

CITY OF CAÑON CITY

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022



150 YEARS
Cañon City
THE ADVENTURE CONTINUES

City of Cañon City, Colorado



Annual Comprehensive Financial Report

For the fiscal year ended December 31, 2022

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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July 20, 2023

Honorable Mayor and City Council
City of Cañon City, Colorado

The Finance Department of the City of Cañon City is pleased to submit this Annual Comprehensive Financial Report for the City of Cañon City, Colorado (the "City"), for the year ended December 31, 2022, 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 rests 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 results 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 controls 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. Internal controls are 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 the Management's Discussion and Analysis (MD&A) immediately following the report from the independent auditors. 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 United States Census Bureau shows 17,258 people living within the incorporated City limits in July 2022. The median age of the community's residents is about seven years older than that of the State as a whole. The annual median household income in Cañon City is \$52,648, approximately \$27,536 less than it is statewide.

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, the highest suspension bridge in North America at 1,053 feet above the Arkansas River, is an attraction for visitors from all over the world. The Bridge, as a local attraction, had approximately 266,000 visitors in 2012, the year prior to the summer wildfire in 2013 that destroyed most of the Park facilities. In 2022, the 8th full year of attendance following the fire, the number of visitors was estimated at over 338,000 or a 27% increase since 2012. Attendance compared to the prior year was estimated to be down over 108,000 or a 24% decrease from 2021. The decrease is attributable to the economy and increased fuel costs. 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 plans, 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 31st, 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 out and approved by the City. 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 2022, no amendments were made to the budget. 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 surrounding Fremont County. The tourism industry has been growing at a steady rate and is anchored by the Royal Gorge Bridge with approximately 338,000 visitors each year, the Royal Gorge Route Railroad with over 250,000 passengers each year, and ever-expanding outdoor recreation. The Fremont School District (RE-1) and St. Thomas More Hospital continue to be economic stabilizers in Cañon City as the two largest employers in the City.

The local economy has continued to grow after several years of recovery subsequent to the 2013 wildfire at the Royal Gorge Bridge and Park. 2022 taxable sales for home furnishings increased by 26.9%, building materials sales increased by 6.4%, and general merchandise sales decreased by 0.9%. Overall, the City's General Fund sales tax revenues increased from \$9,353,267 in 2021 to \$9,960,379 in 2022, a 6.4% increase. The increase in sales tax collections can be attributed to a change in the collection method.

Over the last two years, the building market has improved with new commercial and multi-family projects. The increase in tourism is evident in the building development that is occurring within the City boundaries. The historic Fremont National Bank located downtown was completed in 2022. The restoration of the historic Hotel St. Cloud continues in downtown Cañon City. The total valuation for new construction in 2022 was 8.4% lower than the prior 5-year average. A large portion of the building permit and valuation decreases were due to the decrease in residential projects started during the year.

Year	# of Permits	Valuation of Work
2017	613	24,149,567
2018	1,100	29,473,889
2019	762	33,157,969
2020	817	21,430,622
2021	929	62,797,912
2022	952	31,314,357

A Strategy Map for the City was introduced to the council during the December 9, 2020 General Government Meeting. This Strategy Map implemented a scorecard with measurable goals.

Cañon City Strategy Map v2.0



Cañon City

Is a vibrant, attractive and safe community that values quality of life, adventure and prosperity.

Customer

Cañon City continually improves its citizens' quality of life

We are a customer-focused, business-friendly community

Cañon City is a dynamic destination with a small-town feel

Financial

Spend tax dollars efficiently and responsibly

Maintain a balanced, diversified economy

Internal Processes

Community Engagement

Establish and promote our identity and nurture community pride

Create programming that engages people

Economic Development

Prioritize and implement development projects

Champion community relationships that will foster entrepreneurship

Establish Cañon City as an economically resilient community

Operational Excellence

Simplify municipal regulations and code

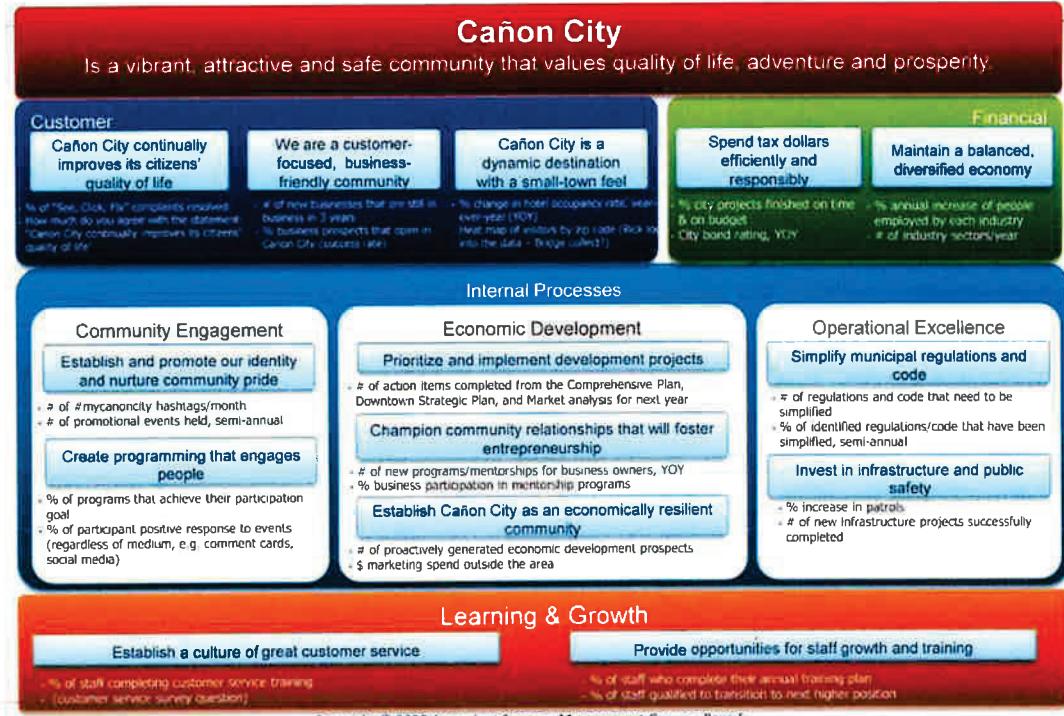
Invest in infrastructure and public safety

Learning & Growth

Establish a culture of great customer service

Provide opportunities for staff growth and training

Cañon City Strategy Map v2.0 with Measures



LONG-TERM FINANCIAL PLANNING

Over several years, the City has experienced significant growth in the fund balance assigned to capital outlay. Beginning with the 2017 budget, the City began to reinvest these resources into a variety of important community projects primarily related to parks & recreation and public works improvements. In November 2016, the Cañon City public approved Referendum 2-A, a 1% rate increase in sales and use tax to reconstruct the 67% of City streets that are in poor or failed condition. The proposal, approved by the voters, has allowed the City to earmark revenues for street construction and improvements through the year 2026. During the 10-year period, the City estimates that \$35-\$40M will be invested in addressing 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.

The City has continued to see growth in sales tax receipts through 2022 despite the economic downturn and increasing inflation. While the City is currently able to fund activities and improvements beyond those traditionally provided, particularly with respect to street maintenance, City Council continues to place an emphasis on 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 and 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

In recent years, the City has instituted a number of new initiatives. 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 (the wildfire of 2013), and a sustained period of slow economic growth in the community, City Council has made economic development a priority.

The Economic Development Department was very active in 2022 making steady progress in areas consistent with the directions of several long-range plans, including the Arkansas River Corridor Master Plan, Main Street Strategic Plan, and the 2021 Comprehensive Plan. They have also helped to strengthen the Royal Gorge Chamber Alliance, which continues to recover from organizational challenges caused by the COVID-19 pandemic.

A high priority for 2022 was the implementation of an \$800,000 EPA Multipurpose grant that was awarded to the city in 2021. The purpose of the grant is twofold: to support the assessment of potentially contaminated parcels along the riverfront and adjacent to downtown, owned privately or by the City of Cañon City; and the cleanup of contaminated parcels that are City-owned, with preference given to the cleanup and development of Skyline Steel and, if necessary, the Black Hills W.N. Clark site along the river. Some notable projects benefiting from this grant program are highlighted in the chart below and include Phase I and Phase II Environmental Site Assessments (ESA) of several properties. When redeveloped, these projects will help toward meeting community goals of housing development, public safety, downtown revitalization, blight remediation and enabling riverfront development.

PROPERTY	ADDRESS	WORK COMPLETED	BENEFITS
2022 BROWNFIELDS MULTIPURPOSE GRANT			
Hotel St. Cloud	631 Main Street	Phase I ESA; Phase I ESA Update	Main Street Revitalization and Historic Preservation
Cabrini Bldg; St. Scholastica	701 N 7th Street	RBM Survey; Phase I ESA	Historic preservation, economic vitality & Downtown Revitalization
New Method Laundry & Dry Cleaners	315 Main Street	Phase I ESA Update; Supplemental Phase II ESA	Public safety, parking and downtown revitalization; Environmental Cleanup
New Method Parking Lot	316 Macon Street	Updated Phase I ESA	Creation of additional downtown parking, downtown vitality
311 N 4th Street	311 N 4th Street	Phase I ESA	Public safety, blight remediation
REI Keyholder Rentals	517 - 519 Main Street	RBM Survey	Downtown 2nd floor housing development
Skyline Steet	311 N 4th Street	Asbestos Abatement	Riverfront Environmental Cleanup and Development
2022 EPA TARGETED BROWNFIELD ASSESSMENT (TBA) GRANT			
New Method Laundry & Dry Cleaners	315 Main Street	Phase 2 ESA; Second Phase 2 ESA; 3rd Sampling	Public safety, parking and downtown revitalization; Environmental Cleanup
<i>Note: A Phase I Environmental Site Assessment (ESA) generally assesses the likelihood that a site is contaminated through visual observations. Potential site reviews and regulatory reserves, while a Phase II assesses whether contamination is in fact present.</i>			

Another key economic development priority for 2022 was the implementation of a fiber-to-the-premise (FTTP) project intended to provide residents, businesses, and future industry of the greater Cañon City area with high-speed internet connectivity. The objective of the Cañon Connect project is to provide fiber-optic infrastructure that will substantially enhance the economic viability and marketability of Cañon City. Such a system would help to attract new businesses and workforce, to enable and support growing technology and remote work industry sectors, and to provide local businesses and residents with more competition for high-speed connectivity, redundancy, and reliability.

The Economic Development and Information Technology Departments joined together to create a Cañon Connect project envisioned to be a public/private partnership between the City and one or more industry fiber optic providers. In September, the city selected and announced a partnership with Visionary Broadband to implement this project, with planning and development to begin in 2023 and implementation in 2023 through early 2025.

Housing development also continued to be a very high priority of the Economic Development department. Unfortunately, 2022 brought about a setback in housing development activity, because of the decision by Fading West Development to postpone development in Cañon City. Other housing-related due diligence activities increased, however, as the Economic Development Department began working closely with an investment group on the possible acquisition of the Four Mile Ranch Planned Development District (PDD). This group seeks to revise and modernize the PDD by reinvigorating investment in Four Mile Ranch Golf Course, increase commercial development opportunities and plan for the creation of new roads for residential development. This due diligence process is scheduled to continue into 2023.

Retail recruitment also remained a strong focus of the Economic Development Department. In 2022, the department began working with The Retail Coach, a retail recruitment company that provides front-line recruitment efforts to expand the reach of the community. This service is designed to help attract development that is consistent with the needs of our community, utilizing custom retail trade area data and analytics to identify retail matches and promote our community.

Economic Development also continues to institute efforts with and support the Chamber of Commerce, Fremont County Economic Development Corporation, TechSTART, and the Fremont County Tourism Council in order to advance our community brand and undertake new marketing strategies intended to grow area tourism and attract new business and economic growth to the community. Continued success of these programs has led to the first ever Southern Colorado Startup Week in September 2022, which combined the communities of Colorado Springs, Pueblo and Fremont County, in the first tri-community startup event ever. This was a very successful event that is expected to continue into 2023.

As part of the sesquicentennial celebrating Canon City's 150th anniversary, the Parks Department designed and constructed the new lighted "C" on Skyline Drive. In collaboration with RG Rio, the department completed the installation and reconfiguration of the rapid block system in the Whitewater Park. This project enhanced the functionality of the wave and played host to many river events including the National Canoe Championship Competition. Trail building continued in the Royal Gorge Park, focusing on the connection trail linking the Royal Gorge trail system to the Tunnel Drive trail.

The formation of a Commercial Trail Event Committee was tasked with creating a policy to balance the needs of recreational trail users with the groups wishing to organize commercial trail events or special activities on City owned or maintained trail systems. This policy is designed to protect our trail systems and the environment from overuse while still providing access to the public and hosting a limited number of commercial trail events each year. The City has played host to a growing number of successful commercial trail events and is becoming a destination for outdoor enthusiasts. All proceeds are used to improve and maintain the City's parks, trails, and open space areas.

The Police Department routinely provides advanced training to its officers. Safety equipment is a priority and as such the Police Department continually reviews its standards to keep pace with developing and changing technology and upgrades their equipment as necessary. The Co-Responder Program was suspended for much of 2022 for program restructuring. The new model will be civilian-based, offering three behavioral health professionals including a licensed clinician and two navigators. The mission of the civilian Co-Response model will remain the same, offering robust response and wraparound services for those suffering from mental illness and substance abuse.

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 2022. The following table represents a portion of the work completed in 2022:

Street	SY Asphalt	SY Concrete	Curb and Gutter (linear feet)	Center Line Miles	Lane Miles
Allison Ave- Yale to 15th	3,856	135	463	.25	.50
N 8th St- Fairview to Barr	4,033	584	442	.17	.34
CMAQ Fourmile Lane	6,260	331	0	.48	.96
2022 TOTAL	14,149.0	1,050.0	905.0	.90	1.80

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

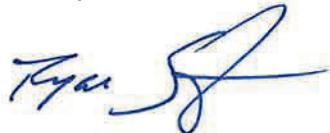
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cañon City for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2021. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Comprehensive 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 Annual Comprehensive Financial Report 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, 2022



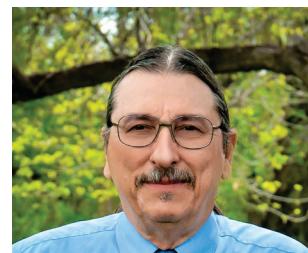
**Mayor
Ashley Smith
At Large**



**Andrea Stein
District 1
Council Member**



**Kathy Worthington
District 2
Council Member**



**John Hamrick
District 3
Council Member**



**Amy Schmissleur
At Large
Council Member**



**Brandon Smith
At Large
Council Member**



**Emily Tracy
At Large
Council Member**



**Tim Dennehy
District 4
Council Member**

City of Cañon City, Colorado

Appointed Officials

For the Year Ended December 31, 2022

City Administrator	Ryan Stevens
City Attorneys	Corey Hoffman & Kathryn Sellars
Municipal Court Judge	Larry D. Allen

Department Heads

City Clerk	Cindy Foster-Owens
Director of Finance	Tammy Nordyke
Human Resources Director	Butch Batchelder
Library Director	Suzanne Lasha
Museum Director	Lisa Studts
Parks Director	Rex Brady
Police Chief	John Schick
Public Works Director	Leo Evans

Organizational Chart

CITIZENS OF CAÑON CITY

MAYOR: Ashley Smith **CITY COUNCIL:** Tim Dennehy, John Hamrick, Amy Schmisseur, Brandon Smith, Andrea Stein, Emily Tracy, Kathy Worthington

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

MUNICIPAL JUDGE
Larry Allen

CITY ADMINISTRATOR
Ryan Stevens

CITY CLERK
Cindy Foster Owens

SENIOR ADMIN ASSISTANT
Denise Warren

COMMUNITY VITALITY

BUILDING
Kathy Ulsh

ECONOMIC DEVELOPMENT
Rick Harrmann

PLANNING & ZONING
Patrick Mulready

FINANCE
Tammy Nordyke

ACCOUNTING & BUDGETING

PURCHASING

UTILITY BILLING

HUMAN RESOURCES
Butch Batchelder

INFORMATION TECHNOLOGY
Aleizja Owens

LIBRARY
Suzanne Lasha

MUSEUM
Lisa Studts

POLICE
John W. Schick

PROFESSIONAL STANDARDS

LAW ENFORCEMENT OPERATIONS

SUPPORT SERVICES

PUBLIC INFORMATION
Kristy Gotham

PUBLIC WORKS
Leo Evans

ENGINEERING
Ted Dell

ENGINEERING/GIS

PUBLIC WORKS INSPECTIONS

STORMWATER

FACILITIES & FLEETS
Jim Johnson

FACILITIES

FLEETS

PARKS & OPEN SPACE
Rex Brady

CEMETERY

FORESTRY

PARKS/OPEN SPACE

STREETS
Tony Falgien

CONCRETE

PAVEMENT

STORMWATER MAINTENANCE

WATER
Travis Payne

DISTRIBUTION

TREATMENT

X



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Cañon City
Colorado**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Monell

Executive Director/CEO

Financial Section



Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the City of Cañon City (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the City, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

Office Locations:

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Denver, CO
Tulsa, OK

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Suite 400
Englewood,
Colorado 80110
TEL: 303.796.1000
FAX: 303.796.1001
www.HinkleCPAs.com

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 required supplementary 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

Management is responsible for the other information included in the Supplementary Information and the local highway finance report, as listed in the table of contents. The other information comprises the Supplementary Information and the local highway finance report but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Wade & Company, PC

Englewood, Colorado
July 20, 2023



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, 2022. 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

- ◆ The fund balance for the General Fund increased by \$2,048,089 compared to a budgeted decrease of \$4,845,613 primarily due to a combination of increased revenues and delayed capital projects. Sales and use tax revenues were a major contributing factor to the increase in revenue.
- ◆ Sales and use tax revenue, the City's largest single source of General Fund revenue, increased by \$569,428 over 2021. This can be attributed to moving to State collection of sales tax which increased the number of out-of-state filers with online sales.
- ◆ At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$4,571,594 (32% of total General Fund operating expenditures plus debt service). The City's other governmental funds reported a combined ending fund balance of \$11,803,878, an increase of \$4,185,729 compared to the prior year, primarily due to increased revenues and delayed capital purchases. Within the total fund balance for the governmental funds, \$9,294,689 is restricted by specific legal requirements, \$646,574 has been committed for contractual obligations, \$11,887,015 is classified as assigned, and \$3,067,112 is non-spendable for inventory, prepaid items, interfund receivable, and the Cemetery Perpetual Care Fund. The total unassigned fund balance for governmental funds is \$4,571,594.
- ◆ 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:
 - \$4,818,140 was used for General Government purposes – City Council, City Clerk, Elections, Municipal Court, Administration, Human Resources, Computer Resources, Facilities, Finance, Non-Departmental, Building Department, Planning and Zoning, and Economic Development.
 - \$5,972,311 was used for Public Safety – Support Services, Operations, School Resource Program, and Co-Responder Program.
 - \$1,986,227 was used for Public Works – Fleet Maintenance, Street Maintenance, Engineering, and Street Projects.
 - \$1,084,102 was used for Culture and Recreation – Cañon City Public Library and the Royal Gorge Museum and History Center.
 - \$934,603 was used for Capital Outlay.
 - \$239,533 was used 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.

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 current financial resources (short-term spendable resources) with capital assets and long-term obligations of governmental funds. 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 considered regardless of when cash is received or paid. Thus, some of the revenues and expenses reported in the Statement of Activities will result in cash flows in future fiscal periods, i.e., 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 categories:

- ◆ **Governmental activities:** Most of the City's basic services are reported here including police, street maintenance, culture and recreation, and general administration. Sales tax, charges for service, and Royal Gorge Bridge lease revenue 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 categories of funds, governmental and proprietary, utilize 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 to be spent. 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 between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation following the fund financial statements.

The City of Cañon City maintained 11 individual governmental funds for the year ended December 31, 2022. 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 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 Funds reports data combined into a single aggregated presentation for the remaining eight Non-Major Governmental Funds as of December 31, 2022. Also included is the Cañon City Area for Reinvestment Expansion (C-CARE) which is shown as a discretely presented component unit.

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) are 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 to the financial statements 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 the notes to the financial statements.

THE CITY AS A WHOLE – Government-Wide Financial Analysis

The City's net position at fiscal year-end is \$142,802,151. This is a \$9,610,316 increase over last year's net position of \$133,191,835. Net position may serve as a useful indicator of the City's financial position.

The largest portion of Cañon City's net position, \$95,180,323 (66.7%), reflects its net investment in capital assets, less any related outstanding debt utilized to acquire those assets. The City utilizes 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, it 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, 2022

	Governmental Activities		Business -Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Statement of Net Position						
Current and Other Assets	\$32,899,793	\$25,958,893	\$16,649,338	\$15,568,946	\$49,549,131	\$41,527,839
Capital Assets	69,518,786	69,932,663	41,062,590	39,977,736	110,581,376	109,910,399
Net Pension Assets	1,298,031	592,732	-	-	1,298,031	592,732
Total Assets	\$103,716,610	\$96,484,288	\$57,711,928	\$55,546,682	\$161,428,538	\$152,030,970
 Deferred Outflows of Resources						
	\$856,324	\$912,238	\$361,429	\$433,715	\$1,217,753	\$1,345,953
Current Liabilities	\$1,516,145	\$1,307,587	\$508,754	\$274,743	\$2,024,899	\$1,582,330
Long-Term Liabilities	1,261,040	1,304,222	15,112,407	16,190,471	16,373,447	17,494,693
Net Pension Liability	-	-	-	-	-	-
Total Liabilities	\$2,777,185	\$2,611,809	\$15,621,161	\$16,465,214	\$18,398,346	\$19,077,023
 Deferred Inflow of Resources						
	\$1,445,794	\$954,078	-	-	\$1,445,794	\$954,078

Summary of Net Position Continued At December 31, 2022

	Governmental Activities		Business -Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Net position						
Net Investment in Capital Assets	\$68,820,812	\$69,149,360	\$26,359,511	\$24,369,750	\$95,180,323	\$93,519,110
Restricted	4,604,612	3,180,479	-	-	4,604,612	3,180,479
Unrestricted	26,924,531	21,382,956	16,092,685	15,109,290	43,017,216	36,492,246
Total Net Position	\$100,349,955	\$93,712,795	\$42,452,196	\$39,479,040	\$142,802,151	\$133,191,835

Only \$4,604,612 of the City's net position represents resources that are subject to external restrictions on how they may be spent. The remaining balance of unrestricted net position, \$43,017,216, may be used to meet the City's ongoing obligations to citizens and creditors.

As of December 31, 2022, the City is able to report positive balances in all three categories of net position, both for the City as a whole as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Analysis of City's Operations

Governmental and business-type activities increased the City's net position by a total of \$9,610,316. The key elements of this increase are as follows:

	Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Statement of Activities						
Program Revenues (Major Source)						
Charges for Services	\$1,218,622	\$1,453,049	\$10,169,790	\$9,265,764	\$11,388,412	\$10,718,813
Operating Grants & Contributions	1,139,657	1,192,645	-	-	\$1,139,657	\$1,192,645
Capital Grants & Contributions	750,469	839,872	372,632	470,452	\$1,123,101	\$1,310,324
General Revenues:						
Property Taxes	589,270	508,308	-	-	\$589,270	\$508,308
Sales and Use Taxes	15,041,816	14,472,388	-	-	\$15,041,816	\$14,472,388
Other Taxes	18,447	14,965	-	-	\$18,447	\$14,965
Franchise Taxes	347,141	304,169	-	-	\$347,141	\$304,169
Grants & Contributions not Restricted						
to Specific Programs	1,673,230	2,603,093	1,101,912	-	\$2,775,142	\$2,603,093
Royal Gorge Bridge Revenues	2,947,211	3,570,306	-	-	\$2,947,211	\$3,570,306
Investment Earnings	300,492	17,431	186,886	11,967	\$487,378	\$29,398
Developer Contributions	157,224	536,291	-	-	\$157,224	\$536,291
Other Revenues	301,876	398,945	47,865	18,566	\$349,741	\$417,511
Loss on Disposal of Assets	-	-	-361,298	-	-361,298	-
Total Revenues	24,485,455	25,911,462	11,517,787	9,766,749	\$36,003,242	\$35,678,211

Changes in Net Position Continued

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Program Expenses:						
General Government	5,043,992	4,388,501	-	-	\$5,043,992	\$4,388,501
Public Safety	5,734,785	5,411,118	-	-	\$5,734,785	\$5,411,118
Public Works	3,530,985	4,232,527	-	-	\$3,530,985	\$4,232,527
Culture & Recreation	4,407,215	4,175,304	-	-	\$4,407,215	\$4,175,304
Water	-	-	6,506,549	6,087,231	\$6,506,549	\$6,087,231
Stormwater Utility	-	-	1,097,662	962,869	\$1,097,662	\$962,869
Total Expenses	18,788,715	18,349,729	7,604,211	7,050,100	\$26,392,926	\$25,399,829
 Increase in Net Position Before Transfers						
Transfers	5,696,740	7,561,733	3,913,576	2,716,649	\$9,610,316	\$10,278,382
	940,420	1,099,200	-940,420	-1,099,200	-	-
Change in Net Position	6,637,160	8,660,933	2,973,156	1,617,449	\$9,610,316	\$10,278,382
Net Position, Beginning of Year	93,712,795	85,051,862	39,479,040	37,861,591	\$133,191,835	\$122,913,453
Net Position, End of Year	\$100,349,955	\$93,712,795	\$42,452,196	\$39,479,040	\$142,802,151	\$133,191,835

Governmental Activities

The City's general revenues within governmental activities decreased when compared to the prior year by 4.7% or \$1,049,189. The primary reason for this decrease was due to a combination of lower lease revenue and Federal assistance. Sales tax continues to steadily increase as seen in the last 10 years. Refer to Statistical Table 9 for detailed information about sales tax collections by category.

General Revenues

	2022	2021	Increase (Decrease)
Property Taxes	589,270	\$508,308	\$80,962
Sales and Use Taxes	15,041,816	14,472,388	\$569,428
Other taxes	18,447	14,965	\$3,482
Franchise Taxes	347,141	304,169	\$42,972
Grants & Contributions not restricted to Specific Programs	1,673,230	2,603,093	(\$929,863)
Royal Gorge Bridge Revenues	2,947,211	3,570,306	(\$623,095)
Investment Earnings	300,492	17,431	\$283,061
Developer Contributions	157,224	536,291	(\$379,067)
Other Revenues	301,876	398,945	(\$97,069)
Total General Revenues	\$21,376,707	\$22,425,896	(\$1,049,189)

- Program revenue had a net decrease of \$376,818 (10.8%). Charges for services decreased by \$234,427 (16.1%). Operating Grants & Contributions decreased by \$52,988 (4.4%) mainly due to decreased grant funding for general government. Capital Grants and Contributions decreased by \$89,403 (10.6%) primarily due to increased capital contributions.
- Sales and use tax revenue, the City's largest single source of General Fund revenue, increased by \$569,428 over 2021. This can be attributed to moving to State collection of sales tax which increased the number of out-of-state filers with online sales.
- Franchise tax revenues increased by \$42,972 (14.1%).

- Royal Gorge Bridge lease revenues decreased by \$623,095 (17.5%). The paid admissions were down this year compared to the record-breaking paid admissions in 2021.
- Investment earnings increased by \$283,061 (1623.9%) due to a large increase in the interest rates on investments.
- General Government expenses increased by \$655,491 (14.9%) due to a combination of increased software costs, utility costs, inflation, and the receipt of items that had been delayed due to supply chain issues.
- Public Safety expenses increased by \$323,667 (6 %) due to a combination of increased debt service and personnel costs.
- Public Works expenses decreased by \$701,542 (16.6%) due to a combination of vacancy savings, debt service, and the inability to receive equipment due to supply chain issues.
- Culture and Recreation expenses increased by \$231,911 (5.6%) due increased personnel costs, equipment repair costs, and fuel.
- The budgeting strategy for 2022 was to maintain the unassigned reserve at a minimum of 20.5% and a maximum of 30% of expenditures.

The governmental activities long term liabilities, excluding net pension liability, decreased by \$43,182 due to the reduction in capital lease obligations. Other governmental activities liabilities increased by \$208,557 primarily due to an increase in escrow deposits required for subdivision development. A net pension asset was also reported in the governmental activities in the amount of \$1,298,031.

Business-Type Activities

Total net position from business-type activities increased from the previous year by \$2,973,156 (7.5%). The key elements of this increase are due to the following:

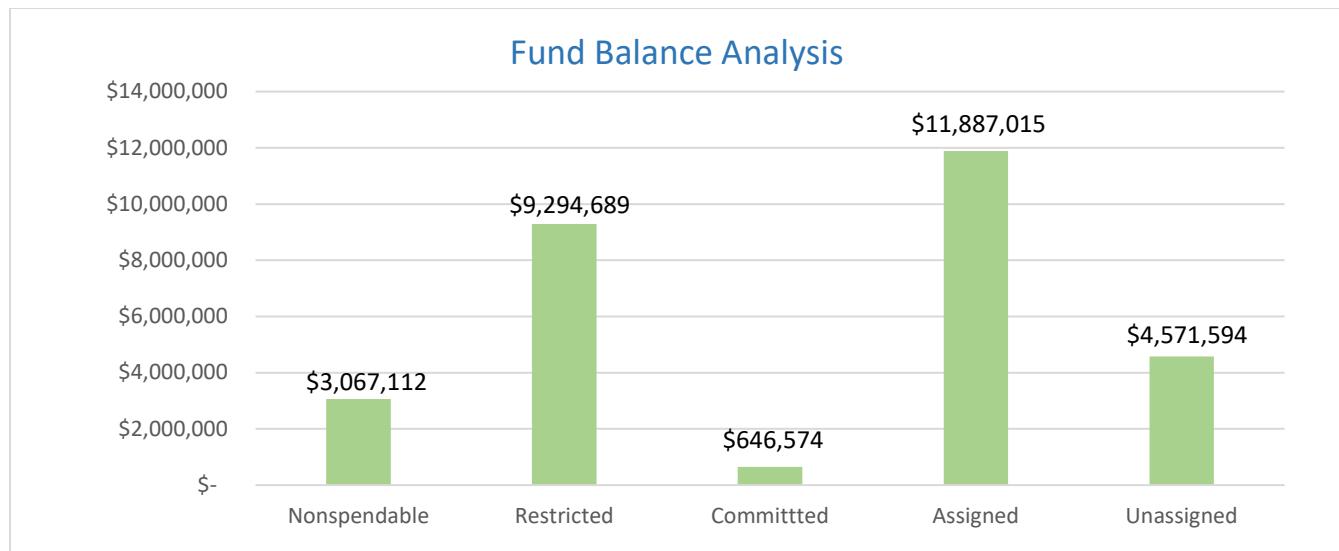
- The City Stormwater Utility Fund had a total increase in net position of \$388,769 primarily due to planned rate increases.
- The Water Fund had a total increase in net position of \$2,584,387 primarily due to delayed capital projects and increased revenue.

Financial Analysis of City of Cañon City's Funds

As noted previously, the City of Cañon City utilizes 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 \$29,466,984, an increase of \$6,234,818 in comparison with the prior year. Within this total, \$9,294,689 (31.5%) is restricted by specific legal requirements, \$646,574 (2.2%) has been committed, \$11,887,015 (40.3%) is assigned to specific types of expenditures, and \$3,067,112 (10.4%) is non-spendable for inventory, cemetery, and prepaid items. The unassigned fund balance represents a positive \$4,571,594 (15.5%).

- ◆ **The General Fund** is the City's primary operating fund. At the end of the current fiscal year the unassigned fund balance was \$4,571,594 while the total fund balance equaled \$17,663,106. In the current fiscal year, the fund balance of the General Fund increased by \$2,048,089. This is primarily due to increased taxes and assessments as well as intergovernmental operating grant revenue.
- ◆ **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 Bridge lease revenues to this fund to provide the match requirements for the various grants. For the 2022 fiscal year, of the \$1,030,088 total project expenditures, \$914,636 (89%) was provided by multiple grant sources. The main projects with funding assistance are as follows:
 - Colorado Department of Transportation (CDOT) funding for the US 50 Pedestrian Crossing project
 - Colorado Department of Transportation (CDOT) funding for the State Hwy 115 Pedestrian Improvement project
 - US Environmental Protection Agency (EPA) funding for the Brownfields Multipurpose Cooperative Agreement
- ◆ **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 1% sales and use tax rate increase (from 2% to 3%) 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.

In 2017, City Council approved an interfund loan in the amount of \$5,000,000 (General Fund \$1,000,000, Cemetery Fund \$2,000,000, Water Fund \$1,250,000, and Raw Water Fund \$750,000) 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. The unrestricted net position of the Water Fund at the end of the year amounted to \$11,766,038. Unrestricted net position of the Stormwater Utility Fund at the end of 2022 was \$4,326,647. The net position of the Internal Service Fund, which accounts for the City's self-insurance program, increased by \$490,362 (60.1%). This increase was primarily the result of lower claims expense.

General Fund Budgetary Highlights

The original and final expense budget in the General Fund was \$19,651,014. There was no change to the total General Fund expense budget during the year.

The General Fund total revenues were \$1,209,604 higher than the revenue budget. Several of the revenue categories had significant variances from budget. Taxes and assessments revenues were \$1,735,645 higher than budgeted which was a variance of 18.8%. Licenses and permits were \$168,522 higher than budgeted primarily due to an increase in large commercial projects compared to the previous year. Intergovernmental revenues were \$976,942 less than budgeted primarily due to the split of grant revenue to business type funds. Charges for services were \$40,377 higher than budgeted because of an increase in police programs. Fines and Forfeitures revenues were \$16,277 lower than budgeted due to a decrease in traffic tickets. The General Fund portion of the Royal Gorge Bridge revenues was \$303,815 lower than budgeted due to decreased number of admissions. Interest earnings were \$152,152 higher than budgeted due to a significant increase in the average yield on the City's investments. Rent revenues were \$10,279 higher than budgeted and Contributions and Donations were \$31,790 higher than budgeted. Other revenues were \$187,873 higher than budgeted due to increased cost recovery abated properties, street damage restoration fees, and donations to the Police Department.

General Fund total expenditures were \$4,616,098 under budget. General Government expenditures were \$2,161,781 under budget because of reduced spending due to supply chain issues. Public Safety spending was \$757,939 under budget due to vacancy savings and supply chain issues. Public Works operating costs were \$251,412 under budget largely due to supply chain issues for equipment. Culture and Recreation spending was \$25,894 under budget primarily due to vacancy savings. Capital project costs were \$1,658,605 under budget mainly due to delays in capital projects.

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, 2022, amounted to \$110,581,378 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 streets system infrastructure.

The increase in capital assets is attributed primarily to the purchase of vacant land to be used as downtown parking, replacement of fleet vehicles, and additions to construction in process. Construction in process includes ongoing projects such as street improvements, water mains, and stormwater projects to improve our level of service to our community.

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		Total	
	2022	2021	2022	2021	2022	2021
Land	\$3,482,237	\$3,438,785	\$449,828	\$399,230	\$3,932,065	\$3,838,015
Ditch Stock	7,414	7,414	1,053,538	1,053,538	1,060,952	1,060,952
Construction in Progress	3,242,368	1,519,742	4,193,105	2,351,223	7,435,473	3,870,965
Infrastructure	30,917,543	31,635,153	649,193	-	31,566,736	31,635,153
Buildings	13,865,172	14,515,640	3,703,705	3,866,956	17,568,877	18,382,596
Improvements	15,602,298	16,761,583	-	-	15,602,298	16,761,583
Water and Stormwater Systems	-	-	30,232,324	31,509,814	30,232,324	31,509,814
Machinery & Equipment	2,401,754	2,054,346	780,899	796,978	3,182,653	2,851,324
Total	<u>\$69,518,786</u>	<u>\$69,932,663</u>	<u>\$41,062,592</u>	<u>\$39,977,739</u>	<u>\$110,581,378</u>	<u>\$109,910,402</u>

Major capital asset acquisitions and improvements (exceeding \$25,000) during this fiscal year include the following:

Item	Fund Type
Dell Powervault Storage	Governmental
Six 2021 Chevy Tahoes	Governmental
Two 2022 Chevy Colorado Pickup Trucks	Governmental
Four 2022 Chevy Tahoes	Governmental
2022 Chevy Silverado	Governmental
Network Server	Governmental
Alley Reconstruction	Governmental
CMAQ Paving – Four Mile Road	Governmental
2022 Bobcat Mini Excavator	Business Type – Water
Backwash Line Replacement	Business Type – Water
*MCC Upgrades	Business Type – Water
*Rhodes Ave Water Main	Business Type – Water
*Rhodes Ave Stormwater Improvements	Business Type – Stormwater
Vacant Land	Business Type – Stormwater
*Projects started but not completed by year end	

Debt Administration

At the end of 2022, the City had total outstanding debt of \$16,373,447 (certificates of participation, capital leases, and compensated absences). The City's total debt had a net decrease of \$1,121,245 during the current fiscal year. The key elements of this net decrease are due to the following:

- Balance of City Hall Capital Lease decreased by \$230,000
- Balance of the 2017 certificates of participation decreased by \$645,000
- Balance of the 2019 certificates of participation decreased by \$280,000
- Compensated absences increased by \$118,069
- New capital lease for police vehicles increased the overall balance by \$240,000

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

Outstanding Debt at Year-End

	Governmental		Business Type		Totals	
	2022	2021	2022	2021	2022	2021
Compensated Absences	\$563,066	\$520,919	\$165,635	\$184,912	\$728,701	\$705,831
Capital Leases	697,974	783,303	329,973	428,022	1,027,947	1,211,325
Certificates of Participation	0	0	14,616,799	15,577,536	14,616,799	15,577,536
Total	\$1,261,040	\$1,304,222	\$15,112,407	\$16,190,470	\$16,373,447	\$17,494,692

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City's 2023 budget reflects continuation of our plan to keep the City on solid ground for providing services to our citizens during 2023 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 as well as a very strong unassigned fund balance in the General Fund. The City's main priorities include keeping the community safe, undertaking economic development initiatives, maintaining infrastructure, and keeping a conservative approach in developing a fiscal year budget.

The 2023 budget lays out the City's vision for achieving long-term goals and more focus on action beyond 2023 that promotes economic development and tourism within Fremont County. However, due to the change in the economy, attendance in 2022 is anticipated to be stagnate.

The City's elected and appointed officials considered many factors, including the economy, when setting the fiscal year 2023 budget. Even with the uncertainty of the economy due to the continuing COVID-19 pandemic, the 2023 budget continues to support the goals of the City with the overall budget showing an increase of 23.2% over the 2022 budget. This is primarily due to projects that were not completed in the prior two years and increased federal funding. Additionally, the City's General Fund revenue is expected to grow and it is anticipated that sales tax revenue will continue to increase. The City also continues to benefit from strong fund balances and conservative financial practices.

The City's adherence to four basic principles is incorporated into the 2023 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

As of this report, sales tax revenue is up 3.9% over 2022. The City continues to monitor revenues and expenditures closely. The City continues to maintain adequate reserves to provide funding for emergencies.

REQUEST FOR INFORMATION

The City's financial statements are designed to provide users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the City's finances and to demonstrate Cañon City's accountability. Questions concerning any of the information presented in this report and/or requests for additional information should be sent to the City Finance Director's attention at the following address:

**128 Main Street, PO Box 1460
Cañon City, CO 81215-1460**

Basic Financial Statements

City of Cañon City, Colorado

Statement of Net Position

December 31, 2022

	Governmental Activities	Business-Type Activities	Totals	Component Unit
Assets				
Cash and Investments	\$ 28,026,318	\$ 13,921,944	\$ 41,948,262	\$ 877,626
Receivables				
Accounts	286,353	1,259,994	1,546,347	-
Taxes	3,052,880	-	3,052,880	-
Special Assessments	7,712	-	7,712	-
Other	1,586,239	8,301	1,594,540	-
Inventory	186,334	537,335	723,669	-
Prepaid Expenses	142,845	32,876	175,721	-
Internal Balances	(888,888)	888,888	-	-
Due From Component Unit	500,000	-	500,000	-
Capital Assets				
Not Being Depreciated	6,732,019	5,696,470	12,428,489	-
Being Depreciated, <i>Net of Accumulated Depreciation</i>	62,786,767	35,366,120	98,152,887	-
Other Noncurrent Assets				
Net Pension Asset (SWDB)	1,298,031	-	1,298,031	-
Total Assets	<u>103,716,610</u>	<u>57,711,928</u>	<u>161,428,538</u>	<u>877,626</u>
Deferred Outflows of Resources				
Pensions, <i>Net of Accumulated Amortization</i>	856,324	-	856,324	-
Loss on Debt Refunding, <i>Net of Accumulated Amortization</i>	-	361,429	361,429	-
Total Deferred Outflows of Resources	<u>856,324</u>	<u>361,429</u>	<u>1,217,753</u>	<u>-</u>
Liabilities				
Accounts Payable	917,450	187,596	1,105,046	40,211
Retainage Payable	-	117,736	117,736	-
Accrued Interest Payable	1,298	40,314	41,612	-
Accrued Liabilities	194,737	100,197	294,934	-
Deposits	187,576	18,000	205,576	-
Insurance Claims	212,100	-	212,100	-
Unearned Revenues	2,984	44,911	47,895	-
Due to Primary Government	-	-	-	500,000
Noncurrent Liabilities				
Due Within One Year	838,059	1,242,451	2,080,510	-
Due in More Than One Year	422,981	13,869,956	14,292,937	-
Total Liabilities	<u>2,777,185</u>	<u>15,621,161</u>	<u>18,398,346</u>	<u>540,211</u>
Deferred Inflows of Resources				
Property Taxes	606,321	-	606,321	-
Pensions, <i>Net of Accumulated Amortization</i>	839,473	-	839,473	-
Total Deferred Inflows of Resources	<u>1,445,794</u>	<u>-</u>	<u>1,445,794</u>	<u>-</u>
Net Position				
Net Investment in Capital Assets	68,820,812	26,359,511	95,180,323	-
Restricted For				
Cemetery Perpetual Care, Nonexpendable	2,300,708	-	2,300,708	-
Net Pension Asset	1,298,031	-	1,298,031	-
Emergencies	378,997	-	378,997	-
Public Safety	15,817	-	15,817	-
Culture and Recreation	608,605	-	608,605	-
Debt Service	2,454	-	2,454	-
Unrestricted	26,924,531	16,092,685	43,017,216	337,415
Total Net Position	<u>\$ 100,349,955</u>	<u>\$ 42,452,196</u>	<u>\$ 142,802,151</u>	<u>\$ 337,415</u>

City of Cañon City, Colorado
Statement of Activities
For the Year Ended December 31, 2022

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	Component Unit	
Primary Government									
<i>Governmental Activities</i>									
General Government	\$ 5,043,992	\$ 506,035	\$ -	\$ (4,537,957)	\$ -	\$ (4,537,957)	\$ -		
Public Safety	5,734,785	320,462	135,626	(5,278,697)	-	(5,278,697)	-		
Public Works	3,530,985	103,062	782,495	622,003	(2,023,425)	-	(2,023,425)	-	
Culture and Recreation	4,407,215	289,063	221,536	128,466	(3,768,150)	-	(3,768,150)	-	
Interest on Long-Term Debt	71,738	-	-	-	(71,738)	-	(71,738)	-	
Total Government Activities	18,788,715	1,218,622	1,139,657	750,469	(15,679,967)	-	(15,679,967)	-	
<i>Business-Type Activities</i>									
Water	6,506,549	7,921,874	-	372,632	-	1,787,957	1,787,957	-	
Stormwater	1,097,662	2,247,916	-	-	-	1,150,254	1,150,254	-	
Total Business-Type Activities	7,604,211	10,169,790	-	372,632	-	2,938,211	2,938,211	-	
Total Primary Government	\$ 26,392,926	\$ 11,388,412	\$ 1,139,657	\$ 1,123,101	\$ (15,679,967)	\$ 2,938,211	\$ (12,741,756)	-	
Component Unit									
Urban Renewal Authority	\$ 105,114	\$ -	\$ -	\$ -	-	-	-		(105,114)
General Revenues									
Property Taxes			589,270		-	589,270			
Sales and Use Taxes			15,041,816		-	15,041,816		345,582	
Other Taxes			18,447		-	18,447		-	
Franchise Taxes			347,141		-	347,141		-	
Grants and Contributions not Restricted to Specific Programs			1,673,230		1,101,912	2,775,142			
Royal Gorge Bridge Revenues			2,947,211		-	2,947,211		-	
Investment Earnings			300,492		186,886	487,378		-	
Developer Contributions			157,224		-	157,224		-	
Other Revenues			301,876		47,865	349,741		-	
Loss on Disposal of Assets			-		(361,298)	(361,298)			
Transfers			940,420		(940,420)	-	-	-	
Total General Revenues			22,317,127		34,945	22,352,072		345,582	
Change in Net Position									
Net Position, Beginning of year			6,637,160		2,973,156	9,610,316		240,468	
Net Position, End of year			\$ 93,712,795		\$ 39,479,040	\$ 133,191,835		\$ 96,947	
			\$ 100,349,955		\$ 42,452,196	\$ 142,802,151		\$ 337,415	

City of Cañon City, Colorado

Balance Sheet Governmental Funds December 31, 2022

	General	Quality of Life	Street Improvement	Other Governmental Funds	Totals
Assets					
Cash and Investments	\$ 15,111,901	\$ 1,040,700	\$ 7,278,245	\$ 3,106,847	\$ 26,537,693
Accounts Receivable	911	257,356	-	-	258,267
Receivables					
Taxes	2,210,261	-	842,619	-	3,052,880
Special Assessments	-	-	-	2,484	2,484
Other	1,364,911	217,657	-	3,671	1,586,239
Interfund Receivables	444,444	-	-	1,388,888	1,833,332
Inventory	166,049	-	-	20,285	186,334
Prepaid Items	135,626	-	-	5,417	141,043
Total Assets	\$ 19,434,103	\$ 1,515,713	\$ 8,120,864	\$ 4,527,592	\$ 33,598,272
Liabilities					
Accounts Payable	\$ 804,932	\$ 54,462	\$ 14,364	\$ 43,692	\$ 917,450
Accrued Liabilities	176,052	-	-	18,685	194,737
Deposits	186,176	-	-	1,400	187,576
Unearned Revenues	-	-	-	2,984	2,984
Interfund Payables	-	-	2,222,220	-	2,222,220
Total Liabilities	1,167,160	54,462	2,236,584	66,761	3,524,967
Deferred Inflows of Resources					
Property Taxes and Assessments	603,837	-	-	2,484	606,321
Total Deferred Inflows of Resources	603,837	-	-	2,484	606,321
Fund Balances					
Nonspendable					
Inventory	166,049	-	-	20,285	186,334
Prepaid Items	135,626	-	-	-	135,626
Cemetery Perpetual Care	-	-	-	2,300,708	2,300,708
Interfund Receivable	444,444	-	-	-	444,444
Restricted					
Emergencies	378,997	-	-	-	378,997
General Government	2,404,536	-	-	-	2,404,536
Public Safety	11,125	-	-	4,692	15,817
Culture and Recreation	282,105	-	-	326,500	608,605
Capital Improvements	-	-	5,884,280	-	5,884,280
Debt Service	-	-	-	2,454	2,454
Committed					
General Government	61,731	-	-	-	61,731
Culture and Recreation	584,843	-	-	-	584,843
Assigned					
General Government	8,209,964	1,461,251	-	-	9,671,215
Public Works	412,092	-	-	-	412,092
Culture and Recreation	-	-	-	1,500,788	1,500,788
Debt Service	-	-	-	302,920	302,920
Unassigned	4,571,594	-	-	-	4,571,594
Total Fund Balances	17,663,106	1,461,251	5,884,280	4,458,347	29,466,984
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 19,434,103	\$ 1,515,713	\$ 8,120,864	\$ 4,527,592	\$ 33,598,272

City of Cañon City, Colorado
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Position
 December 31, 2022

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

Total Fund Balances of Governmental Funds	\$ 29,466,984
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	69,518,786
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	5,228
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	(697,974)
Accrued Interest Payable	(1,298)
Accrued Compensated Absences	(563,066)
Net Pension Asset	1,298,031
Pension-related Deferred Outflows of Resources	856,324
Pension-related Deferred Inflows of Resources	(839,473)
Internal Service Funds are blended into Governmental Activities	1,306,413
Total Net Position of Governmental Activities	\$ <u>100,349,955</u>

City of Cañon City, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2022

	General	Quality of Life	Street Improvement	Other Governmental Funds	Totals
Revenues					
Taxes and Assessments	\$ 10,976,175	\$ -	\$ 5,019,127	\$ 1,372	\$ 15,996,674
Licenses and Permits	577,762	-	-	-	577,762
Intergovernmental	2,468,069	914,636	-	126,978	3,509,683
Charges for Services	292,627	-	-	93,970	386,597
Fines and Forfeitures	69,973	-	-	-	69,973
Royal Gorge Bridge	917,756	418,000	-	1,611,455	2,947,211
Interest	158,752	10,594	66,102	50,779	286,227
Rent	149,208	-	-	35,082	184,290
Contributions and Donations	36,790	-	-	16,883	53,673
Other	240,473	14	-	61,389	301,876
Total Revenues	<u>15,887,585</u>	<u>1,343,244</u>	<u>5,085,229</u>	<u>1,997,908</u>	<u>24,313,966</u>
Expenditures					
Current					
General Government	4,818,140	-	-	2,865	4,821,005
Public Safety	5,972,311	-	-	530	5,972,841
Public Works	1,986,227	-	-	-	1,986,227
Culture and Recreation	1,084,102	61,590	-	1,660,969	2,806,661
Capital Outlay					
Streets	110,276	749,431	1,444,623	-	2,304,330
Other	824,327	219,080	-	24,491	1,067,898
Debt Service					
Principal	230,000	-	-	-	230,000
Interest	9,533	-	62,073	-	71,606
Total Expenditures	<u>15,034,916</u>	<u>1,030,101</u>	<u>1,506,696</u>	<u>1,688,855</u>	<u>19,260,568</u>
Revenues Over (Under) Expenditures	<u>852,669</u>	<u>313,143</u>	<u>3,578,533</u>	<u>309,053</u>	<u>5,053,398</u>
Other Financing Sources (Uses)					
Issuance of Debt	240,000	-	-	-	240,000
Transfers In	955,420	-	-	5,551	960,971
Transfers Out	-	-	-	(20,551)	(20,551)
Total Other Financing Sources (Uses)	<u>1,195,420</u>	<u>-</u>	<u>-</u>	<u>(15,000)</u>	<u>1,180,420</u>
Net Change in Fund Balances	<u>2,048,089</u>	<u>313,143</u>	<u>3,578,533</u>	<u>294,053</u>	<u>6,233,818</u>
Fund Balances, Beginning of Year	<u>15,615,017</u>	<u>1,148,108</u>	<u>2,305,747</u>	<u>4,164,294</u>	<u>23,233,166</u>
Fund Balances, End of Year	<u>\$ 17,663,106</u>	<u>\$ 1,461,251</u>	<u>\$ 5,884,280</u>	<u>\$ 4,458,347</u>	<u>\$ 29,466,984</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, 2022

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

Net Change in Fund Balances of Governmental Funds	\$ 6,233,818
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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	3,630,327
Depreciation Expense	(4,034,737)
Disposal of Capital Assets	(9,467)

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	325,329
Proceeds from Long-Term Debt	(240,000)
Change in Accrued Interest	(132)
Change in Accrued Compensated Absences	(42,147)
Change in Pension Asset	705,299
Change in Pension-Related Deferred Outflows of Resources	61,930
Change in Pension-Related Deferred Inflows of Resources	(483,422)

Internal Service Funds are blended into Governmental Activities:

Fleet Maintenance and Information Technology Funds, Change in Net Position	<u>490,362</u>
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Change in Net Position of Governmental Activities	<u>\$ 6,637,160</u>
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City of Cañon City, Colorado

Statement of Net Position

Proprietary Funds

December 31, 2022

	Business-Type Activities			Governmental Activities	
	Water Fund		Stormwater Utility Fund	Internal Service Funds	
			Totals		
Assets					
Current Assets					
Cash and Investments	\$ 9,675,681		\$ 4,246,263	\$ 13,921,944	\$ 1,488,625
Receivables					
Accounts	1,050,548		209,446	1,259,994	28,086
Other	8,301		-	8,301	-
Inventory	537,335		-	537,335	-
Prepaid Expenses	26,672		6,204	32,876	1,802
Total Current Assets	<u>11,298,537</u>		<u>4,461,913</u>	<u>15,760,450</u>	<u>1,518,513</u>
Noncurrent Assets					
Interfund Receivables	888,888		-	888,888	-
Capital Assets					
Not Being Depreciated	3,031,672		2,664,798	5,696,470	-
Being Depreciated, Net of Accumulated Depreciation	<u>29,140,620</u>		<u>6,225,500</u>	<u>35,366,120</u>	<u>-</u>
Total Noncurrent Assets	<u>33,061,180</u>		<u>8,890,298</u>	<u>41,951,478</u>	<u>-</u>
Total Assets	<u>44,359,717</u>		<u>13,352,211</u>	<u>57,711,928</u>	<u>1,518,513</u>
Deferred Outflows of Resources					
Loss on Debt Refunding, Net of Accumulated Amortization	<u>361,429</u>		<u>-</u>	<u>361,429</u>	<u>-</u>
Liabilities					
Current Liabilities					
Accounts Payable	108,978		78,618	187,596	-
Retainage Payable	24,635		93,101	117,736	-
Accrued Interest Payable	17,497		22,817	40,314	-
Accrued Liabilities	95,139		5,058	100,197	-
Deposits	18,000		-	18,000	-
Insurance Claims	-		-	-	212,100
Unearned Revenues	37,498		7,413	44,911	-
Accrued Compensated Absences, Current Portion	144,275		7,772	152,047	-
Certificates of Participation Payable, Current Portion	<u>665,000</u>		<u>425,404</u>	<u>1,090,404</u>	<u>-</u>
Total Current Liabilities	<u>1,111,022</u>		<u>640,183</u>	<u>1,751,205</u>	<u>212,100</u>
Noncurrent Liabilities					
Accrued Compensated Absences	-		13,588	13,588	-
Certificates of Participation Payable	<u>6,890,000</u>		<u>6,966,368</u>	<u>13,856,368</u>	<u>-</u>
Total Noncurrent Liabilities	<u>6,890,000</u>		<u>6,979,956</u>	<u>13,869,956</u>	<u>-</u>
Total Liabilities	<u>8,001,022</u>		<u>7,620,139</u>	<u>15,621,161</u>	<u>212,100</u>
Net Position					
Net Investment in Capital Assets	24,954,086		1,405,425	26,359,511	-
Unrestricted	<u>11,766,038</u>		<u>4,326,647</u>	<u>16,092,685</u>	<u>1,306,413</u>
Total Net Position	<u>\$ 36,720,124</u>		<u>\$ 5,732,072</u>	<u>\$ 42,452,196</u>	<u>\$ 1,306,413</u>

City of Cañon City, Colorado
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2022

	Business-Type Activities			Governmental Activities	
	Water Fund	Stormwater Utility Fund	Total	Internal Service Fund	
Operating Revenues					
Charges for Services	\$ 7,808,757	\$ 2,091,855	\$ 9,900,612	\$ 2,649,320	
Intergovernmental	1,101,912	-	1,101,912	-	
Other Operating Revenue	160,982	156,061	317,043	-	
Total Operating Revenues	<u>9,071,651</u>	<u>2,247,916</u>	<u>11,319,567</u>	<u>2,649,320</u>	
Operating Expenses					
Water Administration	1,106,195	-	1,106,195	-	
Utility Billing	267,575	-	267,575	-	
Water Treatment	1,791,151	-	1,791,151	-	
Transmission and Distribution	1,732,028	-	1,732,028	-	
Stormwater Operations	-	590,443	590,443	-	
Claims	-	-	-	1,687,213	
Premiums	-	-	-	338,773	
Administration Fees	-	-	-	147,237	
Depreciation	1,344,531	253,559	1,598,090	-	
Total Operating Expenses	<u>6,241,480</u>	<u>844,002</u>	<u>7,085,482</u>	<u>2,173,223</u>	
Operating Income	<u>2,830,171</u>	<u>1,403,914</u>	<u>4,234,085</u>	<u>476,097</u>	
Nonoperating Revenues (Expenses)					
Interest Income	110,777	76,109	186,886	14,265	
Interest Expense	(265,069)	(253,660)	(518,729)	-	
Loss on Disposal of Assets	(45,226)	(316,072)	(361,298)		
Total Nonoperating Revenues (Expenses)	<u>(199,518)</u>	<u>(493,623)</u>	<u>(693,141)</u>	<u>14,265</u>	
Income Before Capital Contributions & Transfers	<u>2,630,653</u>	<u>910,291</u>	<u>3,540,944</u>	<u>490,362</u>	
Capital Contributions & Transfers					
Tap Fees	372,632	-	372,632	-	
Transfers Out	<u>(418,898)</u>	<u>(521,522)</u>	<u>(940,420)</u>	<u>-</u>	
Change in Net Position	<u>2,584,387</u>	<u>388,769</u>	<u>2,973,156</u>	<u>490,362</u>	
Net Position, Beginning of Year	<u>34,135,737</u>	<u>5,343,303</u>	<u>39,479,040</u>	<u>816,051</u>	
Net Position, End of Year	<u>\$ 36,720,124</u>	<u>\$ 5,732,072</u>	<u>\$ 42,452,196</u>	<u>\$ 1,306,413</u>	

City of Cañon City, Colorado
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022

	Business-Type Activities			Governmental Activities	
	Water Fund	Stormwater Utility Fund	Total	Internal Service Funds	
Cash Flows From Operating Activities					
Cash Received from Customers	\$ 8,879,060	\$ 2,236,696	\$ 11,115,756	\$ 2,634,764	-
Cash Payments to Employees	(1,956,961)	(234,966)	(2,191,927)	-	-
Cash Payments to Vendors and Suppliers	<u>(2,968,299)</u>	<u>(170,353)</u>	<u>(3,138,652)</u>	<u>(2,229,625)</u>	-
Net Cash Provided by Operating Activities	<u>3,953,800</u>	<u>1,831,377</u>	<u>5,785,177</u>	<u>405,139</u>	-
Cash Flows From Noncapital Financing Activities					
Repayment of Loans to Other Funds	222,222	-	222,222	-	-
Transfers to Other Funds	<u>(418,898)</u>	<u>(521,522)</u>	<u>(940,420)</u>	-	-
Net Cash Used in Noncapital Financing Activities	<u>(196,676)</u>	<u>(521,522)</u>	<u>(718,198)</u>	-	-
Cash Flows From Capital and Related Financing Activities					
Acquisition and Construction of Capital Assets	(1,038,870)	(2,015,056)	(3,053,926)	-	-
Tap Fees Received	372,632	-	372,632	-	-
Principal Payments on Debt	(645,000)	(378,049)	(1,023,049)	-	-
Interest Payments on Debt	<u>(230,420)</u>	<u>(290,320)</u>	<u>(520,740)</u>	-	-
Net Cash Used in Capital and Related Financing Activities	<u>(1,541,658)</u>	<u>(2,683,425)</u>	<u>(4,225,083)</u>	-	-
Cash Flows from Investing Activities					
Interest Received	<u>110,777</u>	<u>76,109</u>	<u>186,886</u>	<u>14,265</u>	-
Net Increase (Decrease) in Cash and Cash Equivalents					
	2,326,243	(1,297,461)	1,028,782	419,404	-
Cash and Cash Equivalents, Beginning of Year	<u>7,339,754</u>	<u>5,543,724</u>	<u>12,883,478</u>	<u>1,069,221</u>	-
Cash and Cash Equivalents, End of Year	<u>\$ 9,665,997</u>	<u>\$ 4,246,263</u>	<u>\$ 13,912,260</u>	<u>\$ 1,488,625</u>	-
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating Income	\$ 2,830,171	\$ 1,403,914	\$ 4,234,085	\$ 476,097	-
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities					
Depreciation	1,344,531	253,559	1,598,090	-	-
Changes in Asset and Liabilities					
Accounts Receivable	(161,455)	(16,170)	(177,625)	(14,556)	-
Prepaid Expenses	(19,106)	20,439	1,333	(1,802)	-
Inventory	(87,856)	-	(87,856)	-	-
Accounts Payable	49,373	155,407	204,780	-	-
Accrued Liabilities	55,805	2,029	57,834	(54,600)	-
Deposits	(38,148)	-	(38,148)	-	-
Unearned Revenue	7,012	4,950	11,962	-	-
Accrued Compensated Absences	<u>(26,527)</u>	<u>7,249</u>	<u>(19,278)</u>	-	-
Net Cash Provided by Operating Activities	<u>\$ 3,953,800</u>	<u>\$ 1,831,377</u>	<u>\$ 5,785,177</u>	<u>\$ 405,139</u>	-

City of Cañon City, Colorado

Notes to Financial Statements

December 31, 2022

Note 1: Summary of Significant Accounting Policies

The City of Cañon City (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, 2022

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 sixty days of the end of the current fiscal period.

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.

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.

City of Cañon City, Colorado

Notes to Financial Statements

December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

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

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 operation and maintenance of the City's stormwater facilities.

Additionally, the City reports the following fund type:

The *Insurance 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.

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.

City of Cañon City, Colorado

Notes to Financial Statements

December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

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

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 include property, equipment, all water and stormwater systems infrastructure, and all governmental activities infrastructure acquired since 1980. These are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. They are also reported 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

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).

City of Cañon City, Colorado

Notes to Financial Statements

December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

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

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 and 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.

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 not collected until a subsequent fiscal year. In addition, special assessments and grants earned but not available as current financial resources are deferred in the governmental fund financial statements.

City of Cañon City, Colorado

Notes to Financial Statements

December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

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

Net Position/Fund Balances - In the government-wide financial statements, net position is restricted when constraints placed on the use of resources are externally imposed. Governmental fund balances are classified as restricted when constraints are placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments. Committed fund balances include resources which are subject to limitations the City imposes on itself by action of City Council through ordinances. Committed fund balances also include 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 has evaluated subsequent events through July 20, 2023, the date the financial statements were available to be issued.

Note 2: Accountability

At December 31, 2022, the Street Improvement Fund had a positive fund balance of \$5,884,280 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 have been repaid, leaving a remaining unpaid balance of \$2,222,220.

City of Cañon City, Colorado

Notes to Financial Statements

December 31, 2022

Note 3: Cash and Investments

At December 31, 2022, the City had the following cash and investments:

Cash on Hand	\$ 5,742
Deposits	17,126,606
Investments	<u>25,693,540</u>
Total	\$ <u>42,825,888</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, 2022, the City had bank deposits of \$17,126,606 collateralized with securities held by the financial institutions' agents but not in the City's name.

Investments

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

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

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

The City had the following investments at December 31, 2022:

Investment	Maturity	Rating	Total
Local Government Investment Pools	N/A	AAAm	\$ <u>25,693,540</u>
Total			\$ <u>25,693,540</u>

City of Cañon City, Colorado

Notes to Financial Statements

December 31, 2022

Note 3: Cash and Investments (Continued)

Investments (Continued)

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

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

City of Cañon City, Colorado

Notes to Financial Statements

December 31, 2022

Note 4: Capital Assets

Following is a summary of changes in capital assets for the year ended December 31, 2022:

Governmental Activities	Balance 12/31/21	Additions	Transfers	Deletions	Balance 12/31/22
<i>Capital Assets, Not Being Depreciated</i>					
Land	\$ 3,438,786	\$ 43,452	\$ -	\$ -	\$ 3,482,238
Ditch Stock	7,414	-	-	-	7,414
Construction in Progress	<u>1,519,741</u>	<u>2,097,853</u>	<u>(365,760)</u>	<u>(9,467)</u>	<u>3,242,367</u>
Total Capital Assets, Not Being Depreciated	4,965,941	2,141,305	(365,760)	(9,467)	6,732,019
<i>Capital Assets, Being Depreciated</i>					
Infrastructure	49,931,872	468,037	365,760	-	50,765,669
Buildings	21,494,140	-	-	-	21,494,140
Improvements	27,817,856	79,857	-	-	27,897,713
Machinery and Equipment	<u>7,351,559</u>	<u>941,128</u>	<u>-</u>	<u>(60,951)</u>	<u>8,231,736</u>
Total Capital Assets, Being Depreciated	106,595,427	1,489,022	365,760	(60,951)	108,389,258
Less Accumulated Depreciation for					
Infrastructure	(18,296,719)	(1,551,407)	-	-	(19,848,126)
Buildings	(6,978,500)	(650,468)	-	-	(7,628,968)
Improvements	(11,056,271)	(1,239,142)	-	-	(12,295,413)
Machinery and Equipment	<u>(5,297,215)</u>	<u>(593,720)</u>	<u>-</u>	<u>60,951</u>	<u>(5,829,984)</u>
Total Accumulated Depreciation	(41,628,705)	(4,034,737)	-	60,951	(45,602,491)
Total Capital Assets, Being Depreciated, Net	64,966,722	(2,545,715)	365,760	-	62,786,767
Governmental Activities Capital Assets, Net	\$ 69,932,663	\$ (404,410)	\$ -	\$ (9,467)	\$ 69,518,786
Business-Type Activities	Balance 12/31/21	Additions	Transfers	Deletions	Balance 12/31/22
<i>Capital Assets, Not Being Depreciated</i>					
Land	\$ 399,230	\$ 50,598	\$ -	\$ -	\$ 449,828
Construction in Progress	2,351,221	2,661,823	(458,643)	(361,297)	4,193,104
Water Rights/Ditch Stock	<u>1,053,538</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,053,538</u>
Total Capital Assets, Not Being Depreciated	3,803,989	2,712,421	(458,643)	(361,297)	5,696,470
<i>Capital Assets, Being Depreciated</i>					
Buildings	9,143,695	-	-	-	9,143,695
Water and Stormwater Systems	51,677,673	-	-	-	51,677,673
Infrastructure	-	208,151	458,643	-	666,794
Machinery and Equipment	<u>4,124,041</u>	<u>123,669</u>	<u>-</u>	<u>-</u>	<u>4,247,710</u>
Total Capital Assets, Being Depreciated	\$ 64,945,409	\$ 331,820	\$ 458,643	\$ -	\$ 65,735,872

City of Cañon City, Colorado

Notes to Financial Statements

December 31, 2022

Note 4: Capital Assets (Continued)

	Balance 12/31/21	Additions	Transfers	Deletions	Balance 12/31/22
Business-Type Activities (Continued)					
Less Accumulated Depreciation for					
Buildings	\$ (5,276,738)	\$ (163,251)	\$ -	\$ -	\$ (5,439,989)
Water and Stormwater Systems	(20,167,857)	(1,277,489)	-	-	(21,445,346)
Infrastructure	-	(17,603)	-	-	(17,603)
Machinery and Equipment	<u>(3,327,067)</u>	<u>(139,747)</u>	<u>-</u>	<u>-</u>	<u>(3,466,814)</u>
Total Accumulated Depreciation	<u>(28,771,662)</u>	<u>(1,598,090)</u>	<u>-</u>	<u>-</u>	<u>(30,369,752)</u>
Total Capital Assets, Being Depreciated, Net	<u>36,173,747</u>	<u>(1,266,270)</u>	<u>458,643</u>	<u>-</u>	<u>35,366,120</u>
Business-Type Activities Capital Assets, Net	<u>\$ 39,977,736</u>	<u>\$ 1,446,151</u>	<u>\$ -</u>	<u>\$ (361,297)</u>	<u>\$ 41,062,590</u>

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

Governmental Activities					
General Government					\$ 268,536
Public Safety					349,991
Public Works					1,709,067
Culture and Recreation					<u>1,707,143</u>
Total					<u>\$ 4,034,737</u>

Note 5: Long-Term Debt

Following is a summary of long-term debt transactions of the City for the year ended December 31, 2022:

	Balance 12/31/21	Additions	Payments	Balance 12/31/22	Due Within One Year
Governmental Activities					
Capital Lease	\$ 783,303	\$ 240,000	\$ (325,329)	\$ 697,974	\$ 354,859
Compensated Absences	<u>520,919</u>	<u>700,413</u>	<u>(658,266)</u>	<u>563,066</u>	<u>483,200</u>
Totals	<u>\$ 1,304,222</u>	<u>\$ 940,413</u>	<u>\$ (983,595)</u>	<u>\$ 1,261,040</u>	<u>\$ 838,059</u>

	Balance 12/31/21	Additions	Payments	Balance 12/31/22	Due Within One Year
Business-Type Activities					
Certificates of Participation, Series 2019	\$ 6,770,000	\$ -	\$ (280,000)	\$ 6,490,000	\$ 290,000
Premium	607,536	-	(35,737)	571,799	35,737
Series 2017	8,200,000	-	(645,000)	7,555,000	665,000
Capital Lease	428,022	-	(98,049)	329,973	99,667
Compensated Absences Water Fund	170,802	212,244	(238,771)	144,275	144,275
Compensated Absences Stormwater Fund	<u>14,110</u>	<u>30,395</u>	<u>(23,145)</u>	<u>21,360</u>	<u>7,772</u>
Totals	<u>\$ 16,190,470</u>	<u>\$ 242,639</u>	<u>\$ (1,320,702)</u>	<u>\$ 15,112,407</u>	<u>\$ 1,242,451</u>

City of Cañon City, Colorado

Notes to Financial Statements

December 31, 2022

Note 5: Long-Term Debt (Continued)

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.

In June of 2021, the City entered into a capital lease agreement with U.S. Bancorp Government Leasing and Finance, Inc. for police equipment. Interest rate is at 1.55% with principal and interest payments due quarterly through 2026.

In July of 2022, the City entered into a capital lease agreement with U.S. Bancorp Government Leasing and Finance, Inc. for additional police equipment with principal payments and interest payments due quarterly through 2027, respectively.

Annual debt service requirements for the capital lease follow:

<u>Year Ended December 31,</u>	Principal	Interest	Total
2023	\$ 354,859	\$ 14,651	\$ 369,510
2024	122,506	7,188	129,694
2025	125,218	4,476	129,694
2026	69,623	1,921	71,544
2027	25,768	312	26,080
Total	\$ 697,974	\$ 28,548	\$ 726,522

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, 2022

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:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 665,000	\$ 212,296	\$ 877,296
2024	685,000	193,609	878,609
2025	705,000	174,360	879,360
2026	725,000	154,550	879,550
2027	740,000	134,177	874,177
2028-2032	<u>4,035,000</u>	<u>346,614</u>	<u>4,381,614</u>
Total	\$ 7,555,000	\$ 1,215,606	\$ 8,770,606

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 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:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 290,000	\$ 269,900	\$ 559,900
2024	300,000	258,300	558,300
2025	315,000	246,300	561,300
2026	325,000	233,700	558,700
2027	345,000	217,450	562,450
2028-2032	<u>1,970,000</u>	<u>835,400</u>	<u>2,805,400</u>
2033-2037	<u>2,405,000</u>	<u>404,200</u>	<u>2,809,200</u>
2038	<u>540,000</u>	<u>21,600</u>	<u>561,600</u>
Total	\$ 6,490,000	\$ 2,486,850	\$ 8,976,850

Capital Lease

During 2021, the City entered into a capital lease with U.S. Bancorp Government Leasing and Finance for the acquisition of equipment. Payments are due quarterly for 5 years and interest accrues at 1.64%.

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 99,667	\$ 4,801	\$ 104,468
2024	101,312	3,156	104,468
2025	102,983	1,484	104,468
2026	<u>26,010</u>	<u>107</u>	<u>26,117</u>
Total	\$ 329,973	\$ 9,548	\$ 339,520

City of Cañon City, Colorado

Notes to Financial Statements

December 31, 2022

Note 5: Long-Term Debt (Continued)

Compensated Absences

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

Note 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 10-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, 2022, the outstanding balance of the loan was \$2,222,220.

Transfers between funds during the year ended December 31, 2022 consisted of the following:

Transfers In	Transfers Out	Amount
General	Excess Special Improvement	\$ 62,761
Water	Stormwater	-
Quality of Life	Museum Donation	-
General	Water Fund	418,898
General	Stormwater	<u>479,312</u>
Total		\$ <u>960,971</u>

Note 7: Risk Management

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. The transfer from the General Fund to the Water Fund for Water costs was 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 the City grant match for the State Historical Fund grant for the renovation of the Rudd House.

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.

City of Cañon City, Colorado

Notes to Financial Statements

December 31, 2022

Note 7: Risk Management (Continued)

Self-Insured Medical Plan

The City has established an insurance plan to provide medical, dental, and vision benefits to eligible employees and dependents. For the contract year ended October 31, 2022, 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.

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, 2019	\$ 178,400
Claims Incurred and Adjustments	1,727,281
Claims Paid	<u>(1,787,081)</u>
Claims Payable, December 31, 2020	118,600
Claims Incurred and Adjustments	2,605,108
Claims Paid	<u>(2,457,008)</u>
Claims Payable, December 31, 2021	266,700
Claims Incurred and Adjustments	1,737,817
Claims Paid	<u>(1,792,417)</u>
Claims Payable, December 31, 2022	\$ <u>212,100</u>

Public Entity Risk Pool

The City participates in the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the 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.

City of Cañon City, Colorado

Notes to Financial Statements

December 31, 2022

Note 7: Risk Management (Continued)

Public Entity Risk Pool (Continued)

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

Note 8: Employee Retirement Plans

Police Pension Plan

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

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

Benefits Provided - A SWDB Plan member is eligible for a normal retirement pension once the member has completed 25 years of credited service and has attained the age of 55. Effective January 1, 2021, a member may also qualify for a normal retirement pension if the member's combined years of service and age equals at least 80, with a minimum age of 50 (Rule of 80). The annual normal retirement benefit is 2% of the average of the member's highest three years' pensionable earnings for each year of credited service up to 10 years, plus 2.5% for each year of service thereafter. Benefit adjustments 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.

City of Cañon City, Colorado

Notes to Financial Statements

December 31, 2022

Note 8: Employee Retirement Plans (Continued)

Police Pension Plan (Continued)

A member is eligible for an early retirement at age 50 or after 30 years of service with at least five years of credited 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 10 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 25 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 0 to 3%.

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

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

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

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

City of Cañon City, Colorado

Notes to Financial Statements

December 31, 2022

Note 8: Employee Retirement Plans (Continued)

Police Pension Plan (Continued)

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 8.0% and 11.0% of base salary, respectively, for the year ended December 31, 2022.

SWDB Plan members elected to increase the employee contribution rate 0.5% annually through 2022, to a total of 12.0% of pensionable earnings. Employer contributions will increase 0.5% annually through 2030 to a total of 13.0% of pensionable earnings.

Contributions from employees and employers reentering 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 reentry group has a combined contribution rate of 23.5% of pensionable earnings in 2021. The member and employer contribution rates will increase through 2030 as described above for the non-reentering departments.

The City's no longer has any participants in the SWH plan. All related balances on the accompanying financial statements have been removed.

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

At December 31, 2022, the City reported a net pension liability (asset) of \$(1,298,031) and a net pension liability (asset) representing its proportionate share of the net pension asset of the SWDB Plan.

The net pension liability was measured at December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation at January 1, 2022. 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, 2021, relative to the projected contributions of all participating employers.

At December 31, 2021, the City's proportion of the SWDB Plan was 0.239518380%, which was a decrease of 0.0188379% from its proportion measured at December 31, 2020.

For the year ended December 31, 2022, the City recognized pension expense for the SWDB Plan of \$138,831.

City of Cañon City, Colorado

Notes to Financial Statements

December 31, 2022

Note 8: Employee Retirement Plans (Continued)

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

At December 31, 2022, 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
Statewide Defined Benefit Plan		
Differences between expected and actual experience	\$ 342,460	\$ 27,897
Net difference between projected and actual earnings on plan investments	- 800,393	-
Changes in assumptions and other inputs	170,549	-
Changes in proportion	68,360	11,183
Contributions subsequent to the measurement date	<u>274,955</u>	-
Subtotal	<u>\$ 856,324</u>	<u>\$ 839,473</u>
Statewide Hybrid Plan		
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual earnings on plan investments	- -	-
Changes in assumptions and other inputs	- -	-
Changes in proportion	- -	-
Contributions subsequent to the measurement date	<u>- -</u>	<u>- -</u>
Subtotal	<u>\$ - -</u>	<u>\$ - -</u>
Total	<u>\$ 856,324</u>	<u>\$ 839,473</u>

City contributions to the SWDB Plan subsequent to the measurement date of \$274,955 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.

<u>Year Ended December 31,</u>	<u>SWDB</u>
2023	\$ (157,552)
2024	25,794
2025	124,613
2026	144,024
2027	61,601
Thereafter	<u>(456,584)</u>
Total	<u>\$ (258,104)</u>

City of Cañon City, Colorado

Notes to Financial Statements

December 31, 2022

Note 8: Employee Retirement Plans (Continued)

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

Actuarial Assumptions - The actuarial valuation at January 1, 2022 determined the total pension liability using the following actuarial assumptions and other inputs applied to all periods included in the measurement:

Actuarial Method	Entry Age Normal
Investment rate of return, compounded annually, net of plan investment expenses, including inflation	7.0%
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, 2021, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global Equity	39%	8.23%
Equity Long/Short	8%	6.87%
Illiquid Alternatives	26%	10.63%
Fixed Income	5%	4.01%
Absolute Return	10%	5.25%
Managed Futures	10%	5.60%
Cash	2%	2.32%
	100%	

City of Cañon City, Colorado

Notes to Financial Statements

December 31, 2022

Note 8: Employee Retirement Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows and 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:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
City's proportionate share of the SWDB net pension (asset) liability	\$ (179,007)	\$ (1,298,031)	\$ (2,225,080)

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.

Defined Contribution Pension Plan

All employees, other than uniformed police, are required 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, 2022, the City and employees each contributed \$290,919 to the plan, equal to the required contributions. Employees may make voluntary post-tax contributions to the plan. Mission Square Retirement (formerly ICMA-RC) administers the plan.

City of Cañon City, Colorado

Notes to Financial Statements

December 31, 2022

Note 8: Employee Retirement Plans (Continued)

Defined Contribution Pension Plan (Continued)

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 does not contribute to this plan. Employees may make voluntary contributions to this plan. The plan is administered by Mission Square Retirement (formerly 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.

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.

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.

City of Cañon City, Colorado

Notes to Financial Statements

December 31, 2022

Note 9: Other Postemployment Benefits (Continued)

Statewide Death & Disability Plan (Continued)

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, 2022. Contributions to the plan for the year ended December 31, 2022 were \$65,694, equal to the required contributions.

Based on the 2019 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 and 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 and 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.

Note 10: Commitments and Contingencies

TABOR Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Amendment is complex and subject to interpretation.

In November 2016, voters authorized the City to collect and retain all revenues from all sources in 2017 and each subsequent year for 10 years and to spend the same, notwithstanding the limitations of the amendment. 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 its compliance. The amendment requires a reserve for emergencies equal to 3% of qualifying expenditures of the City. At December 31, 2022, the City reported restricted fund balance of \$378,997 to comply with this requirement.

City of Cañon City, Colorado

Notes to Financial Statements

December 31, 2022

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 30 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.

Required Supplementary Information

City of Cañon City, Colorado
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Taxes and Assessments	\$ 9,240,530	\$ 10,976,175	\$ 1,735,645
Licenses and Permits	409,240	577,762	168,522
Intergovernmental	3,445,011	2,468,069	(976,942)
Charges for Services	252,250	292,627	40,377
Fines and Forfeitures	86,250	69,973	(16,277)
Royal Gorge Bridge	1,221,571	917,756	(303,815)
Interest Income	6,600	158,752	152,152
Rent	138,929	149,208	10,279
Contributions and Donations	5,000	36,790	31,790
Other	52,600	240,473	187,873
 Total Revenue	 14,857,981	 15,887,585	 1,029,604
Expenditures			
Current			
General Government	6,979,921	4,818,140	2,161,781
Public Safety	6,730,250	5,972,311	757,939
Public Works	2,237,639	1,986,227	251,412
Culture and Recreation	1,109,996	1,084,102	25,894
Capital Outlay			
Streets	945,000	110,276	834,724
Other	1,648,208	824,327	823,881
Debt Service			
Principal	-	230,000	(230,000)
Interest	-	9,533	(9,533)
 Total Expenditures	 19,651,014	 15,034,916	 4,616,098
Excess Revenues Over (Under) Expenditures			
	(4,793,033)	852,669	5,645,702
Other Financing Sources (Uses)			
Proceeds from Sale of Capital Assets	5,000	-	(5,000)
Proceeds from Capital Lease Financing	487,000	240,000	(247,000)
Transfers In	955,420	955,420	-
Transfers Out	(1,500,000)	-	1,500,000
 Total Other Financing Sources (Uses)	 (52,580)	 1,195,420	 1,248,000
Change in Fund Balance			
Fund Balance, Beginning of Year	14,094,004	15,615,017	1,521,013
Fund Balance, End of Year	\$ 9,248,391	\$ 17,663,106	\$ 8,414,715

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, 2022

	12/31/21	12/31/20	12/31/19	12/31/18	12/31/17
Proportionate Share of the Net Pension Asset					
City's Proportion of the Net Pension Assets	0.23951838%	0.22068047%	0.22161498%	0.24388777%	0.26869046%
City's Proportion Share of the Net Pension Asset (Liability)	\$ 1,298,031	\$ 1,298,031	\$ 125,337	\$ (308,341)	\$ 386,554
City's Covered Payroll	\$ 1,928,176	\$ 1,706,679	\$ 1,597,543	\$ 1,592,917	\$ 1,519,823
City's Proportionate Share of the Net Pension Asset (liability) as a Percentage of Covered Payroll	67.3%	76.1%	7.8%	(19.9)%	25.4%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	116.2%	106.7%	101.9%	95.2%	106.3%
 City Contribution					
Statutorily Required Contribution	\$ 209,261	\$ 163,895	\$ 136,534	\$ 133,506	\$ 130,696
Contributions in Relation to the Statutorily Required Contribution	<u>(209,261)</u>	<u>(163,895)</u>	<u>(136,534)</u>	<u>(133,506)</u>	<u>(130,696)</u>
Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's Covered Payroll	\$ 2,341,822	\$ 1,928,176	\$ 1,706,679	\$ 1,597,543	\$ 1,592,917
Contributions as a Percentage of Covered Payroll	8.94%	8.50%	8.00%	8.36%	8.20%

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.

(Continued)

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, 2022

(Continued)

	12/31/16	12/31/15	12/31/14	12/31/13
Proportionate Share of the Net Pension Asset				
City's Proportion of the Net Pension Assets	0.26473647%	0.25185527%	0.00235213%	0.21431916%
City's Proportion Share of the Net Pension Asset (Liability)	\$ (95,659)	\$ 4,440	\$ 265,457	\$ 191,641
City's Covered Payroll	\$ 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	(7.3)%	0.4%	27.0%	23.0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.2%	100.1%	107.0%	106.0%
 City Contribution				
Statutorily Required Contribution	\$ 125,732	\$ 108,390	\$ 97,674	\$ 84,621
Contributions in Relation to the Statutorily Required Contribution	<u>(125,732)</u>	<u>(108,390)</u>	<u>(97,674)</u>	<u>(84,621)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 1,519,823	\$ 1,311,504	\$ 1,179,685	\$ 998,713
Contributions as a Percentage of Covered Payroll	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
Notes to Required Supplementary Information
December 31, 2022

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. 1, Series of 2019, which authorizes the City Administrator to transfer budgeted amounts between objects and purposes within a fund up to \$5,000. 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, 2022

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, 2022

	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	
Assets										
Cash	\$ 1,446,941	\$ 224,042	\$ 4,692	\$ 89,109	\$ 124,869	\$ 2,454	\$ 302,920	\$ 911,820	\$ 3,106,847	
Receivables										
Special Assessments	-	-	-	-	-	2,484	-	-	-	2,484
Other	9,088	-	-	-	-	-	-	-	-	9,088
Interfund Receivables	-	-	-	-	-	-	-	1,388,888	1,388,888	
Inventory	20,285	-	-	-	-	-	-	-	-	20,285
Total Assets	\$ 1,476,314	\$ 224,042	\$ 4,692	\$ 89,109	\$ 124,869	\$ 4,938	\$ 302,920	\$ 2,300,708	\$ 4,527,592	
Liabilities										
Accounts Payable	\$ 43,692	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,692
Accrued Liabilities	18,685	-	-	-	-	-	-	-	-	18,685
Deposits	1,400	-	-	-	-	-	-	-	-	1,400
Unearned Revenues	2,984	-	-	-	-	-	-	-	-	2,984
Total Liabilities	66,761	-	-	-	-	-	-	-	-	66,761
Deferred Inflows of Resources										
Assessments	-	-	-	-	-	2,484	-	-	-	2,484
Total Deferred Inflows of Resources	-	-	-	-	-	2,484	-	-	-	2,484
Fund Balances										
Nonspendable										
Inventory	20,285	-	-	-	-	-	-	-	-	20,285
Cemetery Perpetual Care	-	-	-	-	-	-	-	2,300,708	2,300,708	
Restricted for										
Public Safety	-	4,692	-	-	-	-	-	-	-	4,692
Culture and Recreation	-	224,042	-	13,386	89,072	-	-	-	-	326,500
Debt Service	-	-	-	-	-	2,454	-	-	-	2,454
Assigned to										
Culture and Recreation	1,389,268	-	-	75,723	35,797	-	-	-	-	1,500,788
Debt Service	-	-	-	-	-	-	302,920	-	-	302,920
Total Fund Balances	1,409,553	224,042	4,692	89,109	124,869	2,454	302,920	2,300,708	4,458,347	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,476,314	\$ 224,042	\$ 4,692	\$ 89,109	\$ 124,869	\$ 4,938	\$ 302,920	\$ 2,300,708	\$ 4,527,592	

City of Cañon City, Colorado
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended December 31, 2022

	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
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues									
Assessments	-	-	-	-	-	1,372	-	-	1,372
Intergovernmental	-	119,831	-	7,147	-	-	-	-	126,978
Charges for Services	74,209	-	-	-	-	-	-	19,761	93,970
Royal Gorge Bridge	1,611,455	-	-	-	-	-	-	-	1,611,455
Interest	12,238	1,925	-	867	1,207	435	2,943	31,164	50,779
Rent	35,082	-	-	-	-	-	-	-	35,082
Contributions and Donations	0	-	-	6,287	10,596	-	-	-	16,883
Other	57,689	-	3,000	-	-	-	-	700	61,389
Total Revenues	1,790,673	121,756	3,000	14,301	11,803	1,807	2,943	51,625	1,997,908
Expenditures									
Current									
General Government	2,848	-	-	-	-	17	-	-	2,865
Public Safety	-	-	530	-	-	-	-	-	530
Culture and Recreation	1,619,519	9,831	-	24,538	7,081	-	-	-	1,660,969
Capital Outlay									
Other	9,246	15,245	-	-	-	-	-	-	24,491
Debt Service									
Principal	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Total Expenditures	1,631,613	25,076	530	24,538	7,081	17	-	-	1,688,855
Excess of Revenues Over (Under) Expenditures									
	159,060	96,680	2,470	(10,237)	4,722	1,790	2,943	51,625	309,053
Other Financing Sources (Uses)									
Transfers In	-	-	-	-	-	-	5,551	-	5,551
Transfers Out	-	-	-	-	-	(5,551)	(15,000)	-	(20,551)
Total Other Financing Sources (Uses)	-	-	-	-	-	(5,551)	(9,449)	-	(15,000)
Net Change in Fund Balances									
	159,060	96,680	2,470	(10,237)	4,722	(3,761)	(6,506)	51,625	294,053
Fund Balances, Beginning of year	1,250,493	127,362	2,222	99,346	120,147	6,215	309,426	2,249,083	4,164,294
Fund Balances, End of year	\$ 1,409,553	\$ 224,042	\$ 4,692	\$ 89,109	\$ 124,869	\$ 2,454	\$ 302,920	\$ 2,300,708	\$ 4,458,347

City of Cañon City, Colorado
 Budgetary Comparison Schedule
 Street Improvement Fund
 For the Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Taxes	\$ 4,178,000	\$ 5,019,127	\$ 841,127
Investment Income	<u>1,000</u>	<u>66,102</u>	<u>65,102</u>
Total Revenues	<u>4,179,000</u>	<u>5,085,229</u>	<u>906,229</u>
Expenditures			
Capital Outlay			
Streets	4,000,000	1,444,623	2,555,377
Debt Service			
Interest	<u>677,756</u>	<u>62,073</u>	<u>615,683</u>
Total Expenditures	<u>4,677,756</u>	<u>1,506,696</u>	<u>3,171,060</u>
Net Change in Fund Balance	(498,756)	3,578,533	4,077,289
Fund Balance, Beginning of Year	<u>2,376,754</u>	<u>2,305,747</u>	<u>(71,007)</u>
Fund Balance, End of Year	<u>\$ 1,877,998</u>	<u>\$ 5,884,280</u>	<u>\$ 4,006,282</u>

City of Cañon City, Colorado
 Budgetary Comparison Schedule
 Quality of Life Fund
 For the Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Intergovernmental	\$ 4,439,843	\$ 914,636	\$ (3,525,207)
Royal Gorge Bridge	418,000	418,000	-
Investment Income	200	10,594	10,394
 Total Revenues	 4,858,043	 1,343,230	 (3,514,813)
Expenditures			
Cultural and Recreation	-	61,590	(61,590)
Capital Outlay			
Streets	3,837,625	749,431	3,088,194
Other	2,520,000	219,067	2,300,933
 Total Expenditures	 6,357,625	 1,030,088	 5,327,537
Excess of Revenues Over (Under) Expenditures	 (1,499,582)	 313,142	 1,812,724
Other Financing Sources			
Transfers In	1,500,000	-	(1,500,000)
Net Change in Fund Balance	 418	 313,142	 312,724
Fund Balance, Beginning of Year	 533,469	 1,148,109	 614,640
Fund Balance, End of Year	 \$ 533,887	 \$ 1,461,251	 \$ 927,364

City of Cañon City, Colorado
 Budgetary Comparison Schedule
 Park Improvement Fund
 For the Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for Services	\$ 111,000	\$ 74,209	\$ (36,791)
Royal Gorge Bridge	1,611,455	1,611,455	-
Interest Income	200	12,238	12,038
Rent	33,235	35,082	1,847
Other	-	57,689	57,689
Total Revenues	<u>1,755,890</u>	<u>1,790,673</u>	<u>34,783</u>
Expenditures			
General Governmental	-	2,848	(2,848)
Culture and Recreation	1,698,269	1,619,519	78,750
Capital Outlay	<u>1,010,000</u>	<u>9,246</u>	<u>1,000,754</u>
Total Expenditures	<u>2,708,269</u>	<u>1,631,613</u>	<u>1,076,656</u>
Net Change in Fund Balance	(952,379)	159,060	1,111,439
Fund Balance, Beginning of Year	<u>1,475,387</u>	<u>1,250,493</u>	<u>(224,894)</u>
Fund Balance, End of Year	<u>\$ 523,008</u>	<u>\$ 1,409,553</u>	<u>\$ 886,545</u>

City of Cañon City, Colorado
 Budgetary Comparison Schedule
 Conservation Trust Fund
 For the Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Intergovernmental	\$ 105,000	\$ 119,831	\$ 14,831
Investment Income	25	1,925	1,900
Total Revenues	105,025	121,756	16,731
Expenditures			
Culture and Recreation	10,000	25,076	(15,076)
Capital Outlay	66,245	-	66,245
Total Expenditures	76,245	25,076	51,169
Net Change in Fund Balance	28,780	96,680	67,900
Fund Balance, Beginning of Year	39,971	127,362	87,391
Fund Balance, End of Year	\$ 68,751	\$ 224,042	\$ 155,291

City of Cañon City, Colorado
 Budgetary Comparison Schedule
 Library Donations Fund
 For the Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Intergovernmental	\$ 25,000	\$ 7,147	\$ (17,853)
Investment Income	50	867	817
Contributions and Donations	<u>5,000</u>	<u>6,287</u>	<u>1,287</u>
Total Revenues	<u>30,050</u>	<u>14,301</u>	<u>(15,749)</u>
Expenditures			
Culture and Recreation	<u>45,000</u>	<u>24,538</u>	<u>20,462</u>
Total Expenditures	<u>45,000</u>	<u>24,538</u>	<u>20,462</u>
Net Change in Fund Balance	(14,950)	(10,237)	4,713
Fund Balance, Beginning of Year	<u>31,005</u>	<u>99,346</u>	<u>68,341</u>
Fund Balance, End of Year	<u>\$ 16,055</u>	<u>\$ 89,109</u>	<u>\$ 73,054</u>

City of Cañon City, Colorado
 Budgetary Comparison Schedule
 Museum Donations Fund
 For the Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Income	\$ 50	\$ 1,207	\$ 1,157
Contributions and Donations	<u>5,000</u>	<u>10,596</u>	<u>5,596</u>
Total Revenues	<u>5,050</u>	<u>11,803</u>	<u>6,753</u>
Expenditures			
Culture and Recreation	<u>18,140</u>	<u>7,081</u>	<u>11,059</u>
Net Change in Fund Balance	(13,090)	4,722	(4,306)
Fund Balance, Beginning of Year	<u>112,024</u>	<u>120,147</u>	<u>8,123</u>
Fund Balance, End of Year	<u>\$ 98,934</u>	<u>\$ 124,869</u>	<u>\$ 3,817</u>

City of Cañon City, Colorado
 Budgetary Comparison Schedule
 Excess Special Improvement District Fund
 For the Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Income	\$ 100	\$ 2,943	\$ 2,843
Total Revenues	<u>100</u>	<u>2,943</u>	<u>2,843</u>
Other Financing Sources (Uses)			
Transfer In	-	5,551	5,551
Transfer Out	(15,000)	(15,000)	-
Total Other Financing Sources (Uses)	<u>(15,000)</u>	<u>(9,449)</u>	<u>5,551</u>
Net Change in Fund Balance	(14,900)	(6,506)	8,394
Fund Balance, Beginning of Year	<u>302,275</u>	<u>309,426</u>	<u>7,151</u>
Fund Balance, End of Year	<u>\$ 287,375</u>	<u>\$ 302,920</u>	<u>\$ 15,545</u>

City of Cañon City, Colorado
 Budgetary Comparison Schedule
 Water Fund
 For the Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for Services	\$ 6,307,000	\$ 7,808,757	\$ 1,501,757
Fines and Forfeitures	25,000	59,521	34,521
Investment Income	6,500	110,777	104,277
Tap Fees	226,000	372,632	146,632
Other	1,308,239	1,203,373	(104,866)
Total Revenues	7,872,739	9,555,060	1,682,321
Expenditures			
Water Administration	1,194,800	1,106,195	88,605
Utility Billing	281,150	267,575	13,575
Water Treatment	2,004,329	1,791,151	213,178
Transmission and Distribution	1,994,267	1,725,898	268,369
Capital Outlays	2,569,100	1,038,870	1,530,230
Debt Principal Payment	645,000	645,000	-
Interest Expense	233,500	265,069	(31,569)
Total Expenditures	8,922,146	6,839,758	2,082,388
Revenues Over (Under) Expenditures	(1,049,407)	2,715,302	3,764,709
Other Financing Sources and Uses and Transfers			
Transfers Out	(418,898)	(418,898)	-
Change in Net Position - Budgetary Basis	\$ (1,468,305)	\$ 2,296,404	\$ 3,764,709
Adjustments to GAAP Basis			
Capital Outlay		1,038,870	
Debt Principal Payments		645,000	
Loss on Disposal of Assets		(45,226)	
Depreciation		(1,344,531)	
Change in Net Position, GAAP Basis		\$ 2,590,517	

City of Cañon City, Colorado
 Budgetary Comparison Schedule
 Stormwater Utility Fund
 For the Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for Services	\$ 2,026,615	\$ 2,091,855	\$ 65,240
Investment Income	2,500	76,109	73,609
Other	25,500	156,061	130,561
Total Revenues	<u>2,054,615</u>	<u>2,324,025</u>	<u>269,410</u>
Expenditures			
Stormwater Operations	731,965	590,443	141,522
Capital Outlay	3,304,262	2,015,056	1,289,206
Debt Service			
Interest Expense	668,150	253,660	414,490
Total Expenditures	<u>4,704,377</u>	<u>2,859,159</u>	<u>1,845,218</u>
Revenues Over (Under) Expenditures	(2,649,762)	(535,134)	2,114,628
Other Financing Sources and Uses and Transfers			
Transfers Out	<u>(521,522)</u>	<u>(521,522)</u>	-
Change in Net Position - Budgetary Basis	<u>\$ (3,171,284)</u>	<u>(1,056,656)</u>	<u>\$ 2,114,628</u>
Adjustments to GAAP Basis			
Capital Outlay		2,015,056	
Loss on Disposal of Assets		(316,072)	
Depreciation		(253,559)	
Change in Net Position, GAAP Basis	<u>\$ 388,769</u>		

City of Cañon City, Colorado
 Budgetary Comparison Schedule
 Insurance Internal Service Fund
 For the Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for Services	\$ 2,505,833	\$ 2,649,320	\$ 143,487
Investment Income	400	14,265	13,865
Total Revenues	<u>2,506,233</u>	<u>2,663,585</u>	<u>157,352</u>
Expenditures			
Claims	1,951,200	1,687,213	263,987
Premiums	348,400	338,773	9,627
Administration Fees	159,400	147,237	12,163
Total Expenditures	<u>2,459,000</u>	<u>2,173,223</u>	<u>285,777</u>
Change in Net Position - Budgetary and GAAP Basis	<u>\$ 47,233</u>	<u>\$ 490,362</u>	<u>\$ 443,129</u>

Statistical Section

City of Cañon City, Colorado
Statistical Section
Table of Contents
December 31, 2022

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.

<u>Contents</u>	<u>Pages</u>
<i>Financial Trends</i>	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	54-59
<i>Revenue Capacity</i>	
These schedules contain information to help the reader assess the City's most significant revenue sources.	60-67
<i>Debt Capacity</i>	
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.	68-71
<i>Demographic and Economic Information</i>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	72-74
<i>Operating Information</i>	
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.	75-76

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)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets	\$ 25,273,593	\$ 46,575,092	\$ 50,156,551	\$ 50,472,851	\$ 57,696,290	\$ 62,253,191	\$ 68,575,855	\$ 69,693,289	\$ 69,149,360	\$ 68,820,812
Restricted for:										
Cemetery Perpetual Care - nonexpendable	1,926,730	1,951,142	1,975,412	1,996,779	2,037,685	2,102,974	2,102,974	2,177,231	2,249,083	2,300,708
Net Pension Asset	-	-	-	-	-	-	-	-	-	1,298,031
Emergencies	249,556	260,267	268,253	278,747	302,055	318,440	339,241	331,000	346,314	378,997
Public safety	9,777	33,260	22,173	23,765	24,777	22,766	9,395	(9,363)	3,568	15,817
Culture and Recreation	226,808	183,399	139,384	163,205	162,424	191,337	187,183	447,754	575,299	608,605
Debt Service	95,951	84,873	99,266	83,089	27,918	11,563	21,412	4,311	6,215	2,454
Unrestricted	6,158,731	7,793,247	9,291,929	10,620,163	7,538,427	10,355,793	9,123,764	12,407,640	21,382,956	26,924,531
Total governmental activities net position	33,941,146	56,881,280	61,952,968	63,638,599	67,789,576	75,256,064	80,359,824	85,051,862	93,712,795	100,349,955
Business-type activities										
Net investment in capital assets	28,152,215	28,039,979	28,281,711	27,400,608	27,798,118	27,723,414	19,844,249	23,502,153	24,369,750	26,359,511
Unrestricted	7,116,891	7,356,665	7,196,834	8,616,402	8,034,868	8,314,748	16,505,054	14,359,438	15,109,290	16,092,685
Total business-type activities net position	35,269,106	35,396,644	35,478,545	36,017,010	35,832,986	36,038,162	36,349,303	37,861,591	39,479,040	42,452,196

CITY OF CAÑON CITY, COLORADO

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

TABLE 1

(accrual basis of accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Primary government										
Net investment in capital assets	53,425,808	74,615,071	78,438,262	77,873,459	85,494,408	89,976,605	88,420,104	93,195,442	93,519,110	95,180,323
Restricted for:										
Cemetery Perpetual Care - nonexpendable	1,926,730	1,951,142	1,975,412	1,996,779	2,037,685	2,102,974	2,102,974	2,177,231	2,249,083	2,300,708
Net Pension Asset	-	-	-	-	-	-	-	-	-	1,298,031
Emergencies	249,556	260,267	268,253	278,747	302,055	318,440	339,241	331,000	346,314	378,997
Public Safety	9,777	33,260	22,173	23,765	24,777	22,766	9,395	(9,363)	3,568	15,817
Culture and Recreation	226,808	183,399	139,384	163,205	162,424	191,337	187,183	447,754	575,299	608,605
Debt Service	95,951	84,873	99,266	83,089	27,918	11,563	21,412	4,311	6,215	2,454
Unrestricted	13,275,622	15,149,912	16,488,763	19,236,565	15,573,295	18,670,541	25,628,818	26,767,078	36,492,246	43,017,216
Total primary government net position	<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>	<u>\$ 122,913,453</u>	<u>\$ 133,191,835</u>	<u>\$ 142,802,151</u>

Source: City of Canon City, Colorado, audited financial statements, 2013-2022.

CITY OF CAÑON CITY, COLORADO

CHANGES IN NET POSITION LAST TEN FISCAL YEARS (Unaudited)

(accrual basis of accounting)

TABLE 2

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental Activities										
General Government	\$ 2,444,384	\$ 2,454,861	\$ 2,525,751	\$ 2,667,946	\$ 3,305,686	\$ 3,743,706	\$ 3,535,379	\$ 4,448,780	\$ 4,388,501	\$ 5,043,992
Public Safety	3,871,625	3,537,391	3,597,392	3,909,543	4,460,327	4,312,632	4,977,168	4,790,462	5,411,118	5,734,785
Public Works	2,575,407	2,824,019	2,789,143	2,681,027	3,069,511	3,399,296	3,615,072	3,718,022	4,232,527	3,530,985
Culture and Recreation	2,424,779	1,804,892	3,174,986	3,379,935	3,229,441	3,555,067	3,884,311	3,815,075	4,175,304	4,407,215
Interest on Long-term Debt	31,528	46,799	41,255	36,512	91,028	144,815	133,122	171,390	142,279	71,738
Total Governmental Activities Expenses	<u>11,347,723</u>	<u>10,667,962</u>	<u>12,128,527</u>	<u>12,674,963</u>	<u>14,155,993</u>	<u>15,155,516</u>	<u>16,145,052</u>	<u>16,943,729</u>	<u>18,349,729</u>	<u>18,788,715</u>
Business-type Activities										
Water	5,789,256	6,280,169	5,749,551	5,650,774	5,819,458	6,330,927	6,711,905	6,166,198	6,087,231	6,506,549
Stormwater Utility	369,222	550,073	467,642	408,173	662,717	654,554	781,816	807,353	962,869	1,097,662
Canon City Finance Authority	109,512	-	-	-	-	-	-	-	-	-
Total Business-type Activities Expenses	<u>6,267,990</u>	<u>6,830,242</u>	<u>6,217,193</u>	<u>6,058,947</u>	<u>6,482,175</u>	<u>6,985,481</u>	<u>7,493,721</u>	<u>6,973,551</u>	<u>7,050,100</u>	<u>7,604,211</u>
Total Primary Government Expenses	<u>\$ 17,615,713</u>	<u>\$ 17,498,204</u>	<u>\$ 18,345,720</u>	<u>\$ 18,733,910</u>	<u>\$ 20,638,168</u>	<u>\$ 22,140,997</u>	<u>\$ 23,638,773</u>	<u>\$ 23,917,280</u>	<u>\$ 25,399,829</u>	<u>\$ 26,392,926</u>
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 332,916	\$ 255,882	\$ 212,959	\$ 197,812	\$ 405,555	\$ 422,448	\$ 453,107	\$ 317,797	\$ 784,711	\$ 506,035
Public Safety	282,369	353,534	288,423	358,712	335,441	272,064	271,804	245,058	260,321	320,462
Public Works	22,622	29,796	29,792	24,650	146,056	121,184	153,417	210,599	63,802	103,062
Culture and Recreation	194,226	222,109	222,312	218,538	274,745	274,710	284,834	259,500	344,215	289,063
Operating Grants and Contributions	865,731	977,913	820,047	829,770	800,709	983,724	1,065,475	1,350,139	1,192,645	1,139,657
Capital Grants and Contributions	1,067,004	22,339,827	4,446,799	1,676,654	893,688	4,099,710	1,411,625	827,874	839,872	750,469
Total Governmental Activities Program Revenues	<u>2,764,868</u>	<u>24,179,061</u>	<u>6,020,332</u>	<u>3,306,136</u>	<u>2,856,194</u>	<u>6,173,840</u>	<u>3,640,262</u>	<u>3,210,967</u>	<u>3,485,566</u>	<u>3,108,748</u>
Business-type Activities										
Water	5,693,717	5,738,437	5,745,655	6,007,315	5,864,244	6,452,663	6,788,323	7,459,460	7,190,247	7,921,874
Stormwater Utility	798,769	801,538	802,310	806,851	898,771	1,086,575	1,665,080	1,874,066	2,075,517	2,247,916
Canon City Finance Authority	43,308	-	-	-	-	-	-	-	-	-
Operating Grants and Contributions	171,516	751,852	128,615	-	-	147,500	36,579	-	-	-
Capital Grants and Contributions	82,565	123,501	53,500	187,300	248,000	307,699	-	100,000	470,452	372,632
Total Business-type Activities Program Revenues	<u>6,789,875</u>	<u>7,415,328</u>	<u>6,730,080</u>	<u>7,001,466</u>	<u>7,011,015</u>	<u>7,994,437</u>	<u>8,489,982</u>	<u>9,433,526</u>	<u>9,736,216</u>	<u>10,542,422</u>
Total Primary Government Revenues	<u>\$ 9,554,743</u>	<u>\$ 31,594,389</u>	<u>\$ 12,750,412</u>	<u>\$ 10,307,602</u>	<u>\$ 9,867,209</u>	<u>\$ 14,168,277</u>	<u>\$ 12,130,244</u>	<u>\$ 12,644,493</u>	<u>\$ 13,221,782</u>	<u>\$ 13,651,170</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (8,582,855)	\$ 13,511,099	\$ (6,108,195)	\$ (9,368,827)	\$ (11,299,799)	\$ (8,981,676)	\$ (12,504,790)	\$ (13,732,762)	\$ (14,864,163)	\$ (15,679,967)
Business-type Activities	521,885	585,086	512,887	942,519	528,840	1,008,956	996,261	2,459,975	2,686,116	2,938,211
Total Primary Government Net Expense	<u>\$ (8,060,970)</u>	<u>\$ 14,096,185</u>	<u>\$ (5,595,308)</u>	<u>\$ (8,426,308)</u>	<u>\$ (10,770,959)</u>	<u>\$ (7,972,720)</u>	<u>\$ (11,508,529)</u>	<u>\$ (11,272,787)</u>	<u>\$ (12,178,047)</u>	<u>\$ (12,741,756)</u>

CITY OF CAÑON CITY, COLORADO

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

(accrual basis of accounting)

TABLE 2

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 436,009	\$ 430,871	\$ 426,772	\$ 439,004	\$ 451,420	\$ 452,830	\$ 462,806	\$ 494,643	\$ 508,308	\$ 589,270
Sales and Use Taxes	5,613,219	5,886,441	6,291,664	6,540,451	10,310,359	10,838,128	11,213,904	11,888,743	14,472,388	15,041,816
Other Taxes	19,771	13,831	31,747	18,262	24,825	28,780	32,277	45,290	14,965	18,447
Franchise Taxes	754,285	797,459	802,527	800,723	777,740	786,863	765,657	752,946	304,169	347,141
Grants and Contributions not Restricted	260,251	290,581	263,603	276,061	273,019	290,790	321,226	1,512,756	2,603,093	1,673,230
Royal Gorge Bridge Revenues	1,346,351	1,347,351	2,130,552	2,387,470	2,532,623	2,714,331	2,726,245	2,365,717	3,570,306	2,947,211
Investment Earnings	35,357	27,980	29,821	71,961	183,090	319,102	257,941	113,962	17,431	300,492
Developer Contributions	-	-	-	-	-	-	-	-	536,291	157,224
Other Revenues	176,568	167,721	178,667	76,826	96,100	64,340	837,014	197,743	398,945	301,876
Extraordinary Item	(2,865,998)	-	-	-	-	-	-	-	-	-
Transfers	917,734	466,800	443,700	443,700	801,600	953,000	991,480	1,053,000	1,099,200	940,420
Total Governmental Activities	6,693,547	9,429,035	10,599,053	11,054,458	15,450,776	16,448,164	17,608,550	18,424,800	23,525,096	22,317,127
Business-type Activities:										
Unrestricted Grants and Contributions	-	-	-	-	-	-	-	-	-	1,101,912
Investment Earnings	11,137	9,252	12,714	39,646	88,736	149,220	306,360	105,313	11,967	186,886
Gain on Sale of Capital Assets	-	-	-	-	-	-	-	-	18,566	47,865
Loss on Disposal of Assets	-	-	-	-	-	-	-	-	-	(361,298)
Transfers	(917,734)	(466,800)	(443,700)	(443,700)	(801,600)	(953,000)	(991,480)	(1,053,000)	(1,099,200)	(940,420)
Total Business-type Activities	(906,597)	(457,548)	(430,986)	(404,054)	(712,864)	(803,780)	(685,120)	(947,687)	(1,068,667)	34,945
Total Primary Government	\$ 5,786,950	\$ 8,971,487	\$ 10,168,067	\$ 10,650,404	\$ 14,737,912	\$ 15,644,384	\$ 16,923,430	\$ 17,477,113	\$ 22,456,429	\$ 22,352,072
Change in Net Position										
Government Activities	\$ (1,889,308)	\$ 22,940,134	\$ 4,490,858	\$ 1,685,631	\$ 4,150,977	\$ 7,466,488	\$ 5,103,760	\$ 4,692,038	\$ 8,660,933	\$ 6,637,160
Business-type Activities	(384,712)	127,538	81,901	538,465	(184,024)	205,176	311,141	1,512,288	1,617,449	2,973,156
Total Primary Government	\$ (2,274,020)	\$ 23,067,672	\$ 4,572,759	\$ 2,224,096	\$ 3,966,953	\$ 7,671,664	\$ 5,414,901	\$ 6,204,326	\$ 10,278,382	\$ 9,610,316

Source: City of Canon City, Colorado, audited financial statements, 2013-2022.

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable:	\$ 123,538	\$ 124,856	\$ 132,938	\$ 105,649	\$ 1,096,509	\$ 999,565	\$ 896,747	\$ 803,888	\$ 731,578	\$ 746,119
Restricted	630,479	283,735	280,615	292,643	316,859	331,811	339,241	599,310	2,731,677	3,076,763
Committed	456,186	574,233	692,307	711,832	721,351	716,575	310,146	427,018	541,762	646,574
Assigned	1,497,635	1,851,105	2,082,151	4,598,958	2,941,251	4,209,427	4,390,827	5,273,501	7,076,562	8,622,056
Unassigned	2,933,037	4,014,470	4,349,153	3,008,801	3,237,837	3,379,467	3,252,742	3,595,898	4,533,438	4,571,594
Total general fund	<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>	<u>\$ 10,699,615</u>	<u>\$ 15,615,017</u>	<u>\$ 17,663,106</u>
Quality of Life Fund										
Assigned	-	-	-	-	-	705,286	763,309	637,170	1,148,108	1,461,251
Unassigned	-	-	-	-	-	-	-	278,541		
Total quality of life fund	<u>\$ -</u>	<u>\$ 705,286</u>	<u>\$ 763,309</u>	<u>\$ 915,711</u>	<u>\$ 1,148,108</u>	<u>\$ 1,461,251</u>				
Street Improvement Fund										
Unassigned (a)	-	-	-	-	(3,470,647)	(1,595,293)	(2,655,510)	(1,056,938)	2,305,747	-
Total street improvement fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,470,647)</u>	<u>\$ (1,595,293)</u>	<u>\$ (2,655,510)</u>	<u>\$ (1,056,938)</u>	<u>\$ 2,305,747</u>	<u>\$ -</u>
All Other Governmental Funds										
Nonspendable:	\$ 1,958,428	\$ 1,991,569	\$ 1,985,389	\$ 2,007,085	\$ 2,052,490	\$ 2,112,727	\$ 2,187,195	\$ 2,224,042	\$ 2,257,968	2,320,993
Restricted	332,536	278,064	248,461	256,163	200,315	212,295	133,274	174,392	301,631	333,646
Assigned	1,008,294	790,919	808,806	1,128,367	1,461,583	944,526	928,960	1,078,414	1,604,695	1,803,708
Total all other governmental funds	<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>	<u>\$ 3,476,848</u>	<u>\$ 4,164,294</u>	<u>\$ 4,458,347</u>

Source: City of Canon City, Colorado, audited financial statements, 2013-2022.

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

TABLE 4

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues:										
Taxes and Assessments	\$ 6,864,398	\$ 7,172,454	\$ 7,581,049	\$ 7,811,515	\$ 11,572,187	\$ 12,111,463	\$ 12,478,739	\$ 13,184,148	\$ 15,299,830	\$ 15,996,674
Licenses and Permits	254,992	178,131	172,299	155,126	353,377	476,835	506,103	341,933	807,505	577,762
Intergovernmental	2,129,372	2,167,225	1,189,731	1,716,151	1,256,891	2,908,361	1,361,870	3,151,315	4,533,981	3,509,683
Charges for Services	287,001	357,850	319,616	305,185	413,992	340,068	353,130	442,198	375,941	386,597
Fines and Forfeitures	199,348	226,108	150,723	212,101	192,601	101,843	107,695	75,322	83,924	69,973
Royal Gorge Bridge	1,346,351	1,347,351	2,130,552	2,387,470	2,532,623	2,714,330	2,726,245	2,365,717	3,570,306	2,947,211
Interest	33,689	26,159	27,143	63,531	167,400	292,727	348,714	107,164	17,040	286,227
Rent	90,792	99,232	110,848	127,300	173,383	198,027	198,162	173,502	185,679	184,290
Contributions & Donations	34,235	81,818	26,012	43,230	27,715	63,366	15,362	301,950	101,629	53,673
Financing Proceeds	-	-	-	-	-	-	320,069	-	-	-
Other	176,568	151,794	163,596	76,827	96,100	64,342	705,916	192,492	369,585	301,876
Total Revenues	11,416,746	11,808,122	11,871,569	12,898,436	16,786,269	19,271,362	19,122,005	20,335,741	25,345,420	24,313,966
Expenditures:										
General Government	2,249,376	2,394,491	2,406,151	2,536,948	3,166,582	3,498,475	3,249,142	4,108,658	4,093,859	4,821,005
Public Safety	3,584,951	3,664,306	3,683,567	3,676,267	4,340,891	4,462,689	4,532,707	4,732,528	5,257,905	5,972,841
Public Works	1,610,948	2,005,270	1,918,862	1,739,921	2,221,453	2,309,758	2,313,330	1,920,755	2,322,133	1,986,227
Culture and Recreation	1,999,666	1,595,797	1,794,676	1,925,932	1,942,606	2,098,575	2,233,399	2,130,502	2,439,895	2,806,661
Capital Outlay	-	-	-	-	7,558,612	3,030,575	5,901,968	3,123,525	2,209,622	2,304,330
Streets (a)	-	-	-	-	-	-	-	-	-	-
Other	1,932,855	1,389,999	1,603,605	1,682,556	1,605,292	2,144,257	2,954,473	1,554,815	955,551	1,067,898
Debt Service	-	-	-	-	-	-	-	-	-	-
Principal	216,000	225,000	231,000	214,000	213,000	212,000	327,245	320,174	333,651	230,000
Interest	27,881	47,168	41,608	36,834	91,383	145,170	140,995	70,719	35,768	71,606
Debt Issuance Costs	58,198	-	-	-	-	-	-	-	-	-
Total Expenditures	11,679,875	11,322,031	11,679,469	11,812,458	21,139,819	17,901,499	21,653,259	17,961,676	17,648,384	19,260,568
Excess of Revenues over (under) Expenditures	(263,129)	486,091	192,100	1,085,978	(4,353,550)	1,369,863	(2,531,254)	2,374,065	7,697,036	5,053,398
Other Financing Sources (Uses)										
Financing Proceeds	-	-	-	-	-	-	320,069	-	372,334	-
Proceeds from Sale of Capital Assets	-	15,927	15,069	-	-	430,689	775,605	61,240	29,360	-
Issuance of Debt	2,310,000	-	20,000	-	-	-	-	-	-	240,000
Insurance Recoveries	89,244	-	-	-	-	-	-	-	-	-
Transfers In	561,253	607,555	489,692	471,055	887,965	1,127,876	1,117,599	1,115,736	1,130,477	960,971
Transfers Out	(1,986,392)	(140,755)	(45,992)	(27,355)	(86,365)	(174,876)	(126,119)	(62,736)	(31,277)	(20,551)
Total Other Financing Sources (Uses)	974,105	482,727	478,769	443,700	801,600	1,383,689	2,087,154	1,114,240	1,500,894	1,180,420
Net Change in Fund Balances	\$ 710,976	\$ 968,818	\$ 670,869	\$ 1,529,678	\$ (3,551,950)	\$ 2,753,552	\$ (444,100)	\$ 3,488,305	\$ 9,197,930	\$ 6,233,818
Debt Service as a percentage of noncapital expenditures	2.6%	2.8%	2.8%	2.5%	2.6%	2.9%	3.8%	3.0%	2.6%	1.9%

Source: City of Cañon City, audited financial statements, 2013-2022.

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	Multi Family (a)	Commercial Property	Industrial Property	Agricultural Property	Natural Resources	State Assessed	Total Taxable Assessed Value	Total Direct Tax Rate (b)	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
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%
2020	5,578,571	78,574,236	-	56,672,232	2,190,858	295,654	505,729	10,188,788	154,006,068	2.89	1,347,340,171	11.43%
2021	5,251,950	99,251,076	-	64,959,013	2,705,424	309,727	210,145	10,966,801	183,654,136	2.90	1,661,052,799	11.06%
2022	5,595,359	92,120,090	5,131,114	64,736,956	2,601,738	196,195	239,821	11,026,688	181,647,961	2.89	1,692,005,785	10.74%

Source: Fremont County Assessor.

(a) Multi family was previously reported in residential property. In 2022 it became its own category.

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

Note: Property in Fremont County is revalued every odd numbered year.

Colorado SB21-293 was passed in June of 2021 which set the assessment rates for tax years 2022 through 2025. The rates by year are as follows:

Year	Vacant Land	Residential Property	Multi Family	Commercial	Industrial	Agricultural
2022	29.00%	6.95%	6.80%	29.00%	29.00%	26.40%
2023	27.90%	6.77%	6.77%	27.90%	27.90%	26.40%
2024	29.00%	unknown	6.80%	29.00%	29.00%	26.40%
2025	29.00%	7.15%	7.15%	29.00%	29.00%	29.00%

CITY OF CAÑON CITY, COLORADO

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

TABLE 6

Levy Year	Collection Year	City Basic Rate(a)			Overlapping Rates(b)					
		City of Cañon		Fremont County	Fremont County	Cañon City Fire Protection	Cañon City Recreation	S.E. Colorado Water	Upper Arkansas Water	Total
		City (d)	County	RE-1 (e,f)	District (c)	District	District	Cons.	Cons.	
2012	2013	2.894	12.924	35.765	13.000	3.517	0.944	0.478	69.522	
2013	2014	2.902	12.908	35.672	13.041	3.500	0.940	0.479	69.442	
2014	2015	2.901	12.953	35.424	17.729	3.525	0.940	0.478	73.950	
2015	2016	2.904	12.322	35.174	17.731	3.524	0.941	0.471	73.067	
2016	2017	2.907	12.415	35.155	17.757	3.529	0.940	0.478	73.181	
2017	2018	2.899	12.455	41.196	17.729	3.521	0.939	0.481	79.220	
2018	2019	2.889	12.312	46.450	18.480	3.515	0.944	0.479	85.069	
2019	2020	2.891	12.384	44.353	18.471	3.513	0.902	0.435	82.949	
2020	2021	2.901	12.342	44.334	19.521	3.522	0.942	0.445	84.007	
2021	2022	2.892	12.315	41.597	23.027	3.514	0.839	0.398	84.582	

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	
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	403,895	402,906	99.76%	1,054	403,960	100.02%	
2019	2020	440,886	437,734	99.29%	(253)	437,481	99.23%	
2020	2021	446,879	446,790	99.98%	33	446,823	99.99%	
2021	2022	531,330	529,211	99.60%	1,261	530,471	99.84%	

Source: Fremont County Treasurer

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Sales Tax (a)	\$ 5,442,106	\$ 5,799,559	\$ 6,214,004	\$ 6,437,283	\$ 9,879,100	\$ 10,381,151	\$ 10,733,294	\$ 11,507,379	\$ 14,029,943	\$ 14,940,569
General Property Tax	384,554	376,803	370,706	380,914	384,394	386,293	403,960	437,481	446,823	532,441
Specific Ownership Tax	51,455	54,067	56,066	58,090	67,026	66,537	68,741	67,884	72,398	69,784
Use Tax (b)	171,113	86,882	77,660	103,168	431,259	456,977	481,610	381,364	442,447	101,248
Franchise Taxes:										
Cablevision	126,848	126,608	125,406	127,405	126,879	127,233	125,830	127,713	123,937	132,431
Telephone	13,635	12,309	13,853	10,466	9,504	6,717	4,274	3,565	2,968	1,519
Electricity (c)	478,000	498,341	504,831	533,923	512,441	508,406	484,238	488,796	24,622	-
Gas	135,802	160,202	158,438	128,929	128,916	144,508	151,315	132,872	152,642	213,191
Penalty & Interest on Tax	19,773	13,831	14,579	18,262	24,825	28,779	32,279	45,290	14,293	17,077
Total	<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>	<u>\$ 13,192,344</u>	<u>\$ 15,310,073</u>	<u>\$ 16,008,259</u>

Source: City of Canon City, Colorado, audited financial statements, 2013-2022.

(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.

(b) In 2021, the City Of Cañon City stopped the collection of use tax for construction materials at the time of building permit issuance.

(c) In the November 2020 election, the Citizens of the City Of Cañon City, Colorado voted to not renew the franchise electric franchise fee.

CITY OF CAÑON CITY, COLORADO

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

TABLE 9

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Merchandise	\$ 1,010,236	\$ 1,114,726	\$ 1,126,612	\$ 1,165,449	\$ 1,655,771	\$ 1,676,858	\$ 1,895,682	\$ 1,923,284	\$ 2,326,502	\$ 2,304,639
Food Stores	1,146,225	1,159,484	1,221,314	1,270,504	2,164,190	2,277,781	2,146,232	2,365,225	2,651,522	2,953,136
Restaurants & Bars	617,536	638,372	732,718	755,635	1,168,081	1,218,602	1,285,853	1,286,291	1,537,034	1,592,334
Home Furnishings	73,909	69,736	81,045	75,886	110,145	119,318	128,323	131,344	140,673	178,548
Building Materials & Supplies	535,444	565,953	625,200	690,789	1,105,928	1,238,908	1,292,532	1,571,063	1,821,740	1,938,162
Auto Dealers & Parts/Supplies	708,905	796,958	885,208	867,037	1,311,795	1,441,069	1,490,680	1,511,342	1,800,179	1,782,185
Other Retail Stores	493,980	524,320	598,305	612,442	878,623	851,330	916,597	1,119,735	1,353,277	1,518,288
All Other Outlets	252,623	281,333	283,102	306,209	477,091	502,245	569,580	643,323	1,290,820	1,427,504
Hotel/Motel	68,429	78,409	97,443	110,519	165,230	174,187	172,602	142,115	275,681	244,170
Utility Service	534,819	570,268	563,057	582,813	842,246	880,853	834,778	814,319	832,473	1,001,601
Total	\$ 5,442,106	\$ 5,799,559	\$ 6,214,004	\$ 6,437,283	\$ 9,879,100	\$ 10,381,151	\$ 10,732,859	\$ 11,508,041	\$ 14,029,901	\$ 14,940,567
City Direct Sales Tax Rate	2.00%	2.00%	2.00%	2.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

Source: City of Canon City, Colorado, audited financial statements, 2013-2022 and Sales Tax Subsidiary Records, 2013-2022.

(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.

(b) In 2021 the City switched to State collection of sales tax.

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
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
2020	2,365,717	312,947
2021	3,570,306	447,192
2022	2,947,211	338,719

Source: City of Cañon City, Colorado, audited financial statements, 2013-2022 and Royal Gorge Company of Colorado Year-End Review, 2013-2022.

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

TABLE 11

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Water Revenues:										
Charges for Services:										
Metered Water Sales by Type of Customer (a)	\$ 5,377,864	\$ 5,448,201	\$ 5,507,312	\$ 5,726,457	\$ 5,545,757	\$ 5,985,920	\$ 5,970,745	\$ 6,663,051	\$ 6,613,039	\$ 7,358,521
Water Sales to City Facilities	123,842	122,206	116,934	116,776	115,259	191,819	190,731	218,703	210,699	227,304
Hydrant Sales	10,070	6,257	5,627	3,901	30,956	13,565	27,303	29,209	45,036	35,350
Bulk Water Sales	55,319	53,432	50,830	75,423	85,201	143,904	149,642	193,197	179,012	156,193
Account Maintenance Fee (b)	415	672	813	1,182	1,425	1,739	2,324	1,923	2,686	2,500
Total Charges for Services	5,567,510	5,630,768	5,681,516	5,923,739	5,778,598	6,336,947	6,340,745	7,106,083	7,050,472	7,779,868
Tap Fees (d)	67,543	123,501	43,500	184,550	220,500	296,199	359,131	281,952	370,453	372,632
Interest Income	9,455	7,873	11,137	35,169	82,269	142,883	165,349	54,355	9,567	110,776
Other (c)	248,890	733,978	143,473	83,576	85,646	115,716	88,447	71,425	138,282	189,870
Transfer In	22,200	22,200	22,200	22,200	39,400	180,900	140,920	80,900	40,900	-
Developer Contributions	-	-	-	-	2,750	27,500	-	-	-	-
Total Water Revenues	<u>\$ 5,915,598</u>	<u>\$ 6,518,320</u>	<u>\$ 5,901,826</u>	<u>\$ 6,249,234</u>	<u>\$ 6,209,163</u>	<u>\$ 7,100,145</u>	<u>\$ 7,094,592</u>	<u>\$ 7,594,715</u>	<u>\$ 7,609,674</u>	<u>\$ 8,453,145</u>

Source: City of Cañon City, Colorado, audited financial statements, 2013-2022 and Water Utility Billing Records, 2013-2022

(a) Effective May 1, 2010, the City implemented a cost-based increasing bulk 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

	2013	2014	2015	2016	2017	2018	2019	#	2020	2021	2022
Metered Water Sales by Type of Customer											
Residential - Inside City limits	\$ 1,615,105	\$ 1,615,756	\$ 1,581,803	\$ 1,690,402	\$ 1,610,179	\$ 1,690,402	\$ 1,952,362	\$ 2,241,621	\$ 2,222,211	\$ 2,481,456	
Residential - Outside City limits	874,966	878,336	876,303	920,479	891,552	920,479	1,060,405	1,235,078	1,245,809	1,389,065	
Commercial - Inside City limits	1,099,018	1,117,912	1,136,226	1,192,248	1,137,729	1,192,248	1,139,890	1,201,374	1,284,214	1,417,978	
Commercial - Outside City limits	611,537	576,214	518,047	498,370	459,720	498,370	482,598	537,722	533,611	614,496	
Prisons	1,177,238	1,259,983	1,394,933	1,424,958	1,446,577	1,424,958	1,335,490	1,414,436	1,327,195	1,455,526	
Total Metered Water Sales by Type of Customer	\$ 5,377,864	\$ 5,448,201	\$ 5,507,312	\$ 5,726,457	\$ 5,545,757	\$ 5,726,457	\$ 5,970,745	\$ 6,630,231	\$ 6,613,040	\$ 7,358,521	
Residential Inside minimum rate per 4,000 gallons (a) (b)											
Residential Outside minimum rate per 4,000 gallons (a) (b)											
Residential Inside Meter Fee - flat rate (c-h)	\$9.58	\$9.58	\$9.87	\$9.87	\$9.87	\$11.39	\$11.73	\$12.79	\$13.17	\$14.36	
Residential Outside Meter Fee - flat rate (c-h)	\$14.37	\$14.37	\$14.80	\$14.80	\$14.80	\$17.09	\$17.60	\$19.18	\$19.76	\$21.53	
Water Gallons Sold by Type of Customer (i)											
Residential - Inside City limits	457,826	461,100	426,626	468,102	439,128	505,171	451,443	484,892	459,815	468,087	
Residential - Outside City limits	156,899	158,440	149,775	160,631	153,547	179,652	160,254	176,565	169,962	172,781	
Commercial - Inside City limits	295,459	305,016	296,163	315,503	296,506	415,287	302,441	301,649	301,643	306,975	
Commercial - Outside City limits	253,496	234,835	181,513	166,683	151,556	150,220	132,990	140,931	125,144	139,839	
Prisons	365,953	391,385	418,182	429,806	435,878	414,872	389,162	382,440	347,359	350,913	
Total Water Gallons Sold by Type of Customer	1,529,633	1,550,776	1,472,259	1,540,725	1,476,615	1,665,202	1,436,290	1,486,477	1,403,923	1,438,595	

Source: City of Canon City, Colorado, audited financial statements, 2013-2022 and Water Utility Billing Records, 2013-2022.

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) Effective January 1, 2020 usage rates were increased by 9% to keep up with the inflationary rise in cost of services.

(g) Effective January 1, 2021 usage rates were increased by 3% to keep up with the inflationary rise in cost of services.

(h) Effective January 1, 2022 usage rates were increased by 9% to keep up with the inflationary rise in cost of services.

(i) In thousands of gallons

CITY OF CAÑON CITY, COLORADO

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

TABLE 13

Fiscal Year	Governmental Activities			Business-Type Activities						Total Primary Government	Percentage of Personal Income (b)	Per Capita
	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				
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	7,979,010	-	18,331,010	3.09%	1,096	
2020	-	690,000	-	-	-	8,830,000	7,683,273	-	17,203,273	2.71%	1,003	
2021	-	783,303	-	-	-	8,200,000	6,770,000	428,022	16,181,325	1.94%	933	
2022	-	697,974	-	-	-	7,555,000	6,490,000	354,037	15,097,012	1.65%	867	

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	133,599,993	132,147,876	134,888,127	135,316,053	137,250,509	139,804,438	152,486,770	154,006,068	183,654,136	181,647,961
Legal Debt Limit (c)	13,359,999	13,214,788	13,488,813	13,531,605	13,725,051	13,980,444	15,248,677	15,400,607	18,365,414	18,164,796
Total Net Debt Applicable To Debt Limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin (d)	\$ 13,359,999	\$ 13,214,788	\$ 13,488,813	\$ 13,488,813	\$ 13,725,051	\$ 13,980,444	\$ 15,248,677	\$ 15,400,607	\$ 18,365,414	\$ 18,164,796
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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Water Fund Debt Outstanding										
Certificates of Participation Series 2008	\$ 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	8,830,000	8,200,000	7,555,000
Capital Leases	-	-	-	-	-	-	-	-	-	-
Total Water Fund Debt Outstanding	<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>	<u>\$ 8,830,000</u>	<u>\$ 8,200,000</u>	<u>\$ 7,555,000</u>
Number of Active Water Service Connections	8,567	8,568	8,580	8,614	8,655	8,796	8,836	8,889	8,923	8,918
Water Fund Debt per Active Water Service Connection	\$ 1,264	\$ 1,219	\$ 1,171	\$ 1,119	\$ 1,226	\$ 1,141	\$ 1,069	\$ 993	\$ 919	\$ 847

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, 2022
(Unaudited)

TABLE 16

Government Entity	Debt Outstanding	Estimated Percentage Applicable (b)	Estimated Share of Overlapping (a) Debt
Fremont County School District RE-1	\$ 23,587,970	13.0%	\$ 3,063,025
Cañon City Fire Protection District	7,844,045	4.3%	338,727
Fremont Sanitation District	751,586	0.4%	3,110
Cañon City Recreation District	-	0.0%	-
Fremont County	17,020,000	9.4%	1,594,735
 Total Overlapping Debt			 4,999,597
 City of Cañon City Direct Debt			 697,975
 Total Direct and Overlapping Debt			 <u>\$ 5,697,572</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
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	16,725	1,701,631	592,650	35,435	4.6
2020	17,158	1,768,409	634,263	36,966	7.1
2021	17,351	1,864,497	835,034	48,126	5.1
2022	17,412	2,036,961	916,707	52,648	4.1

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 is for Fremont County.

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

CITY OF CAÑON CITY, COLORADO

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

TABLE 18

Employer	2022			2013		
	Employees	Rank	Percentage of Total County Employment (b)	Employees	Rank	Percentage of Total County Employment
Fremont School District (RE-1)	652	1	3.71%	506	1	3.01%
Centura Health	429	2	2.44%	485	2	2.89%
Fremont County	347	3	1.97%	300	4	1.78%
Colorado Department of Corrections	335	4	1.90%			
Walmart	297	5	1.69%	315	3	1.87%
International Order of Odd Fellows Complexes	288	6	1.64%	273	5	1.62%
Starpointe	192	7	1.09%	199	6	1.18%
City of Canon City	171	8	0.97%	160	8	0.95%
Skyline Ridge Nursing and Rehabilitation	164	9	0.93%	106	9	0.63%
City Market	115	10	0.65%			
Cornell Companies				166	7	0.99%
Interroll Engineering West Inc				100	10	0.59%
Total	<u><u>2,990</u></u>		<u><u>16.99%</u></u>	<u><u>2,610</u></u>		<u><u>15.53%</u></u>
Total Fremont County Employment	17,596			16,810		

**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.**

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

TABLE 19

	2013	2014	2015	2016	2017	2018	2019	2020	2021*	2022
General Government										
City Clerk	2.00	2.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00
Municipal Court	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.75	2.75
City Administrator	1.00	1.00	1.00	1.00	2.00	2.00	2.00	1.00	2.00	2.00
Finance	6.00	6.00	6.00	6.00	6.00	8.00	8.00	6.00	6.50	7.00
City Attorney	1.00	1.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00
Building Maintenance	4.00	1.00	1.00	1.00	2.00	2.00	2.00	3.00	2.00	2.00
Community Development										
Building Division	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.50	2.50
Planning & Zoning	1.00	1.00	1.00	1.00	2.00	2.00	1.00	1.00	1.00	1.00
Code Enforcement (j)	1.00	1.00	1.00	1.00	2.00	2.00	0.00	0.00	0.00	0.00
Economic Development	0.00	0.00	0.00	0.00	1.00	1.00	1.00	3.00	3.00	3.00
Administrative Resources										
Public Information Officer	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	1.00
Special Projects	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Human Resources	1.00	1.00	1.00	1.00	1.00	2.00	1.00	1.00	1.50	1.50
Computer Resources	2.00	2.00	2.00	2.00	2.00	3.00	2.00	2.00	2.00	2.00
Public Safety										
Patrol Officers	28.00	28.00	29.00	30.00	31.00	30.00	30.00	28.00	36.00	35.00
Victims Assistance	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.00	1.00	0.00
Administration	5.00	5.00	5.00	5.00	5.00	5.00	6.00	7.00	6.50	6.50
Investigations	5.00	5.00	5.00	5.00	5.00	6.00	7.00	5.00	3.00	3.00
Parking & Code Enforcement (j)	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	4.00	4.00
School Resource Program	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Grant Funded Programs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00
Dispatch Services	8.00	8.00	8.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Public Works										
Equipment Repair	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	4.00
Street Maintenance	15.00	15.00	15.00	15.00	14.00	14.00	14.00	13.00	14.00	13.00
Engineering	2.00	2.00	2.00	2.00	4.00	4.00	6.00	5.00	6.00	6.00
Cemetery	5.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cultural & Recreation										
Forestry	3.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Library & Museum/History Center	14.00	14.00	14.00	14.00	14.00	14.00	14.00	12.00	14.00	14.00
Parks Improvement Fund	7.00	12.00	12.00	13.00	12.00	14.00	15.00	12.00	17.00	21.25
Water Fund										
Administration	6.00	6.00	6.00	6.00	6.00	6.00	2.00	1.00	1.00	1.00
Water Treatment	12.00	12.00	12.00	12.00	11.00	11.00	10.00	12.00	12.00	11.00
Water Distribution	16.00	17.00	17.00	17.00	16.00	16.00	11.00	14.00	17.00	18.00
Water Utility Billing	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00
Storm Water Utility Fund										
Administration	2.00	2.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00
Storm Water Maintenance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.00	2.00	2.00
Total	160.00	155.00	156.00	150.00	152.00	158.00	149.00	145.00	167.75	170.50

Source: City of Cañon City Human Resources and Finance Departments

CITY OF CAÑON CITY, COLORADO

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

TABLE 20

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public Safety										
Physical arrests	1,750	1,676	1,739	820	740	819	734	769	902	966
Traffic violations (d)	2,096	2,304	1,341	2,524	2,810	683	1,262	363	591	587
Parking violations	86	52	15	5	124	141	272	57	23	72
Calls for service (c)	27,360	28,627	15,323	28,656	28,297	27,738	30,073	27,171	16,378	28,114
Public Works										
Street resurfacing & repairs (miles)	0.20	8.10	5.27	5.88	6.07	4.77	4.74	0.85	12.58	1.50
Street utility cut repairs	91	75	77	91	103	128	100	96	87	93
Cemetery										
Standard and ash burials	94	98	96	95	107	77	89	78	100	72
Spaces sold	39	57	62	38	42	54	62	51	100	41
Cultural & Recreation										
Library:										
Physical Volumes in collection	75,228	64,192	56,290	52,508	61,532	61,185	61,416	58,632	56,429	57,388
Electronic Volumes in collection (a)	8,436	14,688	18,257	32,078	28,167	31,757	36,147	40,979	40,510	45,402
Total volumes checked out (b)	131,148	159,283	168,995	206,163	183,616	285,554	403,435	90,863	124,701	136,150
Water Fund										
Installed and replaced water mains	10,400'	2,200'	2565'	-	4109'	2363'	5115'	3216'	3857'	658'
Average daily metered consumption (millions of gallons)	4.2	4.2	4.2	4.2	4.2	4.0	4.2	4.2	4.0	4.2
Peak daily production (millions of gallons)	9.7	9.0	9.3	9.5	9.1	9.5	9.2	9.1	9.4	9.1

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

Notes:

(a) From 2013 to 2015 the library underwent major building renovations, resulting in fewer patron visits and fewer volumes checked out.

(b) 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.

(c) Traffic violations for 2012-2014 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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public Safety										
Police Stations	2	2	2	2	2	2	2	2	2	2
Marked Patrol units	28	28	28	29	29	28	28	28	37	31
Public Works										
Streets (miles) (a)	119.4	120.0	120.0	120.0	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)	13.4	13.8	13.8	13.8	13.8	13.8	13.8	14.0	14.0	14.0
Cemetery										
City owned Cemeteries	2	2	2	2	2	2	2	2	2	2
Cultural & Recreation										
Parks (b)	10	10	10	10	10	10	10	9	13	13
Parks Acreage	6,567	6,567	6,567	6,567	6,567	6,567	6,567	6,659	6,500	6,500
Water Fund										
Water mains (miles)	151	151	151	151	151	151	151	155	155	155
Fire Hydrants	1,051	1,061	1,061	1,061	1,061	1,061	1,061	1,178	1,178	1,189
Finished Water Storage Tanks (c)	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) In 2020 a plaza was removed from the number of parks the City maintains. The plaza still exists but is not considered a park.

(c) 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

Single Audit



**Independent Auditor's Report on Internal Control Over
Financial Reporting and On Compliance and Other Matters
Based on An Audit of Financial Statements Performed
In Accordance with *Government Auditing Standards***

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Canon City, Colorado (the City) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City, and have issued our report thereon dated July 20, 2023.

Internal Control Over Financial Reporting

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

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

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Honorable Mayor and Member of the City Council
City of Cañon City, Colorado
Page 2

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

Compliance and Other Matters

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

Purpose of this Report

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

Hilb & Company, PC

Englewood, Colorado
July 20, 2023





Independent Auditor's Report on Compliance for Each Major Federal Program, Internal Control Over Compliance, And the Schedule of Expenditures of Federal Awards Required by The Uniform Guidance

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Canon City, Colorado (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

Report on Internal Control Over Compliance (Continued)

A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance
We have audited the financial statements of the governmental activities, each discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City. We issued our report thereon dated July 20, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Wade & Company, PC

Englewood, Colorado
July 20, 2023



City of Cañon City, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass- Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Department of the Treasury				
<i>Direct Funding</i>				
American Rescue Plan - State and Local Fiscal Recovery Funds	21.027	NA	-	\$ 697,376
Department of the Treasury Total			-	697,376
Department of the Interior				
<i>Pass-through funding</i>				
Bureau of Land Management				
Cultural Resource Management	15.224	L20AC0044800020	-	36,772
Department of Homeland Security Total			-	36,772
Department of Transportation				
<i>Pass-through funding</i>				
Colorado Department of Transportation				
Highway Planning and Construction Cluster				
CMAQ Canon City HMA Pavement	20.205	21-HA2-XC-03146	-	723,521
US50 Ped Improvements	20.205	15-HA2-ZH-00185	-	6,412
Department of Transportation Total			-	729,933
Department of Health and Human Services				
<i>Pass-through funding</i>				
Colorado Department of Human Services				
Behavioral Health Administration				
FY21-22 Co-Responder Program	93.243	IHJA 2022-0470	-	-
FY22-23 Co-Responder Program	93.243	23 IBEH 174365	-	117,465
Department of Health and Human Services Total			-	117,465
Department of Justice				
<i>Pass-through funding</i>				
Department of Public Safety				
Colorado Division of Criminal Justice				
Body Worn Cameras	16.607	2022-BW-22-11073	-	35,595
Department of Justice Total			-	35,595
US Environmental Protection Agency				
<i>Direct Funding</i>				
Brownfield Grant	66.814	96883019	-	255,809
US Environmental Protection Agency Total			-	255,809
Total Federal Expenditures			\$ -	\$ 1,872,950

City of Cañon City, Colorado
Notes to Schedule of Expenditures of Federal Awards
December 31, 2022

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, using the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are generally reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the Cost Principles in Office of Management and Budget Circular A-87, Cost Principles for State, Local and Indian Tribal Governments or the cost principles contained in the Uniform Guidance. As such, certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Subrecipients

The City did not pass through any federal funds to sub-recipients during the year ended December 31, 2022.

Note 4: De minimis Cost Rate

The City has elected to not use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

City of Cañon City, Colorado
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2022

Section I: Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP): Unmodified

Internal control over financial reporting:

- Material weaknesses identified? Yes No
- Significant deficiencies identified? Yes None Reported

Noncompliance material to the financial statements noted?

Yes No

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? Yes No
- Significant deficiencies identified? Yes None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major federal program:

<u>Federal Listing Number</u>	<u>Name of Federal Cluster/Program</u>
20.205	Highway Planning and Construction Cluster
21.027	American Rescue Plan - SLFRF

Dollar threshold used to distinguish Between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

City of Cañon City, Colorado
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2022

Section II: Financial Statement Findings

No current year findings or questioned costs were reported.

Section III: Federal Award Findings and Questioned Costs

No current year findings or questioned costs were reported.

City of Cañon City, Colorado
Schedule of Prior Year Findings
For the Year Ended December 31, 2022

Findings Required to be Reported by the Uniform Guidance

No items requiring follow up.

State Compliance

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

Form Approved
OMB No. 2125-0032

LOCAL HIGHWAY FINANCE REPORT

CITY OR COUNTY
CITY OF CANON CITY
YEAR ENDING (mm/yy):
12/22

This Information From The Records Of:
CITY OF CANON CITY

Prepared By:
TAMMY J NORDYKE

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway expenditures:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	\$ 2,304,332.07
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	\$ 1,322,937.30
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	\$ -	b. Snow and ice removal	\$ -
3. Other local imposts (from page 2)	\$ 5,213,225.11	c. Other	\$ -
4. Miscellaneous local receipts (from page 2)	\$ 166,022.98	4. General administration & miscellaneous	\$ 468,886.74
5. Transfers from toll facilities	\$ -	5. Highway law enforcement and safety	\$ 49,327.58
6. Proceeds of sale of bonds and notes:		6. Total (a. through c.)	\$ 4,145,483.69
a. Bonds - Original Issues	\$ -	B. Debt service on local obligations:	
b. Bonds - Refunding Issues	\$ -	1. Bonds:	
c. Notes	\$ -	a. Interest	\$ -
d. Total (a. + b. + c.)	\$ -	b. Redemption	\$ -
7. Total (1 through 6)	\$ 5,379,248.09	c. Total (a. + b.)	\$ -
B. Private Contributions		2. Notes:	
C. Receipts from State government		a. Interest	\$ 62,073.27
(from page 2)	\$ 704,249.40	b. Redemption	\$ 555,556.00
D. Receipts from Federal Government		c. Total (a. + b.)	\$ 617,629.27
(from page 2)	\$ 622,002.47	3. Total (1.c + 2.c)	\$ 617,629.27
E. Total receipts (A.7 + B + C + D)	\$ 6,705,499.96	C. Payments to State for highways	\$ -
		D. Payments to toll facilities	\$ -
		E. Total expenditures (A.6 + B.3 + C + D)	\$ 4,763,112.96

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	\$ -	\$ -	\$ -	\$ -
1. Bonds (Refunding Portion)	\$ -	\$ -	\$ -	\$ -
B. Notes (Total)	\$ 2,777,777.00	\$ -	\$ 555,556.00	\$ 2,222,221.00

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	\$ -	\$ 6,705,499.96	\$ 4,763,112.96	\$ 1,942,387.00	\$ -

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
CITY OF CANON CITY
YEAR ENDING (mm/yy):
12/22

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assesments	\$ 1,372.08	a. Interest on investments	\$ 66,102.31
b. Other local imposts:		b. Traffic Fines & Penalties	\$ 49,327.58
1. Sales Taxes	\$ 5,013,938.87	c. Parking Garage Fees	\$ -
2. Infrastructure & Impact Fees	\$ 49,884.01	d. Parking Meter Fees	\$ -
3. Liens	\$ -	e. Sale of Surplus Property	\$ 1,891.00
4. Licenses	\$ -	f. Charges for Services	\$ 48,258.18
5. Specific Ownership &/or Other	\$ 148,030.15	g. Other Misc. Receipts	\$ 443.91
6. Total (1. through 5.)	\$ 5,211,853.03	h. Other	\$ -
c. Total (a. + b.)	\$ 5,213,225.11	i. Total (a. through h.)	\$ 166,022.98

(Carry forward to page 1)

(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes (from Item I.C.5.)	\$ 637,440.36	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	\$ 66,809.04	d. Federal Transit Administration	\$ -
d. DOLA Grant	\$ -	e. U.S. Corps of Engineers	\$ -
e. Other (ie. ARPA)	\$ -	f. Other Federal	\$ 622,002.47
f. Total (a. through e.)	\$ 66,809.04	g. Total (a. through f.)	\$ 622,002.47
4. Total (1. + 2. + 3.f.)	\$ 704,249.40	3. Total (1. + 2.g.)	

(Carry forward to page 1)

(Carry forward to page 1)

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			\$ -
b. Engineering Costs	\$ 25,910.31	\$ 385,770.56	\$ 411,680.87
c. Construction:			
(1). New Facilities	\$ -	\$ -	\$ -
(2). Capacity Improvements	\$ -	\$ -	\$ -
(3). System Preservation	\$ -	\$ 110,276.41	\$ 110,276.41
(4). System Enhancement And Operation	\$ -	\$ 1,782,374.79	\$ 1,782,374.79
(5). Total Construction (1)+(2)+(3)+(4)	\$ -	\$ 1,892,651.20	\$ 1,892,651.20
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)	\$ 25,910.31	\$ 2,278,421.76	\$ 2,304,332.07

(Carry forward to page 1)

Notes and Comments:



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