
CITY OF FLORENCE, COLORADO

FINANCIAL STATEMENTS

DECEMBER 31, 2013

Contents

	Page
Independent Auditors' Report	1 - 2
Management's Discussion And Analysis	i - ix
 Basic Financial Statements	
Government-Wide Financial Statements	
Statement Of Net Position	3
Statement Of Activities	4
 Fund Financial Statements	
Balance Sheet - Governmental Funds	5
Reconciliation Of The Governmental Funds Balance Sheet To The Statement Of Net Position.....	6
Statement Of Revenues, Expenditures And Changes In Fund Balances - Governmental Funds	7
Reconciliation Of The Governmental Funds Statement Of Revenues, Expenditures And Changes In Fund Balances To The Statement Of Activities	8
Statement Of Net Position - Proprietary Funds	9
Statement Of Revenues, Expenses And Changes In Fund Net Position - Proprietary Funds	10
Statement Of Cash Flows - Proprietary Funds	11
Statement Of Fiduciary Net Position - Fiduciary Funds	12
Statement Of Changes In Fiduciary Net Position - Fiduciary Fund	13
 Notes To Basic Financial Statements	 14 - 33

Contents

Page

Required Supplementary Information

Schedule Of Revenues, Expenditures And Changes In Fund Balance - Budget And Actual - General Fund.....	34 - 35
---	---------

Supplementary Information:

Combining Balance Sheet - Nonmajor Governmental Funds.....	36
Combining Statement Of Revenues, Expenditures And Changes In Fund Balances - Nonmajor Governmental Funds	37
Schedule Of Revenues, Expenditures And Changes In Fund Balances - Budget And Actual - Nonmajor Governmental Funds:	
Equipment Replacement Fund	38
Conservation Trust Fund	39
Capital Improvements And Acquisition Fund	40
Community Projects Fund	41
Cemetery Construction Fund.....	42
Pool, Park And Recreation Fund	43
Recreation Fund	44
Schedule Of Revenues, Expenditures And Changes In Fund Balances - Budget And Actual - Capital Projects Fund	45
Schedule Of Revenues, Expenditures And Changes In Fund Balances - Budget and Actual - Water Fund.....	46
Schedule Of Revenues, Expenditures And Changes In Fund Balances - Budget And Actual - Swimming Pool Fund	47
Schedule Of Revenues, Expenditures And Changes In Fund Balances - Budget And Actual - Perpetual Care Reserve Fund	48
Statement Of Changes In Agency Fund	49
Local Highway Finance Report	50 - 51



RubinBrown LLP
Certified Public Accountants
& Business Consultants

1900 16th Street
Suite 300
Denver, CO 80202

T 303.698.1883
F 303.777.4458

W rubinbrown.com
E info@rubinbrown.com

Independent Auditors' Report

City Council
City of Florence, Colorado

Report On The Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Florence, Colorado (the City), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility For The Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of December 31, 2013, 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.

Emphasis Of Matter

As discussed in Note 1 to the financial statements, in 2013, the City adopted new accounting guidance from Governmental Accounting Standards Board Statement No. 65, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously recorded as assets or liabilities. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and general fund budgetary comparison information on pages i - ix and 34 - 35, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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 nonmajor fund financial statements and schedules, the budget-to-actual fund schedules, the statement of changes in agency fund and the Local Highway Finance Report 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 combining and individual nonmajor fund financial statements and schedules, the budget-to-actual fund schedules, the statement of changes in agency fund and the Local Highway Finance Report have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

RubinBrown LLP

July 25, 2014

City of Florence Management's Discussion and Analysis

The Management Discussion and Analysis (MD&A) is designed to provide an easy-to-read discussion of the City of Florence's (the City) financial condition and operating results and to disclose to the reader important financial activities and issues related to the City's basic operations and mission.

The City has two separate financial categories or activities - governmental activities and those covered or referred to as business-type activities. Within the governmental activities, the City Council has designated ten separate budgets: a General Fund, a Police Equipment/Supplies Fund, an Equipment Replacement Fund, a Conservation Trust Fund, a Capital Improvements Fund, a Community Projects Fund, a Cemetery Construction Fund, a Pool, Park and Recreation Fund, a Capital Projects Fund, a Recreation Fund, and a Perpetual Care Trust Fund. The governmental activities are funded through the City's ad-valorem property tax, sales and use taxes, highway user's tax and fees for services. The business-type activities are in two Enterprises: the Water Fund and the Swimming Pool Fund. The Water Fund receives revenue through water sales, water tap fees and other fees.

The City also maintains one agency fund, the School Land Dedication Fees Fund, which is used to pass through funds received for special projects. The City has no discretion on the utilization of the funds in the School Land Dedication Fees Fund.

DESCRIPTION OF FINANCIAL STATEMENTS

This annual report consists of four parts - management's *discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and *Other Supplemental Schedules*. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the City government, reporting the City's operations *in more detail* than the government-wide statements.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

Government-wide Statements

The government-wide statements consist of the Statement of Net Position and the Statement of Activities. These statements report information about the City as a whole and include *all* assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's *net position* and changes in them. The City's net position, the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources are one way to measure the City's financial health, or *financial position*. Over time, increases or decreases in the City's net position is one indicator of whether its financial health is improving or deteriorating. Other non-financial factors, however, such as changes in the City's property tax base, are needed to assess the overall health of the City.

In the Statement of Net Position and the Statement of Activities, the City is divided into two kinds of activities:

- **Governmental Activities** - The activity of the City for its General, Police Equipment/Supplies, Equipment Replacement, Conservation Trust, Capital Improvements, Community Projects, Cemetery Construction, Capital Projects, Pool, Park and Recreation, and Recreation funds are reported here. Property taxes, specific ownership taxes, highway users tax, sales tax, fees for services and interest income are the sources that fund most of these activities.
- **Business-Type Activities** - The City manages two enterprises, the Water Fund and the Swimming Pool Fund. The Water Fund develops and operates the City's water supply and assets and the water supply and assets of the Regional Water System. The Swimming Pool Fund reports the activity of the municipal pool.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's funds, focusing on its most significant funds - not the City as a whole. The City's two kinds of funds *governmental and proprietary* - use different accounting principles.

Governmental fund - The City's activity of its General and special revenue funds are reported as governmental funds, which focus on how money flows into and out of the funds and the balances left at year-end. Governmental funds report using an accounting principle called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statement provides a detailed short-term view of the City's general governmental operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

Proprietary (Enterprise) fund - The activity of the City's Enterprise funds is 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 fund is the same as the business-type activities reported in the governmental-wide statements but provide more detail and additional information, such as cash flows.

The other financial statements included are for the City's Agency Fund and also include notes that explain some of the information in the financial statements and provide more detailed data.

HIGHLIGHTS

Governmental Activities

- Total assets for governmental activities at December 31, 2013 were \$5,822,007, which was approximately \$27,915 more than 2012.

Business-type Activities

- In 2013, total assets were \$24,056,201, which is approximately \$3,149,810 less than 2012.
- In 2013, revenues from water sales decreased by \$77,762 to \$3,106,401
- Total Enterprise liabilities went from \$13,769,294 in 2012 to \$21,883,008 in 2013, an increase of \$8,113,714. During 2013, water revenue bonds totaling \$10,770,000 were issued.

STATEMENTS OF NET POSITION

The perspective of the statement of net position is of the City as a whole. Following is a summary of the City's net position for 2013:

	Governmental Activities		Business Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current assets	\$ 2,950,531	\$ 2,921,956	\$ 10,903,687	\$ 4,849,738	\$ 13,854,218	\$ 7,771,694
Noncurrent assets	2,871,476	2,875,136	24,056,201	22,356,273	26,927,677	25,231,409
Total assets	5,822,007	5,797,092	34,959,888	27,206,011	40,781,895	33,003,103
Deferred outflows of resources	-	-	17,598	-	17,598	-
Current liabilities	125,029	607,746	1,164,393	998,158	1,289,422	1,605,904
Long-term liabilities	244,512	201,559	20,718,615	12,771,136	20,963,127	12,972,695
Total liabilities	369,541	809,305	21,883,008	13,769,294	22,252,549	14,578,599
Deferred Inflows of Resources	482,063	-	-	-	482,063	-
Net Position:						
Net Investment in Capital Assets	2,573,602	2,602,042	1,486,433	8,323,083	4,060,035	10,925,125
Restricted	173,007	150,587	-	-	173,007	150,587
Unrestricted	2,223,794	2,235,158	11,608,045	5,113,634	13,831,839	7,348,792
Total Net Position	\$ 4,970,403	\$ 4,987,787	\$ 13,094,478	\$ 13,436,717	\$ 18,064,881	\$ 18,424,504

The change in net position for the Governmental Activities was \$24,957 or .5%. The change in net assets for the Business-Type Activities was \$162,585 or 1.2%.

STATEMENTS OF ACTIVITIES

The perspective of the statement of activities is of the City as a whole. The following table reflects the change in net assets for fiscal year 2012 and 2013.

	Governmental Activities		Business Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program Revenues:						
Charges for services	\$ 544,744	\$ 569,071	\$ 3,136,434	\$ 3,214,218	\$ 3,681,178	\$ 3,783,289
Operating grants and contributions	127,226	129,017	-	-	127,226	129,017
Capital grants and contributions	59,125	136,185	14,056	5,714	73,181	141,899
Total Program Revenues	731,095	834,273	3,150,490	3,219,932	3,881,585	4,054,205
General Revenues:						
Property taxes	439,013	443,762	-	-	439,013	443,762
Sales and use taxes	767,239	774,749	-	-	767,239	774,749
Other general revenues	657,012	414,839	11,231	9,668	668,243	424,507
Total General Revenues	1,863,264	1,633,350	11,231	9,668	1,874,495	1,643,018
Total Revenue	2,594,359	2,467,623	3,161,721	3,229,600	5,756,080	5,697,223
Program Expenses:						
General government	764,408	762,449	-	-	764,408	762,449
Public safety	1,054,568	973,041	-	-	1,054,568	973,041
Street	564,308	497,756	-	-	564,308	497,756
Sanitation	149,897	133,219	-	-	149,897	133,219
Planning and building	44,434	30,485	-	-	44,434	30,485
Cemetery	83,943	56,552	-	-	83,943	56,552
Parks and recreation	72,657	68,274	-	-	72,657	68,274
Interest on long-term debt	10,623	12,828	-	-	10,623	12,828
Water	-	-	3,094,958	2,610,285	3,094,958	2,610,285
Swimming pool	-	-	98,058	110,828	98,058	110,828
Total Expenses	2,744,838	2,534,604	3,193,016	2,721,113	5,937,854	5,255,717
Transfers	125,522	143,190	(131,290)	(147,520)	(5,768)	(4,330)
Increase (Decrease) in Net Position	(24,957)	76,209	(162,585)	360,967	(187,542)	437,176
Beginning Net Position	4,995,360	4,911,578	13,257,063	13,075,750	18,252,423	17,987,328
Ending Net Position	\$ 4,970,403	\$ 4,987,787	\$ 13,094,478	\$ 13,436,717	\$ 18,064,881	\$ 18,424,504

Governmental Activities

The following table presents the cost of each of the City's largest governmental program's as well as each programs net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

Activity	Cost of Services	Net Cost of Services
General government	\$ 764,408	\$ (706,211)
Public Safety	1,054,568	(762,061)
Streets	564,308	(377,957)
Sanitation	149,897	10,116
All others	211,657	(177,630)
Totals	\$ 2,744,838	\$ (2,013,743)

Budgetary Analysis of the General Fund

General Fund revenues were \$136,760 more than budget. General Fund expenditures were \$860 more than budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION - CITY WIDE

At year-end the City had \$25,784,297 invested in a broad range of capital assets including buildings, vehicles and other equipment, and water treatment facilities. The table below summarizes the capital assets owned by the City.

	Governmental Activities		Business Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 126,993	\$ 126,993	\$ 79,425	\$ 79,425	\$ 206,418	\$ 206,418
Easements	5,935	5,935	-	-	5,935	5,935
Water shares	-	-	507,839	507,839	507,839	507,839
Buildings and improvements	2,488,181	2,373,331	-	-	2,488,181	2,373,331
Plant	-	-	4,082,150	4,006,700	4,082,150	4,006,700
Distribution system	-	-	7,499,542	6,848,067	7,499,542	6,848,067
Vehicles and equipment	980,953	898,371	1,361,277	1,335,993	2,342,230	2,234,364
Regional fixed assets	-	-	15,707,912	15,707,912	15,707,912	15,707,912
Regional construction	-	-	6,628,349	6,628,349	6,628,349	6,628,349
Swimming pool	-	-	592,971	449,775	592,971	449,775
Office equipment and furniture	19,456	19,456	-	-	19,456	19,456
Construction in progress	167,754	161,651	1,360,241	64,393	1,527,995	226,044
Infrastructure	1,243,126	1,243,126	-	-	1,243,126	1,243,126
Less accumulated depreciation	(2,226,608)	(2,019,162)	(14,841,199)	(13,704,862)	(17,067,807)	(15,724,024)
Net fixed assets	\$ 2,805,790	\$ 2,809,701	\$ 22,978,507	\$ 21,923,591	\$ 25,784,297	\$ 24,733,292

DEBT OUTSTANDING

The City's Business-Type long-term debt consists of water revenue bonds, capital leases and loans. During 2013, the City refunded the 2003A series bond and issued Series 2013A and 2013B. As of December 31, 2013 the outstanding balance of bonds, capital leases and loans is \$21,286,734. Activity for Governmental Activities and Business-Type Activities during the year are as follows:

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities					
Kinetic Leasing	\$ 17,977	\$ -	\$ 17,977	\$ -	\$ -
GE Government Financing	189,515	-	21,054	168,461	22,224
Ally Financial	-	87,542	23,815	63,727	20,029
Total Governmental Activities	<u>207,492</u>	<u>87,542</u>	<u>62,846</u>	<u>232,188</u>	<u>42,253</u>
Business-Type Activities					
Water Revenue Refunding Bond Series 2003A	2,310,000	-	2,310,000	-	-
CWR&PDA Loan (series 2003B)	9,031,009	-	639,119	8,391,890	650,233
CWR&PDA Loan Dated January 2005	559,500	-	34,656	524,844	35,881
CWR&PDA Loan Dated October 2009	1,700,000	-	100,000	1,600,000	100,000
Refunding Bond Series 2013A	-	9,770,000	-	9,770,000	-
Refunding Bond Series 2013B	-	1,000,000	-	1,000,000	-
Total	<u>\$ 13,600,509</u>	<u>\$ 10,770,000</u>	<u>\$ 3,083,775</u>	<u>\$ 21,286,734</u>	<u>\$ 786,114</u>

ECONOMIC AND OTHER FACTORS

The economy of the City of Florence, and the surrounding region, continues to grow, with new construction. Specific Ownership Tax has dropped due to bonds issued by local school and fire districts. These bonds are for twenty years so a long-term impact is expected. General Fund revenues are not expected to remain flat in 2014.

In November 2005 the voters approved an additional 1/2% sales tax to fund pool operations and construction of a new pool. This tax started January 1, 2006. The tax was approved with a 10-year sunset clause. These funds may be spent on other parks and recreation projects once the new municipal pool has been established.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the general public with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions regarding this report or need additional financial information, please contact:

Finance Officer
City of Florence
600 West Third Street
Florence, CO 81226
Tel: (719) 748-4848 ext 223
Fax: (719) 784-0228

This Page Intentionally Left Blank

Basic Financial Statements

CITY OF FLORENCE, COLORADO

STATEMENT OF NET POSITION

December 31, 2013

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents (Note 2)	\$ 360,862	\$ —	\$ 360,862
Investments (Note 2)	1,604,546	10,714,543	12,319,089
Taxes receivable	503,558	—	503,558
Accounts receivable	4,411	121,764	126,175
Other receivables	393,658	—	393,658
Grant receivables	41,041	—	41,041
Due from other governments	6,125	—	6,125
Inventory	—	67,380	67,380
Prepaid expenses	36,330	—	36,330
Total Current Assets	2,950,531	10,903,687	13,854,218
Noncurrent Assets			
Restricted investments (Note 2)	65,686	1,077,694	1,143,380
Nondepreciable capital assets (Note 5)	300,682	1,947,505	2,248,187
Depreciable capital assets, net (Note 5)	2,505,108	21,031,002	23,536,110
Total Noncurrent Assets	2,871,476	24,056,201	26,927,677
Total Assets	5,822,007	34,959,888	40,781,895
Deferred Outflows Of Resources			
Deferred loss on refunding	—	17,598	17,598
Liabilities			
Current Liabilities			
Accounts payable	47,345	306,075	353,420
Accrued liabilities	35,431	66,696	102,127
Deposits	—	5,508	5,508
Bonds and notes payable, current (Note 7)	—	786,114	786,114
Capital lease payable, current (Note 7)	42,253	—	42,253
Total Current Liabilities	125,029	1,164,393	1,289,422
Long-Term Liabilities			
Bonds and notes payable (Note 7)	—	20,705,960	20,705,960
Capital lease payable (Note 7)	189,935	—	189,935
Compensated absences (Notes 6 and 7)	54,577	12,655	67,232
Total Long-Term Liabilities	244,512	20,718,615	20,963,127
Total Liabilities	369,541	21,883,008	22,252,549
Deferred Inflows Of Resources			
Unearned property tax revenue	482,063	—	482,063
Net Position			
Net investment in capital assets	2,573,602	1,486,433	4,060,035
Restricted	173,007	—	173,007
Unrestricted	2,223,794	11,608,045	13,831,839
Total Net Position	\$ 4,970,403	\$ 13,094,478	\$ 18,064,881

CITY OF FLORENCE, COLORADO

STATEMENT OF ACTIVITIES

For The Year Ended December 31, 2013

	Program Revenues				Change In Net Position		
	Expenses	Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$ 764,408	\$ 58,197	\$ —	\$ —	\$ (706,211)	\$ —	\$ (706,211)
Public safety	1,054,568	292,507	—	—	(762,061)	—	(762,061)
Street	564,308	—	127,226	59,125	(377,957)	—	(377,957)
Sanitation	149,897	160,013	—	—	10,116	—	10,116
Planning and building	44,434	12,931	—	—	(31,503)	—	(31,503)
Cemetery	83,943	19,095	—	—	(64,848)	—	(64,848)
Parks and recreation	72,657	2,001	—	—	(70,656)	—	(70,656)
Interest on long-term debt	10,623	—	—	—	(10,623)	—	(10,623)
Total Governmental Activities	2,744,838	544,744	127,226	59,125	(2,013,743)	—	(2,013,743)
Business-Type Activities							
Water	3,094,958	3,106,401	—	14,056	—	25,499	25,499
Swimming pool	98,058	30,033	—	—	—	(68,025)	(68,025)
Total Business-Type Activities	3,193,016	3,136,434	—	14,056	—	(42,526)	(42,526)
Total	\$ 5,937,854	\$ 3,681,178	\$ 127,226	\$ 73,181	(2,013,743)	(42,526)	(2,056,269)
General Revenues							
Taxes							
Property taxes					439,013	—	439,013
Sales and use taxes					767,239	—	767,239
Other taxes and assessments					357,416	—	357,416
Interest and investment earnings					98,439	11,231	109,670
Insurance proceeds					183,461	—	183,461
Gain on disposal of assets					17,696	—	17,696
Total General Revenues					1,863,264	11,231	1,874,495
Transfers					125,522	(131,290)	(5,768)
Changes In Net Position					(24,957)	(162,585)	(187,542)
Net Position - Beginning Of Year, Restated (Note 12)					4,995,360	13,257,063	18,252,423
Net Position - End Of Year					\$ 4,970,403	\$ 13,094,478	\$ 18,064,881

See the accompanying notes to basic financial statements.

CITY OF FLORENCE, COLORADO
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2013

	Assets			
	General	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and investments				
Cash	\$ 360,862	\$ —	\$ —	\$ 360,862
Investments	712,034		892,512	1,604,546
Receivables				
Taxes	482,063	—	21,495	503,558
Customers	4,411	—	—	4,411
Other	393,658	—	—	393,658
Grants	—	41,041	—	41,041
Interfund loan receivable	—	—	81,461	81,461
Due from other governments	6,125	—	—	6,125
Restricted investments	65,686	—	—	65,686
Prepaid expenses	36,330	—	—	36,330
Total Assets	\$ 2,061,169	\$ 41,041	\$ 995,468	\$ 3,097,678

Liabilities, Deferred Inflows Of Resources And Fund Balances

Liabilities				
Accounts payable	\$ 47,345	\$ —	\$ —	\$ 47,345
Accrued liabilities	35,431	—	—	35,431
Interfund loan payable	81,461	—	—	81,461
Total Liabilities	164,237	—	—	164,237
Deferred Inflows Of Resources				
Unearned property tax revenue	482,063	—	—	482,063
Fund Balances				
Nonspendable	36,330	—	—	36,330
Restricted	80,000	—	93,007	173,007
Assigned	—	41,041	902,461	943,502
Unassigned	1,298,539	—	—	1,298,539
Total Fund Balances	1,414,869	41,041	995,468	2,451,378
Total Liabilities, Deferred Inflows Of Resources And Fund Balances	\$ 2,061,169	\$ 41,041	\$ 995,468	\$ 3,097,678

CITY OF FLORENCE, COLORADO
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2013

Total Fund Balance - Governmental Funds \$ 2,451,378

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and are, therefore, not reported in the governmental funds. However, in the statement of net position, the cost of these assets are capitalized and expensed over their estimated lives through annual depreciation expense.

Cost of capital assets	\$ 5,032,398	
Less: Accumulated depreciation	<u>(2,226,608)</u>	
		2,805,790

Interfund receivables and payables between governmental funds are reported on the fund balance sheet but eliminated on the government-wide statement of net position.

Interfund receivables	81,461	
Interfund payables	<u>(81,461)</u>	

Long-term debt is not due and payable in the current period and, therefore, is not reportable in governmental funds.

Capital lease	(232,188)	
Compensated absences	<u>\$ (54,577)</u>	
		<u>(286,765)</u>

Total Net Position - Governmental Activities \$ 4,970,403

CITY OF FLORENCE, COLORADO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For The Year Ended December 31, 2013

	General	Capital Projects Fund	All Other Governmental	Total Governmental Funds
Revenue				
Property taxes	\$ 439,013 ✓	\$ —	\$ —	\$ 439,013
Sales and use tax	613,734 ✓	—	153,505	767,239
Intergovernmental	—	—	42,036	42,036
Other taxes	315,380	—	—	315,380
Interest income	93,925	54	4,460	98,439
Charges for services	542,743	—	2,001	544,744
Grants	127,226	59,125	—	186,351
Insurance proceeds	183,461	—	—	183,461
Total Revenue	2,315,482	59,179	202,002	2,576,663
Expenditures				
General government	651,582	—	—	651,582
Public safety				
Police	1,034,490	—	—	1,034,490
Streets	458,148	—	—	458,148
Sanitation	139,335	—	—	139,335
Planning and building	44,434	—	—	44,434
Cemetery	70,495	—	—	70,495
Parks and recreation	46,607	—	2,617	49,224
Debt service				
Principal	62,846	—	—	62,846
Interest	10,623	—	—	10,623
Capital outlay	179,526	43,170	36,800	259,496
Total Expenditures	2,698,086	43,170	39,417	2,780,673
Excess (Deficiency) Of Revenue Over (Under) Expenditures	(382,604)	16,009	162,585	(204,010)
Other Financing Sources (Uses)				
Proceeds from capital lease	87,542	—	—	87,542
Proceeds from sale of asset	17,696	—	—	17,696
Transfer from other funds	320,391	33,837	6,289	360,517
Transfer to other funds	(45,894)	—	(189,101)	(234,995)
Total Other Financing Sources (Uses)	379,735	33,837	(182,812)	230,760
Excess (Deficiency) Of Revenue And Other Sources Over (Under) Expenditures And Other Uses	(2,869)	49,846	(20,227)	26,750
Fund Balances - Beginning Of Year	1,417,738	(8,805)	1,015,695	2,424,628
Fund Balances - End Of Year	\$ 1,414,869	\$ 41,041	\$ 995,468	\$ 2,451,378

CITY OF FLORENCE, COLORADO

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES For The Year Ended December 31, 2013

Total Change In Fund Balances - Governmental Funds	\$ 26,750
Amounts reported for governmental activities in the statement of activities are different because:	
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 as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.	
Depreciation expense	\$ (270,813)
Capital outlay	<u>\$ 259,496</u>
	(11,317)
Retirement of capital lease principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	62,846
The proceeds of capital leases are reported as other financing sources in the governmental funds, but are reported as a liability on the statement of net position.	(87,542)
Compensated absences 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.	<u>(15,694)</u>
Change In Net Position - Governmental Activities	<u>\$ (24,957)</u>

CITY OF FLORENCE, COLORADO

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

December 31, 2013

	Water Fund	Swimming Pool Fund	Total
Assets			
Current Assets			
Investments	\$ 10,714,543	\$ —	\$ 10,714,543
Accounts receivable - customers	121,764	—	121,764
Inventory	67,380	—	67,380
Total Current Assets	10,903,687	—	10,903,687
Capital Assets			
Land	79,425	—	79,425
Water shares	507,839	—	507,839
Construction in progress	1,360,241	—	1,360,241
Plant and equipment	35,279,230	592,971	35,872,201
Less: Accumulated depreciation	(14,528,594)	(312,605)	(14,841,199)
Net Capital Assets	22,698,141	280,366	22,978,507
Other Assets			
Restricted investments	1,077,694	—	1,077,694
Total Assets	34,679,522	280,366	34,959,888
Deferred Outflows Of Resources			
Deferred loss on refunding	17,598	—	17,598
Liabilities			
Current Liabilities			
Accounts payable	306,075	—	306,075
Accrued liabilities	66,696	—	66,696
Bonds and notes payable, current	786,114	—	786,114
Deposits	5,508	—	5,508
Total Current Liabilities	1,164,393	—	1,164,393
Long-Term Liabilities			
Bonds and notes payable	20,705,960	—	20,705,960
Compensated absences	12,655	—	12,655
Total Long-Term Liabilities	20,718,615	—	20,718,615
Total Liabilities	21,883,008	—	21,883,008
Net Position			
Net investment in capital assets	1,206,067	280,366	1,486,433
Unrestricted	11,608,045	—	11,608,045
Total Net Position	\$ 12,814,112	\$ 280,366	\$ 13,094,478

CITY OF FLORENCE, COLORADO
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS
For The Year Ended December 31, 2013

	Water Fund	Swimming Pool Fund	Total
Operating Revenues			
Charges for services	\$ 3,106,401	\$ 30,033	\$ 3,136,434
Operating Expenses			
Administration	234,390	49,926	284,316
Water system	1,123,233	—	1,123,233
Recreation	—	24,023	24,023
Depreciation	1,112,229	24,109 ✓	1,136,338
Total Operating Expenses	2,469,852	98,058	2,567,910
Operating Income (Loss)	636,549	(68,025)	568,524
Nonoperating Revenues (Expenses)			
Interest income	11,231	—	11,231
Interest expense	(625,106)	—	(625,106)
Total Nonoperating Revenues (Expenses)	(613,875)	—	(613,875)
Income (Loss) Before Contributions And Transfers	22,674	(68,025)	(45,351)
Contributions And Transfers			
Capital contributions - tap fees	14,056	—	14,056
Transfers to other funds	(286,121)	—	(286,121)
Transfers from other funds	—	154,831 ✓	154,831
Total Contributions And Transfers	(272,065)	154,831	(117,234)
Net Income (Loss)	(249,391)	86,806 ✓	(162,585)
Net Position - Beginning Of Year - Restated	13,063,503 ✓	193,560	13,257,063
Net Position - End Of Year	\$ 12,814,112 ✓	\$ 280,366 ✓	\$ 13,094,478

CITY OF FLORENCE, COLORADO
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For The Year Ended December 31, 2013

	Water Fund	Swimming Pool Fund	Total
Cash Flows From Operating Activities			
Cash received from customers	\$ 3,078,664	\$ 30,033	\$ 3,108,697
Cash paid to or on behalf of employees	(278,122)	(49,926)	(328,048)
Cash paid to suppliers	(824,107)	(24,023)	(848,130)
Net Cash Provided By (Used In) Operating Activities	1,976,435	(43,916)	1,932,519
Cash Flows Provided By (Used In) Noncapital Financing Activities			
Payments from (to) other funds	(185,373)	154,736	(30,637)
Cash Flows From Capital And Related Financing Activities			
Proceeds for capital disposals			
Receipt of capital contributions	14,056	—	14,056
Payment for capital acquisitions	(2,099,783)	(143,282)	(2,243,065)
Proceeds received from long-term debt	10,980,607	—	10,980,607
Principal paid on long-term debt	(3,089,042)	—	(3,089,042)
Interest on long-term debt	(625,106)	—	(625,106)
Net Cash Provided By (Used In) Capital And Related Financing Activities	5,180,732	(143,282)	5,037,450
Cash Flows Provided By (Used In) Investing Activities			
Purchase of investments	(7,723,942)	—	(7,723,942)
Receipt of interest	11,231	—	11,231
Net Cash Used In Investing Activities	(7,712,711)	—	(7,712,711)
Net Decrease In Cash	(740,917)	(32,462)	(773,379)
Cash - Beginning Of Year	740,917	32,462	773,379
Cash - End Of Year	\$ —	\$ —	\$ —
Reconciliation Of Operating Income (Loss) To Net Cash Provided By (Used In) Operating Activities:			
Operating income (loss)	\$ 636,549	\$ (68,025)	\$ 568,524
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation and amortization	1,112,229	24,109	1,136,338
Changes in assets and liabilities			
Decrease in accounts receivable	(27,746)	—	(27,746)
Decrease in inventories	584	—	584
Increase in accounts payable	235,000	—	235,000
Increase in deposits	9	—	9
Increase in accrued liabilities	19,810	—	19,810
Net Cash Provided By (Used In) Operating Activities	\$ 1,976,435	\$ (43,916)	\$ 1,932,519

CITY OF FLORENCE, COLORADO

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

December 31, 2013

	<u>Perpetual Care Trust Fund</u>	<u>Agency Fund</u>
Assets		
Cash and cash equivalents	\$ 212,876	\$ 17,219
Liabilities		
Due to school district	—	\$ 17,219
Net Position	<u>\$ 212,876</u>	

CITY OF FLORENCE, COLORADO

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUND**

For The Year Ended December 31, 2013

	<u>Perpetual Care Trust Fund</u>
Additions	
Investment income	\$ 602
Transfers In	<u>5,768</u>
Total Additions	6,370
Net Position - Beginning Of Year	<u>206,506</u>
Net Position - End Of Year	<u>\$ 212,876</u>

CITY OF FLORENCE, COLORADO

NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2013

1. Summary Of Significant Accounting Policies

The accounting methods and procedures adopted by the City of Florence, Colorado (the City), conform to generally accepted accounting principles (GAAP) as applied to governmental entities. The following notes to the financial statements are an integral part of the City's financial statements.

Reporting Entity

The City is a statutory city that operates under a city council/city manager form of government. The City's major operations include water treatment and distribution, police, recreation and parks and general administrative services.

For financial reporting purposes, the City includes all of the funds relevant to the operations of the City. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the City.

The financial statements of the City include those of separately administered organizations that are controlled by or dependent on the City. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing board.

Not included in these financial statements is the Florence Volunteer Fire Department (the Fire Department). The City has no oversight responsibility for the Fire Department, makes no appointments to its Board of Directors and contributes an insignificant amount of money to the Fire Department for its operations.

In accordance with Governmental Accounting Standards Board (GASB) Statement 61, the City has considered the possibility of inclusion of other entities in its reporting entity. The City is not financially accountable for any other organization, nor is the City a component unit of any other primary governmental entity.

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 of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements.

CITY OF FLORENCE, COLORADO

Notes To Basic Financial Statements (*Continued*)

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position presents the financial position of the governmental and business-type activities of the City.

The statement of activities demonstrates the degree to which the direct expenses of a 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. The City does not allocate indirect expenses to functions in the statement of activities.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds. Major individual governmental funds, major individual enterprise fund and other individual enterprise fund are reported as separate columns in the fund financial statements.

Measurement Focus, Basis Of Accounting And Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. 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.

CITY OF FLORENCE, COLORADO

Notes To Basic Financial Statements (*Continued*)

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 collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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 and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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 general government, except those required to be accounted for in another fund.
- The Capital Projects Fund is the City's primary fund for capital projects. It accounts for all major capital projects of the general government, except for those required to be accounted for in another fund.

The City has the following major enterprise fund:

- The Water Fund accounts for all the water activities of the City and surrounding area.

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 enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF FLORENCE, COLORADO

Notes To Basic Financial Statements (*Continued*)

Fiduciary fund reporting focuses on net assets. The City accounts for two fiduciary funds: (1) the Perpetual Care Reserve Fund cemetery maintenance and (2) the School Loan Dedication Fees Fund. The City acts in a trustee position in relation to these funds placed under its control. The School Loan Dedication Fees Fund is an agency fund. Agency funds are custodial in nature and do not present results of operations or a measurement focus. Agency funds are accounted for using the accrual basis of accounting. Those funds are used to account for assets that the City holds for others in an agency capacity.

Assets, Deferred Outflows Of Resources, Liabilities, Deferred Inflows Of Resources And Net Position Or Fund Balance

Deposits And Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. State statutes govern the City's deposits and investments.

Receivables And Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." These amounts are eliminated in the governmental activities column of the government-wide statement of net position. An allowance for doubtful accounts on accounts receivable is not considered necessary.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources (uses) in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not represented on the financial statements. Transfers between funds reported in the governmental activities column are eliminated in the government-wide statement of activities.

Inventories

Inventories are recorded under the cost method. These items are recorded as expenditures when purchased throughout the year to facilitate budgetary comparisons.

CITY OF FLORENCE, COLORADO

Notes To Basic Financial Statements (Continued)

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$2,500 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Infrastructure is being recorded and depreciated on a prospective basis at historical cost. The City's infrastructure consists of roads, curbs and gutters, flood control system, etc.

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

Buildings and improvements	10 - 30 years
Plant	5 - 50 years
Distribution system	20 - 72 years
Vehicles and equipment	3 - 10 years
Regional fixed assets	5 - 50 years
Office equipment and furniture	3 - 10 years
Infrastructure	10 years

Compensated Absences

The City has the following policy for vacation:

<u>Years Of Employment</u>	<u>Vacation Hours Per Year</u>
1 - 5 years	80
6 - 10 years	96
11 - 15 years	120
16 - 20 years	144
21 or more years	168

CITY OF FLORENCE, COLORADO

Notes To Basic Financial Statements (*Continued*)

Sick leave is earned at the rate of 6 hours per month to a maximum of 60 days or 480 hours. Accumulated sick leave is not paid upon termination of employment.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes may be paid in two equal payments. To avoid penalties, the first half must be paid before February 28, and the second half must be paid on or before June 15. Alternatively, the taxes may be paid in full by April 30. All unpaid tax becomes delinquent June 16. Property taxes are levied and collected on behalf of the City by Fremont County and are reported as revenue when received by the County Treasurer.

Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position." Generally, fund balance represents the difference between the current assets, deferred outflows of resources, current liabilities and deferred inflows of resources.

The City implemented GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2011. In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted - includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed - includes amounts that can only be used for the specific purposes determined by a formal action, a resolution, of the City's highest level of decision-making authority. The same formal action must be taken to remove or change the limitations placed on the funds.

CITY OF FLORENCE, COLORADO

Notes To Basic Financial Statements (*Continued*)

Assigned - includes amounts the City intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance.

Unassigned - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, committed fund balance, assigned fund balance and, lastly, unassigned fund balance.

The Water Fund's contributed capital represents equity acquired through capital grants and capital contributed from developers, customers or other funds.

Net position may be classified into three components: net investment in capital assets, restricted and unrestricted. These classifications are defined as follows:

- Net Investment in Capital Assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.
- Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors or laws or regulations of other governments or constraints imposed through constitutional provisions or enabling legislation.
- Unrestricted - The component of net position that does not meet the definition of "restricted" or "net investment in capital assets."

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Budgets

Annual budgets are adopted for all funds. Governmental fund budgets are adopted on a basis consistent with GAAP. Reconciliations are provided to reconcile enterprise fund budgets to statements presented according to GAAP. All annual appropriations lapse at fiscal year-end.

CITY OF FLORENCE, COLORADO

Notes To Basic Financial Statements (*Continued*)

During 2013, expenditures exceeded appropriations for the General Fund and Water Fund by \$860 and \$118,795, respectively. This overage was due to higher than expected operating expenses in several departments.

New Accounting Pronouncements

Effective January 1, 2013, the City implemented the provisions of GASB No. 65, *Items Previously Reported as Assets and Liabilities* (GASB No 65).

GASB No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets or liabilities.

2. Cash Deposits And Investments

Deposits of the City at each bank where the funds are maintained are insured up to \$250,000, either by the Federal Deposit Insurance Corporation or by the Federal Savings and Loan Insurance Corporation. Colorado's Public Deposit Protection Act of 1975 enables any eligible public depository to elect to secure public deposits by pledging eligible collateral having a market value at all times equal to at least 102% of the aggregate of said deposits not insured.

The City has investments in Colorado Local Government Liquid Asset Trust (COLOTRUST). COLOTRUST is an investment vehicle established by state statute for local government entities in Colorado to pool surplus funds for investment purposes. It operates similarly to a money market fund, and each share is equal in value to \$1.00. Financial statements and information about the pool for COLOTRUST may be obtained through its website at: www.colotruster.com. The State Securities Commissioner administers and enforces all state statutes governing COLOTRUST.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned. The City does not have a deposit policy for custodial credit risk.

CITY OF FLORENCE, COLORADO

Notes To Basic Financial Statements (*Continued*)

The following is a schedule of the City's cash and temporary investment balances categorized by custodial credit risk and a reconciliation to the statement of net position for the year ended December 31, 2013:

	<u>Custodial Credit Risk Category</u>		<u>Total Bank Balance</u>	<u>Carrying Amount</u>
	<u>Insured</u>	<u>Collateralized</u>		
Cash on hand	\$ —	\$ —	\$ —	\$ 1,303
Deposits	250,000	123,872	373,872	359,559
Total Deposits And Cash On Hand	\$ 250,000	\$ 123,872	\$ 373,872	\$ 360,862

<u>Investment</u>	<u>Rating</u>	<u>Amount</u>
COLOTRUST	AAAm by S&P	\$ 11,311,194
COLOTRUST - agency cash	AAAm by S&P	17,219
COLOTRUST - fiduciary cash	AAAm by S&P	112,876
COLOTRUST - restricted cash	AAAm by S&P	1,143,380
CDs	N/A	1,007,895
CDs - fiduciary cash	N/A	100,000
Total Investments		\$ 13,692,564

The cash and equivalents and investment classifications as shown on the statement of net position are as follows:

	<u>Amount</u>
Cash and cash equivalents on the statement of net position	\$ 360,862
Investments	12,319,089
Restricted investments	1,143,380
Fiduciary investments	212,876
Agency investments	17,219
Total Carrying Amount	\$ 14,053,426

Interest Rate Risk

The City is not required to have, and does not have, a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

CITY OF FLORENCE, COLORADO

Notes To Basic Financial Statements (*Continued*)

Credit Risk

The City is not required to have, and does not have, an investment policy that limits its investment choices other than the limitation of state law as follows:

1. Direct obligations of the U.S. government, its agencies and its instrumentalities to which the full faith and credit of the U.S. government is pledged or obligations to the payment of which the full faith and credit of the state is pledged;
2. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions;
3. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements;
4. Town, municipal or school district tax supported debt obligations; bond or revenue anticipation notes or bond or revenue anticipation notes of public trusts whose beneficiary is a town, municipality or school district;
5. Notes or bonds secured by a mortgage or trust deed insured by the Federal Housing Administration and debentures issued by the Federal Housing Administration and obligations of the National Mortgage Association and
6. Money market funds regulated by the Securities and Exchange Commission in which investments consist of the investments in 1, 2, 3 and 4 above.

Concentrations Of Credit Risk

The City places no limit on the amount it may invest in any one issuer. At December 31, 2013, the City had no concentration of investment credit risk.

The City invests excess funds under the prudent investor rule. Criteria for selection of investments and their order of priority are: 1) safety, 2) liquidity and 3) yield.

Restricted Cash And Investments

Investments in the General Fund have been restricted in the amount of \$65,686 for emergency reserves. Cash in the Water Fund of \$1,077,694 has been restricted for payment of bonds and construction.

CITY OF FLORENCE, COLORADO

Notes To Basic Financial Statements (Continued)

3. Property Tax Accrual

Property taxes, which have been levied for 2013 but will not be collected until 2014, have been accrued as a receivable at December 31, 2013. An offsetting deferred inflow of resources for unearned property tax revenue has been recorded in the General Fund.

4. Interfund Receivables, Payables And Transfers

Interfund Transfers

Interfund transfers consist of the following:

	Transfers In						Total
	General Fund	Swimming Pool Fund	Cemetery Construction Fund	Recreation Fund	Capital Projects Fund	Perpetual Care Reserve Fund	
Transfers Out							
General Fund	\$ —	\$ —	\$ 5,768	\$ 521	\$ 33,837	\$ 5,768	\$ 45,894
Water Fund	286,121	—	—	—	—	—	286,121
Conservation Trust Fund	34,270	—	—	—	—	—	34,270
Community Projects Fund	—	—	—	—	—	—	—
Pool, Park and Recreation Fund	—	154,831	—	—	—	—	154,831
Total	\$ 320,391	\$ 154,831	\$ 5,768	\$ 521	\$ 33,837	\$ 5,768	\$ 521,116

Interfund transfers occur during the year for reimbursements of expenditures originally paid for by other funds, lease payments made between funds and budgeted transfers used to supplement existing fund revenues.

Due To	Due From		Total
	General Fund	Capital Improvement Fund	
General Fund	\$ —	\$ 81,461	\$ 81,461
Capital Improvements and Acquisition Fund	81,461	—	81,461
Total	\$ 81,461	\$ 81,461	\$ 162,922

Interfund Loans

The General Fund owes the Capital Improvements and Acquisition Fund \$81,461 in interfund loans. The amount due to the Capital Improvements and Acquisition Fund within one year is \$41,077. The loans are payable in annual installments and carry interest of 3% and 3.5%.

CITY OF FLORENCE, COLORADO

Notes To Basic Financial Statements (*Continued*)

5. Capital Assets

Governmental Activities

Governmental activities consist of the following:

	Balance December 31, 2012	Additions	Deletions	Balance December 31, 2013
Capital Assets Not Being Depreciated				
Land	\$ 126,993	\$ —	\$ —	\$ 126,993
Easements	5,935	—	—	5,935
Construction in progress	161,651	6,103	—	167,754
Total Capital Assets Not Being Depreciated	294,579	6,103		300,682
Depreciable Capital Assets				
Buildings and improvements	2,373,331	114,850	—	2,488,181
Vehicles and equipment	898,371	145,949	(63,367)	980,953
Office equipment	19,456	—	—	19,456
Infrastructure	1,243,126	—	—	1,243,126
Total Depreciable Capital Assets	4,534,284	260,799	(63,367)	4,731,716
Accumulated depreciation	(2,019,162)	(270,813)	63,367	(2,226,608)
Net Depreciable Capital Assets	2,515,122	(10,014)	—	2,505,108
Total Net Governmental Activities Capital Assets	\$ 2,809,701	\$ (3,911)	\$ —	\$ 2,805,790

Governmental activities depreciation expense for the year ended December 31, 2013 is as follows:

Administration	\$ 97,132
Police	20,078
Streets	106,160
Sanitation	10,562
Cemetery	13,448
Parks and recreation	23,433
Total Depreciation Expense	\$ 270,813

CITY OF FLORENCE, COLORADO

Notes To Basic Financial Statements (Continued)

Business-Type Activities

Certain costs of capital assets in the Water Fund have been estimated. These include transmission lines of \$1,000,000.

	Balance December 31, 2012	Additions	Deletions	Balance December 31, 2013
Capital Assets Not Being Depreciated				
Land	\$ 79,425	\$ —	\$ —	\$ 79,425
Water shares	507,839		—	507,839
Construction in progress	64,393	1,328,338	(32,490)	1,360,241
Total Capital Assets Not Being Depreciated	651,657	1,328,338	(32,490)	1,947,505
Other Capital Assets				
Water treatment plant	4,006,700	75,450	—	4,082,150
Transmission and distribution	6,848,067	651,475	—	7,499,542
Equipment	1,335,992	25,285		1,361,277
Regional assets	15,707,912	—	—	15,707,912
Regional construction	6,628,349	—	—	6,628,349
Swimming pool	449,775	143,196	—	592,971
Total Depreciable Capital Assets	34,976,795	895,406	—	35,872,201
Accumulated depreciation	(13,704,861)	(1,136,338)	—	(14,841,199)
Net Depreciable Capital Assets	21,271,934	(240,932)	—	21,031,002
Total Net Business-Type Activities Capital Assets	\$ 21,923,591	\$ 1,087,406	\$ (32,490)	\$ 22,978,507

Business-type activities depreciation expense for the year ended December 31, 2013 is as follows:

Water Fund	\$ 1,112,229
Swimming Pool Fund	24,109
Total Depreciation Expense	\$ 1,136,338

6. Compensated Absences

The City records vacation as it is earned. Included in the compensated absences liability in the governmental activities column of the statement of net position is accumulated vacation of \$54,577 and in the business-type activities column of \$12,655.

CITY OF FLORENCE, COLORADO

Notes To Basic Financial Statements (Continued)

7. Long-Term Debt

Note Payable - Water Fund

Note payable to the Colorado Water Resources and Power Development Authority, dated November 1, 2003. Interest at 3.51%. Principal and interest are due on June 1 and December 1 of each year through June 2025. \$ 8,391,890

Note payable to the Colorado Water Resources and Power Development Authority, dated January 25, 2005. Interest at 3.5%. Principal and interest are due on June 1 and December 1 of each year through December 2025. 524,844

Drinking Water Revolving Fund ARRA Direct Loan

Note payable to the Colorado Water Resources and Power Development Authority, dated October 7, 2009. Interest at 0% (interest free loan) from ARRA funding. Principal is due on June 1 and December 1 of each year through December 2029. 1,600,000

Water Revenue Refunding Bonds

Water revenue bond series 2013A dated May 30, 2013. Interest varies from between 3% and 5%. Interest is due June 1 and December 1 of each year. Principal is due on December 1 of each year starting December 2016 through 2033. 9,770,000

Water revenue bond series 2013B dated May 30, 2013. Interest at 4.05%. Interest is due June 1 and December 1 of each year. Principal is due on December 1 of each year starting December 2016 through 2026. 1,000,000

Governmental Activities

Lease with GE Government Finance dated May 24, 2010. Interest at 5.42%, monthly payments of \$2,567 due on the first of each month through June 1, 2020. 168,461

Lease with Ally Financial dated July 2, 2013. Interest at 5.94%, annual payments of \$23,815 due on August 15 through August, 2016. \$ 63,727

CITY OF FLORENCE, COLORADO

Notes To Basic Financial Statements (Continued)

The assets acquired through capital leases are as follows (amortization expense is included in the depreciation expense):

	<u>Governmental Activities</u>
Asset:	
Kenetic Leasing - Ford truck	\$ 105,616
Less: Accumulated depreciation	<u>(81,165)</u>
Total	<u><u>\$ 24,451</u></u>
Energy Management System	\$ 237,179
Less: Accumulated depreciation	<u>(100,519)</u>
Total	<u><u>\$ 136,660</u></u>
Ally Financial	\$ 87,542
Less: Accumulated depreciation	<u>(16,239)</u>
Total	<u><u>\$ 71,303</u></u>

Summary Of Changes In Long-Term Debt

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Kinetic Leasing	\$ 17,977	\$ —	\$ 17,977	\$ —	\$ —
GE Government Financing	189,515	—	21,054	168,461	22,224
Ally Financial	—	87,542	23,815	63,727	20,029
Compensated absences	38,883	15,694	—	54,577	—
Total Governmental Activities	<u>\$ 246,375</u>	<u>\$ 103,236</u>	<u>\$ 62,846</u>	<u>\$ 286,765</u>	<u>\$ 42,253</u>
Business-Type Activities					
Water Revenue Refunding Bond Series 2003A	\$ 2,310,000	\$ —	\$ 2,310,000	\$ —	\$ —
CWR&PDA Loan (Series 2003B)	9,031,009	—	639,119	8,391,890	650,233
CWR&PDA Loan dated January 2005	559,500	—	34,656	524,844	35,881
CWR&PDA Loan dated October 2009	1,700,000	—	100,000	1,600,000	100,000
Refunding Bond Series 2013A	—	9,770,000	—	9,770,000	—
Refunding Bond Series 2013B	—	1,000,000	—	1,000,000	—
2013 Bond Premium	—	210,607	5,267	205,340	—
Compensated absences	11,311	1,344	—	12,655	—
Total Business-Type Activities	<u>\$ 13,611,820</u>	<u>\$ 10,981,951</u>	<u>\$ 3,089,042</u>	<u>\$ 21,504,729</u>	<u>\$ 786,114</u>

CITY OF FLORENCE, COLORADO

Notes To Basic Financial Statements (Continued)

Long-Term Debt Requirements To Maturity

<u>Year</u>	<u>Notes</u>	<u>Bonds</u>	<u>Lease</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 786,113	\$ —	\$ 42,253	\$ 670,626	\$ 1,498,992
2015	798,495	—	44,678	655,539	1,498,712
2016	810,922	50,000	47,241	639,707	1,547,870
2017	823,395	50,000	26,138	621,054	1,520,587
2018	838,694	50,000	27,591	602,480	1,518,765
2019 - 2023	4,474,783	265,000	44,287	2,711,944	7,496,014
2024 - 2028	1,884,334	3,830,000	—	2,056,888	7,771,222
2029 - 2033	100,000	6,525,000	—	926,000	7,551,000
Total	\$ 10,516,736	\$ 10,770,000	\$ 232,188	\$ 8,884,238	\$ 30,403,162

Over the years, the City has issued revenue bonds with pledged revenues as collateral. The revenue bonds have been issued as utilities revenue bonds. These bonds were issued to finance various construction projects within the Water Fund, with the pledged revenue coming from this enterprise fund.

	<u>Amount Pledged</u>	<u>Term Of Commitment</u>
Utilities Revenue Bonds	\$ 15,230,057	2003 - 2033

The total pledged revenue is not estimable in comparison to pledged debt in that revenues are uncertain as to future amounts. However, the debt coverage requirement for each issue must be met, or the bonds will be in default. The City's debt service coverage may not provide sufficient coverage each year for the pledged debt. The debt service coverage, or comparison of pledged revenues net of specific operating expenses, for each pledged debt is provided in the table below.

<u>Fiscal Year</u>	<u>Applicable Revenues</u>	<u>Less: Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	
2013	\$ 3,106,401	\$ 2,469,852	\$ 636,549	\$ 3,089,042	\$ 625,106	0.2

8. Commitments and Contingencies

Federal Financial Assistance

In prior years, the City has received significant amounts of money in the form of federal and state grants. Such grants are subject to audit by the grantor agency. As of December 31, 2013, significant amounts of these grants had not been audited by the respective agencies.

Construction Commitments

As of December 31, 2013, the City had construction commitments in the amount of \$95,341 for the North Reservoir Project.

Revenue And Spending Limits

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The City believes it is in compliance with the requirements of the amendment. However, the City has made certain interpretations of the amendment's language in order to determine its compliance.

Legal Matters

In the normal course of its operations, the City becomes party to various legal proceedings. The City does not believe any of the current legal proceedings, or potential proceedings of which the City is aware, will have a material adverse impact on the City.

9. Concentrations

During the year, approximately 43% of the City's water sales were to the nearby federal prison. Additionally, approximately 57% of customers accounts receivable is attributable to the nearby federal prison.

10. Retirement Provisions/Pension Plan

457 Deferred Compensation Plan

The City's employees may contribute to the deferred compensation plan established under Internal Revenue Code (IRC) 457 entitled *The United States Conference of Mayors Deferred Compensation Plan for Public Employees*. Employees are allowed to contribute up to IRC limits. Employees are eligible if they are "regular full-time" employees and may receive the matching contribution of 3% of their base pay if they have been employed with the City for one full year and currently contribute at least 3% of their base pay. Approximately 59% of the employees currently participate in the plan. Contributions of \$44,749 were made during the year, \$13,227 from the City and \$31,522 from employees. Financial statements of the plan may be obtained from Nationwide Retirement Solutions, PO Box 182797, Columbus, Ohio 43218-2797.

Police Pension

The City's police officers participate in the Fire and Police Pension Association (FPPA), a multiple-employer public retirement plan. The total payroll of the City's participating employees for the year was \$357,251. Employer and employee contributions to FPPA for the year ended December 31, 2013 were \$32,422 and \$30,227, respectively. The City's employer contributions to FPPA for the years ended December 31, 2012 and 2011 were \$25,238 and \$24,691, respectively.

Financial statements of the plan may be obtained from FPPA at 5290 DTC Parkway, Suite 100, Englewood, Colorado 80111.

The plan is a multi-employer, cost-sharing defined benefit pension plan covering substantially all full-time employees for participating fire or police departments in Colorado hired on or after April 8, 1978 (New Hires), provided they are not already covered by a statutory exempt plan. Colorado State Statutes govern the creation and amendment of the plan.

CITY OF FLORENCE, COLORADO

Notes To Basic Financial Statements (*Continued*)

Participants are eligible to retire upon reaching the age of 55 and completing 25 years of service. The annual normal pension is 2% of the average of the member's highest 3 years base salary multiplied by the member's years of service prior to age 60 (not to exceed 25) plus 2% of the average for each additional year worked after completing 25 years and reaching age 55 for a maximum additional benefit of 20%. Benefits paid to retired members are evaluated and re-determined on October 1 of each year. Any increase in the level of benefits cannot exceed the lesser of the increase in the consumer price index or 3%. In addition, upon retirement, a participant may receive additional benefits credited to the participant's separate retirement account each year after January 1, 1988, which are attributable to contributions in excess of the actuarially determined pension cost and any earnings or losses thereon.

It is the policy of the plan that the contribution rate be established at a level that will result in all benefits being fully funded at the retirement date of all members of the statewide plan. At the present time, employees and employers are required to contribute 8% of the employees' salary to the plan.

11. Risk Management

The City is exposed to various risks of loss related to injuries of employees while on the job, property loss and torts committed by the City or its employees. The City joined together with other municipalities in the State of Colorado to form the Colorado Intergovernmental Risk Sharing Agency, a public entity risk pool currently operating as a common risk management and insurance program for members. The City pays an annual contribution for its workers' compensation and property and liability insurance coverage.

The intergovernmental agreement provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and that the pool will purchase insurance through commercial companies for members' claims in excess of specified self-insured retention, which is determined each policy year. There has been no significant reduction in coverage, and the City's claims have not exceeded its coverage in any of the last three years.

12. Prior-Period Adjustment

2013 beginning net position in the business-type activities and the Water Fund was decreased by \$179,654 as a result of implementing GASB 65, the amount represented unamortized bond issuance costs.

Required Supplementary Information

CITY OF FLORENCE, COLORADO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**

December 31, 2013

Page 1 Of 2

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Taxes				
Property taxes	\$ 452,200	\$ 452,200	\$ 439,013	\$ (13,187)
Sales and use tax	651,000	651,000	613,734	(37,266)
Business taxes	233,500	233,500	245,259	11,759
Specific ownership tax	55,000	55,000	56,530	1,530
Motor vehicle registration	15,000	15,000	13,591	(1,409)
Total Taxes	1,406,700	1,406,700	1,368,127	(38,573)
Interest And Miscellaneous Income	106,987	106,987	93,925	(13,062)
Other Revenue	—	—	183,461	183,461
Charges For Services				
General government	50,000	50,000	58,197	8,197
Building permits	21,000	21,000	12,931	(8,069)
Cemetery receipts	32,000	32,000	19,095	(12,905)
Refuse disposal	169,000	169,000	160,013	(8,987)
Fines and forfeitures	60,115	60,115	89,122	29,007
Police services	206,104	206,104	203,385	(2,719)
Total Charges For Services	538,219	538,219	542,743	4,524
Grants And Contributions				
Highway user tax	123,116	123,116	123,470	354
Cigarette tax apportionment	3,700	3,700	3,756	56
Total Grants And Contributions	126,816	126,816	127,226	410
Total Revenue	2,178,722	2,178,722	2,315,482	136,760
Other Financing Sources				
Proceeds from capital lease	—	—	87,542	87,542
Sale of assets	20,000	20,000	17,696	(2,304)
Transfers from other funds	320,304	320,304	320,391	87
Total Other Financing Sources	340,304	340,304	425,629	85,325
Total Revenue And Other Financing Sources	2,519,026	2,519,026	2,741,111	222,085

Note: The basis for budgeting is the same as GAAP. This schedule is presented on the GAAP basis.

CITY OF FLORENCE, COLORADO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

December 31, 2013

Page 2 Of 2

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
General Government				
Maintenance of building	\$ 147,353	\$ 147,353	\$ 121,841	\$ 25,512
Legislative	105,126	105,126	114,877	(9,751)
Judicial	44,879	44,879	54,980	(10,101)
Executive	101,640	101,640	107,346	(5,706)
Administrative	206,262	206,262	227,858	(21,596)
Other	56,746	231,746	24,680	207,066
Total General Government	662,006	837,006	651,582	185,424
Public Safety				
Police	660,249	660,249	714,415	(54,166)
Dispatch	376,699	376,699	320,075	56,624
Total Public Safety	1,036,948	1,036,948	1,034,490	2,458
Public Works				
Streets	485,712	485,712	458,148	27,564
Sanitation	150,922	150,922	139,335	11,587
Total Public Works	636,634	636,634	597,483	39,151
Planning And Building				
Planning/building inspector	33,776	33,776	44,434	(10,658)
Other				
Cemetery	60,635	60,635	70,495	(9,860)
Parks and recreation	42,573	42,573	46,607	(4,034)
Total Other	103,208	103,208	117,102	(13,894)
Debt Service				
Principal	39,031	39,031	62,846	(23,815)
Interest	10,623	10,623	10,623	—
Total Debt Service	49,654	49,654	73,469	(23,815)
Capital Outlay	—	—	179,526	(179,526)
Total Expenditures	2,522,226	2,697,226	2,698,086	(860)
Other Financing Uses				
Transfers to other funds	1,800	1,800	45,894	(44,094)
Total Expenditures And Other Financing Uses	\$ 2,524,026	\$ 2,699,026	\$ 2,743,980	\$ (44,954)

Note: The basis for budgeting is the same as GAAP. This schedule is presented on the GAAP basis.

This Page Intentionally Left Blank

Supplementary Information

CITY OF FLORENCE, COLORADO
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
December 31, 2013

	Special Revenue Funds				Capital Projects Funds				Total Nonmajor Governmental Funds
	Conservation Trust Fund	Community Projects Fund	Park And Recreation Fund	Pool, Recreation Program Fund	Equipment Replacement Fund	Capital Improvements Fund	Cemetery Construction Fund	Nonmajor Governmental Funds	
Assets									
Investments	\$ 93,007	\$ 42,340	490,634	\$ —	\$ 14,427	\$ 223,661	\$ 28,443	\$ 892,512	
Receivables	—	—	21,495	—	—	—	—	21,495	
Taxes	—	—	—	—	—	81,461	—	81,461	
Interfund loan receivable	—	—	—	—	—	—	—	—	
Total Assets	\$ 93,007	\$ 42,340	\$ 512,129	\$ —	\$ 14,427	\$ 305,122	\$ 28,443	\$ 995,468	
Fund Balances									
Restricted	\$ 93,007	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 93,007	
Assigned	—	42,340	512,129	—	14,427	305,122	28,443	902,461	
Total Fund Balances	93,007	42,340	512,129	—	14,427	305,122	28,443	995,468	
Total Liabilities And Fund Balances	\$ 93,007	\$ 42,340	\$ 512,129	\$ —	\$ 14,427	\$ 305,122	\$ 28,443	\$ 995,468	

CITY OF FLORENCE, COLORADO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

For The Year Ended December 31, 2013

	Special Revenue Funds			Capital Projects Funds					Total Nonmajor Governmental Funds
	Conservation Trust Fund	Community Projects Fund	Pool, Park And Recreation Fund	Recreation Program Fund	Equipment Replacement Fund	Capital Improvements Fund	Cemetery Construction Fund		
Revenue									
Sales and use tax	\$ —	\$ —	\$ 153,505	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 153,505
Intergovernmental	42,036	—	—	—	—	—	—	—	42,036
Interest and miscellaneous income	109	70	862	—	20	3,332	67	—	4,460
Charges for services	—	—	—	2,001	—	—	—	—	2,001
Capital grants	—	—	—	—	—	—	—	—	—
Total Revenue	42,145	70	154,367	2,001	20	3,332	67	—	202,002
Expenditures									
Current									
Parks and recreation	—	—	—	2,617	—	—	—	—	2,617
Capital outlay	—	—	—	—	—	—	36,800	—	36,800
Total Expenditures	—	—	—	2,617	—	—	36,800	—	39,417
Excess (Deficiency) Of Revenue Over (Under) Expenditures	42,145	70	154,367	(616)	20	3,332	(36,733)	—	162,585
Other Financing Sources (Uses)									
Transfer from other funds	—	—	—	521	—	—	5,768	—	6,289
Transfer to other funds	(34,270)	—	(154,831)	—	—	—	—	—	(189,101)
Total Other Financing Sources (Uses)	(34,270)	—	(154,831)	521	—	—	5,768	—	(182,812)
Excess (Deficiency) Of Revenue And Other Sources Over (Under) Expenditures And Other Uses	7,875	70	(464)	(95)	20	3,332	(30,965)	—	(20,227)
Fund Balances - Beginning Of Year	85,132	42,270 ✓	512,593	95 ✓	14,407 ✓	301,790	59,408 ✓	—	1,015,695
Fund Balances - End Of Year	\$ 93,007	\$ 42,340 ✓	\$ 512,129	\$ — ✓	\$ 14,427 ✓	\$ 305,122	\$ 28,443 ✓	\$ —	\$ 995,468

See the independent auditors' report.

CITY OF FLORENCE, COLORADO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS -
EQUIPMENT REPLACEMENT FUND
For The Year Ended December 31, 2013**

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Interest income	\$ 20	\$ 20	\$ —
Excess Of Revenues Over Expenditures	<u>\$ 20</u>	<u>20</u>	<u>\$ —</u>
Fund Balance - Beginning Of Year		<u>14,407</u> ✓	
Fund Balance - End Of Year		<u>\$ 14,427</u> ✓	

CITY OF FLORENCE, COLORADO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS -
CONSERVATION TRUST FUND
For The Year Ended December 31, 2013**

	Original And Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental revenues	\$ 35,315	\$ 42,036	\$ 6,721
Interest income	100	109	9
Total Revenues	35,415	42,145	6,730
Other Financing Uses			
Transfers to other funds	(34,270)	(34,270)	—
Excess Of Revenues Over Other Financing Uses	<u>\$ 1,145</u>	<u>7,875</u>	<u>\$ 6,730</u>
Fund Balance - Beginning Of Year		<u>85,132</u> ✓	
Fund Balance - End Of Year		<u>\$ 93,007</u> ✓	

CITY OF FLORENCE, COLORADO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS -
CAPITAL IMPROVEMENTS AND ACQUISITION FUND
For The Year Ended December 31, 2013**

	Original And Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Interest income	\$ 200	\$ 3,332	\$ 3,132
Other Financing Sources			
Transfers in	5,217	—	(5,217)
Excess (Deficiency) Of Revenues And Other Financing Sources Over (Under) Expenditures	<u>\$ 5,417</u>	<u>3,332</u>	<u>\$ (2,085)</u>
Fund Balance - Beginning Of Year		<u>301,790</u> ✓	
Fund Balance - End Of Year		<u>\$ 305,122</u> ✓	

CITY OF FLORENCE, COLORADO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS -
COMMUNITY PROJECTS FUND
For The Year Ended December 31, 2013**

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Interest income	\$ 100	\$ 70	\$ (30)
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>\$ 100</u>	<u>70</u>	<u>\$ (30)</u>
Fund Balance - Beginning Of Year		<u>42,270</u> ✓	
Fund Balance - End Of Year		<u>\$ 42,340</u> ✓	

CITY OF FLORENCE, COLORADO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS - CEMETERY CONSTRUCTION FUND For The Year Ended December 31, 2013

	Original And Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Interest income	\$ 90	\$ 67	\$ (23)
Expenditures			
Capital outlays	36,800	36,800	—
Deficiency Of Revenues Under Expenditures	(36,710)	(36,733)	(23)
Other Financing Sources			
Transfers from other funds	—	5,768	5,768
Excess (Deficiency) Of Revenues And Other Financing Sources Over (Under) Expenditures	<u>\$ (36,710)</u>	<u>(30,965)</u>	<u>\$ 5,745</u>
Fund Balance - Beginning Of Year		<u>59,408</u> ✓	
Fund Balance - End Of Year		<u>\$ 28,443</u> ✓	

CITY OF FLORENCE, COLORADO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS -
POOL, PARK AND RECREATION FUND
For The Year Ended December 31, 2013**

	Original And Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Sales and use tax	\$ 162,500	\$ 153,505	\$ (8,995)
Interest income	2,000	862	(1,138)
Total Revenues	164,500	154,367	(10,133)
Other Financing Uses			
Transfers to other funds	(155,000)	(154,831)	169
Excess (Deficiency) Of Revenues Over (Under)			
Other Financing Uses	\$ 9,500	(464)	\$ (9,964)
Fund Balance - Beginning Of Year		<u>512,593</u> ✓	
Fund Balance - End Of Year		<u>\$ 512,129</u> ✓	

CITY OF FLORENCE, COLORADO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS -
RECREATION FUND**

For The Year Ended December 31, 2013

	Original And Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Miscellaneous	\$ 3,000	\$ 2,001	\$ (999)
Expenditures			
Parks and recreation	5,000	2,617	2,383
Excess (Deficiency) Of Expenditures Over (Under) Revenues	(2,000)	(616)	1,384
Other Financing Sources			
Transfers from other funds	2,000	521	(1,479)
Deficiency Of Revenues And Other Financing Sources Under Expenditures	<u>\$ —</u>	<u>(95)</u>	<u>\$ (95)</u>
Fund Balance - Beginning Of Year		<u>95</u> ✓	
Fund Balance - End Of Year		<u>\$ —</u> ✓	

CITY OF FLORENCE, COLORADO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
For The Year Ended December 31, 2013**

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Grant revenue	\$ 316,037	\$ 59,125	\$ (256,912)
Interest	60	54 ✓	(6)
Total Revenues	316,097	59,179	(256,918)
Expenditures			
Capital outlays	354,037	43,170 ✓	310,867
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(37,940)	16,009	53,949
Other Financing Sources			
Transfers from other funds	—	33,837 ✓	33,837
Excess (Deficiency) Of Revenues And Other Financing Sources Over (Under) Expenditures	\$ (37,940)	49,846	\$ 87,786
Fund Balance - Beginning Of Year		<u>(8,805) ✓</u>	
Fund Balance - End Of Year		<u>\$ 41,041 ✓</u>	

CITY OF FLORENCE, COLORADO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - WATER FUND
For The Year Ended December 31, 2013**

	Original And Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Charges for services	\$ 1,925,000	\$ 1,967,881	\$ 42,881
Tap fees and connection charges	76,768	14,056	(62,712)
Interest income	18,000	11,231	(6,769)
Debt retirement	1,132,978	1,138,520	5,542
Sale of assets	500	—	(500)
Total Revenues	3,153,246	3,131,688	(21,558)
Expenditures			
Administration	50,400	234,390	(183,990)
Water system	1,163,079	1,123,233	39,846
Principal and interest payments	1,214,368	3,714,148	(2,499,780)
Capital outlay	2,140,245	488,217	1,652,028
Transfers out	1,159,222	286,121	873,101
Total Expenditures	5,727,314	5,846,109	(118,795)
Excess Of Expenditures Over (Under) Revenues	\$ (2,574,068)	(2,714,421)	\$ (140,353)
Reconciliation Of Excess Of Expenditures Over (Under) Revenues To Net Loss			
Depreciation		(1,112,229)	
Principal retirement of long-term debt		3,089,042	
Capital outlay		488,217	
Net Loss		\$ (249,391)	

CITY OF FLORENCE, COLORADO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - SWIMMING POOL FUND
For The Year Ended December 31, 2013**

	Original And Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Charges for services	\$ 28,950	\$ 30,033 ✓	\$ 1,083
Transfers in	185,180	154,831 ✓	(30,349)
Total Revenues	214,130	184,864	(29,266)
Expenditures			
Administration	43,990	49,926 ✓	(5,936)
Recreation	25,140	24,023 ✓	1,117
Capital outlay	125,000	—	125,000
Depreciation	20,000	24,109	(4,109)
Total Expenditures	214,130	98,058 ✓	116,072
Excess Of Revenues Over Expenditures	\$ —	\$ 86,806	\$ 86,806

CITY OF FLORENCE, COLORADO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - PERPETUAL CARE RESERVE FUND
For The Year Ended December 31, 2013**

	Original And Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Interest income	\$ 1,200	\$ 602	\$ (598)
Other Financing Sources			
Transfers from other funds	5,000	5,768	768
Excess Of Revenues And Other Financing Sources Over Expenditures	<u>\$ 6,200</u>	<u>6,370</u>	<u>\$ 170</u>
Fund Balance - Beginning Of Year		<u>206,506 ✓</u>	
Fund Balance - End Of Year		<u>\$ 212,876 ✓</u>	

CITY OF FLORENCE, COLORADO
STATEMENT OF CHANGES IN AGENCY FUND
For The Year Ended December 31, 2013

	Balance December 31, 2012	Additions	Deletions	Balance December 31, 2013
Assets				
Cash	\$ 17,198 ✓	\$ 21	\$ —	\$ 17,219 ✓
Liabilities				
Due to school district	\$ 17,198	\$ 21	\$ —	\$ 17,219

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

LOCAL HIGHWAY FINANCE REPORT		City or County: City of Florence			
		YEAR ENDING: December 2013			
This Information From The Records Of (example - City of _ or County of _): City of Florence		Prepared By: Patricia Mock Phone: (719) 784-4848 ext. 223			
I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE					
ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration	
1. Total receipts available					
2. Minus amount used for collection expenses					
3. Minus amount used for nonhighway purposes					
4. Minus amount used for mass transit					
5. Remainder used for highway purposes					
II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES			
ITEM	AMOUNT	ITEM	AMOUNT		
A. Receipts from local sources:		A. Local highway disbursements:			
1. Local highway-user taxes		1. Capital outlay (from page 2)	\$ —		
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	298,704		
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:			
c. Total (a.+b.)		a. Traffic control operations	—		
2. General fund appropriations	\$ 554,112	b. Snow and ice removal	54,310		
3. Other local imposts (from page 2)	66,345	c. Other	60,437		
4. Miscellaneous local receipts (from page 2)	—	d. Total (a. through c.)	114,747		
5. Transfers from toll facilities	—	4. miscellaneous	—		
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	345,172		
a. Bonds - Original Issues	—	6. Total (1through 5)	758,623		
b. Bonds - Refunding Issues	—	B. Debt service on local obligations:			
c. Notes	—	1. Bonds:			
d. Total (a. +b. +c.)	—	a. Interest	—		
7. Total (1through 6)	620,457	b. Redemption	—		
B. Private Contributions	—	c. Total (a.+b.)	—		
C. Receipts from State government (from page 2)	138,166	2. Notes:			
D. Receipts from Federal Government (from page 2)	—	a. Interest	—		
E. Total receipts (A.7 + B + C + D)	758,623	b. Redemption	—		
		c. Total (a.+b.)	—		
		3. Total (1c +2.c)	—		
		C. Payments to State for highways	—		
		D. Payments to toll facilities	—		
		E. +D)	758,623		
IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)					
	Opening Debt	Amount Issued	Redemptions	Closing Debt	
A. Bonds (Total)	\$ —	\$ —	\$ —	\$ —	
1. Bonds (Refunding Portion)	—	—	—	—	
B. Notes (Total)	—	—	—	—	
V. LOCAL ROAD AND STREET FUND BALANCE					
	Beginning	Total	Total	Ending	E. Reconciliation
	A. Balance	B. Receipts	C. Disbursements	D. Balance	
	\$ —	\$ 758,623	\$ 758,623	\$ —	\$ —
Notes and Comments:					

LOCAL HIGHWAY FINANCE REPORT

State: Colorado
 YEAR ENDING: December 2013

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	\$ —	a. Interest on investments	\$ —
b. Other local imposts:		b. Traffic Fines & Penalties	—
1. Sales Taxes	—	c. Parking Garage Fees	—
2. Infrastructure & Impact Fees	—	d. Parking Meter Fees	—
3. Liens	—	e. Sale of Surplus Property	—
4. Licenses	—	f. Charges for Services	—
5. Specific Ownership &/or Other	66,345	g. Other Misc. Receipts	—
6. Total (1 through 5.)	66,345	h. Other Misc. Receipts	—
c. Total (a. = b.)	66,345	i. Total (a. through h.)	—
(Carry forward to page 1)		(Carry forward to page 1)	

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Government	
1. Highway-user taxes	\$ 123,470	1. FHWA (from Item I.D.5.)	
2. State general funds	—	2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	\$ —
a. State bond proceeds	—	b. FEMA	—
b. Project Match	—	c. HUD	—
c. Motor Vehicle Registrations	14,696	d. Federal Transit Administration	—
d. Other (Specify) - DOLA Grant	—	e. U.S. Corps of Engineers	—
e. Other (Specify) - CSU Grant	—	f. Other Federal	—
f. Total (a. through e.)	14,696	g. Total (a. through f.)	—
4. Total (1.+2.+3.f)	138,166	3. Total (1.+2.g)	—
(Carry forward to page 1)		(Carry forward to page 1)	

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs	\$ —	\$ —	\$ —
b. Engineering Costs	—	—	—
c. Construction:			
(1) New Facilities	—	—	—
(2) Capacity Improvements	—	—	—
(3) System Preservation	—	—	—
(4) System Enhancement & Operation	—	—	—
(5) Total Construction (1)+(2)+(3)+(4)	—	—	—
d. Total Capital Outlay (Lines 1a.+1b.+1c.5)	—	—	—
			(Carry forward to page 1)

Notes and Comments:

