



CITY OF CAÑON CITY

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

CAÑON CITY



City of Cañon City, Colorado



Annual Comprehensive Financial Report For the fiscal year ended December 31, 2021

Prepared by:
Department of Finance

City of Cañon City, Colorado

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Introductory Section



CITY OF CAÑON CITY

Finance Department

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Cañon City, CO 81215-1460
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September 19, 2022

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, 2021, 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 in order to make certain that the assets of the municipality are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not outweigh their benefits, the City’s comprehensive framework of internal controls has been designed to provide reasonable, but not absolute, assurance that the financial statements will be free from material misstatement. As a recipient of federal, state, and local financial assistance, the City is responsible for ensuring that adequate internal controls are in place to assure and document compliance with the applicable laws and regulations as it relates to these programs. 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 Management’s Discussion and Analysis (MD&A). The MD&A begins immediately following the report from the independent auditors and provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

PROFILE OF THE COMMUNITY AND GOVERNMENT SERVICES

The City of Cañon City, which is the county seat of Fremont County, is located at the mouth of the Royal Gorge in south-central Colorado where the Arkansas River emerges from the canyon. The community is situated 45 miles southwest of Colorado Springs and 39 miles west of Pueblo, Colorado. The most current population estimate from the United State Census Bureau shows 17,363 people living within the incorporated City limits in July 2021. 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 \$49,963, approximately \$25,268 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, which was the highest suspension bridge in the world until 2001 but still remains the highest suspension bridge in North America at 1,053 feet above the Arkansas River, continues to be an attraction for visitors from all over the world. The Bridge, as a local attraction, declined from about 329,000 visitors in 2002 to 266,000 in 2012; the year prior to the summer wildfire in 2013 that destroyed most of the Park facilities. In 2021, the 7th full year of attendance following the fire, the number of visitors was a record year estimated at over 447,000 or a 68% increase since 2012. The increase is attributable to new facilities and attractions as well as COVID restrictions. 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 Council. The charter allows for exceptions to the bid requirements for professional services and routine expenditures such as utility payments and payroll taxes.

Appropriations cease at year's end. During the year, the City Administrator, based on department head recommendations, may make operating line item changes within the fund and program. The City Council may amend the budget by ordinance at any time. During 2021, amendments were made to the General Fund, Park Improvement Fund, Museum Donation Fund, Quality of Life fund, Water Fund, and the Stormwater Fund. 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 375,000 visitors each year, the Royal Gorge Route Railroad with over 100,000 passengers each year, and ever-expanding outdoor recreation. The Corrections industry along with St. Thomas More Hospital continue to be economic stabilizers in Cañon City as two of the largest employers of the City with services that outreach into Fremont County.

The local economy has continued to grow after several years of recovery subsequent to the 2013 wildfire at the Royal Gorge Bridge and Park. The 2021 taxable sales for home furnishings increased by 7.1%, building materials sales increased by 16%, and general merchandise sales increased by 21%. Overall, the City's General Fund sales tax revenues increased from \$7,671,586 in 2020 to \$9,353,267 in 2021, a 21.9% increase. The increase in sales tax collections can be attributed to a change in the collection method as well as the taxability of online purchases. Many out-of-town guests come to the area for the variety of attractions and activities that exist in the Royal Gorge Region.

Over the last two years, the building market has improved with new large, commercial, and multi-family projects. The increase of tourism is evident in the building development that is occurring within the City boundaries. The Holiday Inn Express at the eastern gateway of Cañon City was opened during the second quarter of 2021. The restoration of the historic Hotel St. Cloud continues in downtown Cañon City as well as the restoration of the historic Fremont National Bank. The total valuation for new construction in 2021 was nearly 2.6 times the prior 5-year average. A large portion of the building permit and valuation increases was due to the large commercial projects started during the year.

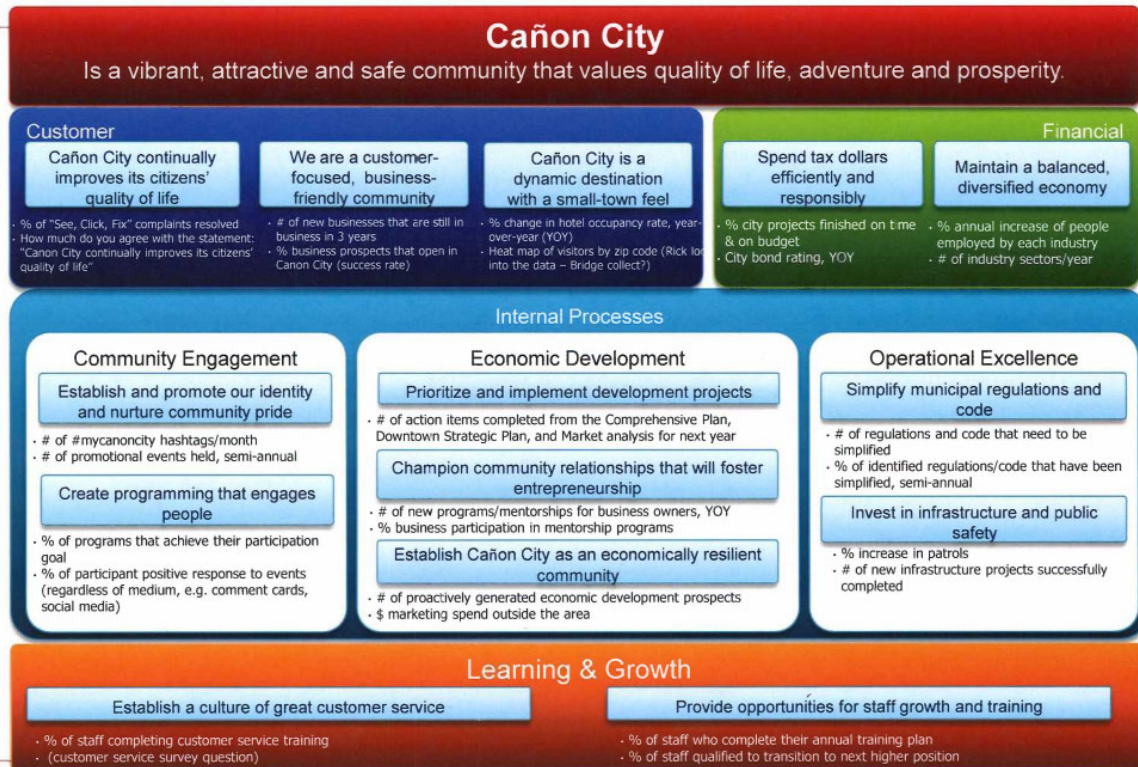
Year	Number of Permits	Valuation of Work
2016	464	11,068,166
2017	613	24,149,567
2018	1,100	29,473,889
2019	762	33,157,969
2020	817	21,430,622
2021	929	62,797,912

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

Cañon City Strategy Map v2.0



Cañon City Strategy Map v2.0 with Measures



LONG-TERM FINANCIAL PLANNING

Over a number of 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, will allow the City to earmark revenues for street construction and improvements through the year 2026. Over the next 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 2021 despite the economic downturn attributable to COVID-19. 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, and a sustained period of slow economic growth in the community, City Council made economic development a priority.

In 2021, the City completed the process of updating its Comprehensive Plan as well as undertaking a code rewrite to streamline rules for development regulations and zoning. Additionally, plans have been completed for the improvement of the Highway 50 corridor, downtown strategy, the Arkansas River corridor, improvements of bridges and sidewalks, community trails and open spaces, and several other plans

that aim to improve the community and attract tourism and economic development. Each of these plans should help propel economic development forward. Significant actions are expected in 2022 and beyond as the community seeks economic and financial growth and improvement.

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

The Economic Development office continues to work on building better relationships with community partners while reviewing city policies and working on existing plans such as the Downtown Master Plan and the Royal Gorge Master Plan. The City also actively searched for and obtained significant grants to aid in economic growth and improvement of the community. City Council and staff also continue to work closely with the Royal Gorge Bridge and Park Company of Colorado to increase the quality of attractions at the Park.

While the COVID-19 pandemic eliminated, reduced in scope or postponed some of the Parks Department projects, the department was still able to complete several projects in 2020. The Eastridge Campground enhancement, which consists of 23 campsites, was completed late in the year. An informational kiosk, signage and iron ranger pay station were installed as well as road and drainage improvements. Working closely with RG Rio, the department completed the whitewater park maintenance project including necessary repairs, enhancements, in-channel adjustments, and fine tuning of the park's whitewater features. RG Rio obtained a generous donation from Martin Marietta of approximately 45 large river boulders that were used for this project. The focus on trails in 2020 was centered on the connection trail linking the Royal Gorge trail system with the Tunnel Drive trail. Currently, the trail system in the Royal Gorge Park consists of approximately 22.5 miles of completed trail with an additional 6+ miles of new trail planned including the connection trail. Wayfinding kiosks and informational panels were installed at the pull off east of town, the River Station, and the Royal Gorge Park Visitors' Center. During the year, the Parks Department reestablished its Forestry Division which has increased the City's ability to address citizen concerns in a timely manner as well as approach urban forest management in a proactive versus reactive way which will provide dividends to the future health of the division's over 5,000 trees. The Forestry Division is currently supplemented by an annual tree removal contract.

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 continued to assist those with mental illness and substance abuse with getting back on their feet in order to enhance their way of life and decrease the potential for unnecessary incarceration or repeat offenses.

In November 2016, the Cañon City voters approved the requested 1% sales & use tax increase. By utilizing a \$5,000,000 interfund loan in combination with sales tax collections, the City completed multiple major street improvements in 2021. The following table represents a portion of the work completed in 2021:

<i>Street</i>	<i>SY Asphalt</i>	<i>SY Concrete</i>	<i>Curb and Gutter (linear feet)</i>	<i>Center Line Miles</i>	<i>Lane Miles</i>
Orchard- Central to City Limits	4805	0	1842	.23	.46
Orchard- Cherry to Pear	5077	133	2473	.25	.63

N 10 th St- College to Mystic	3042	293	303	.14	.42
S 11 th St- Main to US50	1196	486	361	.06	.12
Evelyn Drive- Shiloh to Tanner	4647	0	0	.31	.62
2021 TOTAL	18,767.0	912.0	4979.0	.99	2.25

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, 2020. 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,

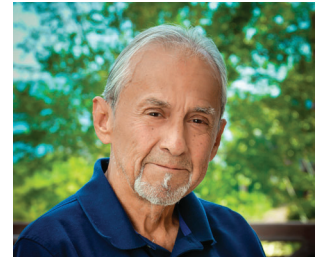
Ryan Stevens
City Administrator

Tammy Nordyke
Finance Director

City of Cañon City, Colorado
ELECTED OFFICIALS
For the Year Ended December 31, 2021



Mayor
Ashley Smith
At Large



Frank Jaquez
District 1
Council Member



Mandy Reed
District 2
Council Member



John Hamrick
District 3
Council Member



Dolly Gonzales
At Large
Council Member



Amy Schmisser
At Large
Council Member



Brandon Smith
At Large
Council Member



Tim Dennehy
District 4
Council Member

City of Cañon City, Colorado

Appointed Officials

For the Year Ended December 31, 2021

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

Department Heads

City Clerk	Cindy Foster-Owens
Director of Finance	Tammy Nordyke
Human Resources Director	Ivy Morris
Library Director	Suzanne Lasha
Museum Director	Lisa Studts
Parks Director	Rex Brady
Police Chief	John Schick
Public Works Director	Kim Swearingen

Organizational Chart

as of December 31, 2021

CITIZENS OF CAÑON CITY

MAYOR: Ashley Smith **CITY COUNCIL:** Tim Dennehy, Dolly Gonzales, John Hamrick, Frank Jaquez, Mandy Reed, Amy Schmisser, Brandon Smith

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

MUNICIPAL JUDGE
Larry Allen

CITY ADMINISTRATOR
Ryan Stevens

SENIOR ADMIN ASSISTANT
Denise Warren

CITY CLERK
Cindy Foster Owens

COMMUNITY VITALITY

BUILDING
Kathy Ulsh

ECONOMIC DEVELOPMENT
Rick Harrmann

PLANNING & ZONING
Patrick Mulready

FINANCE
Tammy Nordyke

**ACCOUNTING &
BUDGETING**

PURCHASING

**UTILITY
BILLING**

HUMAN RESOURCES
Ivy Morris

INFORMATION TECHNOLOGY
Aleizja Owens

LIBRARY
Suzanne Lasha

MUSEUM
Lisa Studts

POLICE
John W. Schick

CO-RESPONDER

LE OPERATIONS

**NEIGHBORHOOD
PARTNERSHIP**

PUBLIC INFORMATION
Kristy Gotham

**SUPPORT
SERVICES**

SRO

PUBLIC WORKS
Kim Swearingen

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



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, 2020

Christopher P. Morrell

Executive Director/CEO

Financial Section



**HINKLE &
COMPANY**
Strategic ^{PC}
Business Advisors

Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of Cañon City
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, and each major fund of the City of Cañon City (The City), as of and for the year ended December 31, 2021, 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, and each major fund of the City, as of December 31, 2021, 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:

Colorado Springs, CO
Denver, CO
Tulsa, OK

Denver Office:

750 W. Hampden Avenue
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.

Hick & Company, PC

Englewood, Colorado
September 16, 2022



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, 2021. 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 \$4,915,402 compared to a budgeted decrease of \$2,253,953 primarily due to a combination of increased revenues and delayed capital projects. Sales and use tax revenue and federal funding were the major contributing factors to the increase in revenue.
- ◆ Sales and use tax revenue, the City's largest single source of General Fund revenue, increased by \$2,583,645 over 2020. 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 \$4,533,438 (36.2% of total General Fund operating expenditures plus debt service). The City's other governmental funds reported a combined ending fund balance of \$7,618,149, an increase of \$4,282,528 compared to the prior year primarily as a result of increased revenues and delayed capital purchases. Within the total fund balance for the governmental funds, \$3,033,308 is restricted by specific legal requirements, \$541,762 has been committed for contractual obligations, \$9,829,365 is classified as assigned, and \$2,989,546 is non-spendable for inventory, prepaid items, interfund receivable, and the Cemetery Perpetual Care Fund. The total unassigned fund balance for governmental funds is \$6,839,185.
- ◆ 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:
 - \$4,095,979 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.
 - \$5,255,694 was used for Public Safety – Support Services, Operations, School Resource Program, and Co-Responder Program.
 - \$2,322,133 was used for Public Works – Fleet Maintenance, Street Maintenance, Engineering, and Street Projects.
 - \$910,037 was used for Culture and Recreation – Cañon City Public Library and the Royal Gorge Museum and History Center.
 - \$739,941 was used for Capital Outlay.
 - \$349,390 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, 2021. 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, 2021. Also included in the governmental funds 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 \$133,191,835. This is a \$10,278,381 increase over last year's net position of \$122,913,453. Net position may serve as a useful indicator of the City's financial position.

The largest portion of Cañon City's net position, \$93,519,110 (70.2%), 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, 2021

	Governmental Activities		Business -Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Statement of Net Position						
Current and Other Assets	\$25,959,062	\$16,596,978	\$15,568,946	\$15,119,721	\$41,528,008	\$31,716,699
Capital Assets	69,932,663	70,383,289	39,977,736	39,586,386	109,910,399	109,969,675
Net Pension Assets	592,732	209,831	-	-	592,732	209,831
Total Assets	\$96,484,457	\$87,190,098	\$55,546,682	\$54,706,107	\$152,031,139	\$141,896,205
Deferred Outflows of Resources						
	\$794,394	\$912,238	\$397,572	\$433,715	\$1,191,966	\$1,345,953
Current Liabilities	\$1,307,587	\$1,245,119	\$274,743	\$593,893	\$1,582,330	\$1,839,012
Long-Term Liabilities	1,304,222	1,168,381	16,190,471	16,684,338	\$17,494,693	17,852,719
Net Pension Liability	-	-	-	-	-	-
Total Liabilities	\$2,611,809	\$2,413,500	\$16,465,214	\$17,278,231	\$19,077,023	\$19,691,731
Deferred Inflow of Resources						
	\$954,078	\$636,974	-	-	\$954,078	\$636,974

Net position

Net Investment in Capital Assets	\$69,149,360	\$69,693,289	\$24,369,750	\$23,502,154	\$93,519,110	\$93,195,443
Restricted	3,180,479	2,950,933	-	-	3,180,479	2,950,933
Unrestricted	21,382,956	12,407,640	15,109,290	14,359,438	36,492,246	26,767,078
Total Net Position	\$93,712,795	\$85,051,862	\$39,479,040	\$37,861,592	\$133,191,835	\$122,913,454

Only \$3,180,479 of the City's net position represents resources that are subject to external restriction on how they may be spent. The remaining balance of unrestricted net position, \$36,492,246, may be used to meet the City's ongoing obligation to citizens and creditors.

As of December 31, 2021, 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 \$10,278,381. The key elements of this increase are as follows:

CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Statement of Activities						
Program Revenues (Major Source)						
Charges for Services	\$1,453,049	\$1,032,955	\$9,265,764	\$9,333,527	\$10,718,813	\$10,366,482
Operating Grants & Contributions	1,192,645	1,263,959	-	-	1,192,645	1,263,959
Capital Grants & Contributions	839,872	827,874	470,452	100,001	1,310,324	927,875
General Revenues:						
Property Taxes	508,308	494,643	-	-	508,308	494,643
Sales and Use Taxes	14,472,388	11,888,743	-	-	14,472,388	11,888,743
Other Taxes	14,965	45,290	-	-	14,965	45,290
Franchise Taxes	304,169	752,946	-	-	304,169	752,946
Grants & Contributions not Restricted to Specific Programs	2,603,093	2,226,542	-	-	2,603,093	2,226,542
Royal Gorge Bridge Revenues	3,570,306	2,365,717	-	-	3,570,306	2,365,717
Investment Earnings	17,431	113,962	11,967	105,314	29,398	219,276
Developer Contributions	536,291	-	-	-	536,291	-
Other Revenues	398,945	197,743	18,566	-	398,945	197,743
Total Revenues	\$25,911,462	\$21,210,374	\$9,766,749	\$9,538,842	\$35,678,211	\$30,749,216
Program Expenses:						
General Government	\$4,388,501	\$4,448,780	-	-	\$4,388,501	\$4,448,780
Public Safety	5,411,118	4,790,462	-	-	5,411,118	4,790,462
Public Works	4,232,527	3,718,022	-	-	4,232,527	3,718,022
Culture & Recreation	4,175,304	3,815,075	-	-	4,175,304	3,815,075
Interest on Long-Term Debt	142,279	171,390	-	-	142,279	171,390
Water	-	-	6,087,231	6,166,198	6,087,231	6,166,198
Stormwater Utility	-	-	962,869	807,353	962,869	807,353
Total Expenses	\$18,349,729	\$16,943,729	\$7,050,100	\$6,973,551	\$25,399,829	\$23,917,280

Increase in Net Position Before Transfers	\$7,561,733	\$3,639,038	\$2,716,649	\$2,565,288	\$10,278,382	\$6,204,326
Transfers	1,099,200	1,053,000	(1,099,200)	(1,053,000)	-	-
Change in Net Position	\$8,660,933	\$4,692,038	\$1,617,449	\$1,512,288	\$10,278,382	\$6,204,326
Net Position, Beginning of Year	85,051,862	80,359,824	37,861,591	36,349,303	122,913,453	116,709,127
Net Position, End of Year	\$93,712,795	\$85,051,862	\$39,479,040	\$37,861,591	\$133,191,835	\$122,913,453

Governmental Activities

The City's general revenues within governmental activities increased when compared to the prior year by 29.1% or \$5,054,096. The primary reason for this increase was due to additional grant funding to help in recovery efforts during the COVID-19 pandemic. 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

	2021	2020	Increase (Decrease)
Property Taxes	\$508,308	\$494,643	\$13,665
Sales and Use Taxes	14,472,388	11,888,743	2,583,645
Other taxes	14,965	45,290	(30,325)
Franchise Taxes	304,169	752,946	(448,777)
Grants & Contributions not restricted to Specific Programs	2,603,093	1,512,756	1,090,337
Royal Gorge Bridge Revenues	3,570,306	2,365,717	1,204,589
Investment Earnings	17,431	113,962	(96,531)
Developer Contributions	536,291		536,291
Other Revenues	398,945	197,743	201,202
Total General Revenues	\$22,425,896	\$17,371,800	\$5,054,096

- Program revenue had a net increase of \$274,599 (8.6%). Charges for services increased by \$420,095 (40.7%). Operating Grants & Contributions decreased by \$157,494 (11.7%) mainly due to decreased grant funding for general government. Capital Grants and Contributions increased by \$11,998 (1.4%) primarily due to increased capital contributions.
- Sales and use tax revenue, the City's largest single source of General Fund revenue, increased by \$2,583,645 over 2020. 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 decreased by \$448,777 (59.6%) mainly due to the loss of Black Hills Energy franchise fees.
- Royal Gorge Bridge lease revenues increased by \$1,204,589 (50.9%). As a result of COVID-19 restrictions being lifted, this year saw record-breaking paid admissions.
- Investment earnings decreased by \$96,531 (84.7%) due to lower interest rates on investments.
- General Government expenses decreased by \$60,279 (1.4%) due to vacancy savings.
- Public Safety expenses increased by \$620,656 (13%) primarily due to capital projects and equipment.
- Public Works expenses increased by \$514,505 (13.8%) primarily due to increased street maintenance material costs.
- Culture and Recreation expenses increased by \$360,229 (9.4%).
- The budgeting strategy for 2021 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, increased by \$135,841 due to a new lease purchase program implemented to purchase police vehicles. Other governmental activities liabilities increased by \$62,468 primarily due to a decrease in accounts payable. A net pension asset was also reported in the governmental activities in the amount of \$592,732.

Business-Type Activities

Total net position from business-type activities increased from the previous year by \$1,617,449 (4.3%). The key elements of this increase are due to the following:

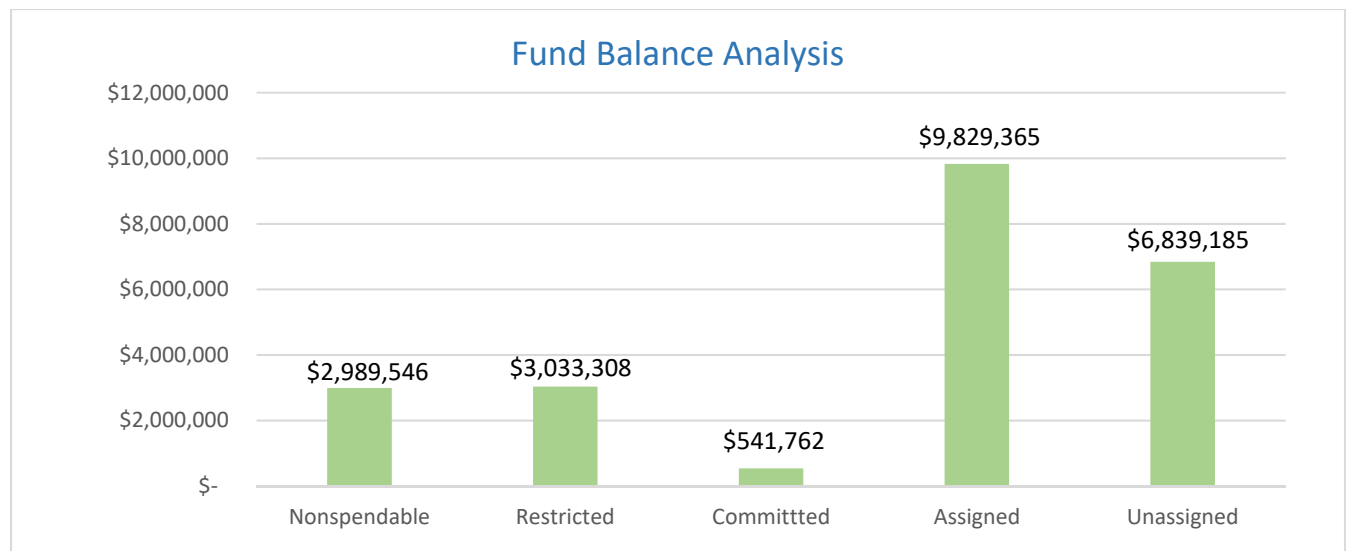
- The City Stormwater Utility Fund had a total increase in net position of \$474,948 primarily due to planned rate increases and cost savings.
- The Water Fund had a total increase in net position of \$1,142,501 primarily due to delayed capital projects and increased revenue.

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 \$23,233,166, an increase of \$9,197,930 in comparison with the prior year. Within this total, \$3,033,308 (13.1%) is restricted by specific legal requirements, \$541,762 (2.3%) has been committed, \$9,829,365 (42.3%) is assigned to specific types of expenditures, and \$2,989,546 (12.9%) is non-spendable for inventory, cemetery, and prepaid items. The unassigned fund balance represents a positive \$6,839,185 (29.4%).

- ◆ **The General Fund** is the City's primary operating fund. At the end of the current fiscal year the unassigned fund balance was \$4,533,438 while the total fund balance equaled \$15,615,017. In the current fiscal year, the fund balance of the General Fund increased by \$4,915,402. This is primarily due to an increased amount of 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 of the various grants. For the 2021 fiscal year, of the \$981,437 total project expenditures, \$854,822 (87.1%) was provided by multiple grant sources. The main projects with funding assistance are as follows:
 - State Historical funding for continued renovation of a City Museum historic building
 - 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. Unrestricted net position of the Water Fund at the end of the year amounted to \$9,821,865. Unrestricted net position of the Stormwater Utility Fund at the end of 2021 was \$5,727,728. The net position of the Internal Service Fund, which accounts for the City's self-insurance program, decreased by \$37,632 (4.4%). This decrease was primarily the result of claims expense.

General Fund Budgetary Highlights

The original and final expense budget in the General Fund was \$15,192,114. There was no increase or decrease to the total General Fund expense budget during the year.

The General Fund total revenues were \$5,247,521 higher than the revenue budget. Several of the revenue categories had significant variances from budget. Taxes and assessments revenues were \$2,078,253 higher than budgeted which was a variance of 24.8%. Licenses and permits were \$396,227 higher than budgeted primarily due to an increase in large commercial projects compared to the previous year. Intergovernmental revenues increased by \$1,966,271 primarily because of additional grant income not anticipated. Charges for services were \$8,869 higher because of an increase in police programs. Fines and Forfeitures revenues were \$6,876 lower than budgeted due to a decrease in traffic tickets. The General Fund portion of the Royal Gorge Bridge revenues was \$513,259 higher than budgeted due to a record number of admissions. Interest earnings were \$42,802 lower than budgeted due to a significant decrease in the average yield on the City's investments. Rent revenues were \$40,184 higher than budgeted and Contributions and Donations were \$11,120 greater than budgeted. Other revenues were \$283,016 higher than budgeted due to reimbursements from C-CARE for a sanitary sewer line project.

The General Fund total expenditures were \$1,518,940 under budget. General Government expenditures were \$142,083 under budget due to a combination of vacancy savings and reduced operating costs. Public Safety spending was \$500,353 lower than budgeted due to vacancy savings. Public Works operating costs were \$8,150 higher than budgeted largely due to increased personnel costs related to a compensation and classification study. Culture and Recreation spending was \$2,215 over budget primarily due to increased operating costs. Capital project costs were \$996,259 lower than budgeted mainly due to delays in capital projects as a result of COVID-19.

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, 2021 amounted to \$109,910,401 net of depreciation. This investment in capital assets includes land, water rights, buildings, improvements, machinery and equipment, and infrastructure associated with the water system, stormwater system, and street system infrastructure.

The increase in capital assets is attributed primarily to infrastructure improvements and construction in progress projects coming to completion. The City is continuing to upgrade water mains to help improve our level of service to our customers.

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

Capital Assets at Year-End (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Land	\$ 3,438,785	\$ 3,373,033	\$ 399,230	\$ 386,730	\$ 3,838,015	\$ 3,759,763
Ditch Stock	7,414	7,414	1,053,538	1,053,538	1,060,952	1,060,952
Construction in Progress	1,519,742	1,344,289	2,351,223	910,716	3,870,965	2,255,005
Infrastructure	31,635,153	30,854,094		-	31,635,153	30,854,094
Buildings	14,515,640	15,167,895	3,866,956	4,043,726	18,382,596	19,211,621
Improvements	16,761,583	17,631,715		-	16,761,583	17,631,715
Water and Stormwater Systems		-	31,509,814	32,788,164	31,509,814	32,788,164
Machinery and Equipment	2,054,346	2,004,849	796,978	403,512	2,851,324	2,408,361
Total	\$ 69,932,663	\$ 70,383,289	\$ 39,977,739	\$ 39,586,386	\$ 109,910,402	\$ 109,969,675

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

Item	Fund Type
Purchase of vacant land	Governmental
Museum Boiler	Governmental
2021 John Deere Tractor	Governmental
2021 Chevy C25	Governmental

US50 Pedestrian Improvements	Governmental
Orchard Avenue Improvements	Governmental
Dell Storage Array	Governmental
Six 2021 Chevy Tahoes	Governmental
Volvo Asphalt Compactor	Governmental
Rudd House Renovations	Governmental
Hwy 115 Pedestrian Improvements	Governmental
Evelyn Drive Improvements	Governmental
Orchard/Central Avenue Water Main	Business-Type Water
MCC Upgrade	Business-Type Water
VacAll Truck	Business-Type Stormwater
Improvements on 10 th & 11 th Streets	Business-Type Stormwater

Debt Administration

At the end of the current fiscal year, the City had total outstanding debt of \$17,494,906 (certificates of participation, capital leases, and compensated absences). The City's total debt had a net decrease of \$357,813 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 \$225,000
- Balance of the 2017 certificates of participation decreased by \$630,000
- Balance of the 2019 certificates of participation decreased by \$305,737
- Compensated absences increased by \$56,599
- New capital lease for police vehicles increased the overall balance by \$318,303
- New capital lease for a VacAll truck increased the overall balance by \$428,021

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 Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Public Improvement Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Compensated Absences	543,067	478,381	162,978	171,065	706,045	649,446
Capital Lease(s)	783,303	690,000	428,022	-	1,211,325	690,000
Certificates of Participation	-	-	15,577,536	16,513,273	15,577,536	16,513,273
Total	\$ 1,326,370	\$ 1,168,381	\$ 16,168,536	\$ 16,684,338	\$ 17,494,906	\$ 17,852,719

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City's 2022 budget reflects continuation of our plan to keep the City on solid ground for providing services to our citizens during 2022 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 2022 budget lays out the City's vision for achieving long-term goals and more focus on action beyond 2022 that promotes economic development and tourism within Fremont County. With COVID-19 restrictions being

lifted in 2021, the Royal Gorge Bridge and Park saw a record year. 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 2022 budget. Even with the uncertainty of the economy due to the continuing COVID-19 pandemic, the 2022 budget continues to support the goals of the City with the overall budget showing an increase of 22.73% over the 2021 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 2022 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 3.8% over 2021. 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, 2021

	Governmental Activities	Business-Type Activities	Totals	Component Unit
Assets				
Cash and Investments	\$ 21,883,260	\$ 12,883,478	\$ 34,766,738	\$ 336,765
Receivables				
Accounts	33,209	1,062,715	1,095,924	-
Taxes	2,828,907	-	2,828,907	291,079
Special Assessments	9,084	-	9,084	-
Other	1,630,635	27,955	1,658,590	-
Inventory	133,364	449,479	582,843	-
Prepaid Expenses	51,544	34,209	85,753	-
Internal Balances	(611,110)	1,111,110	500,000	(500,000)
Capital Assets				
Not Being Depreciated	4,965,941	3,803,989	8,769,930	-
Being Depreciated, <i>Net of Accumulated Depreciation</i>	64,966,722	36,173,747	101,140,469	-
Other Noncurrent Assets				
Net Pension Asset (SWH)	113,634	-	113,634	-
Net Pension Asset (SWDB)	479,098	-	479,098	-
Total Assets	96,484,288	55,546,682	152,030,970	127,844
Deferred Outflows of Resources				
Pensions, <i>Net of Accumulated Amortization</i>	794,394	-	794,394	-
Loss on Debt Refunding, <i>Net of Accumulated Amortization</i>	-	397,572	397,572	-
Total Deferred Outflows of Resources	794,394	397,572	1,191,966	-
Liabilities				
Accounts Payable	896,262	100,552	996,814	30,897
Retainage Payable	-	-	-	-
Accrued Interest Payable	1,166	42,731	43,897	-
Accrued Liabilities	143,490	42,363	185,853	-
Deposits	(2,928)	56,148	53,220	-
Insurance Claims	266,700	-	266,700	-
Unearned Revenues	2,897	32,949	35,846	-
Noncurrent Liabilities				
Due Within One Year	749,023	1,178,252	1,927,275	-
Due in More Than One Year	555,199	15,012,219	15,567,418	-
Total Liabilities	2,611,809	16,465,214	19,077,023	30,897
Deferred Inflows of Resources				
Property Taxes	598,027	-	598,027	-
Pensions, <i>Net of Accumulated Amortizations</i>	356,051	-	356,051	-
Total Deferred Inflows of Resources	954,078	-	954,078	-
Net Position				
Net Investment in Capital Assets	69,149,360	24,369,750	93,519,110	
Restricted For				
Cemetery Perpetual Care, Nonexpendable	2,249,083	-	2,249,083	
Emergencies	346,314	-	346,314	
Public Safety	3,568	-	3,568	
Culture and Recreation	575,299	-	575,299	
Debt Service	6,215	-	6,215	
Unrestricted	21,382,956	15,109,290	36,492,246	96,947
Total Net Position	\$ 93,712,795	\$ 39,479,040	\$ 133,191,835	\$ 96,947

See Notes to the Financial Statements.

City of Cañon City, Colorado
Statement of Activities
For the Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals	
Primary Government								
<i>Governmental Activities</i>								
General Government	\$ 4,388,501	\$ 784,711	\$ -	\$ -	\$ (3,603,790)	\$ -	\$ (3,603,790)	\$ -
Public Safety	5,411,118	260,321	163,348	-	(4,987,449)	-	(4,987,449)	-
Public Works	4,232,527	63,802	805,462	814,436	(2,548,827)	-	(2,548,827)	-
Culture and Recreation	4,175,304	344,215	223,835	25,436	(3,581,818)	-	(3,581,818)	-
Interest on Long-Term Debt	142,279	-	-	-	(142,279)	-	(142,279)	-
Total Government Activities	18,349,729	1,453,049	1,192,645	839,872	(14,864,163)	-	(14,864,163)	-
<i>Business-Type Activities</i>								
Water	6,087,231	7,190,247	-	370,452	-	1,473,468	1,473,468	-
Stormwater	962,869	2,075,517	-	100,000	-	1,212,648	1,212,648	-
Total Business-Type Activities	7,050,100	9,265,764	-	470,452	-	2,686,116	2,686,116	-
Total Primary Government	\$ 25,399,829	\$ 10,718,813	\$ 1,192,645	\$ 1,310,324	(14,864,163)	2,686,116	(12,178,047)	-
Component Unit								
Urban Renewal Authority	\$ 226,456	\$ -	\$ -	\$ -	-	-	-	(226,456)
General Revenues								
Property Taxes					508,308	-	508,308	-
Sales and Use Taxes					14,472,388	-	14,472,388	291,079
Other Taxes					14,965	-	14,965	-
Franchise Taxes					304,169	-	304,169	-
Grants and Contributions not Restricted to Specific Programs					2,603,093	-	2,603,093	-
Royal Gorge Bridge Revenues					3,570,306	-	3,570,306	-
Investment Earnings					17,431	11,967	29,398	-
Developer Contributions					536,291	-	536,291	-
Other Revenues					398,945	18,566	417,511	32,324
Transfers					1,099,200	(1,099,200)	-	-
Total General Revenues					23,525,096	(1,068,667)	22,456,429	323,403
Change in Net Position					8,660,933	1,617,449	10,278,382	96,947
Net Position, Beginning of year					85,051,862	37,861,591	122,913,453	-
Net Position, End of year					\$ 93,712,795	\$ 39,479,040	\$ 133,191,835	96,947

City of Cañon City, Colorado
Balance Sheet
Governmental Funds
December 31, 2021

	General	Quality of Life	Street Improvement	Other Governmental Funds	Totals
Assets					
Cash and Investments	\$ 12,739,608	\$ 1,133,158	\$ 4,365,572	\$ 2,575,701	\$ 20,814,039
Accounts Receivable	19,679	-	-	-	19,679
Receivables					
Taxes	2,063,048	-	765,859	-	2,828,907
Special Assessments	-	-	-	3,856	3,856
Other	1,605,477	14,950	-	10,208	1,630,635
Interfund Receivables	555,555	-	-	1,611,111	2,166,666
Inventory	124,479	-	-	8,885	133,364
Prepaid Items	51,544	-	-	-	51,544
Total Assets	\$ 17,159,390	\$ 1,148,108	\$ 5,131,431	\$ 4,209,761	\$ 27,648,690
Liabilities					
Accounts Payable	822,881	-	47,908	25,473	896,262
Accrued Liabilities	131,649	-	-	11,841	143,490
Deposits	(4,328)	-	-	1,400	(2,928)
Unearned Revenues	-	-	-	2,897	2,897
Interfund Payables	-	-	2,777,776	-	2,777,776
Total Liabilities	950,202	-	2,825,684	41,611	3,817,497
Deferred Inflows of Resources					
Property Taxes and Assessments	594,171	-	-	3,856	598,027
Total Deferred Inflows of Resources	594,171	-	-	3,856	598,027
Fund Balances					
Nonspendable					
Inventory	124,479	-	-	8,885	133,364
Prepaid Items	51,544	-	-	-	51,544
Cemetery Perpetual Care	-	-	-	2,249,083	2,249,083
Interfund Receivable	555,555	-	-	-	555,555
Restricted					
Emergencies	346,314	-	-	-	346,314
General Government	2,101,912	-	-	-	2,101,912
Public Safety	1,346	-	-	2,222	3,568
Culture and Recreation	282,105	-	-	293,194	575,299
Capital Improvements	-	-	-	-	-
Debt Service	-	-	-	6,215	6,215
Committed					
General Government	62,523	-	-	-	62,523
Culture and Recreation	479,239	-	-	-	479,239
Assigned					
General Government	6,711,474	1,148,108	-	-	7,859,582
Public Works	365,088	-	-	-	365,088
Culture and Recreation	-	-	-	1,295,269	1,295,269
Debt Service	-	-	-	309,426	309,426
Unassigned	4,533,438	-	2,305,747	-	6,839,185
Total Fund Balances	15,615,017	1,148,108	2,305,747	4,164,294	23,233,166
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 17,159,390	\$ 1,148,108	\$ 5,131,431	\$ 4,209,761	\$ 27,648,690

See Notes to the Financial Statements.

City of Cañon City, Colorado
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2021

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

Total Fund Balances of Governmental Funds	\$ 23,233,166
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in governmental funds.	69,932,663
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	(783,303)
Accrued Interest Payable	(1,166)
Accrued Compensated Absences	(520,919)
Net Pension Asset	592,732
Pension-related Deferred Outflows of Resources	794,394
Pension-related Deferred Inflows of Resources	(356,051)
Internal Service Funds are blended into Governmental Activities	<u>816,051</u>
Total Net Position of Governmental Activities	<u>\$ 93,712,795</u>

City of Cañon City, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2021

	General	Quality of Life	Street Improvement	Other Governmental Funds	Totals
Revenues					
Taxes and Assessments	\$ 10,470,291	\$ -	\$ 4,828,167	\$ 1,372	\$ 15,299,830
Licenses and Permits	807,505	-	-	-	807,505
Intergovernmental	3,560,543	854,822	-	118,616	4,533,981
Charges for Services	224,716	-	-	151,225	375,941
Fines and Forfeitures	83,924	-	-	-	83,924
Royal Gorge Bridge	1,406,385	342,409	-	1,821,512	3,570,306
Interest	7,198	326	1,175	8,341	17,040
Rent	150,184	-	-	35,495	185,679
Contributions and Donations	16,120	-	-	85,509	101,629
Capital Grants	-	-	-	-	-
Other	345,816	-	-	23,769	369,585
Total Revenues	<u>17,072,682</u>	<u>1,197,557</u>	<u>4,829,342</u>	<u>2,245,839</u>	<u>25,345,420</u>
Expenditures					
Current					
General Government	4,095,979	-	-	(2,120)	4,093,859
Public Safety	5,255,694	-	-	2,211	5,257,905
Public Works	2,322,133	-	-	-	2,322,133
Culture and Recreation	910,037	66,877	-	1,462,981	2,439,895
Capital Outlay					
Streets	-	760,854	1,448,768	-	2,209,622
Other	739,941	153,706	-	61,904	955,551
Debt Service					
Principal	331,651	-	-	2,000	333,651
Interest	17,739	-	17,889	140	35,768
Total Expenditures	<u>13,673,174</u>	<u>981,437</u>	<u>1,466,657</u>	<u>1,527,116</u>	<u>17,648,384</u>
Revenues Over (Under) Expenditures	<u>3,399,508</u>	<u>216,120</u>	<u>3,362,685</u>	<u>718,723</u>	<u>7,697,036</u>
Other Financing Sources (Uses)					
Proceeds from Sale of Capital Assets	29,360	-	-	-	29,360
Financing Proceeds	372,334	-	-	-	372,334
Transfers In	1,114,200	16,277	-	-	1,130,477
Transfers Out	-	-	-	(31,277)	(31,277)
Total Other Financing Sources (Uses)	<u>1,515,894</u>	<u>16,277</u>	<u>-</u>	<u>(31,277)</u>	<u>1,500,894</u>
Net Change in Fund Balances	4,915,402	232,397	3,362,685	687,446	9,197,930
Fund Balances, Beginning of Year	<u>10,699,615</u>	<u>915,711</u>	<u>(1,056,938)</u>	<u>3,476,848</u>	<u>14,035,236</u>
Fund Balances, End 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>

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, 2021

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

Net Change in Fund Balances of Governmental Funds	\$ 9,197,930
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	3,425,718
Depreciation Expense	(3,876,344)
Disposal of Capital Assets	-
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds. This amount presents special assessments and grants.	-
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	279,031
Proceeds from Long-Term Debt	(372,334)
Change in Accrued Interest Payable	-
Change in Grants	-
Change in Accrued Compensated Absences	(42,538)
Change in Pension Asset	382,901
Change in Pension Related Deferred Outflows of Resources	(117,844)
Change in Pension Related Deferred Inflows of Resources	(177,955)
Internal Service Funds are blended into Governmental Activities:	
Fleet Maintenance and Information Technology Funds, Change in Net Position	<u>(37,632)</u>
Change in Net Position of Governmental Activities	\$ <u><u>8,660,933</u></u>

City of Cañon City, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2021

	Business-Type Activities			Governmental Activities
	Water Fund	Stormwater Utility Fund	Totals	Internal Service Funds
Assets				
Current Assets				
Cash and Investments	\$ 7,339,754	\$ 5,543,724	\$ 12,883,478	\$ 1,069,221
Receivables				
Accounts	869,589	193,126	1,062,715	13,530
Other	27,805	150	27,955	-
Inventory	449,479	-	449,479	-
Prepaid Expenses	7,566	26,643	34,209	-
Total Current Assets	<u>8,694,193</u>	<u>5,763,643</u>	<u>14,457,836</u>	<u>1,082,751</u>
Noncurrent Assets				
Interfund Receivables	1,111,110	-	1,111,110	-
Capital Assets				
Not Being Depreciated	2,351,113	1,452,876	3,803,989	-
Being Depreciated, Net of Accumulated Depreciation	30,181,750	5,991,997	36,173,747	-
Total Noncurrent Assets	<u>33,643,973</u>	<u>7,444,873</u>	<u>41,088,846</u>	<u>-</u>
 Total Assets	 <u>42,338,166</u>	 <u>13,208,516</u>	 <u>55,546,682</u>	 <u>1,082,751</u>
Deferred Outflows of Resources				
Loss on Debt Refunding, Net of Accumulated Amortization	397,572	-	397,572	-
Liabilities				
Current Liabilities				
Accounts Payable	84,240	16,312	100,552	-
Accrued Interest Payable	18,991	23,740	42,731	-
Accrued Liabilities	39,334	3,029	42,363	-
Deposits	56,148	-	56,148	-
Insurance Claims	-	-	-	266,700
Unearned Revenues	30,486	2,463	32,949	-
Accrued Compensated Absences, Current Portion	146,325	8,878	155,203	-
Certificates of Participation Payable, Current Portion	645,000	378,049	1,023,049	-
Total Current Liabilities	<u>1,020,524</u>	<u>432,471</u>	<u>1,452,995</u>	<u>266,700</u>
Noncurrent Liabilities				
Accrued Compensated Absences	24,477	5,233	29,710	-
Certificates of Participation Payable	7,555,000	7,427,509	14,982,509	-
Total Noncurrent Liabilities	<u>7,579,477</u>	<u>7,432,742</u>	<u>15,012,219</u>	<u>-</u>
 Total Liabilities	 <u>8,600,001</u>	 <u>7,865,213</u>	 <u>16,465,214</u>	 <u>266,700</u>
Net Position				
Net Investment in Capital Assets	24,313,872	(384,425)	23,929,447	-
Unrestricted	9,821,865	5,727,728	15,549,593	816,051
 Total Net Position	 <u>\$ 34,135,737</u>	 <u>\$ 5,343,303</u>	 <u>\$ 39,479,040</u>	 <u>\$ 816,051</u>

See Notes to the Financial Statements.

City of Cañon City, Colorado
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2021

	Business-Type Activities			Governmental Activities
	Water Fund	Stormwater Utility Fund	Total	Internal Service Fund
Operating Revenues				
Charges for Services	\$ 7,061,570	\$ 2,014,480	\$ 9,076,050	\$ 2,418,985
Other Operating Revenue	141,593	61,037	202,630	-
Total Operating Revenues	<u>7,203,163</u>	<u>2,075,517</u>	<u>9,278,680</u>	<u>2,418,985</u>
Operating Expenses				
Water Administration	1,018,620	-	1,018,620	-
Utility Billing	253,745	-	253,745	-
Water Treatment	1,715,929	-	1,715,929	-
Transmission and Distribution	1,457,553	-	1,457,553	-
Stormwater Operations	-	459,651	459,651	-
Claims	-	-	-	2,000,292
Premiums	-	-	-	315,299
Administration Fees	-	-	-	141,417
Depreciation	1,358,577	238,881	1,597,458	-
Total Operating Expenses	<u>5,804,424</u>	<u>698,532</u>	<u>6,502,956</u>	<u>2,457,008</u>
Operating Income	<u>1,398,739</u>	<u>1,376,985</u>	<u>2,775,724</u>	<u>(38,023)</u>
Nonoperating Revenues (Expenses)				
Interest Income	9,567	2,400	11,967	391
Interest Expense	(282,807)	(264,337)	(547,144)	-
Proceeds from Sale of Assets	5,650	-	5,650	-
Financing Proceeds	-	-	-	-
Total Nonoperating Revenues (Expenses)	<u>(267,590)</u>	<u>(261,937)</u>	<u>(529,527)</u>	<u>391</u>
Income Before Capital Contributions & Transfers	<u>1,131,149</u>	<u>1,115,048</u>	<u>2,246,197</u>	<u>(37,632)</u>
Capital Contributions & Transfers				
Grants	-	100,000	100,000	-
Tap Fees	370,452	-	370,452	-
Transfers In	40,900	-	40,900	-
Transfers Out	<u>(400,000)</u>	<u>(740,100)</u>	<u>(1,140,100)</u>	<u>-</u>
Change in Net Position	<u>1,142,501</u>	<u>474,948</u>	<u>1,617,449</u>	<u>(37,632)</u>
Net Position, Beginning of Year	<u>32,993,236</u>	<u>4,868,355</u>	<u>37,861,591</u>	<u>853,683</u>
Net Position, End of Year	<u>\$ 34,135,737</u>	<u>\$ 5,343,303</u>	<u>\$ 39,479,040</u>	<u>\$ 816,051</u>

City of Cañon City, Colorado
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021

	Business-Type Activities			Governmental Activities
	Water Fund	Stormwater Utility Fund	Total	Internal Service Funds
Cash Flows From Operating Activities				
Cash Received from Customers	\$ 7,178,617	\$ 2,068,940	\$ 9,247,557	\$ 2,406,889
Cash Payments to Employees	(1,866,120)	(152,789)	(2,018,909)	-
Cash Payments to Vendors and Suppliers	(2,914,308)	(334,677)	(3,248,985)	(2,392,886)
Net Cash Provided by Operating Activities	<u>2,398,189</u>	<u>1,581,474</u>	<u>3,979,663</u>	<u>14,003</u>
Cash Flows From Noncapital Financing Activities				
Repayment of Loans to Other Funds	222,223	-	222,223	-
Transfers from Other Funds	40,900	-	40,900	-
Transfers to Other Funds	(400,000)	(740,100)	(1,140,100)	-
Net Cash Used in Noncapital Financing Activities	<u>(136,877)</u>	<u>(740,100)</u>	<u>(876,977)</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities				
Acquisition and Construction of Capital Assets	(1,004,413)	(978,745)	(1,983,158)	-
Proceeds from Financing Transactions	-	500,513	500,513	-
Tap Fees Received	370,452	-	370,452	-
Developer Contributions Received	-	100,000	100,000	-
Principal Payments on Debt	(630,000)	(342,491)	(972,491)	-
Interest Payments on Debt	(248,123)	(300,261)	(548,384)	-
Net Cash Used in Capital and Related Financing Activities	<u>(1,512,084)</u>	<u>(1,020,984)</u>	<u>(2,533,068)</u>	<u>-</u>
Cash Flows from Investing Activities				
Interest Received	<u>9,567</u>	<u>2,400</u>	<u>11,967</u>	<u>391</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>758,795</u>	<u>(177,210)</u>	<u>581,585</u>	<u>14,394</u>
Cash and Cash Equivalents, Beginning of Year	<u>6,580,959</u>	<u>5,720,934</u>	<u>12,301,893</u>	<u>1,054,827</u>
Cash and Cash Equivalents, End of Year	<u>\$ 7,339,754</u>	<u>\$ 5,543,724</u>	<u>\$ 12,883,478</u>	<u>\$ 1,069,221</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income	\$ 1,398,739	\$ 1,376,985	\$ 2,775,724	\$ (38,023)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Depreciation	1,358,577	238,881	1,597,458	-
Changes in Asset and Liabilities				
Accounts Receivable	41,856	(6,569)	35,287	(12,096)
Prepaid Expenses	(4,412)	(26,643)	(31,055)	-
Inventory	(94,095)	-	(94,095)	-
Accounts Payable	(261,202)	(3,160)	(264,362)	(178)
Accrued Liabilities	12,565	703	13,268	64,300
Deposits	14,985	-	14,985	-
Unearned Revenue	(81,387)	(8)	(81,395)	-
Accrued Compensated Absences	12,563	1,285	13,848	-
Net Cash Provided by Operating Activities	<u>\$ 2,398,189</u>	<u>\$ 1,581,474</u>	<u>\$ 3,979,663</u>	<u>\$ 14,003</u>

See Notes to the Financial Statements.

City of Cañon City, Colorado
Notes to Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies

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

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

Reporting Entity

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

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

Government-wide and Fund Financial Statements

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

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

City of Cañon City, Colorado

Notes to Financial Statements

December 31, 2021

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, 2021

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, 2021

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, 2021

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

City of Cañon City, Colorado
Notes to Financial Statements
December 31, 2021

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 includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. Commitments may be established, modified, or rescinded only through ordinances approved by City Council. Assigned fund balances are constrained by an intent to be used for specific purposes but are neither restricted nor committed. In Resolution No. 16, Series of 2010, City Council delegated authority for the establishment of assigned fund balances to the City Administrator and the Finance Director, acting jointly.

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

Contraband Forfeitures

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

Subsequent Events

The City has evaluated subsequent events through September 16, 2022, the date the financial statements were available to be issued.

Note 2: Accountability

At December 31, 2021, the Street Improvement Fund had a positive fund balance of \$2,305,747 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, \$1,666,667 of the interfund loans have been repaid, leaving a remaining unpaid balance of \$2,777,776.

City of Cañon City, Colorado
Notes to Financial Statements
December 31, 2021

Note 3: Cash and Investments

At December 31, 2021, the City had the following cash and investments:

Cash on Hand	\$ 3,272
Deposits	10,291,175
Investments	<u>24,472,291</u>
Total	<u>\$ 34,766,738</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, 2021, the City had bank deposits of \$10,293,389 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, 2021:

<u>Investment</u>	<u>Maturity</u>	<u>Rating</u>	<u>Total</u>
Local Government Investment Pools	N/A	AAAm	\$ <u>24,472,291</u>
Total			\$ <u>24,472,291</u>

City of Cañon City, Colorado
Notes to Financial Statements
December 31, 2021

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

City of Cañon City, Colorado
Notes to Financial Statements
December 31, 2021

Note 4: Capital Assets

Following is a summary of changes in capital assets for the year ended December 31, 2021:

	Balance 12/31/20	Additions	Transfers	Deletions	Balance 12/31/21
Governmental Activities					
Capital Assets, <i>Not Being Depreciated</i>					
Land	\$ 3,373,033	\$ 65,753	\$ -	\$ -	\$ 3,438,786
Ditch Stock	7,414	-	-	-	7,414
Construction in Progress	1,344,289	2,605,321	(2,429,869)	-	1,519,741
Total Capital Assets, <i>Not Being Depreciated</i>	4,724,736	2,671,074	(2,429,869)	-	4,965,941
Capital Assets, <i>Being Depreciated</i>					
Infrastructure	47,653,273	11,432	2,267,167	-	49,931,872
Buildings	21,494,140	-	-	-	21,494,140
Improvements	27,467,790	187,364	162,702	-	27,817,856
Machinery and Equipment	6,895,084	555,848	-	(99,373)	7,351,559
Total Capital Assets, <i>Being Depreciated</i>	103,510,287	754,644	2,429,869	(99,373)	106,595,427
Less Accumulated Depreciation for					
Infrastructure	(16,799,179)	(1,497,540)	-	-	(18,296,719)
Buildings	(6,326,245)	(652,255)	-	-	(6,978,500)
Improvements	(9,836,075)	(1,220,196)	-	-	(11,056,271)
Machinery and Equipment	(4,890,235)	(506,353)	-	99,373	(5,297,215)
Total Accumulated Depreciation	(37,851,734)	(3,876,344)	-	99,373	(41,628,705)
Total Capital Assets, <i>Being Depreciated, Net</i>	65,658,553	(3,121,700)	2,429,869	-	64,966,722
Governmental Activities Capital Assets, <i>Net</i>	\$ 70,383,289	\$ (450,626)	\$ -	\$ -	\$ 69,932,663
Business-Type Activities					
Capital Assets, <i>Not Being Depreciated</i>					
Land	\$ 386,730	\$ 12,500	\$ -	\$ -	\$ 399,230
Construction in Progress	910,716	1,440,505	-	-	2,351,221
Water Rights/Ditch Stock	1,053,538	-	-	-	1,053,538
Total Capital Assets, <i>Not Being Depreciated</i>	2,350,984	1,453,005	-	-	3,803,989
Capital Assets, <i>Being Depreciated</i>					
Buildings	9,143,695	-	-	-	9,143,695
Water and Stormwater Systems	51,677,673	-	-	-	51,677,673
Machinery and Equipment	3,607,494	535,803	-	(19,256)	4,124,041
Total Capital Assets, <i>Being Depreciated</i>	\$ 64,428,862	\$ 535,803	\$ -	\$ (19,256)	\$ 64,945,409

City of Cañon City, Colorado
Notes to Financial Statements
December 31, 2021

Note 4: Capital Assets (Continued)

	Balance 12/31/20	Additions	Transfers	Deletions	Balance 12/31/21
Business-Type Activities (Continued)					
Less Accumulated Depreciation for					
Buildings	\$ (5,099,969)	\$ (176,769)	\$ -	\$ -	\$ (5,276,738)
Water and Stormwater Systems	(18,889,509)	(1,278,348)	-	-	(20,167,857)
Machinery and Equipment	(3,203,982)	(142,341)	-	19,256	(3,327,067)
Total Accumulated Depreciation	(27,193,460)	(1,597,458)	-	19,256	(28,771,662)
Total Capital Assets, Being Depreciated, <i>Net</i>	37,235,402	(1,061,655)	-	-	36,173,747
Business-Type Activities Capital Assets, <i>Net</i>	\$ 39,586,386	\$ 391,350	\$ -	\$ -	\$ 39,977,736

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

Governmental Activities	
General Government	\$ 242,318
Public Safety	279,023
Public Works	1,627,564
Culture and Recreation	1,727,439
Total	\$ 3,876,344

Note 5: Long-Term Debt

Following is a summary of long-term debt transactions of the City for the year ended December 31, 2021:

	Balance 12/31/20	Additions	Payments	Balance 12/31/21	Due Within One Year
Governmental Activities					
Capital Lease	\$ 690,000	\$ 372,334	\$ (279,031)	\$ 783,303	\$ 303,023
Compensated Absences	478,381	720,895	(678,357)	520,919	446,000
Totals	\$ 1,168,381	\$ 1,093,229	\$ (957,388)	\$ 1,304,222	\$ 749,023
Business-Type Activities					
Certificates of Participation,					
Series 2019	\$ 7,040,000	-	\$ (270,000)	\$ 6,770,000	\$ 280,000
Premium	643,273	-	(35,737)	607,536	-
Series 2017	8,830,000	-	(630,000)	8,200,000	645,000
Capital Lease	-	500,513	(72,491)	428,022	98,049
Compensated Absences Water Fund	158,239	197,300	(184,737)	170,802	146,325
Compensated Absences Stormwater Fund	12,826	16,181	(14,896)	14,111	8,878
Totals	\$ 16,684,338	\$ 713,994	\$ (1,207,861)	\$ 16,190,471	\$ 1,178,252

City of Cañon City, Colorado
Notes to Financial Statements
December 31, 2021

Note 5: Long-Term Debt (Continued)

Public Improvement Bonds

Several Public Improvement Districts have issued bonds to construct various improvements within the Districts. For the year ended December 31, 2021, revenues of \$3,433 were available to pay debt service of \$2,140.

Capital Lease

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

Annual debt service requirements for the capital lease follow:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 303,023	\$ 14,043	\$ 317,066
2023	309,161	8,189	317,350
2024	75,318	2,216	77,534
2025	76,492	1,042	77,534
2026	19,309	75	19,384
Total	\$ <u>783,303</u>	\$ <u>25,565</u>	\$ <u>808,868</u>

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, 2021

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>
2022	\$ 645,000	\$ 230,420	\$ 875,420
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
2027-2031	3,920,000	456,766	4,376,766
2032	855,000	24,025	879,025
Total	<u>\$ 8,200,000</u>	<u>\$ 1,446,026</u>	<u>\$ 9,646,026</u>

Certificates of Participation- Series 2019

In March 2019, the City issued Refunding and Improvement Certificates of Participation, Series 2019, in the principal amount of \$7,470,000 and carried a premium at issuance of \$714,747. The proceeds 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>
2022	\$ 280,000	\$ 281,100	\$ 561,100
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
2027-2031	1,890,000	918,050	2,808,050
2032-2036	2,310,000	496,000	2,806,000
2037-2038	1,060,000	64,000	1,124,000
Total	<u>\$ 6,770,000</u>	<u>\$ 2,767,350</u>	<u>\$ 9,537,350</u>

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>
2022	\$ 98,049	\$ 6,419	\$ 104,468
2023	99,667	4,801	104,468
2024	101,312	3,156	104,468
2025	102,983	1,484	104,467
2026	26,011	107	26,118
Total	<u>\$ 428,022</u>	<u>\$ 15,967</u>	<u>\$ 443,989</u>

City of Cañon City, Colorado
Notes to Financial Statements
December 31, 2021

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, 2021, the outstanding balance of the loan was \$2,777,776.

Transfers between funds during the year ended December 31, 2021 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General	Excess Special Improvement	\$ 15,000
Water	Stormwater	40,900
Quality of Life	Museum Donation	16,277
General	Water Fund	400,000
General	Stormwater	699,200
		<u>1,171,377</u>
Total		\$ <u>1,171,377</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. Transfer from the General Fund to the Water Fund for Water costs related to an Economic Development Assistance Agreement. Transfers from the Stormwater Utility Fund to the Water Fund were for the reimbursement of utility billing costs. The transfer from the Museum Donations Fund to the Quality of Life Fund is to provide 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, 2021

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, 2021, 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	<u>\$ 266,700</u>

Public Entity Risk Pool

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

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

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

City of Cañon City, Colorado
Notes to Financial Statements
December 31, 2021

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.

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.

City of Cañon City, Colorado
Notes to Financial Statements
December 31, 2021

Note 8: Employee Retirement Plans (Continued)

Police Pension Plan (Continued)

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

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

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

Contributions - The City and eligible employees are required to contribute to the SWDB Plan at rates established by State statutes. Employer contribution rates can only be amended by the State Legislature. Employee contribution rates can be amended by the State Legislature or by election of the membership. The City and eligible employees each contributed 8.0% and 11.0% of base salary, respectively, for the year ended December 31, 2021.

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 contributions to the SWDB Plan for the year ended December 31, 2021, were \$136,534, equal to the required contributions.

City of Cañon City, Colorado

Notes to Financial Statements

December 31, 2021

Note 8: Employee Retirement Plans (Continued)

Police Pension Plan (Continued)

The City and eligible employees are required to contribute to the SWH Plan at rates established by City Council. However, the amount allocated to the defined benefit component is set annually by the FPPA Board of Directors, which currently must be at least 8% of base salary for the employee and the employer.

Excess contributions are deposited to the money purchase component of the SWH Plan. The defined benefit component allocation from July 1, 2019, through June 30, 2020, was 14.3%, and thereafter was 15%. For the year ended December 31, 2021, City Council established the contribution rate split at 10% and 12% of base salary for the City and employees, respectively.

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

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

The City's contributions to the SWH Plan for the year ended December 31, 2021, were \$6,748, equal to the required contributions.

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

At December 31, 2021, the City reported a net pension liability (asset) of \$(479,098) and a net pension liability (asset) of (\$113,634) representing its proportionate share of the net pension asset of the SWDB and SWH Plans, respectively.

The net pension liability was measured at December 31, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation at January 1, 2021. 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, 2020, relative to the projected contributions of all participating employers.

At December 31, 2020, the City's proportion of the SWDB Plan was 0.2206804722%, which was a decrease of 0.093451% from its proportion measured at December 31, 2019. The City's proportion of the SWH Plan was 0.41313896%, which was an increase of 0.020742384% from its proportion measured at December 31, 2019.

City of Cañon City, Colorado
Notes to Financial Statements
December 31, 2021

Note 8: Employee Retirement Plans (Continued)

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

For the year ended December 31, 2021, the City recognized pension expense for the SWDB and SWH Plans of \$11,865 and \$40,448, respectively; for a total pension expense of \$52,313.

At December 31, 2021, 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	\$ 1,372
Net difference between projected and actual earnings on plan investments	-	341,733
Changes in assumptions and other inputs	170,549	-
Changes in proportion	31,700	11,183
Contributions subsequent to the measurement date	<u>163,895</u>	<u>-</u>
Subtotal	\$ <u>708,604</u>	\$ <u>354,288</u>
Statewide Hybrid Plan		
Differences between expected and actual experience	\$ 30,657	\$ -
Net difference between projected and actual earnings on plan investments	-	4,421
Changes in assumptions and other inputs	3,853	-
Changes in proportion	50,109	(2,658)
Contributions subsequent to the measurement date	<u>1,171</u>	<u>-</u>
Subtotal	\$ <u>85,790</u>	\$ <u>1,763</u>
Total	\$ <u><u>794,394</u></u>	\$ <u><u>356,051</u></u>

City contributions to the SWDB and SWH Plans subsequent to the measurement date of \$163,895 and \$1,171, respectively, will be recognized as an increase or decrease to the net pension (asset) liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows.

<u>Year Ended December 31,</u>	<u>SWDB</u>	<u>SWH</u>
2021	\$ (51,968)	\$ 36,152
2022	11,861	39,306
2023	(70,933)	23,202
2024	13,594	2,138
2025	93,002	3,446
Thereafter	<u>194,865</u>	<u>(21,388)</u>
Total	\$ <u><u>190,421</u></u>	\$ <u><u>82,856</u></u>

City of Cañon City, Colorado

Notes to Financial Statements

December 31, 2021

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, 2021 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, 2020, 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, 2021

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	\$ 482,137	\$ (479,098)	\$ (1,275,121)
City's proportionate share of the SWH net pension (asset)	<u>(48,934)</u>	<u>(113,634)</u>	<u>(106,825)</u>
Total Net Pension (Asset) Liability	\$ <u>433,203</u>	\$ <u>(592,732)</u>	\$ <u>(1,381,946)</u>

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

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, 2021, the City and employees each contributed \$257,358 to the plan, equal to the required contributions. Employees may make voluntary post-tax contributions to the plan. MissionSquare Retirement (formerly ICMA-RC) administers the plan.

City of Cañon City, Colorado

Notes to Financial Statements

December 31, 2021

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 MissionSquare 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, 2021

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, 2021. Contributions to the plan for the year ended December 31, 2021 were \$54,132, 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, 2020, the City reported restricted fund balance of \$346,314 to comply with this requirement.

City of Cañon City, Colorado
Notes to Financial Statements
December 31, 2021

Note 10: Commitments and Contingencies (Continued)

Tax, Spending and Debt Limitations

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. In November of 2009, the citizens approved an election question that allowed the City to collect and spend all revenues, notwithstanding the limitations of the Amendment. The citizens approved this change with an expiration date of January 1, 2020. In 2017, this approval was extended by election to January 1, 2030. The Amendment is complex and subject to judicial interpretation. The City believes it is in compliance with the requirements of the Amendment. However, the City has made certain interpretations of the Amendment's language in order to determine compliance. As required by the Amendment, the City has established an emergency reserve of \$346,314 at December 31, 2021, which was reported as restricted fund balance in the General Fund.

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, 2021

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Taxes and Assessments	\$ 8,392,038	\$ 10,470,291	\$ 2,078,253
Licenses and Permits	411,278	807,505	396,227
Intergovernmental	1,594,272	3,560,543	1,966,271
Charges for Services	215,847	224,716	8,869
Fines and Forfeitures	90,800	83,924	(6,876)
Royal Gorge Bridge	893,126	1,406,385	513,259
Interest Income	50,000	7,198	(42,802)
Rent	110,000	150,184	40,184
Contributions and Donations	5,000	16,120	11,120
Other	62,800	345,816	283,016
Total Revenue	11,825,161	17,072,682	5,247,521
Expenditures			
Current			
General Government	4,238,062	4,095,979	142,083
Public Safety	5,756,047	5,255,694	500,353
Public Works	2,313,983	2,322,133	(8,150)
Culture and Recreation	907,822	910,037	(2,215)
Capital Outlay			
Streets	715,000	-	715,000
Other	1,021,200	739,941	281,259
Debt Service			
Principal	225,000	331,651	(106,651)
Interest	15,000	17,739	(2,739)
Total Expenditures	15,192,114	13,673,174	1,518,940
Excess Revenues Over (Under) Expenditures	(3,366,953)	3,399,508	6,766,461
Other Financing Sources (Uses)			
Proceeds from Sale of Capital Assets	5,000	29,360	24,360
Proceeds from Capital Lease Financing	-	372,334	372,334
Transfers In	1,108,000	1,114,200	6,200
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	1,113,000	1,515,894	402,894
Change in Fund Balance	(2,253,953)	4,915,402	7,169,355
Fund Balance, Beginning of Year	8,265,934	10,699,615	2,433,681
Fund Balance, End of Year	<u>\$ 6,011,981</u>	<u>\$ 15,615,017</u>	<u>\$ 9,603,036</u>

City of Cañon City, Colorado
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Asset (Liability) and Contributions
Fire & Police Pension Association of Colorado Statewide Defined Benefit Plan
For the Year Ended December 31, 2021

	<u>12/31/20</u>	<u>12/31/19</u>	<u>12/31/18</u>	<u>12/31/17</u>
Proportionate Share of the Net Pension Asset				
City's Proportion of the Net Pension Assets	0.22068047%	0.22161498%	0.24388777%	0.26869046%
City's Proportion Share of the Net Pension Asset (Liability)	\$ 479,098	\$ 125,337	\$ (308,341)	\$ 386,554
City's Covered Payroll	\$ 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	28.1%	7.8%	(19.9)%	25.4%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	106.7%	101.9%	95.2%	106.3%
	<u>12/31/21</u>	<u>12/31/20</u>	<u>12/31/19</u>	<u>12/31/18</u>
City Contribution				
Statutorily Required Contribution	\$ 163,895	\$ 136,534	\$ 133,506	\$ 130,696
Contributions in Relation to the Statutorily Required Contribution	<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>
City's Covered Payroll	\$ 1,928,176	\$ 1,706,679	\$ 1,597,543	\$ 1,592,917
Contributions as a Percentage of Covered Payroll	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 Defined Benefit Plan
For the Year Ended December 31, 2021
(Continued)

	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>	<u>12/31/13</u>
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%
	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>
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
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, 2021

	<u>12/31/20</u>	<u>12/31/19</u>	<u>12/31/18</u>	<u>12/31/17</u>
Proportionate Share of the Net Pension Asset				
City's Proportion of the Net Pension Assets	0.43388135%	0.43388135%	0.42258055%	0.41889357%
City's Proportion Share of the Net Pension Asset (Liability)	\$ 113,634	\$ 84,494	\$ 58,331	\$ 81,905
City's Covered Payroll	\$ 70,166	\$ 66,626	\$ 67,352	\$ 64,048
City's Proportionate Share of the Net Pension Asset (liability) as a Percentage of Covered Payroll	162.0%	126.8%	86.6%	127.9%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	130.1%	130.1%	123.5%	139.0%
	<u>12/31/21</u>	<u>12/31/20</u>	<u>12/31/19</u>	<u>12/31/18</u>
City Contribution				
Statutorily Required Contribution	\$ 1,171	\$ 7,107	\$ 6,924	\$ 6,735
Contributions in Relation to the Statutorily Required Contribution	<u>(1,171)</u>	<u>(7,107)</u>	<u>(6,924)</u>	<u>(6,735)</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
City's Covered Payroll	\$ 11,707	\$ 70,166	\$ 66,626	\$ 67,352
Contributions as a Percentage of Covered Payroll	10.00%	10.13%	10.39%	10.00%

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

(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, 2021
(Continued)

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

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

City of Cañon City, Colorado
Notes to Required Supplementary Information
December 31, 2021

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, 2021

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, 2021

	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	\$ 1,268,175	\$ 132,198	\$ 2,222	\$ 99,346	\$ 120,147	\$ 6,215	\$ 309,426	\$ 637,972	\$ 2,575,701
Receivables									
Taxes	-	-	-	-	-	-	-	-	-
Special Assessments	-	-	-	-	-	3,856	-	-	3,856
Other	10,208	-	-	-	-	-	-	-	10,208
Interfund Receivables	-	-	-	-	-	-	-	1,611,111	1,611,111
Inventory	8,885	-	-	-	-	-	-	-	8,885
Total Assets	\$ 1,287,268	\$ 132,198	\$ 2,222	\$ 99,346	\$ 120,147	\$ 10,071	\$ 309,426	\$ 2,249,083	\$ 4,209,761
Liabilities									
Accounts Payable	\$ 20,637	\$ 4,836	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,473
Accrued Liabilities	11,841	-	-	-	-	-	-	-	11,841
Deposits	1,400	-	-	-	-	-	-	-	1,400
Unearned Revenues	2,897	-	-	-	-	-	-	-	2,897
Interfund Payables	-	-	-	-	-	-	-	-	-
Total Liabilities	36,775	4,836	-	-	-	-	-	-	41,611
Deferred Inflows of Resources									
Assessments	-	-	-	-	-	3,856	-	-	3,856
Total Deferred Inflows of Resources	-	-	-	-	-	3,856	-	-	3,856
Fund Balances									
Nonspendable									
Inventory	8,885	-	-	-	-	-	-	-	8,885
Cemetery Perpetual Care	-	-	-	-	-	-	-	2,249,083	2,249,083
Restricted for									
Public Safety	-	-	2,222	-	-	-	-	-	2,222
Culture and Recreation	-	127,362	-	69,963	95,869	-	-	-	293,194
Capital Improvements	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	6,215	-	-	6,215
Assigned to									
Culture and Recreation	1,241,608	-	-	29,383	24,278	-	-	-	1,295,269
Debt Service	-	-	-	-	-	-	309,426	-	309,426
Total Fund Balances	1,250,493	127,362	2,222	99,346	120,147	6,215	309,426	2,249,083	4,164,294
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,287,268	\$ 132,198	\$ 2,222	\$ 99,346	\$ 120,147	\$ 10,071	\$ 309,426	\$ 2,249,083	\$ 4,209,761

See Accompanying Independent Auditor's Report.

City of Cañon City, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2021

	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	-	110,692	-	7,924	-	-	-	-	118,616
Charges for Services	125,155	-	-	-	-	-	-	26,070	151,225
Royal Gorge Bridge	1,821,512	-	-	-	-	-	-	-	1,821,512
Interest	224	30	1	27	43	552	112	7,352	8,341
Rent	35,495	-	-	-	-	-	-	-	35,495
Contributions and Donations	0	-	-	59,996	25,413	-	-	100	85,509
Other	23,669	-	-	-	-	-	-	100	23,769
Total Revenues	<u>2,006,055</u>	<u>110,722</u>	<u>1</u>	<u>67,947</u>	<u>25,456</u>	<u>1,924</u>	<u>112</u>	<u>33,622</u>	<u>2,245,839</u>
Expenditures									
Current									
General Government	-	-	-	-	-	(2,120)	-	-	(2,120)
Public Safety	-	-	2,211	-	-	-	-	-	2,211
Public Works	-	-	-	-	-	-	-	-	-
Culture and Recreation	1,428,513	20,785	-	11,343	2,340	-	-	-	1,462,981
Capital Outlay									
Streets	-	-	-	-	-	-	-	-	-
Other	36,138	25,766	-	-	-	-	-	-	61,904
Debt Service									
Principal	-	-	-	-	-	2,000	-	-	2,000
Interest	-	-	-	-	-	140	-	-	140
Total Expenditures	<u>1,464,651</u>	<u>46,551</u>	<u>2,211</u>	<u>11,343</u>	<u>2,340</u>	<u>20</u>	<u>-</u>	<u>-</u>	<u>1,527,116</u>
Excess of Revenues Over (Under) Expenditures	<u>541,404</u>	<u>64,171</u>	<u>(2,210)</u>	<u>56,604</u>	<u>23,116</u>	<u>1,904</u>	<u>112</u>	<u>33,622</u>	<u>718,723</u>
Other Financing Sources (Uses)									
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	(16,277)	-	(15,000)	-	(31,277)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,277)</u>	<u>-</u>	<u>(15,000)</u>	<u>-</u>	<u>(31,277)</u>
Net Change in Fund Balances	541,404	64,171	(2,210)	56,604	6,839	1,904	(14,888)	33,622	687,446
Fund Balances, Beginning of year	<u>709,089</u>	<u>63,191</u>	<u>4,432</u>	<u>42,742</u>	<u>113,308</u>	<u>4,311</u>	<u>324,314</u>	<u>2,215,461</u>	<u>3,476,848</u>
Fund Balances, End of year	<u>\$ 1,250,493</u>	<u>\$ 127,362</u>	<u>\$ 2,222</u>	<u>\$ 99,346</u>	<u>\$ 120,147</u>	<u>\$ 6,215</u>	<u>\$ 309,426</u>	<u>\$ 2,249,083</u>	<u>\$ 4,164,294</u>

See Accompanying Independent Auditor's Report.

City of Cañon City, Colorado
 Budgetary Comparison Schedule
 Street Improvement Fund
 For the Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Taxes	\$ 3,787,884	\$ 4,828,167	\$ 1,040,283
Investment Income	<u>10,000</u>	<u>1,175</u>	<u>(8,825)</u>
Total Revenues	<u>3,797,884</u>	<u>4,829,342</u>	<u>1,031,458</u>
Expenditures			
Capital Outlay			
Streets	3,800,000	1,448,768	2,351,232
Debt Service			
Interest	<u>677,756</u>	<u>17,889</u>	<u>659,867</u>
Total Expenditures	<u>4,477,756</u>	<u>1,466,657</u>	<u>3,011,099</u>
Net Change in Fund Balance	(679,872)	3,362,685	4,042,557
Fund Balance, Beginning of Year	<u>1,680,521</u>	<u>(1,056,938)</u>	<u>(2,737,459)</u>
Fund Balance, End of Year	<u>\$ 1,000,649</u>	<u>\$ 2,305,747</u>	<u>\$ 1,305,098</u>

City of Cañon City, Colorado
 Budgetary Comparison Schedule
 Quality of Life Fund
 For the Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Intergovernmental	\$ 3,494,443	\$ 854,822	\$ (2,639,621)
Royal Gorge Bridge	342,409	342,409	-
Investment Income	<u>4,000</u>	<u>326</u>	<u>(3,674)</u>
Total Revenues	<u>3,840,852</u>	<u>1,197,557</u>	<u>(2,643,295)</u>
Expenditures			
Cultural and Recreation	-	66,877	(66,877)
Capital Outlay			
Streets	3,512,400	760,854	2,751,546
Other	<u>328,452</u>	<u>153,707</u>	<u>174,745</u>
Total Expenditures	<u>3,840,852</u>	<u>981,438</u>	<u>2,859,414</u>
Excess of Revenues Over (Under) Expenditures	-	216,119	216,119
Other Financing Sources			
Transfers In	<u>-</u>	<u>16,277</u>	<u>16,277</u>
Net Change in Fund Balance	-	232,396	232,396
Fund Balance, Beginning of Year	<u>533,469</u>	<u>915,712</u>	<u>382,243</u>
Fund Balance, End of Year	<u>\$ 533,469</u>	<u>\$ 1,148,108</u>	<u>\$ 614,639</u>

City of Cañon City, Colorado
 Budgetary Comparison Schedule
 Park Improvement Fund
 For the Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Charges for Services	\$ 117,600	\$ 125,155	\$ 7,555
Royal Gorge Bridge	1,421,512	1,821,512	400,000
Intergovernmental	-	-	-
Interest Income	5,600	224	(5,376)
Rent	27,600	35,495	7,895
Contributions and Donations	-	-	-
Other	1,500	23,669	22,169
	<u>1,573,812</u>	<u>2,006,055</u>	<u>432,243</u>
Total Revenues			
	<u>1,573,812</u>	<u>2,006,055</u>	<u>432,243</u>
Expenditures			
General Governmental	-	-	-
Public Safety	-	-	-
Culture and Recreation	1,516,312	1,428,513	87,799
Capital Outlay	57,500	36,138	21,362
	<u>1,573,812</u>	<u>1,464,651</u>	<u>109,161</u>
Total Expenditures			
	<u>1,573,812</u>	<u>1,464,651</u>	<u>109,161</u>
Net Change in Fund Balance	-	541,404	541,404
Fund Balance, Beginning of Year	<u>568,792</u>	<u>709,089</u>	<u>140,297</u>
Fund Balance, End of Year	<u>\$ 568,792</u>	<u>\$ 1,250,493</u>	<u>\$ 681,701</u>

City of Cañon City, Colorado
 Budgetary Comparison Schedule
 Conservation Trust Fund
 For the Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Intergovernmental	\$ 105,000	\$ 110,692	\$ 5,692
Investment Income	<u>500</u>	<u>30</u>	<u>(470)</u>
Total Revenues	<u>105,500</u>	<u>110,722</u>	<u>5,222</u>
Expenditures			
Culture and Recreation	20,000	46,551	(26,551)
Capital Outlay	<u>53,000</u>	<u>-</u>	<u>53,000</u>
Total Expenditures	<u>73,000</u>	<u>46,551</u>	<u>26,449</u>
Net Change in Fund Balance	32,500	64,171	31,671
Fund Balance, Beginning of Year	<u>39,971</u>	<u>63,191</u>	<u>23,220</u>
Fund Balance, End of Year	<u><u>\$ 72,471</u></u>	<u><u>\$ 127,362</u></u>	<u><u>\$ 54,891</u></u>

City of Cañon City, Colorado
 Budgetary Comparison Schedule
 Library Donations Fund
 For the Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Intergovernmental	\$ 31,000	\$ 7,924	\$ (23,076)
Investment Income	400	27	(373)
Contributions and Donations	<u>5,000</u>	<u>59,996</u>	<u>54,996</u>
Total Revenues	<u>36,400</u>	<u>67,947</u>	<u>31,547</u>
Expenditures			
Culture and Recreation	<u>39,500</u>	<u>11,343</u>	<u>28,157</u>
Total Expenditures	<u>39,500</u>	<u>11,343</u>	<u>28,157</u>
Net Change in Fund Balance	(3,100)	56,604	59,704
Fund Balance, Beginning of Year	<u>31,005</u>	<u>42,742</u>	<u>11,737</u>
Fund Balance, End of Year	<u><u>\$ 27,905</u></u>	<u><u>\$ 99,346</u></u>	<u><u>\$ 71,441</u></u>

City of Cañon City, Colorado
 Budgetary Comparison Schedule
 Museum Donations Fund
 For the Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Investment Income	\$ 500	\$ 43	\$ (457)
Contributions and Donations	<u>5,000</u>	<u>25,413</u>	<u>20,413</u>
Total Revenues	<u>5,500</u>	<u>25,456</u>	<u>19,956</u>
Expenditures			
Culture and Recreation	<u>5,000</u>	<u>2,340</u>	<u>2,660</u>
Excess Revenues Over (Under) Expenditures	500	23,116	22,616
Other Financing Sources (Uses)			
Transfers Out	<u>-</u>	<u>(16,277)</u>	<u>(16,277)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(16,277)</u>	<u>(16,277)</u>
Net Change in Fund Balance	500	6,839	6,339
Fund Balance, Beginning of Year	<u>113,233</u>	<u>113,308</u>	<u>75</u>
Fund Balance, End of Year	<u>\$ 113,733</u>	<u>\$ 120,147</u>	<u>\$ 6,414</u>

City of Cañon City, Colorado
 Budgetary Comparison Schedule
 Excess Special Improvement District Fund
 For the Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Investment Income	\$ 600	\$ 112	\$ (488)
Total Revenues	<u>600</u>	<u>112</u>	<u>(488)</u>
Other Financing Sources (Uses)			
Transfer In	-	-	-
Transfer Out	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
Net Change in Fund Balance	(14,400)	(14,888)	(488)
Fund Balance, Beginning of Year	<u>316,675</u>	<u>324,314</u>	<u>7,639</u>
Fund Balance, End of Year	<u>\$ 302,275</u>	<u>\$ 309,426</u>	<u>\$ 7,151</u>

City of Cañon City, Colorado
 Budgetary Comparison Schedule
 Water Fund
 For the Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for Services	\$ 6,444,000	\$ 7,061,570	\$ 617,570
Fines and Forfeitures	20,000	40,441	20,441
Investment Income	62,000	9,567	(52,433)
Tap Fees	136,800	370,452	233,652
Other	31,800	101,152	69,352
Total Revenues	<u>6,694,600</u>	<u>7,583,182</u>	<u>888,582</u>
Expenditures			
Water Administration	1,126,530	1,018,621	107,909
Utility Billing	265,950	253,745	12,205
Water Treatment	1,820,190	1,715,929	104,261
Transmission and Distribution	1,734,600	1,457,552	277,048
Capital Outlays	1,922,000	891,847	1,030,153
Debt Principal Payment	630,000	615,000	15,000
Interest Expense	250,900	246,664	4,236
Total Expenditures	<u>7,750,170</u>	<u>6,199,358</u>	<u>1,550,812</u>
Revenues Over (Under) Expenditures	(1,055,570)	1,383,824	2,439,394
Other Financing Sources and Uses and Transfers			
Proceeds from Sale of Assets	-	5,650	5,650
Transfers In	40,900	40,900	-
Transfers Out	<u>(400,000)</u>	<u>(400,000)</u>	<u>-</u>
Change in Net Position - Budgetary Basis	<u>\$ (1,414,670)</u>	1,030,374	<u>\$ 2,445,044</u>
Adjustments to GAAP Basis			
Capital Outlay		891,847	
Amortization of Bond Premiums		(36,143)	
Debt Principal Payments		615,000	
Depreciation		<u>(1,358,577)</u>	
Change in Net Position, GAAP Basis		<u>\$ 1,142,501</u>	

City of Cañon City, Colorado
 Budgetary Comparison Schedule
 Stormwater Utility Fund
 For the Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Charges for Services	\$ 1,832,517	\$ 2,014,480	\$ 181,963
Grants	100,000	100,000	-
Investment Income	25,000	2,400	(22,600)
Other	9,000	61,037	52,037
Total Revenues	<u>1,966,517</u>	<u>2,177,917</u>	<u>211,400</u>
Expenditures			
Stormwater Operations	592,670	459,651	133,019
Capital Outlay	6,066,000	2,798,711	3,267,289
Debt Service			
Interest Expense	669,200	264,337	404,863
Total Expenditures	<u>7,327,870</u>	<u>3,522,699</u>	<u>3,805,171</u>
Revenues Over (Under) Expenditures	(5,361,353)	(1,344,782)	4,016,571
Other Financing Sources and Uses and Transfers			
Financing Proceeds	500,000	-	500,000
Transfers Out	<u>(740,100)</u>	<u>(740,100)</u>	<u>-</u>
Change in Net Position - Budgetary Basis	<u>\$ (5,601,453)</u>	(2,084,882)	<u>\$ 4,516,571</u>
Adjustments to GAAP Basis			
Capital Outlay		2,798,711	
Depreciation		<u>(238,881)</u>	
Change in Net Position, GAAP Basis		<u>\$ 474,948</u>	

City of Cañon City, Colorado
 Budgetary Comparison Schedule
 Insurance Internal Service Fund
 For the Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Charges for Services	\$ 2,371,284	\$ 2,418,985	\$ 47,701
Investment Income	5,000	391	(4,609)
Total Revenues	<u>2,376,284</u>	<u>2,419,376</u>	<u>43,092</u>
Expenditures			
Claims	1,970,000	2,000,292	(30,292)
Premiums	323,800	315,299	8,501
Administration Fees	149,790	141,417	8,373
Total Expenditures	<u>2,443,590</u>	<u>2,457,008</u>	<u>(13,418)</u>
Change in Net Position - Budgetary and GAAP Basis	<u>\$ (67,306)</u>	<u>\$ (37,632)</u>	<u>\$ 29,674</u>

Statistical Section

City of Cañon City, Colorado
Statistical Section
Table of Contents
December 31, 2021

This section of the City of Cañon City's Annual Comprehensive Financial Report presents detailed information which provides context for understanding the City's overall financial health based on information provided in the financial statements, note disclosures, and required supplementary information.

<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.	56-61
<i>Revenue Capacity</i>	
These schedules contain information to help the reader assess the City's most significant revenue sources.	62-69
<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.	70-73
<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.	74-76
<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.	77-78

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive 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)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 27,249,621	\$ 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
Restricted for:										
Cemetery Perpetual Care - nonexpendable	1,905,732	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
Emergencies	247,246	249,556	260,267	268,253	278,747	302,055	318,440	339,241	331,000	346,314
Public safety	9,761	9,777	33,260	22,173	23,765	24,777	22,766	9,395	(9,363)	3,568
Culture and Recreation	269,109	226,808	183,399	139,384	163,205	162,424	191,337	187,183	447,754	575,299
Debt Service	135,841	95,951	84,873	99,266	83,089	27,918	11,563	21,412	4,311	6,215
Unrestricted	6,013,144	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
Total governmental activities net position	35,830,454	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
Business-type activities										
Net investment in capital assets	27,374,668	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
Unrestricted	8,279,150	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
Total business-type activities net position	35,653,818	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

CITY OF CAÑON CITY, COLORADO

NET POSITION BY COMPONENT (continued) TABLE 1
LAST TEN FISCAL YEARS
(Unaudited)

(accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Primary government										
Net investment in capital assets	54,624,289	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
Restricted for:										
Cemetery Perpetual Care - nonexpendable	1,905,732	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
Emergencies	247,246	249,556	260,267	268,253	278,747	302,055	318,440	339,241	331,000	346,314
Public Safety	9,761	9,777	33,260	22,173	23,765	24,777	22,766	9,395	(9,363)	3,568
Culture and Recreation	269,109	226,808	183,399	139,384	163,205	162,424	191,337	187,183	447,754	575,299
Debt Service	135,841	95,951	84,873	99,266	83,089	27,918	11,563	21,412	4,311	6,215
Unrestricted	14,292,294	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
Total primary government net position	\$ 71,484,272	\$ 69,210,252	\$ 92,277,924	\$ 97,431,513	\$ 99,655,609	\$ 103,622,562	\$ 111,294,226	\$ 116,709,127	\$ 122,913,453	\$ 133,191,835

Source: City of Canon City, Colorado, audited financial statements, 2012-2021.

CITY OF CAÑON CITY, COLORADO

CHANGES IN NET POSITION LAST TEN FISCAL YEARS (Unaudited)

TABLE 2

(accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental Activities										
General Government	\$ 2,516,575	\$ 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
Public Safety	3,909,411	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
Public Works	2,559,669	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
Culture and Recreation	2,569,102	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
Interest on Long-term Debt	7,550	31,528	46,799	41,255	36,512	91,028	144,815	133,122	171,390	142,279
Total Governmental Activities Expenses	11,562,307	11,347,723	10,667,962	12,128,527	12,674,963	14,155,993	15,155,516	16,145,052	16,943,729	18,349,729
Business-type Activities										
Water	5,764,390	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
Stormwater Utility	572,399	369,222	550,073	467,642	408,173	662,717	654,554	781,816	807,353	962,869
Canon City Finance Authority	163,055	109,512	-	-	-	-	-	-	-	-
Total Business-type Activities Expenses	6,499,844	6,267,990	6,830,242	6,217,193	6,058,947	6,482,175	6,985,481	7,493,721	6,973,551	7,050,100
Total Primary Government Expenses	\$ 18,062,151	\$ 17,615,713	\$ 17,498,204	\$ 18,345,720	\$ 18,733,910	\$ 20,638,168	\$ 22,140,997	\$ 23,638,773	\$ 23,917,280	\$ 25,399,829
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 272,919	\$ 332,916	\$ 255,882	\$ 212,959	\$ 197,812	\$ 405,555	\$ 422,448	\$ 453,107	\$ 317,797	\$ 784,711
Public Safety	295,914	282,369	353,534	288,423	358,712	335,441	272,064	271,804	245,058	260,321
Public Works	36,656	22,622	29,796	29,792	24,650	146,056	121,184	153,417	210,599	63,802
Culture and Recreation	238,485	194,226	222,109	222,312	218,538	274,745	274,710	284,834	259,500	344,215
Operating Grants and Contributions	843,263	865,731	977,913	820,047	829,770	800,709	983,724	1,065,475	1,350,139	1,192,645
Capital Grants and Contributions	1,244,601	1,067,004	22,339,827	4,446,799	1,676,654	893,688	4,099,710	1,411,625	827,874	839,872
Total Governmental Activities Program Revenues	2,931,838	2,764,868	24,179,061	6,020,332	3,306,136	2,856,194	6,173,840	3,640,262	3,210,967	3,485,566
Business-type Activities										
Water	6,114,574	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
Stormwater Utility	962,435	798,769	801,538	802,310	806,851	898,771	1,086,575	1,665,080	1,874,066	2,075,517
Canon City Finance Authority	237,082	43,308	-	-	-	-	-	-	-	-
Operating Grants and Contributions	-	171,516	751,852	128,615	-	-	147,500	36,579	-	-
Capital Grants and Contributions	111,528	82,565	123,501	53,500	187,300	248,000	307,699	-	100,000	470,452
Total Business-type Activities Program Revenues	7,425,619	6,789,875	7,415,328	6,730,080	7,001,466	7,011,015	7,994,437	8,489,982	9,433,526	9,736,216
Total Primary Government Revenues	\$ 10,357,457	\$ 9,554,743	\$ 31,594,389	\$ 12,750,412	\$ 10,307,602	\$ 9,867,209	\$ 14,168,277	\$ 12,130,244	\$ 12,644,493	\$ 13,221,782
Net (Expense)/Revenue										
Governmental Activities	\$ (8,630,469)	\$ (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)
Business-type Activities	925,775	521,885	585,086	512,887	942,519	528,840	1,008,956	996,261	2,459,975	2,686,116
Total Primary Government Net Expense	\$ (7,704,694)	\$ (8,060,970)	\$ 14,096,185	\$ (5,595,308)	\$ (8,426,308)	\$ (10,770,959)	\$ (7,972,720)	\$ (11,508,529)	\$ (11,272,787)	\$ (12,178,047)

CITY OF CAÑON CITY, COLORADO

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

TABLE 2

(accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 434,508	\$ 436,009	\$ 430,871	\$ 426,772	\$ 439,004	\$ 451,420	\$ 452,830	\$ 462,806	\$ 494,643	\$ 508,308
Sales and Use Taxes	5,478,503	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
Other Taxes	14,190	19,771	13,831	31,747	18,262	24,825	28,780	32,277	45,290	14,965
Franchise Taxes	790,382	754,285	797,459	802,527	800,723	777,740	786,863	765,657	752,946	304,169
Grants and Contributions not Restricted	297,084	260,251	290,581	263,603	276,061	273,019	290,790	321,226	1,512,756	2,603,093
Royal Gorge Bridge Revenues	1,681,688	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
Investment Earnings	40,536	35,357	27,980	29,821	71,961	183,090	319,102	257,941	113,962	17,431
Developer Contributions	-	-	-	-	-	-	-	-	-	536,291
Other Revenues	186,133	176,568	167,721	178,667	76,826	96,100	64,340	837,014	197,743	398,945
Extraordinary Item	-	(2,865,998)	-	-	-	-	-	-	-	-
Transfers	335,400	917,734	466,800	443,700	443,700	801,600	953,000	991,480	1,053,000	1,099,200
Total Governmental Activities	9,258,424	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
Business-type Activities:										
Unrestricted Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Investment Earnings	19,454	11,137	9,252	12,714	39,646	88,736	149,220	306,360	105,313	11,967
Other Revenues	-	-	-	-	-	-	-	-	-	18,566
Transfers	(335,400)	(917,734)	(466,800)	(443,700)	(443,700)	(801,600)	(953,000)	(991,480)	(1,053,000)	(1,099,200)
Total Business-type Activities	(315,946)	(906,597)	(457,548)	(430,986)	(404,054)	(712,864)	(803,780)	(685,120)	(947,687)	(1,068,667)
Total Primary Government	\$ 8,942,478	\$ 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
Change in Net Position										
Government Activities	\$ 627,955	\$ (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
Business-type Activities	609,829	(384,712)	127,538	81,901	538,465	(184,024)	205,176	311,141	1,512,288	1,617,449
Total Primary Government	\$ 1,237,784	\$ (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

Source: City of Canon City, Colorado, audited financial statements, 2012-2021.

- 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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Nonspendable:	\$ 123,052	\$ 123,538	\$ 124,856	\$ 132,938	\$ 105,649	\$ 1,096,509	\$ 999,565	\$ 896,747	\$ 803,888	\$ 731,578
Restricted	247,246	630,479	283,735	280,615	292,643	316,859	331,811	339,241	599,310	2,731,677
Committed	333,501	456,186	574,233	692,307	711,832	721,351	716,575	310,146	427,018	541,762
Assigned	1,550,381	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
Unassigned	2,966,194	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
Total general fund	<u>\$ 5,220,374</u>	<u>\$ 5,640,875</u>	<u>\$ 6,848,399</u>	<u>\$ 7,537,164</u>	<u>\$ 8,717,883</u>	<u>\$ 8,313,807</u>	<u>\$ 9,636,845</u>	<u>\$ 9,189,703</u>	<u>\$ 10,699,615</u>	<u>\$ 15,615,017</u>
Quality of Life Fund										
Assigned	-	-	-	-	-	-	705,286	763,309	637,170	1,148,108
Unassigned	-	-	-	-	-	-	-	-	278,541	-
Total quality of life fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 705,286</u>	<u>\$ 763,309</u>	<u>\$ 915,711</u>	<u>\$ 1,148,108</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>\$ -</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>
All Other Governmental Funds										
Nonspendable:	\$ 1,944,263	\$ 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
Restricted	414,711	332,536	278,064	248,461	256,163	200,315	212,295	133,274	174,392	301,631
Assigned	649,809	1,008,294	790,919	808,806	1,128,367	1,461,583	944,526	928,960	1,078,414	1,604,695
Total all other governmental funds	<u>\$ 3,008,783</u>	<u>\$ 3,299,258</u>	<u>\$ 3,060,552</u>	<u>\$ 3,042,656</u>	<u>\$ 3,391,615</u>	<u>\$ 3,714,388</u>	<u>\$ 3,269,548</u>	<u>\$ 3,249,429</u>	<u>\$ 3,476,848</u>	<u>\$ 4,164,294</u>

Source: City of Canon City, Colorado, audited financial statements, 2012-2021.

Notes:

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

CITY OF CAÑON CITY, COLORADO

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

TABLE 4

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Taxes and Assessments	\$ 6,752,643	\$ 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
Licenses and Permits	200,396	254,992	178,131	172,299	155,126	353,377	476,835	506,103	341,933	807,505
Intergovernmental	1,584,268	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
Charges for Services	204,644	287,001	357,850	319,616	305,185	413,992	340,068	353,130	442,198	375,941
Fines and Forfeitures	202,302	199,348	226,108	150,723	212,101	192,601	101,843	107,695	75,322	83,924
Royal Gorge Bridge	1,681,688	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
Interest	37,054	33,689	26,159	27,143	63,531	167,400	292,727	348,714	107,164	17,040
Rent	86,969	90,792	99,232	110,848	127,300	173,383	198,027	198,162	173,502	185,679
Contributions & Donations	-	34,235	81,818	26,012	43,230	27,715	63,366	15,362	301,950	101,629
Financing Proceeds	-	-	-	-	-	-	-	320,069	-	-
Other	460,006	176,568	151,794	163,596	76,827	96,100	64,342	705,916	192,492	369,585
Total Revenues	11,209,970	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
Expenditures:										
General Government	2,362,557	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
Public Safety	3,588,535	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
Public Works	1,575,822	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
Culture and Recreation	1,973,393	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
Capital Outlay										
Streets (a)	-	-	-	-	-	7,558,612	3,030,575	5,901,968	3,123,525	2,209,622
Other	1,351,574	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
Debt Service										
Principal	42,000	216,000	225,000	231,000	214,000	213,000	212,000	327,245	320,174	333,651
Interest	7,550	27,881	47,168	41,608	36,834	91,383	145,170	140,995	70,719	35,768
Debt Issuance Costs	-	58,198	-	-	-	-	-	-	-	-
Total Expenditures	10,901,431	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
Excess of Revenues over (under) Expenditures	308,539	(263,129)	486,091	192,100	1,085,978	(4,353,550)	1,369,863	(2,531,254)	2,374,065	7,697,036
Other Financing Sources (Uses)										
Financing Proceeds	-	-	-	-	-	-	-	320,069	-	372,334
Proceeds from Sale of Capital Assets	3,660	-	15,927	15,069	-	-	430,689	775,605	61,240	29,360
Issuance of Debt	-	2,310,000	-	20,000	-	-	-	-	-	-
Insurance Recoveries	-	89,244	-	-	-	-	-	-	-	-
Transfers In	695,899	561,253	607,555	489,692	471,055	887,965	1,127,876	1,117,599	1,115,736	1,130,477
Transfers Out	(360,499)	(1,986,392)	(140,755)	(45,992)	(27,355)	(86,365)	(174,876)	(126,119)	(62,736)	(31,277)
Total Other Financing Sources (Uses)	339,060	974,105	482,727	478,769	443,700	801,600	1,383,689	1,767,085	1,114,240	1,500,894
Net Change in Fund Balances	\$ 647,599	\$ 710,976	\$ 968,818	\$ 670,869	\$ 1,529,678	\$ (3,551,950)	\$ 2,753,552	\$ (764,169)	\$ 3,488,305	\$ 9,197,930
Debt Service as a percentage of noncapital expenditures	0.5%	2.6%	2.8%	2.8%	2.5%	2.6%	2.9%	3.8%	3.0%	2.6%

Source: City of Cañon City, audited financial statements, 2012-2021.

Notes:

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

CITY OF CAÑON CITY, COLORADO

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

TABLE 5

Levy Year	Vacant Land	Residential Property	Commercial Property (b)	Industrial Property	Agricultural Property	Natural Resources	State Assessed	Total Taxable Assessed Value	Total Direct Tax Rate (a)	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
2012	6,706,040	67,032,690	52,147,401	2,256,400	258,600	208,360	7,012,340	135,621,831	2.89	1,125,155,335	12.05%
2013	6,352,190	63,239,130	51,701,986	2,008,278	277,430	273,193	9,747,786	133,599,993	2.90	1,028,552,826	12.99%
2014	5,890,990	63,162,230	52,352,941	2,277,016	277,450	209,258	7,977,991	132,147,876	2.90	1,024,549,147	12.90%
2015	5,599,800	64,421,260	52,651,377	2,425,369	310,280	161,179	9,318,862	134,888,127	2.90	1,042,524,630	12.94%
2016	5,636,980	64,481,370	52,073,565	2,187,052	311,560	154,719	10,470,807	135,316,053	2.90	1,044,590,804	12.95%
2017	5,970,890	65,330,161	52,811,678	2,068,246	337,267	213,058	10,519,209	137,250,509	2.90	1,144,086,852	12.00%
2018	5,923,329	66,233,783	54,004,989	2,277,998	334,711	110,281	10,919,347	139,804,438	2.89	1,160,526,810	12.05%
2019	5,756,044	77,416,941	56,408,461	2,189,288	293,936	156,841	10,265,259	152,486,770	2.89	1,331,624,963	11.45%
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	1,679,162,880	10.94%

Source: Fremont County Assessor.

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

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

CITY OF CAÑON CITY, COLORADO

DIRECT AND OVERLAPPING PROPERTY TAX RATES LAST TEN YEARS

TABLE 6

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

(Unaudited)

Levy Year	Collection Year	City Basic Rate(a)	Overlapping Rates(b)						
		City of Cañon City (d)	Fremont County	Fremont County School District RE-1 (e,f)	Cañon City Fire Protection District (c)	Cañon City Recreation District	S.E. Colorado Water Cons. District	Upper Arkansas Water Cons.	Total
2011	2012	2.901	12.966	35.804	13.000	3.522	0.947	0.495	69.635
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

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
2011	2012	395,851	394,642	99.69%	759	395,401	99.89%
2012	2013 (a)	392,489	393,136	100.16%	532	393,668	100.30%
2013	2014	387,707	385,726	99.49%	-	385,726	99.49%
2014	2015	383,361	379,698	99.04%	1,129	380,827	99.34%
2015	2016	391,715	389,323	99.39%	260	389,583	99.46%
2016	2017 (a)	393,436	393,727	100.07%	-	393,727	100.07%
2017	2018	397,889	395,499	99.40%	517	396,016	99.53%
2018	2019	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%

Source: Fremont County Treasurer and Cañon City Municipal Clerk

Notes:

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

CITY OF CAÑON CITY, COLORADO

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

TABLE 8

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Sales Tax (a)	\$ 5,272,864	\$ 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
General Property Tax	387,218	384,554	376,803	370,706	380,914	384,394	386,293	403,960	437,481	446,823
Specific Ownership Tax	47,290	51,455	54,067	56,066	58,090	67,026	66,537	68,741	67,884	72,398
Use Tax	205,639	171,113	86,882	77,660	103,168	431,259	456,977	481,610	381,364	442,447
Franchise Taxes:										
Cablevision	126,954	126,848	126,608	125,406	127,405	126,879	127,233	125,830	127,713	123,937
Telephone	14,728	13,635	12,309	13,853	10,466	9,504	6,717	4,274	3,565	2,968
Electricity	494,428	478,000	498,341	504,831	533,923	512,441	508,406	484,238	488,796	24,622
Gas	124,809	135,802	160,202	158,438	128,929	128,916	144,508	151,315	132,872	152,642
Penalty & Interest on Tax	14,190	19,773	13,831	14,579	18,262	24,825	28,779	32,279	45,290	20,880
Total	<u>\$ 6,688,120</u>	<u>\$ 6,823,287</u>	<u>\$ 7,128,602</u>	<u>\$ 7,535,542</u>	<u>\$ 7,798,440</u>	<u>\$ 11,564,344</u>	<u>\$ 12,106,601</u>	<u>\$ 12,485,541</u>	<u>\$ 13,192,344</u>	<u>\$ 15,316,660</u>

Source: City of Canon City, Colorado, audited financial statements, 2012-2021.

(a) Cañon City voters approved a sales and use tax increase from 2% to 3% effective January 1, 2017. The new 1% sales and use tax is required to be used exclusively on street improvements.

CITY OF CAÑON CITY, COLORADO

SALES TAX BY CATEGORY LAST TEN FISCAL YEARS

(Unaudited)

(modified accrual basis of accounting)

TABLE 9

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Merchandise	\$ 1,019,605	\$ 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
Food Stores	1,111,862	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
Restaurants & Bars	612,023	617,536	638,372	732,718	755,635	1,168,081	1,218,602	1,285,853	1,286,291	1,537,034
Home Furnishings	78,734	73,909	69,736	81,045	75,886	110,145	119,318	128,323	131,344	140,673
Building Materials & Supplies	512,596	535,444	565,953	625,200	690,789	1,105,928	1,238,908	1,292,532	1,571,063	1,821,740
Auto Dealers & Parts/Supplies	676,527	708,905	796,958	885,208	867,037	1,311,795	1,441,069	1,490,680	1,511,342	1,800,179
Other Retail Stores	411,007	493,980	524,320	598,305	612,442	878,623	851,330	916,597	1,119,735	1,353,277
All Other Outlets	240,434	252,623	281,333	283,102	306,209	477,091	502,245	569,580	643,323	1,290,820
Hotel/Motel	71,642	68,429	78,409	97,443	110,519	165,230	174,187	172,602	142,115	275,681
Utility Service	538,434	534,819	570,268	563,057	582,813	842,246	880,853	834,778	814,319	832,473
Total	\$ 5,272,864	\$ 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
City Direct Sales Tax Rate	2.00%	2.00%	2.00%	2.00%	2.00%	3.00%	3.00%	3.00%	3.00%	3.00%

Source: City of Canon City, Colorado, audited financial statements, 2011-2020 and Sales Tax Subsidiary Records, 2012-2021.

(a) Cañon City voters approved a sales and use tax increase from 2% to 3% effective January 1, 2017. The new 1% 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
2012	1,681,688	265,933
2013 (a)	1,346,351	84,645
2014	1,347,351	42,256
2015	2,130,552	333,697
2016	2,387,470	338,964
2017	2,532,623	358,005
2018	2,714,330	364,936
2019	2,726,245	352,174
2020	2,365,717	312,947
2021	3,570,306	447,192

Source: City of Cañon City, Colorado, audited financial statements, 2012-2021 and Royal Gorge Company of Colorado Year-End Review, 2012-2021.

Notes:

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

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

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

CITY OF CAÑON CITY, COLORADO

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

TABLE 11

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Water Revenues:										
Charges for Services:										
Metered Water Sales by Type of Customer	\$ 5,843,529	\$ 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
Water Sales to City Facilities	126,160	123,842	122,206	116,934	116,776	115,259	191,819	190,731	218,703	210,699
Hydrant Sales	5,185	10,070	6,257	5,627	3,901	30,956	13,565	27,303	29,209	45,036
Bulk Water Sales	64,370	55,319	53,432	50,830	75,423	85,201	143,904	149,642	193,197	179,012
Account Maintenance Fee	245	415	672	813	1,182	1,425	1,739	2,324	1,923	2,686
Total Charges for Services	6,039,490	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
Tap Fees (b)	104,328	67,543	123,501	43,500	184,550	220,500	296,199	359,131	281,952	370,453
Interest Income	16,885	9,455	7,873	11,137	35,169	82,269	142,883	165,349	54,355	9,567
Other (a)	75,084	248,890	733,978	143,473	83,576	85,646	115,716	88,447	71,425	138,282
Transfer In	25,500	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>\$ 6,261,287</u>	<u>\$ 5,915,598</u>	<u>\$ 6,518,320</u>	<u>\$ 5,901,826</u>	<u>\$ 6,251,984</u>	<u>\$ 6,233,913</u>	<u>\$ 7,072,645</u>	<u>\$ 7,094,592</u>	<u>\$ 7,594,715</u>	<u>\$ 7,609,674</u>

Source: City of Cañon City, Colorado, audited financial statements, 2012-2021 and Water Utility Billing Records, 2012-2021

(a) 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.

(b) 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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Metered Water Sales by Type of Customer										
Residential - Inside City limits	\$ 1,822,889	\$ 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
Residential - Outside City limits	955,236	874,966	878,336	876,303	920,479	891,552	920,479	\$ 1,060,405	\$ 1,235,078	\$ 1,245,809
Commercial - Inside City limits	1,216,886	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
Commercial - Outside City limits	623,064	611,537	576,214	518,047	498,370	459,720	498,370	\$ 482,598	\$ 537,722	\$ 533,611
Prisons	1,225,454	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
Total Metered Water Sales by Type of Customer	\$ 5,843,529	\$ 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
Residential Inside minimum rate per 4,000 gallons (a)										
Residential Outside minimum rate per 4,000 gallons (a)										
Residential Inside Meter Fee - flat rate (b-c)	\$9.58	\$9.58	\$9.58	\$9.87	\$9.87	\$9.87	\$11.39	\$11.73	\$12.79	\$13.17
Residential Outside Meter Fee - flat rate (b-c)	\$14.37	\$14.37	\$14.37	\$14.80	\$14.80	\$14.80	\$17.09	\$17.60	\$19.18	\$19.76
Water Gallons Sold by Type of Customer (d)										
Residential - Inside City limits	539,054	457,826	461,100	426,626	468,102	439,128	505,171	451,443	484,892	459,815
Residential - Outside City limits	177,941	156,899	158,440	149,775	160,631	153,547	179,652	160,254	176,565	169,962
Commercial - Inside City limits	337,494	295,459	305,016	296,163	315,503	296,506	415,287	302,441	301,649	301,643
Commercial - Outside City limits	245,054	253,496	234,835	181,513	166,683	151,556	150,220	132,990	140,931	125,144
Prisons	385,087	365,953	391,385	418,182	429,806	435,878	414,872	389,162	382,440	347,359
Total Water Gallons Sold by Type of Customer	1,684,630	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

Source: City of Canon City, Colorado, audited financial statements, 2012-2021 and Water Utility Billing Records, 2012-2021.

Notes:

(a) Minimum rate per month for inside and outside of the City limits.

(b) 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.

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

(d) In thousands of gallons

CITY OF CAÑON CITY, COLORADO

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

TABLE 13

Governmental Activities			Business-Type Activities						Total Primary Government	Percentage of Personal Income (b)	Per Capita
Fiscal Year	Public Improvement Bonds	Capital Leases(a)	Certificates of Participation Series 2003(a)	Certificates of Participation Series 2008(a)	Certificates of Participation Premium	Certificates of Participation Series 2017(a)	Certificates of Participation Series 2019(b)	Capital Lease			
2012	105,000	-	2,070,000	11,195,000	143,728	-	-	-	13,513,728	2.97%	823
2013	64,000	2,135,000	-	10,825,000	136,542	-	-	-	13,160,542	2.82%	811
2014	34,000	1,940,000	-	10,445,000	129,356	-	-	-	12,548,356	2.56%	776
2015	23,000	1,740,000	-	10,050,000	122,170	-	-	-	11,935,170	2.28%	735
2016	9,000	1,540,000	-	9,635,000	114,984	-	-	-	11,298,984	2.10%	688
2017	6,000	1,330,000	-	-	-	10,615,000	-	-	11,951,000	2.16%	721
2018	4,000	1,120,000	-	-	-	10,040,000	-	-	11,164,000	1.89%	669
2019	2,000	905,000	-	-	-	9,445,000	7,979,010	-	18,331,010	3.09%	1,096
2020	-	690,000	-	-	-	8,830,000	7,683,273	-	17,203,273	2.79%	1,031
2021	-	783,303	-	-	-	8,200,000	6,770,000	428,022	16,181,325	1.87%	932

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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	135,621,831	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
Legal Debt Limit (c)	13,562,183	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
Total Net Debt Applicable To Debt Limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin (d)	\$ 13,562,183	\$ 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
Legal Debt Margin as a Percentage of the Debt Limit	100.00%	100.00%	100.00%	100.00%	99.68%	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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Water Fund Debt Outstanding										
Certificates of Participation Series 2008	\$ 11,195,000	\$ 10,825,000	\$ 10,445,000	\$ 10,050,000	\$ 9,635,000	\$ -	\$ -	\$ -	\$ -	\$ -
Certificates of Participation Series 2017	-	-	-	-	-	10,615,000	10,040,000	9,445,000	8,830,000	8,200,000
Capital Leases	-	-	-	-	-	-	-	-	-	-
Total Water Fund Debt Outstanding	<u>\$ 11,195,000</u>	<u>\$ 10,825,000</u>	<u>\$ 10,445,000</u>	<u>\$ 10,050,000</u>	<u>\$ 9,635,000</u>	<u>\$ 10,615,000</u>	<u>\$ 10,040,000</u>	<u>\$ 9,445,000</u>	<u>\$ 8,830,000</u>	<u>\$ 8,200,000</u>
Number of Active Water Service Connections	8,553	8,567	8,568	8,580	8,614	8,655	8,796	8,836	8,889	8,923
Water Fund Debt per Active Water Service Connection	\$ 1,309	\$ 1,264	\$ 1,219	\$ 1,171	\$ 1,119	\$ 1,226	\$ 1,141	\$ 1,069	\$ 993	\$ 919

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, 2020 (Unaudited)

TABLE 16

<u>Government Entity</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (b)</u>	<u>Estimated Share of Overlapping (a) Debt</u>
Fremont County School District RE-1	\$ 25,250,757	13.7%	\$ 3,471,747
Cañon City Fire Protection District	8,805,000	4.8%	422,141
Fremont Sanitation District	834,484	0.5%	3,792
Cañon City Recreation District	-	0.0%	-
Fremont County	18,430,000	10.0%	1,849,481
Total Overlapping Debt			5,747,162
City of Cañon City Direct Debt			783,303
Total Direct and Overlapping Debt			\$ 6,530,465

(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
2012	16,419	1,300,436	454,544	27,684	7.9
2013	16,220	1,328,849	465,936	28,726	6.8
2014	16,174	1,396,768	490,315	30,315	5.0
2015	16,235	1,487,070	522,523	32,185	3.9
2016	16,425	1,537,573	538,412	32,780	3.2
2017	16,569	1,589,528	553,769	33,422	2.7
2018	16,690	1,701,631	591,410	35,435	3.3
2019	16,725	1,701,631	592,650	35,435	4.6
2020	16,693	1,768,409	617,073	36,966	7.1
2021	17,363	1,864,497	867,508	49,963	5.1

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 and Per Capita Personal Income is for Fremont County.

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

CITY OF CAÑON CITY, COLORADO

PRINCIPAL EMPLOYERS CURRENT YEAR AND TEN YEARS AGO (Unaudited)

TABLE 18

Employer	2021			2011		
	Employees	Rank	Percentage of Total County Employment (a)	Employees	Rank	Percentage of Total County Employment
Fremont School District (RE-1)	660	1	4.24%	519	2	2.74%
Centura Health	430	2	2.76%	550	1	2.91%
Colorado Department of Corrections	350	3	2.25%			
Fremont County	330	4	2.12%	300	4	1.59%
Walmart	320	5	2.06%	425	3	2.25%
Independent Order of Odd Fellows Complexes	292	6	1.88%	275	5	1.45%
Starpointe	193	7	1.24%	162	8	0.86%
City of Canon City	173	8	1.11%	171	7	0.90%
Cornell Companies	125	9	0.80%	176	6	0.93%
Interroll Engineering West Inc	114	10	0.73%	139	9	0.73%
Total	<u>2,987</u>		<u>19.20%</u>	<u>2,717</u>		<u>15.02%</u>

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

(a) Total 2021 employment within Fremont County was 15,554

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

TABLE 19

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021*
General Government										
City Clerk	1.78	2.00	2.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00
Municipal Court	2.10	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.75
City Administrator	1.36	1.00	1.00	1.00	1.00	2.00	2.00	2.00	1.00	2.00
Finance	5.50	6.00	6.00	6.00	6.00	6.00	8.00	8.00	6.00	7.50
City Attorney	0.94	1.00	1.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00
Building Maintenance	3.82	4.00	1.00	1.00	1.00	2.00	2.00	2.00	3.00	2.00
Community Development										
Building Division	1.50	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.50
Planning & Zoning	2.03	1.00	1.00	1.00	1.00	2.00	2.00	1.00	1.00	1.00
Code Enforcement	1.00	1.00	1.00	1.00	1.00	2.00	2.00	0.00	0.00	0.00
Economic Development	0.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	3.00	3.00
Administrative Resources										
Public Information Officer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00
Special Projects	0.00	1.00	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	1.00	2.00	1.00	1.00	1.50
Computer Resources	2.00	2.00	2.00	2.00	2.00	2.00	3.00	2.00	2.00	2.00
Public Safety										
Patrol Officers	28.44	28.00	28.00	29.00	30.00	31.00	30.00	30.00	28.00	30.00
Victims Assistance	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.00	1.00
Administration	4.05	5.00	5.00	5.00	5.00	5.00	5.00	6.00	7.00	9.50
Investigations	5.20	5.00	5.00	5.00	5.00	5.00	6.00	7.00	5.00	3.00
Parking & Code Enforcement	2.31	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	4.00
School Resource Program	1.00	1.00	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	0.00	1.00	1.00
Dispatch Services	7.54	8.00	8.00	8.00	0.00	0.00	0.00	0.00	0.00	0.00
Public Works										
Equipment Repair	2.62	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Street Maintenance	14.54	15.00	15.00	15.00	15.00	14.00	14.00	14.00	13.00	14.00
Engineering	2.28	2.00	2.00	2.00	2.00	4.00	4.00	6.00	5.00	6.00
Cemetery	4.91	5.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cultural & Recreation										
Forestry	3.44	3.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Library & Museum/History Center	14.67	14.00	14.00	14.00	14.00	14.00	14.00	14.00	12.00	14.00
Parks Improvement Fund	8.00	7.00	12.00	12.00	13.00	12.00	14.00	15.00	12.00	17.00
Water Fund										
Administration	6.97	6.00	6.00	6.00	6.00	6.00	6.00	2.00	1.00	1.00
Water Treatment	12.41	12.00	12.00	12.00	12.00	11.00	11.00	10.00	12.00	12.00
Water Distribution	16.24	16.00	17.00	17.00	17.00	16.00	16.00	11.00	14.00	17.00
Water Utility Billing	1.17	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00
Storm Water Utility Fund										
Administration	2.00	2.00	2.00	2.00	2.00	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	0.00	2.00	2.00
Total	161.82	160.00	155.00	156.00	150.00	152.00	158.00	149.00	145.00	165.75

Source: City of Cañon City Human Resources and Finance Departments

* In 2021, employee counts are authorized positions but may not be filled.

CITY OF CAÑON CITY, COLORADO

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

TABLE 20

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Function/Program										
Public Safety										
Physical arrests	1,839	1,750	1,676	1,739	820	740	819	734	769	902
Traffic violations (c)	1,981	2,096	2,304	1,341	2,524	2,810	683	1,262	363	591
Parking violations	351	86	52	15	5	124	141	272	57	23
Calls for service (b)	27,302	27,360	28,627	15,323	28,656	28,297	27,738	30,073	27,171	16,378
Public Works										
Street resurfacing & repairs (miles)	0.00	0.20	8.10	5.27	5.88	6.07	4.77	4.74	0.85	12.58
Street utility cut repairs	84	91	75	77	91	103	128	100	96	87
Cemetery										
Standard and ash burials	90	94	98	96	95	107	77	89	78	100
Spaces sold	28	39	57	62	38	42	54	62	51	100
Cultural & Recreation										
Library:										
Physical Volumes in collection	73,984	75,228	64,192	56,290	52,508	61,532	61,185	61,416	58,632	56,429
Electronic Volumes in collection	2,992	8,436	14,688	18,257	32,078	28,167	31,757	36,147	40,979	40,510
Total volumes checked out (a)	273,374	131,148	159,283	168,995	206,163	183,616	285,554	403,435	90,863	124,701
Water Fund										
Installed and replaced water mains	6,926'	10,400'	2,200'	2565'	-	4109'	2363'	5115'	3216'	3857'
Average daily metered consumption (millions of gallons)	4.6	4.2	4.2	4.0	4.0	4.0	4.2	4.2	4.2	4.0
Peak daily production (millions of gallons)	9.9	9.7	9.0	9.3	9.5	9.1	9.5	9.2	9.1	9.4

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Function/Program										
Public Safety										
Police Stations	2	2	2	2	2	2	2	2	2	2
Marked Patrol units	28	28	28	28	29	29	28	28	28	37
Public Works										
Streets (miles) (a)	119.4	119.4	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	13.4	13.8	13.8	13.8	13.8	13.8	13.8	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	10	9	13
Parks Acreage	6,567	6,567	6,567	6,567	6,567	6,567	6,567	6,567	6,659	6,500
Water Fund										
Water mains (miles)	151	151	151	151	151	151	151	151	155	155
Fire Hydrants	1,051	1,051	1,061	1,061	1,061	1,061	1,061	1,061	1,178	1,178
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.

Compliance Section

Single Audit



**HINKLE &
COMPANY**
Strategic PC
Business Advisors

**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, 2021, 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 September 16, 2022.

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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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.

Hick & Company, PC

Englewood, Colorado
September 16, 2022





**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, 2021. 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, 2021.

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.

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.

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, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City. We issued our report thereon dated September 16, 2022, 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.

Englewood, Colorado
September 16, 2022

Hick & Company, PC



City of Canon City, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

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>Pass-through funding</i>				
Colorado Department of Local Affairs				
Coronavirus Relief Fund	21.019	CVRF-CM-154	\$ -	\$ 267,788
Department of the Treasury Total			-	267,788
National Foundation on the Arts and Humanities				
<i>Pass-through funding</i>				
Colorado State Library				
Library Services and Technology (LSTA) Cares Act	45.310		-	2,237
National Foundation on the Arts and the Humanities Total			-	2,237
Department of the Interior				
<i>Pass-through funding</i>				
Bureau of Land Management				
Cultural Resource Management	15.224	L20AC00448-0000	-	7,703
Department of Homeland Security Total			-	7,703
Department of Transportation				
<i>Pass-through funding</i>				
Colorado Department of Transportation				
<i>Highway Planning and Construction Cluster</i>				
SH 115 Pedestrian Improvements	20.205	STR 115A-019 (22445)	-	661,920
US50 Pedestrian Crossing Study/Design	20.205	TAP M175-018 (20574)	-	98,934
Department of Transportation Total			-	760,854
Department of Health and Human Services				
<i>Pass-through funding</i>				
Colorado Department of Human Services				
Office of Behavioral Health				
CoResponder Program	93.243	21 IHJA 161978	-	168,658
Department of Health and Human Services Total			-	168,658
Department of Justice				
<i>Direct funding</i>				
Bulletproof Vest Partnership Program	16.607		-	4,125
Department of Justice Total			-	4,125
US Environmental Protection Agency				
<i>Direct Funding</i>				
Brownsfield Grant			-	14,950
US Environmental Protection Agency Total			-	14,950
Total Federal Expenditures			\$ -	\$ 1,226,315

City of Cañon City, Colorado
Notes to Schedule of Expenditures of Federal Awards
December 31, 2021

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: Subrecipients

The City did not pass through any federal funds to sub-recipients during the year ended December 31, 2021.

City of Cañon City, Colorado
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2021

Section I: Summary of Auditors' 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 auditors' 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:

CFDA Number
20.205

Name of Federal Cluster/Program
Highway Planning and Construction Cluster

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, 2021

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, 2021

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.

LOCAL HIGHWAY FINANCE REPORT		City or County:	City of Canon City
		YEAR ENDING :	December 2021
This Information From The Records Of (example - City of _ or County of City of Canon City)		Prepared By:	Tammy Nordyke
		Phone:	719-276-5251

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	2,209,622
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	1,802,502
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)	4,981,026	c. Other	1,381,299
4. Miscellaneous local receipts (from page 2)	125,765	d. Total (a. through c.)	1,381,299
5. Transfers from toll facilities		4. General administration & miscellaneous	543,170
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	60,161
a. Bonds - Original Issues		6. Total (1 through 5)	5,996,754
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes	0	1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	0
7. Total (1 through 6)	5,106,791	b. Redemption	0
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government		2. Notes:	
(from page 2)	740,002	a. Interest	17,889
D. Receipts from Federal Government		b. Redemption	555,556
(from page 2)	723,406	c. Total (a. + b.)	573,445
E. Total receipts (A.7 + B + C + D)	6,570,199	3. Total (1.c + 2.c)	573,445
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	6,570,199

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	0	0	0	0
1. Bonds (Refunding Portion)				
B. Notes (Total)	3,333,333	0	555,556	2,777,777

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		6,570,199	6,570,199		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado YEAR ENDING (mm/yy): December 2021	
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	1,372	a. Interest on investments	1,175
b. Other local imposts:		b. Traffic Fines & Penalties	60,161
1. Sales Taxes	4,828,166	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	13,630	d. Parking Meter Fees	0
3. Liens		e. Sale of Surplus Property	20,000
4. Licenses		f. Charges for Services	44,429
5. Specific Ownership &/or Other	137,859	g. Other Misc. Receipts	
6. Total (1. through 5.)	4,979,654	h. Other	
c. Total (a. + b.)	4,981,026	i. Total (a. through h.)	125,765
	(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	671,940	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	68,062	d. Federal Transit Admin	0
d. Other (Specify) -		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	723,406
f. Total (a. through e.)	68,062	g. Total (a. through f.)	723,406
4. Total (1. + 2. + 3.f)	740,002	3. Total (1. + 2.g)	
			(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs	0	0	0
b. Engineering Costs	106,652	201,702	308,354
c. Construction:			
(1). New Facilities	0	0	0
(2). Capacity Improvements	0	0	0
(3). System Preservation	0	0	0
(4). System Enhancement & Operation	654,202	1,247,066	1,901,268
(5). Total Construction (1) + (2) + (3) + (4)	654,202	1,247,066	1,901,268
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	760,854	1,448,768	2,209,622
			(Carry forward to page 1)
Notes and Comments:			



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