenses	3,154	-	3,154	39,199
Total Current Assets	<u>6,663,049</u>	<u>8,423,784</u>	<u>15,086,833</u>	<u>1,030,967</u>
<b>Noncurrent Assets</b>				
Interfund Receivables	1,555,555	-	1,555,555	-
Capital Assets				
Not Being Depreciated	1,275,804	597,083	1,872,887	-
Being Depreciated, Net of Accumulated Depreciation	<u>31,928,128</u>	<u>3,467,244</u>	<u>35,395,372</u>	<u>-</u>
Total Noncurrent Assets	<u>34,759,487</u>	<u>4,064,327</u>	<u>38,823,814</u>	<u>-</u>
 Total Assets	 <u>41,422,536</u>	 <u>12,488,111</u>	 <u>53,910,647</u>	 <u>1,030,967</u>
<b>Deferred Outflows of Resources</b>				
Loss on Debt Refunding, Net of Accumulated Amortization	<u>469,858</u>	<u>-</u>	<u>469,858</u>	<u>-</u>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts Payable	93,253	108,632	201,885	-
Accrued Interest Payable	23,252	-	23,252	-
Accrued Liabilities	78,769	2,366	81,135	-
Deposits	38,241	-	38,241	-
Insurance Claims	-	-	-	262,200
Unearned Revenues	123,434	2,847	126,281	-
Accrued Compensated Absences, Current Portion	127,968	4,191	132,159	-
Certificates of Participation Payable, Current Portion	<u>615,000</u>	<u>260,000</u>	<u>875,000</u>	<u>-</u>
Total Current Liabilities	<u>1,099,917</u>	<u>378,036</u>	<u>1,477,953</u>	<u>262,200</u>
<b>Noncurrent Liabilities</b>				
Accrued Compensated Absences	3,958	281	4,239	-
Certificates of Participation Payable	<u>8,830,000</u>	<u>7,719,010</u>	<u>16,549,010</u>	<u>-</u>
Total Noncurrent Liabilities	<u>8,833,958</u>	<u>7,719,291</u>	<u>16,553,249</u>	<u>-</u>
 Total Liabilities	 <u>9,933,875</u>	 <u>8,097,327</u>	 <u>18,031,202</u>	 <u>262,200</u>
<b>Net Position</b>				
Net Investment in Capital Assets	23,758,932	(3,914,683)	19,844,249	-
Unrestricted	<u>8,199,587</u>	<u>8,305,467</u>	<u>16,505,054</u>	<u>768,767</u>
 Total Net Position	 <u>\$ 31,958,519</u>	 <u>\$ 4,390,784</u>	 <u>\$ 36,349,303</u>	 <u>\$ 768,767</u>

See Notes to Financial Statements.

**City of Cañon City, Colorado**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended December 31, 2019**

	Business-Type Activities			Governmental Activities
	Water Fund	Stormwater Utility Fund	Total	Internal Service Fund
<b>Operating Revenues</b>				
Charges for Services	\$ 6,340,745	\$ 1,621,530	\$ 7,962,275	\$ 2,128,482
Other Operating Revenue	88,447	43,550	131,997	-
Total Operating Revenues	<u>6,429,192</u>	<u>1,665,080</u>	<u>8,094,272</u>	<u>2,128,482</u>
<b>Operating Expenses</b>				
Water Administration	1,020,981	-	1,020,981	-
Utility Billing	220,797	-	220,797	-
Water Treatment	2,310,250	-	2,310,250	-
Transmission and Distribution	1,446,168	-	1,446,168	-
Stormwater Operations	-	327,972	327,972	-
Claims	-	-	-	2,041,497
Premiums	-	-	-	297,681
Administration Fees	-	-	-	115,944
Depreciation	1,395,442	109,434	1,504,876	-
Total Operating Expenses	<u>6,393,638</u>	<u>437,406</u>	<u>6,831,044</u>	<u>2,455,122</u>
<b>Operating Income (Loss)</b>	<u>35,554</u>	<u>1,227,674</u>	<u>1,263,228</u>	<u>(326,640)</u>
<b>Nonoperating Revenues (Expenses)</b>				
Interest Income	165,348	141,012	306,360	26,982
Debt Issuance Costs	-	(171,505)	(171,505)	-
Interest Expense	(318,267)	(172,905)	(491,172)	-
Total Nonoperating Revenues (Expenses)	<u>(152,919)</u>	<u>(203,398)</u>	<u>(356,317)</u>	<u>26,982</u>
<b>Income (Loss) Before Capital Contributions &amp; Transfers</b>	<u>(117,365)</u>	<u>1,024,276</u>	<u>906,911</u>	<u>(299,658)</u>
<b>Capital Contributions &amp; Transfers</b>				
Developer Contributions	-	36,579	36,579	-
Tap Fees	359,131	-	359,131	-
Transfers In	140,920	-	140,920	-
Transfers Out	(393,800)	(738,600)	(1,132,400)	-
<b>Change in Net Position</b>	<u>(11,114)</u>	<u>322,255</u>	<u>311,141</u>	<u>(299,658)</u>
<b>Net Position, Beginning of year</b>	<u>31,969,633</u>	<u>4,068,529</u>	<u>36,038,162</u>	<u>1,068,425</u>
<b>Net Position, End of year</b>	<u>\$ 31,958,519</u>	<u>\$ 4,390,784</u>	<u>\$ 36,349,303</u>	<u>\$ 768,767</u>



**City of Cañon City, Colorado**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2019**

	Business-Type Activities			Governmental Activities
	Water	Wastewater	Total	Internal Service Funds
<b>Cash Flows From Operating Activities</b>				
Cash Received from Customers	\$ 6,516,549	\$ 1,636,735	\$ 8,153,284	\$ 2,126,489
Cash Payments to Employees	(1,711,208)	(53,132)	(1,764,340)	-
Cash Payments to Vendors and Suppliers	(3,397,157)	(262,634)	(3,659,791)	(2,492,217)
Net Cash Provided (Used) by Operating Activities	<u>1,408,184</u>	<u>1,320,969</u>	<u>2,729,153</u>	<u>(365,728)</u>
<b>Cash Flows From Noncapital Financing Activities</b>				
Repayment of Loans to Other Funds	222,222	-	222,222	-
Transfers from Other Funds	140,920	-	140,920	-
Transfers to Other Funds	(393,800)	(738,600)	(1,132,400)	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(30,658)</u>	<u>(738,600)</u>	<u>(769,258)</u>	<u>-</u>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Acquisition and Construction of Capital Assets	(1,096,749)	(418,973)	(1,515,722)	-
Loan Proceeds Received	-	8,184,747	8,184,747	-
Debt Issuance Costs	-	(171,505)	(171,505)	-
Tap Fees Received	359,131	-	359,131	-
Developer Contributions Received	-	36,579	36,579	-
Principal Payments on Debt	(595,000)	(170,000)	(765,000)	-
Interest Payments on Debt	(282,124)	(208,642)	(490,766)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,614,742)</u>	<u>7,252,206</u>	<u>5,637,464</u>	<u>-</u>
<b>Cash Flows from Investing Activities</b>				
Interest Received	<u>165,348</u>	<u>141,012</u>	<u>306,360</u>	<u>26,982</u>
<b>Net Increase in Cash and Cash Equivalents</b>	<u>(71,868)</u>	<u>7,975,587</u>	<u>7,903,719</u>	<u>(338,746)</u>
<b>Cash and Cash Equivalents, <i>Beginning of Year</i></b>	<u>5,715,303</u>	<u>300,505</u>	<u>6,015,808</u>	<u>1,327,332</u>
<b>Cash and Cash Equivalents, <i>End of Year</i></b>	<u>\$ 5,643,435</u>	<u>\$ 8,276,092</u>	<u>\$ 13,919,527</u>	<u>\$ 988,586</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating Income (Loss)	\$ 35,554	\$ 1,227,674	1,263,228	\$ (326,640)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Depreciation	1,395,442	109,434	1,504,876	-
Changes in Asset and Liabilities				
Accounts Receivable	(5,958)	(25,791)	(31,749)	(1,993)
Prepaid Expenses	-	-	-	(39,199)
Inventory	(63,103)	-	(63,103)	-
Accounts Payable	(58,662)	11,584	(47,078)	(81,696)
Accrued Liabilities	11,099	234	11,333	83,800
Deposits	5,291	-	5,291	-
Unearned Revenue	88,024	(2,554)	85,470	-
Accrued Compensated Absences	497	388	885	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,408,184</u>	<u>\$ 1,320,969</u>	<u>\$ 2,729,153</u>	<u>\$ (365,728)</u>

See Notes to Financial Statements.

# City of Cañon City, Colorado

## Notes to Financial Statements

December 31, 2019

### **Note 1: Summary of Significant Accounting Policies**

The City of Canon 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.

#### **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.

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*.

# City of Cañon City, Colorado

## Notes to Financial Statements

December 31, 2019

### Note 1: Summary of Significant Accounting Policies (Continued)

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

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.

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.

# City of Cañon City, Colorado

## Notes to Financial Statements

December 31, 2019

### Note 1: Summary of Significant Accounting Policies (Continued)

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

(Continued)

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

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

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

The *Quality of Life Fund* is used to account for capital improvements that are generally funded by grants, financing proceeds or other special resources.

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund type:

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

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

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

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

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

# City of Cañon City, Colorado

## Notes to Financial Statements

December 31, 2019

### Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

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

# City of Cañon City, Colorado

## Notes to Financial Statements

December 31, 2019

### **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.

*Postemployment Benefits Other Than Pensions (OPEB)* - The City contributes to the Statewide Death & Disability Plan, a cost-sharing multiple-employer defined benefit death and disability plan administered by the Fire & Police Pension Association of Colorado (FPPA). The plan is funded by member contributions or contributions made on behalf of members. The City has no requirement to contribute to the plan and does not receive contributions from a non-employer entity. Therefore, the City does not report a net OPEB liability, or deferred outflows of resources and deferred inflows of resources related to OPEB.

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

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

*Long-Term Debt* - In the government-wide financial statements and the proprietary funds in the fund financial statements, long-term debt is reported as a liability in the applicable governmental activities, business-type activities, or proprietary funds. Debt premiums, discounts and losses resulting from debt refunding, 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 another financing source.



# City of Cañon City, Colorado

## Notes to Financial Statements

December 31, 2019

### **Note 1: Summary of Significant Accounting Policies (Continued)**

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

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

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

*Net Position/Fund Balances* - In the government-wide financial statements, net position is restricted when constraints placed on the use of resources are externally imposed. Governmental fund balances are classified as restricted when constraints are placed on the use of resources by creditors, grantors, contributors or laws or regulations of other governments. Committed fund balances include resources which are subject to limitations the City imposes on itself by action of City Council through ordinances. Committed fund balance also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. Commitments may be established, modified, or rescinded only through ordinances approved by City Council. Assigned fund balances are constrained by an intent to be used for specific purposes but are neither restricted nor 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.

#### **Subsequent Events**

The City evaluated subsequent events through August 12, 2020, the date the financial statements were available to be issued.

# City of Cañon City, Colorado

## Notes to Financial Statements

December 31, 2019

### Note 2: Accountability

At December 31, 2019, the Street Improvement Fund had a negative fund balance of \$2,655,510 because interfund loans totaling \$5,000,000 were received from the General Fund, Cemetery Fund and the Water Fund. The interfund loans will be repaid with future sales and use tax revenues, which will eliminate the negative fund balance. Through the end of the current fiscal period \$555,556 of the interfund loans has been repaid, leaving a remaining unpaid balance of \$3,888,888.

### Note 3: Cash and Investments

At December 31, 2019, the City had the following cash and investments:

Cash on Hand	\$ 2,332
Deposits	1,205,932
Investments	<u>25,710,952</u>
Total	<u>\$ 26,919,216</u>

#### Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2019, the City had bank deposits of \$808,772 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

# City of Cañon City, Colorado

## Notes to Financial Statements

December 31, 2019

### Note 3: Cash and Investments (Continued)

#### Investments (Continued)

- 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, 2019:

Investment	Maturity	Rating	Total
City PID Bonds: PID No. 2014-1	6/30/2025	N/A	\$ 2,000
Local Government Investment Pools	N/A	AAAm	25,708,952
Total			\$ 25,710,952

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

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

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

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

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

# City of Cañon City, Colorado

## Notes to Financial Statements

December 31, 2019

### Note 4: Capital Assets

Following is a summary of changes in capital assets for the year ended December 31, 2019:

<b>Governmental Activities</b>	<b>Balance 12/31/2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/2019</b>
<i>Capital Assets, Not Being Depreciated</i>				
Land	\$ 1,986,777	\$ 1,396,572	\$ (10,316)	\$ 3,373,033
Ditch Stock	7,414	-	-	7,414
Construction in Progress	3,719,196	5,678,793	(3,336,818)	6,061,171
<i>Total Capital Assets, Not Being Depreciated</i>	<u>5,713,387</u>	<u>7,075,365</u>	<u>(3,347,134)</u>	<u>9,441,618</u>
<i>Capital Assets, Being Depreciated</i>				
Infrastructure	39,695,420	522,066	-	40,217,486
Buildings	21,936,971	-	(839,451)	21,097,520
Improvements	21,859,055	4,828,876	(250,896)	26,437,035
Machinery and Equipment	6,272,669	675,498	(441,530)	6,506,637
<i>Total Capital Assets, Being Depreciated</i>	<u>89,764,115</u>	<u>6,026,440</u>	<u>(1,531,877)</u>	<u>94,258,678</u>
<i>Less Accumulated Depreciation for</i>				
Infrastructure	(14,256,104)	(1,131,666)	-	(15,387,770)
Buildings	(5,515,324)	(657,815)	498,337	(5,674,802)
Improvements	(7,832,002)	(1,070,922)	250,896	(8,652,028)
Machinery and Equipment	(4,496,881)	(390,929)	427,546	(4,460,264)
<i>Total Accumulated Depreciation</i>	<u>(32,100,311)</u>	<u>(3,251,332)</u>	<u>1,176,779</u>	<u>(34,174,864)</u>
<i>Total Capital Assets, Being Depreciated, Net</i>	<u>57,663,804</u>	<u>2,775,108</u>	<u>(355,098)</u>	<u>60,083,814</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 63,377,191</u>	<u>\$ 9,850,473</u>	<u>\$ (3,702,232)</u>	<u>\$ 69,525,432</u>
<b>Business-Type Activities</b>	<b>Balance 12/31/2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/2019</b>
<i>Capital Assets, Not Being Depreciated</i>				
Land	\$ 350,151	\$ 36,579	\$ -	\$ 386,730
Construction in Progress	45,226	387,393	-	432,619
Water Rights/Ditch Stock	1,053,538	-	-	1,053,538
<i>Total Capital Assets, Not Being Depreciated</i>	<u>1,448,915</u>	<u>423,972</u>	<u>-</u>	<u>1,872,887</u>
<i>Capital Assets, Being Depreciated</i>				
Buildings	9,143,695	-	-	9,143,695
Water and Stormwater Systems	47,408,677	1,091,750	-	48,500,427
Machinery and Equipment	3,556,272	-	(6,150)	3,550,122
<i>Total Capital Assets, Being Depreciated</i>	<u>60,108,644</u>	<u>1,091,750</u>	<u>(6,150)</u>	<u>61,194,244</u>

# City of Cañon City, Colorado

## Notes to Financial Statements

December 31, 2019

### Note 4: Capital Assets (Continued)

<b>Business-Type Activities</b> <i>(Continued)</i>	<b>Balance 12/31/2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/2019</b>
Less Accumulated Depreciation for				
Buildings	(4,722,371)	(199,951)	-	(4,922,322)
Water and Stormwater Systems	(16,472,458)	(1,180,602)	-	(17,653,060)
Machinery and Equipment	(3,105,317)	(124,323)	6,150	(3,223,490)
Total Accumulated Depreciation	(24,300,146)	(1,504,876)	6,150	(25,798,872)
Total Capital Assets, Being Depreciated, <i>Net</i>	35,808,498	(413,126)	-	35,395,372
Business-Type Activities Capital Assets, <i>Net</i>	\$ 37,257,413	\$ 10,846	\$ -	\$ 37,268,259

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

<b>Governmental Activities</b>	
General Government	\$ 227,802
Public Safety	205,529
Public Works	1,242,805
Culture and Recreation	1,575,196
Total	\$ 3,251,332

### Note 5: Long-Term Debt

Following is a summary of long-term debt transactions of the City for the year ended December 31, 2019:

	<b>Balance 12/31/2018</b>	<b>Additions</b>	<b>Payments</b>	<b>Balance 12/31/2019</b>	<b>Due Within One Year</b>
<b>Government Activities</b>					
Public Improvement Bonds	\$ 4,000	\$ -	\$ (2,000)	\$ 2,000	\$ 2,000
Capital Lease	1,120,000	-	(215,000)	905,000	215,000
Compensated Absences	383,810	506,596	(518,522)	371,884	371,884
Totals	\$ 1,507,810	\$ 506,596	\$ (735,522)	\$ 1,278,884	\$ 588,884
	<b>Balance 12/31/2018</b>	<b>Additions</b>	<b>Payments</b>	<b>Balance 12/31/2019</b>	<b>Due Within One Year</b>
<b>Business-Type Activities</b>					
Certificates of Participation,					
Series 2019	\$ -	\$ 7,470,000	\$ (170,000)	\$ 7,300,000	\$ 615,000
Premium	-	714,747	(35,737)	679,010	-
Series 2017	10,040,000	-	(595,000)	9,445,000	260,000
Compensated Absences Water Fund	131,429	174,184	(173,687)	131,926	127,968
Compensated Absences Stormwater Fund	4,083	5,869	(5,480)	4,472	4,191
Totals	\$ 10,175,512	\$ 8,364,800	\$ (979,904)	\$ 17,560,408	\$ 1,007,159

# City of Cañon City, Colorado

## Notes to Financial Statements

December 31, 2019

### Note 5: Long-Term Debt (Continued)

#### **Public Improvement Bonds**

Several Public Improvement Districts have issued bonds to construct various improvements within the Districts. For the year ended December 31, 2019, revenues of \$5,558 were available to pay debt service of \$2,420. 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, 2019 are as follows:

<u>Public Improvement District</u>	<u>Due Date</u>	<u>Rate</u>	<u>Balance</u>
14-1	06-2025	7.0%	\$ 2,000
Total			\$ 2,000

#### **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.

Annual debt service requirements for the capital lease follow:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 215,000	\$ 18,553	\$ 233,553
2021	225,000	14,145	239,145
2022	230,000	9,533	239,533
2023	235,000	4,817	239,817
Total	\$ 905,000	\$ 47,048	\$ 952,048

#### **Certificates of Participation- Series 2017**

In April 2017, the City issued Refunding and Improvement Certificates of Participation, Series 2017, in the principal amount of \$11,290,000.

The issuance was made to refund the outstanding Certificates of Participation, Series 2008, originally issued to finance the cost of the acquisition, construction and improvements to the City's water treatment facility and to provide \$850,537 for water related capital improvements in connection with the planned street improvements. Interest accrues at the rate of 2.81%.

# City of Cañon City, Colorado

## Notes to Financial Statements

December 31, 2019

### Note 5: Long-Term Debt (Continued)

#### **Certificates of Participation- Series 2017** (Continued)

Interest payments are due semi-annually on May 15 and November 15. Principal payments are due annually on November 15 through 2032. Annual debt service requirements for the Certificates of Participation are as follows:

<b><u>Year Ended December 31,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2020	\$ 615,000	\$ 265,405	\$ 880,405
2021	630,000	248,123	878,123
2022	645,000	230,420	875,420
2023	665,000	212,296	877,296
2024	685,000	193,609	878,609
2025-2029	3,715,000	668,359	4,383,359
2030-2032	<u>2,490,000</u>	<u>141,343</u>	<u>2,631,343</u>
Total	\$ <u>9,445,000</u>	\$ <u>1,959,555</u>	\$ <u>11,404,555</u>

#### **Certificates of Participation- Series 2019**

In March 2019, the City issued Refunding and Improvement Certificates of Participation, Series 2019, in the principal amount of \$7,470,000, and carried a premium at issuance of \$714,747. The proceeds of will be used to finance the costs of the acquisition and construction of certain storm water improvements. Interest accrues at the rate of 4.0% to 5.0%, and principal and interest payments are due annually on December 1. Annual debt service requirements for the Certificates of Participation are as follows:

<b><u>Year Ended December 31,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2020	\$ 260,000	\$ 302,300	\$ 562,300
2021	270,000	291,900	561,900
2022	280,000	281,100	561,100
2023	290,000	269,900	559,900
2024	300,000	258,300	558,300
2025-2029	1,725,000	1,079,850	2,804,850
2030-2034	2,135,000	670,800	2,805,800
2035-2038	<u>2,040,000</u>	<u>208,000</u>	<u>2,248,000</u>
Total	\$ <u>7,300,000</u>	\$ <u>3,362,150</u>	\$ <u>10,662,150</u>

#### **Compensated Absences**

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

# City of Cañon City, Colorado

## Notes to Financial Statements

December 31, 2019

### Note 6: Interfund Balances and Transactions

During the year ended December 31, 2017, loans from the General Fund in the amount of \$1,000,000, the Cemetery Fund in the amount of \$2,000,000 and the Water Fund in the amount of \$2,000,000 were made to the Street Improvement Fund to finance street improvement capital projects. The Street Improvement Fund will repay the loans over a ten-year period through 2026 as sales and use taxes are collected. Interest will accrue on the outstanding balance of the loans at a rate equal to each year's annual average investment rate plus 0.5%. At December 31, 2019, the outstanding balance of the loan was \$3,888,888.

Transfers between funds during the year ended December 31, 2019 consisted of the following:

Transfers In	Transfers Out	Amount
Quality of Life	Museum Donation	\$ 11,119
Water	General Fund	100,000
General	Excess Special Improvement District	15,000
General	Water Fund	393,800
General	Stormwater	697,680
Water	Stormwater	40,920
Total		<u>\$ 1,258,519</u>

Transfers from the Water and Stormwater Utility Funds to the General Fund were for the reimbursement of central service costs. The transfer from the Excess Special Improvement District Fund to the General Fund were reimbursements of prior year service costs associated with the Public Improvement Districts. Transfer from the General Fund to the Water Fund for Water costs related to an Economic Development Assistance Agreement. Transfers from the Stormwater Utility Fund to the Water Fund were for the reimbursement of utility billing costs. The transfer from the Museum Donations Fund to the Quality of Life Fund is to provide City grant match for the State Historical Fund grant for the renovation of the Rudd House.

### Note 7: Risk Management

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

#### Self-Insured Medical Plan

The City has established an insurance plan to provide medical, dental, and visual benefits to eligible employees and dependents. For the contract year ended October 31, 2019, the City self-insured this program up to \$100,000 per claim. Insurance coverage was purchased for claims in excess of this amount. Self-insurance activities are accounted for in the Internal Service Fund.



# City of Cañon City, Colorado

## Notes to Financial Statements

December 31, 2019

### Note 7: Risk Management (Continued)

#### **Self-Insured Medical Plan** (Continued)

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, 2017	\$ 215,700
Claims Incurred and Adjustments	1,837,999
Claims Paid	<u>(1,875,299)</u>
Claims Payable, December 31, 2018	178,400
Claims Incurred and Adjustments	2,041,499
Claims Paid	<u>(1,957,699)</u>
Claims Payable, December 31, 2019	\$ <u>262,200</u>

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

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

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

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. CIRSA is a separate legal entity and the City does not approve budgets nor does it have the ability to significantly affect the operations of CIRSA.

## City of Cañon City, Colorado

### Notes to Financial Statements

December 31, 2019

#### **Note 8: Employee Retirement Plans**

##### **Police Pension Plan**

Plan Description - The City contributes to the Statewide Defined Benefit Plan (the "SWDB Plan"), a cost-sharing multiple-employer defined benefit pension plan, and the Statewide Hybrid Plan (the "SWH Plan"), a cost-sharing multiple-employer combination defined benefit and money purchase pension plan. The plans are administered by the Fire & Police Pension Association of Colorado (FPPA). All police officers are required to participate in the plans on the first day of employment.

Eligible employees hired after April 1, 2007, are required to participate in the SWDB Plan. Title 31, Article 31 of the Colorado Revised Statutes (CRS) grants the authority to establish and amend benefit terms to the FPPA Board of Directors. FPPA issues a publicly available financial report that includes information on the plans. That report may be obtained at [www.fppaco.org](http://www.fppaco.org).

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

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

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

A member is eligible for an early retirement at age 50 or after 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have all contributions, along with 5% interest, returned as a lump sum distribution from the defined benefit component.

## City of Cañon City, Colorado

### Notes to Financial Statements

December 31, 2019

#### **Note 8: Employee Retirement Plans** (Continued)

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

Alternatively, a member with at least five years of accredited service may leave contributions with the defined benefit component and remain eligible for a retirement pension at age 55 equal to 1.5% of the member's average highest three years' base salary for each year of credited service. In addition, upon termination the vested account balance in the money purchase component becomes available to the member.

Plan members may elect to participate in the deferred retirement option plan (DROP) after reaching eligibility for normal retirement, early retirement, or vested retirement and age 55. A member can continue to work while participating in the DROP, but must terminate employment within five years of entry into the DROP. The member's percentage of retirement benefits is determined at the time of entry into the DROP.

The monthly payments that begin at entry into the DROP are accumulated in a DROP account until the member terminates service, at which time the DROP accumulated benefits can be paid as periodic installments, a lump sum, or if desired, a member may elect to convert the DROP to a lifetime monthly benefit with survivor benefits. While participating in the DROP, the member continues to make pension contributions that are credited to the DROP. Each member shall self-direct the investments in their DROP account, which are held by a custodian and not included in the Plans' net position.

**Contributions** - The City and eligible employees are required to contribute to the SWDB Plan at rates established by State statutes. Employer contribution rates can only be amended by the State Legislature. Employee contribution rates can be amended by the State Legislature or by election of the membership. The City and eligible employees each contributed 8% and 10.5% of base salary, respectively, for the year ended December 31, 2019.

SWDB Plan members elected to increase the employee contribution rate 0.5% annually from 2015 through 2022, to a total of 12% of base salary. Employer contributions will remain at 8% of base salary.

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, 2019, were \$133,670, 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.

## City of Cañon City, Colorado

### Notes to Financial Statements

December 31, 2019

#### **Note 8: Employee Retirement Plans** (Continued)

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

Excess contributions are deposited to the money purchase component of the SWH Plan. The defined benefit component allocation from July 1, 2017, through June 30, 2018, was 14.3%, and thereafter was 15%. For the year ended December 31, 2019, City Council established the contribution rate split at 10% and 12% of base salary for the City and employees, respectively.

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

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

The City's contributions to the SWH Plan for the year ended December 31, 2019, were \$6,924, equal to the required contributions.

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

At December 31, 2019, the City reported a net pension liability of \$308,341 and a net pension asset of (\$58,331) representing its proportionate share of the net pension asset of the SWDB and SWH Plans, respectively.

The net pension liability was measured at December 31, 2018, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation at January 1, 2019. 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, 2018, relative to the projected contributions of all participating employers.

At December 31, 2018, the City's proportion of the SWDB Plan was 0.2438877%, which was a decrease of 0.02480269% from its proportion measured at December 31, 2017. The City's proportion of the SWH Plan was 0.42258055%, which was an increase of 0.00368697% from its proportion measured at December 31, 2017.

For the year ended December 31, 2019, the City recognized pension expense for the SWDB and SWH Plans of \$130,696 and \$70,605, respectively.

# City of Cañon City, Colorado

## Notes to Financial Statements

December 31, 2019

### Note 8: Employee Retirement Plans (Continued)

#### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>Statewide Defined Benefit Plan</b>		
Differences between expected and actual experience	\$ 345,490	\$ 2,700
Net difference between projected and actual earnings on plan investments	261,907	-
Changes in assumptions and other inputs	152,189	-
Changes in proportion	42,989	9,717
Contributions subsequent to the measurement date	128,922	-
	<hr/>	<hr/>
Subtotal	\$ 931,497	\$ 12,417
<b>Statewide Hybrid Plan</b>		
Differences between expected and actual experience	\$ 24,680	\$ -
Net difference between projected and actual earnings on plan investments	-	5,631
Changes in assumptions and other inputs	1,114	-
Changes in proportion	105,457	-
Contributions subsequent to the measurement date	6,663	-
	<hr/>	<hr/>
Subtotal	\$ 137,914	\$ 5,631
	<hr/>	<hr/>
Total	\$ 1,069,411	\$ 18,048

City contributions to the SWDB and SWH Plans subsequent to the measurement date of \$133,670 and \$6,924, respectively, will be recognized as an increase or decrease to the net pension (asset) liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows.

<b><u>Year Ended December 31,</u></b>	<b><u>SWDB</u></b>	<b><u>SWH</u></b>
2020	\$ 130,335	\$ 33,308
2021	111,557	32,488
2022	182,098	35,714
2023	90,601	24,056
2024	90,871	54
Thereafter	184,696	-
	<hr/>	<hr/>
Total	\$ 790,158	\$ 125,620

# City of Cañon City, Colorado

## Notes to Financial Statements

December 31, 2019

### Note 8: Employee Retirement Plans (Continued)

#### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

Actuarial Assumptions - The actuarial valuation at January 1, 2019, 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	7.5%
Inflation	2.5%
Projected salary increases	4.25% - 11.25%
Cost of living adjustment	0%

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31, 2018, are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Rate of Return</b>
Global Equity	37%	8.03%
Equity Long/Short	9%	6.45%
Illiquid Alternatives	24%	10.00%
Fixed Income	15%	2.90%
Absolute Return	9%	5.08%
Managed Futures	4%	5.35%
Cash	2%	2.52%
	100%	

# City of Cañon City, Colorado

## Notes to Financial Statements

December 31, 2019

### Note 8: Employee Retirement Plans (Continued)

#### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

**Discount Rate** – The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates in the FPPA Board of Director's funding policy, which establishes the contractually required rates under State statutes. Based on this assumption, the plans' fiduciary net position was projected to be available to make all projected future benefit payments to current members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate at the prior measurement date was 7.5%.

**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 7.0%, as well as the City's proportionate share of the net pension (asset) liability if it were calculated using a discount that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate, as follows:

	<b>1% Decrease (6.0%)</b>	<b>Current Discount Rate (7.0%)</b>	<b>1% Increase (8.0%)</b>
City's proportionate share of the SWDB net pension (asset) liability	\$ 1,195,710	\$ 308,341	\$ (427,715)
City's proportionate share of the SWH net pension (asset)	28,602	(58,331)	83,253
Total Net Pension (Asset) Liability	\$ <u>1,224,312</u>	\$ <u>250,010</u>	\$ <u>(344,462)</u>

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

#### **General Employee's Pension Plan**

All employees, other than uniformed police, are eligible to participate in this single-employer defined contribution pension plan after six months of service. The City and employees each contribute 4.9% of the employee's base salary to the plan. Employee contributions are 100% vested when paid. City contributions and trust income are fully vested after three years. All plan provisions, including contribution requirements, are established, and may be amended by the City Council. During the year ended December 31, 2019, the City and employees each contributed \$227,253 to the plan, equal to the required contributions. Employees may make voluntary contributions to the plan. The International City Managers Association – Retirement Corporation (ICMA-RC) administers the plan.

# City of Cañon City, Colorado

## Notes to Financial Statements

December 31, 2019

### **Note 8: Employee Retirement Plans (Continued)**

#### **Deferred Compensation Plan**

The City has established a deferred compensation plan in accordance with Internal Revenue Code Section 457. The City Council determines the City's contributions to the plan. Currently, the City contributes 5.1% of the City Administrator's base salary to the plan. The plan is also available to all employees and permits them to defer a portion of their salary within the limits established by the Internal Revenue Service. During the year ended December 31, 2019, the City contributed \$2,685 to the plan. The plan is administered by ICMA-RC, and all plan assets are held in trust for the exclusive benefit of the participants.

### **Note 9: Other Postemployment Benefits**

#### **Statewide Death & Disability Plan**

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

Benefits Provided - The plan provides pre-retirement death benefits, as follows:

- Off-duty: 40% of the base salary paid to the member prior to death, with an additional 10% of base salary if a surviving spouse has two or more dependent children.
- On-duty: 70% of the base salary paid to the member prior to death.

Disability benefits are as follows:

- Total disability: 70% of the base salary preceding disability.
- Permanent occupational disability: 50% of the base salary preceding disability.
- Temporary occupational disability: 40% of the base salary preceding disability for up to 5 years.

Benefit adjustments are granted periodically at the discretion of the FPPA Board of Directors. Total disability retirees receive an automatic increase of 3%. For other annuitants, the increase may reflect CPI, but in no case may be higher than 3%.

Once a member is eligible to retire, all plan benefit obligations cease.



## City of Cañon City, Colorado

### Notes to Financial Statements

December 31, 2019

#### **Note 9: Other Postemployment Benefits (Continued)**

##### **Statewide Death & Disability Plan (Continued)**

Contributions - The contribution requirements are established by State statutes. However, in accordance with Colorado Revised Statutes (CRS) 31-31-811(4), the FPPA Board of Directors, based on an annual actuarial valuation, may adjust the contribution rate every two years, but in no event may the adjustment for any two-year period exceed one-tenth of one percent of the member's salary.

Any decision regarding whether the employer or member contribute to the plan, or whether the contribution is paid jointly by the employer and the member, is determined by the City Council.

No contributions are required for members hired prior to January 1, 1997. For members hired on or after January 1, 1997, the City contributed 2.7% of base salaries on behalf of the members during the year ended December 31, 2019. Contributions to the plan for the year ended December 31, 2019 were \$46,334, equal to the required contributions.

Based on the 2018 actuarial results, the FPPA Board of Directors agreed to increase the contribution rate from 2.7% to 2.8% effective January 1, 2019, through December 31, 2020.

##### **OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

The City has no requirement to contribute to the plan and does not receive contributions from a non-employer entity. Therefore, the City does not report a net OPEB liability, or deferred outflows of resources and deferred inflows of resources related to OPEB.

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

#### **Note 10: Other Postemployment Benefits**

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

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. In November of 2009, the citizens approved an election question that allowed the City to collect and spend all revenues, notwithstanding the limitations of the Amendment. The citizens approved this change with an expiration date of January 1, 2020. In 2017, this approval was extended by election to January 1, 2030. The Amendment is complex and subject to judicial interpretation. The City believes it is in compliance with the requirements of the Amendment. However, the City has made certain interpretations of the Amendment's language in order to determine compliance. As required by the Amendment, the City has established an emergency reserve of \$339,241 at December 31, 2019, which was reported as restricted fund balance in the General Fund.

## **City of Cañon City, Colorado**

### **Notes to Financial Statements**

**December 31, 2019**

#### **Note 11: Solid Waste Disposal Facility**

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

The City does not expect the impoundment to be closed in the foreseeable future. However, in accordance with the aforementioned regulations, the City has estimated the closure and post-closure costs for thirty years at approximately \$375,000 and \$37,500, respectively. The City will be required to maintain adequate financial assurance coverage for these costs continuously until a release is granted by the Department.

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

#### **Note 12: Subsequent Event**

Subsequent to year-end, the United States of America and the State of Colorado have declared an emergency associated with the Coronavirus pandemic. The City has been economically impacted by the event, however the full economic effect has yet to be determined.

## **Required Supplementary Information**

**City of Cañon City, Colorado**  
 Budgetary Comparison Schedule  
 General Fund  
 For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
Taxes and Assessments	\$ 8,667,970	\$ 8,667,970	\$ 8,698,240	\$ 30,270
Licenses and Permits	351,100	351,100	506,103	155,003
Intergovernmental	1,131,190	1,165,120	1,350,347	185,227
Charges for Services	231,800	231,800	259,461	27,661
Fines and Forfeitures	162,000	162,000	107,695	(54,305)
Royal Gorge Bridge	1,156,000	1,156,000	1,151,245	(4,755)
Interest Income	159,400	159,400	180,444	21,044
Rent	131,600	131,600	165,627	34,027
Contributions and Donations	14,500	14,500	15,362	862
Other	115,600	115,600	85,834	(29,766)
<b>Total Revenue</b>	<u>12,121,160</u>	<u>12,155,090</u>	<u>12,520,358</u>	<u>365,268</u>
<b>Expenditures</b>				
Current				
General Government	4,204,224	4,042,834	3,249,089	793,745
Public Safety	4,582,148	5,023,056	4,530,487	492,569
Public Works	2,466,945	2,440,645	2,313,330	127,315
Culture and Recreation	897,982	903,604	860,731	42,873
Capital Outlay				
Streets	884,440	1,173,440	607,193	566,247
Other	3,788,560	4,184,695	2,455,333	1,729,362
Debt Service				
Principal	321,400	321,400	325,245	(3,845)
Interest	36,560	36,560	22,960	13,600
<b>Total Expenditures</b>	<u>17,182,259</u>	<u>18,126,234</u>	<u>14,364,368</u>	<u>3,761,866</u>
<b>Excess Revenues Over (Under)</b>				
<b>Expenditures</b>	(5,061,099)	(5,971,144)	(1,844,010)	4,127,134
<b>Other Financing Sources (Uses)</b>				
Financing Proceeds	340,000	340,000	320,069	(19,931)
Proceeds from Sale of Capital Assets	305,000	305,000	775,605	470,605
Transfers In	1,106,500	1,106,500	1,106,480	(20)
Transfers Out	(100,000)	(100,000)	(100,000)	-
<b>Total Other Financing Sources (Uses)</b>	<u>1,651,500</u>	<u>1,651,500</u>	<u>2,102,154</u>	<u>450,654</u>
<b>Change in Fund Balance</b>	(3,409,599)	(4,319,644)	258,144	4,577,788
<b>Fund Balance, Beginning of Year</b>	<u>9,314,157</u>	<u>9,314,157</u>	<u>8,931,559</u>	<u>(382,598)</u>
<b>Fund Balance, End of Year</b>	<u>\$ 5,904,558</u>	<u>\$ 4,994,513</u>	<u>\$ 9,189,703</u>	<u>\$ 4,195,190</u>

See the accompanying Independent Auditors' Report.

**City of Cañon City, Colorado**  
 Budgetary Comparison Schedule  
 Street Improvement Fund  
 For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
<b>Revenues</b>			
Taxes	\$ 3,702,200	\$ 3,776,406	\$ 74,206
Investment Income	45,000	74,138	29,138
Total Revenues	<u>3,747,200</u>	<u>3,850,544</u>	<u>103,344</u>
<b>Expenditures</b>			
Capital Outlay			
Streets	5,200,000	4,793,006	406,994
Debt Service			
Principal	556,000	-	556,000
Interest	122,200	117,755	4,445
Total Expenditures	<u>5,878,200</u>	<u>4,910,761</u>	<u>967,439</u>
<b>Net Change in Fund Balance</b>	(2,131,000)	(1,060,217)	1,070,783
<b>Fund Balance, Beginning of year</b>	<u>(2,695,553)</u>	<u>(1,595,293)</u>	<u>1,100,260</u>
<b>Fund Balance, End of year</b>	<u>\$ (4,826,553)</u>	<u>\$ (2,655,510)</u>	<u>\$ 2,171,043</u>

**City of Cañon City, Colorado**  
 Budgetary Comparison Schedule  
 Quality of Life Fund  
 For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$ 1,517,600	\$ 1,517,600	\$ 515,660	\$ (1,001,940)
Royal Gorge Bridge	278,000	278,000	278,000	
Investment Income	6,500	6,500	12,938	6,438
Total Revenues	<u>1,802,100</u>	<u>1,802,100</u>	<u>806,598</u>	<u>(995,502)</u>
<b>Expenditures</b>				
Capital Outlay				
Streets	1,632,000	2,575,200	501,769	2,073,431
Other	200,000	450,000	257,926	192,074
Total Expenditures	<u>1,832,000</u>	<u>3,025,200</u>	<u>759,695</u>	<u>2,265,505</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(29,900)	(1,223,100)	46,903	1,270,003
<b>Other Financing Sources</b>				
Transfers In	52,000	52,000	11,119	(40,881)
<b>Net Change in Fund Balance</b>	22,100	(1,171,100)	58,022	1,229,122
<b>Fund Balance, Beginning of year</b>	613,121	613,121	705,287	92,166
<b>Fund Balance, End of year</b>	<u>\$ 635,221</u>	<u>\$ (557,979)</u>	<u>\$ 763,309</u>	<u>\$ 1,321,288</u>

**City of Cañon City, Colorado**  
Required Supplementary Information  
Schedule of Proportionate Share of the Net Pension Asset (Liability) and Contributions  
Fire & Police Pension Association of Colorado Statewide Defined Benefit Plan  
For the Year Ended December 31, 2019

	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14	12/31/13
<b>Proportionate Share of the Net Pension Asset</b>						
City's Proportion of the Net Pension Assets	0.24388777%	0.26869046%	0.26473647%	0.25185527%	0.00235213%	0.21431916%
City's Proportion Share of the Net Pension Asset (Liability)	\$ (308,341)	\$ 386,554	\$ (95,659)	\$ 4,440	\$ 265,457	\$ 191,641
City's Covered Payroll	\$ 1,547,849	\$ 1,519,823	\$ 1,311,504	\$ 1,179,685	\$ 998,713	\$ 850,045
City's Proportionate Share of the Net Pension Asset (liability) as a Percentage of Covered Payroll	(19.9)%	25.4%	(7.3)%	0.4%	27.0%	23.0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	95.2%	106.3%	98.2%	100.1%	107.0%	106.0%
	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14
<b>City Contribution</b>						
Statutorily Required Contribution	\$ 133,506	\$ 130,696	\$ 125,732	\$ 108,390	\$ 97,674	\$ 84,621
Contributions in Relation to the Statutorily Required Contribution	(133,506)	(130,696)	(125,732)	(108,390)	(97,674)	(84,621)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 1,597,543	\$ 1,592,917	\$ 1,519,823	\$ 1,311,504	\$ 1,179,685	\$ 998,713
Contributions as a Percentage of Covered Payroll	8.36%	8.20%	8.27%	8.26%	8.28%	8.47%

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

**City of Cañon City, Colorado**  
Required Supplementary Information  
Schedule of Proportionate Share of the Net Pension Asset (Liability) and Contributions  
Fire & Police Pension Association of Colorado Statewide Hybrid Defined Benefit Plan  
For the Year Ended December 31, 2019

	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14	12/31/13
<b>Proportionate Share of the Net Pension Asset</b>						
City's Proportion of the Net Pension Assets	0.42258055%	0.41889357%	0.51167804%	1.19029991%	2.24608693%	2.71334174%
City's Proportion Share of the Net Pension Asset (Liability)	\$ 58,331	\$ 81,905	\$ 55,697	\$ 125,373	\$ 266,377	\$ 276,765
City's Covered Payroll	\$ 66,626	\$ 64,048	\$ 66,170	\$ 156,746	\$ 278,030	\$ 351,024
City's Proportionate Share of the Net Pension Asset (liability) as a Percentage of Covered Payroll	87.5%	128.0%	84.0%	80.0%	96.0%	79.0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	123.5%	139.0%	126.0%	129.0%	141.0%	139.0%
<b>City Contribution</b>						
Statutorily Required Contribution	\$ 6,924	\$ 6,735	\$ 6,405	\$ 6,617	\$ 15,675	\$ 27,803
Contributions in Relation to the Statutorily Required Contribution	(6,924)	(6,735)	(6,405)	(6,617)	(15,675)	(27,803)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 66,626	\$ 67,352	\$ 64,048	\$ 66,170	\$ 156,746	\$ 278,030
Contributions as a Percentage of Covered Payroll	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%

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



**City of Cañon City, Colorado**  
Notes to Required Supplementary Information  
December 31, 2019

**Note 1: Stewardship, Compliance and Accountability**

**Budgets and Budgetary Accounting**

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

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

## **Combining and Individual Fund Statements and Schedules**

## **City of Cañon City, Colorado**

Nonmajor Governmental Funds

December 31, 2019

### **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.

### **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, 2019

	Special Revenue Funds					Debt Service Funds		Permanent Fund	
	Park Improvement	Conservation Trust	Police Forfeiture	Library Donations	Museum Donations	Public Improvement Districts	Excess Special Improvement District	Cemetery	Totals
<b>Assets</b>									
Cash	\$ 689,158	\$ 24,920	\$ 7,326	\$ 40,645	\$ 110,434	\$ 10,787	\$ 329,475	\$ 621,676	\$ 1,834,421
Receivables									
Special Assessments	-	-	-	-	-	7,754	-	-	7,754
Other	2,358	-	-	-	-	-	-	-	2,358
Interfund Receivables	-	-	-	-	-	-	-	1,555,555	1,555,555
Inventory	9,964	-	-	-	-	-	-	-	9,964
<b>Total Assets</b>	<u>\$ 701,480</u>	<u>\$ 24,920</u>	<u>\$ 7,326</u>	<u>\$ 40,645</u>	<u>\$ 110,434</u>	<u>\$ 18,541</u>	<u>\$ 329,475</u>	<u>\$ 2,177,231</u>	<u>\$ 3,410,052</u>
<b>Liabilities</b>									
Accounts Payable	\$ 117,139	\$ -	\$ -	\$ 284	\$ -	\$ -	\$ -	\$ -	\$ 117,423
Accrued Liabilities	19,697	-	-	-	-	-	-	-	19,697
Deposits	1,400	-	-	-	-	-	-	-	1,400
Unearned Revenues	4,349	10,000	-	-	-	-	-	-	14,349
<b>Total Liabilities</b>	<u>142,585</u>	<u>10,000</u>	<u>-</u>	<u>284</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>152,869</u>
<b>Deferred Inflows of Resources</b>									
Assessments	-	-	-	-	-	7,754	-	-	7,754
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,754</u>	<u>-</u>	<u>-</u>	<u>7,754</u>
<b>Fund Balances</b>									
Nonspendable									
Inventory	9,964	-	-	-	-	-	-	-	9,964
Cemetery Perpetual Care	-	-	-	-	-	-	-	2,177,231	2,177,231
Restricted for									
Public Safety	-	-	7,326	-	-	-	-	-	7,326
Culture and Recreation	-	14,920	-	11,257	86,984	-	-	-	113,161
Debt Service	-	-	-	-	-	10,787	2,000	-	12,787
Assigned to									
Culture and Recreation	548,931	-	-	29,104	23,450	-	-	-	601,485
Debt Service	-	-	-	-	-	-	327,475	-	327,475
<b>Total Fund Balances</b>	<u>558,895</u>	<u>14,920</u>	<u>7,326</u>	<u>40,361</u>	<u>110,434</u>	<u>10,787</u>	<u>329,475</u>	<u>2,177,231</u>	<u>3,249,429</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 701,480</u>	<u>\$ 24,920</u>	<u>\$ 7,326</u>	<u>\$ 40,645</u>	<u>\$ 110,434</u>	<u>\$ 18,541</u>	<u>\$ 329,475</u>	<u>\$ 2,177,231</u>	<u>\$ 3,410,052</u>

See the accompanying Independent Auditors' Report.

**City of Cañon City, Colorado**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2019

	Special Revenue Funds					Debt Service Funds		Permanent Fund	
	Park Improvement	Conservation Trust	Police Forfeiture	Library Donations	Museum Donations	Public Improvement Districts	Excess Special Improvement District	Cemetery	Totals
<b>Revenues</b>									
Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,093	\$ -	\$ -	\$ 4,093
Intergovernmental	-	-	-	11,523	-	-	-	-	11,523
Charges for Services	74,419	-	-	-	-	-	-	19,250	93,669
Royal Gorge Bridge	1,297,000	-	-	-	-	-	-	-	1,297,000
Interest	12,891	1,462	151	910	2,535	1,465	7,173	54,607	81,194
Rent	32,535	-	-	-	-	-	-	-	32,535
Other	20,920	74,033	-	-	9,069	-	-	400	104,422
Total Revenues	<u>1,437,765</u>	<u>75,495</u>	<u>151</u>	<u>12,433</u>	<u>11,604</u>	<u>5,558</u>	<u>7,173</u>	<u>74,257</u>	<u>1,624,436</u>
<b>Expenditures</b>									
Current									
General Government	-	-	-	-	-	54	-	-	54
Public Safety	-	-	2,220	-	-	-	-	-	2,220
Culture and Recreation	1,349,176	9,895	-	9,347	4,250	-	-	-	1,372,668
Capital Outlay									
Other	101,592	139,622	-	-	-	-	-	-	241,214
Debt Service									
Principal	-	-	-	-	-	2,000	-	-	2,000
Interest	-	-	-	-	-	280	-	-	280
Total Expenditures	<u>1,450,768</u>	<u>149,517</u>	<u>2,220</u>	<u>9,347</u>	<u>4,250</u>	<u>2,334</u>	<u>-</u>	<u>-</u>	<u>1,618,436</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(13,003)</u>	<u>(74,022)</u>	<u>(2,069)</u>	<u>3,086</u>	<u>7,354</u>	<u>3,224</u>	<u>7,173</u>	<u>74,257</u>	<u>6,000</u>
<b>Other Financing Sources (Uses)</b>									
Transfers Out	-	-	-	-	(11,119)	-	(15,000)	-	(26,119)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,119)</u>	<u>-</u>	<u>(15,000)</u>	<u>-</u>	<u>(26,119)</u>
<b>Net Change in Fund Balances</b>	(13,003)	(74,022)	(2,069)	3,086	(3,765)	3,224	(7,827)	74,257	(20,119)
<b>Fund Balances, Beginning of year</b>	<u>571,898</u>	<u>88,942</u>	<u>9,395</u>	<u>37,275</u>	<u>114,199</u>	<u>7,563</u>	<u>337,302</u>	<u>2,102,974</u>	<u>3,269,548</u>
<b>Fund Balances, End of year</b>	<u>\$ 558,895</u>	<u>\$ 14,920</u>	<u>\$ 7,326</u>	<u>\$ 40,361</u>	<u>\$ 110,434</u>	<u>\$ 10,787</u>	<u>\$ 329,475</u>	<u>\$ 2,177,231</u>	<u>\$ 3,249,429</u>

See the accompanying Independent Auditors' Report.

**City of Cañon City, Colorado**  
 Budgetary Comparison Schedule  
 Park Improvement Fund  
 For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Charges for Services	\$ 76,400	\$ 74,419	\$ (1,981)
Royal Gorge Bridge	1,297,000	1,297,000	-
Interest Income	6,500	12,891	6,391
Rent	28,400	32,535	4,135
Other	4,500	20,920	16,420
Total Revenues	1,412,800	1,437,765	24,965
<b>Expenditures</b>			
Culture and Recreation	1,419,803	1,349,176	70,627
Capital Outlay	180,000	101,592	78,408
Total Expenditures	1,599,803	1,450,768	149,035
<b>Net Change in Fund Balance</b>	(187,003)	(13,003)	174,000
<b>Fund Balance, Beginning of year</b>	494,983	571,898	76,915
<b>Fund Balance, End of year</b>	<u>\$ 307,980</u>	<u>\$ 558,895</u>	<u>\$ 250,915</u>

**City of Cañon City, Colorado**  
 Budgetary Comparison Schedule  
 Conservation Trust Fund  
 For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 95,000	\$ 74,033	\$ (20,967)
Investment Income	1,000	1,462	462
Total Revenues	<u>96,000</u>	<u>75,495</u>	<u>(20,505)</u>
<b>Expenditures</b>			
Culture and Recreation	10,000	19,200	(9,200)
Capital Outlay	<u>141,000</u>	<u>130,317</u>	<u>10,683</u>
Total Expenditures	<u>151,000</u>	<u>149,517</u>	<u>1,483</u>
<b>Net Change in Fund Balance</b>	(55,000)	(74,022)	(19,022)
<b>Fund Balance, Beginning of year</b>	<u>81,387</u>	<u>88,942</u>	<u>7,555</u>
<b>Fund Balance, End of year</b>	<u>\$ 26,387</u>	<u>\$ 14,920</u>	<u>\$ (11,467)</u>

**City of Cañon City, Colorado**  
 Budgetary Comparison Schedule  
 Library Donations Fund  
 For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
<b>Revenues</b>			
Intergovernmental	\$ 31,000	\$ 5,956	\$ (25,044)
Investment Income	800	910	110
Contributions and Donations	<u>6,500</u>	<u>5,567</u>	<u>(933)</u>
Total Revenues	<u>38,300</u>	<u>12,433</u>	<u>(25,867)</u>
<b>Expenditures</b>			
Culture and Recreation	<u>36,500</u>	<u>9,347</u>	<u>27,153</u>
Total Expenditures	<u>36,500</u>	<u>9,347</u>	<u>27,153</u>
<b>Net Change in Fund Balance</b>	1,800	3,086	1,286
<b>Fund Balance, Beginning of year</b>	<u>36,753</u>	<u>37,275</u>	<u>522</u>
<b>Fund Balance, End of year</b>	<u>\$ 38,553</u>	<u>\$ 40,361</u>	<u>\$ 1,808</u>



**City of Cañon City, Colorado**  
 Budgetary Comparison Schedule  
 Museum Donations Fund  
 For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
<b>Revenues</b>			
Investment Income	\$ 2,000	\$ 2,535	\$ 535
Contributions and Donations	<u>7,000</u>	<u>9,069</u>	<u>2,069</u>
Total Revenues	<u>9,000</u>	<u>11,604</u>	<u>2,604</u>
<b>Expenditures</b>			
Culture and Recreation	<u>7,300</u>	<u>4,250</u>	<u>3,050</u>
<b>Excess Revenues Over (Under) Expenditures</b>	1,700	7,354	(446)
<b>Other Financing Sources (Uses)</b>			
Transfers Out	<u>(52,000)</u>	<u>(11,119)</u>	<u>40,881</u>
Total Other Financing Sources (Uses)	<u>(52,000)</u>	<u>(11,119)</u>	<u>40,881</u>
<b>Net Change in Fund Balance</b>	(50,300)	(3,765)	40,435
<b>Fund Balance, Beginning of year</b>	<u>109,023</u>	<u>114,199</u>	<u>5,176</u>
<b>Fund Balance, End of year</b>	<u>\$ 58,723</u>	<u>\$ 110,434</u>	<u>\$ 45,611</u>

**City of Cañon City, Colorado**  
 Budgetary Comparison Schedule  
 Excess Special Improvement District Fund  
 For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Investment Income	\$ 8,300	\$ 7,173	\$ (1,127)
Total Revenues	8,300	7,173	(1,127)
<b>Other Financing Sources (Uses)</b>			
Transfer Out	(15,000)	(15,000)	-
Total Other Financing Sources (Uses)	(15,000)	(15,000)	-
<b>Net Change in Fund Balance</b>	(6,700)	(7,827)	(1,127)
<b>Fund Balance, Beginning of year</b>	337,692	337,302	(390)
<b>Fund Balance, End of year</b>	<u>\$ 330,992</u>	<u>\$ 329,475</u>	<u>\$ (1,517)</u>

**City of Cañon City, Colorado**  
**Budgetary Comparison Schedule**  
**Water Fund**  
**For the Year Ended December 31, 2019**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Charges for Services	\$ 6,709,100	\$ 6,340,745	\$ (368,355)
Investment Income	123,600	165,348	41,748
Tap Fees	137,100	359,131	222,031
Other	81,900	88,447	6,547
Total Revenues	<u>7,051,700</u>	<u>6,953,671</u>	<u>(98,029)</u>
<b>Expenditures</b>			
Water Administration	1,152,217	1,020,981	131,236
Utility Billing	269,476	220,797	48,679
Water Treatment	2,451,101	2,310,250	140,851
Transmission and Distribution	1,500,661	1,446,168	54,493
Capital Outlays	1,385,000	1,096,749	288,251
Interest Expense	284,950	282,124	2,826
Debt Principal Payments	595,000	595,000	-
Total Expenditures	<u>7,638,405</u>	<u>6,972,069</u>	<u>666,336</u>
<b>Revenues Over (Under) Expenditures</b>	(586,705)	(18,398)	(764,365)
<b>Transfers</b>			
Transfers In	140,900	140,920	20
Transfers Out	<u>(393,800)</u>	<u>(393,800)</u>	<u>-</u>
<b>Change in Net Position - Budgetary Basis</b>	<u>\$ (839,605)</u>	(271,278)	<u>\$ (764,345)</u>
<b>Adjustments to GAAP Basis</b>			
Capital Outlay		1,096,749	
Amortization of Bond Premiums		(36,143)	
Debt Principal Payments		595,000	
Depreciation		<u>(1,395,442)</u>	
<b>Change in Net Position, GAAP Basis</b>		<u>\$ (11,114)</u>	

**City of Cañon City, Colorado**  
 Budgetary Comparison Schedule  
 Stormwater Utility Fund  
 For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Charges for Services	\$ 1,622,900	\$ 1,621,530	\$ (1,370)
Investment Income	155,000	141,012	(13,988)
Other	17,500	43,550	26,050
Total Revenues	<u>1,795,400</u>	<u>1,806,092</u>	<u>10,692</u>
<b>Expenditures</b>			
Stormwater Operations	310,351	327,972	(17,621)
Capital Outlay	1,500,000	382,222	1,117,778
Debt Service			
Interest Expense	-	172,905	(172,905)
Debt Issuance Cost	-	171,505	(171,505)
Total Expenditures	<u>1,810,351</u>	<u>1,054,604</u>	<u>755,747</u>
<b>Revenues Over (Under) Expenditures</b>	(14,951)	751,488	766,439
<b>Transfers</b>			
Transfers Out	<u>(738,600)</u>	<u>(738,600)</u>	<u>-</u>
<b>Change in Net Position - Budgetary Basis</b>	<u>\$ (753,551)</u>	12,888	<u>\$ 766,439</u>
<b>Adjustments to GAAP Basis</b>			
Developer Contributions		36,579	
Capital Outlay		382,222	
Debt Proceeds		-	
Depreciation		<u>(109,434)</u>	
<b>Change in Net Position, GAAP Basis</b>		<u>\$ 322,255</u>	

**City of Cañon City, Colorado**  
 Budgetary Comparison Schedule  
 Insurance Internal Service Fund  
 For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
Charges for Services	\$ 2,347,230	\$ 2,347,230	\$ 2,128,482	\$ (218,748)
Investment Income	24,400	24,400	26,982	2,582
Total Revenues	<u>2,371,630</u>	<u>2,371,630</u>	<u>2,155,464</u>	<u>(216,166)</u>
<b>Expenditures</b>				
Claims	1,862,100	1,922,330	2,041,497	(119,167)
Premiums	393,700	393,700	297,681	96,019
Administration Fees	139,120	139,120	115,944	23,176
Total Expenditures	<u>2,394,920</u>	<u>2,455,150</u>	<u>2,455,122</u>	<u>28</u>
<b>Change in Net Position - Budgetary and GAAP Basis</b>	<u>\$ (23,290)</u>	<u>\$ (83,520)</u>	<u>\$ (299,658)</u>	<u>\$ (216,138)</u>

## **Statistical Section**

**City of Cañon City, Colorado**  
**Statistical Section**  
Table of Contents  
December 31, 2019

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.

<b><u>Contents</u></b>	<b><u>Pages</u></b>
------------------------	---------------------

***Financial Trends***

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. ....53-58

***Revenue Capacity***

These schedules contain information to help the reader assess the City's most significant revenue sources. ....59-66

***Debt Capacity***

These schedules 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. ....67-70

***Demographic and Economic Information***

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.....71-73

***Operating Information***

These schedules 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. ....74-75

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

# CITY OF CAÑON CITY, COLORADO

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

TABLE 1

(accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 27,111,836	\$ 27,055,940	\$ 27,249,621	\$ 25,273,593	\$ 46,575,092	\$ 50,156,551	\$ 50,472,851	\$ 57,696,290	\$ 62,253,191	\$ 68,575,855
Restricted for:										
Cemetery Perpetual Care - nonexpendable	1,860,900	1,881,338	1,905,732	1,926,730	1,951,142	1,975,412	1,996,779	2,037,685	2,102,974	2,102,974
Emergencies	239,545	246,227	247,246	249,556	260,267	268,253	278,747	302,055	318,440	339,241
Public safety	12,837	12,205	9,761	9,777	33,260	22,173	23,765	24,777	22,766	9,395
Culture and Recreation	273,719	223,104	269,109	226,808	183,399	139,384	163,205	162,424	191,337	187,183
Debt Service	175,037	273,461	135,841	95,951	84,873	99,266	83,089	27,918	11,563	21,412
Unrestricted	4,926,091	5,510,222	6,013,144	6,158,731	7,793,247	9,291,929	10,620,163	7,538,427	10,355,793	9,123,764
Total governmental activities net position	34,599,965	35,202,497	35,830,454	33,941,146	56,881,280	61,952,968	63,638,599	67,789,576	75,256,064	80,359,824
Business-type activities										
Net investment in capital assets	26,820,316	26,880,924	27,374,668	28,152,215	28,039,979	28,281,711	27,400,608	27,798,118	27,723,414	19,844,249
Unrestricted	7,791,327	8,583,796	8,279,150	7,116,891	7,356,665	7,196,834	8,616,402	8,034,868	8,314,748	16,505,054
Total business-type activities net position	34,611,643	35,464,720	35,653,818	35,269,106	35,396,644	35,478,545	36,017,010	35,832,986	36,038,162	36,349,303



# CITY OF CAÑON CITY, COLORADO

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

TABLE 1

(accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Primary government										
Net investment in capital assets	53,932,152	53,936,864	54,624,289	53,425,808	74,615,071	78,438,262	77,873,459	85,494,408	89,976,605	88,420,104
Restricted for:										
Cemetery Perpetual Care - nonexpendable	1,860,900	1,881,338	1,905,732	1,926,730	1,951,142	1,975,412	1,996,779	2,037,685	2,102,974	2,102,974
Emergencies	239,545	246,227	247,246	249,556	260,267	268,253	278,747	302,055	318,440	339,241
Public Safety	12,837	12,205	9,761	9,777	33,260	22,173	23,765	24,777	22,766	9,395
Culture and Recreation	273,719	223,104	269,109	226,808	183,399	139,384	163,205	162,424	191,337	187,183
Debt Service	175,037	273,461	135,841	95,951	84,873	99,266	83,089	27,918	11,563	21,412
Unrestricted	12,717,418	14,094,018	14,292,294	13,275,622	15,149,912	16,488,763	19,236,565	15,573,295	18,670,541	25,628,818
Total primary government net position	<u>\$ 69,211,608</u>	<u>\$ 70,667,217</u>	<u>\$ 71,484,272</u>	<u>\$ 69,210,252</u>	<u>\$ 92,277,924</u>	<u>\$ 97,431,513</u>	<u>\$ 99,655,609</u>	<u>\$ 103,622,562</u>	<u>\$ 111,294,226</u>	<u>\$ 116,709,127</u>

Source: City of Canon City, Colorado, audited financial statements, 2010-2019.

# CITY OF CAÑON CITY, COLORADO

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

TABLE 2

(accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses</b>										
Governmental Activities										
General Government	\$ 2,589,102	\$ 2,412,572	\$ 2,516,575	\$ 2,444,384	\$ 2,454,861	\$ 2,525,751	\$ 2,667,946	\$ 3,305,686	\$ 3,743,706	\$ 3,535,379
Public Safety	3,690,660	3,557,465	3,909,411	3,871,625	3,537,391	3,597,392	3,909,543	4,460,327	4,312,632	4,977,168
Public Works	2,669,783	2,465,512	2,559,669	2,575,407	2,824,019	2,789,143	2,681,027	3,069,511	3,399,296	3,615,072
Culture and Recreation	2,441,737	2,536,150	2,569,102	2,424,779	1,804,892	3,174,986	3,379,935	3,229,441	3,555,067	3,884,311
Interest on Long-term Debt	8,253	4,200	7,550	31,528	46,799	41,255	36,512	91,028	144,815	133,122
Total Governmental Activities Expenses	11,399,535	10,975,899	11,562,307	11,347,723	10,667,962	12,128,527	12,674,963	14,155,993	15,155,516	16,145,052
Business-type Activities										
Water	5,272,375	5,412,055	5,764,390	5,789,256	6,280,169	5,749,551	5,650,774	5,819,458	6,330,927	6,711,905
Stormwater Utility	429,153	407,764	572,399	369,222	550,073	467,642	408,173	662,717	654,554	781,816
Canon City Finance Authority	180,173	175,544	163,055	109,512	-	-	-	-	-	-
Total Business-type Activities Expenses	5,881,701	5,995,363	6,499,844	6,267,990	6,830,242	6,217,193	6,058,947	6,482,175	6,985,481	7,493,721
Total Primary Government Expenses	\$ 17,281,236	\$ 16,971,262	\$ 18,062,151	\$ 17,615,713	\$ 17,498,204	\$ 18,345,720	\$ 18,733,910	\$ 20,638,168	\$ 22,140,997	\$ 23,638,773
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
General Government	\$ 211,445	\$ 219,072	\$ 272,919	\$ 332,916	\$ 255,882	\$ 212,959	\$ 197,812	\$ 405,555	\$ 422,448	\$ 453,107
Public Safety	332,655	314,490	295,914	282,369	353,534	288,423	358,712	335,441	272,064	271,804
Public Works	45,190	59,965	36,656	22,622	29,796	29,792	24,650	146,056	121,184	153,417
Culture and Recreation	306,218	259,471	238,485	194,226	222,109	222,312	218,538	274,745	274,710	284,834
Operating Grants and Contributions	862,948	1,079,215	843,263	865,731	977,913	820,047	829,770	800,709	983,724	1,065,475
Capital Grants and Contributions	694,981	731,866	1,244,601	1,067,004	22,339,827	4,446,799	1,676,654	893,688	4,099,710	1,411,625
Total Governmental Activities Program Revenues	2,453,437	2,664,079	2,931,838	2,764,868	24,179,061	6,020,332	3,306,136	2,856,194	6,173,840	3,640,262
Business-type Activities										
Water	5,915,525	6,027,963	6,114,574	5,693,717	5,738,437	5,745,655	6,007,315	5,864,244	6,452,663	6,788,323
Stormwater Utility	778,571	791,893	962,435	798,769	801,538	802,310	806,851	898,771	1,086,575	1,665,080
Canon City Finance Authority	241,591	241,892	237,082	43,308	-	-	-	-	-	-
Operating Grants and Contributions	-	-	-	171,516	751,852	128,615	-	-	147,500	36,579
Capital Grants and Contributions	60,950	89,997	111,528	82,565	123,501	53,500	187,300	248,000	307,699	-
Total Business-type Activities Program Revenues	6,996,637	7,151,745	7,425,619	6,789,875	7,415,328	6,730,080	7,001,466	7,011,015	7,994,437	8,489,982
Total Primary Government Revenues	\$ 9,450,074	\$ 9,815,824	\$ 10,357,457	\$ 9,554,743	\$ 31,594,389	\$ 12,750,412	\$ 10,307,602	\$ 9,867,209	\$ 14,168,277	\$ 12,130,244
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (8,946,098)	\$ (8,311,820)	\$ (8,630,469)	\$ (8,582,855)	\$ 13,511,099	\$ (6,108,195)	\$ (9,368,827)	\$ (11,299,799)	\$ (8,981,676)	\$ (12,504,790)
Business-type Activities	1,114,936	1,156,382	925,775	521,885	585,086	512,887	942,519	528,840	1,008,956	996,261
Total Primary Government Net Expense	\$ (7,831,162)	\$ (7,155,438)	\$ (7,704,694)	\$ (8,060,970)	\$ 14,096,185	\$ (5,595,308)	\$ (8,426,308)	\$ (10,770,959)	\$ (7,972,720)	\$ (11,508,529)

# CITY OF CAÑON CITY, COLORADO

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

TABLE 2

(accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes	\$ 445,501	\$ 440,571	\$ 434,508	\$ 436,009	\$ 430,871	\$ 426,772	\$ 439,004	\$ 451,420	\$ 452,830	\$ 462,806
Sales and Use Taxes	5,211,532	5,239,514	5,478,503	5,613,219	5,886,441	6,291,664	6,540,451	10,310,359	10,838,128	11,213,904
Other Taxes	11,857	17,736	14,190	19,771	13,831	31,747	18,262	24,825	28,780	32,277
Franchise Taxes	656,799	714,621	790,382	754,285	797,459	802,527	800,723	777,740	786,863	765,657
Grants and Contributions not Restricted	275,293	290,551	297,084	260,251	290,581	263,603	276,061	273,019	290,790	321,226
Royal Gorge Bridge Revenues	1,679,694	1,680,695	1,681,688	1,346,351	1,347,351	2,130,552	2,387,470	2,532,623	2,714,331	2,726,245
Investment Earnings	61,221	42,013	40,536	35,357	27,980	29,821	71,961	183,090	319,102	257,941
Other Revenues	77,161	167,651	186,133	176,568	167,721	178,667	76,826	96,100	64,340	837,014
Gain on Sale of Capital Assets	-	-	-	-	-	-	-	-	-	-
Extraordinary Item	-	-	-	(2,865,998)	-	-	-	-	-	-
Transfers	321,000	321,000	335,400	917,734	466,800	443,700	443,700	801,600	953,000	991,480
Total Governmental Activities	8,740,058	8,914,352	9,258,424	6,693,547	9,429,035	10,599,053	11,054,458	15,450,776	16,448,164	17,608,550
Business-type Activities:										
Unrestricted Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Investment Earnings	31,399	17,695	19,454	11,137	9,252	12,714	39,646	88,736	149,220	306,360
Gain on Sale of Capital Assets	-	-	-	-	-	-	-	-	-	-
Transfers	(321,000)	(321,000)	(335,400)	(917,734)	(466,800)	(443,700)	(443,700)	(801,600)	(953,000)	(991,480)
Total Business-type Activities	(289,601)	(303,305)	(315,946)	(906,597)	(457,548)	(430,986)	(404,054)	(712,864)	(803,780)	(685,120)
Total Primary Government	\$ 8,450,457	\$ 8,611,047	\$ 8,942,478	\$ 5,786,950	\$ 8,971,487	\$ 10,168,067	\$ 10,650,404	\$ 14,737,912	\$ 15,644,384	\$ 16,923,430
<b>Change in Net Position</b>										
Government Activities	\$ (206,040)	\$ 602,532	\$ 627,955	\$ (1,889,308)	\$ 22,940,134	\$ 4,490,858	\$ 1,685,631	\$ 4,150,977	\$ 7,466,488	\$ 5,103,760
Business-type Activities	825,335	853,077	609,829	(384,712)	127,538	81,901	538,465	(184,024)	205,176	311,141
Total Primary Government	\$ 619,295	\$ 1,455,609	\$ 1,237,784	\$ (2,274,020)	\$ 23,067,672	\$ 4,572,759	\$ 2,224,096	\$ 3,966,953	\$ 7,671,664	\$ 5,414,901

Source: City of Canon City, Colorado, audited financial statements, 2010-2019.

- Notes: (1) On June 11, 2013, a wildfire broke out in the City-owned Royal Gorge Park. The fire destroyed virtually all City-owned buildings and structures within the portion of the park that the City leases to the Royal Gorge Bridge Company of Colorado. The depreciated value of the destroyed City-owned capital assets were removed from the City's 2013 financial statements resulting in an extraordinary loss in the Governmental Activities.
- (2) A significant portion (\$21,604,316) of the increase to the net position of the governmental activities is attributable to the post-fire reconstruction of buildings and improvements during 2014 within the Royal Gorge Bridge and Park.
- (3) In 2014 Certificates of Participation issued by Cañon City Finance Authority were paid in full.

# CITY OF CAÑON CITY, COLORADO

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

TABLE 3

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Nonspendable:	\$ 153,486	\$ 125,143	\$ 123,052	\$ 123,538	\$ 124,856	\$ 132,938	\$ 105,649	\$ 1,096,509	\$ 999,565	\$ 896,747
Restricted	239,545	246,227	247,246	630,479	283,735	280,615	292,643	316,859	331,811	339,241
Committed	527,766	690,285	333,501	456,186	574,233	692,307	711,832	721,351	716,575	310,146
Assigned	906,959	1,088,541	1,550,381	1,497,635	1,851,105	2,082,151	4,598,958	2,941,251	4,209,427	4,390,827
Unassigned	2,242,614	2,367,918	2,966,194	2,933,037	4,014,470	4,349,153	3,008,801	3,237,837	3,379,467	3,252,742
Total general fund	<u>\$ 4,070,370</u>	<u>\$ 4,518,114</u>	<u>\$ 5,220,374</u>	<u>\$ 5,640,875</u>	<u>\$ 6,848,399</u>	<u>\$ 7,537,164</u>	<u>\$ 8,717,883</u>	<u>\$ 8,313,807</u>	<u>\$ 9,636,845</u>	<u>\$ 9,189,703</u>
Street Improvement Fund										
Unassigned (a)	-	-	-	-	-	-	-	(3,470,647)	(1,595,293)	(2,655,510)
Total street improvement fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,470,647)</u>	<u>\$ (1,595,293)</u>	<u>\$ (2,655,510)</u>
All Other Governmental Funds										
Nonspendable:	\$ 1,895,288	\$ 1,916,733	\$ 1,944,263	\$ 1,958,428	\$ 1,991,569	\$ 1,985,389	\$ 2,007,085	\$ 2,052,490	\$ 2,112,727	\$ 2,187,195
Restricted	461,593	508,770	414,711	332,536	278,064	248,461	256,163	200,315	212,295	133,274
Assigned	667,532	637,941	649,809	1,008,294	790,919	808,806	1,128,367	1,461,583	944,526	928,960
Total all other governmental funds	<u>\$ 3,024,413</u>	<u>\$ 3,063,444</u>	<u>\$ 3,008,783</u>	<u>\$ 3,299,258</u>	<u>\$ 3,060,552</u>	<u>\$ 3,042,656</u>	<u>\$ 3,391,615</u>	<u>\$ 3,714,388</u>	<u>\$ 3,269,548</u>	<u>\$ 3,249,429</u>

Source: City of Canon City, Colorado, audited financial statements, 2010-2019.

### Notes:

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

# CITY OF CAÑON CITY, COLORADO

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

TABLE 4

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues:</b>										
Taxes and Assessments	\$ 6,395,570	\$ 6,466,213	\$ 6,752,643	\$ 6,864,398	\$ 7,172,454	\$ 7,581,049	\$ 7,811,515	\$ 11,572,187	\$ 12,111,463	\$ 12,478,739
Licenses and Permits	165,025	191,730	200,396	254,992	178,131	172,299	155,126	353,377	476,835	506,103
Intergovernmental	1,466,546	1,700,522	1,584,268	2,129,372	2,167,225	1,189,731	1,716,151	1,256,891	2,908,361	1,361,870
Charges for Services	205,828	219,872	204,644	287,001	357,850	319,616	305,185	413,992	340,068	353,130
Fines and Forfeitures	245,281	228,429	202,302	199,348	226,108	150,723	212,101	192,601	101,843	107,695
Royal Gorge Bridge	1,679,694	1,680,695	1,681,688	1,346,351	1,347,351	2,130,552	2,387,470	2,532,623	2,714,330	2,726,245
Interest	54,076	38,157	37,054	33,689	26,159	27,143	63,531	167,400	292,727	348,714
Rent	97,664	84,953	86,969	90,792	99,232	110,848	127,300	173,383	198,027	198,162
Contributions & Donations	-	-	-	34,235	81,818	26,012	43,230	27,715	63,366	15,362
Financing Proceeds	-	-	-	-	-	-	-	-	-	320,069
Other	324,093	411,674	460,006	176,568	151,794	163,596	76,827	96,100	64,342	705,916
Total Revenues	10,633,777	11,022,245	11,209,970	11,416,746	11,808,122	11,871,569	12,898,436	16,786,269	19,271,362	19,122,005
<b>Expenditures:</b>										
General Government	2,326,354	2,303,510	2,362,557	2,249,376	2,394,491	2,406,151	2,536,948	3,166,582	3,498,475	3,249,142
Public Safety	3,439,078	3,441,605	3,588,535	3,584,951	3,664,306	3,683,567	3,676,267	4,340,891	4,462,689	4,532,707
Public Works	1,713,661	1,565,388	1,575,822	1,610,948	2,005,270	1,918,862	1,739,921	2,221,453	2,309,758	2,313,330
Culture and Recreation	1,987,315	2,110,996	1,973,393	1,999,666	1,595,797	1,794,676	1,925,932	1,942,606	2,098,575	2,233,399
Capital Outlay										
Streets (a)	-	-	-	-	-	-	-	7,558,612	3,030,575	5,901,968
Other	774,727	1,545,011	1,351,574	1,932,855	1,389,999	1,603,605	1,682,556	1,605,292	2,144,257	2,954,473
Debt Service										
Principal	152,287	27,000	42,000	216,000	225,000	231,000	214,000	213,000	212,000	327,245
Interest	10,127	4,200	7,550	27,881	47,168	41,608	36,834	91,383	145,170	140,995
Debt Issuance Costs	-	-	-	58,198	-	-	-	-	-	-
Total Expenditures	10,403,549	10,997,710	10,901,431	11,679,875	11,322,031	11,679,469	11,812,458	21,139,819	17,901,499	21,653,259
Excess of Revenues over (under) Expenditures	230,228	24,535	308,539	(263,129)	486,091	192,100	1,085,978	(4,353,550)	1,369,863	(2,531,254)
<b>Other Financing Sources (Uses)</b>										
Proceeds from Sale of Capital Assets	4,047	32,240	3,660	-	15,927	15,069	-	-	430,689	775,605
Issuance of Debt	22,000	109,000	-	2,310,000	-	20,000	-	-	-	-
Insurance Recoveries	-	-	-	89,244	-	-	-	-	-	-
Transfers In	416,779	433,951	695,899	561,253	607,555	489,692	471,055	887,965	1,127,876	1,117,599
Transfers Out	(95,779)	(112,951)	(360,499)	(1,986,392)	(140,755)	(45,992)	(27,355)	(86,365)	(174,876)	(126,119)
Total Other Financing Sources (Uses)	347,047	462,240	339,060	974,105	482,727	478,769	443,700	801,600	1,383,689	1,767,085
Net Change in Fund Balances	\$ 577,275	\$ 486,775	\$ 647,599	\$ 710,976	\$ 968,818	\$ 670,869	\$ 1,529,678	\$ (3,551,950)	\$ 2,753,552	\$ (764,169)
Debt Service as a percentage of noncapital expenditures	1.7%	0.3%	0.5%	2.6%	2.8%	2.8%	2.5%	2.6%	2.9%	3.8%

Source: City of Cañon City, audited financial statements, 2010-2019.

Notes:

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

# CITY OF CAÑON CITY, COLORADO

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

**TABLE 5**

Levy Year	Vacant Land	Residential Property	Commercial Property (b)	Industrial Property	Agricultural Property	Natural Resources	State Assessed	Total Taxable Assessed Value	Total Direct Tax Rate (a)	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
2010	7,512,000	68,661,710	53,843,720	2,549,190	218,630	21,980	6,199,615	139,006,845	2.89	1,131,707,073	12.28%
2011	6,933,510	66,802,500	52,409,201	2,482,410	250,820	224,890	7,350,230	136,453,561	2.90	1,124,946,812	12.13%
2012	6,706,040	67,032,690	52,147,401	2,256,400	258,600	208,360	7,012,340	135,621,831	2.89	1,125,155,335	12.05%
2013	6,352,190	63,239,130	51,701,986	2,008,278	277,430	273,193	9,747,786	133,599,993	2.90	1,028,552,826	12.99%
2014	5,890,990	63,162,230	52,352,941	2,277,016	277,450	209,258	7,977,991	132,147,876	2.90	1,024,549,147	12.90%
2015	5,599,800	64,421,260	52,651,377	2,425,369	310,280	161,179	9,318,862	134,888,127	2.90	1,042,524,630	12.94%
2016	5,636,980	64,481,370	52,073,565	2,187,052	311,560	154,719	10,470,807	135,316,053	2.90	1,044,590,804	12.95%
2017	5,970,890	65,330,161	52,811,678	2,068,246	337,267	213,058	10,519,209	137,250,509	2.90	1,144,086,852	12.00%
2018	5,923,329	66,233,783	54,004,989	2,277,998	334,711	110,281	10,919,347	139,804,438	2.89	1,160,526,810	12.05%
2019	5,756,044	77,416,941	56,408,461	2,189,288	293,936	156,841	10,265,259	152,486,770	2.89	1,331,624,963	11.45%

Source: Fremont County Assessor.

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

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

# CITY OF CAÑON CITY, COLORADO

## DIRECT AND OVERLAPPING PROPERTY TAX RATES LAST TEN YEARS (rate per \$1,000 of assessed value) (Unaudited)

TABLE 6

Year	City Basic Rate(a)	Overlapping Rates(b)						Total
	City of Cañon City (d)	Fremont County	Fremont County School District RE-1 (e,f)	Cañon City Fire Protection District (c)	Cañon City Recreation District	S.E. Colorado Water Cons. District	Upper Arkansas Water Cons.	
2010	2.89	12.48	35.65	13.00	3.51	0.95	0.45	68.93
2011	2.90	12.97	35.80	13.00	3.52	0.95	0.50	69.64
2012	2.89	12.92	35.77	13.00	3.52	0.94	0.48	69.52
2013	2.90	12.92	35.77	13.00	3.52	0.94	0.48	69.53
2014	2.90	12.95	35.42	17.73	3.53	0.94	0.48	73.95
2015	2.90	12.32	35.17	17.73	3.52	0.94	0.47	73.05
2016	2.91	12.42	35.16	17.76	3.53	0.94	0.48	73.20
2017	2.90	12.45	41.20	17.73	3.52	0.94	0.48	79.22
2018	2.89	12.31	46.45	18.48	3.52	0.91	0.48	85.04
2019	2.89	12.31	46.45	18.48	3.52	0.91	0.48	85.04

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

### Notes:

- (a) The City's basic property tax rate, except for taxes abated and refunded, may be increased only by a majority vote of the City of Cañon City residents.
- (b) Overlapping rates are those of local and county governments that apply to property owners of the City of Cañon City.
- (c) Voter approved property tax increase in 2014.
- (d) The City of Cañon City does not rely on property taxes as a major source of funding for governmental activities. The City's property tax rate is over 62.3% lower than the statewide average municipal mill levy.
- (e) Voter approved property tax increase in 2017.
- (f) Voter approved property tax increase in 2018.

# 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
2009	2010	404,093	402,153	99.52%	1,354	403,507	99.85%
2010	2011	401,591	399,248	99.42%	449	399,697	99.53%
2011	2012	395,851	394,642	99.69%	759	395,401	99.89%
2012	2013 (a)	392,489	393,136	100.16%	532	393,668	100.30%
2013	2014	387,707	385,726	99.49%	-	385,726	99.49%
2014	2015	383,361	379,698	99.04%	1,129	380,827	99.34%
2015	2016	391,715	389,323	99.39%	260	389,583	99.46%
2016	2017 (a)	393,436	393,727	100.07%	-	393,727	100.07%
2017	2018	397,889	395,499	99.40%	517	396,016	99.53%
2018	2019	440,886	402,906	91.39%	1,054	403,960	91.62%

Source: Fremont County Treasurer and Cañon City Municipal Clerk

Notes:

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



# CITY OF CAÑON CITY, COLORADO

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

TABLE 8

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Sales Tax (a)	\$ 5,107,654	\$ 5,127,379	\$ 5,272,864	\$ 5,442,106	\$ 5,799,559	\$ 6,214,004	\$ 6,437,283	\$ 9,879,100	\$ 10,381,151	\$ 10,733,294
General Property Tax	394,227	392,591	387,218	384,554	376,803	370,706	380,914	384,394	386,293	403,960
Specific Ownership Tax	51,274	47,980	47,290	51,455	54,067	56,066	58,090	67,026	66,537	68,741
Use Tax	103,878	112,135	205,639	171,113	86,882	77,660	103,168	431,259	456,977	481,610
Franchise Taxes:										
Cablevision	112,632	121,486	126,954	126,848	126,608	125,406	127,405	126,879	127,233	125,830
Telephone	18,218	16,161	14,728	13,635	12,309	13,853	10,466	9,504	6,717	4,274
Electricity	381,466	434,789	494,428	478,000	498,341	504,831	533,923	512,441	508,406	484,238
Gas	144,483	142,185	124,809	135,802	160,202	158,438	128,929	128,916	144,508	151,315
Penalty & Interest on Tax	11,857	17,736	14,190	19,773	13,831	14,579	18,262	24,825	28,779	32,279
Total	<u>\$ 6,325,689</u>	<u>\$ 6,412,442</u>	<u>\$ 6,688,120</u>	<u>\$ 6,823,287</u>	<u>\$ 7,128,602</u>	<u>\$ 7,535,542</u>	<u>\$ 7,798,440</u>	<u>\$ 11,564,344</u>	<u>\$ 12,106,601</u>	<u>\$ 12,485,541</u>

Source: City of Canon City, Colorado, audited financial statements, 2009-2018.

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

# CITY OF CAÑON CITY, COLORADO

## SALES TAX BY CATEGORY LAST TEN FISCAL YEARS

(Unaudited)  
(modified accrual basis of accounting)

TABLE 9

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Merchandise	\$ 1,033,750	\$ 1,020,142	\$ 1,019,605	\$ 1,010,236	\$ 1,114,726	\$ 1,126,612	\$ 1,165,449	\$ 1,655,771	\$ 1,676,858	\$ 1,895,682
Food Stores	1,051,886	1,091,007	1,111,862	1,146,225	1,159,484	1,221,314	1,270,504	2,164,190	2,277,781	2,146,232
Restaurants & Bars	573,849	580,840	612,023	617,536	638,372	732,718	755,635	1,168,081	1,218,602	1,285,853
Home Furnishings	86,480	79,962	78,734	73,909	69,736	81,045	75,886	110,145	119,318	128,323
Building Materials & Supplies	500,370	492,179	512,596	535,444	565,953	625,200	690,789	1,105,928	1,238,908	1,292,532
Auto Dealers & Parts/Supplies	665,198	643,835	676,527	708,905	796,958	885,208	867,037	1,311,795	1,441,069	1,490,680
Other Retail Stores	379,642	391,709	411,007	493,980	524,320	598,305	612,442	878,623	851,330	916,597
All Other Outlets	234,648	235,372	240,434	252,623	281,333	283,102	306,209	477,091	502,245	569,580
Hotel/Motel	74,803	70,301	71,642	68,429	78,409	97,443	110,519	165,230	174,187	172,602
Utility Service	507,029	522,032	538,434	534,819	570,268	563,057	582,813	842,246	880,853	834,778
Total	<u>\$ 5,107,655</u>	<u>\$ 5,127,379</u>	<u>\$ 5,272,864</u>	<u>\$ 5,442,106</u>	<u>\$ 5,799,559</u>	<u>\$ 6,214,004</u>	<u>\$ 6,437,283</u>	<u>\$ 9,879,100</u>	<u>\$ 10,381,151</u>	<u>\$ 10,732,859</u>
City Direct Sales Tax Rate	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	3.00%	3.00%

Source: City of Canon City, Colorado, audited financial statements, 2010-2019 and Sales Tax Subsidiary Records, 2010-2019.

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

# CITY OF CAÑON CITY, COLORADO

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

TABLE 10

Year	Annual Royal Gorge Bridge Lease Revenues	Royal Gorge Bridge & Park Attendance
2010	1,679,694	304,714
2011	1,680,695	305,758
2012	1,681,688	265,933
2013 (a)	1,346,351	84,645
2014	1,347,351	42,256
2015	2,130,552	333,697
2016	2,387,470	338,964
2017	2,532,623	358,005
2018	2,714,330	364,936
2019	2,726,245	352,174

Source: City of Cañon City, Colorado, audited financial statements, 2010-2019 and Royal Gorge Company of Colorado Year-End Review, 2010-2019.

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 United States.

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

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

# CITY OF CAÑON CITY, COLORADO

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

TABLE 11

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Water Revenues:</b>										
Charges for Services:										
Metered Water Sales by Type of Customer (a)	\$ 5,559,580	\$ 5,656,298	\$ 5,843,529	\$ 5,377,864	\$ 5,448,201	\$ 5,507,312	\$ 5,726,457	\$ 5,545,757	\$ 5,985,920	\$ 5,970,745
Water Sales to City Facilities	194,893	223,160	126,160	123,842	122,206	116,934	116,776	115,259	191,819	190,731
Hydrant Sales	4,384	3,552	5,185	10,070	6,257	5,627	3,901	30,956	13,565	27,303
Bulk Water Sales	52,022	64,317	64,370	55,319	53,432	50,830	75,423	85,201	143,904	149,642
Account Maintenance Fee (b)	8,215	295	245	415	672	813	1,182	1,425	1,739	2,324
Total Charges for Services	5,819,094	5,947,622	6,039,490	5,567,510	5,630,768	5,681,516	5,923,739	5,778,598	6,336,947	6,340,745
Tap Fees (d)	60,950	82,077	104,328	67,543	123,501	43,500	184,550	220,500	296,199	359,131
Interest Income	28,488	15,574	16,885	9,455	7,873	11,137	35,169	82,269	142,883	165,349
Other ( c)	96,431	80,341	75,084	248,890	733,978	143,473	83,576	85,646	115,716	88,447
Transfer In	27,000	27,000	25,500	22,200	22,200	22,200	22,200	39,400	180,900	140,920
Developer Contributions	-	-	-	-	-	-	2,750	27,500	-	-
Total Water Revenues	\$ 6,031,963	\$ 6,152,614	\$ 6,261,287	\$ 5,915,598	\$ 6,518,320	\$ 5,901,826	\$ 6,251,984	\$ 6,233,913	\$ 7,072,645	\$ 7,094,592

Source: City of Cañon City, Colorado, audited financial statements, 2010-2019 and Water Utility Billing Records, 2010-2019.

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

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

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

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

# CITY OF CAÑON CITY, COLORADO

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

TABLE 12

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Metered Water Sales by Type of Customer</b>										
Residential - Inside City limits	\$ 1,742,589	\$ 1,736,842	\$ 1,822,889	\$ 1,615,105	\$ 1,615,756	\$ 1,581,803	\$ 1,690,402	\$ 1,610,179	\$ 1,610,179	\$ 1,952,362
Residential - Outside City limits	900,202	894,011	955,236	874,966	878,336	876,303	920,479	891,552	891,552	\$ 1,060,405
Commercial - Inside City limits	1,157,076	1,311,355	1,216,886	1,099,018	1,117,912	1,136,226	1,192,248	1,137,729	1,137,729	\$ 1,139,890
Commercial - Outside City limits	651,298	599,348	623,064	611,537	576,214	518,047	498,370	459,720	459,720	\$ 482,598
Prisons	1,108,415	1,114,742	1,225,454	1,177,238	1,259,983	1,394,933	1,424,958	1,446,577	1,446,577	\$ 1,335,490
<b>Total Metered Water Sales by Type of Customer</b>	<b>\$ 5,559,580</b>	<b>\$ 5,656,298</b>	<b>\$ 5,843,529</b>	<b>\$ 5,377,864</b>	<b>\$ 5,448,201</b>	<b>\$ 5,507,312</b>	<b>\$ 5,726,457</b>	<b>\$ 5,545,757</b>	<b>\$ 5,545,757</b>	<b>\$ 5,970,745</b>
Residential Inside minimum rate per 4,000 gallons (a)										
Residential Outside minimum rate per 4,000 gallons (a)										
Residential Inside Meter Fee - flat rate (b-e)	\$9.30	\$9.30	\$9.58	\$9.58	\$9.58	\$9.87	\$9.87	\$9.87	\$11.39	\$11.73
Residential Outside Meter Fee - flat rate (b-e)	\$13.95	\$13.95	\$14.37	\$14.37	\$14.37	\$14.80	\$14.80	\$14.80	\$17.09	\$17.60
<b>Water Gallons Sold by Type of Customer (f)</b>										
Residential - Inside City limits	521,319	548,700	539,054	457,826	461,100	426,626	468,102	439,128	505,171	451,443
Residential - Outside City limits	170,919	177,399	177,941	156,899	158,440	149,775	160,631	153,547	179,652	160,254
Commercial - Inside City limits	331,019	411,424	337,494	295,459	305,016	296,163	315,503	296,506	415,287	302,441
Commercial - Outside City limits	259,348	239,575	245,054	253,496	234,835	181,513	166,683	151,556	150,220	132,990
Prisons	367,989	374,951	385,087	365,953	391,385	418,182	429,806	435,878	414,872	389,162
<b>Total Water Gallons Sold by Type of Customer</b>	<b>1,650,594</b>	<b>1,752,049</b>	<b>1,684,630</b>	<b>1,529,633</b>	<b>1,550,776</b>	<b>1,472,259</b>	<b>1,540,725</b>	<b>1,476,615</b>	<b>1,665,202</b>	<b>1,436,290</b>

Source: City of Canon City, Colorado, audited financial statements, 2010-2019 and Water Utility Billing Records, 2010-2019.

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.

(e) Effective January 1, 2019 usage rates were increased by 3% to keep up with the inflationary rise in cost of services.

(f) 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						Total Primary Government	Percentage of Personal Income (b)	Per Capita
Fiscal Year	Public Improvement Bonds	Capital Leases(a)	Certificates of Participation Series 2003(a)	Certificates of Participation Series 2008(a)	Certificates of Participation Premium	Certificates of Participation Series 2017(a)	Certificates of Participation Series 2019(b)	Capital Lease			
2010	65,000	-	2,360,000	11,895,000	158,100	-	-	-	14,478,100	3.42%	882
2011	147,000	-	2,215,000	11,550,000	150,914	-	-	-	14,062,914	3.20%	856
2012	105,000	-	2,070,000	11,195,000	143,728	-	-	-	13,513,728	2.97%	823
2013	64,000	2,135,000	-	10,825,000	136,542	-	-	-	13,160,542	2.82%	811
2014	34,000	1,940,000	-	10,445,000	129,356	-	-	-	12,548,356	2.56%	776
2015	23,000	1,740,000	-	10,050,000	122,170	-	-	-	11,935,170	2.28%	735
2016	9,000	1,540,000	-	9,635,000	114,984	-	-	-	11,298,984	2.10%	688
2017	6,000	1,330,000	-	-	-	10,615,000	-	-	11,951,000	2.16%	721
2018	4,000	1,120,000	-	-	-	10,040,000	-	-	11,164,000	1.89%	669
2019	2,000	905,000	-	-	-	9,445,000	7,890,000	233,600	18,475,600	3.12%	1,104.67

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

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

(b) In 2019, the City issued Certificates of Participation, Series 2019, in the amount of \$8,000,000 to make improvements to the City's storm water systems.

# CITY OF CAÑON CITY, COLORADO

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

TABLE 14

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Bonded Debt Outstanding General Obligation Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Percentage of Estimated Actual Property Value (a)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Per Capita (b)	-	-	-	-	-	-	-	-	-	-
Total Taxable Assessed Value	139,006,845	136,453,561	135,621,831	133,599,993	132,147,876	134,888,127	135,316,053	137,250,509	139,804,438	152,486,770
Legal Debt Limit (c)	13,900,685	13,645,356	13,562,183	13,359,999	13,214,788	13,488,813	13,531,605	13,725,051	13,980,444	15,248,677
Total Net Debt Applicable To Debt Limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin (d)	\$ 13,900,685	\$ 13,645,356	\$ 13,562,183	\$ 13,359,999	\$ 13,214,788	\$ 13,488,813	\$ 13,531,605	\$ 13,725,051	\$ 13,980,444	\$ 15,248,677
Legal Debt Margin as a Percentage of the Debt Limit	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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

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

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

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

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

# CITY OF CAÑON CITY, COLORADO

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

TABLE 15

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Water Fund Debt Outstanding										
Certificates of Participation Series 2008	\$ 11,895,000	\$ 11,550,000	\$ 11,195,000	\$ 10,825,000	\$ 10,445,000	\$ 10,050,000	\$ 9,635,000	\$ -	\$ -	\$ -
Certificates of Participation Series 2017	-	-	-	-	-	-	-	10,615,000	10,040,000	9,445,000
Capital Leases	-	-	-	-	-	-	-	-	-	-
Total Water Fund Debt Outstanding	<u>\$ 11,895,000</u>	<u>\$ 11,550,000</u>	<u>\$ 11,195,000</u>	<u>\$ 10,825,000</u>	<u>\$ 10,445,000</u>	<u>\$ 10,050,000</u>	<u>\$ 9,635,000</u>	<u>\$ 10,615,000</u>	<u>\$ 10,040,000</u>	<u>\$ 9,445,000</u>
Number of Active Water Service Connections	8,535	8,547	8,553	8,567	8,568	8,580	8,614	8,655	8,796	8,836
Water Fund Debt per Active Water Service Connection	\$ 1,394	\$ 1,351	\$ 1,309	\$ 1,264	\$ 1,219	\$ 1,171	\$ 1,119	\$ 1,226	\$ 1,141	\$ 1,069

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, 2018 (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	\$ 25,695,420	58.2%	\$ 14,954,734
Cañon City Fire Protection District	-	0.0%	-
Fremont Sanitation District	-	0.0%	-
Cañon City Recreation District	-	0.0%	-
Fremont County	-	0.0%	\$ -
Total Overlapping Debt			<u>14,954,734</u>
City of Cañon City Direct Debt			<u>1,140,600</u>
Total Direct and Overlapping Debt			<u><u>\$ 16,095,334</u></u>

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

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

# CITY OF CAÑON CITY, COLORADO

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

TABLE 17

Year	Cañon City Population	Personal Income Fremont County (thousands of dollars) (a)	Personal Income Cañon City (thousands of dollars) (b)	Per Capita Personal Income (a)	Unemployment Rate
2010	16,407	1,207,238	422,956	25,779	8.7
2011	16,424	1,264,621	438,981	26,728	8.4
2012	16,419	1,300,436	454,544	27,684	7.9
2013	16,220	1,328,849	465,936	28,726	6.8
2014	16,174	1,396,768	490,315	30,315	5.0
2015	16,235	1,487,070	522,523	32,185	3.9
2016	16,425	1,537,573	538,412	32,780	3.2
2017	16,569	1,589,528	553,769	33,422	2.7
2018	16,690	1,701,631	591,410	35,435	3.3
2019 (c)	16,725	1,701,631	592,650	35,435	4.6

Source: U.S. Census Bureau, 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) Personal Income and Per Capita Personal Income data for 2019 is not available as of July 30, 2020, so 2018 data is repeated for 2019.

# CITY OF CAÑON CITY, COLORADO

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

TABLE 18

Employer	2019			2010		
	Employees	Rank	Percentage of Total County Employment (b)	Employees	Rank	Percentage of Total County Employment
Fremont School District (RE-1)	525	1	3.64%	537	1	3.10%
Centura Health	450	2	3.12%	449	2	2.06%
International Order of Odd Fellows Complexes	350	3	2.43%	336	3	1.98%
Fremont County	320	4	2.22%	311	5	1.56%
Walmart	308	5	2.14%	317	4	1.88%
Starpointe	211	6	1.46%	200	6	0.94%
City of Canon City	164	7	1.14%	165	8	0.84%
Skyline Ridge Nursing and Rehabilitation	120	8	0.83%	-	-	-
Interroll Engineering West Inc (a)	102	9	0.71%	92	9	0.47%
Cornell Companies	96	10	0.67%	200	6	1.08%
Canon City Daily Record	-	-	-	70	10	0.46%
Total	2,646		18.37%	2,677		14.43%

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

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

(b) Total 2018 employment within Fremont County was 14,406.

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

**TABLE 19**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Government</b>										
City Clerk	2	2	2	2	2	2	2	1	1	1
Municipal Court	2	2	2	2	2	2	2	2	2	2
City Administrator	1	1	1	1	1	1	1	2	2	2
Finance	6	6	6	6	6	6	6	6	8	8
City Attorney	1	1	1	1	1	1	1	-	-	-
Building Maintenance	4	4	4	4	1	1	1	2	2	2
Community Development										
Building Division	2	2	2	2	2	2	2	2	2	2
Planning & Zoning	2	2	2	1	1	1	1	2	2	1
Code Enforcement	1	1	1	1	1	1	1	2	2	-
Economic Development	-	-	-	-	-	-	-	1	1	1
Administrative Resources										
Public Information Officer	-	-	-	-	-	-	-	-	-	1
Special Projects	-	-	-	1	-	-	-	-	-	-
Human Resources	1	1	1	1	1	1	1	1	2	1
Computer Resources	2	2	2	2	2	2	2	2	3	2
<b>Public Safety</b>										
Patrol Officers	28	28	28	28	28	29	30	31	30	30
Victims Assistance	1	1	1	1	1	1	1	1	1	1
Administration	3	3	4	5	5	5	5	5	5	6
Investigations	6	6	5	5	5	5	5	5	6	7
Parking & Code Enforcement	2	2	2	2	2	2	2	2	2	2
School Resource Program	1	1	1	1	2	2	2	2	2	2
Grant Funded Programs	1	-	-	-	-	-	-	-	-	-
Dispatch Services	8	8	8	8	8	8	-	-	-	-
<b>Public Works</b>										
Equipment Repair	3	3	3	3	3	3	3	3	3	3
Street Maintenance	16	15	15	15	15	15	15	14	14	14
Engineering	2	2	2	2	2	2	2	4	4	6
<b>Cemetery</b>	5	5	5	5	-	-	-	-	-	-
<b>Cultural &amp; Recreation</b>										
Forestry	3	3	3	3	-	-	-	-	-	-
Library & Museum/History Center	15	15	15	14	14	14	14	14	14	14
Parks Improvement Fund	8	8	8	7	12	12	13	12	14	15
<b>Water Fund</b>										
Administration	7	7	7	6	6	6	6	6	6	2
Water Treatment	13	12	12	12	12	12	12	11	11	10
Water Distribution	16	16	16	16	17	17	17	16	16	11
Water Utility Billing	1	1	1	1	1	1	1	2	2	2
<b>Storm Water Utility Fund</b>										
Administration	2	2	2	2	2	2	2	1	1	1
Total	165	162	162	160	155	156	150	152	158	149

Source: City of Cañon City Finance Department.

# CITY OF CAÑON CITY, COLORADO

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

TABLE 20

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Public Safety</b>										
Physical arrests	1,952	2,130	1,839	1,750	1,676	1,739	820	740	819	734
Traffic violations (d)	2,468	2,707	1,981	2,096	2,304	1,341	2,524	2,810	683	1,262
Parking violations	1,377	911	351	86	52	15	5	124	141	272
Calls for service (c )	26,352	27,292	27,302	27,360	28,627	15,323	28,656	28,297	27,738	30,073
<b>Public Works</b>										
Street resurfacing & repairs (miles)	1.71	0.71	0.00	0.20	8.10	5.27	5.88	6.07	4.77	4.74
Potholes repaired	82	78	84	91	75	77	91	103	128	100
<b>Cemetery</b>										
Standard and ash burials	107	130	90	94	98	96	95	107	77	89
Spaces sold	26	48	28	39	57	62	38	42	54	62
<b>Cultural &amp; Recreation</b>										
Library:										
Physical Volumes in collection	60,324	70,661	73,984	75,228	64,192	56,290	52,508	61,532	61,185	61,416
Electronic Volumes in collection (a)	-	526	2,992	8,436	14,688	18,257	32,078	28,167	31,757	36,147
Total volumes checked out (b)	308,111	290,831	273,374	131,148	159,283	168,995	206,163	183,616	285,554	403,435
<b>Water Fund</b>										
Installed and replaced water mains	7,438'	8,337'	6,926'	10,400'	2,200'	2565'	-	4109'	2363'	5115'
Average daily metered consumption (millions of gallons)	4.5	4.8	4.6	4.2	4.2	4.0	4.0	4.0	4.2	4.2
Peak daily production (millions of gallons)	10.5	11.7	9.9	9.7	9.0	9.3	9.5	9.1	9.5	9.2

**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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Public Safety</b>										
Police Stations	2	2	2	2	2	2	2	2	2	2
Marked Patrol units	28	28	28	28	28	28	29	29	28	28
<b>Public Works</b>										
Streets (miles) (a)	119.4	119.4	119.4	119.4	120.0	120.0	120.0	120.0	120.0	120.0
Alleys (miles)	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1
Storm sewers (miles)	13.2	13.4	13.4	13.4	13.8	13.8	13.8	13.8	13.8	13.8
<b>Cemetery</b>										
City owned Cemeteries	2	2	2	2	2	2	2	2	2	2
<b>Cultural &amp; Recreation</b>										
Parks	10	10	10	10	10	10	10	10	10	10
Parks Acreage	6,567	6,567	6,567	6,567	6,567	6,567	6,567	6,567	6,567	6,567
<b>Water Fund</b>										
Water mains (miles)	151	151	151	151	151	151	151	151	151	151
Fire Hydrants	1,049	1,049	1,051	1,051	1,061	1,061	1,061	1,061	1,061	1,061
Finished Water Storage Tanks (b)	6	6	6	6	6	6	6	6	6	6

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

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

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

## **Compliance Section**

## **State Compliance**



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

<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County:	City of Canon City
		City or County:	
This Information From The Records Of (example - City of _ or County of City of Canon City)		Prepared By:	Tammy Nordyke
		Phone:	
		YEAR ENDING :	December 2019
			719-276-5251

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

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

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

ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	5,581,301
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	1,538,978
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations	2,984,921	b. Snow and ice removal	
3. Other local imposts (from page 2)	3,977,873	c. Other	
4. Miscellaneous local receipts (from page 2)	268,071	d. Total (a. through c.)	0
5. Transfers from toll facilities		4. General administration & miscellaneous	437,073
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	94,829
a. Bonds - Original Issues		6. Total (1 through 5)	7,652,182
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes	0	1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	280
7. Total (1 through 6)	7,230,864	b. Redemption	2,000
<b>B. Private Contributions</b>		c. Total (a. + b.)	2,280
<b>C. Receipts from State government (from page 2)</b>	802,349	2. Notes:	
<b>D. Receipts from Federal Government (from page 2)</b>	294,560	a. Interest	117,755
<b>E. Total receipts (A.7 + B + C + D)</b>	8,327,773	b. Redemption	555,556
		c. Total (a. + b.)	673,311
		3. Total (1.c + 2.c)	675,591
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	8,327,773

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>	4,000	0	2,000	2,000
1. Bonds (Refunding Portion)				
<b>B. Notes (Total)</b>	4,444,445	0	555,556	3,888,889

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

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		8,327,773	8,327,773		0

Notes and Comments:

<b>LOCAL HIGHWAY FINANCE REPORT</b>		STATE: Colorado YEAR ENDING (mm/yy): December 2019	
<b>II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
<b>ITEM</b>	<b>AMOUNT</b>	<b>ITEM</b>	<b>AMOUNT</b>
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	4,093	a. Interest on investments	75,603
b. Other local imposts:		b. Traffic Fines & Penalties	94,829
1. Sales Taxes	3,776,406	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	69,207	d. Parking Meter Fees	0
3. Liens		e. Sale of Surplus Property	18,000
4. Licenses		f. Charges for Services	79,639
5. Specific Ownership &/or Other	128,167	g. Other Misc. Receipts	
6. Total (1. through 5.)	3,973,780	h. Other	
c. Total (a. + b.)	3,977,873	i. Total (a. through h.)	268,071
	(Carry forward to page 1)		(Carry forward to page 1)
<b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
<b>ITEM</b>	<b>AMOUNT</b>	<b>ITEM</b>	<b>AMOUNT</b>
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	736,327	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	66,021	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	294,560
f. Total (a. through e.)	66,021	g. Total (a. through f.)	294,560
4. Total (1. + 2. + 3.f)	802,349	3. Total (1. + 2.g)	
			(Carry forward to page 1)
<b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs	0	0	0
b. Engineering Costs	224,264	576,654	800,918
c. Construction:			
(1). New Facilities	0	0	0
(2). Capacity Improvements	0	0	0
(3). System Preservation	0	182,895	182,895
(4). System Enhancement & Operation	0	4,597,488	4,597,488
(5). Total Construction (1) + (2) + (3) + (4)	0	4,780,383	4,780,383
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	224,264	5,357,037	5,581,301
			(Carry forward to page 1)
<b>Notes and Comments:</b>			



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