CITY OF CAÑON CITY

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2025







City of Cañon City, Colorado

Annual Comprehensive Financial Report
For the fiscal year ended December 31, 2025

Prepared by:
Department of Finance

CITY OF CAÑON CITY, COLORADO
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INTRODUCTORY SECTION

CITY OF CAÑON CITY

Finance Department

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Cañon City, CO 81215-1460
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September 30, 2026

To the Honorable Mayor and Member of the City Council and the Citizens of the 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, 2025, 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 17,141 people living within the incorporated City limits in July 2025. The median age of the community's residents is about eight and a half years older than that of the State as a whole. The annual median household income in Cañon City is $64,787, approximately $32,326 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 2025, the 10th full year of attendance following the fire, the number of visitors was estimated at over 292,279 or 9.9% increase since 2012. Attendance compared to the prior year was estimated to be down nearly 21,400 or a 6.8% decrease from 2024. The decrease is attributable to the economy. 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 2025, one (1) 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. All governmental funds are appropriated annually.

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 nearly 300,000 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 saw an increase in sales tax revenue in the majority of categories. Taxable 2025 sales for all other outlets for general merchandise saw the largest increase of 17.04%. Auto dealers, parts and supplies saw the second largest increase of 15.60%. Utility service sales tax collections increased by 13.86%. Other retail stores saw an increase of 13.49%. Restaurants and bars increased by 11.06%. Home furnishings increased by 8.92% and building materials and supplies sales experienced a slight decrease of 0.58%. Overall, the City's General Fund sales tax revenues decreased from $9,946,226 in 2024 to $9,901,135 in 2025, a 0.45% decrease.

Over the last two years, the building market has decreased with fewer new commercial, residential and multi-family projects. The restoration of the historic Hotel St. Cloud was completed in downtown Cañon City in the summer of 2025. The total valuation for new construction in 2025 was 24.4% 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
2020	817	21,430,622
2021	929	62,797,912
2022	952	31,314,357
2023	1,059	29,945,784
2024	1,051	32,520,538
2025	928	26,911,462

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. In the November 2025 general election, the voter-approved sales tax increase was extended for another 10 years. The sales tax will continue to be collected through 2036. 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 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 slight growth in sales tax receipts through 2025 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 2025 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 key economic development priority for 2025 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 of 2023, 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 mid 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 2026.

Trail building in Red Canyon Park was completed in 2025. The trail system consists of a 3.5-mile loop that highlights the stunning natural beauty of the park along with a 1.2-mile loop designed for adaptive trail use to serve users with disabilities. The trails are for non-motorized use and are open to hikers, bikers, and equestrian users. The trail system is open for recreationalists with no commercial use allowed on the trails.

The Police Department remains committed to providing its officers with ongoing advanced training to ensure they are well-prepared to serve the community. Prioritizing safety, the department continually reviews and updates its equipment standards to align with advancements in technology, upgrading gear as needed.

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 2025. The following table represents a portion of the work completed in 2025:

Street	SY Asphalt	SY Concrete	Curb and Gutter (linear feet)	Center Line Miles	Lane Miles
Main Street – 4th St to 1st 1st Street – Main St to US 50 3rd St – Main St to US 50	8,700	3,400	4,600	0.41	0.82
Justice Center – US 50 to Grandview	11,500	150	4,500	0.52	1.04
Mackenzie Ave – US 50 to City limits Field Ave – Pear to Fremont Drive	16,850	0	635	0.82	1.64
2025 TOTAL	**37,050**	**3,550**	**9,735**	**1.75**	**3.50**

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, 2024. 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, 2025



Mayor
Preston Troutman
At Large



Andrea Stein
District 1
Council Member



Kathy Worthington
District 2
Council Member



John Hamrick
District 3
Council Member



Gerald Meloni
At Large
Council Member



Amy Schmisseur
At Large
Council Member



Emily Tracy
At Large
Council Member



Tim Dennehy
District 4
Council Member

City of Cañon City, Colorado

Appointed Officials

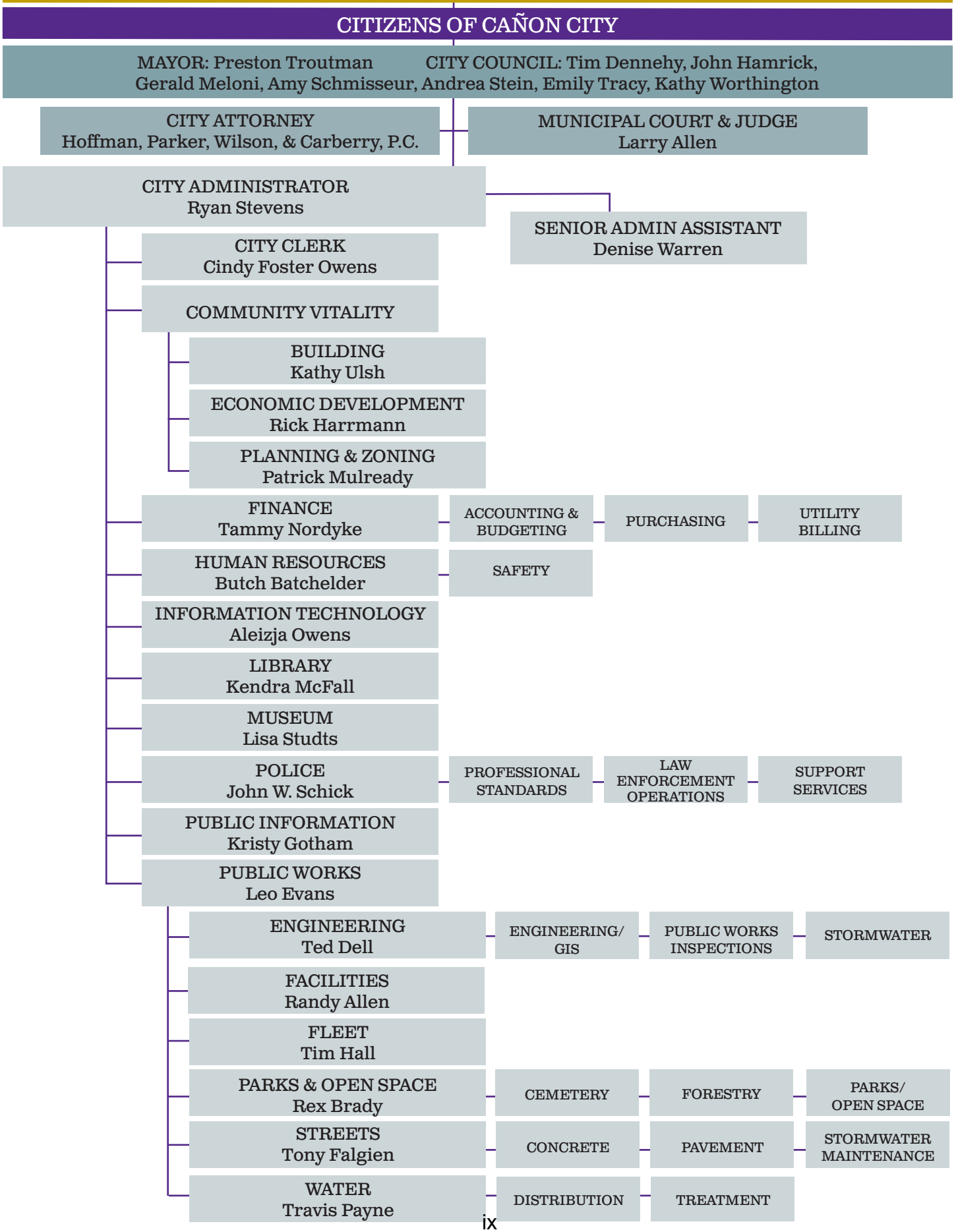
For the Year Ended December 31, 2025

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	Kendra McFall
Museum Director	Lisa Studts
Parks Director	Rex Brady
Police Chief	John Schick
Public Works Director	Leo Evans

Organizational Chart
as of December 31, 2025



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, 2024

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

DMC
AUDITING AND CONSULTING, LLC
(720) 422-1352
DCHERNYAK@DMCCPAS.NET

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, 2025, 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, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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 and budgetary 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 and budgetary 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2026, 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

September 30, 2026
Bailey, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2025. 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 audited fund balance for the General Fund decreased by $2,624,894 compared to a budgeted decrease of $7,778,841 primarily due to a reduction in spending. Personnel costs came in lower than budgeted based on vacancies.

- Sales and use tax revenue, the City's largest single source of General Fund revenue, increased by $1,471,352 over 2024. The increase in sales tax revenue is directly related to a change in the sales tax rate. The rate increased from 3% to 3.3% effective January 1, 2025.

- At the end of the current fiscal year, the unassigned fund balance for the General Fund was $6,167,872 (34% of total General Fund operating expenditures plus debt service). The City's other governmental funds reported a combined ending fund balance of $16,569,245, an increase of $663,557 compared to the prior year, primarily due to the creation of the new governmental fund for the Swimming Pool Construction Tax Fund. Within the total fund balance for the governmental funds, $11,605,640 is restricted by specific legal requirements, $634,227 has been committed for contractual obligations, $8,435,999 is classified as assigned, and $3,014,434 is non-spendable for inventory, prepaid items, interfund receivable, and the Cemetery Perpetual Care Fund. The total unassigned fund balance for governmental funds is $6,167,872.

- Reflected in the General Fund Budgetary Comparison Schedule, revenues that were primarily from property taxes, sales and use taxes, franchise taxes, Royal Gorge Bridge lease revenues, and general intergovernmental revenues were used to support the following major activities:
  - $4,985,520 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.
  - $7,981,348 was used for Public Safety – Support Services, Operations, School Resource Program, Co-Responder Program, and the Directed Investigations and Community Engagement (DICE) unit.
  - $3,337,308 was used for Public Works – Fleet Maintenance, Street Maintenance, Engineering, and Street Projects.
  - $1,227,542 was used for Culture and Recreation – Cañon City Public Library and the Royal Gorge Museum and History Center.
  - $770,418 was used for Capital Outlay.
  - $845,477 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 lease revenue finance most of these activities.

- Business-type activities: The City charges a fee to customers to recover the full cost of certain services it provides. The City's water facilities and Stormwater Utility Fund are reported here.

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

Reporting the City's Most Significant Funds

Fund Financial Statements

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

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

The City of Cañon City maintained 11 individual governmental funds for the year ended December 31, 2025. 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, 2025. 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 $167,062,903. This is a $7,460,014 increase over last year's net position of $159,602,889. Net position may serve as a useful indicator of the City's financial position.

The largest portion of Cañon City's net position, $116,287,593 (69.6%), 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, 2025

	Governmental Activities		Business -Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Statement of Net Position						
Current and Other Assets	$35,647,355	$39,626,585	$25,954,992	$18,075,459	$61,602,347	$57,702,044
Capital Assets	85,571,934	79,484,100	42,841,294	42,856,269	128,413,228	122,340,369
Net Pension Assets	-	-	-	-	-	-
Total Assets	$121,219,289	$119,110,685	$68,796,286	$60,931,728	$190,015,575	$180,042,413
Deferred Outflows of Resources	$1,307,975	$1,506,740	$1,172,318	$1,199,142	$2,480,293	$2,705,882
Current Liabilities	$2,723,696	$5,137,389	$578,946	$697,015	$3,302,642	$5,834,404
Long-Term Liabilities	1,458,923	2,063,878	19,213,848	13,829,716	20,672,771	15,893,594
Net Pension Liability	-	-	-	-	-	-
Total Liabilities	$4,182,619	$7,201,267	$19,792,794	$14,526,731	$23,975,413	$21,727,998
Deferred Inflow of Resources	$1,457,552	$1,417,408	-	-	$1,457,552	$1,417,408

Summary of Net Position Continued
At December 31, 2025

	Governmental Activities		Business -Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Net position						
Net Investment in Capital Assets	$84,895,703	$77,986,028	$31,391,890	$30,411,094	$116,287,593	$108,397,122
Restricted	13,637,841	13,124,959	919,318	909,999	14,557,159	14,034,958
Unrestricted	18,353,549	20,887,763	17,864,602	16,283,046	36,218,151	37,170,809
Total Net Position	$116,887,093	$111,998,750	$50,175,810	$47,604,139	$167,062,903	$159,602,889

Only $14,557,159 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, $36,218,151, may be used to meet the City's ongoing obligations to citizens and creditors.

As of December 31, 2025, 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 $7,460,014. The key elements of this increase are as follows:

Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Statement of Activities						
Program Revenues (Major Source)						
Charges for Services	$1,492,092	$1,180,141	$11,493,187	$11,152,417	$12,985,279	$12,332,558
Operating Grants & Contributions	1,193,132	694,071	6,250	110,278	$1,199,382	$804,349
Capital Grants & Contributions	1,981,837	5,380,676	237,033	318,463	$2,218,870	$5,699,139
General Revenues:					-	-
Property Taxes	566,776	652,816	-	-	$566,776	$652,816
Sales and Use Taxes	17,402,469	15,931,117	-	-	$17,402,469	$15,931,117
Other Taxes	1,329,705	1,325,194	-	-	$1,329,705	$1,325,194
Franchise Taxes	267,487	259,094	-	-	$267,487	$259,094
Royal Gorge Bridge Revenues	3,038,657	3,194,291	-	-	$3,038,657	$3,194,291
Investment Earnings	1,043,610	1,008,116	483,439	529,607	$1,527,049	$1,537,723
Other Revenues	81,306	114,174	31,517	(409,173)	$112,823	($294,999)
Loss on Disposal of Assets	-	-	-	-	-	-
Total Revenues	$28,397,071	$29,739,690	$12,251,426	$11,701,592	$40,648,497	$41,441,282

Changes in Net Position Continued

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Statement of Activities						
Program Expenses:						
General Government	$3,224,193	$5,174,454	-	-	$3,224,193	$5,174,454
Public Safety	9,145,862	7,539,799	-	-	$9,145,862	$7,539,799
Public Works	5,843,481	4,420,944	-	-	$5,843,481	$4,420,944
Culture & Recreation	6,468,530	5,799,509	-	-	$6,468,530	$5,799,509
Interest on Long-Term Debt	107,142	157,183	-	-	$107,142	$157,183
Water	-	-	7,216,243	7,124,235	$7,216,243	$7,124,235
Stormwater Utility	-	-	1,183,032	1,192,068	$1,183,032	$1,192,068
Total Expenses	$24,789,208	$23,091,889	$8,399,275	$8,316,303	$33,188,483	$31,408,192
Increase in Net Position Before Transfers	$3,607,863	$6,647,801	$3,852,151	$3,385,289	$7,460,014	$10,033,090
Transfers	1,280,480	713,795	(1,280,480)	(713,795)	-	-
Change in Net Position	$4,888,343	$7,361,596	$2,571,671	$2,671,494	$7,460,014	$10,033,090
Net Position, Beginning of Year	111,998,750	104,637,154	47,604,139	44,932,645	$159,602,889	$149,569,799
Net Position, End of Year	$116,887,093	$111,998,750	$50,175,810	$47,604,139	$167,062,903	$159,602,889

Governmental Activities

The City's general revenues within governmental activities increased when compared to the prior year by 5.5% or $1,245,208. The primary reason for this change was due to the increased sales tax rate. Sales tax continues to increase as seen in the last 10 years. Refer to Statistical Table 9 for detailed information about sales tax collections by category.

General Revenues

	2025	2024	Increase (Decrease)
Property Taxes	$566,776	$652,816	($86,040)
Sales and Use Taxes	17,402,469	15,931,117	$1,471,352
Other taxes	1,329,705	1,325,194	$4,511
Franchise Taxes	267,487	259,094	$8,393
Royal Gorge Bridge Revenues	3,038,657	3,194,291	($155,634)
Investment Earnings	1,043,610	1,008,116	$35,494
Other Revenues	81,306	114,174	($32,868)
Total General Revenues	$23,730,010	$22,484,802	$1,245,208

- Program revenue had a net decrease of $2,587,827 (35.7%). Charges for services increased by $311,951 (26.4%). Operating Grants & Contributions increased by $499,061 (71.9%) mainly due to increased grant funding for general government. Capital Grants and Contributions decreased by $3,398,839 (63.2%) primarily due to decreased capital contributions from new commercial and residential development.

- Sales and use tax revenue, the City's largest single source of General Fund revenue, increased by $1,471,352 over 2024. This can be attributed to the increase in the sales tax rate.
- Franchise tax revenues increased by $8,393 (3.2%).
- Royal Gorge Bridge lease revenues decreased by $155,634 (4.9%). The paid admissions were down this year compared to 2024.
- Investment earnings increased by $35,494 (3.5%) due to an increase in interest rates on investments.
- General Government expenses decreased by $1,950,261 (37.7%) due to a combination of decreased capital spending and position vacancies.
- Public Safety expenses increased by $1,606,063 (21.3%) due to a combination of increased capital spending and general operating costs.
- Public Works expenses increased by $1,422,537 (32.2%) due to an increase in capital equipment purchases and road maintenance projects.
- Culture and Recreation expenses increased by $669,021 (11.5%) due to the construction of a Parks maintenance building.
- The budgeting strategy for 2025 was to maintain the unassigned reserve at a minimum of 20.5% and a maximum of 30% of expenditures.

The governmental activities long term liabilities, excluding net pension liability, decreased by $604,955 due to the reduction in capital lease obligations and the reduction in SBITA liability. Other governmental activities liabilities decreased by $2,413,693 primarily due to a decrease in accounts payable.

Business-Type Activities

Total net position from business-type activities increased from the previous year by $2,571,671 (5.4%). The key elements of this increase are due to the following:

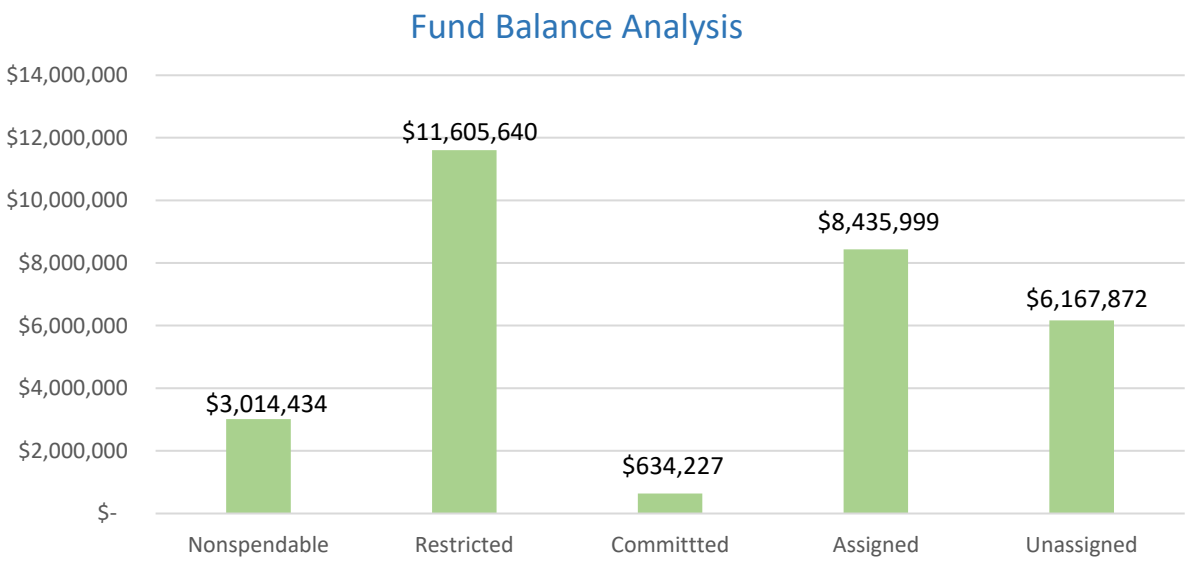
- The City Stormwater Utility Fund had a total increase in net position of $1,146,741 primarily due to planned rate increases.
- The Water Fund had a total increase in net position of $1,424,930 primarily due to delayed capital projects and increased revenue.

Financial Analysis of City of Cañon City's Funds

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

Governmental Funds

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



At the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of $29,858,172, a decrease of $1,961,337 in comparison with the prior year. Within this total, $11,605,640 (38.9%) is restricted by specific legal requirements, $634,227 (2.1%) has been committed, $8,435,999 (28.3%) is assigned to specific types of expenditures, and $3,014,434 (10.1%) is non-spendable for inventory, cemetery, and prepaid items. The unassigned fund balance represents a positive $6,167,872 (20.7%).

- **The General Fund** is the City's primary operating fund. At the end of the current fiscal year the unassigned fund balance was $6,167,872 while the total fund balance equaled $13,288,927. In the current fiscal year, the fund balance of the General Fund decreased by $2,624,894. This is primarily due to the use of fund balance for capital items.

- **Quality of Life Fund:** The City's Quality of Life Fund is used to account for various major grant-funded capital projects. The City allocates a portion of the Royal Gorge Bridge lease revenues to this fund to provide the match requirements for the various grants. For the 2025 fiscal year, of the $4,020,032 total project expenditures, $1,958,761 (48.73%) was provided by multiple grant sources. The main projects with funding assistance are as follows:

  - Colorado Department of Transportation (CDOT) funding for the 3rd and Main Streets Bump Outs
  - Colorado Department of Transportation (CDOT) funding for US Highway 50 Lighting project
  - Department of Local Affairs (DOLA) funding for the Parks Maintenance Building Project

- **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 November of 2025, a ballot measure to extend the sales tax for an additional ten years was approved by the voters. The sales tax will continue to be collected until December 31, 2036.

  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. The interfund loan will be paid off in 2026.

- **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 $13,025,860 Unrestricted net position of the Stormwater Utility Fund at the end of 2025 was $4,838,742. The net position of the Internal Service Fund, which accounts for the City's self-insurance program, decreased by $63,190 (4.5%). This decrease was primarily the result of higher claims expense.

General Fund Budgetary Highlights

The original expense budget in the General Fund was $26,376,014. There were no budget amendments to the total General Fund expense budget during the year.

The General Fund total revenues were $1,035,123 lower than the revenue budget. Several of the revenue categories had significant variances from budget. Taxes and assessments revenues were $311,147 lower than budgeted, which was a variance of 2.6%. Licenses and permits were $251,353 higher than budgeted primarily due to an increase in right of way permitting related to the installation of a community broadband ring. Intergovernmental revenues were $1,035,776 less than budgeted primarily due to a change in the budgeting process which accounts for potential grants. Charges for services were $172,615 higher than budgeted because of an increase in project reimbursements for Public Works. Fines and Forfeitures revenues were $19,921 lower than budgeted due to a combination of decreased police fees and penalties. The General Fund portion of the Royal Gorge Bridge revenues was $184,198 lower than budgeted due to decreased number of admissions. Interest earnings were $44,146 higher than budgeted due to an increase in the average yield on the City's investments. Rent revenues were $1,849 lower than budgeted and Contributions and Donations were $8,800 lower than budgeted. Other revenues were $58,454 higher than budgeted due to increased insurance recoveries.

General Fund total expenditures were $5,705,754 under budget. General Government expenditure was $2,568,701 under budget because of a combination of reduced spending in all areas. Public Safety spending was $1,481,338 under budget due to vacancy savings and reduced contracted services. Public Works operating costs were $649,423 over budget largely due to a change in the classification of expenditures from capital to operating. Culture and Recreation spending was $176,641 under budget primarily lower than anticipated pedestrian bridge repairs. Capital project costs were $1,664,000 under budget mainly due to department specific capital being classified as operation costs.

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, 2025, amounted to $128,413,228 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	
	2025	2024	2025	2024	2025	2024
Land	$4,275,348	$3,709,568	$458,092	$449,828	$4,733,440	$4,159,396
Ditch Stock	7,414	7,414	1,053,538	1,053,538	1,060,952	1,060,952
Construction in Progress	3,906,892	3,195,652	3,958,742	6,463,453	7,865,634	9,659,105
Infrastructure	45,201,749	41,954,457	2,842,283	841,467	48,044,032	42,795,924
Buildings	13,785,850	12,948,090	3,291,192	3,441,479	17,077,042	16,389,569
Improvements	14,744,331	13,453,208	-	-	14,744,331	13,453,208
Water and Stormwater Systems	-	-	28,588,156	29,876,253	28,588,156	29,876,253
Machinery & Equipment	3,379,939	3,687,050	2,649,291	730,251	6,029,230	4,417,301
Right-to-Use SBITA Assets	160,059	528,661	-	-	160,059	528,661
Total	$85,571,934	$79,484,100	$42,841,294	$42,856,269	$128,413,228	$122,340,369

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

Item	Fund Type
Two (2) Computer Servers	General Fund
Two (2) 2026 Chevy Blazers	General Fund
2014 Ford F550 Bucket Truck	General Fund
2025 Tandem Dump Truck/Snowplow	General Fund
Two (2) Parking Lots	General Fund
City Hall HVAC automation	General Fund
2025 Chevy Silverado	General Fund
2024 Chevy Tahoe	General Fund
8th Street and Pine Ditch Crossing	General Fund
Riverbank stabilization Centennial Park	General Fund
Pickle Ball/Tennis Court Resurfacing	General Fund
Parks Maintenance Building	Quality of Life Fund
US50 Lighting	Quality of Life Fund
3rd and Main Street Bump Outs	Quality of Life Fund
*2A Road Improvements	Street Improvement Fund
Main Street Resurfacing (US Hwy 50 to 4th St)	Street Improvement Fund
Justice Center Road (US50 to Grandview)	Street Improvement Fund
Pear Street (Fields to 19th)	Street Improvement Fund
Doris Ave water line	Water Fund
Pear Ave water line	Water Fund
PLC/SCADA Upgrade	Water Fund
2025 Chevy Colorado Pickup	Stormwater Fund
Osprey Court Stormwater Improvements	Stormwater Fund
9th Street Stormwater Improvements	Stormwater Fund
*Rhodes Ave Stormwater Improvements	Stormwater Fund
*Projects started but not completed by year end	

Debt Administration

At the end of 2025, the City had total outstanding debt of $18,289,104 (certificates of participation, capital leases, and compensated absences). The City's total debt had a net increase of $3,305,509 during the current fiscal year. The key elements of this net increase are due to the following:

- Balance of the 2017 certificates of participation decreased by $705,000
- Balance of the 2019 certificates of participation decreased by $315,000
- Compensated absences increased by $91,850

- New Drinking Water Revolving Loan increased by $5,065,918
- Capital lease for vehicles and equipment decreased the overall balance by $448,886

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	
	2025	2024	2025	2024	2025	2024
Compensated Absences	$789,876	$702,293	189,666	$185,399	$979,542	$887,692
Financed Purchases	528,478	874,381	26,010	128,993	554,488	1,003,374
SBITAs	140,569	487,204	-	-	140,569	487,204
Certificates of Participation	-	-	11,549,588	12,605,325	11,549,588	12,605,325
Loans	-	-	5,064,918	-	5,064,918	-
Total	$1,458,923	$2,063,878	$16,830,182	$12,919,717	$18,289,105	$14,983,595

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City's 2026 budget reflects continuation of our plan to keep the City on solid ground for providing services to our citizens during 2026 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 2026 budget lays out the City's vision for achieving long-term goals and more focus on action beyond 2026 that promotes economic development and tourism within Fremont County. However, due to the change in the economy, attendance in 2026 is anticipated to stagnate.

The City's elected and appointed officials considered many factors, including the economy, when setting the fiscal year 2026 budget. Even with the uncertainty of the economy, the 2026 budget continues to support the goals of the City with the overall budget showing an increase of 0.38% over the 2025 budget. This is primarily due to projects that were not completed in prior years and increased federal funding. Additionally, the City's General Fund revenue is expected to remain steady. 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 2026 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 capital equipment purchases
4. To provide for capital projects

Through July of 2026, sales tax revenue is down 0.7% over 2025. The City continues to monitor revenues and expenditures closely to ensure that critical services are maintained. 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, 2025

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	CCARE
ASSETS				
Cash and Investments	$ 28,316,015	$ 17,260,233	$ 45,576,248	$ 1,171,650
Accounts Receivable	2,616,803	7,761,141	10,377,944	-
Taxes Receivable	3,558,285	-	3,558,285	582,120
Leases Receivable	729,571	-	729,571	-
Internal Balances	(222,221)	222,221	-	-
Due from Component Unit	322,322	-	322,322	-
Inventory	193,516	679,200	872,716	-
Prepaid Expenses	133,064	32,197	165,261	-
Capital Assets, *Not Being Depreciated/Amortized*	8,189,654	5,470,372	13,660,026	-
Capital Assets, *Being Depreciated / Amortized, Net*	77,382,280	37,370,922	114,753,202	-
TOTAL ASSETS	121,219,289	68,796,286	190,015,575	1,753,770
DEFERRED OUTFLOWS OF RESOURCES				
Asset Retirement Obligations	-	919,318	919,318	-
Pensions, *Net of Accumulated Amortization*	1,307,975	-	1,307,975	-
Loss on Debt Refunding, *Net of Accumulated Amortization*	-	253,000	253,000	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,307,975	1,172,318	2,480,293	-
LIABILITIES				
Accounts Payable	1,556,389	351,467	1,907,856	79,937
Retainage Payable	7,184	40,690	47,874	-
Accrued Interest Payable	-	58,872	58,872	44
Accrued Salaries and Benefits	605,940	68,535	674,475	-
Deposits	10,381	59,382	69,763	-
Insurance Claims	533,900	-	533,900	-
Unearned Revenue	9,902	-	9,902	-
Due to Primary Government	-	-	-	322,322
Noncurrent Liabilities				
Due Within One Year	986,879	1,421,133	2,408,012	-
Due in More Than One Year	472,044	16,873,397	17,345,441	-
Asset Retirement Obligation	-	919,318	919,318	-
Net Pension Liability	-	-	-	-
TOTAL LIABILITIES	4,182,619	19,792,794	23,975,413	402,303
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	668,980	-	668,980	582,120
Leases	667,370	-	667,370	-
Pensions, *Net of Accumulated Amortization*	121,202	-	121,202	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,457,552	-	1,457,552	582,120
NET POSITION				
Net Investment in Capital Assets	84,895,703	31,391,890	116,287,593	-
Restricted for:				
Cemetery Perpetual Care	2,032,201	-	2,032,201	-
Emergencies	424,936	-	424,936	-
General Government	119,161	-	119,161	-
Public Safety	2,087	-	2,087	-
BHE Redevelopment	23,455	-	23,455	-
Culture and Recreation	1,339,739	-	1,339,739	-
Street Improvements	9,696,262	-	9,696,262	-
Asset Retirement Obligation	-	919,318	919,318	-
Urban Renewal	-	-	-	769,347
Unrestricted	18,353,549	17,864,602	36,218,151	-
TOTAL NET POSITION	$ 116,887,093	$ 50,175,810	$ 167,062,903	$ 769,347

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, 2025

FUNCTIONS / PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION: PRIMARY GOVERNMENT: GOVERNMENTAL ACTIVITIES	PRIMARY GOVERNMENT: BUSINESS-TYPE ACTIVITIES	PRIMARY GOVERNMENT: TOTAL	COMPONENT UNIT: CCARE
PRIMARY GOVERNMENT								
Governmental Activities								
General Government	$ 3,224,193	$ 564,093	$ 45,664	$ -	$ (2,614,436)	$ -	$ (2,614,436)	$ -
Public Safety	9,145,862	131,342	971,346	-	(8,043,174)	-	(8,043,174)	-
Public Works	5,843,481	598,146	-	1,963,207	(3,282,128)	-	(3,282,128)	-
Culture and Recreation	6,468,530	198,511	176,122	18,630	(6,075,267)	-	(6,075,267)	-
Interest on Long-Term Debt	107,142	-	-	-	(107,142)	-	(107,142)	-
Total Governmental Activities	24,789,208	1,492,092	1,193,132	1,981,837	(20,122,147)	-	(20,122,147)	-
Business-Type Activities								
Water	7,216,243	8,942,427	6,250	237,033	-	1,969,467	1,969,467	-
Stormwater	1,183,032	2,550,760	-	-	-	1,367,728	1,367,728	-
Total Business-Type Activities	8,399,275	11,493,187	6,250	237,033	-	3,337,195	3,337,195	-
TOTAL PRIMARY GOVERNMENT	$ 33,188,483	$ 12,985,279	$ 1,199,382	$ 2,218,870	(20,122,147)	3,337,195	(16,784,952)	-
COMPONENT UNIT								
Urban Renewal Authority	$ 739,280	$ -	$ -	$ -	-	-	-	(739,280)
GENERAL REVENUES								
Property Taxes					566,776	-	566,776	737,231
Specific Ownership Tax					73,022	-	73,022	-
Sales and Use Taxes					17,402,469	-	17,402,469	-
Other Taxes					1,255,855	-	1,255,855	-
Franchise Fees					267,487	-	267,487	-
Royal Gorge Bridge Revenues					3,038,657	-	3,038,657	-
Special Assessments					828	-	828	-
Investment Income					1,043,610	483,439	1,527,049	-
Other Revenues					81,306	31,517	112,823	-
Transfers					1,280,480	(1,280,480)	-	-
TOTAL GENERAL REVENUES					25,010,490	(765,524)	24,244,966	737,231
CHANGE IN NET POSITION					4,888,343	2,571,671	7,460,014	(2,049)
NET POSITION, Beginning					111,998,750	47,604,139	159,602,889	771,396
NET POSITION, Ending					$ 116,887,093	$ 50,175,810	$ 167,062,903	$ 769,347

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

CITY OF CAÑON CITY, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2025

	GENERAL	QUALITY OF LIFE	STREET IMPROVEMENT	NONMAJOR GOVERNMENTAL FUNDS	TOTAL
ASSETS					
Cash and Investments	$ 11,015,086	$ 1,034,952	$ 9,621,334	$ 4,747,780	$ 26,419,152
Accounts Receivable	1,102,685	1,289,108	-	207,734	2,599,527
Taxes Receivable	2,415,497	-	880,700	262,088	3,558,285
Lease Receivable	583,657	-	-	145,914	729,571
Interfund Receivables	111,110	-	-	222,221	333,331
Due from Component Unit	-	-	-	322,322	322,322
Inventory	167,424	-	-	26,092	193,516
Prepaid Expenditures	132,022	-	-	1,042	133,064
TOTAL ASSETS	$ 15,527,481	$ 2,324,060	$ 10,502,034	$ 5,935,193	$ 34,288,768
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	$ 445,394	$ 684,843	$ 246,048	$ 134,025	$ 1,510,310
Retainage Payable	-	-	4,172	3,012	7,184
Accrued Salaries and Benefits	571,782	-	-	34,158	605,940
Deposits	8,600	-	-	1,781	10,381
Unearned Revenue	9,902	-	-	-	9,902
Interfund Payables	-	-	555,552	-	555,552
TOTAL LIABILITIES	1,035,678	684,843	805,772	172,976	2,699,269
DEFERRED INFLOWS OF RESOURCES					
Leases	533,896	-	-	133,474	667,370
Grants	-	394,977	-	-	394,977
Property Taxes and Assessments	668,980	-	-	-	668,980
TOTAL DEFERRED INFLOWS OF RESOURCES	1,202,876	394,977	-	133,474	1,731,327
FUND BALANCES					
Nonspendable for:					
Inventory	167,424	-	-	26,092	193,516
Prepaid Expenditures	132,022	-	-	1,042	133,064
Cemetery Perpetual Care	-	-	-	2,032,201	2,032,201
Component Unit Loan	-	-	-	322,322	322,322
Interfund Loan	111,110	-	-	222,221	333,331
Restricted for:					
Emergencies	424,936	-	-	-	424,936
General Government	119,161	-	-	-	119,161
Public Safety	2,087	-	-	-	2,087
BHE Redevelopment	23,455	-	-	-	23,455
Culture and Recreation	-	-	-	1,339,739	1,339,739
Street Improvements	-	-	9,696,262	-	9,696,262
Committed to:					
Capital Improvements	15,577	-	-	-	15,577
Royal Gorge Bridge	600,000	-	-	-	600,000
Street and Alley	18,650	-	-	-	18,650
Assigned to:					
General Government	-	1,244,240	-	-	1,244,240
Capital Improvements	5,506,633	-	-	-	5,506,633
Culture and Recreation	-	-	-	1,394,675	1,394,675
Debt Service	-	-	-	290,451	290,451
Unassigned	6,167,872	-	-	-	6,167,872
TOTAL FUND BALANCES	13,288,927	1,244,240	9,696,262	5,628,743	29,858,172
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 15,527,481	$ 2,324,060	$ 10,502,034	$ 5,935,193	$ 34,288,768

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, 2025

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:		
Total Fund Balances of Governmental Funds	$	29,858,172
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		85,571,934
Certain receivables were not available soon enough to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in governmental funds.		394,977
Long-term liabilities and related items are not due and payable in the current year, and, therefore, are not reported in governmental funds:		
Financed Purchase Obligations		(528,478)
Subscription-Based Information Technology Arrangements (SBITAs)		(140,569)
Accrued Compensated Absences		(789,876)
Net Pension Liability		-
Pension-Related Deferred Outflows of Resources		1,307,975
Pension-Related Deferred Inflows of Resources		(121,202)
Internal service funds are used by management to charge the costs of employee insurance to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.		1,334,160
Total Net Position of Governmental Activities	$	116,887,093

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, 2025

	GENERAL	QUALITY OF LIFE	STREET IMPROVEMENT	NONMAJOR GOVERNMENTAL FUNDS	TOTAL
REVENUES					
Taxes	$ 11,470,723	$ -	$ 5,275,344	$ 1,576,021	$ 18,322,088
Licenses and Permits	696,353	-	-	-	696,353
Intergovernmental	1,967,403	1,958,761	-	140,694	4,066,858
Charges for Services	321,055	-	-	145,252	466,307
Fines, Forfeitures, and Penalty	48,529	-	-	-	48,529
Royal Gorge Bridge	555,802	400,000	-	2,082,855	3,038,657
Investment Income	494,146	44,717	295,781	161,463	996,107
Lease and Rental Income	155,401	-	-	34,638	190,039
Contributions and Donations	4,700	-	-	42,211	46,911
Other	80,454	-	-	2,291	82,745
TOTAL REVENUES	15,794,566	2,403,478	5,571,125	4,185,425	27,954,594
EXPENDITURES					
Current					
General Government	4,985,520	-	-	-	4,985,520
Public Safety	7,981,348	-	-	-	7,981,348
Public Works	3,337,308	-	-	9	3,337,317
Culture and Recreation	1,227,542	801,860	-	2,866,228	4,895,630
Capital Outlay					
Streets	-	1,994,187	4,952,164	-	6,946,351
Other	770,418	1,223,985	-	319,139	2,313,542
Debt Service					
Principal	796,371	-	-	46,167	842,538
Interest	49,106	-	53,555	4,481	107,142
TOTAL EXPENDITURES	19,147,613	4,020,032	5,005,719	3,236,024	31,409,388
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,353,047)	(1,616,554)	565,406	949,401	(3,454,794)
OTHER FINANCING SOURCES (USES)					
Proceeds from Sale of Capital Assets	41,323	-	-	21,654	62,977
Issuance of Financed Purchases	150,000	-	-	-	150,000
Transfers In	1,612,488	1,160,819	-	5,846	2,779,153
Transfers Out	(1,075,658)	-	-	(423,015)	(1,498,673)
TOTAL OTHER FINANCING SOURCES (USES)	728,153	1,160,819	-	(395,515)	1,493,457
CHANGE IN FUND BALANCES	(2,624,894)	(455,735)	565,406	553,886	(1,961,337)
FUND BALANCES, Beginning	15,913,821	1,699,975	9,130,856	5,074,857	31,819,509
FUND BALANCES, Ending	$ 13,288,927	$ 1,244,240	$ 9,696,262	$ 5,628,743	$ 29,858,172

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, 2025

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:		
Net Change in Fund Balances of Governmental Funds	$	(1,961,337)
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		(5,168,603)
Disposal of Capital Assets		(26,176)
Capital Outlay		11,282,613
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.		394,977
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.		
Principal on Financed Purchases		495,903
Principal on Subscription-Based Information Technology Arrangements (SBITAs)		346,635
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		(150,000)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes the changes in the following:		
Accrued Compensated Absences		(87,583)
Net Pension Liability		-
Pension-Related Deferred Outflows of Resources		(198,765)
Pension-Related Deferred Inflows of Resources		23,869
Internal services funds are used by management to charge the costs employee insurance to individual funds are reported in the government-wide statement of activities as governmental activities.		(63,190)
Change in Net Position of Governmental Activities	$	4,888,343

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

CITY OF CAÑON CITY, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2025

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL ACTIVITIES
	WATER FUND	STORMWATER UTILITY FUND	TOTAL	INTERNAL SERVICE FUND
ASSETS				
Current Assets				
Cash and Investments	$ 12,621,601	$ 4,638,632	$ 17,260,233	$ 1,896,863
Accounts Receivable	7,509,913	251,228	7,761,141	17,276
Interfund Receivables	222,221	-	222,221	-
Inventory	679,200	-	679,200	-
Prepaid Expenditures	29,539	2,658	32,197	-
Total Current Assets	21,062,474	4,892,518	25,954,992	1,914,139
Noncurrent Assets				
Capital Assets, *Not Being Depreciated*	1,360,730	4,109,642	5,470,372	-
Capital Assets, *Being Depreciated, Net*	31,472,697	5,898,225	37,370,922	-
Total Noncurrent Assets	32,833,427	10,007,867	42,841,294	-
TOTAL ASSETS	53,895,901	14,900,385	68,796,286	1,914,139
DEFERRED OUTFLOWS OF RESOURCES				
Asset Retirement Obligations	919,318	-	919,318	-
Loss on Debt Refunding, *Net of Accumulated Amortization*	253,000	-	253,000	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,172,318	-	1,172,318	-
LIABILITIES				
Current Liabilities				
Accounts Payable	347,176	4,291	351,467	46,079
Retainage Payable	-	40,690	40,690	-
Accrued Interest Payable	39,576	19,296	58,872	-
Accrued Liabilities	63,592	4,943	68,535	-
Deposits	59,382	-	59,382	-
Insurance Claims	-	-	-	533,900
Total Current Liabilities	509,726	69,220	578,946	579,979
Noncurrent Liabilities				-
Due Within One Year	1,054,173	366,960	1,421,133	-
Due in More Than One Year	11,139,513	5,733,884	16,873,397	-
Asset Retirement Obligation	919,318	-	919,318	-
Total Noncurrent Liabilities	13,113,004	6,100,844	19,213,848	-
TOTAL LIABILITIES	13,622,730	6,170,064	19,792,794	579,979
NET POSITION				
Net Investment in Capital Assets	27,500,311	3,891,579	31,391,890	-
Restricted for Asset Retirement Obligation	919,318	-	919,318	-
Unrestricted	13,025,860	4,838,742	17,864,602	1,334,160
TOTAL NET POSITION	$ 41,445,489	$ 8,730,321	$ 50,175,810	$ 1,334,160

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, 2025

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL ACTIVITIES
	WATER FUND	STORMWATER UTILITY FUND	TOTAL	INTERNAL SERVICE FUND
OPERATING REVENUES				
Charges for Services	$ 8,857,804	$ 2,547,024	$ 11,404,828	$ 3,202,772
Claims Reimbursement	-	-	-	148,833
Fines, Forfeitures, and Penalty	84,623	3,736	88,359	-
Intergovernmental	6,250	-	6,250	-
Other	15,320	6,272	21,592	19,081
TOTAL OPERATING REVENUES	8,963,997	2,557,032	11,521,029	3,370,686
OPERATING EXPENSES				
Water Administration	1,404,806	-	1,404,806	-
Utility Billing	292,982	-	292,982	-
Water Treatment	2,007,607	-	2,007,607	-
Transmission and Distribution	1,738,569	-	1,738,569	-
Stormwater Operations	-	676,220	676,220	-
Claims	-	-	-	2,881,660
Premiums	-	-	-	448,497
Administration Fees	-	-	-	151,219
Depreciation	1,469,503	278,193	1,747,696	-
TOTAL OPERATING EXPENSES	6,913,467	954,413	7,867,880	3,481,376
NET OPERATING INCOME (LOSS)	2,050,530	1,602,619	3,653,149	(110,690)
NONOPERATING REVENUES (EXPENSES)				
Investment Income	367,702	115,737	483,439	47,500
Interest Expense	(302,776)	(228,619)	(531,395)	-
Gain (Loss) on Disposal of Capital Assets	9,925	-	9,925	-
TOTAL NONOPERATING REVENUES (EXPENSES)	74,851	(112,882)	(38,031)	47,500
NET INCOME (LOSS) BEFORE CAPITAL CHARGES AND TRANSFERS	2,125,381	1,489,737	3,615,118	(63,190)
CAPITAL CHARGES AND TRANSFERS				
Tap Fees	237,033	-	237,033	-
Transfers In	165,004	152,004	317,008	
Transfers Out	(1,102,488)	(495,000)	(1,597,488)	-
CHANGES IN NET POSITION	1,424,930	1,146,741	2,571,671	(63,190)
NET POSITION, Beginning	40,020,559	7,583,580	47,604,139	1,397,350
NET POSITION, Ending	$ 41,445,489	$ 8,730,321	$ 50,175,810	$ 1,334,160

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

CITY OF CAÑON CITY, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2025

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL ACTIVITIES
	WATER FUND	STORMWATER UTILITY FUND	TOTAL	INTERNAL SERVICE FUND
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	$ 8,937,381	$ 2,545,143	$ 11,482,524	$ 4,433,560
Cash Payments to Employees	(3,083,942)	(387,071)	(3,471,013)	-
Cash Payments to Vendors and Suppliers	(2,352,109)	(356,395)	(2,708,504)	(5,196,593)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	3,501,330	1,801,677	5,303,007	(763,033)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Repayment of Loans from (to) Other Funds	222,222	-	222,222	-
Net Transfers from (to) Other Funds	(937,484)	(342,996)	(1,280,480)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(715,262)	(342,996)	(1,058,258)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets	(1,094,478)	(638,243)	(1,732,721)	-
Proceeds from Sale of Capital Assets	9,925	-	9,925	-
Tap Fees Received	201,381	-	201,381	-
Principal Payments on Debt	(740,082)	(417,983)	(1,158,065)	-
Interest Payments on Debt	(241,427)	(265,532)	(506,959)	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(1,864,681)	(1,321,758)	(3,186,439)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	367,702	115,737	483,439	47,500
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,289,089	252,660	1,541,749	(715,533)
CASH AND CASH EQUIVALENTS, Beginning	11,332,512	4,385,972	15,718,484	2,612,396
CASH AND CASH EQUIVALENTS, Ending	$ 12,621,601	$ 4,638,632	$ 17,260,233	$ 1,896,863
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Net Operating Income (Loss)	$ 2,050,530	$ 1,602,619	$ 3,653,149	$ (110,690)
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	1,469,503	278,193	1,747,696	-
Changes in Assets and Liabilities:				
Accounts Receivable	(7,879)	(5,581)	(13,460)	1,062,874
Prepaid Expenses	(21,973)	(2,658)	(24,631)	-
Inventory	78,085	-	78,085	-
Accounts Payable	(42,120)	(63,225)	(105,345)	(1,715,217)
Accrued Liabilities	(8,270)	(3,439)	(11,709)	-
Deposits	9,053	-	9,053	-
Unearned Revenue	(27,790)	(6,308)	(34,098)	-
Accrued Compensated Absences	2,191	2,076	4,267	-
Total Adjustments	1,450,800	199,058	1,649,858	(652,343)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITES	$ 3,501,330	$ 1,801,677	$ 5,303,007	$ (763,033)

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

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 City, or if the City 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 31-25-101 et seq. 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.*

NOTE 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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.

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.

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

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

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

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, 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 using the consumption method.

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.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance / Net Position (Continued)

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 – 20 years
Infrastructure	30 - 50 years
Water and Stormwater Systems	30 - 50 years

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 when the services are already rendered, accumulate, and more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

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.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance / Net Position (Continued)

Pensions – The City participates in the Statewide Retirement Plan (the SRP 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.

Postemployment Benefits Other Than Pensions (OPEB) – The City contributes to the Statewide Death & Disability Plan (the SD&D 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, 2025, the City had the following cash and investments:

Cash on Hand	$	1,725
Deposits		10,683,071
Investments		36,063,102
Total	$	46,747,898

The cash and investments presented in the financial statements as of December 31, 2025, are as follows:

Cash and Investments	$	45,576,248
Discretely Presented Component Unit (CCARE)		1,171,650
Total	$	46,747,898

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, 2025, the City and CCARE had bank deposits of $8,741,971 and $934,705, respectively, collateralized with securities held by the financial institution's agent but not in the City's and CCARE'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, 2025, the City's investments in the local government investment pool were reported at the net asset value per share. In addition, the City's money markets were measured utilizing the fair value hierarchy at Level 2 as inputs other than quoted prices.

The fair value measurements are categorized by the fair value hierarchy. Valuation inputs are used to measure the fair value of the asset to determine the appropriate category. The categories range from Level 1, which is the highest priority, to Level 3, which is the lower priority and are based on the following criteria:

Level 1 – Unadjusted quoted prices for identical instruments in active markets.

NOTE 2: Cash and Investments (Continued)

Investments (Continued)

Level 2 – Quoted prices for similar instruments in the active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

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).

The City's investments in the First American Money Market Fund was rated Aaa-mf by Moody's Rating Agency, a nationally recognized statistical rating organization (NSRO) with a total of $74,899.

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.

Local Government Investment Pool – At December 31, 2025, the City had $17,812,474 invested in the Colorado Surplus Asset Fund Trust (CSAFE) and $18,175,729 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 $1 for CSAFE. ColoTrust is rated AAAm by Standard and Poor's, and CSAFE is rated AAAmmf 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: 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 initial balance of, both, the lease receivable and deferred inflows of resources was reported in the amount of $741,522. In 2025, the City received $27,131, including principal and interest receipts of $4,878 and $22,253, respectively, and amortized $24,717. At December 31, 2025, the lease receivable and deferred inflows of resources balances were $729,571 and $667,370, respectively.

NOTE 3: Lease Receivable (Continued)

Lease receivable payments to maturity are as follows:

Year Ended December 31,	Principal	Interest	Total
2026	$ 5,839	$ 22,106	$ 27,945
2027	6,855	21,929	28,784
2028	7,926	21,721	29,647
2029	9,055	21,481	30,536
2030	10,246	21,207	31,453
2031-2035	71,410	100,587	171,997
2036-2040	111,959	87,433	199,392
2041-2045	163,663	67,487	231,150
2046-2050	229,053	38,913	267,966
2051-2052	113,565	5,213	118,778
Total	$ 729,571	$ 408,077	$ 1,137,648

NOTE 4: Capital Assets

Capital asset activity for the year ended December 31, 2025, is summarized below:

	Balances 12/31/2024	Additions	Deletions	Balances 12/31/2025
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 3,709,568	$ 565,780	$ -	$ 4,275,348
Ditch Stock	7,414	-	-	7,414
Construction in Progress	3,195,652	5,840,793	(5,129,553)	3,906,892
Total Capital Assets, Not Being Depreciated	6,912,634	6,406,573	(5,129,553)	8,189,654
Capital Assets, Being Depreciated / Amortized:				
Infrastructure	65,180,603	5,356,886	-	70,537,489
Buildings	21,807,841	1,529,894	-	23,337,735
Improvements	28,138,211	2,507,033	-	30,645,244
Machinery and Equipment	10,387,681	611,780	(209,844)	10,789,617
Right-to-Use SBITA Assets	1,138,592	-	(358,332)	780,260
Total Capital Assets, Being Depreciated / Amortized	126,652,928	10,005,593	(568,176)	136,090,345
Less Accumulated Depreciation / Amortization:				
Infrastructure	(23,226,146)	(2,109,594)	-	(25,335,740)
Buildings	(8,859,751)	(692,134)	-	(9,551,885)
Improvements	(14,685,003)	(1,215,910)	-	(15,900,913)
Machinery and Equipment	(6,700,631)	(892,715)	183,668	(7,409,678)
Right-to-Use SBITA Assets	(609,931)	(258,250)	358,332	(509,849)
Total Accumulated Depreciation / Amortization	(54,081,462)	(5,168,603)	542,000	(58,708,065)
Total Capital Assets, Being Depreciated, Net	72,571,466	4,836,990	(26,176)	77,382,280
Capital Assets, Governmental Activities, Net	$ 79,484,100	$ 11,243,563	$ (5,155,729)	$ 85,571,934

NOTE 4: Capital Assets (Continued)

	Balances 12/31/2024	Additions	Deletions	Balances 12/31/2025
Business Type Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 449,828	$ 8,264	$ -	$ 458,092
Ditch Stock	1,053,538	-	-	1,053,538
Construction in Progress	6,463,453	1,104,110	(3,608,821)	3,958,742
Total Capital Assets, Not Being Depreciated	7,966,819	1,112,374	(3,608,821)	5,470,372
Capital Assets, Being Depreciated / Amortized:				
Buildings	9,184,637	-	-	9,184,637
Water and Stormwater System	53,957,098	-	-	53,957,098
Infrastructure	905,783	2,054,209	-	2,959,992
Machinery and Equipment	4,448,011	2,174,959	(23,771)	6,599,199
Total Capital Assets, Being Depreciated / Amortized	68,495,529	4,229,168	(23,771)	72,700,926
Less Accumulated Depreciation / Amortization:				
Buildings	(5,743,158)	(150,287)	-	(5,893,445)
Water and Stormwater System	(24,080,845)	(1,288,097)	-	(25,368,942)
Infrastructure	(64,316)	(53,393)	-	(117,709)
Machinery and Equipment	(3,717,760)	(255,919)	23,771	(3,949,908)
Total Accumulated Depreciation / Amortization	(33,606,079)	(1,747,696)	23,771	(35,330,004)
Total Capital Assets, Being Depreciated, Net	34,889,450	2,481,472	-	37,370,922
Capital Assets, Business-Type Activities, Net	$ 42,856,269	$ 3,593,846	$ (3,608,821)	$ 42,841,294

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

Depreciation expense for governmental activities was charged by function as follows:	
General Government	$ 252,049
Public Safety	910,652
Public Works	2,476,587
Culture and Recreation	1,529,315
Total	$ 5,168,603
Water Fund	$ 1,469,503
Stormwater Fund	278,193
Total	$ 1,747,696

NOTE 5: Long-Term Debt

Governmental Activities

Following is a summary of long-term debt for governmental activities the year ended December 31, 2025.

	Balance 12/31/2024	Additions	Deletions	Balance 12/31/2025	Due Within One Year
Governmental Activities					
Financed Purchases	$ 874,381	$ 150,000	$ 495,903	$ 528,478	$ 287,729
SBITAs	487,204	-	346,635	140,569	94,590
Compensated Absences	702,293	87,583	-	789,876	604,560
Long-Term Debt, Governmental Activities	$ 2,063,878	$ 237,583	$ 842,538	$ 1,458,923	$ 986,879

Change in compensated absences is reported as a net increase in governmental activities.

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 2025, the City paid $77,534, including principal and interest of $76,492 and $1,042, respectively. Police vehicles have an estimated useful life of fifteen years.

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 2025, the City paid $52,160, including principal and interest of $48,726 and $3,434, 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 2025, the City paid $114,119, including principal and interest of $110,634 and $3,485, 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 2025, the City paid $89,972, including principal and interest of $78,793 and $11,179, respectively. The additional police vehicles had an estimated useful life of fifteen years.

In April 2024, 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 $150,000. Payments are made quarterly in the amount of $13,569 for a period of five years, with interest at 5.14% per annum. In 2025, the City paid $54,275, including principal and interest of $48,697 and $5,578, respectively. The additional police vehicles had an estimated useful life of fifteen years.

In June 2025, 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 $150,000. Payments are made quarterly in the amount of $13,301 for a period of five years, with interest at 4.60% per annum. In 2025, the City paid $39,903, including principal and interest of $36,894 and $3,009, respectively. The additional police vehicles had an estimated useful life of fifteen years.

NOTE 5: Long-Term Debt (Continued)

Governmental Activities (Continued)

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 and 2024, the City amended the agreement to obtain police vehicle dash and body cameras valued at $164,373 and $16,621, respectively. The total value of the equipment is $354,536. Payments are made annually in the amount of $101,928 through 2025 and $38,767 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, 2025, the equipment had a net book value of $70,565, with a 2025 depreciation expense of $96,633. Financed purchase payments to maturity are as follows:

Year Ended December 31,	Principal	Interest	Total
2026	$ 287,729	$ 20,022	$ 307,751
2027	227,599	7,552	235,151
2028	13,150	151	13,301
Total	$ 528,478	$ 27,725	$ 556,203

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 and 2024, the City amended the agreement to obtain police vehicle dash and body cameras that included subscription assets and corresponding liabilities valued at $98,582 and $119,066, respectively. The total value of the equipment is $357,473. Payments are made annually in amounts ranging from $43,757 to $90,233 through 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, 2025, the equipment had a net book value of $88,908, with 2025 amortization expense of $101,120.

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 2025, the City made principal and interest payments in the amount of $47,395 and 2,735, respectively. The right-to-use asset had an estimated useful life of three years. At December 31, 2025, the SBITAs had a net book value of the right-to-use asset of $0, which included an amortization expense in the amount of $47,433 in 2025. At December 31, 2025, remaining principal balance of the SBITA liability was $0.

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 $44,735 for a period of three years, with an implied interest rate at 5.01% per annum. In 2025, the City made principal and interest payments in the amount of $42,601 and $2,134, respectively. The right-to-use asset had an estimated useful life of three years. At December 31, 2025, the SBITAs had a net book value of the right-to-use asset of $0, which included an amortization expense in the amount of $42,635 in 2025. At December 31, 2025, the remaining principal balance of the SBITA liability was $0.

NOTE 5: Long-Term Debt (Continued)

Governmental Activities (Continued)

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 amounts ranging from $72,406 to $80,973 for a period of three years, with an implied interest rate at 5.01% per annum. In 2025, the City made principal and interest payments in the amount of $77,110 and $3,863, respectively. The right-to-use asset had an estimated useful life of three years. At December 31, 2025, the SBITAs had a net book value of the right-to-use asset of $0, which included an amortization expense in the amount of $73,567 in 2025. At December 31, 2025, the remaining principal balance of the SBITA liability was $0.

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, 2025, the right-to-use asset had a net book value of $22,739, which included an amortization expense in the amount of $11,370 in 2025.

In 2024, the City entered into a SBITA with Flock Group for the right-to-use license plate reader technology valued at $88,128. Payments are made annually in the amount of $45,000 for a period of two years, with an implied interest rate at 4.34% per annum. In 2025, the City made principal and interest payments of $43,128 and $1,872, respectively. The right-to-use asset had an estimated useful life of two years. At December 31, 2025, the SBITAs had a net book value of the right-to-use asset of $0, which included an amortization expense in the amount of $44,064 in 2025. At December 31, 2025, the remaining principal balance of the SBITA liability was $0.

In 2024, the City entered into a SBITA with OpenGov for the right-to-use asset management software valued at $145,237. Payments are made annually in amounts ranging from $48,237 to $53,181 for a period of three years, with an implied interest rate at 4.62% per annum. In 2025, the City made principal and interest payments of $46,167 and $4,481, respectively. The right-to-use asset had an estimated useful life of three years. At December 31, 2025, the SBITAs had a net book value of the right-to-use asset of $48,412, which included an amortization expense in the amount of $48,412 in 2025. At December 31, 2025, the remaining principal balance of the SBITA liability was $50,833. SBITA payments to maturity are as follows:

Year Ended December 31,	Principal	Interest	Total
2026	$ 94,590	$ 6,909	$ 101,499
2027	45,979	2,337	48,316
Total	$ 140,569	$ 9,246	$ 149,815

Business-Type Activities

Following is a summary of long-term debt for business-type activities the year ended December 31, 2025.

	Balance 12/31/2024	Additions	Deletions	Balance 12/31/2025	Due Within One Year
Business-Type Activities					
Certificates of Participation, Series 2017	$ 6,205,000	$ -	$ 705,000	$ 5,500,000	$ 725,000
Certificates of Participation, Series 2019	5,900,000	-	315,000	5,585,000	325,000
Certificates of Participation Premium	500,324	-	35,738	464,586	-
Financed Purchase	128,994	-	102,983	26,011	26,010
CWRPDA Series 2025	-	5,100,000	35,082	5,064,918	189,635
CWRPDA Loan Forgiveness	-	1,500,000	35,650	1,464,350	-
Compensated Absences	185,399	4,266	-	189,665	155,488
Long-Term Debt, Business-Type Activities	$ 12,919,717	$ 6,604,266	$ 1,229,453	$ 18,294,530	$ 1,421,133

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 three years, with interest at 1.64% per annum. The vactor truck has an estimated useful life of fifteen years. In 2025, the City paid $104,468, including principal and interest of $102,984 and $1,484, respectively. The City will make a final payment in 2026 in the amount of $26,117, including principal of $26,010 and interest of $107.

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 a rate of 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:

Year Ended December 31,	Principal	Interest	Total
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	1,160,000	274,087	1,434,087
2030	1,200,000	236,969	1,436,969
2031-2035	3,905,000	656,774	4,561,774
2036-2038	1,560,000	126,400	1,686,400
Total	$ 11,085,000	$ 2,347,692	$ 13,432,692

Drinking Water Revolving Loan Fund

On August 22, 2025, the City entered into a Drinking Water Revolving Fund Loan Agreement with the Colorado Water Resources and Power Development Authority in the amount of $6,600,000 to finance the replacement of aging distribution lines throughout the City's water system. The agreement provides for $1,500,000 of up-front principal forgiveness, resulting in a maximum principal amount to be repaid of $5,100,000. The loan has a term of 20 years and bears interest at 3.25% per annum. Principal and interest payments are due semi-annually on May 1 and November 1, commencing November 1, 2025, with the final payment due May 1, 2045. The loan is payable solely from and secured by a pledge of the net revenues of the City's water system. Loan forgiveness is recognized in proportion to the percentage of project costs incurred. At December 31, 2025, the loan forgiveness balance was $1,464,350. The City recognized $35,650 in loan forgiveness, which was proportionate to the percentage of the project costs incurred.

NOTE 5: Long-Term Debt (Continued)

Business-Type Activities (Continued)

Loan payments to maturity are as follows:

Year Ended December 31,	Principal	Interest	Total
2026	$ 189,635	$ 163,081	$ 352,716
2027	195,848	156,868	352,716
2028	202,265	150,451	352,716
2029	208,892	143,824	352,716
2030	215,736	136,980	352,716
2031-2035	1,189,453	574,129	1,763,582
2036-2040	1,397,503	366,078	1,763,581
2041-2045	1,465,586	121,637	1,587,223
Total	$ 5,064,918	$ 1,813,048	$ 6,877,966

Change in compensated absences was reported as a net increase in business-type activities.

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 2025, the Street Improvement Fund made principal payments of $555,556. At December 31, 2025, the outstanding balance of the loan was $555,552.

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. This loan was made to CCARE for staffing and consultants in connection with the undertakings and activities of CCARE. Principal 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, 2025, the outstanding balance of the interfund loan was $322,322.

For the year ended December 31, 2025, transfers between funds consisted of the following:

Transfers In	Transfers Out	Amount
General	Water	$ 1,102,488
General	Stormwater Utility	495,000
General	Excess SID	15,000
Quality of Life	General	758,650
Quality of Life	Park Improvement	402,169
Excess SID	Public Improvement	5,846
Water	General	165,004
Stormwater	General	152,004
Total		$ 3,096,161

NOTE 6: Interfund Balances and Transfers

Water Fund and Stormwater Utility Funds transferred $1,597,488 to the General Fund as a charge for administrative services based on the City's cost allocation plan across departments and funds. The General Fund transferred $758,650 to the Quality of Life Fund, $165,004 to the Water Fund, and $152,004 to the Stormwater Fund to subsidize capital projects. The Parks Fund transferred $402,169 to the Quality of Life Fund for capital projects. The Excess Special Improvement District Fund transferred $15,000 to the General Fund and the Public Improvement Fund transferred $5,846 to the Excess Special Improvement District Fund.

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.

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, 2025, summary of claims activity is as follows:

Claims Payable at December 31, 2023	182,100
Claims Incurred and Adjustments	4,724,791
Claims Paid	(4,100,891)
Claims Payable at December 31, 2024	806,000
Claims Incurred and Adjustments	2,881,659
Claims Paid	(3,153,759)
Claims Payable at December 31, 2025	$ 533,900

NOTE 8: Employee Retirement Plans

Police Pension Plan

Plan Description – The City contributes to the Statewide Retirement Plan (the SRP Plan), a cost-sharing multiple-employer defined benefit pension plan. The SRP Plan is administered by the Fire and Police Pension Association of Colorado (FPPA). The SRP Plan provides retirement benefits for members and beneficiaries. Death and disability coverage is provided for members hired prior to January 1, 1997, through the Statewide Death and Disability Plan (the SWDD plan), which is also administered by the FPPA as a non-contributory plan. Full-time police officers of the City are members of the SRP Plan and the SWDD Plan. Local revenue sources are responsible for funding of the death and disability benefits for police officers and firefighters hired on or after January 1, 1997.

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 SRP 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). A member is eligible for retirement after attainment of age 55 with at least five years of credited service.

The annual normal retirement benefit for the Plan 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, calculated considering the social security benefit started as of age 62. Effective January 1, 2007, members covered under the Social Security Component will receive half the benefit when compared to the Statewide Retirement Plan for each year of credited service up to then years plus 1.25% of the average of the member's highest three years' base salary for each year thereafter.

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 City and eligible employees are required to contribute to the SRP Plan at rates established by State statutes. Employer contribution rates can only be amended by the State Legislature. Employee contribution rates can be amended by the State Legislature or by election of the membership. The City and eligible employees each contributed 10.5% and 12.0% of base salary, respectively, for the year ended December 31, 2025.

SRP Plan members elected to increase the employee contribution rate 0.5% annually through 2030, to a total of 13% of pensionable earnings. Employer contributions will increase 0.5% annually through 2030 to a total of 13.0% of pensionable earnings. In 2025, the City's contribution to the SRP plan was $309,110.

NOTE 8: Employee Retirement Plans (Continued)

Police Pension Plan (Continued)

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

At December 31, 2025, the City reported a net pension liability of zero for its proportionate share of the SRP Plan.

The net pension liability was measured at December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2025. 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, 2025, relative to the projected contributions of all participating employers.

At December 31, 2024, the City's proportion was 0.24504772%, which was a decrease of 0.01229371% from its proportion measured at December 31, 2023.

For the year ended December 31, 2025, the City recognized pension expense (income) of $456,728. At December 31, 2025, 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	$ 588,846	$ 18,419
Changes of assumptions	210,743	-
Net difference between projected and actual earnings on plan investments	83,651	-
Changes in proportion	115,625	102,783
Contributions subsequent to the measurement date	309,110	-
Total	$ 1,307,975	$ 121,202

City contributions subsequent to the measurement date of $309,110 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,	
2026	$ 250,977
2027	350,080
2028	25,776
2029	26,592
2030	74,161
Thereafter	150,077
Total	$ 877,663

NOTE 8: Employee Retirement Plans (Continued)

Police Pension Plan (Continued)

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

Actuarial Assumptions - The actuarial valuation as of January 1, 2025, determined the total pension liability using the following actuarial assumptions and other inputs.

Actuarial Method	Entry Age Normal
Investment rate of return, compounded annually, net of plan investment expenses, including inflation	7.0%
Inflation	2.5%
Projected salary increases, including inflation	4.25% - 11.75%
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 for males and females, amount-weighted, and then projected using the ultimate values of the MP-2020 projection scale for all years. 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.

For determining the actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Health 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.

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 2023 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, 2024. 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 target asset allocation as of December 31, 2024, are summarized in the following table:

NOTE 8: Employee Retirement Plans (Continued)

Police Pension Plan (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	35%	8.33%
Equity Long/Short	6%	7.27%
Private Markets	34%	10.31%
Fixed Income	10%	5.35%
Absolute Return	5%	5.89%
Managed Futures	9%	6.39%
Cash	1%	4.32%
Total	100%	

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 SRP 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.

The COLA assumption reflects the true nature of Board's Benefit Policy, which includes a variable COLA and supplemental payments. Consistent with Board's policy, the COLA assumption will fluctuate from year-to-year depending on the plan experience and the long-term COLA assumption which results in no Net Pension Asset. If current assets do not support Total Pension Liabilities using a COLA assumption of greater than 0%, then a COLA assumption of 0% will be used and a Net Pension Liability will be reported.

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).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7%. The municipal bond rate is 4.08%, based on the weekly rate closest to but not later than the measurement date of the "state and local bonds" rate from Federal Reserve statistical release. The resulting single discount rate is 7% percent.

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:

NOTE 8: Employee Retirement Plans (Continued)

Police Pension Plan (Continued)

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

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Proportionate share of the SRP Net Pension Liability (Asset)	$ 1,195,811	$ -	$ -

Defined Contribution Retirement Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all non-FPPA City employees and permits them to defer a portion of their salary until future years. The City matches employee contributions up to 5% of eligible salary. During the year ended December 31, 2025, the City's contributions were $45,779, equal to the required contribution. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

NOTE 9: Other Postemployment Benefits

Statewide Death and Disability Plan

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

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

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

Disability benefits are as follows:

- 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.

NOTE 9: Other Postemployment Benefits (Continued)

Statewide Death and Disability Plan (Continued)

Contributions - The contribution requirements are established by State statutes. However, in accordance with Colorado Revised Statutes (CRS) 31-31-811(4), the FPPA Board of Directors, based on an annual actuarial valuation, may adjust the contribution rate every two years, but in no event may the adjustment for any two-year period exceed one-tenth of one percent of the member's salary. As of 2020, the FPPA Board may adjust the required contribution rate annually by a maximum of 0.2%.

The City Council determines the contribution split between members and the City. For members hired on or after January 1, 1997, the City contributed 1.8% of base salaries on behalf of the members during the year ended December 31, 2025. The City has no requirement to make contributions to the plan. Any contributions to the SD&D Plan are considered to be "member contributions". For the year ended December 31, 2025, the City's contributions to the plan were $13,793.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

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

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

NOTE 10: Commitments and Contingencies

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, 2025, 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, 2025, the City's emergency reserve was reported as restricted fund balance in the General Fund in the amount of $424,936.

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 $919,318. 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, 2025, 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, 2025, the estimated asset retirement obligation liability was $919,318. The City has restricted the net position in the Water Fund to and available cash to finance the estimated liability in the future, as required by the regulations.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CAÑON CITY, COLORADO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2025

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Taxes	$ 11,781,870	$ 11,470,723	$ (311,147)
Licenses and Permits	445,000	696,353	251,353
Intergovernmental	3,003,179	1,967,403	(1,035,776)
Charges for Services	148,440	321,055	172,615
Fines and Forfeitures	68,450	48,529	(19,921)
Royal Gorge Bridge	740,000	555,802	(184,198)
Investment Income	450,000	494,146	44,146
Lease and Rental Income	157,250	155,401	(1,849)
Contributions and Donations	13,500	4,700	(8,800)
Other	22,000	80,454	58,454
TOTAL REVENUES	16,829,689	15,794,566	(1,035,123)
EXPENDITURES			
Current			
General Government	7,554,221	4,985,520	2,568,701
Public Safety	9,462,686	7,981,348	1,481,338
Public Works	2,687,885	3,337,308	(649,423)
Culture and Recreation	1,404,183	1,227,542	176,641
Capital Outlay			
Streets	1,664,000	-	1,664,000
Other	1,688,481	770,418	918,063
Debt Service			
Principal	388,424	796,371	(407,947)
Interest	3,487	49,106	(45,619)
TOTAL EXPENDITURES	24,853,367	19,147,613	5,705,754
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(8,023,678)	(3,353,047)	4,670,631
OTHER FINANCING SOURCES (USES)			
Proceeds from Sale of Capital Assets	5,000	41,323	36,323
Issuance of Financed Purchase	150,000	150,000	-
Transfers In	1,612,484	1,612,488	4
Transfers Out	(1,522,647)	(1,075,658)	446,989
TOTAL OTHER FINANCING SOURCES (USES)	244,837	728,153	483,316
CHANGE IN FUND BALANCE	(7,778,841)	(2,624,894)	5,153,947
FUND BALANCE, Beginning	14,453,473	15,913,821	1,460,348
FUND BALANCE, Ending	$ 6,674,632	$ 13,288,927	$ 6,614,295

CITY OF CAÑON CITY, COLORADO
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND CONTRIBUTIONS
FIRE AND POLICE PENSION ASSOCIATION OF COLORADO STATEWIDE RETIREMENT PLAN
For the Year Ended December 31, 2025

FISCAL YEAR	2025	2024	2023	2022
Plan Measurement Date	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY				
City's Proportion of the Net Pension (Asset) Liability	0.24504772%	0.25734143%	0.26572512%	0.23951838%
City's Proportionate Share of the Net Pension (Asset) Liability	$ -	$ -	$ 237,215	$ (1,298,031)
City's Covered Payroll	$ 2,743,305	$ 2,532,855	$ 2,341,822	$ 1,928,176
City's Proportionate Share of the Net Pension (Asset) Liability as a Percentage of Covered Payroll	0.0%	0.0%	10.1%	-67.3%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset (Liability)	100.0%	100.0%	97.6%	116.2%
CITY CONTRIBUTIONS				
Statutorily Required Contribution	$ 309,110	$ 294,462	$ 240,182	$ 209,261
Contributions in Relation to the Statutorily Required Contribution	(309,110)	(294,462)	(240,182)	(209,261)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
City's Covered Payroll	$ 2,953,072	$ 2,743,305	$ 2,532,855	$ 2,341,822
Contributions as a Percentage of Covered Payroll	10.47%	10.73%	9.48%	8.94%

2021	2020	2019	2018	2017	2016
December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
0.22068047%	0.22670295%	0.24388777%	0.26869046%	0.26869046%	0.25185527%
$ (479,098)	$ (128,215)	$ 308,341	$ (386,554)	$ 95,660	$ (4,440)
$ 1,706,679	$ 1,597,543	$ 1,592,917	$ 1,519,823	$ 1,311,504	$ 1,179,685
-28.1%	-8.0%	19.4%	-25.4%	7.3%	-0.4%
106.7%	101.9%	95.2%	106.3%	106.3%	106.3%
$ 163,895	$ 141,802	$ 133,670	$ 130,696	$ 125,732	$ 108,390
(163,895)	(141,802)	(133,670)	(130,696)	(125,732)	(108,390)
$ -	$ -	$ -	$ -	$ -	$ -
$ 1,928,176	$ 1,706,679	$ 1,597,543	$ 1,592,917	$ 1,519,823	$ 1,311,504
8.50%	8.31%	8.37%	8.20%	8.27%	8.26%

NOTE 1: Stewardship, Compliance, and Accountability

Budgetary Information

Budgets are legally adopted for all funds of the City. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons for the proprietary fund are presented on a non-GAAP budgetary basis, whereby capital outlay and debt principal are budgeted as expenditures. The City adheres to the following procedures to establish the budgetary information reflected in the financial statements.

- 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.
- Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the City Council.

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, 2025. The measurement date was December 31, 2024. The following assumptions were used in computing the pension benefit obligation for this plan:

TOTAL PENSION LIABILITY	2025	2024
Actuarial Valuation Date	January 1, 2025	January 1, 2024
Actuarial Method	Entry Age Normal	Entry Age Normal
Investment rate of return, compounded annually, net of plan investment expenses, including inflation	7.0%	7.0%
Inflation	2.5%	2.5%
Projected salary increases, including inflation	4.25% - 11.75%	4.25% - 11.25%
Cost of living adjustments (COLA)	0.0%	0.0%

ACTUARIAL DETERMINED CONTRIBUTIONS	2025	2024
Actuarial Valuation Date	January 1, 2024	January 1, 2023
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Period	Level % of Payroll, Open	Level % of Payroll, Open
Remaining Amortization Period	30 Years	30 Years
Investment rate of return, compounded annually, net of plan investment expenses, including inflation	7.0%	7.0%
Inflation	2.5%	2.5%
Projected salary increases, including inflation	4.25% - 11.75%	4.25% - 11.25%
Cost of living adjustments (COLA)	0.0%	0.0%

The City increased the employer portion of the salary scale by 0.5% annually, as intended by the plan through 2030.

Effective January 1, 2023, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables for males and females, amount-weighted, and then projected using the ultimate values of the MP-2020 projection scale for all years.

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

The pre-retirement mortality assumption uses Pub-2010 Safety Healthy Employee Mortality Tables for males and females, amount-weighted, and then projected with the MP-2020 Ultimate projection scale.

The pre-retirement non-duty mortality tables are adjusted to 60% multiplier. The on-duty mortality rate is 0.00015. The occupational disability mortality assumption uses the non-disabled post-retirement mortality tables set forward three years. The total disability mortality assumption uses the Pub-210 Safety Heathy Retiree Mortality tables for males and females, amount-weighted, set forward five years, projected with the ultimate values of the MP-2020 projection scale, with minimum probability of 3.5% for males and 2.5% for females.

The actuarial method used for the valuation of benefits for funding and financial reporting purposes is specific by the state statute to be either the Entry Age Normal or Aggregate Cost Method, with experience gains or losses adjusting the unfunded actuarial accrued liability.

The actuarial assumptions shown above are associated with the Actuarially Determined Contribution for the Fiscal Year Ending December 31, 2025. The actuarial assumptions were changed for the Actuarial Valuation as of January 1, 2025, and as such, the Total Pension Liability was measured using those assumptions for the fiscal year ended December 31, 2025, with a one-year lag.

COMBINING AND INDIVIDUAL NONMAJOR FUND SCHEDULES AND BUDGETARY COMPARISON SCHEDULES

Non-major funds

Parks Improvement Fund – The Park Improvement Fund was established to account for the activities of the municipal owned operations of parks and trail systems.

Conservation Trust Fund – The Conservation Trust Fund was established to account for the lottery dollars allocated to the City from the State of Colorado, on a per-capita basis.

Library Donation Fund – The Library Donation Fund was established to account for the donations made for supporting the functions of the municipal library.

Museum Donation Fund – The Museum Donation Fund was established to account for the donations made for supporting the functions of the municipal museum.

Special Public Improvement District – The Special Public Improvement District was established for the purpose of tracking the outstanding principal and interest on unpaid bonds. In 2025, all outstanding balances were paid off.

Excess Special Improvement District – The Excess Special Improvement Fund was established for the purpose of the payment of principal on unpaid bonds outstanding against any defaulting special improvement district. The principal of the bonds has been paid off.

Cemetery Perpetual Fund – The Cemetery Perpetual Fund was established for the ongoing care of the City owned cemeteries.

Swimming Pool Construction Tax Fund - The Swimming Pool Construction Tax Fund was established to account for the financial activity authorized by the passage of Cañon City Referendum 2A on November 5, 2024. All sales and use tax revenue generated from the approved three-tenths of one percent sales and use tax rate increase (from 3.0% to 3.3%) is deposited into this Fund. Additionally, all investment earnings resulting from the available cash balances in this Fund are allocated to the Swimming Pool Construction Tax Fund. The resources accumulated in this fund are used exclusively to support financing for the construction of a community recreation pool and related pool capital improvements to be constructed and operated by the Cañon City Area Metropolitan Recreation and Park District.

CITY OF CAÑON CITY, COLORADO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2025

	PARK IMPROVEMENT	CONSERVATION TRUST	LIBRARY DONATIONS	MUSEUM DONATIONS
ASSETS				
Cash and Investments	$ 1,266,439	$ 301,455	$ 125,401	$ 153,660
Taxes Receivable	-	-	-	-
Accounts Receivable	207,734	-	-	-
Interfund Receivables	-	-	-	-
Lease Receivable	145,914	-	-	-
Due from Component Unit	-	-	-	-
Inventory	26,092	-	-	-
Prepaid Expenditures	1,042	-	-	-
TOTAL ASSETS	$ 1,647,221	$ 301,455	$ 125,401	$ 153,660
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 129,089	$ -	$ -	$ -
Retainage Payable	3,012	-	-	-
Accrued Liabilities	34,158	-	-	-
Deposits	1,781	-	-	-
TOTAL LIABILITIES	168,040	-	-	-
DEFERRED INFLOWS OF RESOURCES				
Leases	133,474	-	-	-
FUND BALANCES				
Nonspendable				
Inventory	26,092	-	-	-
Prepaid Expenditures	1,042	-	-	-
Cemetery Perpetual Care	-	-	-	-
Component Unit Loan	-	-	-	-
Interfund Loan	-	-	-	-
Restricted for:				
Culture and Recreation	-	301,455	86,418	116,541
Assigned to:				
Culture and Recreation	1,318,573	-	38,983	37,119
Debt Service	-	-	-	-
TOTAL FUND BALANCES	1,345,707	301,455	125,401	153,660
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 1,647,221	$ 301,455	$ 125,401	$ 153,660

PUBLIC IMPROVEMENTS DISTRICTS	EXCESS SPECIAL IMPROVEMENT DISTRICT	CEMETERY	SWIMMING POOL CONSTRUCTION	TOTAL
$ -	$ 290,451	$ 2,032,201	$ 578,173	$ 4,747,780
-	-	-	262,088	262,088
-	-	-		207,734
-	-	222,221		222,221
-	-	-		145,914
-	-	322,322		322,322
-	-	-		26,092
-	-	-		1,042
$ -	$ 290,451	$ 2,576,744	$ 840,261	$ 5,935,193
$ -	$ -	$ -	$ 4,936	$ 134,025
-	-	-	-	3,012
-	-	-	-	34,158
-	-	-	-	1,781
-	-	-	4,936	172,976
-	-	-	-	133,474
-	-	-	-	26,092
-	-	-	-	1,042
-	-	2,032,201	-	2,032,201
-	-	322,322	-	322,322
-	-	222,221	-	222,221
-	-	-	835,325	1,339,739
-	-	-	-	1,394,675
-	290,451	-	-	290,451
-	290,451	2,576,744	835,325	5,628,743
$ -	$ 290,451	$ 2,576,744	$ 840,261	$ 5,935,193

CITY OF CAÑON CITY, COLORADO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2025

	PARK IMPROVEMENT	CONSERVATION TRUST	LIBRARY DONATIONS	MUSEUM DONATIONS
REVENUES				
Taxes	$ -	$ -	$ -	$ -
Intergovernmental	18,630	114,757	7,307	-
Charges for Services	126,190	-	-	-
Royal Gorge Bridge	2,082,855	-	-	-
Investment Income	63,679	7,968	3,318	4,354
Lease and Rental Income	34,638	-	-	-
Contributions and Donations	2,000	-	22,959	17,252
Other	2,291	-	-	-
TOTAL REVENUES	2,330,283	122,725	33,584	21,606
EXPENDITURES				
Current				
Culture and Recreation	2,086,284	17,648	12,846	107
Public Works	-	-	-	-
Capital Outlay	208,045	111,094	-	-
Debt Service				
Principal	46,167	-	-	-
Interest	4,481	-	-	-
TOTAL EXPENDITURES	2,344,977	128,742	12,846	107
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(14,694)	(6,017)	20,738	21,499
OTHER FINANCING SOURCES (USES)				
Proceeds from the Sale of Capital Assets	21,654	-	-	-
Transfers In	-	-	-	-
Transfers Out	(402,169)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(380,515)	-	-	-
CHANGES IN FUND BALANCES	(395,209)	(6,017)	20,738	21,499
FUND BALANCES, Beginning	1,740,916	307,472	104,663	132,161
FUND BALANCES, Ending	$ 1,345,707	$ 301,455	$ 125,401	$ 153,660

PUBLIC IMPROVEMENTS DISTRICTS	EXCESS SPECIAL IMPROVEMENT DISTRICT	CEMETERY	SWIMMING POOL CONSTRUCTION	TOTAL
$ 828	$ -	$ -	$ 1,575,193	$ 1,576,021
-	-	-	-	140,694
-	-	19,062	-	145,252
-	-	-	-	2,082,855
243	9,922	62,504	9,475	161,463
-	-	-	-	34,638
-	-	-	-	42,211
-	-	-	-	2,291
1,071	9,922	81,566	1,584,668	4,185,425
-	-	-	749,343	2,866,228
9	-	-	-	9
-	-	-	-	319,139
-	-	-	-	46,167
-	-	-	-	4,481
9	-	-	749,343	3,236,024
1,062	9,922	81,566	835,325	949,401
-	-	-	-	21,654
-	5,846	-	-	5,846
(5,846)	(15,000)	-	-	(423,015)
(5,846)	(9,154)	-	-	(395,515)
(4,784)	768	81,566	835,325	553,886
4,784	289,683	2,495,178	-	5,074,857
$ -	$ 290,451	$ 2,576,744	$ 835,325	$ 5,628,743

CITY OF CAÑON CITY, COLORADO
BUDGETARY COMPARISON SCHEDULE
QUALITY OF LIFE FUND
For the Year Ended December 31, 2025

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Intergovernmental	$ 4,544,320	$ 1,958,761	$ (2,585,559)
Royal Gorge	400,000	400,000	-
Investment Income	25,000	44,717	19,717
TOTAL REVENUES	4,969,320	2,403,478	(2,565,842)
EXPENDITURES			
Current			
General Government	4,268,800	1,223,985	3,044,815
Culture and Recreation	850,000	801,860	48,140
Public Works	2,329,588	1,994,187	335,401
TOTAL EXPENDITURES	7,448,388	4,020,032	3,428,356
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,479,068)	(1,616,554)	862,514
OTHER FINANCING SOURCES (USES)			
Transfers In	1,133,650	1,160,819	27,169
CHANGE IN FUND BALANCE	(1,345,418)	(455,735)	889,683
FUND BALANCE, Beginning	1,857,703	1,699,975	(157,728)
FUND BALANCE, Ending	$ 512,285	$ 1,244,240	$ 731,955

CITY OF CAÑON CITY, COLORADO
BUDGETARY COMPARISON SCHEDULE
STREET IMRPOVEMENT FUND
For the Year Ended December 31, 2025

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Taxes	$ 5,407,500	$ 5,275,344	$ (132,156)
Investment Income	230,000	295,781	65,781
TOTAL REVENUES	5,637,500	5,571,125	(66,375)
EXPENDITURES			
Capital Outlay - Streets	7,303,842	4,952,164	2,351,678
Debt Service			
Principal	555,556	-	555,556
Interest	130,000	53,555	76,445
TOTAL EXPENDITURES	7,989,398	5,005,719	2,983,679
CHANGE IN FUND BALANCE	(2,351,898)	565,406	2,917,304
FUND BALANCE, Beginning	3,245,137	9,130,856	5,885,719
FUND BALANCE, Ending	$ 893,239	$ 9,696,262	$ 8,803,023

CITY OF CAÑON CITY, COLORADO
BUDGETARY COMPARISON SCHEDULE
PARK IMPROVEMENT FUND
For the Year Ended December 31, 2025

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Charges for Services	$ 280,500	$ 126,190	$ (154,310)
Intergovernmental	-	18,630	18,630
Royal Gorge Bridge	2,160,000	2,082,855	(77,145)
Investment Income	-	63,679	63,679
Lease and Rental Income	44,400	34,638	(9,762)
Donations	-	2,000	2,000
Other	30,000	2,291	(27,709)
TOTAL REVENUES	2,514,900	2,330,283	(184,617)
EXPENDITURES			
Culture and Recreation	2,625,925	2,086,284	539,641
Capital Outlay	628,000	208,045	419,955
Debt Service - Principal	-	46,167	(46,167)
Debt Service - Interest	-	4,481	(4,481)
TOTAL EXPENDITURES	3,253,925	2,344,977	908,948
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(739,025)	(14,694)	724,331
OTHER FINANCING SOURCES (USES)			
Proceeds from Sale of Capital Assets	-	21,654	21,654
Transfers Out	(375,000)	(402,169)	(27,169)
TOTAL OTHER FINANCING SOURCES (USES)	(375,000)	(380,515)	(5,515)
CHANGE IN FUND BALANCE	(1,114,025)	(395,209)	718,816
FUND BALANCE, Beginning	1,683,691	1,740,916	57,225
FUND BALANCE, Ending	$ 569,666	$ 1,345,707	$ 776,041

CITY OF CAÑON CITY, COLORADO
BUDGETARY COMPARISON SCHEDULE
CONSERVATION TRUST FUND
For the Year Ended December 31, 2025

	BUDGET			VARIANCE Positive
	ORIGINAL	FINAL	ACTUAL	(Negative)
REVENUES				
Intergovernmental	$ 130,000	$ 130,000	$ 114,757	$ (15,243)
Investment Income	5,000	5,000	7,968	2,968
TOTAL REVENUES	135,000	135,000	122,725	(12,275)
EXPENDITURES				
Culture and Recreation	25,000	17,700	17,648	52
Capital Outlay	99,000	111,300	111,094	206
TOTAL EXPENDITURES	124,000	129,000	128,742	258
CHANGE IN FUND BALANCE	11,000	6,000	(6,017)	(12,017)
FUND BALANCE, Beginning	304,913	304,913	307,472	2,559
FUND BALANCE, Ending	$ 315,913	$ 310,913	$ 301,455	$ (9,458)

CITY OF CAÑON CITY, COLORADO
BUDGETARY COMPARISON SCHEDULE
SWIMMING POOL CONSTRUCTION TAX FUND
For the Year Ended December 31, 2025

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Taxes	$ 1,566,000	$ 1,575,193	$ 9,193
Investment Income	11,500	9,475	(2,025)
TOTAL REVENUES	1,577,500	1,584,668	7,168
EXPENDITURES			
Culture and Recreation	1,577,500	749,343	828,157
CHANGE IN FUND BALANCE	-	835,325	835,325
FUND BALANCE, Beginning	-	-	-
FUND BALANCE, Ending	$ -	$ 835,325	$ 835,325

CITY OF CAÑON CITY, COLORADO
BUDGETARY COMPARISON SCHEDULE
LIBRARY DONATIONS FUND
For the Year Ended December 31, 2025

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Intergovernmental	$ 50,000	$ 7,307	$ (42,693)
Investment Income	2,500	3,318	818
Donations	5,000	22,959	17,959
TOTAL REVENUES	57,500	33,584	(23,916)
EXPENDITURES			
Culture and Recreation	72,500	12,846	59,654
CHANGE IN FUND BALANCE	(15,000)	20,738	35,738
FUND BALANCE, Beginning	102,597	104,663	2,066
FUND BALANCE, Ending	$ 87,597	$ 125,401	$ 37,804

CITY OF CAÑON CITY, COLORADO
BUDGETARY COMPARISON SCHEDULE
MUSEUM DONATIONS FUND
For the Year Ended December 31, 2025

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Investment Income	$ 4,000	$ 4,354	$ 354
Donations	5,000	17,252	12,252
TOTAL REVENUES	9,000	21,606	12,606
EXPENDITURES			
Culture and Recreation	12,500	107	12,393
CHANGE IN FUND BALANCE	(3,500)	21,499	24,999
FUND BALANCE, Beginning	126,771	132,161	5,390
FUND BALANCE, Ending	$ 123,271	$ 153,660	$ 30,389

CITY OF CAÑON CITY, COLORADO
BUDGETARY COMPARISON SCHEDULE
PUBLIC IMPROVEMENTS FUND
For the Year Ended December 31, 2025

	BUDGET			VARIANCE Positive
	ORIGINAL	FINAL	ACTUAL	(Negative)
REVENUES				
Assessments	$ 828	$ 828	$ 828	$ -
Investment Income	300	300	243	(57)
TOTAL REVENUES	1,128	1,128	1,071	(57)
EXPENDITURES				
Public Works	$ 15	$ 10	$ 9	$ 1
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,113	1,118	1,062	(58)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(5,800)	(5,846)	(5,846)	-
CHANGE IN FUND BALANCE	(4,687)	(4,728)	(4,784)	(56)
FUND BALANCE, Beginning	4,672	4,672	4,784	112
FUND BALANCE, Ending	$ (15)	$ (56)	$ -	$ 56

CITY OF CAÑON CITY, COLORADO
BUDGETARY COMPARISON SCHEDULE
EXCESS SPECIAL IMPROVEMENT DISTRICT
For the Year Ended December 31, 2025

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Investment Income	$ 5,000	$ 9,922	$ 4,922
OTHER FINANCING SOURCES (USES)			
Transfers In	5,800	5,846	46
Transfers Out	(15,000)	(15,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(9,200)	(9,154)	46
CHANGE IN FUND BALANCE	(4,200)	768	4,922
FUND BALANCE, Beginning	289,231	289,683	452
FUND BALANCE, Ending	$ 285,031	$ 290,451	$ 5,420

CITY OF CAÑON CITY, COLORADO
BUDGETARY COMPARISON SCHEDULE
CEMETERY FUND
For the Year Ended December 31, 2025

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Charges for Services	$ 16,800	$ 19,062	$ 2,262
Investment Income	85,000	62,504	(22,496)
TOTAL REVENUES	101,800	81,566	(20,234)
CHANGE IN FUND BALANCE	101,800	81,566	(20,234)
FUND BALANCE, Beginning	2,488,419	2,495,178	6,759
FUND BALANCE, Ending	$ 2,590,219	$ 2,576,744	$ (13,475)

CITY OF CAÑON CITY, COLORADO
BUDGETARY COMPARISON SCHEDULE
WATER FUND
For the Year Ended December 31, 2025

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
OPERATING REVENUES			
Charges for Services	$ 7,371,300	$ 8,857,804	$ 1,486,504
Fines, Forfeitures, and Penalty	50,000	84,623	34,623
Intergovernmental	500,000	6,250	(493,750)
Other	5,000	15,320	10,320
TOTAL OPERATING REVENUES	7,926,300	8,963,997	1,037,697
OPERATING EXPENDITURES			
Water Administration	3,419,216	1,404,806	2,014,410
Utility Billing	412,400	292,982	119,418
Water Treatment	2,426,000	2,007,607	418,393
Transmission and Distribution	2,154,050	1,738,569	415,481
Capital Outlay	9,328,000	1,070,707	8,257,293
TOTAL OPERATING EXPENDITURES	17,739,666	6,514,671	11,224,995
NET OPERATING INCOME (LOSS)	(9,813,366)	2,449,326	12,262,692
NONOPERATING REVENUES (EXPENDITURES)			
Investment Income	250,000	367,702	117,702
Proceeds from Sale of Capital Assets	-	9,925	9,925
Debt Service			
Principal	-	(515,365)	(515,365)
Interest	-	(241,427)	(241,427)
TOTAL NONOPERATING REVENUES (EXPENDITURES)	250,000	(379,165)	(629,165)
NET INCOME (LOSS) BEFORE CONTRIBUTED CAPITAL AND TRANSFERS	(9,563,366)	2,070,161	11,633,527
CONTRIBUTED CAPITAL AND TRANSFERS			
Tap Fees	150,000	237,033	87,033
Transfers In	6,924,647	165,004	(6,759,643)
Transfers Out	(1,102,484)	(1,102,488)	(4)
CHANGE IN NET POSITION, Budgetary Basis	$ (3,591,203)	1,369,710	$ 4,960,913
RECONCILIATION TO GAAP BASIS:			
Capital Outlay		1,070,707	
Depreciation		(1,469,503)	
Debt Service Principal		515,365	
Change in Accrued Interest Payable		(25,206)	
Amortization on Loss on Refunding		(36,143)	
CHANGE IN NET POSITION, GAAP Basis		$ 1,424,930	

CITY OF CAÑON CITY, COLORADO
BUDGETARY COMPARISON SCHEDULE
STORMWATER FUND
For the Year Ended December 31, 2025

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
OPERATING REVENUES			
Charges for Services	$ 2,516,966	$ 2,547,024	$ 30,058
Fines, Forfeitures, and Penalty	7,500	3,736	(3,764)
Other	-	6,272	6,272
TOTAL OPERATING REVENUES	2,524,466	2,557,032	32,566
OPERATING EXPENDITURES			
Stormwater Operations	1,042,300	678,296	364,004
Capital Outlay	2,995,000	638,243	2,356,757
TOTAL OPERATING EXPENDITURES	4,037,300	1,316,539	2,720,761
NET OPERATING INCOME (LOSS)	(1,512,834)	1,240,493	2,753,327
NONOPERATING REVENUES (EXPENDITURES)			
Investment Income	20,000	115,737	95,737
Grants	60,000	-	(60,000)
Debt Service			
Principal	(545,124)	(417,983)	127,141
Interest	-	(265,532)	(265,532)
TOTAL NONOPERATING REVENUES (EXPENDITURES)	(465,124)	(567,778)	(102,654)
NET INCOME (LOSS) BEFORE CONTRIBUTED CAPITAL AND TRANSFERS	(1,977,958)	672,715	2,650,673
CONTRIBUTED CAPITAL AND TRANSFERS			
Contributed Capital	41,500	-	
Transfers In	152,000	152,004	4
Transfers Out	(495,000)	(495,000)	-
CHANGE IN NET POSITION, Budgetary Basis	$ (2,279,458)	329,719	$ 2,650,677
RECONCILIATION TO GAAP BASIS:			
Capital Outlay		638,243	
Depreciation		(278,193)	
Debt Service Principal		417,983	
Compensated Absences		2,076	
Change in Accrued Interest Payable		1,176	
Amortization on Debt Premium		35,737	
CHANGE IN NET POSITION, GAAP Basis		$ 1,146,741	

CITY OF CAÑON CITY, COLORADO
BUDGETARY COMPARISON SCHEDULE
INSURANCE INTERNAL SERVICE FUND
For the Year Ended December 31, 2025

	BUDGET			VARIANCE Positive
	ORIGINAL	FINAL	ACTUAL	(Negative)
REVENUES				
Charges for Services	$ 3,070,000	$ 3,070,000	$ 3,202,772	$ 132,772
Claims Reimbursement	-	-	148,833	148,833
Investment Income	60,000	60,000	47,500	(12,500)
Other	-	-	19,081	19,081
TOTAL REVENUES	3,130,000	3,130,000	3,418,186	288,186
EXPENDITURES				
Claims	2,500,000	3,036,759	2,529,860	506,899
Premiums	478,000	417,177	448,497	(31,320)
Administration Fees	196,000	182,564	151,219	31,345
TOTAL EXPENDITURES	3,174,000	3,636,500	3,129,576	506,924
CHANGE IN NET POSITION - Budgetary Basis	$ (44,000)	$ (506,500)	$ 288,610	$ 795,110
RECONCILIATION TO GAAP BASIS:				
Change in Claims Payable (IBNR)			(351,800)	
CHANGE IN NET POSITION, GAAP Basis			$ (63,190)	

CITY OF CAÑON CITY, COLORADO
CANON CITY AREA FOR INVESTMENT EXPANSION (CCARE) FUND
BALANCE SHEET
For the Year Ended December 31, 2025

ASSETS		
Cash and Investments	$	1,171,650
Taxes Receivable		582,120
TOTAL ASSETS	$	1,753,770
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts Payable	$	79,937
Accrued Interest		44
Due to Primary Government		260,202
Due Within One Year		62,120
TOTAL LIABILITIES		402,303
DEFERRED INFLOWS OF RESOURCES		
Property Taxes		582,120
FUND BALANCES		
Restricted for Urban Renewal		769,347
TOTAL LIABILITIES AND FUND BALANCE	$	1,753,770

CITY OF CAÑON CITY, COLORADO
CANON CITY AREA FOR INVESTMENT EXPANSION (CCARE) FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
For the Year Ended December 31, 2025

REVENUES		
Tax Increment	$	707,231
Other		30,000
TOTAL REVENUES		737,231
EXPENDITURES		
Operations		14,235
Grants and Contributions		721,496
Debt Service - Interest		3,549
TOTAL EXPENDITURES		739,280
CHANGE IN FUND BALANCE		(2,049)
FUND BALANCE, Beginning		771,396
FUND BALANCE, Ending	$	769,347

CITY OF CAÑON CITY, COLORADO
CANON CITY AREA FOR INVESTMENT EXPANSION (CCARE) FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2025

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Tax Increment	$ 902,368	$ 707,231	$ (195,137)
Other	-	30,000	30,000
TOTAL REVENUES	902,368	737,231	(165,137)
EXPENDITURES			
Operations	543,480	14,235	529,245
Grants and Contributions	400,000	721,496	(321,496)
Debt Service	65,110	3,549	61,561
TOTAL EXPENDITURES	1,008,590	739,280	269,310
CHANGE IN NET POSITION, Budgetary Basis	(106,222)	(2,049)	104,173

STATISTICAL SECTION

City of Cañon City, Colorado
Statistical Section
Table of Contents
December 31, 2025

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

Contents **Pages**

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. 62-67

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant revenue sources. 68-75

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the ability to issue additional debt in the future. 76-79

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. 80-82

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. 83-84

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

CITY OF CAÑON CITY, COLORADO

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Unaudited)

TABLE 1

(accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022 *	2023	2024	2025
Governmental activities										
Net investment in capital assets	$ 50,472,851	$ 57,696,290	$ 62,253,191	$ 68,575,855	$ 69,693,289	$ 69,149,360	$ 68,846,604	$ 69,980,155	$ 77,986,028	$ 84,895,703
Restricted for:										
Cemetery Perpetual Care - nonexpendable	1,996,779	2,037,685	2,102,974	2,102,974	2,177,231	2,249,083	2,300,708	2,398,512	2,495,178	2,032,201
Net Pension Asset	-	-	-	-	-	-	1,298,031	-	-	
Emergencies	278,747	302,055	318,440	339,241	331,000	346,314	378,997	412,203	429,261	424,936
General Government	-	-	-	-	-	-	-	1,594,397	780,688	119,161
Public safety	23,765	24,777	22,766	9,395	(9,363)	3,568	15,817	282,105	2,087	2,087
Culture and Recreation	163,205	162,424	191,337	187,183	447,754	575,299	608,605	18,455	282,105	1,363,194
Street Improvements	-	-	-	-	-	-	-	7,932,860	9,130,856	9,696,262
Debt Service	83,089	27,918	11,563	21,412	4,311	6,215	2,454	3,656	4,784	-
Unrestricted	10,620,163	7,538,427	10,355,793	9,123,764	12,407,640	21,382,956	27,016,173	22,014,811	20,887,763	18,353,549
Total governmental activities net position	63,638,599	67,789,576	75,256,064	80,359,824	85,051,862	93,712,795	100,467,389	104,637,154	111,998,750	116,887,093
Business-type activities										
Net investment in capital assets	27,400,608	27,798,118	27,723,414	19,844,249	23,502,153	24,369,750	26,359,511	28,368,588	30,411,094	31,391,890
Restricted for:										
Asset Retirement Obligation	-	-	-	-	-	-	-	870,588	909,999	919,318
Unrestricted	8,616,402	8,034,868	8,314,748	16,505,054	14,359,438	15,109,290	16,092,685	15,693,469	16,283,046	17,864,602
Total business-type activities net position	36,017,010	35,832,986	36,038,162	36,349,303	37,861,591	39,479,040	42,452,196	44,932,645	47,604,139	50,175,810

* Restated net position at 12/31/2022.

CITY OF CAÑON CITY, COLORADO

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

(accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Primary government										
Net investment in capital assets	77,873,459	85,494,408	89,976,605	88,420,104	93,195,442	93,519,110	95,206,115	98,348,743	108,397,122	116,287,593
Restricted for:										
Cemetery Perpetual Care - nonexpendable	1,996,779	2,037,685	2,102,974	2,102,974	2,177,231	2,249,083	2,300,708	2,398,512	2,495,178	2,032,201
Net Pension Asset	-	-	-	-	-	-	1,298,031	-	-	-
Emergencies	278,747	302,055	318,440	339,241	331,000	346,314	378,997	412,203	429,261	424,936
General Government	-	-	-	-	-	-	-	1,594,397	780,688	119,161
Public Safety	23,765	24,777	22,766	9,395	(9,363)	3,568	15,817	282,105	2,087	2,087
Culture and Recreation	163,205	162,424	191,337	187,183	447,754	575,299	608,605	18,455	282,105	1,363,194
Street Improvements	-	-	-	-	-	-	-	7,932,860	9,130,856	9,696,262
Debt Service	83,089	27,918	11,563	21,412	4,311	6,215	2,454	3,656	4,784	-
Asset Retirement Obligation	-	-	-	-	-	-	-	870,588	909,999	919,318
Unrestricted	19,236,565	15,573,295	18,670,541	25,628,818	26,767,078	36,492,246	43,108,858	37,708,280	37,170,809	36,218,151
Total primary government net position	$ 99,655,609	$ 103,622,562	$ 111,294,226	$ 116,709,127	$ 122,913,453	$ 133,191,835	$ 142,919,585	$ 149,569,799	$ 159,602,889	$ 167,062,903

Source: City of Canon City, Colorado, audited financial statements, 2016-2025.

CITY OF CAÑON CITY, COLORADO

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)

TABLE 2

(accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental Activities:										
General Government	$ 2,667,946	$ 3,305,686	$ 3,743,706	$ 3,535,379	$ 4,448,780	$ 4,388,501	$ 5,018,200	$ 5,099,358	$ 5,174,454	$ 3,224,193
Public Safety	3,909,543	4,460,327	4,312,632	4,977,168	4,790,462	5,411,118	5,734,785	7,589,921	7,539,799	9,145,862
Public Works	2,681,027	3,069,511	3,399,296	3,615,072	3,718,022	4,232,527	3,530,985	3,786,492	4,420,944	5,843,481
Culture and Recreation	3,379,935	3,229,441	3,555,067	3,884,311	3,815,075	4,175,304	4,407,215	4,667,659	5,799,509	6,468,530
Interest on Long-term Debt	36,512	91,028	144,815	133,122	171,390	142,279	71,738	166,636	157,183	107,142
Total Governmental Activities Expenses	12,674,963	14,155,993	15,155,516	16,145,052	16,943,729	18,349,729	18,762,923	21,310,066	23,091,889	24,789,208
Business-type Activities										
Water	5,650,774	5,819,458	6,330,927	6,711,905	6,166,198	6,087,231	6,506,549	7,027,909	7,124,235	7,216,243
Stormwater Utility	408,173	662,717	654,554	781,816	807,353	962,869	1,097,662	1,041,293	1,192,068	1,183,032
Total Business-type Activities Expenses	6,058,947	6,482,175	6,985,481	7,493,721	6,973,551	7,050,100	7,604,211	8,069,202	8,316,303	8,399,275
Total Primary Government Expenses	$ 18,733,910	$ 20,638,168	$ 22,140,997	$ 23,638,773	$ 23,917,280	$ 25,399,829	$ 26,367,134	$ 29,379,268	$ 31,408,192	$ 33,188,483
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	$ 197,812	$ 405,555	$ 422,448	$ 453,107	$ 317,797	$ 784,711	$ 506,035	$ 629,998	$ 631,408	$ 564,093
Public Safety	358,712	335,441	272,064	271,804	245,058	260,321	320,462	144,278	172,783	131,342
Public Works	24,650	146,056	121,184	153,417	210,599	63,802	103,062	66,837	179,501	598,146
Culture and Recreation	218,538	274,745	274,710	284,834	259,500	344,215	289,063	196,232	196,449	198,511
Operating Grants and Contributions	829,770	800,709	983,724	1,065,475	1,350,139	1,192,645	1,231,299	1,013,766	694,071	1,193,132
Capital Grants and Contributions	1,676,654	893,688	4,099,710	1,411,625	827,874	839,872	750,469	87,675	5,380,676	1,981,837
Total Governmental Activities Program Revenues	3,306,136	2,856,194	6,173,840	3,640,262	3,210,967	3,485,566	3,200,390	2,138,786	7,254,888	4,667,061
Business-type Activities:										
Water	6,007,315	5,864,244	6,452,663	6,788,323	7,459,460	7,190,247	7,921,874	7,973,485	8,651,645	8,942,427
Stormwater Utility	806,851	898,771	1,086,575	1,665,080	1,874,066	2,075,517	2,247,916	2,340,990	2,500,772	2,550,760
Operating Grants and Contributions	-	-	147,500	36,579	-	-	-	270,444	110,278	6,250
Capital Grants and Contributions	187,300	248,000	307,699	-	100,000	470,452	372,632	-	318,463	237,033
Total Business-type Activities Program Revenues	7,001,466	7,011,015	7,994,437	8,489,982	9,433,526	9,736,216	10,542,422	10,584,919	11,581,158	11,736,470
Total Primary Government Revenues	$ 10,307,602	$ 9,867,209	$ 14,168,277	$ 12,130,244	$ 12,644,493	$ 13,221,782	$ 13,742,812	$ 12,723,705	$ 18,836,046	$ 16,403,531
Net (Expense)/Revenue										
Governmental Activities	$ (9,368,827)	$ (11,299,799)	$ (8,981,676)	$ (12,504,790)	$ (13,732,762)	$ (14,864,163)	$ (15,562,533)	$ (19,171,280)	$ (15,837,001)	$ (20,122,147)
Business-type Activities	942,519	528,840	1,008,956	996,261	2,459,975	2,686,116	2,938,211	2,515,717	3,264,855	3,337,195
Total Primary Government Net Expense	$ (8,426,308)	$ (10,770,959)	$ (7,972,720)	$ (11,508,529)	$ (11,272,787)	$ (12,178,047)	$ (12,624,322)	$ (16,655,563)	$ (12,572,146)	$ (16,784,952)

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

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

TABLE 2

(accrual basis of accounting)

CITY OF CAÑON CITY, COLORADO

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	$ 439,004	$ 451,420	$ 452,830	$ 462,806	$ 494,643	$ 508,308	$ 589,270	$ 595,305	$ 652,816	$ 639,798
Sales and Use Taxes	6,540,451	10,310,359	10,838,128	11,213,904	11,888,743	14,472,388	15,041,816	15,909,742	15,931,117	17,402,469
Other Taxes	18,262	24,825	28,780	32,277	45,290	14,965	18,447	1,243,621	1,325,194	1,255,855
Franchise Taxes	800,723	777,740	786,863	765,657	752,946	304,169	347,141	355,071	259,094	267,487
Grants and Contributions not Restricted	276,061	273,019	290,790	321,226	1,512,756	2,603,093	1,673,230	-	-	-
Royal Gorge Bridge Revenues	2,387,470	2,532,623	2,714,331	2,726,245	2,365,717	3,570,306	2,947,211	3,153,504	3,194,291	3,038,657
Investment Earnings	71,961	183,090	319,102	257,941	113,962	17,431	300,492	970,609	1,008,116	1,043,610
Developer Contributions	-	-	-	-	-	536,291	157,224	-	-	-
Other Revenues	76,826	96,100	64,340	837,014	197,743	398,945	301,876	481,225	114,174	82,134
Extraordinary Item	-	-	-	-	-	-	-	-	-	-
Transfers	443,700	801,600	953,000	991,480	1,053,000	1,099,200	940,420	631,968	713,795	1,280,480
Total Governmental Activities	11,054,458	15,450,776	16,448,164	17,608,550	18,424,800	23,525,096	22,317,127	23,341,045	23,198,597	25,010,490
Business-type Activities:										
Unrestricted Grants and Contributions	-	-	-	-	-	-	1,101,912	-	-	-
Investment Earnings	39,646	88,736	149,220	306,360	105,313	11,967	186,886	496,717	529,607	483,439
Other Revenues	-	-	-	-	-	-	-	99,983	(409,173)	31,517
Gain on Sale of Capital Assets	-	-	-	-	-	18,566	47,865	-	-	-
Loss on Disposal of Assets	-	-	-	-	-	-	(361,298)	-	-	-
Transfers	(443,700)	(801,600)	(953,000)	(991,480)	(1,053,000)	(1,099,200)	(940,420)	(631,968)	(713,795)	(1,280,480)
Total Business-type Activities	(404,054)	(712,864)	(803,780)	(685,120)	(947,687)	(1,068,667)	34,945	(35,268)	(593,361)	(765,524)
Total Primary Government	$ 10,650,404	$ 14,737,912	$ 15,644,384	$ 16,923,430	$ 17,477,113	$ 22,456,429	$ 22,352,072	$ 23,305,777	$ 22,605,236	$ 24,244,966
Change in Net Position										
Government Activities	$ 1,685,631	$ 4,150,977	$ 7,466,488	$ 5,103,760	$ 4,692,038	$ 8,660,933	$ 6,754,594	$ 4,169,765	$ 7,361,596	$ 4,888,343
Business-type Activities	538,465	(184,024)	205,176	311,141	1,512,288	1,617,449	2,973,156	2,480,449	2,671,494	2,571,671
Total Primary Government	$ 2,224,096	$ 3,966,953	$ 7,671,664	$ 5,414,901	$ 6,204,326	$ 10,278,382	$ 9,727,750	$ 6,650,214	$ 10,033,090	$ 7,460,014

Source: City of Canon City, Colorado, audited financial statements, 2016-2025.

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Nonspendable:	$ 105,649	$ 1,096,509	$ 999,565	$ 896,747	$ 803,888	$ 731,578	$ 746,119	$ 709,366	$ 472,362	$ 410,556
Restricted	292,643	316,859	331,811	339,241	599,310	2,731,677	3,076,763	2,302,468	1,494,141	569,639
Committed	711,832	721,351	716,575	310,146	427,018	541,762	646,574	651,401	644,513	634,227
Assigned	4,598,958	2,941,251	4,209,427	4,390,827	5,273,501	7,076,562	8,622,056	8,304,378	7,506,828	5,506,633
Unassigned	3,008,801	3,237,837	3,379,467	3,252,742	3,595,898	4,533,438	4,571,594	5,375,066	5,795,977	6,167,872
Total general fund	$ 8,717,883	$ 8,313,807	$ 9,636,845	$ 9,189,703	$ 10,699,615	$ 15,615,017	$ 17,663,106	$ 17,342,679	$ 15,913,821	$ 13,288,927
Quality of Life Fund										
Assigned	-	-	705,286	763,309	637,170	1,148,108	1,552,893	1,870,883	1,699,975	1,244,240
Unassigned	-	-	-	-	278,541	-	-	-	-	-
Total quality of life fund	$ -	$ -	$ 705,286	$ 763,309	$ 915,711	$ 1,148,108	$ 1,552,893	$ 1,870,883	$ 1,699,975	$ 1,244,240
Street Improvement Fund										
Nonspendable	-	-	-	-	-	-	-	175	-	-
Restricted	-	-	-	-	-	-	5,884,280	7,932,860	9,130,856	9,696,262
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	$ 9,130,856	$ 9,696,262
All Other Governmental Funds										
Nonspendable:	$ 2,007,085	$ 2,052,490	$ 2,112,727	$ 2,187,195	$ 2,224,042	$ 2,257,968	$ 2,320,993	$ 2,424,652	$ 2,518,169	$ 2,603,878
Restricted	256,163	200,315	212,295	133,274	174,392	301,631	333,646	374,380	480,651	1,339,739
Assigned	1,128,367	1,461,583	944,526	928,960	1,078,414	1,604,695	1,803,708	2,127,778	2,076,037	1,685,126
Total all other governmental funds	$ 3,391,615	$ 3,714,388	$ 3,269,548	$ 3,249,429	$ 3,476,848	$ 4,164,294	$ 4,458,347	$ 4,926,810	$ 5,074,857	$ 5,628,743

Source: City of Canon City, Colorado, audited financial statements, 2016-2025.

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.
(b) Financial statements at 12/31/2022 were restated.

CITY OF CAÑON CITY, COLORADO

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

TABLE 4

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues:										
Taxes and Assessments	$ 7,811,515	$ 11,572,187	$ 12,111,463	$ 12,478,739	$ 13,184,148	$ 15,299,830	$ 15,996,674	$ 16,854,230	$ 16,913,839	$ 18,322,088
Licenses and Permits	155,126	353,377	476,835	506,103	341,933	807,505	577,762	429,381	454,847	696,353
Intergovernmental	1,716,151	1,256,891	2,908,361	1,361,870	3,151,315	4,533,981	3,601,325	2,222,894	7,193,127	4,066,858
Charges for Services	305,185	413,992	340,068	353,130	442,198	375,941	386,597	278,383	541,886	466,307
Fines and Forfeitures	212,101	192,601	101,843	107,695	75,322	83,924	69,973	100,939	65,205	48,529
Royal Gorge Bridge	2,387,470	2,532,623	2,714,330	2,726,245	2,365,717	3,570,306	2,947,211	3,153,504	3,194,291	3,038,657
Interest	63,531	167,400	292,727	348,714	107,164	17,040	286,227	918,915	955,210	996,107
Rent	127,300	173,383	198,027	198,162	173,502	185,679	184,290	235,356	209,507	190,039
Contributions & Donations	43,230	27,715	63,366	15,362	301,950	101,629	53,673	65,503	29,903	46,911
Financing Proceeds	-	-	-	320,069	-	-	-	-	-	-
Other	76,827	96,100	64,342	705,916	192,492	369,585	301,876	486,454	128,979	82,745
Total Revenues	12,898,436	16,786,269	19,271,362	19,122,005	20,335,741	25,345,420	24,405,608	24,745,559	29,686,794	27,954,594
Expenditures:										
General Government	2,536,948	3,166,582	3,498,475	3,249,142	4,108,658	4,093,859	4,821,005	4,721,214	5,095,719	4,985,520
Public Safety	3,676,267	4,340,891	4,462,689	4,532,707	4,732,528	5,257,905	5,972,841	7,114,769	6,866,572	7,981,348
Public Works	1,739,921	2,221,453	2,309,758	2,313,330	1,920,755	2,322,133	1,986,227	2,081,938	2,172,630	3,337,317
Culture and Recreation	1,925,932	1,942,606	2,098,575	2,233,399	2,130,502	2,439,895	2,806,661	3,017,858	3,836,868	4,895,630
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	10,330,449	6,946,351
Other	1,682,556	1,605,292	2,144,257	2,954,473	1,554,815	955,551	1,067,898	2,664,763	1,987,912	2,313,542
Debt Service										
Principal	214,000	213,000	212,000	327,245	320,174	333,651	230,000	854,363	762,543	842,538
Interest	36,834	91,383	145,170	140,995	70,719	35,768	71,606	167,934	157,183	107,142
Debt Issuance Costs	-	-	-	-	-	-	-	-	-	-
Total Expenditures	11,812,458	21,139,819	17,901,499	21,653,259	17,961,676	17,648,384	19,260,568	24,404,311	31,209,876	31,409,388
Excess of Revenues over (under) Expenditures	1,085,978	(4,353,550)	1,369,863	(2,531,254)	2,374,065	7,697,036	5,145,040	341,248	(1,523,082)	(3,454,794)
Other Financing Sources (Uses)										
Financing Proceeds	-	-	-	320,069	-	372,334	-	1,473,861	519,052	150,000
Proceeds from Sale of Capital Assets	-	-	430,689	775,605	61,240	29,360	-	67,704	36,337	62,977
Issuance of Debt	-	-	-	-	-	-	240,000	-	-	-
Insurance Recoveries	-	-	-	-	-	-	-	-	-	-
Transfers In	471,055	887,965	1,127,876	1,117,599	1,115,736	1,130,477	960,971	1,146,968	1,964,409	2,779,153
Transfers Out	(27,355)	(86,365)	(174,876)	(126,119)	(62,736)	(31,277)	(20,551)	(515,000)	(1,250,614)	(1,498,673)
Total Other Financing Sources (Uses)	443,700	801,600	1,383,689	2,087,154	1,114,240	1,500,894	1,180,420	2,173,533	1,269,184	1,493,457
Net Change in Fund Balances	$ 1,529,678	$ (3,551,950)	$ 2,753,552	$ (444,100)	$ 3,488,305	$ 9,197,930	$ 6,325,460	$ 2,514,781	$ (253,898)	$ (1,961,337)
Debt Service as a percentage of noncapital expenditures	2.5%	2.5%	2.8%	3.7%	2.9%	2.6%	1.9%	5.7%	4.9%	4.3%

Source: City of Cañon City, audited financial statements, 2016-2025.

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.
(b) Financial statements at 12/31/2022 were restated.

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
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%
2024	6,003,488	116,288,145	6,619,923	83,226,629	2,673,135	190,629	706	11,762,021	226,764,676	2.89	2,206,730,161	10.28%
2025	6,207,927	117,300,566	7,000,530	85,520,939	2,832,618	208,292	682	12,962,535	232,034,089	2.89	2,389,488,530	9.71%

Source: Fremont County Assessor.

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

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

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

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

Year	Vacant Land	Residential Property	Multi Family	Commercial	Industrial	Agricultural
2022	29.00%	6.95%	6.80%	29.00%	29.00%	26.40%
2023	27.90%	6.77%	6.77%	27.90%	27.90%	26.40%
2024	27.9`%	6.95%	6.80%	27.90%	27.90%	26.40%
2025	27.00%	6.25%	6.25%	27.00%	27.00%	27.00%

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)						
		City of Cañon City (d)	Fremont County	Fremont County School District RE-1 (e,f)	Cañon City Fire Protection District (c)	Cañon City Recreation District	S.E. Colorado Water Cons. District	Upper Arkansas Water Cons.	Total
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
2023	2024	2.892	11.813	42.980	23.035	3.514	0.888	0.381	85.503
2024	2025	2.887	12.294	42.641	23.035	3.514	0.888	0.381	85.640

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 Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2015	2016	391,715	389,323	99.39%	260	389,583	99.46%
2016	2017 (a)	393,436	393,727	100.07%	-	393,436	100.00%
2017	2018	397,889	395,499	99.40%	517	396,016	99.53%
2018	2019	403,895	402,906	99.76%	1,054	403,895	100.00%
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%
2023	2024	553,670	538,071	97.18%	277	538,348	97.23%
2024	2025	564,539	561,061	99.38%	137	561,198	99.41%

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 **TABLE 8**
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Sales Tax (a)	$ 6,437,283	$ 9,879,100	$ 10,381,151	$ 10,733,294	$ 11,507,379	$ 14,029,943	$ 14,940,569	$ 15,795,054	$ 15,703,588	$ 17,249,488
General Property Tax	380,914	384,394	386,293	403,960	437,481	446,823	532,441	526,602	652,816	566,776
Specific Ownership Tax	58,090	67,026	66,537	68,741	67,884	72,398	69,784	68,703	68,731	73,022
Use Tax (b)	103,168	431,259	456,977	481,610	381,364	442,447	101,248	107,975	227,744	153,590
Franchise Taxes:										
Cablevision	127,405	126,879	127,233	125,830	127,713	123,937	132,431	125,780	117,129	103,007
Telephone	10,466	9,504	6,717	4,274	3,565	2,968	1,519	1,172	804	743
Electricity (c)	533,923	512,441	508,406	484,238	488,796	24,622	-	-	-	-
Gas	128,929	128,916	144,508	151,315	132,872	152,642	213,191	228,119	141,161	163,737
Penalty & Interest on Tax (d)	18,262	24,825	28,779	32,279	45,290	14,293	17,077	21,845	1,039	(114)
Total	$ 7,798,440	$ 11,564,344	$ 12,106,601	$ 12,485,541	$ 13,192,344	$ 15,310,073	$ 16,008,259	$ 16,875,250	$ 16,913,012	$ 18,310,250

Source: City of Canon City, Colorado, audited financial statements, 2016-2025.

(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.
(d) Penalty & Interest on Tax in 2025 was refunded for amended returns.

CITY OF CAÑON CITY, COLORADO

SALES TAX BY CATEGORY **TABLE 9**
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Merchandise	$ 1,165,449	$ 1,655,771	$ 1,676,858	$ 1,895,682	$ 1,923,284	$ 2,326,502	$ 2,304,639	$ 2,252,081	$ 2,264,786	$ 2,388,009
Food Stores	1,270,504	2,164,190	2,277,781	2,146,232	2,365,225	2,651,522	2,953,136	3,137,514	3,253,492	3,534,323
Restaurants & Bars	755,635	1,168,081	1,218,602	1,285,853	1,286,291	1,537,034	1,592,334	1,616,292	1,699,984	1,887,918
Home Furnishings	75,886	110,145	119,318	128,323	131,344	140,673	178,548	163,327	188,468	205,271
Building Materials & Supplies	690,789	1,105,928	1,238,908	1,292,532	1,571,063	1,821,740	1,938,162	2,017,699	1,892,928	1,881,904
Auto Dealers & Parts/Supplies	867,037	1,311,795	1,441,069	1,490,680	1,511,342	1,800,179	1,782,185	2,041,436	1,939,621	2,242,217
Other Retail Stores	612,442	878,623	851,330	916,597	1,119,735	1,353,277	1,518,288	1,518,358	1,446,904	1,642,094
All Other Outlets	306,209	477,091	502,245	569,580	643,323	1,290,820	1,427,504	1,750,217	1,921,409	2,248,830
Hotel/Motel	110,519	165,230	174,187	172,602	142,115	275,681	244,170	289,908	266,942	274,979
Utility Service	582,813	842,246	880,853	834,778	814,319	832,473	1,001,601	1,008,221	829,054	943,943
Total	$ 6,437,283	$ 9,879,100	$ 10,381,151	$ 10,732,859	$ 11,508,041	$ 14,029,901	$ 14,940,567	$ 15,795,053	$ 15,703,588	$ 17,249,488
City Direct Sales Tax Rate	2.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.30%

Source: City of Canon City, Colorado, audited financial statements, 2016-2025 and Sales Tax Subsidiary Records, 2016-2025.

(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.

(c) Cañon City voters approved a sales and use tax increase from 3.0 percent to 3.3 percent effective January 1, 2025. The new 0.3 percent sales and use tax is required to be used exclusively for the construction of a community pool.

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
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
2024	3,251,023	313,689
2025	3,038,657	292,279

Source: City of Cañon City, Colorado, audited financial statements, 2016-2025 and Royal Gorge Company of Colorado Year-End Review, 2016-2025.

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.

CITY OF CAÑON CITY, COLORADO

WATER REVENUES **TABLE 11**
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Water Revenues:										
Charges for Services:										
Metered Water Sales by Type of Customer (a)	$ 5,726,457	$ 5,545,757	$ 5,985,920	$ 5,970,745	$ 6,663,051	$ 6,613,039	$ 7,358,521	$ 7,269,265	$ 8,038,077	$ 8,336,212
Water Sales to City Facilities	116,776	115,259	191,819	190,731	218,703	210,699	227,304	258,140	269,704	180,989
Hydrant Sales	3,901	30,956	13,565	27,303	29,209	45,036	35,350	63,951	75,142	105,894
Bulk Water Sales	75,423	85,201	143,904	149,642	193,197	179,012	156,193	164,699	156,076	183,933
Account Maintenance Fee (b)	1,182	1,425	1,739	2,324	1,923	2,686	2,500	2,091	1,700	1,695
Total Charges for Services	5,923,739	5,778,598	6,336,947	6,340,745	7,106,083	7,050,472	7,779,868	7,758,146	8,540,699	8,808,724
Tap Fees	184,550	220,500	296,199	359,131	281,952	370,453	372,632	261,971	318,436	201,381
Interest Income	35,169	82,269	142,883	165,349	54,355	9,567	110,776	311,014	353,113	367,702
Other	83,576	85,646	115,716	88,447	71,425	138,282	189,870	268,106	159,786	141,299
Transfer In	22,200	39,400	180,900	140,920	80,900	40,900	-		-	
Developer Contributions	-	2,750	27,500	-	-	-	-		-	
Grants & Capital Contributions	-	-	-	-	-	-	-	116,298	843,966	6,416,004
Total Water Revenues	$ 6,249,234	$ 6,209,163	$ 7,100,145	$ 7,094,592	$ 7,594,715	$ 7,609,674	$ 8,453,145	$ 8,715,535	$ 10,216,000	$ 15,935,110

Source: City of Cañon City, Colorado, audited financial statements, 2016-2025 and Water Utility Billing Records, 2016-2025

(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.

CITY OF CAÑON CITY, COLORADO

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

TABLE 12

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Metered Water Sales by Type of Customer										
Residential - Inside City limits	$ 1,690,402	$ 1,610,179	$ 1,690,402	$ 1,952,362	$ 2,241,621	$ 2,222,211	$ 2,481,456	$ 2,504,431	$ 2,974,202	$ 1,715,597
Residential - Outside City limits	920,479	891,552	920,479	1,060,405	$ 1,235,078	$ 1,245,809	$ 1,389,065	$ 1,430,515	$ 1,076,545	$ 2,085,940
Commercial - Inside City limits	1,192,248	1,137,729	1,192,248	1,139,890	$ 1,201,374	$ 1,284,214	$ 1,417,978	$ 1,465,438	$ 1,746,197	$ 1,939,614
Commercial - Outside City limits	498,370	459,720	498,370	482,598	$ 537,722	$ 533,611	$ 614,496	$ 623,080	$ 726,436	$ 2,595,062
Prisons	1,424,958	1,446,577	1,424,958	1,335,490	$ 1,414,436	$ 1,327,195	$ 1,455,526	$ 1,245,801	$ 1,514,696	$ -
Total Metered Water Sales by Type of Customer	$ 5,726,457	$ 5,545,757	$ 5,726,457	$ 5,970,745	$ 6,630,231	$ 6,613,040	$ 7,358,521	$ 7,269,265	$ 8,038,076	$ 8,336,213
Residential Inside Meter Fee - flat rate (a-h)	$9.87	$9.87	$11.39	$11.73	$12.79	$13.17	$14.36	$15.65	$17.06	$18.26
Residential Outside Meter Fee - flat rate (a-h)	$14.80	$14.80	$17.09	$17.60	$19.18	$19.76	$21.53	$23.47	$25.58	$27.37
Water Gallons Sold by Type of Customer **										
Residential - Inside City limits	468,102	439,128	505,171	451,443	484,892	459,815	468,087	431,712	432,439	407,129
Residential - Outside City limits	160,631	153,547	179,652	160,254	176,565	169,962	172,781	163,536	106,877	156,679
Commercial - Inside City limits	315,503	296,506	415,287	302,441	301,649	301,643	306,975	291,149	293,472	341,756
Commercial - Outside City limits	166,683	151,556	150,220	132,990	140,931	125,144	139,839	129,703	120,542	377,215
Prisons (i)	429,806	435,878	414,872	389,162	382,440	347,359	350,913	280,361	285,920	
Total Water Gallons Sold by Type of Customer	1,540,725	1,476,615	1,665,202	1,436,290	1,486,477	1,403,923	1,438,595	1,296,461	1,239,250	1,282,779

Source: City of Canon City, Colorado, audited financial statements, 2016-2025 and Water Utility Billing Records, 2016-2025.

Notes:
** In thousands of gallons
(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.
(a) Effective January 1, 2019 meter fees and usage rates were increased by 3% to keep up with the inflationary rise in cost of services.
(b) Effective January 1, 2020 meter fees and usage rates were increased by 9% to keep up with the inflationary rise in cost of services.
(c) Effective January 1, 2021 meter fees and usage rates were increased by 3% to keep up with the inflationary rise in cost of services.
(d) Effective January 1, 2022 meter fees and usage rates were increased by 9% to keep up with the inflationary rise in cost of services.
(e) Effective January 1, 2023 meter fees and usage rates were increased by 9% to keep up with the inflationary rise in cost of services
(f) Effective January 1, 2024 meter fees and usage rates were increased by 9% to keep up with the inflationary rise in cost of services
(g) Effective January 1, 2025 meter fees and usage rates were increased by 6% to keep up with the inflationary rise in cost of services

CITY OF CAÑON CITY, COLORADO

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

TABLE 13

	Governmental Activities			Business-Type Activities									
Fiscal Year	Public Improvement Bonds	Financing Purchase Obligations (a)	SBITAs (b)	Certificates of Participation Series 2008(c)	Certificates of Participation Premium	Certificates of Participation Series 2017(c)	Drinking Water Loan	Certificates of Participation Series 2019(d)	Certificates of Participation Premium	Financing Purchase Obligations	Total Primary Government	Percentage of Personal Income (e)	Per Capita
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	-	7,300,000	679,010	-	18,331,010	3.09%	1,096
2020	-	690,000	-	-	-	8,830,000	-	7,040,000	643,273	-	17,203,273	2.71%	1,003
2021	-	783,303	-	-	-	8,200,000	-	6,770,000	607,536	428,022	16,788,861	2.01%	968
2022	-	697,974	287,603	-	-	7,555,000	-	6,490,000	571,799	329,973	15,932,349	1.74%	915
2023	-	1,127,561	477,514	-	-	6,890,000	-	6,200,000	536,062	230,305	15,461,442	1.65%	897
2024	-	874,380	347,076	-	-	6,205,000	-	5,900,000	500,325	102,983	13,929,764	1.21%	802
2025	-	528,478	140,569	-	-	5,500,000	5,064,918	5,585,000	464,588	26,010	17,309,563	2.20%	1,010

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

(a) In 2023 the COP for the City Hall Financing was paid off. The remaining obligations are for equipment lease purchase arrangements for the Police Department and the Streets Department.

(b) The amount of debt increased due to the implementation of GASB 87 and GASB 96. Restated balance at 12/31/2022 (see Note 12).

(c) The Cañon City Finance Authority (formerly Canon City Hall Project Corporation), a Colorado non-profit corporation, was formed February 2003 for the purpose of purchasing, leasing or otherwise acquiring certain real property and to construct or install certain improvements in the City and thereafter lease the real property and improvements to the City of Cañon City for public purposes. 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.

(d) 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.

(e) See Table 17 for population and per capita income.

CITY OF CAÑON CITY, COLORADO

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

TABLE 14

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Bonded Debt Outstanding										
General Obligation Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Percentage of Estimated Actual Property Value (a)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Per Capita (b)	-	-	-	-	-	-	-	-	-	-
Total Taxable Assessed Value	135,316,053	137,250,509	139,804,438	152,486,770	154,006,068	183,654,136	181,647,961	218,510,620	226,764,676	232,034,089
Legal Debt Limit (c)	13,531,605	13,725,051	13,980,444	15,248,677	15,400,607	18,365,414	18,164,796	21,851,062	22,676,468	23,203,409
Total Net Debt Applicable To Debt Limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin (d)	$ 13,531,605	$ 13,725,051	$ 13,980,444	$ 15,248,677	$ 15,400,607	$ 18,365,414	$ 18,164,796	$ 21,851,062	$ 22,676,468	$ 23,203,409
Legal Debt Margin as a Percentage of the Debt Limit	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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

(a) Property value data can be found in Table 5: Assessed Value and Estimated Actual Value of Taxable Property.
(b) Population data can be found in Table 17.
(c) State statutes limit the City's outstanding general debt to no more than 10 percent of the assessed value of the property.
(d) The legal debt margin is the City's available borrowing authority under state statutes and is calculated by subtracting the net debt applicable to the legal debt limit from the legal debt limit.

CITY OF CAÑON CITY, COLORADO

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

TABLE 15

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Water Fund Debt Outstanding										
Certificates of Participation Series 2008	$ 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	6,205,000	5,500,000
Financing Purchase	-	-	-	-	-	-	-	-	-	-
Total Water Fund Debt Outstanding	$ 9,635,000	$ 10,615,000	$ 10,040,000	$ 9,445,000	$ 8,830,000	$ 8,200,000	$ 7,555,000	$ 6,890,000	$ 6,205,000	$ 5,500,000
Number of Active Water Service Connections	8,614	8,655	8,796	8,836	8,889	8,923	8,918	9,062	9,090	8,962
Water Fund Debt per Active Water Service Connection	$ 1,119	$ 1,226	$ 1,141	$ 1,069	$ 993	$ 919	$ 847	$ 760	$ 683	$ 614

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

CITY OF CAÑON CITY, COLORADO

DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2025
(Unaudited)

TABLE 16

Government Entity	Debt Outstanding	Estimated Percentage Applicable (b)	Estimated Share of Overlapping (a) Debt
Fremont County School District RE-1	55,337,516	23.8%	$ 13,197,374
Cañon City Fire Protection District	12,135,000	5.2%	634,640
Fremont Sanitation District	662,891	0.3%	1,894
Cañon City Recreation District	-	0.0%	-
Fremont County	13,845,000	6.0%	826,103
Total Overlapping Debt			14,660,011
City of Cañon City Direct Debt			669,047
Total Direct and Overlapping Debt			$ 15,329,058

(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 **TABLE 17**
LAST TEN YEARS
(Unaudited)

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
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
2024	17,363	2,194,257	1,147,139	66,068	4.3
2025	17,141	2,300,154	787,080	45,918	4.5

Source: U.S. Census Bureau, Department of Local Affairs-Demography Section, U.S. Department of Labor-Bureau of Labor Statistics

(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

	2025			2016		
Employer	Employees	Rank	Percentage of Total County Employment (b)	Employees	Rank	Percentage of Total County Employment
Fremont School District (RE-1)	543	1	2.61%	520	2	3.76%
Centura Health	351	2	1.68%	620	1	4.48%
Fremont County	350	3	1.68%	320	3	2.31%
Colorado Dept. of Corrections	326	4	1.56%			
Walmart (a)	298	5	1.43%	290	4	2.10%
City of Canon City	187	6	0.90%	150	8	1.08%
Starpoint	178	7	0.85%	182	6	1.32%
Cornell Corrections	145	8	0.70%	150	7	1.08%
Independent Order of Odd Fellows Complexes	145	9	0.70%	201	5	1.45%
City Market	130	10	0.62%			
Skyline Ridge Nursing and Rehab		-	-	112	9	0.81%
Interroll Engineering West Inc				101	10	0.73%
Total	2,653		12.73%	2,646		19.14%
Total Fremont County Employment	20,841					

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

(a) This is the 2024 data. We were unable to get the 2025 data form Walmart

CITY OF CAÑON CITY, COLORADO

EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

TABLE 19

	2016	2017	2018	2019	2020	2021*	2022	2023	2024	2025
General Government										
City Clerk	2.00	1.00	1.00	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	2.75	2.75	3.00	3.00	3.00
City Administrator	1.00	2.00	2.00	2.00	1.00	2.00	2.00	2.00	2.00	3.00
Finance	6.00	6.00	8.00	8.00	6.00	6.50	7.00	7.00	7.00	7.00
City Attorney	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Building Maintenance	1.00	2.00	2.00	2.00	3.00	2.00	2.00	2.00	2.00	2.00
Community Development										
Building Division	2.00	2.00	2.00	2.00	2.00	2.50	2.50	2.50	2.50	3.50
Planning & Zoning	1.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Code Enforcement	1.00	2.00	2.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Economic Development	0.00	1.00	1.00	1.00	3.00	3.00	3.00	3.00	3.00	3.00
Administrative Resources										
Public Information Officer	0.00	0.00	0.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Human Resources	1.00	1.00	2.00	1.00	1.00	1.50	1.50	2.00	3.00	4.00
Computer Resources	2.00	2.00	3.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00
Public Safety										
Patrol Officers	30.00	31.00	30.00	30.00	28.00	36.00	35.00	31.00	34.00	31.00
Victims Assistance	1.00	1.00	1.00	1.00	0.00	1.00	0.00	0.00	0.00	0.00
Administration	5.00	5.00	5.00	6.00	7.00	6.50	6.50	7.50	13.00	14.50
Investigations	5.00	5.00	6.00	7.00	5.00	3.00	3.00	6.00	6.00	7.00
Parking & Code Enforcement	2.00	2.00	2.00	2.00	2.00	4.00	4.00	5.00	5.00	5.00
School Resource Program	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00
Grant Funded Programs	0.00	0.00	0.00	0.00	1.00	1.00	1.00	1.00		
Dispatch Services	0.00	0.00	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	4.00	3.00	4.00	3.00
Street Maintenance	15.00	14.00	14.00	14.00	13.00	14.00	13.00	14.00	13.00	13.00
Engineering	2.00	4.00	4.00	6.00	5.00	6.00	6.00	6.00	6.00	7.00
Cultural & Recreation										
Library & Museum/History Center	14.00	14.00	14.00	14.00	12.00	14.00	14.00	14.00	14.00	14.00
Parks Improvement Fund	13.00	12.00	14.00	15.00	12.00	17.00	21.25	20.50	21.00	21.00
Water Fund										
Administration	6.00	6.00	6.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00
Water Treatment	12.00	11.00	11.00	10.00	12.00	12.00	11.00	12.00	12.00	12.00
Water Distribution	17.00	16.00	16.00	11.00	14.00	17.00	18.00	17.00	17.00	17.00
Water Utility Billing	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Storm Water Utility Fund										
Administration	2.00	1.00	1.00	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	2.00	2.00	2.00	2.00	2.00	2.00
Total	150.00	152.00	158.00	149.00	145.00	167.75	170.50	173.50	182.50	185.00

Source: City of Cañon City Human Resources and Finance Departments

(a) In 2013 the position of Community Development Director was vacated when the director was appointed City Administrator; the position was eliminated in 2020.

(b) In 2014 three custodial positions were eliminated and janitorial services were outsourced.

(c) In 2016 Dispatch Services were absorbed by the new special service district, Fremont County Combined Regional Communications Authority.

(d) In 2017 City Attorney position was vacated and legal services outsourced.

(e) In 2017 newly created positions of Community Development Director and Economic Development Director were added to Planning. In 2020, Economic Development was moved from Planning.

(f) In 2017 two positions were transferred to Engineering-- Construction Supervisor from Streets and GIS Specialist from Stormwater.

(g) In 2020 two maintenance positions were created for the Storm Water Maintenance Program

(h) In 2019 Code Enforcement was moved to Public Safety

OPERATING INDICATORS BY FUNCTION/PROGRAM **TABLE 20**
LAST TEN FISCAL YEARS
(Unaudited)

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public Safety										
Physical arrests	820	740	819	734	769	902	966	1,103	1,468	1,091
Traffic violations (a)	2,524	2,810	683	1,262	363	591	587	320	481	488
Parking violations	5	124	141	272	57	23	72	107	51	
Calls for service	28,656	28,297	27,738	30,073	27,171	16,378	28,114	30,534	26,911	28,906
Public Works										
Street resurfacing & repairs (miles)	5.88	6.07	4.77	4.74	0.85	12.58	1.50	5.31	3.75	3.31
Street utility cut repairs	91	103	128	100	96	87	93	98	53	63
Cemetery										
Standard and ash burials	95	107	77	89	78	100	72	96	83	64
Spaces sold	38	42	54	62	51	100	41	47	50	40
Cultural & Recreation										
Library:										
Physical Volumes in collection	52,508	61,532	61,185	61,416	58,632	56,429	57,388	66,497	62,776	57,784
Electronic Volumes in collection	32,078	28,167	31,757	36,147	40,979	40,510	45,402	43,429	45,984	60,880
Total volumes checked out										
Physical volumes checked out	206,163	183,616	285,554	403,435	90,863	124,701	136,150	123,110	121,594	117,308
Electronic volumes checked out (b)	NA	NA	NA	NA	NA	NA	NA	3,922,229	1,541,383	35,506
Water Fund										
Installed and replaced water mains	-	4109'	2363'	5115'	3216'	3857'	658'	12350'	1767'	1,440
Average daily metered consumption (millions of gallons)	4.2	4.2	4.2	4.2	4.2	4.0	4.2	3.8	4.1	3.9
Peak daily production (millions of gallons)	9.5	9.1	9.5	9.2	9.1	9.4	9.1	8.7	8.7	7.8

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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public Safety										
Police Stations	2	2	2	2	2	2	2	2	3	3
Marked Patrol units	29	29	28	28	28	37	31	35	33	29
Public Works										
Streets (miles) (a) (c)	120.0	120.0	120.0	120.0	120.0	120.0	120.0	119.3	119.7	119.7
Alleys (miles) (d)	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.9	17.0	16.9
Storm sewers (miles) (e)	13.8	13.8	13.8	13.8	14.0	14.0	14.0	15.4	15.7	15.7
Cemetery										
City owned Cemeteries	2	2	2	2	2	2	2	2	2	2
Cultural & Recreation										
Parks (b)	10	10	10	10	9	13	13	13	13	13
Parks Acreage	6,567	6,567	6,567	6,567	6,659	6,500	6,500	6,500	6,500	6,500
Water Fund										
Water mains (miles)	151	151	151	151	155	155	155	155	155	155
Fire Hydrants	1,061	1,061	1,061	1,061	1,178	1,178	1,189	1,211	1,214	1,215
Finished Water Storage Tanks	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) Starting in 2023, Total taken from CDOT HUTF report. Also includes streets with municipal parks.

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, 2025, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City and have issued our report thereon dated September 30, 2026.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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

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

September 30, 2026
Bailey, Colorado

DMC
AUDITING AND CONSULTING, LLC
(720) 422-1352
DCHERNYAK@DMCCPAS.NET

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, 2025. 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, 2025.

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.

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.

Honorable Mayor and City Council
City of Cañon City, Colorado

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

September 30, 2026
Bailey, Colorado

CITY OF CAÑON CITY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2024

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	$ 3,777
Historic Perservation Fund Grants-In-Aid	15.904	N/A	9,515
Passed through Colorado Department of Local Affairs			
Minerals Leasing Act	15.437	EIAF-09616	6,250
TOTAL U.S. DEPARTMENT OF THE INTERIOR			19,542
U.S. DEPARTMENT OF JUSTICE			
Direct			
COPS Hiring Program	16.068	N/A	199,778
Bulletproof Vest Partnership Program	16.607	N/A	4,058
TOTAL U.S. DEPARTMENT OF JUSTICE			203,836
U.S. DEPARTMENT OF TRANSPORTATION			
Passed Through Colorado Department of Transportation			
Metropolitan Transportation Planning	20.505	21-HA2-XC-03156	562,722
U.S. DEPARTMENT OF TREASURY			
Direct			
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	706,179
Passed Through Colorado Department of Transportation			
Coronavirus State and Local Fiscal Recovery Funds	21.027	23-HA2-XC-00020	1,000,000
TOTAL U.S. DEPARTMENT OF TREASURY			1,706,179
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Direct			
Brownfields Training, Research, and Technical Assistance Grants	66.814	N/A	15,504
Brownfields Cleanup Cooperative Agreements	66.818	N/A	1,287
Passed Through Colorado Department of Public Health and Environment			
Drinking Water State Revolving Fund	66.468	140351D-1	156,850
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			173,641
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct			
State Physical Activity and Nutrition	93.439	N/A	9,928
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 2,675,848

See Notes to the Schedule of Expenditures of Federal Awards

CITY OF CAÑON CITY, COLORADO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2025

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. 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.

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 15% de minimis cost rate.

NOTE 4: Subrecipients

The City did not allocate any federal expenditures to subrecipients.

NOTE 5: Loan Programs

As of December 31, 2025, the City's liability relating to the Drinking Water State Revolving Fund (SRF) Loan (ALN 66.468) is $121,198. During 2025, the City also received $35,652 of principal forgiveness under the loan, which is not included in the liability.

CITY OF CAÑON CITY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2025

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:

ALN	Name of Federal Cluster/Program
21.027	Coronavirus State and Local Fiscal Recovery Funds
20.205	Highway Planning and Construction

Dollar threshold used to distinguish Between Type A and Type B programs: $1,000,000

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

SECTION II: FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III: FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No current year findings or questioned costs were reported.

STATE COMPLIANCE

LOCAL HIGHWAY FINANCE REPORT

STATE:		
COLORADO		
THIS INFORMATION FROM THE RECORDS OF:	**PREPARED BY:**	**REPORT YEAR ENDING DATE(mm/yyyy):**
City of Canon City	Tammy J Nordyke tjnordyke@canoncity.gov	12/2025

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. Total (1 - (2 through 4))				

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	827.83	a. Interest on investments	295,780.51
b. Non-property Taxes and Assessments Imposts	5,870,560.64	b. Other Misc. Local Receipts	45,838.60
c. Total (a + b)	$ 5,871,388.47	**c. Total (a + b)**	$ 341,619.11
ITEM	**AMOUNT**	**ITEM**	**AMOUNT**
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user Taxes (from Item I.C.5.)	721,935.45	1. FHWA (from Item I.D.5.)	
2. State General Funds		2. Other Federal Agencies:	1,572,650.53
3. Other State funds:			
a. State Bond Proceeds			
b. Non-State Bond Proceeds	0.00		
c. Total (a + b)	$ -		
4. Total (1 + 2 + 3c)	$ 721,935.45	**3. Total (1 + 2)**	$ 1,572,650.53

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT
A.1. Capital outlay:	
a. Right-Of-Way Costs	0.00
b. Engineering Costs	631,846.74
c. Construction Costs	5,945,134.96
d. Total Capital Outlay (a+ b + c)	$ 6,576,981.70

LOCAL HIGHWAY FINANCE REPORT

STATE: COLORADO

REPORT YEAR ENDING DATE(mm/yyyy): 12/2025

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. Amount used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from Local Sources:	
1. Local Highway-user Taxes	
a. Motor Fuel (from Item I.A.1)	
b. Motor Vehicle (from Item I.B.1)	
c. Total (a + b)	
2. General Fund Appropriations	
3. Other Local Imposts (from page 1, Item II.A3.c)	$ 5,871,388.47
4. Miscellaneous Local Receipts (from page 1, Item II.A4.c)	$ 341,619.11
5. Transfers from Toll Facilities	0.00
6. Proceeds of Sale of Bonds and Notes:	
a. Bonds - Original Issues	0.00
b. Bonds - Refunding Issues	0.00
c. Notes	0.00
d. Total (a + b + c)	$ -
7. Total (1 through 6)	$ 6,213,007.58
B. Private Contributions	
C. Receipts from State government (from page 1, Item II.C.4)	$ 721,935.45
D. Receipts from Federal government (from page 1, Item II.D.3)	$ 1,572,650.53
E. Total receipts (A.7 + B + C + D)	$ 8,507,593.56

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway expenditures:	
1. Capital Outlay (from page 1, Item III.A1.d)	$ 6,576,981.70
2. Maintenance:	1,887,261.88
3. Road and Street Services:	
a. Snow and Ice Removal	
b. Other & Traffic Control Operations	
c. Total (a + b)	$ -
4. General Administration & Miscellaneous	643,299.93
5. Highway Law Enforcement and Safety	30,410.66
6. Total (1 through 5)	$ 9,137,954.17
B. Debt Service on Local Obligations:	
1. Bonds:	
a. Interest	0.00
b. Redemption	0.00
c. Total (a + b)	$ -
2. Notes:	
a. Interest	53,554.51
b. Redemption	555,556.00
c. Total (a + b)	$ 609,110.51
3. Total (1c + 2c)	$ 609,110.51
C. Payments to State for Highways	0.00
D. Payments to Toll Facilities	0.00
E. Total Expenditures (A6 + B3 + C + D)	$ 9,747,064.68

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

ITEM	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DEBT
A. Bonds (Total)	0	$ -	$ -	$ -
1. Bonds (Refunding Portion)		$ -		
B. Notes (Total)	1,111,108	$ -	$ 555,556.00	$ 555,552.00