



CITY OF CAÑON CITY

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023



City of Cañon City, Colorado



Annual Comprehensive Financial Report For the fiscal year ended December 31, 2023

Prepared by:
Department of Finance

CITY OF CAÑON CITY, COLORADO
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INTRODUCTORY SECTION



CITY OF CAÑON CITY

Finance Department

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July 29, 2024

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, 2023, as required by local ordinance, the City Charter, and Colorado State statutes. These ordinances and statutes require that the City issue an annual report regarding its financial position and activity and that an independent firm of certified public accountants audit this report. This financial reporting entity addresses all funds of the City of Cañon City.

THE REPORT

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

The administration of the City is responsible for establishing and maintaining internal controls to make certain that the assets of the municipality are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not outweigh their benefits, the City’s comprehensive framework of internal controls has been designed to provide reasonable, but not absolute, assurance that the financial statements will be free from material misstatement. As a recipient of federal, state, and local financial assistance, the City is responsible for ensuring that adequate internal controls are in place to assure and document compliance with the applicable laws and regulations as it relates to these programs. Internal controls are subject to periodic evaluation by the City’s administration.

The City’s charter also requires that an annual audit be conducted by an independent certified public accountant. The firm DMC Auditing and Consulting, LLC was retained by City Council for this purpose. The auditors’ report on the basic financial statements is included in the financial section of this report.

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

PROFILE OF THE COMMUNITY AND GOVERNMENT SERVICES

The City of Cañon City, which is the county seat of Fremont County, is located at the mouth of the Royal Gorge in south-central Colorado where the Arkansas River emerges from the canyon. The community is

situated 45 miles southwest of Colorado Springs and 39 miles west of Pueblo, Colorado. The most current population estimate from the United States Census Bureau shows 17,241 people living within the incorporated City limits in July 2023. 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 \$54,308, approximately \$34,994 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 enjoy a relatively small-town lifestyle if you choose. The quality of life for residents has expanded as more services are being provided.

The Royal Gorge Bridge, the highest suspension bridge in North America at 1,053 feet above the Arkansas River, is an attraction for visitors from all over the world. The Bridge, as a local attraction, had approximately 266,000 visitors in 2012, the year prior to the summer wildfire in 2013 that destroyed most of the Park facilities. In 2023, the 9th full year of attendance following the fire, the number of visitors was estimated at over 329,000 or a 24% increase since 2012. Attendance compared to the prior year was estimated to be down over 9,000 or a 3% decrease from 2022. The decrease is attributable to the economy and increased fuel costs. The Royal Gorge Bridge and Park and other tourist amenities such as the Royal Gorge Route Railroad, a world-class whitewater rafting industry, and an ever-increasing mountain trail network continue to make Cañon City a stop on many tourist itineraries.

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

BUDGETARY CONTROL

The City maintains extensive budgetary controls. In October, the City Administrator submits to the City Council a proposed budget for the next calendar year. The budget includes proposed expenditures and the means of financing them. One or more public hearings are conducted by the City Council to obtain taxpayer comments. Prior to December 31st, the budget is legally adopted by a resolution of City Council. In accordance with the City's charter, expenditures over \$6,500 must be bid out and approved by the City. The charter allows for exceptions to the bid requirements for professional services and routine expenditures such as utility payments and payroll taxes.

Appropriations cease at year's end. During the year, the City Administrator, based on department head recommendations, may make operating line-item changes within the fund and program. The City Council may amend the budget by ordinance at any time. During 2023, one amendment was made to the budget. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound budgetary and financial management.

LOCAL ECONOMY

Tourism, corrections, and healthcare are the three key industry drivers in Cañon City and surrounding Fremont County. The tourism industry has been growing at a steady rate and is anchored by the Royal Gorge Bridge with approximately 330,000 visitors each year, the Royal Gorge Route Railroad with over 250,000 passengers each year, and ever-expanding outdoor recreation. The Fremont School District RE-1, Colorado Department of Corrections, and St. Thomas More Hospital continue to be economic stabilizers in Cañon City as the three largest employers in the city.

The local economy has continued to grow as demonstrated by continued increases in sales tax revenue. Taxable 2023 sales for auto dealers, parts and supplies increased by 14.55%. Hotels and Motels sales tax collections increased by 18.73%. Home furnishings decreased by 8.52%, and general merchandise sales decreased by 2.28%. Overall, the City's General Fund sales tax revenues increased from \$9,960,379 in 2022 to \$10,530,123 in 2023, a 5.73% increase. The increase in sales tax collections can be attributed to a combination of inflation and the change in the collection method.

Over the last two years, the building market has improved with new commercial and multi-family projects. The increase in tourism is evident in the building development that is occurring within the City boundaries. The historic Fremont National Bank located downtown was completed in 2022. The restoration of the historic Hotel St. Cloud continues in downtown Cañon City. The total valuation for new construction in 2023 was 12.12% lower than the prior 5-year average. A large portion of the building permit and valuation decreases were due to the decrease in both residential and commercial projects started during the year.

Year	# of Permits	Valuation of Work
2018	1,100	29,473,889
2019	762	33,157,969
2020	817	21,430,622
2021	929	62,797,912
2022	952	31,314,357
2023	1,059	29,945,784

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

Cañon City Strategy Map v2.0



Cañon City Strategy Map v2.0 with Measures



LONG-TERM FINANCIAL PLANNING

Over several years, the City has experienced significant growth in the fund balance assigned to capital outlay. Beginning with the 2017 budget, the City began to reinvest these resources into a variety of important community projects primarily related to parks & recreation and public works improvements. In November 2016, the Cañon City public approved Referendum 2-A, a 1% rate increase in sales and use tax to reconstruct the 67% of City streets that are in poor or failed condition. The proposal, approved by the voters, has allowed the City to earmark revenues for street construction and improvements through the year 2026. During the 10-year period, the City estimates that \$35-\$40M will be invested in addressing critical street reconstruction needs. While it is projected that the near-term increases in revenues should meet cost-of-living adjustments and provide for the basic capital improvement needs of the City and its residents, the City's revenues will not be sufficient to maintain a suitable street maintenance program after the 10-year expiration of the voter-approved sales tax increase. More than likely, this will continue to be the case unless significant growth occurs, there is a major increase in Royal Gorge Park attendance, or voters agree to some form of a permanent tax increase.

The City has continued to see growth in sales tax receipts through 2023 despite increasing inflation. While the City is currently able to fund activities and improvements beyond those traditionally provided, particularly with respect to street maintenance, City Council continues to place an emphasis on long-term financial planning.

RELEVANT FINANCIAL POLICIES

The Colorado Constitutional Amendment passed in November 1992, commonly known as the Taxpayer Bill of Rights (TABOR), restricts growth in governmental spending and revenues, with those amounts adjusted annually for inflation and a local growth factor. In November 2017, Cañon City's voters approved

a referendum that allowed the City to extend, for an additional 10 years, a previously approved 10-year timeout to retain revenues that might otherwise have been refundable to citizens under the TABOR limits. As a result, the City is able to retain all “excess” revenues and spend them for capital improvements, municipal operations and services, and other public purposes. The City continues to be subject to other provisions of TABOR including maintaining an emergency reserve equal to 3% of annual spending and the requirement for elections to approve any tax increase or debt issuance (except related to enterprise funds, i.e., Water and Stormwater Utility operations).

In 2016 the City adopted the Financial Management Policy & Stewardship of Public Funds. This formal policy document memorialized several 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 fluctuating attendance at the Royal Gorge Bridge and Park over the past decade, the uncertainty created by a single devastating event (the wildfire of 2013), and slow economic growth in the community, City Council has made economic development a priority.

The Economic Development Department was very active in 2023 making steady progress in areas consistent with the directions of several long-range plans, including the Arkansas River Corridor Master Plan, Main Street Strategic Plan, and the 2021 Comprehensive Plan. They have also helped to strengthen the Royal Gorge Chamber Alliance.

A high priority for 2023 was the utilization of an \$800,000 EPA Multipurpose grant that was awarded to the city in 2021. The purpose of the grant is twofold: to support the assessment of potentially contaminated parcels along the riverfront and adjacent to downtown, owned privately or by the City of Cañon City; and the cleanup of contaminated parcels that are City-owned, with preference given to the cleanup and development of Skyline Steel and, if necessary, the Black Hills W.N. Clark site along the river. Some notable projects benefiting from this grant program are highlighted in the chart below and include Phase I and Phase II Environmental Site Assessments (ESA) of several properties. When redeveloped, these projects will help toward meeting community goals of housing development, public safety, downtown revitalization, blight remediation and enabling riverfront development.

PROPERTY	ADDRESS	WORK COMPLETED	BENEFITS
2022 BROWNFIELDS MULTIPURPOSE GRANT			
Hotel St. Cloud	631 Main Street	Phase I ESA; Phase I ESA Update	Main Street Revitalization and Historic Preservation
Cabrini Bldg; St. Scholastica	701 N 7th Street	RBM Survey; Phase I ESA	Historic preservation, economic vitality & Downtown Revitalization
New Method Laundry & Dry Cleaners	315 Main Street	Phase I ESA Update; Supplemental Phase II ESA	Public safety, parking and downtown revitalization; Environmental Cleanup
New Method Parking Lot	316 Macon Street	Updated Phase I ESA	Creation of additional downtown parking, downtown vitality
311 N 4th Street	311 N 4th Street	Phase I ESA	Public safety, blight remediation
REI Keyholder Rentals	517 - 519 Main Street	RBM Survey	Downtown 2nd floor housing development
Skyline Steel	311 N 4th Street	Asbestos Abatement	Riverfront Environmental Cleanup and Development
2022 EPA TARGETED BROWNFIELD ASSESSMENT (TBA) GRANT			
New Method Laundry & Dry Cleaners	315 Main Street	Phase 2 ESA; Second Phase 2 ESA; 3rd Sampling	Public safety, parking and downtown revitalization; Environmental Cleanup

Another key economic development priority for 2023 was the implementation of a fiber-to-the-premise (FTTP) project intended to provide residents, businesses, and future industry of the greater Cañon City

area with high-speed internet connectivity. The objective of the Cañon Connect project is to provide fiber-optic infrastructure that will substantially enhance the economic viability and marketability of Cañon City. Such a system would help to attract new businesses and workforce, to enable and support growing technology and remote work industry sectors, and to provide local businesses and residents with more competition for high-speed connectivity, redundancy, and reliability.

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

Housing development also continued to be a very high priority of the Economic Development department. Unfortunately, 2022 brought about a setback in housing development activity, because of the decision by Fading West Development to postpone development in Cañon City. Other housing-related due diligence activities increased, however, as the Economic Development Department began working closely with an investment group on the possible acquisition of the Four Mile Ranch Planned Development District (PDD). This group seeks to revise and modernize the PDD by reinvigorating investment in Four Mile Ranch Golf Course, increase commercial development opportunities and plan for the creation of new roads for residential development. This due diligence process is scheduled to continue into 2024.

Retail recruitment also remained a strong focus of the Economic Development Department. In 2023, the department continued working with The Retail Coach, a retail recruitment company that provides front-line recruitment efforts to expand the reach of the community. This service is designed to help attract development that is consistent with the needs of our community, utilizing custom retail trade area data and analytics to identify retail matches and promote our community.

Economic Development also continues to institute efforts with and support the Chamber of Commerce, Fremont County Economic Development Corporation, TechSTART, and the Fremont County Tourism Council in order to advance our community brand and undertake new marketing strategies intended to grow area tourism and attract new business and economic growth to the community.

Trail building in the Royal Gorge Park was completed in 2023. The Royal Cascade trail connecting the Royal Gorge Park to the Tunnel Drive trail was completed in late 2022 and has been an extremely popular addition to the city's trail system.

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

The Police Department routinely provides advanced training to its officers. Safety equipment is a priority and as such the Police Department continually reviews its standards to keep pace with developing and changing technology and upgrades their equipment as necessary. The Co-Responder Program restricting for most of 2023. The new model is civilian-based, offering three behavioral health professionals including a licensed clinician and two navigators. The mission of the civilian Co-Response model will remain the same, offering robust response and wraparound services for those suffering from mental illness and substance abuse.

In November 2016, the Cañon City voters approved the requested 1% sales & use tax increase. By utilizing a \$5,000,000 interfund loan in combination with sales tax collections, the City completed multiple major street improvements in 2023. The following table represents a portion of the work completed in 2023:

Street	SY Asphalt	SY Concrete	Curb and Gutter (linear feet)	Center Line Miles	Lane Miles
Raynolds Ave Recon Project-	13,400	2,957	9,154	.87	1.74
Franklin Ave- Orchard to 19th	1,907	1,009	1,580	.16	.32
College Ave- 3 rd to 9th	11,351	331	465	.47	.94
2023 TOTAL	26,658	4,297	11,199	1.5	3.0

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, 2022. 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, 2023



Mayor
Ashley Smith
At Large



Andrea Stein
District 1
Council Member



Kathy Worthington
District 2
Council Member



John Hamrick
District 3
Council Member



Amy Schmisser
At Large
Council Member



Brandon Smith
At Large
Council Member



Emily Tracy
At Large
Council Member



Tim Dennehy
District 4
Council Member

City of Cañon City, Colorado

Appointed Officials

For the Year Ended December 31, 2023

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

Department Heads

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

Organizational Chart

as of December 31, 2023

CITIZENS OF CAÑON CITY

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

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
Butch Batchelder

INFORMATION TECHNOLOGY
Aleizja Owens

LIBRARY
Suzanne Lasha

MUSEUM
Lisa Studts

POLICE
John W. Schick

PROFESSIONAL
STANDARDS

LAW
ENFORCEMENT
OPERATIONS

SUPPORT
SERVICES

PUBLIC INFORMATION
Kristy Gotham

PUBLIC WORKS
Leo Evans

ENGINEERING
Ted Dell

ENGINEERING/
GIS

PUBLIC WORKS
INSPECTIONS

STORMWATER

FACILITIES & FLEETS
Jim Johnson

FACILITIES

FLEETS

PARKS & OPEN SPACE
Rex Brady

CEMETERY

FORESTRY

PARKS/
OPEN SPACE

STREETS
Tony Falgien

CONCRETE

PAVEMENT

STORMWATER
MAINTENANCE

WATER
Travis Payne

DISTRIBUTION

TREATMENT



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, 2022

Christopher P. Morrell

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cañon City, Colorado (the City) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of December 31, 2023, 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 of 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 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.

Emphasis of Matter

As described in Note 11 to the financial statements, as of and for the year ended December 31, 2023, have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the financial statements, effective January 1, 2023, the City adopted new accounting guidance for Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The accounting standard requires the City to recognize a liability and a corresponding right-to-use assets related to subscription-based information technology arrangements entered into by the City greater than twelve months. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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 the required supplementary information listed in the table of contents 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 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.

Supplementary Information

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 combining and individual fund statements, the budget comparison schedules, the local highway finance report, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements, the budget comparison schedules, the local highway finance report, and the schedule of expenditures of federal awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic 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 basic financial statements, or 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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

DMC Auditing and Consulting, LLC

July 29, 2024
Bailey, Colorado
DMC Auditing and Consulting, LLC

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, 2023. 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 decreased by \$320,427 compared to a budgeted decrease of \$9,421,887 primarily due to a combination of increased revenues and delayed capital projects. Sales and use tax revenues were a major contributing factor to the increase in revenue.
- ◆ Sales and use tax revenue, the City's largest single source of General Fund revenue, increased by \$853,404 over 2022. 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 \$5,375,066 (30% of total General Fund operating expenditures plus debt service). The City's other governmental funds reported a combined ending fund balance of \$14,730,728, an increase of \$2,926,850 compared to the prior year, primarily due to increased revenues and delayed capital purchases. Within the total fund balance for the governmental funds, \$10,609,708 is restricted by specific legal requirements, \$651,401 has been committed for contractual obligations, \$12,303,039 is classified as assigned, and \$3,134,193 is non-spendable for inventory, prepaid items, interfund receivable, and the Cemetery Perpetual Care Fund. The total unassigned fund balance for governmental funds is \$5,375,066.
- ◆ Reflected in the General Fund Budgetary Comparison Schedule, revenues that were primarily from property taxes, sales and use taxes, franchise fees, Royal Gorge Bridge revenues, and general intergovernmental revenues were used to support the following major activities:
 - \$4,721,214 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.
 - \$6,979,954 was used for Public Safety – Support Services, Operations, School Resource Program, and Co-Responder Program.
 - \$2,081,938 was used for Public Works – Fleet Maintenance, Street Maintenance, Engineering, and Street Projects.
 - \$1,088,166 was used for Culture and Recreation – Cañon City Public Library and the Royal Gorge Museum and History Center.
 - \$2,094,317 was used for Capital Outlay.
 - \$895,480 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 like a private-sector business. The Statement of Net Position presents information on all 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 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 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, 2023. 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, 2023. Also included is the Cañon City Area for Reinvestment Expansion (C-CARE) which is shown as a discreetly 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 \$149,569,799. This is a \$6,650,214 increase over last year's net position of \$142,919,585. Net position may serve as a useful indicator of the City's financial position.

The largest portion of Cañon City's net position, \$98,502,230 (65.9%), 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, 2023

	Governmental Activities		Business -Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Statement of Net Position						
Current and Other Assets	\$37,142,108	\$32,991,435	\$17,106,985	\$16,649,338	\$54,249,093	\$49,640,773
Capital Assets	71,647,034	69,658,611	41,976,098	41,062,590	112,831,091	110,721,201
Net Pension Assets	-	1,298,031	-	-	-	1,298,031
Total Assets	\$108,789,142	\$103,948,077	\$59,083,083	\$57,711,928	\$167,872,225	\$161,660,005
Deferred Outflows of Resources	\$1,656,895	\$856,324	\$1,195,874	\$361,429	\$2,852,769	\$1,217,753
Current Liabilities	\$1,893,565	\$1,516,145	\$437,051	\$508,754	\$2,330,616	\$2,024,899
Long-Term Liabilities	2,213,680	1,548,643	14,909,261	15,112,407	17,122,941	16,661,050
Net Pension Liability	237,215	-	-	-	237,215	-
Total Liabilities	\$4,344,460	\$3,064,788	\$15,346,312	\$15,621,161	\$19,690,772	\$18,685,949
Deferred Inflow of Resources	\$1,464,423	\$1,445,794	-	-	\$1,464,423	\$1,445,794

Summary of Net Position Continued
At December 31, 2023

	Governmental Activities		Business -Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Net position						
Net Investment in Capital Assets	\$69,980,155	\$68,846,604	\$28,368,588	\$26,359,511	\$98,348,743	\$95,206,115
Restricted	12,642,188	4,604,612	870,588	-	13,512,776	4,604,612
Unrestricted	22,014,811	27,016,173	15,693,469	16,092,685	37,708,280	43,108,858
Total Net Position	\$104,637,154	\$100,467,389	\$44,932,645	\$42,452,196	\$149,569,799	\$142,919,585

Only \$13,512,776 of the City's net position represents resources that are subject to external restrictions on how they may be spent. The remaining balance of unrestricted net position, \$37,708,280, may be used to meet the City's ongoing obligations to citizens and creditors. The City restated the net position and fund balances at 12/31/2022 as identified in Note 12.

As of December 31, 2023, 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 \$6,650,214. The key elements of this increase are as follows:

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Statement of Activities						
Program Revenues (Major Source)						
Charges for Services	\$1,037,345	\$1,218,622	\$10,314,475	\$10,169,790	\$11,351,820	\$11,388,412
Operating Grants & Contributions	1,013,766	1,139,657	270,444	-	1,284,210	1,231,299
Capital Grants & Contributions	87,675	750,469	-	372,632	87,675	1,123,101
General Revenues:						
Property Taxes	595,305	589,270	-	-	595,305	589,270
Sales and Use Taxes	15,909,742	15,041,816	-	-	15,909,742	15,041,816
Other Taxes	1,243,621	18,447	-	-	1,243,621	18,447
Franchise Fees	355,071	347,141	-	-	355,071	347,141
Grants & Contributions not Restricted						
to Specific Programs	-	1,673,230	-	1,101,912	-	2,775,142
Royal Gorge Bridge Revenues	3,153,504	2,947,211	-	-	3,153,504	2,947,211
Investment Earnings	970,609	300,492	496,717	186,886	1,465,326	487,378
Developer Contributions	-	157,224	-	-	-	157,224
Other Revenues	631,968	301,876	99,983	47,865	581,208	349,741
Loss on Disposal of Assets	-	-	-	-361,298	-	-361,298
Total Revenues	\$24,847,863	24,485,455	\$11,181,619	11,517,787	\$36,029,482	\$36,094,884

Changes in Net Position Continued

	Governmental Activities		Business-Type Activities		Total	
	2023	2022*	2023	2022	2023	2022
Program Expenses:						
General Government	\$5,265,994	\$5,043,992	-	-	\$5,265,994	\$5,018,200
Public Safety	7,589,721	5,734,785	-	-	7,589,721	5,734,785
Public Works	3,786,492	3,530,985	-	-	3,786,492	3,530,985
Culture & Recreation	4,667,659	4,407,215	-	-	4,667,659	4,407,215
Water	-	-	7,027,909	6,506,549	7,027,909	6,506,549
Stormwater Utility	-	-	1,041,293	1,097,662	1,041,293	1,097,662
Total Expenses	\$21,310,066	\$18,788,715	\$8,069,202	\$7,604,211	\$29,379,268	\$26,367,134
Increase in Net Position Before Transfers	\$3,537,797	\$5,696,740	\$3,112,417	\$3,913,576	\$6,650,214	\$9,610,316
Transfers	631,968	940,420	-631,968	-940,420	-	-
Change in Net Position	4,169,765	6,637,160	6,650,214	2,973,156	6,650,214	9,610,316
Net Position, Beginning of Year	100,467,389	93,712,795	142,919,585	39,479,040	142,919,585	133,191,835
Net Position, End of Year	\$104,637,154	\$100,349,955	\$149,569,799	\$42,452,196	\$149,569,799	\$142,919,585

*Restated as of December 31, 2022.

Governmental Activities

The City's general revenues within governmental activities decreased when compared to the prior year by 6.2% or \$1,332,370. The primary reason for this decrease was due to a combination of lower lease revenues and Federal assistance. Sales tax continues to steadily increase as seen in the last 10 years. Refer to Statistical Table 9 for detailed information about sales tax collections by category.

General Revenues

	2023	2022	Increase (Decrease)
Property Taxes	595,305	589,270	6,035
Sales and Use Taxes	15,909,742	15,041,816	867,926
Other taxes	1,243,621	18,447	1,223,972
Franchise Fees	355,071	347,141	7,930
Grants & Contributions not restricted to Specific Programs	-	1,673,230	-1,673,230
Royal Gorge Bridge Revenues	3,153,504	2,947,211	206,293
Investment Earnings	970,609	300,492	670,117
Developer Contributions	-	157,224	-157,224
Other Revenues	631,968	301,876	330,092
Total General Revenues	\$22,709,077	\$21,376,707	\$1,332,370

- Program revenue had a net decrease of \$969,962 (31.2%). Charges for services decreased by \$181,277 (14.9%). Operating Grants & Contributions decreased by \$125,891 (11.0%) mainly due to decreased grant funding for general government. Capital Grants and Contributions decreased by \$662,794 (88.3%) primarily due to decreased Federal funding.
- Sales and use tax revenue, the City's largest single source of General Fund revenue, increased by \$867,926 over 2022. 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 fee revenues increased by \$7,930 (2.3%).

- Royal Gorge Bridge revenues increased by \$206,293 (7.0%). Paid admissions continued their trend upwards beyond the record-breaking 2022.
- Investment earnings increased by \$670,117 (223.0%) due to a large increase in the interest rates on investments.
- General Government expenses increased by \$222,002 (4.4%).
- Public Safety expenses increased by \$1,854,936 (32.3 %) due to a combination of increased debt service and personnel costs.
- Public Works expenses increased by \$255,507 (7.2%) due to general inflation and increased personnel costs.
- Culture and Recreation expenses increased by \$260,444 (5.9%) due to increased personnel costs, equipment repair costs, and fuel.
- The budgeting strategy for 2023 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 \$665,037 due to an increase financed purchases and subscription-based information technology arrangements (SBITAs). Other governmental activities liabilities increased by \$377,420 primarily due to an increase in wages payable due at year end. A net pension liability was also reported in the governmental activities in the amount of \$237,215.

Business-Type Activities

Total net position from business-type activities increased from the previous year by \$2,480,449 (5.8%). The key elements of this increase are due to the following:

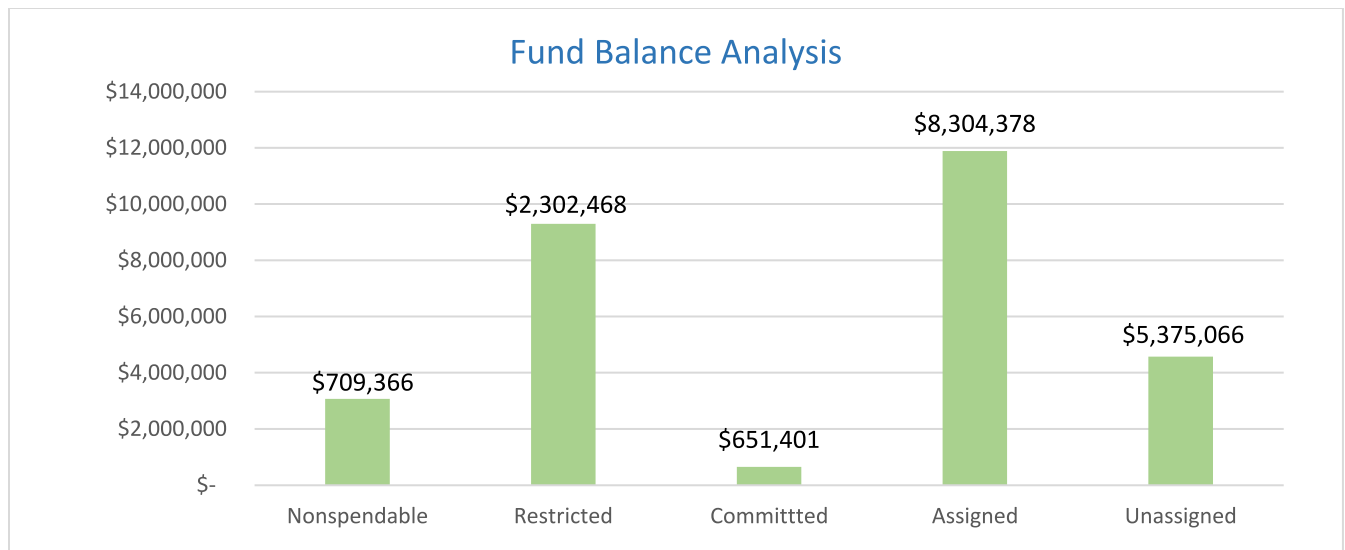
- The City Stormwater Utility Fund had a total increase in net position of \$1,169,317 primarily due to planned rate increases and increased investment income.
- The Water Fund had a total increase in net position of \$1,311,132 primarily due to increased revenue.

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 \$32,073,407, an increase of \$2,514,781 in comparison with the prior year. Within this total, \$10,609,708 (33.1%) is restricted by specific legal requirements, \$651,401 (2.0%) has been committed, \$12,303,039 (38.4%) is assigned to specific types of expenditures, and \$3,134,193 (9.8%) is non-spendable for inventory, cemetery, and prepaid items. The unassigned fund balance represents a positive \$5,375,066 (16.8%).

- ◆ **The General Fund** is the City's primary operating fund. At the end of the current fiscal year the unassigned fund balance was \$5,375,066 while the total fund balance equaled \$17,342,679. In the current fiscal year, the fund balance of the General Fund decreased by \$320,427. This is primarily due to decreased 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 revenues to this fund to provide the match requirements for the various grants. For the 2023 fiscal year, of the \$809,840 total project expenditures, \$296,816 (37%) was provided by multiple grant sources. The main projects with funding assistance are as follows:
 - Department of Treasury funding for the Community Broadband project.
 - Colorado Department of Transportation (CDOT) funding for the US 50 Pedestrian Crossing project
 - Colorado Department of Transportation (CDOT) funding for the State Hwy 115 Pedestrian Improvement project
 - US Environmental Protection Agency (EPA) funding for the Brownfields Multipurpose Cooperative Agreement
- ◆ **The Street Improvement Fund** was established to account for the financial activity authorized by the passage of Cañon City Referendum 2A on November 8, 2016. All sales and use tax revenue generated from the approved 1% sales and use tax rate increase (from 2% to 3%) are deposited into this fund. Additionally, all investment earnings resulting from the available cash balances in this fund are allocated to the Street Improvement Fund. The resources accumulated in this fund are used exclusively to fund the costs of street-related infrastructure improvements and repairs. The projects that are planned for completion will be prioritized in accordance with the City's pavement management plan criteria.

In 2017, City Council approved an interfund loan in the amount of \$5,000,000 (General Fund \$1,000,000, Cemetery Fund \$2,000,000, Water Fund \$1,250,000, and Raw Water Fund \$750,000) to be repaid over a 10-year period at an interest rate of the average yield of the City's pooled investments plus

0.5%. This financing methodology is expected to result in significant savings in issuance costs and interest expense over the 10-year repayment period.

- ◆ **Proprietary Funds:** The City's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail. The unrestricted net position of the Water Fund at the end of the year amounted to \$10,999,399. Unrestricted net position of the Stormwater Utility Fund at the end of 2023 was \$4,694,070. The net position of the Internal Service Fund, which accounts for the City's self-insurance program, increased by \$581,710 (60.1%). This increase was primarily the result of continuing low claims expense.

General Fund Budgetary Highlights

The original expense budget in the General Fund was \$21,399,973. There was one budget amendment to the total General Fund expense budget during the year. The final expense budget in General Fund was \$22,171,382.

The General Fund total revenues were \$2,611,609 higher than the revenue budget. Several of the revenue categories had significant variances from budget. Taxes and assessments revenues were \$1,987,971 higher than budgeted which was a variance of 20.8%. Intergovernmental revenues were down \$186,365 due to a decrease in expected grants. Charges for services were \$79,665 lower than budgeted because of a decrease in expected reimbursable service agreements. The General Fund portion of the Royal Gorge Bridge revenues was \$327,254 higher than budgeted due to an increased number of admissions. Interest earnings were \$440,398 higher than budgeted due to a significant increase in the average yield on the City's investments. Rent revenues were \$43,653 higher than budgeted, Contributions and Donations were \$7,489 lower than budgeted. Other revenues were \$44,097 higher than budgeted due to increased cost recovery abated properties, street damage restoration fees, and donations to the Police Department.

General Fund total expenditures were \$4,310,313 under budget. General Government expenditures were \$753,712 under budget because due to vacancy savings and contracted repairs and maintenance. Public Safety spending was \$902,852 under budget due to vacancy savings and supply chain issues. Public Works operating costs were \$484,111 under budget largely due to supply chain issues for equipment. Culture and Recreation spending was \$117,306 under budget primarily due to vacancy savings. Capital project costs were \$2,947,812 under budget mainly due to construction and contracting delays in capital projects.

Capital Assets and Debt Administration

Capital Assets

Cañon City's investment in capital assets for its governmental and business-type activities as of December 31, 2023, amounted to \$113,623,132 net of depreciation. This investment in capital assets includes land, water rights, buildings, improvements, machinery and equipment, and infrastructure associated with the water system, stormwater system, and streets system infrastructure.

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

For additional information relating to the capital assets of the City, please refer to Note 4 in the Notes to the Financial Statements.

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

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$3,695,062	\$3,482,238	\$449,828	\$449,828	\$4,144,890	\$3,932,065
Ditch Stock	7,414	7,414	1,053,538	1,053,538	1,060,952	1,060,952
Construction in Progress	7,545,164	3,242,367	4,253,153	4,193,104	11,798,317	7,435,472
Infrastructure	29,473,926	30,917,543	626,964	649,191	30,100,890	31,566,734
Buildings	13,215,254	13,865,172	3,549,798	3,703,706	16,765,052	17,568,878
Improvements	14,487,361	15,602,300	-	-	14,487,361	15,602,300
Water and Stormwater Systems	-	-	31,187,442	30,232,327	31,187,442	30,232,327
Machinery & Equipment	2,678,022	2,575,322	855,375	780,896	3,533,397	3,182,918
Right-to-Use SBITA Assets	544,831	139,825	-	-	544,831	139,825
Total	\$71,647,034	\$69,934,880	\$41,976,098	\$41,062,590	\$113,623,132	\$110,894,770

	2022	2021	2022	2021
Land	\$3,482,237	\$3,438,785	\$449,828	\$399,230
Ditch Stock	7,414	7,414	1,053,538	1,053,538
Construction in Progress	3,242,368	1,519,742	4,193,105	2,351,223
Infrastructure	30,917,543	31,635,153	649,193	-
Buildings	13,865,172	14,515,640	3,703,705	3,866,956
Improvements	15,602,298	16,761,583	-	-
Water and Stormwater Systems	-	-	30,232,324	31,509,814
Machinery & Equipment	2,401,754	2,054,346	780,899	796,978
Total	\$69,518,786	\$69,932,663	\$41,062,592	\$39,977,739

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

Item	Fund Type
Vacant Land – Skyline Dr/Hwy 50	General Fund
315 Main St.	General Fund
Skyline Steel	General Fund
Four (4) 2023 Chevy Colorado Pickups	General Fund
Four (4) 2023 Chevy Tahoes	General Fund
John Deere Backhoe Loader	General Fund
400 Block Main St. Alley Reconstruction	General Fund
*Police Annex Renovation	General Fund
*Two (2) Computer Servers	General Fund
*US50 Pedestrian Crossing	Quality of Life Fund
*Clock Tower Plaza Design	Quality of Life Fund
*2A Road Improvements	Street Improvement Fund
JCB Backhoe	Park Improvement Fund
John Deere Tractor	Park Improvement Fund
Stump Grinder	Conservation Trust Fund
2023 Chevy Colorado Pickup	Conservation Trust Fund
Chain Link Fence	Conservation Trust Fund
2023 Chevy Silverado	Water Fund
2022 Chevy Silverado	Water Fund
*MCC Upgrades	Water Fund
*Rhodes Ave Water Main	Water Fund
Raynolds Ave Water Main	Water Fund
*PLC/SCADA Upgrade	Water Fund
2023 Chevy Colorado Pickup	Stormwater Fund
*Rhodes Ave Stormwater Improvements	Stormwater Fund

*Projects started but not completed by year end	
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Debt Administration

At the end of 2023, the City had total outstanding debt of \$16,252,653 (certificates of participation, financed purchases, SBITAs and compensated absences). The City's total debt had a net increase of \$408,697 during the current fiscal year. The key elements of this net increase are due to the following:

- Financed purchases increased by \$156,376
- Balance of the 2017 certificates of participation decreased by \$665,000
- Balance of the 2019 certificates of participation decreased by \$290,000
- Compensated absences increased by \$62,210
- SBITAs increased by \$363,454

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

Outstanding Debt at Year-End

	Governmental		Business Type		Totals	
	2023	2022*	2023	2022	2023	2022*
Compensated Absences	\$608,605	\$563,066	\$182,306	\$165,635	\$790,911	\$728,701
Financed Purchases	1,127,561	871,517	230,305	329,973	1,357,866	1,201,454
SBITAs	477,514	114,060	-	-	477,514	114,060
Certificates of Participation	-	-	13,626,062	14,616,799	13,626,062	14,616,799
Total	<u>\$2,213,680</u>	<u>\$1,548,643</u>	<u>\$14,038,973</u>	<u>\$15,112,407</u>	<u>\$16,252,653</u>	<u>\$15,271,050</u>

Restated as of December 31, 2022.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City's 2024 budget reflects continuation of our plan to keep the City on solid ground for providing services to our citizens during 2024 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 2024 budget lays out the City's vision for achieving long-term goals and more focus on action beyond 2024 that promotes economic development and tourism within Fremont County. However, due to the change in the economy, attendance in 2024 is anticipated to stagnate.

The City's elected and appointed officials considered many factors, including the economy, when setting the fiscal year 2024 budget. Even with the uncertainty of the economy, the 2024 budget continues to support the goals of the City with the overall budget showing an increase of 23.2% over the 2023 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 2024 budget:

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

Through May of 2024, sales tax revenue is up 5.3% over 2023. 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, 2023

	PRIMARY GOVERNMENT			COMPONENT
	GOVERNMENTAL	BUSINESS-TYPE	TOTAL	UNIT
	ACTIVITIES	ACTIVITIES		CCARE
ASSETS				
Cash and Investments	\$ 31,417,820	\$ 14,795,089	\$ 46,212,909	\$ 1,179,216
Accounts Receivable	1,705,526	1,100,521	2,806,047	-
Taxes Receivable	3,098,117	-	3,098,117	-
Leases Receivable	738,416	-	738,416	-
Special Assessments Receivable	1,656	-	1,656	-
Internal Balances	(666,666)	666,666	-	-
Due from Component Unit	444,716	-	444,716	-
Inventory	199,778	520,123	719,901	-
Prepaid Expenditures	202,745	24,586	227,331	-
Capital Assets, <i>Not Being Depreciated/Amortized</i>	11,247,640	5,756,519	17,004,159	-
Capital Assets, <i>Net of Accumulated Depreciation/Amortization</i>	60,399,394	36,219,579	96,618,973	-
TOTAL ASSETS	108,789,142	59,083,083	167,872,225	1,179,216
DEFERRED OUTFLOWS OF RESOURCES				
Asset Retirement Obligations	-	870,588	870,588	-
Pensions, <i>Net of Accumulated Amortization</i>	1,656,895	-	1,656,895	-
Loss on Debt Refunding, <i>Net of Accumulated Amortization</i>	-	325,286	325,286	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,656,895	1,195,874	2,852,769	-
LIABILITIES				
Accounts Payable	1,024,190	139,285	1,163,475	16,785
Retainage Payable	61,804	76,429	138,233	-
Accrued Interest Payable	-	37,553	37,553	-
Accrued Salaries and Benefits	436,007	59,605	495,612	-
Deposits	189,464	52,263	241,727	-
Insurance Claims	182,100	-	182,100	-
Unearned Revenue	-	71,916	71,916	-
Due to Primary Government	-	-	-	444,716
Noncurrent Liabilities				
Due Within One Year	1,171,799	1,261,139	2,432,938	-
Due in More Than One Year	1,041,881	12,777,534	13,819,415	-
Asset Retirement Obligation	-	870,588	870,588	-
Net Pension Liability	237,215	-	237,215	-
TOTAL LIABILITIES	4,344,460	15,346,312	19,690,772	461,501
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	570,208	-	570,208	-
Leases	716,805	-	716,805	-
Pensions, <i>Net of Accumulated Amortization</i>	177,410	-	177,410	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,464,423	-	1,464,423	-
NET POSITION				
Net Investment in Capital Assets	69,980,155	28,368,588	98,348,743	-
Restricted for:				
Cemetery Perpetual Care	2,398,512	-	2,398,512	-
Emergencies	412,203	-	412,203	-
General Government	1,594,397	-	1,594,397	-
Public Safety	282,105	-	282,105	-
Culture and Recreation	18,455	-	18,455	-
Street Improvements	7,932,860	-	7,932,860	-
Debt Service	3,656	-	3,656	-
Asset Retirement Obligation	-	870,588	870,588	-
Urban Renewal	-	-	-	717,715
Unrestricted	22,014,811	15,693,469	37,708,280	-
TOTAL NET POSITION	\$ 104,637,154	\$ 44,932,645	\$ 149,569,799	\$ 717,715

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

CITY OF CAÑON CITY, COLORADO
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

FUNCTIONS / PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION				COMPONENT UNIT
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT BUSINESS-TYPE		TOTAL	CCARE	
					GOVERNMENTAL ACTIVITIES	ACTIVITIES			
PRIMARY GOVERNMENT									
Governmental Activities									
General Government	\$ 5,099,358	\$ 629,998	\$ 38,076	\$ 55,463	\$ (4,375,821)	\$ -	\$ (4,375,821)	\$ -	-
Public Safety	7,589,921	144,278	509,325	2,552	(6,933,766)	-	(6,933,766)	-	-
Public Works	3,786,492	66,837	296,816	-	(3,422,839)	-	(3,422,839)	-	-
Culture and Recreation	4,667,659	196,232	169,549	29,660	(4,272,218)	-	(4,272,218)	-	-
Interest on Long-Term Debt	166,636	-	-	-	(166,636)	-	(166,636)	-	-
Total Governmental Activities	21,310,066	1,037,345	1,013,766	87,675	(19,171,280)	-	(19,171,280)	-	-
Business-Type Activities									
Water	7,027,909	7,973,485	270,444	-	-	1,216,020	1,216,020	-	-
Stormwater	1,041,293	2,340,990	-	-	-	1,299,697	1,299,697	-	-
Total Business-Type Activities	8,069,202	10,314,475	270,444	-	-	2,515,717	2,515,717	-	-
TOTAL PRIMARY GOVERNMENT	\$ 29,379,268	\$ 11,351,820	\$ 1,284,210	\$ 87,675	(19,171,280)	2,515,717	(16,655,563)	-	-
COMPONENT UNIT									
Urban Renewal Authority	\$ 124,100	\$ -	\$ -	\$ -	-	-	-	(124,100)	-
GENERAL REVENUES									
Property Taxes					526,602	-	526,602	504,400	-
Property Taxes - Specific Ownership					68,703	-	68,703	-	-
Sales and Use Taxes					15,909,742	-	15,909,742	-	-
Other Taxes					1,242,419	-	1,242,419	-	-
Franchise Fees					355,071	-	355,071	-	-
Royal Gorge Bridge Revenues					3,153,504	-	3,153,504	-	-
Special Assessments					1,202	-	1,202	-	-
Investment Income					970,609	496,717	1,467,326	-	-
Other Revenues					481,225	99,983	581,208	-	-
Transfers					631,968	(631,968)	-	-	-
TOTAL GENERAL REVENUES									
					23,341,045	(35,268)	23,305,777	504,400	-
CHANGE IN NET POSITION									
					4,169,765	2,480,449	6,650,214	380,300	-
NET POSITION, Beginning, as Restated									
					100,467,389	42,452,196	142,919,585	337,415	-
NET POSITION, Ending									
					\$ 104,637,154	\$ 44,932,645	\$ 149,569,799	\$ 717,715	-

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

CITY OF CAÑON CITY, COLORADO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
December 31, 2023

	GENERAL	QUALITY OF LIFE	STREET IMPROVEMENT
ASSETS			
Cash and Investments	\$ 14,934,676	\$ 1,501,579	\$ 9,276,691
Accounts Receivable	1,076,129	388,936	-
Taxes Receivable	2,249,968	-	848,149
Lease Receivable	590,733	-	-
Special Assessments Receivable	-	-	-
Interfund Receivables	333,333	-	-
Due from Component Unit	-	-	-
Inventory	174,490	-	-
Prepaid Expenditures	201,543	175	175
TOTAL ASSETS	<u>\$ 19,560,872</u>	<u>\$ 1,890,690</u>	<u>\$ 10,125,015</u>
LIABILITIES			
Accounts Payable	\$ 476,629	\$ 19,807	\$ 463,511
Retainage Payable	-	-	61,804
Accrued Salaries and Benefits	414,504	-	-
Deposits	185,064	-	-
Interfund Payables	-	-	1,666,665
TOTAL LIABILITIES	<u>1,076,197</u>	<u>19,807</u>	<u>2,191,980</u>
DEFERRED INFLOWS OF RESOURCES			
Leases	573,444	-	-
Property Taxes and Assessments	568,552	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,141,996</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable for:			
Inventory	174,490	-	-
Prepaid Expenditures	201,543	-	175
Cemetery Perpetual Care	-	-	-
Interfund Loan	333,333	-	-
Restricted for:			
Emergencies	412,203		
General Government	1,594,397	-	-
Public Safety	13,763	-	-
BHE Redevelopment	282,105	-	-
Culture and Recreation	-	-	-
Street Improvements	-	-	7,932,860
Debt Service	-	-	-
Committed to:			
Capital Improvements	51,401	-	-
Royal Gorge Bridge	600,000	-	-
Assigned to:			
General Government	7,887,975	1,870,883	-
Capital Improvements	416,403	-	-
Culture and Recreation	-	-	-
Debt Service	-	-	-
Unassigned	5,375,066	-	-
TOTAL FUND BALANCES	<u>17,342,679</u>	<u>1,870,883</u>	<u>7,933,035</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 19,560,872</u>	<u>\$ 1,890,690</u>	<u>\$ 10,125,015</u>

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

NONMAJOR GOVERNMENTAL			
FUNDS		TOTAL	
\$	3,610,819	\$	29,323,765
	238,202		1,703,267
	-		3,098,117
	147,683		738,416
	1,656		1,656
	666,666		999,999
	444,716		444,716
	25,288		199,778
	852		202,745
\$	<u>5,135,882</u>	\$	<u>36,712,459</u>
\$	38,152	\$	998,099
	-		61,804
	21,503		436,007
	4,400		189,464
	-		1,666,665
	<u>64,055</u>		<u>3,352,039</u>
	143,361		716,805
	<u>1,656</u>		<u>570,208</u>
	<u>145,017</u>		<u>1,287,013</u>
	25,288		199,778
	852		202,570
	2,398,512		2,398,512
	-		333,333
			412,203
	-		1,594,397
	4,692		18,455
	-		282,105
	366,032		366,032
	-		7,932,860
	3,656		3,656
	-		51,401
	-		600,000
	-		9,758,858
	-		416,403
	1,831,515		1,831,515
	296,263		296,263
	-		5,375,066
	<u>4,926,810</u>		<u>32,073,407</u>
\$	<u>5,135,882</u>	\$	<u>36,712,459</u>

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

CITY OF CAÑON CITY, COLORADO
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
December 31, 2023

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE
STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:

Total Fund Balances of Governmental Funds	\$ 32,073,407
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	71,647,034
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:	
Financed Purchases	(1,127,561)
Subscription-Based Information Technology Arrangements (SBITAs)	(477,514)
Accrued Compensated Absences	(608,605)
Net Pension Liability	(237,215)
Pension-Related Deferred Outflows of Resources	1,656,895
Pension-Related Deferred Inflows of Resources	(177,410)
Internal Service Funds are blended into Governmental Activities	<u>1,888,123</u>
Total Net Position of Governmental Activities	<u><u>\$ 104,637,154</u></u>

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

CITY OF CAÑON CITY, COLORADO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2023

	<u>GENERAL</u>	<u>QUALITY OF LIFE</u>	<u>STREET IMPROVEMENT</u>
REVENUES			
Taxes	\$ 11,552,393	\$ -	\$ 5,301,009
Licenses and Permits	429,381	-	-
Intergovernmental	1,786,314	296,816	-
Charges for Services	127,962	-	-
Fines, Forfeitures, and Penalty	94,224	-	6,715
Royal Gorge Bridge	703,504	290,000	-
Investment Income	480,398	41,014	264,018
Lease and Rental Income	191,653	-	-
Contributions and Donations	46,711	-	-
Other	464,667	-	-
	<u>15,877,207</u>	<u>627,830</u>	<u>5,571,742</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
General Government	4,721,214	-	-
Public Safety	6,979,954	-	-
Public Works	2,081,938	-	-
Culture and Recreation	1,088,166	-	-
Capital Outlay			
Streets	321,957	63,345	3,396,170
Other	1,772,360	746,495	-
Debt Service			
Principal	854,363	-	-
Interest	41,117	-	126,817
	<u>17,861,069</u>	<u>809,840</u>	<u>3,522,987</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,983,862)</u>	<u>(182,010)</u>	<u>2,048,755</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from Sale of Capital Assets	55,027	-	-
Proceeds from Financed Purchases	884,373	-	-
Proceeds from SBITAs	589,488	-	-
Transfers In	634,547	500,000	-
Transfers Out	(500,000)	-	-
	<u>1,663,435</u>	<u>500,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)			
CHANGE IN FUND BALANCES	(320,427)	317,990	2,048,755
FUND BALANCES, Beginning, as Restated	<u>17,663,106</u>	<u>1,552,893</u>	<u>5,884,280</u>
FUND BALANCES, Ending	<u>\$ 17,342,679</u>	<u>\$ 1,870,883</u>	<u>\$ 7,933,035</u>

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

NONMAJOR GOVERNMENTAL FUNDS		TOTAL
\$	828	\$ 16,854,230
	-	429,381
	139,764	2,222,894
	150,421	278,383
	-	100,939
	2,160,000	3,153,504
	133,485	918,915
	43,703	235,356
	18,792	65,503
	21,787	486,454
	<u>2,668,780</u>	<u>24,745,559</u>
	-	4,721,214
	134,815	7,114,769
	-	2,081,938
	1,929,692	3,017,858
	-	3,781,472
	145,908	2,664,763
	-	854,363
	-	167,934
	<u>2,210,415</u>	<u>24,404,311</u>
	<u>458,365</u>	<u>341,248</u>
	12,677	67,704
	-	884,373
	-	589,488
	12,421	1,146,968
	<u>(15,000)</u>	<u>(515,000)</u>
	<u>10,098</u>	<u>2,173,533</u>
	468,463	2,514,781
	<u>4,458,347</u>	<u>29,558,626</u>
\$	<u><u>4,926,810</u></u>	\$ <u><u>32,073,407</u></u>

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

CITY OF CAÑON CITY, COLORADO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE
STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:

Net Change in Fund Balances of Governmental Funds	\$ 2,514,781
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as:	
Depreciation Expense	(4,491,484)
Disposal of Capital Assets	(12,241)
Capital Outlay	6,318,578
Revenues in the statement of activities last year that did not provide current financial resources were collected this year and reported as revenue in the fund financial statements	(5,228)
The repayment of long-term debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not affect the statement of activities.	854,363
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. This is the effect of these differences in the treatment of long-term debt and related items:	
Financed Purchase Proceeds	(884,373)
Subscription-Based Information Technology Arrangements (SBITAs) Proceeds	(589,488)
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. This includes the changes in the following:	
Accrued Interest Payable	1,298
Accrued Compensated Absences	(45,539)
Net Pension Liability	(1,535,246)
Pension-Related Deferred Outflows of Resources	800,571
Pension-Related Deferred Inflows of Resources	662,063
Internal Services Funds are blended into Governmental Activities	<u>581,710</u>
Change in Net Position of Governmental Activities	<u>\$ 4,169,765</u>

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

CITY OF CAÑON CITY, COLORADO

STATEMENT OF NET POSITION

PROPRIETARY FUND

December 31, 2023

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL
		STORMWATER		ACTIVITIES
	WATER FUND	UTILITY FUND	TOTAL	INTERNAL
				SERVICE FUND
ASSETS				
Cash and Investments	\$ 10,232,506	\$ 4,562,583	\$ 14,795,089	\$ 2,094,055
Accounts Receivable	877,832	222,689	1,100,521	2,259
Interfund Receivables	666,666	-	666,666	-
Inventory	520,123	-	520,123	-
Prepaid Expenditures	23,231	1,355	24,586	-
Capital Assets, <i>Not Being Depreciated</i>	2,533,872	3,222,647	5,756,519	-
Capital Assets, <i>Net of Accumulated Depreciation</i>	30,218,470	6,001,109	36,219,579	-
TOTAL ASSETS	45,072,700	14,010,383	59,083,083	2,096,314
DEFERRED OUTFLOWS OF RESOURCES				
Asset Retirement Obligations	870,588	-	870,588	-
Loss on Debt Refunding, <i>Net of Accumulated Amortization</i>	325,286	-	325,286	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,195,874	-	1,195,874	-
LIABILITIES				
Accounts Payable	109,237	30,048	139,285	26,091
Retainage Payable	26,359	50,070	76,429	-
Accrued Interest Payable	15,957	21,596	37,553	-
Accrued Liabilities	53,918	5,687	59,605	-
Deposits	52,263	-	52,263	-
Insurance Claims	-	-	-	182,100
Unearned Revenues	60,578	11,338	71,916	-
Noncurrent Liabilities				-
Due Within One Year	843,418	417,721	1,261,139	-
Due in More Than One Year	6,205,000	6,572,534	12,777,534	-
Asset Retirement Obligation	870,588	-	870,588	-
TOTAL LIABILITIES	8,237,318	7,108,994	15,346,312	208,191
NET POSITION				
Net Investment in Capital Assets	26,161,269	2,207,319	28,368,588	-
Restricted for Asset Retirement Obligation	870,588	-	870,588	-
Unrestricted	10,999,399	4,694,070	15,693,469	1,888,123
TOTAL NET POSITION	\$ 38,031,256	\$ 6,901,389	\$ 44,932,645	\$ 1,888,123

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

CITY OF CAÑON CITY, COLORADO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

For the Year Ended December 31, 2023

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL
		STORMWATER		ACTIVITIES
	WATER FUND	UTILITY FUND	TOTAL	INTERNAL SERVICE FUND
OPERATING REVENUES				
Charges for Services	\$ 7,912,829	\$ 2,328,389	\$ 10,241,218	\$ 2,857,793
Fines, Forfeitures, and Penalty	60,656	12,601	73,257	-
Intergovernmental	8,473	-	8,473	-
Other	71,268	27,215	98,483	-
TOTAL OPERATING REVENUES	8,053,226	2,368,205	10,421,431	2,857,793
OPERATING EXPENSES				
Water Administration	1,248,890	-	1,248,890	-
Utility Billing	296,831	-	296,831	-
Water Treatment	1,934,687	-	1,934,687	-
Transmission and Distribution	1,898,543	-	1,898,543	-
Stormwater Operations	-	539,845	539,845	-
Claims	-	-	-	1,806,772
Premiums	-	-	-	341,984
Administration Fees	-	-	-	179,396
Depreciation	1,399,560	259,385	1,658,945	-
TOTAL OPERATING EXPENSES	6,778,511	799,230	7,577,741	2,328,152
NET OPERATING INCOME (LOSS)	1,274,715	1,568,975	2,843,690	529,641
NONOPERATING REVENUES (EXPENSES)				
Investment Income	311,012	185,705	496,717	52,069
Interest Expense	(249,398)	(242,063)	(491,461)	-
Gain (Loss) on Disposal of Capital Assets	1,500	-	1,500	-
TOTAL NONOPERATING REVENUES (EXPENSES)	63,114	(56,358)	6,756	52,069
NET INCOME (LOSS) BEFORE CAPITAL CHARGES AND TRANSFERS	1,337,829	1,512,617	2,850,446	581,710
CAPITAL CHARGES AND TRANSFERS				
Tap Fees	261,971	-	261,971	-
Transfers Out	(288,668)	(343,300)	(631,968)	-
CHANGES IN NET POSITION	1,311,132	1,169,317	2,480,449	581,710
NET POSITION, Beginning	36,720,124	5,732,072	42,452,196	1,306,413
NET POSITION, Ending	\$ 38,031,256	\$ 6,901,389	\$ 44,932,645	\$ 1,888,123

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

CITY OF CAÑON CITY, COLORADO

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

December 31, 2023

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL
		STORMWATER		ACTIVITIES
	WATER FUND	UTILITY FUND	TOTAL	INTERNAL
				SERVICE FUND
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 8,291,586	\$ 2,358,887	\$ 10,650,473	\$ 2,883,620
Cash Payments to Employees	(2,959,603)	(241,688)	(3,201,291)	-
Cash Payments to Vendors and Suppliers	(2,425,514)	(338,721)	(2,764,235)	(2,330,259)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	2,906,469	1,778,478	4,684,947	553,361
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Repayment of Loans from (to) Other Funds	222,222	-	222,222	-
Net Transfers from (to) Other Funds	(288,668)	(343,300)	(631,968)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(66,446)	(343,300)	(409,746)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets	(1,977,886)	(635,874)	(2,613,760)	-
Proceeds from Sale of Capital Assets	1,500	-	1,500	-
Tap Fees Received	261,971	-	261,971	-
Principal Payments on Debt	(665,000)	(389,668)	(1,054,668)	-
Interest Payments on Debt	(214,795)	(279,021)	(493,816)	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(2,594,210)	(1,304,563)	(3,898,773)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	311,012	185,705	496,717	52,069
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	556,825	316,320	873,145	605,430
CASH AND CASH EQUIVALENTS, Beginning	9,675,681	4,246,263	13,921,944	1,488,625
CASH AND CASH EQUIVALENTS, Ending	\$ 10,232,506	\$ 4,562,583	\$ 14,795,089	\$ 2,094,055
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Net Operating Income (Loss)	\$ 1,274,715	\$ 1,568,975	\$ 2,843,690	\$ 529,641
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	1,399,560	259,385	1,658,945	-
Changes in Assets and Liabilities:				
Accounts Receivable	181,017	(13,243)	167,774	25,827
Prepaid Expenses	3,441	4,849	8,290	1,802
Inventory	17,212	-	17,212	-
Accounts Payable	259	(48,570)	(48,311)	(3,909)
Accrued Liabilities	(41,221)	629	(40,592)	-
Deposits	34,263	-	34,263	-
Unearned Revenue	23,080	3,925	27,005	-
Accrued Compensated Absences	14,143	2,528	16,671	-
Total Adjustments	1,631,754	209,503	1,841,257	23,720
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 2,906,469	\$ 1,778,478	\$ 4,684,947	\$ 553,361

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

CITY OF CAÑON CITY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 1: Summary of Significant Accounting Policies

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

The accounting policies of the City conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the City’s more significant policies.

Reporting Entity

The financial reporting entity consists of the City, organizations for which the City is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the City. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the City. 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 the organization has the potential to provide benefits to, or impose financial burdens on, the City.

The City includes various public improvement districts within its reporting entity. The City Council is the governing authority of the public improvement districts. The City has operational responsibility and ability to issue debt in the name of the individual public improvement districts. The financial information of each individual public improvement district is blended into the City’s financial statements as a debt service fund. No separate financial statements are issued for the individual public improvement districts.

The Cañon City Area for Reinvestment Expansion (CCARE) is a legally separate entity from the City that was organized, established, and authorized by the City to transact business and exercise its powers as an urban renewal authority, under the Colorado Urban Renewal Law, section 31-25-2010 of the Colorado Revised Statutes. CCARE was established for the prevention and elimination of blighted areas in the City using public funds for the benefit of the area. CCARE is governed by a board of eleven members, eight of which are members of the City Council and the remainder appointed by the City Council. Therefore, CCARE is presented as a discretely presented component unit on the City’s financial statements.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the City and its component unit. For the most part, the effect of interfund activity has been removed from these financial statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. *Governmental activities*, which are normally 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 or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for the governmental funds, proprietary funds, and discretely presented component unit. Major individual governmental funds, proprietary funds, and other significant funds identified by management are reported as separate columns in the fund financial statements.

CITY OF CAÑON CITY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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 required to be accounted for in another fund.

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

The *Street Improvement Fund* is capital projects fund used to account for the voter-approved 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 health insurance claims and stop-loss insurance for City employees.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds. 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 year or soon enough thereafter to pay liabilities of the current year. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current year.

Taxes, intergovernmental revenues, grants, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

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

CITY OF CAÑON CITY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

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

Assets, Liabilities and Fund Balance / Net Position

Cash and Investments – Cash and investments of each of the City's funds are pooled and invested by the City. Investments are reported at fair value. For purposes of the statement of cash flows, cash equivalents include investments with original maturities of three months or less.

Receivables – Receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. 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. Grant reimbursements not received before year-end for which eligibility has been met and expenditures have been incurred are reported as grants receivable.

Lease Receivable – The City is a lessor for noncancellable periods in excess of twelve months, including exercised extensions. Lease receivable is measured at the present value of lease payments expected to be received during the lease term based on the City's implicit interest rate unless the interest rate is provided in the agreement. Leases are recognized at the present value of cash flows as a lease receivable and a deferred inflow of resources. Payments on the lease reduce lease receivable and recognize interest as revenue. Deferred inflows of resources are amortized over the life of the lease term on a straight-line basis.

Interfund Receivables and Payables – Certain transactions between individual funds result in receivables and payables, which are classified on the balance sheet as *interfund receivables* and *interfund payables*. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as *internal balances*.

Inventories – Inventories are stated at cost on a first-in, first-out (FIFO) basis. The costs of inventories are recorded as expenditures or expenses when consumed rather than when purchased.

Prepaid Expenditures – Certain payments to vendors reflect costs applicable to future years and reported as prepaid expenditures or prepaid expenses.

Capital Assets - Capital assets include property, equipment, water and stormwater systems infrastructure and 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.

Capital assets are defined as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such 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. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives.

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

CITY OF CAÑON CITY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

Subscription-based information technology assets (SBITAs) are reported in the government-wide financial statements as a capital asset, net of accumulated amortization. SBITAs are recognized as multi-year noncancellable agreements amortized over the period of the agreement on a straight-line basis.

Deferred Outflows of Resources - This separate financial statement element represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources until then. This includes loss on refunding, net of accumulated amortization, related to the Certificates of Participation, Series 2019, and pension-related balances.

Deferred Inflows of Resources - This separate financial statement element represents an acquisition of net assets by the City that is applicable to a future reporting period. Deferred inflows of resources in the governmental fund financial statements include property taxes earned but not available as current financial resources.

Long-Term Debt - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums, discounts and accounting losses resulting from debt refundings are deferred and amortized over the life of the debt using the effective interest method. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Debt issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

Compensated Absences - Personnel accrue unused paid time off (PTO) based on the number of hours worked in a year. Employees may accumulate up to a maximum based on years of service and full-time versus part-time status. Unused accumulated leave benefits are paid upon separation/termination at their current pay rate. A long-term liability is reported in the government-wide financial statements for the accrued compensated absences when earned. Governmental funds recognize a liability only when payment is due.

Subscription-Based Information Technology Arrangements (SBITAs) - SBITA agreements for noncancellable periods in excess of twelve months, including exercised extensions, are recognized as a liability. The SBITA liability is measured at the present value of lease payments expected to be paid during the lease term based on the City's implicit interest rate unless the interest rate is provided in the agreement. SBITAs are recognized at the present value of cash flows as a liability and a related right-to-use asset. Payments on the SBITA reduce the liability and amortize the right-to-use asset on a straight-line basis over the life of the SBITA agreement.

Insurance Claims - The City incurs medical claim liabilities and estimated incurred but not reported (IBNR) claims at year-end. IBNR reports liabilities that have been estimated at year-end. The City believes the estimated insurance claims are not fully measurable and may potentially incur additional IBNR claims in the future. These liabilities are reported in the internal service fund and the government-wide financial statements.

Pensions - The City participates in the Statewide Defined Benefit Plan, a cost-sharing multiple-employer defined benefit pension plan. The plan is administered by the Fire & Police Pension Association of Colorado (FPPA). The net pension 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 the plans' fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting, the same basis of accounting used by the Statewide Defined Benefit Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Employer contributions are recognized when the compensation is payable to the employees. Investments are reported at fair value.

CITY OF CAÑON CITY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

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.

Net Position/Fund Balances - In the government-wide financial statements, net position is restricted when constraints placed on the use of resources are externally imposed. Governmental fund balances are classified as restricted when constraints are placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments. Committed fund balances include resources which are subject to limitations the City imposes on itself by action of City Council through ordinances. Committed fund balances also include contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Commitments may be established, modified, or rescinded only through ordinances approved by City Council. Assigned fund balances are constrained by an intent to be used for specific purposes but are neither restricted nor committed. In Resolution No. 16, Series of 2010, the 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.

Property Taxes

Property taxes normally attach as an enforceable lien on property on January 1, are levied the following December, and are collected in the subsequent calendar year. Taxes are payable in full on April 30, or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits to the City on a monthly basis. When taxes become delinquent, the property is sold on the tax sale date.

Contraband Forfeitures

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

NOTE 2: Cash and Investments

At December 31, 2023, the City had the following cash and investments:

Cash on Hand	\$ 4,322
Deposits	21,254,912
Investments	26,132,891
Total	<u>\$ 47,392,125</u>

CITY OF CAÑON CITY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 2: Cash and Investments (Continued)

The cash and investments presented in the financial statements as of December 31, 2023, are as follows:

Cash and Investments	\$ 46,212,909
Discretely Presented Component Unit (CCARE)	<u>1,179,216</u>
Total	<u><u>\$ 47,392,125</u></u>

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires local government entities to 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 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, 2023, the City had bank deposits of \$21,014,875 collateralized with securities held by the financial institution's agent 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

Fair Value Measurements - At December 31, 2023, the City's investments in the local government investment pool were reported at the net asset value per share.

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

Credit Risk - State statutes limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity, and either have assets of one billion dollars or the highest rating issued by one or more nationally recognized statistical rating organizations (NRSROs).

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

CITY OF CAÑON CITY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 2: Cash and Investments (Continued)

Investments (Continued)

Local Government Investment Pool - At December 31, 2023, the City had \$12,438,447 invested in the Colorado Surplus Asset Fund Trust (CSAFE) and \$13,694,444 invested in the Colorado Local Government Liquid Asset Trust Plus (ColoTrust), investment vehicles established for local government entities in Colorado to pool surplus funds (the Pools). The Colorado Division of Securities administers and enforces the requirements of creating and operating the Pools. ColoTrust and CSAFE are measured at the net asset value per share, with each share valued at \$1 for ColoTrust and \$2 for CSAFE. ColoTrust is rated AAAm by Standard and Poor's, and CSAFE is rated AAAmf by Fitch Ratings. Investments of the Pools is 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. The custodian's internal records identify the investments owned by the participating governments.

NOTE 3: Capital Assets

Capital asset activity for the year ended December 31, 2023, is summarized below:

	Balance*			Balance
	12/31/2022	Additions	Deletions	12/31/2023
Governmental Activities				
Capital Assets, Not Being Depreciated / Amortized:				
Land	\$ 3,482,238	\$ 212,824	\$ -	\$ 3,695,062
Ditch Stock	7,414	-	-	7,414
Construction in Progress	3,242,367	4,336,160	(33,363)	7,545,164
Total Capital Assets, Not Being Depreciated / Amortized	6,732,019	4,548,984	(33,363)	11,247,640
Capital Assets, Being Depreciated / Amortized:				
Infrastructure	50,765,669	128,476	-	50,894,145
Buildings	21,494,140	-	-	21,494,140
Improvements	27,897,713	96,022	-	27,993,735
Machinery and Equipment	8,405,306	932,124	(346,632)	8,990,798
Right-to-Use SBITA Assets	139,825	646,335	-	786,160
Total Capital Assets, Being Depreciated / Amortized	108,702,653	1,802,957	(346,632)	110,158,978
Less Accumulated Depreciation / Amortization:				
Infrastructure	(19,848,126)	(1,572,093)	-	(21,420,219)
Buildings	(7,628,968)	(649,918)	-	(8,278,886)
Improvements	(12,295,413)	(1,210,961)	-	(13,506,374)
Machinery and Equipment	(5,829,984)	(817,183)	334,391	(6,312,776)
Right-to-Use SBITA Assets	-	(241,329)	-	(241,329)
Total Accumulated Depreciation / Amortization	(45,602,491)	(4,491,484)	334,391	(49,759,584)
Capital Assets, Being Depreciated / Amortized, Net	63,100,162	(2,688,527)	(12,241)	60,399,394
Total Capital Assets, Governmental Activities, Net	\$ 69,832,181	\$ 1,860,457	\$ (45,604)	\$ 71,647,034

*At December 31, 2022, machinery and equipment category was restated in the amount of \$173,570 to correct the balance with the implementation of Government Accounting Standards Board Statement No. 87, *Leases*. The related financed purchase is disclosed in Note 5. At December 31, 2022, right-to-use SBITA assets were restated in the amount of \$139,825 with the change in accounting principle for the implementation of GASB No. 96, *Subscription-Based Information Technology Arrangements*. The related SBITA liabilities are disclosed in Note 5.

CITY OF CAÑON CITY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 3: Capital Assets (Continued)

	Balance 12/31/2022	Additions	Deletions	Balance 12/31/2023
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 449,828	\$ -	\$ -	\$ 449,828
Ditch Stock	1,053,538	-	-	1,053,538
Construction in Progress	4,193,104	2,339,475	(2,279,426)	4,253,153
Total Capital Assets, Not Being Depreciated	5,696,470	2,339,475	(2,279,426)	5,756,519
Capital Assets, Being Depreciated:				
Buildings	9,143,695	-	-	9,143,695
Water and Stormwater System	51,677,673	2,279,425	-	53,957,098
Infrastructure	666,794	-	-	666,794
Machinery and Equipment	4,247,710	232,979	(69,533)	4,411,156
Total Capital Assets, Being Depreciated	65,735,872	2,512,404	(69,533)	68,178,743
Less Accumulated Depreciation:				
Buildings	(5,439,989)	(153,908)	-	(5,593,897)
Water and Stormwater System	(21,445,346)	(1,324,310)	-	(22,769,656)
Infrastructure	(17,603)	(22,227)	-	(39,830)
Machinery and Equipment	(3,466,814)	(158,500)	69,533	(3,555,781)
Total Accumulated Depreciation	(30,369,752)	(1,658,945)	69,533	(31,959,164)
Capital Assets, Being Depreciated, Net	35,366,120	853,459	-	36,219,579
Total Capital Assets, Governmental Activities, Net	\$ 41,062,590	\$ 3,192,934	\$ (2,279,426)	\$ 41,976,098

Depreciation expense for governmental activities was charged by function as follows:

General Government	\$ 387,849
Public Safety	605,685
Public Works	1,763,055
Culture and Recreation	1,734,895
Total	<u>\$ 4,491,484</u>

Depreciation expense for business-type activities was charged by function as follows:

Water Fund	\$ 1,399,560
Stormwater Fund	259,385
Total	<u>\$ 1,658,945</u>

CITY OF CAÑON CITY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 4: Lease Receivable

In 2017, the City has entered into a site lease agreement as a lessor with American Tower Asset Sub, LLC for the right to use City's property for a period of five years with six additional five-year renewal options to be exercised by American Tower Asset Sub, LLC. The City accrued a receivable for this lease including all renewal options. Payments are received annually with a 3% escalator through July 31, 2025. Interest rate on the lease was 3.03% per annum based on the City's incremental borrowing rate at implementation date. At December 31, 2022, the balance of the lease receivable and deferred inflows of resources was \$741,522, which was restated with a net balance of zero. In 2023, the City received \$25,574, including principal and interest receipts of \$3,106 and \$22,468, respectively, and amortized \$24,717. At December 31, 2023, the lease receivable and deferred inflows of resources balances were \$738,416 and \$716,805, respectively.

Lease receivable payments to maturity are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 3,967	\$ 22,374	\$ 26,341
2025	4,878	22,254	27,132
2026	5,839	22,106	27,945
2027	6,855	21,929	28,784
2028	7,926	21,721	29,647
2029-2033	57,832	104,292	162,124
2034-2038	94,527	93,419	187,946
2039-2043	141,491	76,389	217,880
2044-2048	201,072	51,512	252,584
2049-2052	214,029	16,709	230,738
Total	<u>\$ 738,416</u>	<u>\$ 452,705</u>	<u>\$ 1,191,121</u>

NOTE 5: Long-Term Debt

Following is a summary of long-term debt transactions for governmental activities the year ended December 31, 2023.

	<u>Balance*</u> <u>12/31/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2023</u>	<u>Due in</u> <u>One Year</u>
Governmental Activities					
Financed Purchases	\$ 871,517	\$ 884,373	\$ 628,329	\$ 1,127,561	\$ 390,257
SBITAs	114,060	589,488	226,034	477,514	212,742
Compensated Absences	563,066	841,923	796,384	608,605	568,800
Long-Term Debt, Governmental Activities	<u>\$ 1,548,643</u>	<u>\$ 2,315,784</u>	<u>\$ 1,650,747</u>	<u>\$ 2,213,680</u>	<u>\$ 1,171,799</u>

*At December 31, 2022, SBITA liabilities were restated in the amount of \$139,825 with the change in accounting principle for the implementation of GASB No. 96, *Subscription-Based Information Technology Arrangements*. The related SBITA right-to-use assets are disclosed in Note 3. Compensated absences of the City are expected to be liquidated primarily with revenues of the General and Park Improvement Funds.

Financed Purchases

In March 2021, the City entered into a financed purchase agreement with U.S. Bancorp Government Leasing and Finance Inc. for the acquisition of police vehicles valued at \$372,334. Payments are made quarterly in the amount of \$19,383 for a period of five years, with interest at 1.64% per annum. In 2023, the City paid \$77,534, including principal and interest of \$74,162 and \$3,372, respectively. Police vehicles have an estimated useful life of fifteen years.

CITY OF CAÑON CITY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 5: Long-Term Debt (Continued)

Governmental Activities (Continued)

In April 2022, the City entered into a financed purchase agreement with U.S. Bancorp Government Leasing and Finance Inc. for the acquisition of additional police vehicles valued at \$240,000. Payments are made quarterly in the amount of \$13,040 for a period of five years, with interest at 3.22% per annum. In 2023, the City paid \$52,160, including principal and interest of \$45,699 and \$6,462, respectively. The police vehicles had an estimated useful life of fifteen years.

In January 2023, the City entered into a financed purchase agreement with U.S. Bancorp Government Leasing and Finance Inc. for the acquisition of a dump truck and backhoe valued at \$320,000. Payments are made quarterly in the amount of \$28,530 for a period of three years, with interest at 5.01% per annum. In 2023, the City paid \$114,119, including principal and interest of \$104,106 and \$10,013, respectively. The dump truck and backhoe had an estimated useful life of fifteen years.

In January 2023, the City entered into a financed purchase agreement with U.S. Bancorp Government Leasing and Finance Inc. for the acquisition of additional police vehicles valued at \$400,000. Payments are made quarterly in the amount of \$22,493 for a period of five years, with interest at 5.09% per annum. In 2023, the City paid \$89,972, including principal and interest of \$76,238 and \$13,733, respectively. The additional police vehicles had an estimated useful life of fifteen years.

In 2021, the City entered into a financed purchase agreement with Axon Enterprise Inc. for the acquisition of police body cameras and interview room cameras valued at \$173,543. In addition, in 2023, the City amended the agreement to obtain police vehicle dash cameras valued at \$164,373, totaling \$377,915. Payments are made annually in the amount of \$95,814 through 2025 and \$36,165 in 2026 and 2027 with implied interest rate for the interview room equipment and body camera equipment at 1.55% per annum and dash camera equipment at 5.01% per annum. The equipment has an estimated useful life of five years. At December 31, 2023, the equipment had a net book value of \$247,211, with a depreciation expense of \$90,731. Financed purchase payments to maturity are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 390,257	\$ 39,342	\$ 429,599
2025	404,616	24,984	429,600
2026	185,299	12,380	197,679
2027	147,389	4,828	152,217
Total	<u>\$ 1,127,561</u>	<u>\$ 81,534</u>	<u>\$ 1,209,095</u>

At December 31, 2022, Axon Enterprises Inc. financed purchase was restated in the amount of \$173,543 to correct the balance with the implementation of Government Accounting Standards Board Statement No. 87, *Leases*. The related equipment is disclosed in Note 3.

Subscription-Based Information Technology Arrangements (SBITAs)

In 2021, as part of the financed purchase agreement, the City entered into an agreement with Axon Enterprise Inc. for the subscription-based information technology arrangements (SBITAs) and the related right-to-use assets for data storage and other similar subscriptions. At January 1, 2023, these SBITAs were valued at \$139,825. In 2023, the City amended the agreement to obtain police vehicle dash cameras that included subscription assets and corresponding liabilities valued at \$98,582, totaling \$238,407. Payments are made annually in the amount of \$60,904 through 2025 and \$21,690 in 2026 and 2027, with an implied interest rate for the interview room equipment and body camera equipment at 1.55% per annum and dash camera equipment at 5.01% per annum. The estimated useful life of this subscription is for the remainder of the agreement or five years. At December 31, 2023, the equipment had a net book value of \$172,082, with an amortization expense in 2023 in the amount of \$66,325.

CITY OF CAÑON CITY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 5: Long-Term Debt (Continued)

Governmental Activities (Continued)

In 2023, the City entered into a SBITA with Springbrook Holding Company, LLC valued at \$142,300 for the right-to-use software to manage and automate the City's business processes. Payments are made annually in the amount of \$49,770 for a period of three years, with an implied interest rate at 5.01% per annum. In 2023, the City made an initial principal payment in the amount of \$49,770. The right-to-use asset had an estimated useful life of three years. At December 31, 2023, the SBITAs had a net book value of the right-to-use asset of \$94,867, which included an amortization expense in the amount of \$47,433 in 2023. At December 31, 2023, remaining principal balance of the SBITA liability was \$92,530.

In 2023, the City entered into a SBITA with Tyler Technologies valued at \$127,904 for the right-to-use the Tyler Courts software product to manage the City's municipal court cases. Payments are made annually in the amount of \$44,725 for a period of three years, with an implied interest rate at 5.01% per annum. In 2023, the City made an initial principal payment in the amount of \$44,735. The right-to-use asset had an estimated useful life of three years. At December 31, 2023, the SBITAs had a net book value of the right-to-use asset of \$85,269, which included an amortization expense in the amount of \$42,635 in 2023. At December 31, 2023, the remaining principal balance of the SBITA liability was \$83,169.

In 2023, the City entered into a SBITA with Insight Public Sector for the right-to-use Microsoft software licenses valued at \$220,702. Payments are made annually in the amount of \$73,567 for a period of three years, with an implied interest rate at 5.01% per annum. In 2023, the City made an initial principal payment in the amount of \$72,406. The right-to-use asset had an estimated useful life of three years. At December 31, 2023, the SBITAs had a net book value of the right-to-use asset of \$147,135, which included an amortization expense in the amount of \$73,567 in 2023. At December 31, 2023, the remaining principal balance of the SBITA liability was \$148,296.

In 2023, the City entered into a SBITA with Safeware Inc. for the right-to-use software licenses valued at \$56,848. The City prepaid the software license for a period of five years in the amount of \$56,848. The right-to-use asset had an estimated useful life of five years. At December 31, 2023, the right-to-use asset had a net book value of \$45,478, which included an amortization expense in the amount of \$11,370 in 2023. SBITA payments to maturity are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 212,742	\$ 21,282	\$ 234,024
2025	224,448	11,934	236,382
2026	19,669	2,020	21,689
2027	20,655	1,035	21,690
Total	<u>\$ 477,514</u>	<u>\$ 36,271</u>	<u>\$ 513,785</u>

Business-Type Activities

Following is a summary of long-term debt transactions for business-type activities the year ended December 31, 2023.

	<u>Balance</u>			<u>Balance</u>	<u>Due in</u>
	<u>12/31/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2023</u>	<u>One Year</u>
Business-Type Activities					
Certificates of Participation, Series 2017	\$ 7,555,000	\$ -	\$ 665,000	\$ 6,890,000	\$ 685,000
Certificates of Participation, Series 2019	6,490,000	-	290,000	6,200,000	300,000
Certificates of Participation Premium	571,799	-	35,737	536,062	-
Financed Purchase	329,973	-	99,668	230,305	101,312
Compensated Absences	165,635	281,532	264,861	182,306	174,827
Long-Term Debt, Business-Type Activities	<u>\$ 15,112,407</u>	<u>\$ 281,532</u>	<u>\$ 1,355,266</u>	<u>\$ 14,038,673</u>	<u>\$ 1,261,139</u>

CITY OF CAÑON CITY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 5: Long-Term Debt (Continued)

Business-Type Activities (Continued)

Financed Purchases

In December 2020, the City entered into a financed purchase agreement with U.S. Bancorp Government Leasing and Finance Inc. for the acquisition of a vactor truck valued at \$500,513. Payments are made quarterly in the amount of \$26,117 for a period of five years, with interest at 1.64% per annum. The vactor truck has an estimated useful life of fifteen years. In 2023, the City paid \$104,468, including principal and interest of \$99,667 and \$4,801, respectively. Financed purchase payments to maturity are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 101,312	\$ 3,156	\$ 104,468
2025	102,983	1,484	104,467
2026	26,010	107	26,117
Total	<u>\$ 230,305</u>	<u>\$ 4,747</u>	<u>\$ 235,052</u>

During 2013, the City entered into a financed purchase 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 were due annually in December, through 2023. At December 31, 2023, the financed purchase agreement was paid in full.

Certificates of Participation

On March 28, 2019, the City issued the Certificates of Participation, Series 2019, in the amount of \$7,470,000 to finance the acquisition and improvements of certain storm water improvements. Principal payments are due annually on December 1, through 2038. Interest payments are due semi-annually on June 1st and December 1st, with interest accruing at rates ranging from 4% to 5% per annum. The property financed (leased) is pledged in case of default in addition to storm water revenues derived by the City for the payment of the principal and interest.

On May 25, 2017, the City issued the Refunding and Improvement Certificates of Participation, Series 2017, in the amount of \$11,290,000 to refund the Certificates of Participation, Series 2008, which were used to finance construction, acquisition, and improvements to the City's water treatment plant. In addition, the City used proceeds of \$850,537 to finance water-related capital improvements. Principal payments are due annually on December 1, through 2032. Interest payments are due semi-annually on June 1st and December 1st, with interest accruing at rates ranging from 2.81% per annum. The property financed (leased) is pledged in case of default in addition to water revenues derived by the City for the payment of the principal and interest. Certificates of participation payments to maturity are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 985,000	\$ 451,909	\$ 1,436,909
2025	1,020,000	420,661	1,440,661
2026	1,050,000	388,250	1,438,250
2027	1,085,000	351,628	1,436,628
2028	1,125,000	313,584	1,438,584
2029-2033	5,325,000	986,230	6,311,230
2034-2038	2,500,000	308,000	2,808,000
Total	<u>\$ 13,090,000</u>	<u>\$ 3,220,261</u>	<u>\$ 16,310,261</u>

CITY OF CAÑON CITY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 6: Interfund Balances and Transfers

On February 25, 2017, the General Fund, Cemetery Fund, and the Water Fund provided interfund loans to the Street Improvement Fund in the amount of \$1,000,000, \$2,000,000, and 2,000,000, totaling \$5,000,000, for the purpose of reconstructing streets. Principal and interest payments are made annually on December 31, 2018, through 2026. Variable interest accrues based on the City's investment rate plus 0.5%. Payments for the interfund loan will be made annually over 10 years from the collections on the 1% voter-approved sales tax increase, also known as Referendum 2A. In 2023, the Street Improvement Fund made principal payments of \$555,555. At December 31, 2023, the outstanding balance of the loan was \$1,666,665.

In 2020, the Cemetery Fund provided an interfund loan to the CCARE Fund in the amount of \$500,000 to finance urban renewal projects and loans from the Cemetery Fund in the amount of \$500,000 were made to CCARE for staffing and consultants in connection with the undertakings and activities of CCARE. Principal and interest payments are made monthly from CCARE's sales and property tax revenues through December 31, 2030. Interest accrues at 1% per annum. At December 31, 2023, the outstanding balance of the interfund loan was \$444,716.

Transfers between funds during the year ended December 31, 2023, consisted of the following:

Transfers In	Transfers Out	Amount
General	Water	\$ 276,247
General	Stormwater Utility	343,300
Quality of Life	General	500,000
Park Improvements	Water	12,421
General	Excess SID	15,000
Total		<u>\$ 1,146,968</u>

Water Fund and Stormwater Utility Funds transferred \$619,547 to the General Fund as a charge for administrative services based on the City's cost allocation plan across departments and funds. General Fund transferred \$500,000 to the Quality of Life Fund to provide additional grant match. The Water Fund contributed to the Park Improvements Fund for the construction of the new parks maintenance building. Excess Special Improvement District Fund contributed to the General Fund in the amount of \$15,000.

NOTE 7: Risk Management

Public Entity Risk Pool

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. 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 THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 7: Risk Management (Continued)

Self-Insured Medical Plan

The City manages a health insurance plan that provides medical, dental, and vision benefits to eligible employees and dependents reported in the internal service fund. The City maintains stop-loss insurance for losses in excess of \$100,000 per claim. Employees are required to participate in medical, dental, and vision insurance plans. The City pays a portion of the insurance premiums as determined periodically by the City Council. The remainder of the insurance premiums are paid by the employees through payroll deductions. The City contracts with an administrator to manage the City's medical insurance claims.

Claim liabilities, including incurred but not reported (IBNR) claims, are based on the estimated cost of claims, including the effects of inflation and other societal and economic factors, using past experience adjusted for current trends, and any other factors that would modify past experience. Expenses and liabilities are estimated through a case-by-case review of claims and application of historical experience for outstanding claims. At December 31, 2023, summary of claims activity is as follows:

Claims Payable at December 31, 2020	\$ 118,600
Claims Incurred and Adjustments	2,605,108
Claims Paid	<u>(2,457,008)</u>
Claims Payable at December 31, 2021	266,700
Claims Incurred and Adjustments	1,737,817
Claims Paid	<u>(1,792,417)</u>
Claims Payable at December 31, 2022	212,100
Claims Incurred and Adjustments	1,807,216
Claims Paid	<u>(1,837,216)</u>
Claims Payable at December 31, 2023	<u><u>\$ 182,100</u></u>

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. The SWDB Plan is 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).

CITY OF CAÑON CITY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 8: Employee Retirement Plans

Police Pension Plan (Continued)

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 ten years, plus 2.5% for each year of service thereafter. The benefit earned prior to January 1, 2007, for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members covered under Statewide Defined Benefit Social Security Component will receive half the benefit when compared to the Statewide Defined Benefit Plan.

Benefit adjustments paid to retired members are evaluated annually and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0% to the higher of 3% or the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

A member is eligible for early retirement after completion of 30 years of service or attainment of age 50 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% as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2% of the member's average highest three years' pensionable earnings for each year of credited service up to ten years, plus 2.5% for each year of service thereafter.

Contributions – The FPPA Board of Directors sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Employee contribution rates can be amended by the State Legislature or by election of the membership. 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.

SWDB Plan members elected to increase the employee contribution rate beginning in 2015 to increase 0.5% annually through 2022, to a total of 12% of pensionable earnings. Employer contributions will increase 0.5% annually from 2021 through 2030 to a total of 13% of pensionable earnings. In 2023, the City's contribution to the SWDB plan was \$240,182. The City and eligible employees each contributed 9.5% and 12% of base salary, respectively, for the year ended December 31, 2023.

The contribution rate for employees and employers of affiliated social security employers is 6% and 4.5%, respectively, of pensionable earnings for a total contribution rate of 10.5% in 2021. Per the 2014-member election, members of the affiliate social security group had their required contribution rate increase 0.25% annually beginning in 2015 through 2022 to a total of 6% of pensionable earnings. Employer contributions will increase 0.25% annually beginning in 2021 through 2030 to a total of 6.5% of pensionable earnings.

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

At December 31, 2023, the City reported a net pension liability of \$237,215 for its proportionate share of the SWDB Plan. The net pension liability was measured at December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023. The City's proportion of the net pension liability was based on a projection of the City's contributions to the Plan for the calendar year ended December 31, 2022, relative to the projected contributions of all participating employers. At December 31, 2022, the City's proportion was 0.26725120%, which was an increase of 0.02773282% from its proportion measured at December 31, 2021. For the year ended December 31, 2023, the City recognized pension expense (income) of \$212,115.

CITY OF CAÑON CITY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 8: Employee Retirement Plans (Continued)

Police Pension Plan (Continued)

At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 513,488	\$ 29,021
Changes of assumptions	303,905	-
Net difference between projected and actual earnings on plan investments	536,810	-
Changes in proportion	62,512	140,264
Contributions subsequent to the measurement date	240,182	-
Total	<u>\$ 1,656,897</u>	<u>\$ 169,285</u>

City contributions subsequent to the measurement date of \$240,182 will be recognized as a reduction of the net pension 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:

Year Ended December 31,

2024	\$ 118,256
2025	219,618
2026	311,865
2027	435,752
2028	83,078
Thereafter	78,861
Total	<u>\$ 1,247,430</u>

Actuarial Assumptions - The actuarial valuation as of January 1, 2023, determined the total pension liability using the following actuarial assumptions and other inputs.

	Entry Age Normal
Actuarial Method	
Investment rate of return, compounded annually, net of plan investment expenses, including inflation	7.0%
Inflation	2.5%
Projected salary increases, including inflation	4.25% - 11.25%
Cost of living adjustments (COLA)	0.0%

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables projected with the ultimate values of the MP-2020 projection scale. The pre-retirement off-duty mortality tables are adjusted to 60% of the MP-2020 mortality tables for active employees. The on-duty mortality rate is 0.00015.

CITY OF CAÑON CITY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 8: Employee Retirement Plans (Continued)

Police Pension Plan (Continued)

For determining the actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rates from the RP-2014 Annuitant Mortality Tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The pre-retirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2022 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Company, based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2023. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

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 (assumed at 2.5%). Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	35%	8.93%
Equity Long/Short	6%	7.47%
Private Markets	34%	10.31%
Fixed Income	10%	5.45%
Absolute Return	5%	6.90%
Managed Futures	9%	6.49%
Cash	1%	3.92%
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7%. 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 based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

CITY OF CAÑON CITY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 8: Employee Retirement Plans (Continued)

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7%; the municipal bond rate is 4.05% (based on the weekly rate closest to but not later than the measurement date of the “state & local bonds” rate from Federal Reserve statistical release (H.15)); and the resulting single discount rate is 7%.

Regarding the sensitivity of the net pension liability/(asset) to changes in the single discount rate, the following presents the plan’s net pension liability/(asset), calculated using a single discount rate of 7%, as well as what the plan’s net pension liability/(asset) would be if it were calculated using a single discount rate that is 1% lower or 1% higher:

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Proportionate share of the SWDB net pension asset (liability)	<u>\$ 1,635,328</u>	<u>\$ 237,215</u>	<u>\$ (920,875)</u>

Defined Contribution Pension Plan

City employees, other than sworn police officers eligible for the SWDB Plan, after six months of continuous employment are required to participate in the City’s pre-tax defined contribution pension plan. 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 of employment. All plan provisions, including contribution requirements, are established, and may be amended by the City Council. During the fiscal year ended December 31, 2023, the City and employees each contributed \$321,031 to the plan, equal to the required contributions. Employees may make voluntary post-tax contributions to the plan. Mission Square Retirement (formerly ICMA-RC) administers the plan.

The City has established a deferred compensation plan in accordance with Internal Revenue Code Section 457. The City Council determines the City’s contributions to the plan. Currently, the City does not contribute to this plan. Employees may make voluntary contributions to this plan. The plan is administered by Mission Square Retirement (formerly ICMA-RC), and all plan assets are held in trust for the exclusive benefit of the participants.

NOTE 9: Other Postemployment Benefits

Statewide Death & Disability Plan

Plan Description - The City contributes to the Statewide Death and Disability Plan (the SD&D Plan), 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.

CITY OF CAÑON CITY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 9: Other Postemployment Benefits (Continued)

Statewide Death & Disability Plan (Continued)

Disability benefits are as follows:

- 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. As of 2020, the FPPA Board may adjust the required contribution rate annually by a maximum of 0.2%.

City Council determines the required contributions for the City and the members to the SD&D Plan and whether the contributions are paid individually or jointly. No contributions are required for members hired prior to January 1, 1997. For members hired on or after January 1, 1997, the City contributed 3.4% of base salaries on behalf of the members during the year ended December 31, 2023, in the amount of \$71,289, equal to the required contributions.

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. Any contributions to the SD&D Plan are considered to be "member contributions."

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

Claims and Judgments

The City participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. At December 31, 2023, significant amounts of grant expenditures have not been audited but management believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the City.

Tabor Amendment

In November 1992, Colorado voters passed Article X, Section 20 (the Amendment) to the State Constitution which limits state and local government taxing powers and imposes spending limits. The City is subject to the Amendment.

In November 2017, voters reauthorized the City to continue to collect and retain all revenues from all sources in 2020 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 the City to establish a reserve for emergencies, representing 3% of qualifying expenditures with the exception Street Improvement Fund, explained in the following paragraph. At December 31, 2023, the City's emergency reserve was reported as restricted fund balance in the General Fund in the amount of \$412,203.

CITY OF CAÑON CITY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 10: Commitments and Contingencies (Continued)

Litigation

The City from time to time is involved in various legal matters. In the opinion of the City's counsel, there are no pending legal issues that would have a material adverse effect on the financial condition of the City.

NOTE 11: Asset Retirement Obligation

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 22 years at approximately \$870,588. The City will be required to maintain adequate financial assurance coverage for these costs continuously until a release is granted by the Department. At December 31, 2023, no contamination has been identified.

The liability and the related deferred outflows of resources is based on estimated costs, including costs to remove, clean, and remediate the drying bed impoundment when retired. Estimated deferred outflows of resources are being amortized on a straight-line basis over the estimated remaining useful life of 22 years. At December 31, 2023, the estimated asset retirement obligation liability was \$870,588. The City has set aside resources in the Water Fund to finance the estimated liability in the future.

NOTE 12: Change in Accounting Principle and Correction of Errors

As of January 1, 2023, the City has adopted Governmental Accounting Standard Board Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. This statement requires recognition of certain SBITA assets and liabilities for SBITAs that were previously recognized as outflows of resources based on the payment provisions of such contracts. As a result, the City recognized a right-to-use subscription asset and subscription liability as identified in Note 4 and Note 5.

In 2022, the City was required to implement Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. The City did not record the lease receivable and deferred inflows of resources for a lease receivable and a lease liability and the corresponding right-to-use assets for several financed purchases as of December 31, 2022. Errors were required to be corrected as a restatement to governmental funds and governmental activities as of December 31, 2022.

In addition, the City made a correction of an error to the prior period related to revenue recognition of a grant in the prior period. The City met eligibility and incurred grant expenditures during the fiscal year ended December 31, 2022, but did not recognize the corresponding revenue for this period. The grant reimbursement was received within 60 days after December 31, 2022. Based on Governmental Accounting Standard Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the City is required to recognize revenue from expenditure-driven grants in the period the expenditure is incurred. This correction of an error required a restatement to governmental funds and governmental activities of the City at December 31, 2022.

CITY OF CAÑON CITY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 12: Change in Accounting Principle and Correction of Errors (Continued)

The impact of the change in accounting principle and correction of errors as of December 31, 2022, on financial statements is identified as follows:

	<u>Governmental Funds</u>		<u>Government-Wide</u>
	<u>Quality of Life</u>	<u>Total</u>	<u>Governmental Activities</u>
Net Position/Fund Balance, Beginning, as Originally Stated	\$ 1,461,251	\$ 29,466,984	\$ 100,349,955
Restatement - Correction of Prior Year Errors:			
Intergovernmental Revenue / Operating Grants	91,642	91,642	91,642
Change in Accounting Principle (GASB 96):			
Right-to-Use Assets (SBITAs)	-	-	139,825
SBITAs Liabilities	-	-	(114,060)
Machinery and Equipment	-	-	173,570
Financed Purchases	-	-	(173,543)
Net Position/Fund Balance, Beginning, as Restated	<u>\$ 1,552,893</u>	<u>\$ 29,558,626</u>	<u>\$ 100,467,389</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CAÑON CITY, COLORADO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended December 31, 2023

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Taxes	\$ 9,553,422	\$ 9,564,422	\$ 11,552,393	\$ 1,987,971
Licenses and Permits	372,000	412,000	429,381	17,381
Intergovernmental	1,857,290	1,972,679	1,786,314	(186,365)
Charges for Services	208,252	207,627	127,962	(79,665)
Fines and Forfeitures	80,850	69,850	94,224	24,374
Royal Gorge Bridge	376,250	376,250	703,504	327,254
Investment Income	40,000	40,000	480,398	440,398
Lease and Rental Income	155,250	148,000	191,653	43,653
Contributions and Donations	18,250	54,200	46,711	(7,489)
Other	21,000	420,570	464,667	44,097
TOTAL REVENUES	12,682,564	13,265,598	15,877,207	2,611,609
EXPENDITURES				
Current				
General Government	5,474,926	5,474,926	4,721,214	753,712
Public Safety	7,641,170	7,882,806	6,979,954	902,852
Public Works	2,562,405	2,566,049	2,081,938	484,111
Culture and Recreation	1,205,472	1,205,472	1,088,166	117,306
Capital Outlay				
Streets	2,320,000	2,500,000	321,957	2,178,043
Other	2,196,000	2,542,129	1,772,360	769,769
Debt Service				
Principal	-	-	854,363	(854,363)
Interest	-	-	41,117	(41,117)
TOTAL EXPENDITURES	21,399,973	22,171,382	17,861,069	4,310,313
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(8,717,409)	(8,905,784)	(1,983,862)	6,921,922
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	-	-	55,027	55,027
Proceeds from Financed Purchase	720,000	720,000	884,373	164,373
Proceeds from SBITAs	-	-	589,488	589,488
Transfers In	913,897	913,897	634,547	(279,350)
Transfers Out	(2,150,000)	(2,150,000)	(500,000)	1,650,000
TOTAL OTHER FINANCING SOURCES (USES)	(516,103)	(516,103)	1,663,435	2,179,538
CHANGE IN FUND BALANCE	(9,233,512)	(9,421,887)	(320,427)	9,101,460
FUND BALANCE, Beginning	15,657,304	15,657,304	17,663,106	2,005,802
FUND BALANCE, Ending	\$ 6,423,792	\$ 6,235,417	\$ 17,342,679	\$ 11,107,262

CITY OF CAÑON CITY, COLORADO
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND CONTRIBUTIONS
FIRE AND POLICE PENSION ASSOCIATION OF COLORADO STATEWIDE DEFINED BENEFIT PLAN
For the Year Ended December 31, 2023

FISCAL YEAR	2023	2022	2021	2020
Plan Measurement Date	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY				
City's Proportion of the Net Pension (Asset) Liability	0.26572512%	0.23951838%	0.22068047%	0.22670295%
City's Proportionate Share of the Net Pension (Asset) Liability	\$ 237,215	\$ (1,298,031)	\$ (479,098)	\$ (128,215)
City's Covered Payroll	\$ 2,341,822	\$ 1,928,176	\$ 1,706,679	\$ 1,597,543
City's Proportionate Share of the Net Pension (Asset) Liability as a Percentage of Covered Payroll	10.1%	-67.3%	-28.1%	-8.0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset (Liability)	97.6%	116.2%	106.7%	101.9%
CITY CONTRIBUTIONS				
Statutorily Required Contribution	\$ 240,182	\$ 209,261	\$ 163,895	\$ 141,802
Contributions in Relation to the Statutorily Required Contribution	<u>(240,182)</u>	<u>(209,261)</u>	<u>(163,895)</u>	<u>(141,802)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 2,532,855	\$ 2,341,822	\$ 1,928,176	\$ 1,706,679
Contributions as a Percentage of Covered Payroll	9.5%	9%	8.5%	8.3%

This schedule is presented to show information for 10 years.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013
0.24388777%	0.26869046%	0.26869046%	0.25185527%	0.23521294%	0.21431916%
\$ 308,341	\$ (386,554)	\$ 95,660	\$ (4,440)	\$ (265,456)	\$ (191,641)
\$ 1,592,917	\$ 1,519,823	\$ 1,311,504	\$ 1,179,685	\$ 998,713	\$ 850,045
19.4%	-25.4%	7.3%	-0.4%	-26.6%	-22.5%
95.2%	106.3%	106.3%	106.3%	106.3%	106.3%
\$ 133,670	\$ 130,696	\$ 125,732	\$ 108,390	\$ 97,674	\$ 84,621
<u>(133,670)</u>	<u>(130,696)</u>	<u>(125,732)</u>	<u>(108,390)</u>	<u>(97,674)</u>	<u>(84,621)</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
\$ 1,597,543	\$ 1,592,917	\$ 1,519,823	\$ 1,311,504	\$ 1,179,685	\$ 998,713
8.4%	8.2%	8.3%	8.3%	8.3%	8.5%

CITY OF CAÑON CITY, COLORADO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2023

NOTE 1: Stewardship, Compliance, and Accountability

Budgetary Information

Budgets are adopted for all funds on a basis consistent with generally accepted accounting principles. The City adheres to the following procedures to establish the budgetary information 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.
- Expenditures may not legally exceed appropriations at the fund level. 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 budget appropriations lapse at fiscal year-end.

Contraband Forfeitures

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

NOTE 2: Significant Assumptions in the Actuarially Determined Pension Plan

An actuarial valuation is performed every two years to determine the pension benefit obligation. The latest available actuarial valuation was performed as of January 1, 2023. The measurement date was December 31, 2022. The following assumptions were used in computing the pension benefit obligation for this plan:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open
Remaining Amortization Period	20 Years
Asset Valuation Method	5-Year smoothed fair value
Inflation	2.50%
Salary Increases	N/A
Investment Rate of Return	7.00%
Retirement Age	50% per Year of Eligibility until 100% at Age 65

Pre-retirement mortality assumptions were based upon the 2006 central rates from the RP-2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality.

CITY OF CAÑON CITY, COLORADO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2023

NOTE 2: Significant Assumptions in the Actuarially Determined Pension Plan (Continued)

Post-retirement mortality assumptions were based upon the 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.

Disabled mortality assumptions were based upon the 2006 central rates from the RP-2014 Disabled Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.

The actuarial assumptions shown above are associated with the Actuarially Determined Contribution for the Fiscal Year Ending December 31, 2022. The actuarial assumptions were changed for the Actuarial Valuation as of January 1, 2023, and as such, the Total Pension Liability was measured using those assumptions for the fiscal year ended December 31, 2023, with a one-year lag.

SUPPLEMENTARY INFORMATION

CITY OF CAÑON CITY, COLORADO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2023

	<u>PARK IMPROVEMENT</u>	<u>CONSERVATION TRUST</u>	<u>POLICE FORFEITURE</u>
ASSETS			
Cash and Investments	\$ 1,588,013	\$ 206,654	\$ 4,692
Accounts Receivable	238,202	-	-
Special Assessments Receivable	-	-	-
Interfund Receivables	-	-	-
Lease Receivable	147,683	-	-
Due from Component Unit	-	-	-
Inventory	25,288	-	-
Prepaid Expenditures	<u>852</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 2,000,038</u></u>	<u><u>\$ 206,654</u></u>	<u><u>\$ 4,692</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 34,997	\$ 880	\$ -
Accrued Liabilities	21,503	-	-
Deposits	<u>4,400</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>60,900</u>	<u>880</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Leases	143,361	-	-
Assessments	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>143,361</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable			
Inventory	25,288	-	-
Prepaid Expenditures	852	-	-
Cemetery Perpetual Care	-	-	-
Restricted for:			
Public Safety	-	-	4,692
Culture and Recreation	-	205,774	-
Debt Service	-	-	-
Assigned to:			
Culture and Recreation	1,769,637	-	-
Debt Service	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES	<u>1,795,777</u>	<u>205,774</u>	<u>4,692</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 2,000,038</u></u>	<u><u>\$ 206,654</u></u>	<u><u>\$ 4,692</u></u>

LIBRARY DONATIONS	MUSEUM DONATIONS	PUBLIC IMPROVEMENTS DISTRICTS	EXCESS SPECIAL IMPROVEMENT DISTRICT	CEMETERY	TOTAL
\$ 97,386	\$ 126,345	\$ 3,656	\$ 296,263	\$ 1,287,810	\$ 3,610,819
-	-	-	-	-	238,202
-	-	1,656	-	-	1,656
-	-	-	-	666,666	666,666
-	-	-	-	-	147,683
-	-	-	-	444,716	444,716
-	-	-	-	-	25,288
-	-	-	-	-	852
<u>\$ 97,386</u>	<u>\$ 126,345</u>	<u>\$ 5,312</u>	<u>\$ 296,263</u>	<u>\$ 2,399,192</u>	<u>\$ 5,135,882</u>
\$ 1,595	\$ -	\$ -	\$ -	\$ 680	\$ 38,152
-	-	-	-	-	21,503
-	-	-	-	-	4,400
<u>1,595</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>680</u>	<u>64,055</u>
-	-	-	-	-	143,361
-	-	1,656	-	-	1,656
-	-	1,656	-	-	145,017
-	-	-	-	-	25,288
-	-	-	-	-	852
-	-	-	-	2,398,512	2,398,512
-	-	-	-	-	4,692
62,975	97,283	-	-	-	366,032
-	-	3,656	-	-	3,656
32,816	29,062	-	-	-	1,831,515
-	-	-	296,263	-	296,263
<u>95,791</u>	<u>126,345</u>	<u>3,656</u>	<u>296,263</u>	<u>2,398,512</u>	<u>4,926,810</u>
<u>\$ 97,386</u>	<u>\$ 126,345</u>	<u>\$ 5,312</u>	<u>\$ 296,263</u>	<u>\$ 2,399,192</u>	<u>\$ 5,135,882</u>

CITY OF CAÑON CITY, COLORADO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2023

	PARK IMPROVEMENT	CONSERVATION TRUST	POLICE FORFEITURE
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	132,479	-
Charges for Services	134,471	-	-
Royal Gorge Bridge	2,160,000	-	-
Investment Income	31,609	5,161	-
Lease and Rental Income	43,703	-	-
Contributions and Donations	3,025	-	-
Other	21,787	-	-
	<u>2,394,595</u>	<u>137,640</u>	<u>-</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
Culture and Recreation	1,898,654	10,000	-
Public Safety	134,815	-	-
Capital Outlay	-	145,908	-
	<u>2,033,469</u>	<u>155,908</u>	<u>-</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>361,126</u>	<u>(18,268)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from the Sale of Capital Assets	12,677	-	-
Transfers In	12,421	-	-
Transfers Out	-	-	-
	<u>25,098</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)			
CHANGE IN FUND BALANCES	386,224	(18,268)	-
FUND BALANCES, Beginning	<u>1,409,553</u>	<u>224,042</u>	<u>4,692</u>
FUND BALANCES, Ending	<u>\$ 1,795,777</u>	<u>\$ 205,774</u>	<u>\$ 4,692</u>

<u>LIBRARY DONATIONS</u>	<u>MUSEUM DONATIONS</u>	<u>PUBLIC IMPROVEMENTS DISTRICTS</u>	<u>EXCESS SPECIAL IMPROVEMENT DISTRICT</u>	<u>CEMETERY</u>	<u>TOTAL</u>
\$ -	\$ -	\$ 828	\$ -	\$ -	\$ 828
7,285	-	-	-	-	139,764
-	-	-	-	15,950	150,421
-	-	-	-	-	2,160,000
2,567	3,577	374	8,343	81,854	133,485
-	-	-	-	-	43,703
8,036	7,731	-	-	-	18,792
-	-	-	-	-	21,787
<u>17,888</u>	<u>11,308</u>	<u>1,202</u>	<u>8,343</u>	<u>97,804</u>	<u>2,668,780</u>
11,206	9,832	-	-	-	1,929,692
-	-	-	-	-	134,815
-	-	-	-	-	145,908
<u>11,206</u>	<u>9,832</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,210,415</u>
<u>6,682</u>	<u>1,476</u>	<u>1,202</u>	<u>8,343</u>	<u>97,804</u>	<u>458,365</u>
-	-	-	-	-	12,677
-	-	-	-	-	12,421
-	-	-	(15,000)	-	(15,000)
-	-	-	(15,000)	-	10,098
6,682	1,476	1,202	(6,657)	97,804	468,463
<u>89,109</u>	<u>124,869</u>	<u>2,454</u>	<u>302,920</u>	<u>2,300,708</u>	<u>4,458,347</u>
\$ <u>95,791</u>	\$ <u>126,345</u>	\$ <u>3,656</u>	\$ <u>296,263</u>	\$ <u>2,398,512</u>	\$ <u>4,926,810</u>

CITY OF CAÑON CITY, COLORADO
BUDGETARY COMPARISON SCHEDULE
QUALITY OF LIFE FUND
For the Year Ended December 31, 2023

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Intergovernmental	\$ 6,883,621	\$ 7,631,855	\$ 296,816	\$ (7,335,039)
Royal Gorge	190,000	190,000	290,000	100,000
Investment Income	2,500	2,500	41,014	38,514
TOTAL REVENUES	7,076,121	7,824,355	627,830	(7,196,525)
EXPENDITURES				
Capital Outlay				
General Government	2,012,100	2,012,100	746,495	1,265,605
Culture and Recreation	1,480,000	1,480,000	-	1,480,000
Public Works	5,861,199	7,046,492	63,345	6,983,147
TOTAL EXPENDITURES	9,353,299	10,538,592	809,840	9,728,752
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,277,178)	(2,714,237)	(182,010)	2,532,227
OTHER FINANCING SOURCES (USES)				
Transfers In	2,000,000	2,000,000	500,000	(1,500,000)
CHANGE IN FUND BALANCE	(277,178)	(714,237)	317,990	1,032,227
FUND BALANCE, Beginning, as Restated	1,593,646	1,593,646	1,552,893	(40,753)
FUND BALANCE, Ending	\$ 1,316,468	\$ 879,409	\$ 1,870,883	\$ 991,474

CITY OF CAÑON CITY, COLORADO
BUDGETARY COMPARISON SCHEDULE
STREET IMPROVEMENT FUND
For the Year Ended December 31, 2023

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Taxes	\$ 4,324,970	\$ 4,324,970	\$ 5,301,009	\$ 976,039
Fines, Forfeitures, and Penalty	-	-	6,715	6,715
Investment Income	15,000	15,000	264,018	249,018
TOTAL REVENUES	4,339,970	4,339,970	5,571,742	1,231,772
EXPENDITURES				
Capital Outlay - Streets	6,000,000	7,000,000	3,396,170	3,603,830
Debt Service - Interest	677,556	677,556	126,817	550,739
TOTAL EXPENDITURES	6,677,556	7,677,556	3,522,987	4,154,569
CHANGE IN FUND BALANCE	(2,337,586)	(3,337,586)	2,048,755	5,386,341
FUND BALANCE, Beginning	7,097,668	7,097,668	5,884,280	(1,213,388)
FUND BALANCE, Ending	\$ 4,760,082	\$ 3,760,082	\$ 7,933,035	\$ 4,172,953

CITY OF CAÑON CITY, COLORADO
BUDGETARY COMPARISON SCHEDULE
PARK IMPROVEMENT FUND
For the Year Ended December 31, 2023

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Intergovernmental	\$ 110,000	\$ 110,000	\$ -	\$ (110,000)
Charges for Services	115,000	115,000	134,471	19,471
Royal Gorge Bridge	2,160,000	2,160,000	2,160,000	-
Investment Income	5,000	5,000	31,609	26,609
Lease and Rental Income	32,000	32,000	43,703	11,703
Donations	-	-	3,025	3,025
Other	3,500	14,901	21,787	6,886
TOTAL REVENUES	2,425,500	2,436,901	2,394,595	(42,306)
EXPENDITURES				
Culture and Recreation	2,224,453	2,235,854	1,898,654	337,200
Capital Outlay	257,000	257,000	134,815	122,185
TOTAL EXPENDITURES	2,481,453	2,492,854	2,033,469	459,385
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(55,953)	(55,953)	361,126	417,079
OTHER FINANCING SOURCES (USES)				
Transfers In	15,000	15,000	12,421	(2,579)
Transfers Out	(750,000)	(750,000)	-	750,000
Proceeds from Sale of Capital Assets	-	-	12,677	12,677
TOTAL OTHER FINANCING SOURCES (USES)	(735,000)	(735,000)	25,098	760,098
CHANGE IN FUND BALANCE	(790,953)	(790,953)	386,224	1,177,177
FUND BALANCE, Beginning	1,262,774	1,262,774	1,409,553	146,779
FUND BALANCE, Ending	\$ 471,821	\$ 471,821	\$ 1,795,777	\$ 1,323,956

CITY OF CAÑON CITY, COLORADO
BUDGETARY COMPARISON SCHEDULE
CONSERVATION TRUST FUND
For the Year Ended December 31, 2023

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Intergovernmental	\$ 115,000	\$ 132,479	\$ 17,479
Investment Income	<u>500</u>	<u>5,161</u>	<u>4,661</u>
 TOTAL REVENUES	 <u>115,500</u>	 <u>137,640</u>	 <u>22,140</u>
EXPENDITURES			
Culture and Recreation	10,000	10,000	-
Capital Outlay	<u>204,100</u>	<u>145,908</u>	<u>58,192</u>
 TOTAL EXPENDITURES	 <u>214,100</u>	 <u>155,908</u>	 <u>58,192</u>
 CHANGE IN FUND BALANCE	 <u>(98,600)</u>	 <u>(18,268)</u>	 <u>80,332</u>
 FUND BALANCE, Beginning	 <u>200,829</u>	 <u>224,042</u>	 <u>23,213</u>
 FUND BALANCE, Ending	 <u><u>\$ 102,229</u></u>	 <u><u>\$ 205,774</u></u>	 <u><u>\$ 103,545</u></u>

CITY OF CAÑON CITY, COLORADO
BUDGETARY COMPARISON SCHEDULE
POLICE FORFEITURE FUND
For the Year Ended December 31, 2023

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
EXPENDITURES			
Public Safety	\$ -	\$ -	\$ -
CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE, Beginning	-	4,692	4,692
FUND BALANCE, Ending	\$ -	\$ 4,692	\$ 4,692

CITY OF CAÑON CITY, COLORADO
BUDGETARY COMPARISON SCHEDULE
LIBRARY DONATIONS FUND
For the Year Ended December 31, 2023

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Intergovernmental	\$ 50,000	\$ 7,285	\$ (42,715)
Investment Income	500	2,567	2,067
Donations	<u>5,000</u>	<u>8,036</u>	<u>3,036</u>
 TOTAL REVENUES	 <u>55,500</u>	 <u>17,888</u>	 <u>(37,612)</u>
EXPENDITURES			
Culture and Recreation	<u>68,600</u>	<u>11,206</u>	<u>57,394</u>
 CHANGE IN FUND BALANCE	 <u>(13,100)</u>	 <u>6,682</u>	 <u>19,782</u>
 FUND BALANCE, Beginning	 <u>85,693</u>	 <u>89,109</u>	 <u>3,416</u>
 FUND BALANCE, Ending	 <u><u>\$ 72,593</u></u>	 <u><u>\$ 95,791</u></u>	 <u><u>\$ 23,198</u></u>

CITY OF CAÑON CITY, COLORADO
BUDGETARY COMPARISON SCHEDULE
MUSEUM DONATIONS FUND
For the Year Ended December 31, 2023

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Investment Income	\$ 500	\$ 3,577	\$ 3,077
Donations	<u>5,000</u>	<u>7,731</u>	<u>2,731</u>
 TOTAL REVENUES	 <u>5,500</u>	 <u>11,308</u>	 <u>5,808</u>
EXPENDITURES			
Culture and Recreation	<u>25,015</u>	<u>9,832</u>	<u>15,183</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 <u>(19,515)</u>	 <u>1,476</u>	 <u>20,991</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	<u>(50,000)</u>	<u>-</u>	<u>50,000</u>
 CHANGE IN FUND BALANCE	 (69,515)	 1,476	 70,991
FUND BALANCE, Beginning	<u>123,696</u>	<u>124,869</u>	<u>1,173</u>
FUND BALANCE, Ending	\$ <u><u>54,181</u></u>	\$ <u><u>126,345</u></u>	\$ <u><u>72,164</u></u>

CITY OF CAÑON CITY, COLORADO
BUDGETARY COMPARISON SCHEDULE
PUBLIC IMPROVEMENTS FUND
For the Year Ended December 31, 2023

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Assessments	\$ -	\$ 828	\$ 828
Investment Income	-	374	374
	<u>-</u>	<u>374</u>	<u>374</u>
 TOTAL REVENUES	 <u>-</u>	 <u>1,202</u>	 <u>1,202</u>
 CHANGE IN FUND BALANCE	 <u>-</u>	 <u>1,202</u>	 <u>1,202</u>
 FUND BALANCE, Beginning	 <u>-</u>	 <u>2,454</u>	 <u>2,454</u>
 FUND BALANCE, Ending	 <u><u>\$ -</u></u>	 <u><u>\$ 3,656</u></u>	 <u><u>\$ 3,656</u></u>

CITY OF CAÑON CITY, COLORADO
BUDGETARY COMPARISON SCHEDULE
EXCESS SPECIAL IMPROVEMENT DISTRICT FUND
For the Year Ended December 31, 2023

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Investment Income	\$ 1,500	\$ 8,343	\$ 6,843
OTHER SOURCES FINANCING SOURCES (USES)			
Transfers Out	(15,000)	(15,000)	-
CHANGE IN FUND BALANCE	(13,500)	(6,657)	6,843
FUND BALANCE, Beginning	300,978	302,920	1,942
FUND BALANCE, Ending	\$ 287,478	\$ 296,263	\$ 8,785

CITY OF CAÑON CITY, COLORADO
BUDGETARY COMPARISON SCHEDULE
CEMETERY FUND

For the Year Ended December 31, 2023

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Charges for Services	\$ -	\$ 15,950	\$ 15,950
Investment Income	<u>33,500</u>	<u>81,854</u>	<u>48,354</u>
 TOTAL REVENUES	 <u>33,500</u>	 <u>97,804</u>	 <u>64,304</u>
 CHANGE IN FUND BALANCE	 33,500	 97,804	 64,304
 FUND BALANCE, Beginning	 <u>2,280,583</u>	 <u>2,300,708</u>	 <u>20,125</u>
 FUND BALANCE, Ending	 <u><u>\$ 2,314,083</u></u>	 <u><u>\$ 2,398,512</u></u>	 <u><u>\$ 84,429</u></u>

CITY OF CAÑON CITY, COLORADO
BUDGETARY COMPARISON SCHEDULE
WATER FUND

For the Year Ended December 31, 2023

	BUDGET			VARIANCE
	ORIGINAL	FINAL	ACTUAL	Positive (Negative)
OPERATING REVENUES				
Charges for Services	\$ 6,402,760	\$ 6,465,260	\$ 7,912,829	\$ 1,447,569
Fines, Forfeitures, and Penalty	25,000	25,000	60,656	35,656
Intergovernmental	4,000,000	4,000,000	8,473	(3,991,527)
Other	208,827	208,827	71,268	(137,559)
TOTAL OPERATING REVENUES	10,636,587	10,699,087	8,053,226	(2,645,861)
OPERATING EXPENDITURES				
Water Administration	1,275,177	1,275,177	1,248,890	26,287
Utility Billing	339,900	339,900	296,831	43,069
Water Treatment	2,078,307	2,123,635	1,934,687	188,948
Transmission and Distribution	2,100,400	2,111,219	1,898,543	212,676
Capital Outlay	7,843,000	8,133,900	1,977,886	6,156,014
TOTAL OPERATING EXPENDITURES	13,636,784	13,983,831	7,356,837	6,626,994
NET OPERATING INCOME (LOSS)	(3,000,197)	(3,284,744)	696,389	3,981,133
NONOPERATING REVENUES (EXPENDITURES)				
Investment Income	29,000	29,000	311,012	282,012
Proceeds from Sale of Capital Assets	-	-	1,500	1,500
Debt Service				
Principal	(665,000)	(665,000)	(665,000)	-
Interest Expense	(215,296)	(215,296)	(214,795)	501
TOTAL NONOPERATING REVENUES (EXPENDITURES)	(851,296)	(851,296)	(567,283)	284,013
NET INCOME (LOSS) BEFORE CONTRIBUTED CAPITAL AND TRANSFERS	(3,851,493)	(4,136,040)	129,106	4,265,146
CONTRIBUTED CAPITAL AND TRANSFERS				
Tap Fees	220,000	220,000	261,971	41,971
Transfers In	750,000	750,000	-	(750,000)
Transfers Out	(370,600)	(370,600)	(288,668)	81,932
CHANGE IN NET POSITION - BUDGETARY BASIS	\$ (3,252,093)	\$ (3,536,640)	102,409	\$ 3,639,049
RECONCILIATION TO GAAP BASIS:				
Capital Outlay			1,977,886	
Depreciation			(1,399,560)	
Debt Service Principal			665,000	
Change in Accrued Interest			1,540	
Amortization on Loss on Refunding			(36,143)	
CHANGE IN NET POSITION, GAAP Basis			\$ 1,311,132	

CITY OF CAÑON CITY, COLORADO
BUDGETARY COMPARISON SCHEDULE
STORMWATER UTILITY FUND
For the Year Ended December 31, 2023

	BUDGET			VARIANCE
	ORIGINAL	FINAL	ACTUAL	Positive (Negative)
OPERATING REVENUES				
Charges for Services	\$ 2,185,307	\$ 2,185,307	\$ 2,328,389	\$ 143,082
Fines, Forfeitures, and Penalty	5,000	5,000	12,601	7,601
Other	-	1,381	27,215	25,834
TOTAL OPERATING REVENUES	2,190,307	2,191,688	2,368,205	176,517
OPERATING EXPENDITURES				
Stormwater Operations	782,479	783,860	539,845	244,015
Capital Outlay	1,586,865	1,586,865	635,874	950,991
TOTAL OPERATING EXPENDITURES	2,369,344	2,370,725	1,175,719	1,195,006
NET OPERATING INCOME (LOSS)	(179,037)	(179,037)	1,192,486	1,371,523
NONOPERATING REVENUES (EXPENDITURES)				
Investment Income	5,000	5,000	185,705	180,705
Debt Service				
Principal	(389,668)	(389,668)	(389,668)	-
Interest Expense	(320,406)	(320,406)	(279,021)	41,385
TOTAL NONOPERATING REVENUES (EXPENDITURES)	(705,074)	(705,074)	(482,984)	222,090
NET INCOME (LOSS) BEFORE TRANSFERS	(884,111)	(884,111)	709,502	1,593,613
TRANSFERS				
Transfers In	200,000	200,000	-	(200,000)
Transfers Out	(543,297)	(543,297)	(343,300)	199,997
CHANGE IN NET POSITION - BUDGETARY BASIS	\$ (1,227,408)	\$ (1,227,408)	366,202	\$ 1,593,610
RECONCILIATION TO GAAP BASIS:				
Capital Outlay			635,874	
Depreciation			(259,385)	
Debt Service Principal			389,668	
Change in Accrued Interest			1,221	
Amortization on Debt Premium			35,737	
CHANGE IN NET POSITION, GAAP Basis			\$ 1,169,317	

CITY OF CAÑON CITY, COLORADO
BUDGETARY COMPARISON SCHEDULE
INSURANCE INTERNAL SERVICE FUND
For the Year Ended December 31, 2023

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Charges for Services	\$ 2,707,557	\$ 2,857,793	\$ 150,236
Investment Income	<u>8,900</u>	<u>52,069</u>	<u>43,169</u>
 TOTAL REVENUES	 <u>2,716,457</u>	 <u>2,909,862</u>	 <u>193,405</u>
EXPENDITURES			
Claims	1,950,000	1,806,772	143,228
Premiums	351,544	341,984	9,560
Administration Fees	<u>169,228</u>	<u>179,396</u>	<u>(10,168)</u>
 TOTAL EXPENDITURES	 <u>2,470,772</u>	 <u>2,328,152</u>	 <u>142,620</u>
CHANGE IN NET POSITION - BUDGETARY AND GAAP BASIS	 <u>\$ 245,685</u>	 <u>\$ 581,710</u>	 <u>\$ 336,025</u>

CITY OF CAÑON CITY, COLORADO
CAÑON CITY AREA FOR REINVESTMENT EXPANSION (CCARE) FUND
BALANCE SHEET
December 31, 2023

ASSETS

Cash and Investments	\$ <u>1,179,216</u>
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LIABILITIES

Accounts Payable	16,785
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Due to Primary Government	<u>444,716</u>
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TOTAL LIABILITIES	<u>461,501</u>
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FUND BALANCES

Restricted for Urban Renewal	<u>717,715</u>
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TOTAL LIABILITIES AND FUND BALANCES	\$ <u>1,179,216</u>
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CITY OF CAÑON CITY, COLORADO
CAÑON CITY AREA FOR REINVESTMENT EXPANSION (CCARE) FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
For the Year Ended December 31, 2023

REVENUES

Tax Increment	\$ <u>504,400</u>
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EXPENDITURES

Operations	48,860
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Grants and Contributions	65,465
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Debt Service - Interest	<u>9,775</u>
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TOTAL EXPENDITURES	<u>124,100</u>
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CHANGE IN FUND BALANCE	380,300
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FUND BALANCE, Beginning	<u>337,415</u>
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FUND BALANCE, Ending	<u><u>\$ 717,715</u></u>
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CITY OF CAÑON CITY, COLORADO
BUDGETARY COMPARISON SCHEDULE
CAÑON CITY AREA FOR REINVESTMENT EXPANSION (CCARE) FUND
For the Year Ended December 31, 2023

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Tax Increment	\$ 300,000	\$ 504,400	\$ 204,400
Investment Income	<u>500</u>	<u>-</u>	<u>(500)</u>
 TOTAL REVENUES	 <u>300,500</u>	 <u>504,400</u>	 <u>203,900</u>
EXPENDITURES			
Operations	54,100	48,860	5,240
Grants and Contributions	302,500	65,465	237,035
Debt Service - Interest	<u>-</u>	<u>9,775</u>	<u>(9,775)</u>
 TOTAL EXPENDITURES	 <u>356,600</u>	 <u>124,100</u>	 <u>232,500</u>
 CHANGE IN FUND BALANCE	 (56,100)	 380,300	 (28,600)
 FUND BALANCE, Beginning	 <u>837,027</u>	 <u>337,415</u>	 <u>(499,612)</u>
 FUND BALANCE, Ending	 <u><u>\$ 780,927</u></u>	 <u><u>\$ 717,715</u></u>	 <u><u>\$ (63,212)</u></u>

STATISTICAL SECTION

CITY OF CAÑON CITY, COLORADO

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CITY OF CAÑON CITY, COLORADO

NET POSITION BY COMPONENT LAST TEN FISCAL YEARS (Unaudited)

TABLE 1

(accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022 *	2023
Governmental activities										
Net investment in capital assets	\$ 46,575,092	\$ 50,156,551	\$ 50,472,851	\$ 57,696,290	\$ 62,253,191	\$ 68,575,855	\$ 69,693,289	\$ 69,149,360	\$ 68,846,604	\$ 69,980,155
Restricted for:										
Cemetery Perpetual Care - nonexpendable	1,951,142	1,975,412	1,996,779	2,037,685	2,102,974	2,102,974	2,177,231	2,249,083	2,300,708	2,398,512
Net Pension Asset	-	-	-	-	-	-	-	-	1,298,031	-
Emergencies	260,267	268,253	278,747	302,055	318,440	339,241	331,000	346,314	378,997	412,203
General Government	-	-	-	-	-	-	-	-	-	1,594,397
Public safety	33,260	22,173	23,765	24,777	22,766	9,395	(9,363)	3,568	15,817	282,105
Culture and Recreation	183,399	139,384	163,205	162,424	191,337	187,183	447,754	575,299	608,605	18,455
Street Improvements	-	-	-	-	-	-	-	-	-	7,932,860
Debt Service	84,873	99,266	83,089	27,918	11,563	21,412	4,311	6,215	2,454	3,656
Unrestricted	7,793,247	9,291,929	10,620,163	7,538,427	10,355,793	9,123,764	12,407,640	21,382,956	27,016,173	22,014,811
Total governmental activities net position	56,881,280	61,952,968	63,638,599	67,789,576	75,256,064	80,359,824	85,051,862	93,712,795	100,467,389	104,637,154
Business-type activities										
Net investment in capital assets	28,039,979	28,281,711	27,400,608	27,798,118	27,723,414	19,844,249	23,502,153	24,369,750	26,359,511	28,368,588
Restricted for:										
Asset Retirement Obligation	-	-	-	-	-	-	-	-	-	870,588
Unrestricted	7,356,665	7,196,834	8,616,402	8,034,868	8,314,748	16,505,054	14,359,438	15,109,290	16,092,685	15,693,469
Total business-type activities net position	35,396,644	35,478,545	36,017,010	35,832,986	36,038,162	36,349,303	37,861,591	39,479,040	42,452,196	44,932,645

* Restated net position at 12/31/2022.

CITY OF CAÑON CITY, COLORADO

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

TABLE 1

(accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022*	2023
Primary government										
Net investment in capital assets	74,615,071	78,438,262	77,873,459	85,494,408	89,976,605	88,420,104	93,195,442	93,519,110	95,206,115	98,348,743
Restricted for:										
Cemetery Perpetual Care - nonexpendable	1,951,142	1,975,412	1,996,779	2,037,685	2,102,974	2,102,974	2,177,231	2,249,083	2,300,708	2,398,512
Net Pension Asset	-	-	-	-	-	-	-	-	1,298,031	-
Emergencies	260,267	268,253	278,747	302,055	318,440	339,241	331,000	346,314	378,997	412,203
General Government	-	-	-	-	-	-	-	-	-	1,594,397
Public Safety	33,260	22,173	23,765	24,777	22,766	9,395	(9,363)	3,568	15,817	282,105
Culture and Recreation	183,399	139,384	163,205	162,424	191,337	187,183	447,754	575,299	608,605	18,455
Street Improvements	-	-	-	-	-	-	-	-	-	7,932,860
Debt Service	84,873	99,266	83,089	27,918	11,563	21,412	4,311	6,215	2,454	3,656
Asset Retirement Obligation	-	-	-	-	-	-	-	-	-	870,588
Unrestricted	15,149,912	16,488,763	19,236,565	15,573,295	18,670,541	25,628,818	26,767,078	36,492,246	43,108,858	37,708,280
Total primary government net position	\$ 92,277,924	\$ 97,431,513	\$ 99,655,609	\$ 103,622,562	\$ 111,294,226	\$ 116,709,127	\$ 122,913,453	\$ 133,191,835	\$ 142,919,585	\$ 149,569,799

Source: City of Canon City, Colorado, audited financial statements, 2014-2023.

*Amount restated at December 31, 2022.

CITY OF CAÑON CITY, COLORADO

CHANGES IN NET POSITION LAST TEN FISCAL YEARS (Unaudited)

TABLE 2

(accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental Activities										
General Government	\$ 2,454,861	\$ 2,525,751	\$ 2,667,946	\$ 3,305,686	\$ 3,743,706	\$ 3,535,379	\$ 4,448,780	\$ 4,388,501	\$ 5,018,200	\$ 5,099,358
Public Safety	3,537,391	3,597,392	3,909,543	4,460,327	4,312,632	4,977,168	4,790,462	5,411,118	5,734,785	7,589,921
Public Works	2,824,019	2,789,143	2,681,027	3,069,511	3,399,296	3,615,072	3,718,022	4,232,527	3,530,985	3,786,492
Culture and Recreation	1,804,892	3,174,986	3,379,935	3,229,441	3,555,067	3,884,311	3,815,075	4,175,304	4,407,215	4,667,659
Interest on Long-term Debt	46,799	41,255	36,512	91,028	144,815	133,122	171,390	142,279	71,738	166,636
Total Governmental Activities Expenses	10,667,962	12,128,527	12,674,963	14,155,993	15,155,516	16,145,052	16,943,729	18,349,729	18,762,923	21,310,066
Business-type Activities										
Water	6,280,169	5,749,551	5,650,774	5,819,458	6,330,927	6,711,905	6,166,198	6,087,231	6,506,549	7,027,909
Stormwater Utility	550,073	467,642	408,173	662,717	654,554	781,816	807,353	962,869	1,097,662	1,041,293
Canon City Finance Authority	-	-	-	-	-	-	-	-	-	-
Total Business-type Activities Expenses	6,830,242	6,217,193	6,058,947	6,482,175	6,985,481	7,493,721	6,973,551	7,050,100	7,604,211	8,069,202
Total Primary Government Expenses	\$ 17,498,204	\$ 18,345,720	\$ 18,733,910	\$ 20,638,168	\$ 22,140,997	\$ 23,638,773	\$ 23,917,280	\$ 25,399,829	\$ 26,367,134	\$ 29,379,268
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 255,882	\$ 212,959	\$ 197,812	\$ 405,555	\$ 422,448	\$ 453,107	\$ 317,797	\$ 784,711	\$ 506,035	\$ 629,998
Public Safety	353,534	288,423	358,712	335,441	272,064	271,804	245,058	260,321	320,462	144,278
Public Works	29,796	29,792	24,650	146,056	121,184	153,417	210,599	63,802	103,062	66,837
Culture and Recreation	222,109	222,312	218,538	274,745	274,710	284,834	259,500	344,215	289,063	196,232
Operating Grants and Contributions	977,913	820,047	829,770	800,709	983,724	1,065,475	1,350,139	1,192,645	1,231,299	1,013,766
Capital Grants and Contributions	22,339,827	4,446,799	1,676,654	893,688	4,099,710	1,411,625	827,874	839,872	750,469	87,675
Total Governmental Activities Program Revenues	24,179,061	6,020,332	3,306,136	2,856,194	6,173,840	3,640,262	3,210,967	3,485,566	3,200,390	2,138,786
Business-type Activities										
Water	5,738,437	5,745,655	6,007,315	5,864,244	6,452,663	6,788,323	7,459,460	7,190,247	7,921,874	7,973,485
Stormwater Utility	801,538	802,310	806,851	898,771	1,086,575	1,665,080	1,874,066	2,075,517	2,247,916	2,340,990
Canon City Finance Authority	-	-	-	-	-	-	-	-	-	-
Operating Grants and Contributions	751,852	128,615	-	-	147,500	36,579	-	-	-	270,444
Capital Grants and Contributions	123,501	53,500	187,300	248,000	307,699	-	100,000	470,452	372,632	-
Total Business-type Activities Program Revenues	7,415,328	6,730,080	7,001,466	7,011,015	7,994,437	8,489,982	9,433,526	9,736,216	10,542,422	10,584,919
Total Primary Government Revenues	\$ 31,594,389	\$ 12,750,412	\$ 10,307,602	\$ 9,867,209	\$ 14,168,277	\$ 12,130,244	\$ 12,644,493	\$ 13,221,782	\$ 13,742,812	\$ 12,723,705
Net (Expense)/Revenue										
Governmental Activities	\$ 13,511,099	\$ (6,108,195)	\$ (9,368,827)	\$ (11,299,799)	\$ (8,981,676)	\$ (12,504,790)	\$ (13,732,762)	\$ (14,864,163)	\$ (15,562,533)	\$ (19,171,280)
Business-type Activities	585,086	512,887	942,519	528,840	1,008,956	996,261	2,459,975	2,686,116	2,938,211	2,515,717
Total Primary Government Net Expense	\$ 14,096,185	\$ (5,595,308)	\$ (8,426,308)	\$ (10,770,959)	\$ (7,972,720)	\$ (11,508,529)	\$ (11,272,787)	\$ (12,178,047)	\$ (12,624,322)	\$ (16,655,563)

tes: (1) Financial statements in 2022 were restated.

CITY OF CAÑON CITY, COLORADO

TABLE 2

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

(accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 430,871	\$ 426,772	\$ 439,004	\$ 451,420	\$ 452,830	\$ 462,806	\$ 494,643	\$ 508,308	\$ 589,270	\$ 595,305
Sales and Use Taxes	5,886,441	6,291,664	6,540,451	10,310,359	10,838,128	11,213,904	11,888,743	14,472,388	15,041,816	15,909,742
Other Taxes	13,831	31,747	18,262	24,825	28,780	32,277	45,290	14,965	18,447	1,243,621
Franchise Taxes	797,459	802,527	800,723	777,740	786,863	765,657	752,946	304,169	347,141	355,071
Grants and Contributions not Restricted	290,581	263,603	276,061	273,019	290,790	321,226	1,512,756	2,603,093	1,673,230	-
Royal Gorge Bridge Revenues	1,347,351	2,130,552	2,387,470	2,532,623	2,714,331	2,726,245	2,365,717	3,570,306	2,947,211	3,153,504
Investment Earnings	27,980	29,821	71,961	183,090	319,102	257,941	113,962	17,431	300,492	970,609
Developer Contributions	-	-	-	-	-	-	-	536,291	157,224	-
Other Revenues	167,721	178,667	76,826	96,100	64,340	837,014	197,743	398,945	301,876	481,225
Extraordinary Item	-	-	-	-	-	-	-	-	-	-
Transfers	466,800	443,700	443,700	801,600	953,000	991,480	1,053,000	1,099,200	940,420	631,968
Total Governmental Activities	9,429,035	10,599,053	11,054,458	15,450,776	16,448,164	17,608,550	18,424,800	23,525,096	22,317,127	23,341,045
Business-type Activities:										
Unrestricted Grants and Contributions	-	-	-	-	-	-	-	-	1,101,912	-
Investment Earnings	9,252	12,714	39,646	88,736	149,220	306,360	105,313	11,967	186,886	496,717
Other Revenues	-	-	-	-	-	-	-	-	-	99,983
Gain on Sale of Capital Assets	-	-	-	-	-	-	-	18,566	47,865	-
Loss on Disposal of Assets	-	-	-	-	-	-	-	-	(361,298)	-
Transfers	(466,800)	(443,700)	(443,700)	(801,600)	(953,000)	(991,480)	(1,053,000)	(1,099,200)	(940,420)	(631,968)
Total Business-type Activities	(457,548)	(430,986)	(404,054)	(712,864)	(803,780)	(685,120)	(947,687)	(1,068,667)	34,945	(35,268)
Total Primary Government	\$ 8,971,487	\$ 10,168,067	\$ 10,650,404	\$ 14,737,912	\$ 15,644,384	\$ 16,923,430	\$ 17,477,113	\$ 22,456,429	\$ 22,352,072	\$ 23,305,777
Change in Net Position										
Government Activities	\$ 22,940,134	\$ 4,490,858	\$ 1,685,631	\$ 4,150,977	\$ 7,466,488	\$ 5,103,760	\$ 4,692,038	\$ 8,660,933	\$ 6,754,594	\$ 4,169,765
Business-type Activities	127,538	81,901	538,465	(184,024)	205,176	311,141	1,512,288	1,617,449	2,973,156	2,480,449
Total Primary Government	\$ 23,067,672	\$ 4,572,759	\$ 2,224,096	\$ 3,966,953	\$ 7,671,664	\$ 5,414,901	\$ 6,204,326	\$ 10,278,382	\$ 9,727,750	\$ 6,650,214

Source: City of Canon City, Colorado, audited financial statements, 2014-2023.

Notes: (1) In 2014 Certificates of Participation issued by Cañon City Finance Authority were paid in full.

(2) Financial statements in 2022 were restated.

CITY OF CAÑON CITY, COLORADO

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

TABLE 3

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Nonspendable:										
Restricted	\$ 124,856	\$ 132,938	\$ 105,649	\$ 1,096,509	\$ 999,565	\$ 896,747	\$ 803,888	\$ 731,578	\$ 746,119	\$ 709,366
Committed	283,735	280,615	292,643	316,859	331,811	339,241	599,310	2,731,677	3,076,763	2,302,468
Assigned	574,233	692,307	711,832	721,351	716,575	310,146	427,018	541,762	646,574	651,401
Unassigned	1,851,105	2,082,151	4,598,958	2,941,251	4,209,427	4,390,827	5,273,501	7,076,562	8,622,056	8,304,378
	4,014,470	4,349,153	3,008,801	3,237,837	3,379,467	3,252,742	3,595,898	4,533,438	4,571,594	5,375,066
Total general fund	\$ 6,848,399	\$ 7,537,164	\$ 8,717,883	\$ 8,313,807	\$ 9,636,845	\$ 9,189,703	\$ 10,699,615	\$ 15,615,017	\$ 17,663,106	\$ 17,342,679
Quality of Life Fund										
Assigned	-	-	-	-	705,286	763,309	637,170	1,148,108	1,552,893	1,870,883
Unassigned	-	-	-	-	-	-	278,541	-	-	-
Total quality of life fund	\$ -	\$ -	\$ -	\$ -	\$ 705,286	\$ 763,309	\$ 915,711	\$ 1,148,108	\$ 1,552,893	\$ 1,870,883
Street Improvement Fund										
Nonspendable	-	-	-	-	-	-	-	-	-	175
Restricted	-	-	-	-	-	-	-	-	5,884,280	7,932,860
Unassigned (a)	-	-	-	(3,470,647)	(1,595,293)	(2,655,510)	(1,056,938)	2,305,747	-	-
Total street improvement fund	\$ -	\$ -	\$ -	\$ (3,470,647)	\$ (1,595,293)	\$ (2,655,510)	\$ (1,056,938)	\$ 2,305,747	\$ 5,884,280	\$ 7,933,035
All Other Governmental Funds										
Nonspendable:	\$ 1,991,569	\$ 1,985,389	\$ 2,007,085	\$ 2,052,490	\$ 2,112,727	\$ 2,187,195	\$ 2,224,042	\$ 2,257,968	\$ 2,320,993	\$ 2,424,652
Restricted	278,064	248,461	256,163	200,315	212,295	133,274	174,392	301,631	333,646	374,380
Assigned	790,919	808,806	1,128,367	1,461,583	944,526	928,960	1,078,414	1,604,695	1,803,708	2,127,778
Total all other governmental funds	\$ 3,060,552	\$ 3,042,656	\$ 3,391,615	\$ 3,714,388	\$ 3,269,548	\$ 3,249,429	\$ 3,476,848	\$ 4,164,294	\$ 4,458,347	\$ 4,926,810

Source: City of Canon City, Colorado, audited financial statements, 2014-2023.

Notes:

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

CITY OF CAÑON CITY, COLORADO

TABLE 4

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

(modified accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
Taxes and Assessments	\$ 7,172,454	\$ 7,581,049	\$ 7,811,515	\$ 11,572,187	\$ 12,111,463	\$ 12,478,739	\$ 13,184,148	\$ 15,299,830	\$ 15,996,674	\$ 16,854,230
Licenses and Permits	178,131	172,299	155,126	353,377	476,835	506,103	341,933	807,505	577,762	429,381
Intergovernmental	2,167,225	1,189,731	1,716,151	1,256,891	2,908,361	1,361,870	3,151,315	4,533,981	3,601,325	2,222,894
Charges for Services	357,850	319,616	305,185	413,992	340,068	353,130	442,198	375,941	386,597	278,383
Fines and Forfeitures	226,108	150,723	212,101	192,601	201,843	107,695	75,322	83,924	69,973	100,939
Royal Gorge Bridge	1,347,351	2,130,552	2,387,470	2,532,623	2,714,330	2,726,245	2,365,717	3,570,306	2,947,211	3,153,504
Interest	26,159	27,143	63,531	167,400	292,727	348,714	107,164	17,040	286,227	918,915
Rent	99,232	110,848	127,300	173,383	198,027	198,162	173,502	185,679	184,290	235,356
Contributions & Donations	81,818	26,012	43,230	27,715	63,366	15,362	301,950	101,629	53,673	65,503
Financing Proceeds	-	-	-	-	-	320,069	-	-	-	-
Other	151,794	163,596	76,827	96,100	64,342	705,916	192,492	369,585	301,876	486,454
Total Revenues	11,808,122	11,871,569	12,898,436	16,786,269	19,271,362	19,122,005	20,335,741	25,345,420	24,405,608	24,745,559
Expenditures:										
General Government	2,394,491	2,406,151	2,536,948	3,166,582	3,498,475	3,249,142	4,108,658	4,093,859	4,821,005	4,721,214
Public Safety	3,664,306	3,683,567	3,676,267	4,340,891	4,462,689	4,532,707	4,732,528	5,257,905	5,972,841	7,114,769
Public Works	2,005,270	1,918,862	1,739,921	2,221,453	2,309,758	2,313,330	1,920,755	2,322,133	1,986,227	2,081,938
Culture and Recreation	1,595,797	1,794,676	1,925,932	1,942,606	2,098,575	2,233,399	2,130,502	2,439,895	2,806,661	3,017,858
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Streets (a)	-	-	-	7,558,612	3,030,575	5,901,968	3,123,525	2,209,622	2,304,330	3,781,472
Other	1,389,999	1,603,605	1,682,556	1,605,292	2,144,257	2,954,473	1,554,815	955,551	1,067,898	2,664,763
Debt Service	-	-	-	-	-	-	-	-	-	-
Principal	225,000	231,000	214,000	213,000	212,000	327,245	320,174	333,651	230,000	854,363
Interest	47,168	41,608	36,834	91,383	145,170	140,995	70,719	35,768	71,606	167,934
Debt Issuance Costs	-	-	-	-	-	-	-	-	-	-
Total Expenditures	11,322,031	11,679,469	11,812,458	21,139,819	17,901,499	21,653,259	17,961,676	17,648,384	19,260,568	24,404,311
Excess of Revenues over (under) Expenditures	486,091	192,100	1,085,978	(4,353,550)	1,369,863	(2,531,254)	2,374,065	7,697,036	5,145,040	341,248
Other Financing Sources (Uses)										
Financing Proceeds	-	-	-	-	-	320,069	-	372,334	-	1,473,861
Proceeds from Sale of Capital Assets	15,927	15,069	-	-	430,689	775,605	61,240	29,360	-	67,704
Issuance of Debt	-	20,000	-	-	-	-	-	-	240,000	-
Insurance Recoveries	-	-	-	-	-	-	-	-	-	-
Transfers In	607,555	489,692	471,055	887,965	1,127,876	1,117,599	1,115,736	1,130,477	960,971	1,146,968
Transfers Out	(140,755)	(45,992)	(27,355)	(86,365)	(174,876)	(126,119)	(62,736)	(31,277)	(20,551)	(515,000)
Total Other Financing Sources (Uses)	482,727	478,769	443,700	801,600	1,383,689	2,087,154	1,114,240	1,500,894	1,180,420	2,173,533
Net Change in Fund Balances	\$ 968,818	\$ 670,869	\$ 1,529,678	\$ (3,551,950)	\$ 2,753,552	\$ (444,100)	\$ 3,488,305	\$ 9,197,930	\$ 6,325,460	\$ 2,514,781
Debt Service as a percentage of noncapital expenditures	2.8%	2.8%	2.5%	2.6%	2.9%	3.8%	3.0%	2.6%	1.9%	6.0%

Source: City of Cañon City, audited financial statements, 2014-2023.

Notes:

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

CITY OF CAÑON CITY, COLORADO

ASSESSED VALUE AND ESTIMATED ACTUAL

VALUE OF TAXABLE PROPERTY

LAST TEN YEARS

(Unaudited)

TABLE 5

Levy Year	Vacant Land	Residential Property	Multi Family (a)	Commercial Property	Industrial Property	Agricultural Property	Natural Resources	State Assessed	Total Taxable Assessed Value	Total Direct Tax Rate (b)	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
2014	5,890,990	63,162,230	-	52,352,941	2,277,016	277,450	209,258	7,977,991	132,147,876	2.90	1,024,549,147	12.90%
2015	5,599,800	64,421,260	-	52,651,377	2,425,369	310,280	161,179	9,318,862	134,888,127	2.90	1,042,524,630	12.94%
2016	5,636,980	64,481,370	-	52,073,565	2,187,052	311,560	154,719	10,470,807	135,316,053	2.90	1,044,590,804	12.95%
2017	5,970,890	65,330,161	-	52,811,678	2,068,246	337,267	213,058	10,519,209	137,250,509	2.90	1,144,086,852	12.00%
2018	5,923,329	66,233,783	-	54,004,989	2,277,998	334,711	110,281	10,919,347	139,804,438	2.89	1,160,526,810	12.05%
2019	5,756,044	77,416,941	-	56,408,461	2,189,288	293,936	156,841	10,265,259	152,486,770	2.89	1,331,624,963	11.45%
2020	5,578,571	78,574,236	-	56,672,232	2,190,858	295,654	505,729	10,188,788	154,006,068	2.89	1,347,340,171	11.43%
2021	5,251,950	99,251,076	-	64,959,013	2,705,424	309,727	210,145	10,966,801	183,654,136	2.90	1,661,052,799	11.06%
2022	5,595,359	92,120,090	5,131,114	64,736,956	2,601,738	196,195	239,821	11,026,688	181,647,961	2.89	1,692,005,785	10.74%
2023	6,606,128	115,361,141	6,462,373	76,405,120	2,480,359	188,337	706	11,006,456	218,510,620	2.89	1,824,902,194	11.97%

Source: Fremont County Assessor.

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

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

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

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

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

CITY OF CAÑON CITY, COLORADO

DIRECT AND OVERLAPPING PROPERTY TAX RATES

TABLE 6

LAST TEN YEARS

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

(Unaudited)

Levy Year	Collection Year	City Basic Rate(a)	Overlapping Rates(b)							
			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	
2013	2014	2.902	12.908	35.672	13.041	3.500	0.940	0.479	69.442	
2014	2015	2.901	12.953	35.424	17.729	3.525	0.940	0.478	73.950	
2015	2016	2.904	12.322	35.174	17.731	3.524	0.941	0.471	73.067	
2016	2017	2.907	12.415	35.155	17.757	3.529	0.940	0.478	73.181	
2017	2018	2.899	12.455	41.196	17.729	3.521	0.939	0.481	79.220	
2018	2019	2.889	12.312	46.450	18.480	3.515	0.944	0.479	85.069	
2019	2020	2.891	12.384	44.353	18.471	3.513	0.902	0.435	82.949	
2020	2021	2.901	12.342	44.334	19.521	3.522	0.942	0.445	84.007	
2021	2022	2.892	12.315	41.597	23.027	3.514	0.839	0.398	84.582	
2022	2023	2.893	11.813	42.980	23.035	3.514	0.888	0.381	85.504	

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 lower than the statewide average municipal mill levy of 7.708.
- (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		Collections in Subsequent Years	Total Collections	
			Fiscal Year of the Levy	Percentage of Levy		Amount	Percentage of Levy
2013	2014	387,707	385,726	99.49%	-	385,726	99.49%
2014	2015	383,361	379,698	99.04%	1,129	380,827	99.34%
2015	2016	391,715	389,323	99.39%	260	389,583	99.46%
2016	2017 (a)	393,436	393,727	100.07%	-	393,727	100.07%
2017	2018	397,889	395,499	99.40%	517	396,016	99.53%
2018	2019	403,895	402,906	99.76%	1,054	403,960	100.02%
2019	2020	440,886	437,734	99.29%	(253)	437,481	99.23%
2020	2021	446,879	446,790	99.98%	33	446,823	99.99%
2021	2022	531,330	529,211	99.60%	1,261	530,471	99.84%
2022	2023	525,022	524,460	99.89%	411	524,871	99.97%

Source: Fremont County Treasurer

Notes:

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

CITY OF CAÑON CITY, COLORADO

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

TABLE 8

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Sales Tax (a)	\$ 5,799,559	\$ 6,214,004	\$ 6,437,283	\$ 9,879,100	\$ 10,381,151	\$ 10,733,294	\$ 11,507,379	\$ 14,029,943	\$ 14,940,569	\$ 15,795,054
General Property Tax	376,803	370,706	380,914	384,394	386,293	403,960	437,481	446,823	532,441	526,602
Specific Ownership Tax	54,067	56,066	58,090	67,026	66,537	68,741	67,884	72,398	69,784	68,703
Use Tax (b)	86,882	77,660	103,168	431,259	456,977	481,610	381,364	442,447	101,248	107,975
Franchise Taxes:										
Cablevision	126,608	125,406	127,405	126,879	127,233	125,830	127,713	123,937	132,431	125,780
Telephone	12,309	13,853	10,466	9,504	6,717	4,274	3,565	2,968	1,519	1,172
Electricity (c)	498,341	504,831	533,923	512,441	508,406	484,238	488,796	24,622	-	-
Gas	160,202	158,438	128,929	128,916	144,508	151,315	132,872	152,642	213,191	228,119
Penalty & Interest on Tax	13,831	14,579	18,262	24,825	28,779	32,279	45,290	14,293	17,077	21,845
Total	\$ 7,128,602	\$ 7,535,542	\$ 7,798,440	\$ 11,564,344	\$ 12,106,601	\$ 12,485,541	\$ 13,192,344	\$ 15,310,073	\$ 16,008,259	\$ 16,875,250

Source: City of Canon City, Colorado, audited financial statements, 2014-2023.

- (a) Cañon City voters approved a sales and use tax increase from 2.0 percent to 3.0 percent effective January 1, 2017. The new 1.0 percent sales and use tax is required to be used exclusively on street improvements.
(b) In 2021, the City Of Cañon City stopped the collection of use tax for construction materials at the time of building permit issuance.
(c) In the November 2020 election, the Citizens of the City of Cañon City, Colorado voted to not renew the electric franchise fee.

CITY OF CAÑON CITY, COLORADO

TABLE 9

SALES TAX BY CATEGORY LAST TEN FISCAL YEARS

(Unaudited)

(modified accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Merchandise	\$ 1,114,726	\$ 1,126,612	\$ 1,165,449	\$ 1,655,771	\$ 1,676,858	\$ 1,895,682	\$ 1,923,284	\$ 2,326,502	\$ 2,304,639	\$ 2,252,081
Food Stores	1,159,484	1,221,314	1,270,504	2,164,190	2,277,781	2,146,232	2,365,225	2,651,522	2,953,136	3,137,514
Restaurants & Bars	638,372	732,718	755,635	1,168,081	1,218,602	1,285,853	1,286,291	1,537,034	1,592,334	1,616,292
Home Furnishings	69,736	81,045	75,886	110,145	119,318	128,323	131,344	140,673	178,548	163,327
Building Materials & Supplies	565,953	625,200	690,789	1,105,928	1,238,908	1,292,532	1,571,063	1,821,740	1,938,162	2,017,699
Auto Dealers & Parts/Supplies	796,958	885,208	867,037	1,311,795	1,441,069	1,490,680	1,511,342	1,800,179	1,782,185	2,041,436
Other Retail Stores	524,320	598,305	612,442	878,623	851,330	916,597	1,119,735	1,353,277	1,518,288	1,518,358
All Other Outlets	281,333	283,102	306,209	477,091	502,245	569,580	643,323	1,290,820	1,427,504	1,750,217
Hotel/Motel	78,409	97,443	110,519	165,230	174,187	172,602	142,115	275,681	244,170	289,908
Utility Service	570,268	563,057	582,813	842,246	880,853	834,778	814,319	832,473	1,001,601	1,008,221
Total	\$ 5,799,559	\$ 6,214,004	\$ 6,437,283	\$ 9,879,100	\$ 10,381,151	\$ 10,732,859	\$ 11,508,041	\$ 14,029,901	\$ 14,940,567	\$ 15,795,053
City Direct Sales Tax Rate	2.00%	2.00%	2.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

Source: City of Canon City, Colorado, audited financial statements, 2014-2023 and Sales Tax Subsidiary Records, 2014-2023.

- (a) Cañon City voters approved a sales and use tax increase from 2.0 percent to 3.0 percent effective January 1, 2017. The new 1.0 percent sales and use tax is required to be used exclusively on street improvements.
(b) In 2021 the City switched to State collection of sales tax.

CITY OF CAÑON CITY, COLORADO

ROYAL GORGE BRIDGE LEASE REVENUES LAST TEN YEARS (Unaudited)

TABLE 10

Year	Annual Royal Gorge Bridge Revenues	Royal Gorge Bridge & Park Attendance
2014	1,347,351	42,256
2015	2,130,552	333,697
2016	2,387,470	338,964
2017	2,532,623	358,005
2018	2,714,330	364,936
2019	2,726,245	352,174
2020	2,365,717	312,947
2021	3,570,306	447,192
2022	2,947,211	338,719
2023	3,153,504	329,605

Source: City of Cañon City, Colorado, audited financial statements, 2014-2023 and Royal Gorge Company of Colorado Year-End Review, 2014-2023.

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Water Revenues:										
Charges for Services:										
Metered Water Sales by Type of Customer (a)	\$ 5,448,201	\$ 5,507,312	\$ 5,726,457	\$ 5,545,757	\$ 5,985,920	\$ 5,970,745	\$ 6,663,051	\$ 6,613,039	\$ 7,358,521	\$ 7,269,265
Water Sales to City Facilities	122,206	116,934	116,776	115,259	191,819	190,731	218,703	210,699	227,304	258,140
Hydrant Sales	6,257	5,627	3,901	30,956	13,565	27,303	29,209	45,036	35,350	63,951
Bulk Water Sales	53,432	50,830	75,423	85,201	143,904	149,642	193,197	179,012	156,193	164,699
Account Maintenance Fee (b)	672	813	1,182	1,425	1,739	2,324	1,923	2,686	2,500	2,091
Total Charges for Services	5,630,768	5,681,516	5,923,739	5,778,598	6,336,947	6,340,745	7,106,083	7,050,472	7,779,868	7,758,146
Tap Fees (d)	123,501	43,500	184,550	220,500	296,199	359,131	281,952	370,453	372,632	261,971
Interest Income	7,873	11,137	35,169	82,269	142,883	165,349	54,355	9,567	110,776	311,014
Other (c)	733,978	143,473	83,576	85,646	115,716	88,447	71,425	138,282	189,870	268,106
Transfer In	22,200	22,200	22,200	39,400	180,900	140,920	80,900	40,900	-	-
Developer Contributions	-	-	-	2,750	27,500	-	-	-	-	-
Grants & Capital Contributions	-	-	-	-	-	-	-	-	-	107,826
Total Water Revenues	\$ 6,518,320	\$ 5,901,826	\$ 6,249,234	\$ 6,209,163	\$ 7,100,145	\$ 7,094,592	\$ 7,594,715	\$ 7,609,674	\$ 8,453,145	\$ 8,707,062

Source: City of Cañon City, Colorado, audited financial statements, 2014-2023 and Water Utility Billing Records, 2014-2023

- (a) Effective May 1, 2010, the City implemented a cost-based increasing bulk water rate schedule.
- (b) Effective May 1, 2010 monthly maintenance fee as described in (b) above was discontinued except for buildings under new construction. Water accounts where water is turned off began paying monthly meter charge which is included in Metered Water Sales.
- (c) A significant amount of grant revenue is included in the 2014 non-operating revenue. The City obtained a number of Federal and State grants to provide funding for emergency mitigation, stabilization and reclamation within the City's watershed for damage sustained from the 2013 Royal Gorge Fire.
- (d) Tap fees declined in 2015 due to the City's implementation of policies designed to stimulate the local economy. The implementation of this temporary program provides waivers of tap fees for certain qualifying new residential, commercial or industrial buildings being constructed within the City.

CITY OF CAÑON CITY, COLORADO

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

TABLE 12

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Metered Water Sales by Type of Customer										
Residential - Inside City limits	\$ 1,615,756	\$ 1,581,803	\$ 1,690,402	\$ 1,610,179	\$ 1,690,402	\$ 1,952,362	\$ 2,241,621	\$ 2,222,211	\$ 2,481,456	\$ 2,504,431
Residential - Outside City limits	878,336	876,303	920,479	891,552	920,479	1,060,405	\$ 1,235,078	\$ 1,245,809	\$ 1,389,065	\$ 1,430,515
Commercial - Inside City limits	1,117,912	1,136,226	1,192,248	1,137,729	1,192,248	1,139,890	\$ 1,201,374	\$ 1,284,214	\$ 1,417,978	\$ 1,465,438
Commercial - Outside City limits	576,214	518,047	498,370	459,720	498,370	482,598	\$ 537,722	\$ 533,611	\$ 614,496	\$ 623,080
Prisons	1,259,983	1,394,933	1,424,958	1,446,577	1,424,958	1,335,490	\$ 1,414,436	\$ 1,327,195	\$ 1,455,526	\$ 1,245,801
Total Metered Water Sales by Type of Customer	\$ 5,448,201	\$ 5,507,312	\$ 5,726,457	\$ 5,545,757	\$ 5,726,457	\$ 5,970,745	\$ 6,630,231	\$ 6,613,040	\$ 7,358,521	\$ 7,269,265
Residential Inside Meter Fee - flat rate (a-f)	\$9.58	\$9.87	\$9.87	\$9.87	\$11.39	\$11.73	\$12.79	\$13.17	\$14.36	\$15.65
Residential Outside Meter Fee - flat rate (a-f)	\$14.37	\$14.80	\$14.80	\$14.80	\$17.09	\$17.60	\$19.18	\$19.76	\$21.53	\$23.47
Water Gallons Sold by Type of Customer (g)										
Residential - Inside City limits	461,100	426,626	468,102	439,128	505,171	451,443	484,892	459,815	468,087	431,712
Residential - Outside City limits	158,440	149,775	160,631	153,547	179,652	160,254	176,565	169,962	172,781	163,536
Commercial - Inside City limits	305,016	296,163	315,503	296,506	415,287	302,441	301,649	301,643	306,975	291,149
Commercial - Outside City limits	234,835	181,513	166,683	151,556	150,220	132,990	140,931	125,144	139,839	129,703
Prisons	391,385	418,182	429,806	435,878	414,872	389,162	382,440	347,359	350,913	280,361
Total Water Gallons Sold by Type of Customer	1,550,776	1,472,259	1,540,725	1,476,615	1,665,202	1,436,290	1,486,477	1,403,923	1,438,595	1,296,461

Source: City of Canon City, Colorado, audited financial statements, 2014-2023 and Water Utility Billing Records, 2014-2023.

Notes:

- (a) 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.
- (b) Effective January 1, 2019 meter fees and usage rates were increased by 3% to keep up with the inflationary rise in cost of services.
- (c) Effective January 1, 2020 meter fees and usage rates were increased by 9% to keep up with the inflationary rise in cost of services.
- (d) Effective January 1, 2021 meter fees and usage rates were increased by 3% to keep up with the inflationary rise in cost of services.
- (e) Effective January 1, 2022 meter fees and usage rates were increased by 9% to keep up with the inflationary rise in cost of services.
- (f) Effective January 1, 2023 meter fees and usage rates were increased by 9% to keep up with the inflationary rise in cost of services
- (g) In thousands of gallons

CITY OF CAÑON CITY, COLORADO

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

TABLE 13

Fiscal Year	Governmental Activities			Business-Type Activities										Total Primary Government	Percentage of Personal Income (b)	Per Capita
	Public Improvement Bonds	Financing Purchase Obligations / SBITAs (a) (c.)		Certificates of Participation Series 2003(a)		Certificates of Participation Series 2008(a)		Certificates of Participation Series 2017(a)		Certificates of Participation Series 2019(b)		Financing Purchase Obligations				
						Premium										
2014	34,000	1,940,000		-	10,445,000	129,356	-	-	-	-	-	12,548,356	2.56%	776		
2015	23,000	1,740,000		-	10,050,000	122,170	-	-	-	-	-	11,935,170	2.28%	735		
2016	9,000	1,540,000		-	9,635,000	114,984	-	-	-	-	-	11,298,984	2.10%	688		
2017	6,000	1,330,000		-	-	-	10,615,000	-	-	-	-	11,951,000	2.16%	721		
2018	4,000	1,120,000		-	-	-	10,040,000	-	-	-	-	11,164,000	1.89%	669		
2019	2,000	905,000		-	-	-	9,445,000	7,979,010	-	-	-	18,331,010	3.09%	1,096		
2020	-	690,000		-	-	-	8,830,000	7,683,273	-	-	-	17,203,273	2.71%	1,003		
2021	-	783,303		-	-	-	8,200,000	6,770,000	428,022	-	-	16,181,325	1.94%	933		
2022	-	985,577		-	-	-	7,555,000	6,490,000	329,973	-	-	15,360,550	1.68%	882		
2023	-	1,605,075		-	-	-	6,890,000	6,200,000	230,305	-	-	14,925,380	1.59%	866		

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	132,147,876	134,888,127	135,316,053	137,250,509	139,804,438	152,486,770	154,006,068	183,654,136	181,647,961	218,510,620
Legal Debt Limit (c)	13,214,788	13,488,813	13,531,605	13,725,051	13,980,444	15,248,677	15,400,607	18,365,414	18,164,796	21,851,062
Total Net Debt Applicable To Debt Limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin (d)	\$ 13,214,788	\$ 13,488,813	\$ 13,531,605	\$ 13,725,051	\$ 13,980,444	\$ 15,248,677	\$ 15,400,607	\$ 18,365,414	\$ 18,164,796	\$ 21,851,062
Legal Debt Margin as a Percentage of the Debt Limit	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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

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

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

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

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

CITY OF CAÑON CITY, COLORADO

TABLE 15

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Water Fund Debt Outstanding										
Certificates of Participation Series 2008	\$ 10,445,000	\$ 10,050,000	\$ 9,635,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Certificates of Participation Series 2017	-	-	-	10,615,000	10,040,000	9,445,000	8,830,000	8,200,000	7,555,000	6,890,000
Financing Purchase	-	-	-	-	-	-	-	-	-	-
Total Water Fund Debt Outstanding	\$ 10,445,000	\$ 10,050,000	\$ 9,635,000	\$ 10,615,000	\$ 10,040,000	\$ 9,445,000	\$ 8,830,000	\$ 8,200,000	\$ 7,555,000	\$ 6,890,000
Number of Active Water Service Connections	8,568	8,580	8,614	8,655	8,796	8,836	8,889	8,923	8,918	9,062
Water Fund Debt per Active Water Service Connection	\$ 1,219	\$ 1,171	\$ 1,119	\$ 1,226	\$ 1,141	\$ 1,069	\$ 993	\$ 919	\$ 847	\$ 760

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

CITY OF CAÑON CITY, COLORADO

TABLE 16
DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2023
(Unaudited)

Government Entity	Debt Outstanding	Estimated Percentage Applicable (b)	Estimated Share of Overlapping (a) Debt
Fremont County School District RE-1	25,053,817	11.5%	\$ 2,872,601
Cañon City Fire Protection District	11,626,406	5.3%	618,612
Fremont Sanitation District	748,687	0.3%	2,565
Cañon City Recreation District	-	0.0%	-
Fremont County	15,846,106	7.3%	1,149,139
Total Overlapping Debt			4,642,917
City of Cañon City Direct Debt			1,605,075
Total Direct and Overlapping Debt			\$ 6,247,992

(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
2014	16,174	1,396,768	490,315	30,315	5.0
2015	16,235	1,487,070	522,523	32,185	3.9
2016	16,425	1,537,573	538,412	32,780	3.2
2017	16,569	1,589,528	553,769	33,422	2.7
2018	16,690	1,701,631	591,410	35,435	3.3
2019	16,725	1,701,631	592,650	35,435	4.6
2020	17,158	1,768,409	634,263	36,966	7.1
2021	17,351	1,864,497	835,034	48,126	5.1
2022	17,412	2,036,961	916,707	52,648	4.1
2023	17,241	2,108,860	936,324	54,308	4.9

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

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

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

CITY OF CAÑON CITY, COLORADO

PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO
(Unaudited)

TABLE 18

Employer	2023			2014		
	Employees	Rank	Percentage of Total County Employment (b)	Employees	Rank	Percentage of Total County Employment
Fremont School District (RE-1)	547	1	3.17%	509	1	3.03%
Colorado Dept. of Corrections	439	2	2.55%			0.00%
Centura Health	415	3	2.41%	491	2	2.92%
Fremont County	355	4	2.06%	295	4	
Walmart	298	5	1.73%	308	3	1.83%
Independent Order of Odd Fellows Complexes	273	6	1.58%	250	5	1.49%
Starpoint	174	7	1.01%	200	6	1.19%
City of Canon City	162	8	0.94%	155	8	0.92%
City Market	150	9	0.87%			0.00%
Cornell Companies	145	10	0.84%	160	7	
Skyline Ridge Nursing and Rehabilitation	113		0.66%	110	9	0.65%
Interroll Engineering West Inc	59		0.34%	101	10	0.60%
Total	3,130		18.15%	2,579		12.64%
Total Fremont County Employment	17,241			16,810		

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

CITY OF CAÑON CITY, COLORADO

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

TABLE 19

	2014	2015	2016	2017	2018	2019	2020	2021*	2022	2023
General Government										
City Clerk	2.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Municipal Court	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.75	2.75	3.00
City Administrator	1.00	1.00	1.00	2.00	2.00	2.00	1.00	2.00	2.00	2.00
Finance	6.00	6.00	6.00	6.00	8.00	8.00	6.00	6.50	7.00	7.00
City Attorney	1.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Building Maintenance	1.00	1.00	1.00	2.00	2.00	2.00	3.00	2.00	2.00	2.00
Community Development										
Building Division	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.50	2.50	2.50
Planning & Zoning	1.00	1.00	1.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00
Code Enforcement	1.00	1.00	1.00	2.00	2.00	0.00	0.00	0.00	0.00	0.00
Economic Development	0.00	0.00	0.00	1.00	1.00	1.00	3.00	3.00	3.00	3.00
Administrative Resources										
Public Information Officer	0.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	1.00	1.00
Human Resources	1.00	1.00	1.00	1.00	2.00	1.00	1.00	1.50	1.50	2.00
Computer Resources	2.00	2.00	2.00	2.00	3.00	2.00	2.00	2.00	2.00	3.00
Public Safety										
Patrol Officers	28.00	29.00	30.00	31.00	30.00	30.00	28.00	36.00	35.00	31.00
Victims Assistance	1.00	1.00	1.00	1.00	1.00	1.00	0.00	1.00	0.00	0.00
Administration	5.00	5.00	5.00	5.00	5.00	6.00	7.00	6.50	6.50	7.50
Investigations	5.00	5.00	5.00	5.00	6.00	7.00	5.00	3.00	3.00	6.00
Parking & Code Enforcement	2.00	2.00	2.00	2.00	2.00	2.00	2.00	4.00	4.00	5.00
School Resource Program	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00
Grant Funded Programs	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	1.00
Dispatch Services	8.00	8.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Public Works										
Equipment Repair	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	4.00	3.00
Street Maintenance	15.00	15.00	15.00	14.00	14.00	14.00	13.00	14.00	13.00	14.00
Engineering	2.00	2.00	2.00	4.00	4.00	6.00	5.00	6.00	6.00	6.00
Cultural & Recreation										
Library & Museum/History Center	14.00	14.00	14.00	14.00	14.00	14.00	12.00	14.00	14.00	14.00
Parks Improvement Fund	12.00	12.00	13.00	12.00	14.00	15.00	12.00	17.00	21.25	20.50
Water Fund										
Administration	6.00	6.00	6.00	6.00	6.00	2.00	1.00	1.00	1.00	1.00
Water Treatment	12.00	12.00	12.00	11.00	11.00	10.00	12.00	12.00	11.00	12.00
Water Distribution	17.00	17.00	17.00	16.00	16.00	11.00	14.00	17.00	18.00	17.00
Water Utility Billing	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Storm Water Utility Fund										
Administration	2.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Storm Water Maintenance	0.00	0.00	0.00	0.00	0.00	0.00	2.00	2.00	2.00	2.00
Total	<u>155.00</u>	<u>156.00</u>	<u>150.00</u>	<u>152.00</u>	<u>158.00</u>	<u>149.00</u>	<u>145.00</u>	<u>167.75</u>	<u>170.50</u>	<u>173.50</u>

Source: City of Cañon City Human Resources and Finance Departments

CITY OF CAÑON CITY, COLORADO

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

(Unaudited)

TABLE 20

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Function/Program										
Public Safety										
Physical arrests	1,676	1,739	820	740	819	734	769	902	966	689
Traffic violations (a)	2,304	1,341	2,524	2,810	683	1,262	363	591	587	320
Parking violations	52	15	5	124	141	272	57	23	72	175
Calls for service	28,627	15,323	28,656	28,297	27,738	30,073	27,171	16,378	28,114	30,534
Public Works										
Street resurfacing & repairs (miles)	8.10	5.27	5.88	6.07	4.77	4.74	0.85	12.58	1.50	5.31
Street utility cut repairs	75	77	91	103	128	100	96	87	93	98
Cemetery										
Standard and ash burials	98	96	95	107	77	89	78	100	72	96
Spaces sold	57	62	38	42	54	62	51	100	41	47
Cultural & Recreation										
Library:										
Physical Volumes in collection	64,192	56,290	52,508	61,532	61,185	61,416	58,632	56,429	57,388	66,497
Electronic Volumes in collection	14,688	18,257	32,078	28,167	31,757	36,147	40,979	40,510	45,402	43,429
Total volumes checked out										
Physical volumes checked out	159,283	168,995	206,163	183,616	285,554	403,435	90,863	124,701	136,150	123,110
Electronic volumes checked out (b)	NA	NA	NA	NA	NA	NA	NA	NA	NA	3,922,229
Water Fund										
Installed and replaced water mains	2,200'	2565'	-	4109'	2363'	5115'	3216'	3857'	658'	12350'
Average daily metered consumption (millions of gallons)	4.2	4.2	4.2	4.2	4.0	4.2	4.2	4.0	4.2	3.8
Peak daily production (millions of gallons)	9.0	9.3	9.5	9.1	9.5	9.2	9.1	9.4	9.1	8.7

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

Notes:

- (a) 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.
(b) In 2023 the Library started tracking the non-physical books that were checked out through a data base.

CITY OF CAÑON CITY, COLORADO

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

TABLE 21

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public Safety										
Police Stations	2	2	2	2	2	2	2	2	2	2
Marked Patrol units	28	28	29	29	28	28	28	37	31	35
Public Works										
Streets (miles) (a) (d)	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0	119.3
Alleys (miles) (e)	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.9
Storm sewers (miles) (f)	13.8	13.8	13.8	13.8	13.8	13.8	14.0	14.0	14.0	15.4
Cemetery										
City owned Cemeteries	2	2	2	2	2	2	2	2	2	2
Cultural & Recreation										
Parks (b)	10	10	10	10	10	10	9	13	13	13
Parks Acreage	6,567	6,567	6,567	6,567	6,567	6,567	6,659	6,500	6,500	6,500
Water Fund										
Water mains (miles)	151	151	151	151	151	151	155	155	155	155
Fire Hydrants	1,061	1,061	1,061	1,061	1,061	1,061	1,178	1,178	1,189	1,211
Finished Water Storage Tanks (c)	6	6	6	6	6	6	6	6	6	6

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

- (a) Represents all City street miles including those within the municipal parks.
- (b) In 2020 a plaza was removed from the number of parks the City maintains. The plaza still exists but is not considered a park.
- (c) Although it still exists, and can be placed back in service at any time, the Lincoln Park water storage tank was decommissioned in 2012.
- (d) Starting in 2023, Total taken from CDOT HUTF report. Also includes streets with municipal parks.
- (e) Starting in 2023, total taken from GIS data
- (f) Starting in 2023, total taken from Cartegraph - Storm Pipes: Jurisdiction = Canon City Stormwater Program

COMPLIANCE SECTION

SINGLE AUDIT

**Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

Honorable Mayor and City Council
City of Cañon 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, business-type activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Cañon City, Colorado (the City) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City and have issued our report thereon dated July 29, 2024.

Report on 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 as a basis for designing 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.

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.

Our consideration of the City's 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, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 that we consider to be material weaknesses.

Report on 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 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*.

Honorable Mayor and City Council
City of Cañon City, Colorado

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. the City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 report is not suitable for any other purpose.

DMC Auditing and Consulting, LLC

July 29, 2024
Bailey, Colorado
DMC Auditing and Consulting, LLC

**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 City Council
City of Cañon 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 Cañon City's (the City) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (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, 2023. 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 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, 2023.

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.

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 to 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 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. *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 a 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.

CITY OF CAÑON CITY, COLORADO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2023

Our consideration of the City's 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.

DMC Auditing and Consulting, LLC

July 29, 2024
Bailey, Colorado
DMC Auditing and Consulting, LLC

CITY OF CAÑON CITY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures
U.S. DEPARTMENT OF THE INTERIOR			
Direct			
Cultural and Paleontological Resources Management	15.224	N/A	\$ 29,660
Passed through Colorado Department of Local Affairs			
Minerals Leasing Act	15.437	EIAF 9616	<u>8,473</u>
TOTAL U.S. DEPARTMENT OF THE INTERIOR			<u>38,133</u>
U.S. DEPARTMENT OF JUSTICE			
Direct			
Bulletproof Vest Partnership Program	16.607	N/A	<u>1,813</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Passed Through Colorado Department of Transportation			
Highway Planning and Construction	20.205	15-HA2-ZH-00185	56,270
U.S. DEPARTMENT OF TREASURY			
Direct			
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	1,895,934
Passed Through Colorado Department of Transportation			
Coronavirus State and Local Fiscal Recovery Funds	21.027	23-HA2-XC-00161	<u>68,337</u>
TOTAL U.S. DEPARTMENT OF TREASURY			<u>1,964,271</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Direct			
Brownfields Training, Research, and Technical Assistance Grants	66.814	N/A	<u>115,075</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed Through Colorado Division of Homeland Security and Emergency Management			
Homeland Security Grant Program	97.067	22SHS23-2022 SHSP	<u>46,875</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,222,437</u>

CITY OF CAÑON CITY, COLORADO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2023

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. Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements. The City does not charge a de minimis indirect cost rate. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or fund balance, or cash flows of the City.

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting.

NOTE 2: Summary of Significant Accounting Policies

Governmental fund types account for the majority of the City's federal grant activity. Expenditures reported in the schedule of expenditures of federal awards are recognized on a modified basis of accounting. Subrecipient expenditures are recorded on a cash basis. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement. Non-cash expenditures are included in the schedule.

NOTE 3: Indirect Cost Rate

The City has not elected to use the 10% de minimis cost rate.

CITY OF CAÑON CITY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2023

SECTION I: SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to the financial statements noted?

☐ Yes ☒ No

Federal Awards

Internal control over major federal programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

☐ Yes ☒ No

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Cluster/Program</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds

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
Year Ended December 31, 2023

SECTION II: FINANCIAL STATEMENT FINDINGS

2023-001: Material Weakness in Financial Reporting

Criteria: AU-C Section 265, A.11 in part states that indicators of material weaknesses in internal control include a restatement of previously issued financial statements to reflect the correction of a material misstatement due to fraud or error.

Condition: We have identified several material errors in the prior year financial statements. This includes revenue recognition of expenditure-driven grants at the year-end cut-off in compliance with Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*; estimation of liabilities for asset retirement obligations for the solid waste disposal facility as a required of GASB Statement No. 83, *Certain Asset Retirement Obligations*; and recording lease receivables and financed purchases to comply with GASB No. 87, *Leases*. The City incurred grant expenditures but did not recognize the corresponding revenue upon meeting eligibility in the proper period (prior year financial statements). In addition, the City did not estimate the asset retirement obligations related to solid waste disposal facility and did not record the lease receivable and certain financed purchase transactions that were required to be reported at December 31, 2022, to comply with the required implementation of GASB 83, *Asset Retirement Obligations*, and GASB No. 87, *Leases*.

Cause: The City's personnel are well-versed and understand the year-end revenue cut-off and revenue recognition requirements, including expenditure-driven revenues. The City has some internal control processes in place for year-end cut-off and revenue recognition. The City's internal controls over year-end revenue cut-off and revenue recognition were not effective in identifying such issues in the prior year. In relation to leases and financed purchases, the City did not fully implement GASB 83, *Certain Asset Retirement Obligations*, and GASB No. 87, *Leases*, requirement in the prior year.

Effect: The beginning fund balance in the Quality of Life Fund and governmental funds and the beginning net position for the governmental activities was increased by \$91,642 in order to comply with Governmental Accounting Standard Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. In addition, the City was required to restate certain balances related to GASB No. 87, *Leases*, at December 31, 2022. The City was required to estimate the asset retirement obligation related to the solid waste disposal facility at December 31, 2022. Because the asset retirement obligation had an offsetting deferred outflow of resources, no restatement was required. However, the City is required to restrict net position dedicated to the future asset retirement.

Repeat Finding: No.

Recommendation: We recommend that the City revisit the internal controls over expenditure-driven revenue recognition at year-end and improve cut-off verification procedures to identify expenditure-driven grants receivable at year-end. In addition, in the future, we recommend that the City annually re-evaluate significant estimates and implement internal controls over leases and financed purchases and periodically review upcoming GASB requirements.

Corrective Action Plan: Reported on page 94.

SECTION III: FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No current year findings or questioned costs were reported.



CITY OF CAÑON CITY

Finance Department

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Corrective Action Plan

2023-001: Material Audit Adjusting Entries with a Restatement of Prior Year Financial Statements

The Finance Department will review cash receipts received within 60 days of year end to determine if the revenue is recognized in the proper period.

The Finance Department will continue to attend Governmental Accounting Standards Board (GASB) updates presented by the Government Finance Officers Association and discussing upcoming GASB implementation with auditors to ensure timely and accurate implementation.

STATE COMPLIANCE

LOCAL HIGHWAY FINANCE REPORT	CITY OR COUNTY CITY OF CANON CITY YEAR ENDING (mm/yy): 12/23
This Information From The Records Of: CITY OF CANON CITY	Prepared By: TAMMY J NORDYKE

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

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

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

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway expenditures:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	\$ 3,649,427.82
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	\$ 1,744,946.27
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	\$ -
2. General fund appropriations	\$ -	b. Snow and ice removal	\$ -
3. Other local imposts (from page 2)	\$ 5,453,822.83	c. Other	\$ -
4. Miscellaneous local receipts (from page 2)	\$ 207,909.67	d. Total (a. through c.)	\$ -
5. Transfers from toll facilities	\$ -	4. General administration & miscellaneous	\$ 449,890.78
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	\$ 55,887.91
a. Bonds - Original Issues	\$ -	6. Total (1 through 5)	\$ 5,900,152.78
b. Bonds - Refunding Issues	\$ -	B. Debt service on local obligations:	
c. Notes	\$ -	1. Bonds:	
d. Total (a. + b. + c.)	\$ -	a. Interest	\$ -
7. Total (1 through 6)	\$ 5,661,732.50	b. Redemption	\$ -
B. Private Contributions		c. Total (a. + b.)	\$ -
C. Receipts from State government (from page 2)	\$ 812,135.06	2. Notes:	
D. Receipts from Federal Government (from page 2)	\$ -	a. Interest	\$ 126,817.18
E. Total receipts (A.7 + B + C + D)	\$ 6,473,867.56	b. Redemption	\$ 555,556.00
		c. Total (a. + b.)	\$ 682,373.18
		3. Total (1.c + 2.c)	\$ 682,373.18
		C. Payments to State for highways	\$ -
		D. Payments to toll facilities	\$ -
		E. Total expenditures (A.6 + B.3 + C + D)	\$ 6,582,525.96

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	\$ -	\$ -	\$ -	\$ -
1. Bonds (Refunding Portion)	\$ -	\$ -	\$ -	\$ -
B. Notes (Total)	\$ 2,222,220.00	\$ -	\$ 555,556.00	\$ 1,666,664.00

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	\$ 3,567,535.09	\$ 6,473,867.56	\$ 6,582,525.96	\$ 3,458,876.69	\$ -

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: CITY OF CANON CITY YEAR ENDING (mm/yy): 12/23	
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II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assesments	\$ 827.90	a. Interest on investments	\$ 66,102.31
b. Other local imposts:		b. Traffic Fines & Penalties	\$ 55,887.91
1. Sales Taxes	\$ 5,301,009.53	c. Parking Garage Fees	\$ -
2. Infrastructure & Impact Fees	\$ 5,751.32	d. Parking Meter Fees	\$ -
3. Liens	\$ -	e. Sale of Surplus Property	\$ 32,978.00
4. Licenses	\$ -	f. Charges for Services	\$ 52,563.89
5. Specific Ownership &/or Other	\$ 146,234.08	g. Other Misc. Receipts	\$ 377.56
6. Total (1. through 5.)	\$ 5,452,994.93	h. Other	\$ -
c. Total (a. + b.)	\$ 5,453,822.83	i. Total (a. through h.)	\$ 207,909.67
(Carry forward to page 1)		(Carry forward to page 1)	
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes (from Item I.C.5.)	\$ 628,206.95	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	\$ 59,321.13	d. Federal Transit Administration	\$ -
d. Grant	\$ 124,606.98	e. U.S. Corps of Engineers	\$ -
e. Other (ie. ARPA)	\$ -	f. Other Federal	\$ -
f. Total (a. through e.)	\$ 183,928.11	g. Total (a. through f.)	\$ -
4. Total (1. + 2. + 3.f)	\$ 812,135.06	3. Total (1. + 2.g)	
(Carry forward to page 1)		(Carry forward to page 1)	

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			\$ -
b. Engineering Costs	\$ 56,269.57	\$ 183,860.55	\$ 240,130.12
c. Construction:			
(1). New Facilities	\$ -	\$ -	\$ -
(2). Capacity Improvements	\$ -	\$ -	\$ -
(3). System Preservation	\$ -	\$ 128,476.00	\$ 128,476.00
(4). System Enhancement And Operation	\$ -	\$ 3,280,821.70	\$ 3,280,821.70
(5). Total Construction (1)+(2)+(3)+(4)	\$ -	\$ 3,409,297.70	\$ 3,409,297.70
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)	\$ 56,269.57	\$ 3,593,158.25	\$ 3,649,427.82
(Carry forward to page 1)			
Notes and Comments:			