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**CITY OF FLORENCE, COLORADO**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2011**

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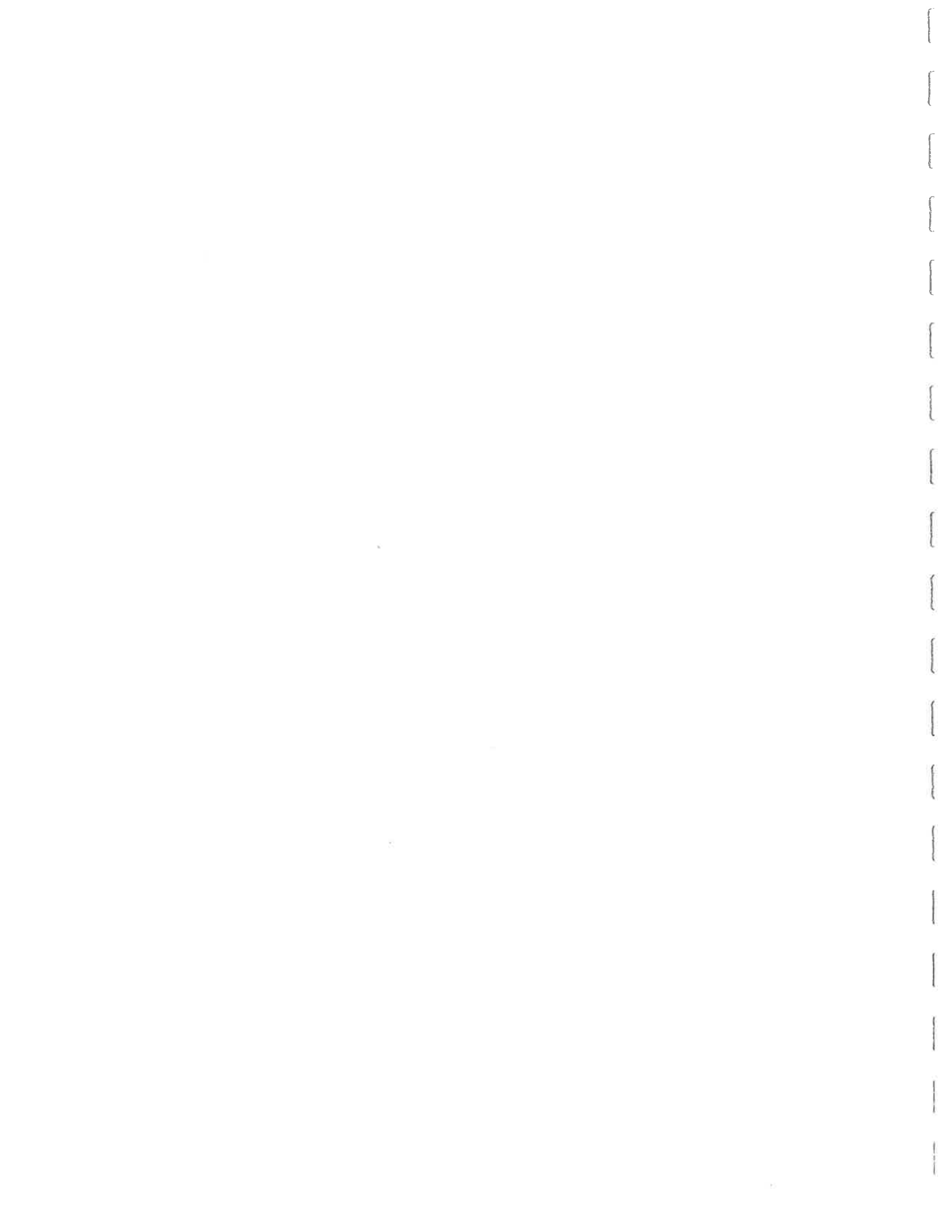


  
Rubin Brown®

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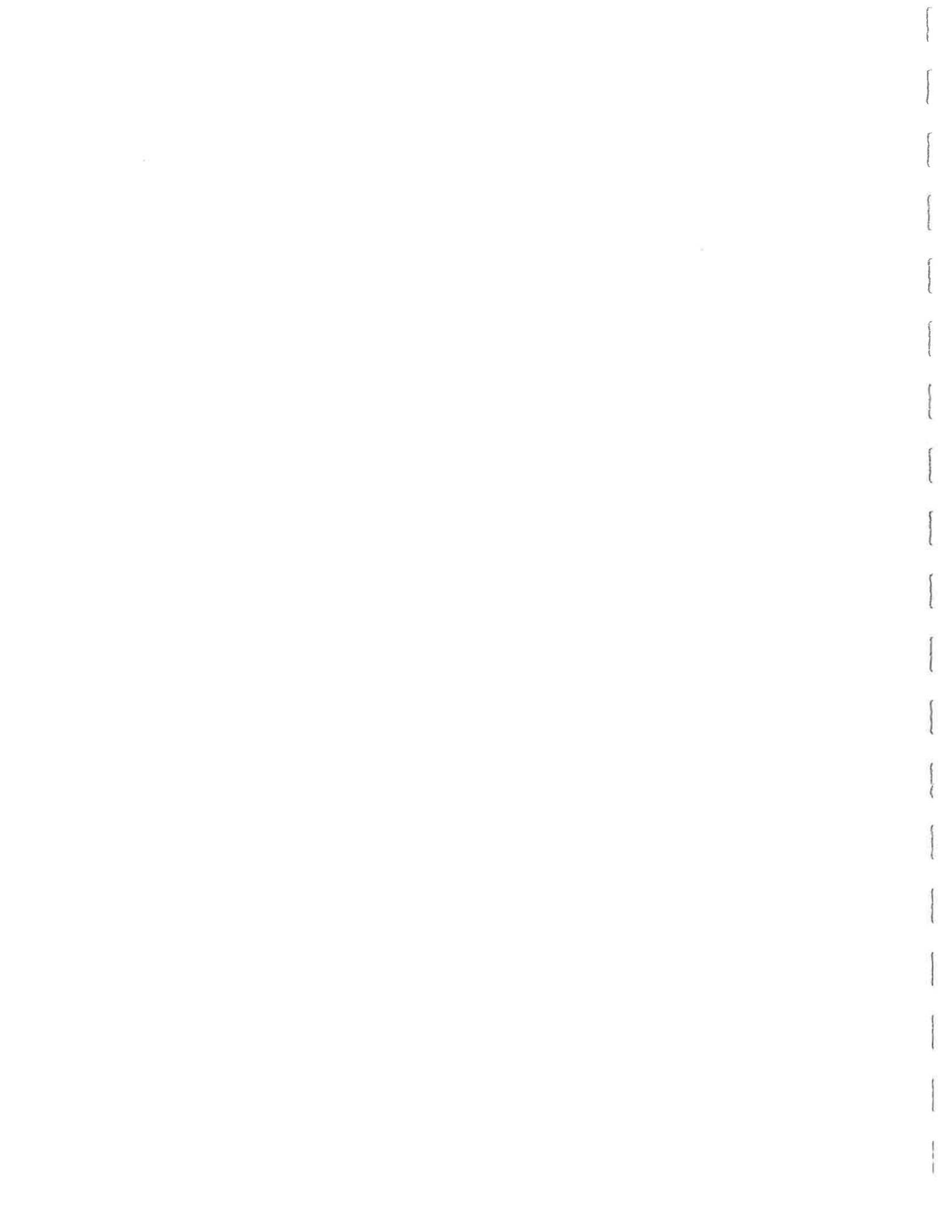
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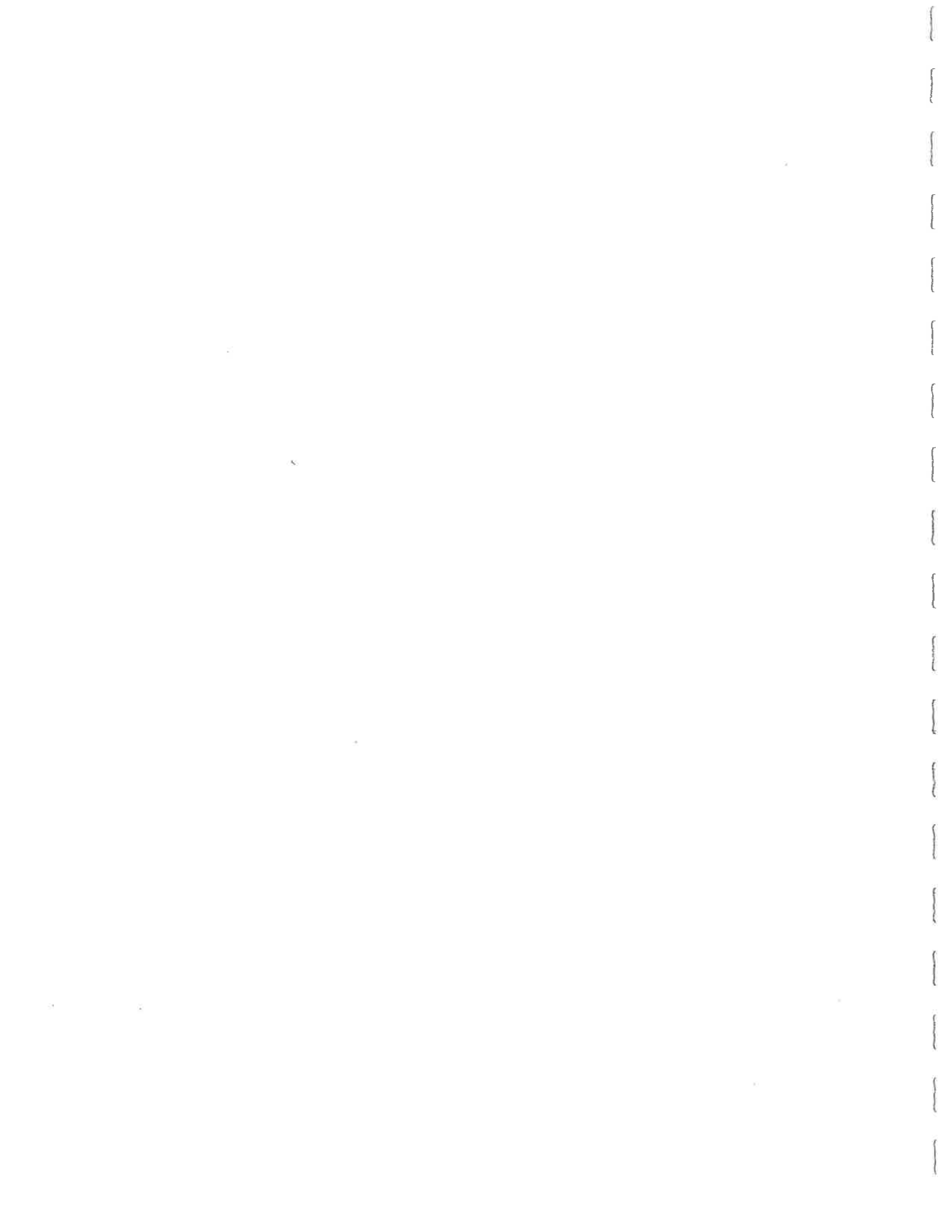
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## Independent Auditors' Report

City Council  
City of Florence, Colorado

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, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously 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, 2011, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1, the City implemented GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2012 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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 3 through 11 and 43 through 44 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; combining and individual nonmajor fund financial statements and schedules; the budget-to-actual fund schedules and the Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The Schedule of Expenditures of Federal Awards, combining and individual nonmajor fund financial statements and schedules, the budget-to-actual fund schedules and the Local Highway Finance Report have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the 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 financial statements as a whole.

*RubinBrown LLP*

September 14, 2012

## City of Florence Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) is designed to provide an easy-to-read discussion of the City of Florence's (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 - government-type activities and those covered or referred to as business-type activities. Within the government-type activities, the City Council has designated ten separate budgets: a General Fund, a Police Pension 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 government-type 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 Assets and the Statement of Activities. These statements report information about the City as a whole and include *all* assets and liabilities 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 assets* and changes in them. The City's net assets, the difference between assets and liabilities, are one way to measure the City's financial health, or *financial position*. Over time, increases or decreases in the City's net assets are 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 Assets 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 Pension, 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 Assets and the Statement of Activities. In fact, the City's enterprise fund is the same as the business-type activities reported in the government-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, 2011 were \$5,744,375, which was approximately \$772,495 more than 2010.

### **Business-type Activities**

- In 2011, total assets were \$28,261,128, which is approximately \$872,999 less than 2010.
- In 2011, revenues from water sales decreased by \$82,498 to \$2,940,166.
- Total Enterprise liabilities went from \$15,499,790 in 2010 to \$14,488,990 in 2011, a decrease of \$1,010,800 (6.5%).

City of Florence  
 Management's Discussion And Analysis

STATEMENTS OF NET ASSETS

The perspective of the statement of net assets is of the City as a whole. Following is a summary of the City's net assets for 2011:

	Governmental Activities		Business Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 2,744,347	\$ 2,715,148	\$ 5,293,972	\$ 5,904,501	\$ 8,038,319	\$ 8,619,649
Capital assets	3,000,028	2,256,732	22,967,156	23,229,626	25,967,184	25,486,358
Total assets	5,744,375	4,971,880	28,261,128	29,134,127	34,005,503	34,106,007
Long-term debt outstanding	(244,317)	(276,423)	(14,426,986)	(14,430,605)	(14,671,303)	(14,707,028)
Other liabilities	(588,480)	(632,793)	(61,909)	(1,069,185)	(650,389)	(1,701,978)
Total liabilities	(832,797)	(909,216)	(14,488,895)	(15,499,790)	(15,321,692)	(16,409,006)
Net assets						
Invested in capital assets, net of related debt	2,690,256	1,977,670	8,096,112	7,533,155	10,786,368	9,510,825
Restricted	145,478	67,374	-	-	145,478	67,374
Unrestricted	2,075,844	2,017,620	5,676,121	6,101,182	7,751,965	8,118,802
Total net assets	\$ 4,911,578	\$ 4,062,664	\$ 13,772,233	\$ 13,634,337	\$ 18,683,811	\$ 17,697,001

The change in net assets for the Governmental Activities was \$848,914 or 20.1%. The change in net assets for the Business-Type activities was \$137,896 or 1.0%.

City of Florence  
Management's Discussion And Analysis

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 2010 and 2011.

	Governmental Activities		Business Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues:						
Charges for services	\$ 487,762	\$ 533,151	\$ 2,964,260	\$ 3,059,382	\$ 3,452,022	\$ 3,592,533
Operating grants and contributions	37,072	37,995	-	-	37,072	37,995
Capital grants and contributions	865,474	364,745	28,358	22,512	893,832	887,257
Total Program Revenues	1,390,308	935,891	2,992,618	3,081,894	4,382,926	4,017,785
General Revenues:						
Property taxes	501,822	486,322	-	-	501,822	486,322
Sales and use taxes	718,415	705,144	-	-	718,415	705,144
Other general revenues	629,944	720,414	16,815	29,491	646,759	749,905
Total General Revenues	1,850,181	1,911,880	16,815	29,491	1,866,996	1,941,371
Total Revenue	3,240,489	2,847,771	3,009,433	3,111,385	6,249,922	5,959,156
Program Expenses:						
General government	648,330	643,406	-	-	648,330	643,406
Police	604,395	584,771	-	-	604,395	584,771
Dispatch services	306,056	307,701	-	-	306,056	307,701
Public works	505,521	427,875	-	-	505,521	427,875
Sanitation	136,058	123,623	-	-	136,058	123,623
Planning and building	36,992	36,124	-	-	36,992	36,124
Cemetery	54,451	52,302	-	-	54,451	52,302
Parks and recreation	87,431	67,029	-	-	87,431	67,029
Interest on long-term debt	12,341	10,199	-	-	12,341	10,199
Water	-	-	2,663,842	2,824,617	2,663,842	2,824,617
Swimming pool	-	-	76,933	88,590	76,933	88,590
Total Expenses	2,391,575	2,253,030	2,740,775	2,913,207	5,132,350	5,166,237
Increase (Decrease) in Net Assets	848,914	594,741	137,896	198,178	986,810	792,919
Beginning Net Assets	4,062,664	3,467,923	13,634,337	13,436,159	17,697,001	16,904,082
Ending Net Assets	\$ 4,911,578	\$ 4,062,664	\$ 13,772,233	\$ 13,634,337	\$ 18,683,811	\$ 17,697,001

City of Florence  
 Management's Discussion And Analysis

**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	\$ 648,330	\$ (286,105)
Police	604,395	540,109
Dispatch	306,056	110,668
Streets	505,521	505,521
Sanitation	136,058	(11,922)
All others	191,215	142,996
<b>Totals</b>	<b>\$ 2,391,575</b>	<b>\$ 1,001,267</b>

**Budgetary Analysis of the General Fund**

General Fund revenues were \$76,253 more than budget. General Fund expenditures were \$141,902 less than budget.



City of Florence  
Management's Discussion And Analysis

**CAPITAL ASSETS AND DEBT ADMINISTRATION - CITY WIDE**

At year-end the City had \$25,457,671 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	
	2011	2010	2011	2010	2011	2010
Land	\$ 126,993	\$ 126,993	\$ 79,425	\$ 79,425	\$ 206,418	\$ 206,418
Easements	5,935	5,935	-	-	5,935	5,935
Water shares	-	-	505,589	502,814	505,589	502,814
Buildings and improvements	2,373,164	1,693,729	-	-	2,373,164	1,693,729
Plant	-	-	3,997,810	3,979,218	3,997,810	3,979,218
Distribution system	-	-	6,412,707	6,059,175	6,412,707	6,059,175
Vehicles and equipment	890,771	871,571	1,320,226	1,284,500	2,210,997	2,156,071
Regional fixed assets	-	-	15,679,713	13,621,549	15,679,713	13,621,549
Regional construction	-	-	6,628,349	6,628,349	6,628,349	6,628,349
Swimming pool	-	-	422,021	307,339	422,021	307,339
Office equipment and furniture	19,456	19,456	-	-	19,456	19,456
Construction in progress	148,146	762,707	18,042	1,764,537	166,188	2,527,244
Infrastructure	1,134,707	283,907	-	-	1,134,707	283,907
Less accumulated depreciation	(1,764,599)	(1,507,566)	(12,540,784)	(11,463,694)	(14,305,383)	(12,971,260)
Net capital assets	\$ 2,934,573	\$ 2,256,732	\$ 22,523,098	\$ 22,763,212	\$ 25,457,671	\$ 25,019,944

City of Florence  
Management's Discussion And Analysis

**DEBT OUTSTANDING**

The City's Business-Type long-term debt consists of two water revenue bonds and a loan to enable the City to finish construction. As of December 31, 2011 the outstanding balance of both bonds and loans is \$14,426,986. The General Fund has borrowed from the Capital Improvement Fund for purchase of heavy equipment. Activity on this debt during the year was as follows:

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Kinetic Leasing	\$ 50,706	\$ -	\$ 15,849	\$ 34,857	\$ 16,880
GE Government Financing	228,356	-	18,896	209,460	19,946
Total Governmental Activities	<u>279,062</u>	<u>-</u>	<u>34,745</u>	<u>244,317</u>	<u>36,826</u>
<b>Business-Type Activities</b>					
Water Revenue Refunding Bond Series 2003A	2,426,071	-	51,071	2,375,000	65,000
CWR&PDA Loan (series 2003B)	10,278,677	-	619,666	9,659,011	628,002
CWR&PDA Loan Dated January 2005	625,309	-	32,334	592,975	33,475
CWR&PDA Loan Dated October 2009	1,900,000	-	100,000	1,800,000	100,000
Total	<u>\$ 15,230,057</u>	<u>\$ -</u>	<u>\$ 803,071</u>	<u>\$ 14,426,986</u>	<u>\$ 826,477</u>

# **CITY OF FLORENCE, COLORADO**

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## **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 increase in 2012.

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



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## Basic Financial Statements

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# CITY OF FLORENCE, COLORADO

## STATEMENT OF NET ASSETS

December 31, 2011

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents (Note 2)	\$ 1,257	\$ —	\$ 1,257
Cash held for others	—	459,007	459,007
Investments (Note 2)	2,213,912	3,760,126	5,974,038
Taxes receivable	463,051	—	463,051
Accounts receivable	6,539	111,737	118,276
Other receivables	184,330	—	184,330
Grant receivables	63,516	—	63,516
Loan receivable	—	696,483	696,483
Due from other governments	7,125	—	7,125
Due from (to) other funds	(196,600)	196,600	—
Inventory	—	68,183	68,183
Prepaid expenses	1,217	1,836	3,053
<b>Total Current Assets</b>	<b>2,744,347</b>	<b>5,293,972</b>	<b>8,038,319</b>
<b>Noncurrent Assets</b>			
Restricted cash (Note 2)	—	182,210	182,210
Restricted investments (Note 2)	65,455	—	65,455
Bond issues costs, net	—	261,848	261,848
Nondepreciable capital assets (Note 5)	281,074	603,056	884,130
Depreciable capital assets, net (Note 5)	2,653,499	21,920,042	24,573,541
<b>Total Noncurrent Assets</b>	<b>3,000,028</b>	<b>22,967,156</b>	<b>25,967,184</b>
<b>Total Assets</b>	<b>5,744,375</b>	<b>28,261,128</b>	<b>34,005,503</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	88,441	—	88,441
Accrued liabilities	19,057	45,786	64,843
Deposits	—	4,509	4,509
Deferred revenue	441,449	—	441,449
Bonds and notes payable, current (Note 7)	—	826,477	826,477
Capital lease payable, current (Note 7)	36,775	—	36,775
Compensated absences, current (Notes 6 and 7)	5,783	1,909	7,692
<b>Total Current Liabilities</b>	<b>591,505</b>	<b>878,681</b>	<b>1,470,186</b>
<b>Long-Term Liabilities</b>			
Bonds and notes payable (Note 7)	—	13,600,509	13,600,509
Capital lease payable (Note 7)	207,542	—	207,542
Compensated absences (Notes 6 and 7)	33,750	9,705	43,455
<b>Total Long-Term Liabilities</b>	<b>241,292</b>	<b>13,610,214</b>	<b>13,851,506</b>
<b>Total Liabilities</b>	<b>832,797</b>	<b>14,488,895</b>	<b>15,321,692</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	2,690,256	8,096,112	10,786,368
Restricted	145,478	—	145,478
Unrestricted	2,075,844	5,676,121	7,751,965
<b>Total Net Assets</b>	<b>\$ 4,911,578</b>	<b>\$ 13,772,233</b>	<b>\$ 18,683,811</b>

See the accompanying notes to basic financial statements.

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**CITY OF FLORENCE, COLORADO**  
**STATEMENT OF ACTIVITIES**  
**For The Year Ended December 31, 2011**

	Program Revenues				Change In Net Assets		
	Expenses	Charges For Services	Operating Contributions	Capital Grants And Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
<b>General Government</b>	\$ 648,330	\$ 68,961	\$ —	\$ 865,474	\$ 286,105	\$ —	\$ 286,105
Public safety:							
Police	604,395	27,214	37,072	—	(540,109)	—	(540,109)
Dispatch services	306,056	195,388	—	—	(110,668)	—	(110,668)
Street	505,521	—	—	—	(505,521)	—	(505,521)
Sanitation	136,058	147,980	—	—	11,922	—	11,922
Planning and building	36,992	15,677	—	—	(21,315)	—	(21,315)
Cemetery	54,451	24,093	—	—	(30,358)	—	(30,358)
Parks and recreation	87,431	3,449	—	—	(83,982)	—	(83,982)
Community projects	—	5,000	—	—	5,000	—	5,000
Interest on long-term debt	12,341	—	—	—	(12,341)	—	(12,341)
<b>Total Governmental Activities</b>	<b>2,391,575</b>	<b>487,762</b>	<b>37,072</b>	<b>865,474</b>	<b>(1,001,267)</b>	<b>—</b>	<b>(1,001,267)</b>
<b>Business-Type Activities</b>							
Water	2,663,842	2,940,166	—	28,358	—	304,682	304,682
Swimming pool	76,933	24,094	—	—	—	(52,839)	(52,839)
<b>Total Business-Type Activities</b>	<b>2,740,775</b>	<b>2,964,260</b>	<b>—</b>	<b>28,358</b>	<b>—</b>	<b>251,843</b>	<b>251,843</b>
<b>Total</b>	<b>\$ 5,132,350</b>	<b>\$ 3,452,022</b>	<b>\$ 37,072</b>	<b>\$ 893,832</b>	<b>(1,001,267)</b>	<b>251,843</b>	<b>(749,424)</b>

<b>General Revenues</b>							
<b>Taxes</b>							
Property taxes	501,822	—	—	—	501,822	—	501,822
Sales and use taxes	718,415	—	—	—	718,415	—	718,415
Other taxes and assessments	401,317	—	—	—	401,317	—	401,317
Interest and investment earnings	58,103	—	—	—	58,103	16,815	74,918
Insurance proceeds	3,955	—	—	—	3,955	—	3,955
Rental proceeds	16,051	—	—	—	16,051	—	16,051
Other	25,779	—	—	—	25,779	—	25,779
<b>Total General Revenues</b>	<b>1,725,442</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,725,442</b>	<b>16,815</b>	<b>1,742,257</b>
<b>Transfers</b>							
Changes In Net Assets	124,739	—	—	(6,023)	124,739	(130,762)	(6,023)
<b>Net Assets - Beginning Of Year</b>	<b>848,914</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>848,914</b>	<b>137,896</b>	<b>986,810</b>
<b>Net Assets - End Of Year</b>	<b>4,062,664</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>4,062,664</b>	<b>13,634,337</b>	<b>17,697,001</b>
	<b>\$ 4,911,578</b>	<b>\$</b>	<b>\$ 13,772,233</b>	<b>\$</b>	<b>\$ 13,772,233</b>	<b>\$</b>	<b>18,683,811</b>

See the accompanying notes to basic financial statements.



**CITY OF FLORENCE, COLORADO**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**December 31, 2011**

	Assets			
	General	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and investments:				
Cash	\$ 1,257	\$ —	\$ —	\$ 1,257
Investments	1,365,107	44,962	803,843	2,213,912
Receivables:				
Taxes	441,449	—	21,602	463,051
Customers	6,539	—	—	6,539
Other	183,981	—	349	184,330
Grants	—	63,516	—	63,516
Interfund loan receivable	—	—	154,240	154,240
Due from other governments	7,125	—	—	7,125
Restricted investments	65,455	—	—	65,455
Prepaid expenses	1,217	—	—	1,217
<b>Total Assets</b>	<b>\$ 2,072,130</b>	<b>\$ 108,478</b>	<b>\$ 980,034</b>	<b>\$ 3,160,642</b>

**Liabilities And Fund Balances**

<b>Liabilities</b>				
Accounts payable	\$ 66,508	\$ 21,933	\$ —	\$ 88,441
Accrued liabilities	19,057	—	—	19,057
Interfund loan payable	154,240	—	—	154,240
Due to other funds	63,071	109,682	23,847	196,600
Deferred revenue	441,449	—	—	441,449
<b>Total Liabilities</b>	<b>744,325</b>	<b>131,615</b>	<b>23,847</b>	<b>899,787</b>
<b>Fund Balances</b>				
Nonspendable	1,217	—	—	1,217
Restricted	65,455	—	80,023	145,478
Assigned	—	(23,137)	876,164	853,027
Unassigned	1,261,133	—	—	1,261,133
<b>Total Fund Balances</b>	<b>1,327,805</b>	<b>(23,137)</b>	<b>956,187</b>	<b>2,260,855</b>
<b>Total Liabilities And Fund Balances</b>	<b>\$ 2,072,130</b>	<b>\$ 108,478</b>	<b>\$ 980,034</b>	<b>\$ 3,160,642</b>

# CITY OF FLORENCE, COLORADO

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS December 31, 2011

**Total Fund Balance - Governmental Funds** \$ 2,260,855

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

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

Cost of capital assets	\$ 4,699,172	
Less: Accumulated depreciation	<u>(1,764,599)</u>	
		2,934,573

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

Interfund receivables	154,240	
Interfund payables	<u>(154,240)</u>	

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

Capital lease	(244,317)	
Compensated absences	<u>(39,533)</u>	
		<u>(283,850)</u>

**Total Net Assets - Governmental Activities** \$ 4,911,578

**CITY OF FLORENCE, COLORADO**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**For The Year Ended December 31, 2011**

	General	Capital Projects Fund	All Other Governmental	Total Governmental Funds
<b>Revenue</b>				
Property taxes	\$ 501,822	\$ —	\$ —	\$ 501,822
Sales and use tax	574,708	—	143,707	718,415
Intergovernmental	—	—	33,500	33,500
Other taxes	367,817	—	—	367,817
Interest income	51,892	39	6,172	58,103
Charges for services	479,413	—	8,349	487,762
Other	33,147	8,683	—	41,830
Grants	37,072	865,474	—	902,546
Insurance proceeds	3,955	—	—	3,955
<b>Total Revenue</b>	<b>2,049,826</b>	<b>874,196</b>	<b>191,728</b>	<b>3,115,750</b>
<b>Expenditures</b>				
General government	552,805	—	—	552,805
Public safety:				
Police	579,984	—	—	579,984
Dispatch services	306,056	—	—	306,056
Streets	397,285	—	—	397,285
Sanitation	125,496	—	—	125,496
Planning and building	36,992	—	—	36,992
Cemetery	41,639	—	—	41,639
Parks and recreation	41,764	—	3,599	45,363
Debt service:				
Principal	34,745	—	—	34,745
Interest	12,341	—	—	12,341
Capital outlay	26,565	940,490	5,000	972,055
<b>Total Expenditures</b>	<b>2,155,672</b>	<b>940,490</b>	<b>8,599</b>	<b>3,104,761</b>
<b>Excess (Deficiency) Of Revenue Over (Under) Expenditures</b>	<b>(105,846)</b>	<b>(66,294)</b>	<b>183,129</b>	<b>10,989</b>
<b>Other Financing Sources (Uses)</b>				
Transfer from other funds	307,051	23,847	13,025	343,923
Transfer to other funds	(19,048)	—	(200,136)	(219,184)
<b>Total Other Financing Sources (Uses)</b>	<b>288,003</b>	<b>23,847</b>	<b>(187,111)</b>	<b>124,739</b>
<b>Excess (Deficiency) Of Revenue And Other Sources Over (Under) Expenditures And Other Uses</b>	<b>182,157</b>	<b>(42,447)</b>	<b>(3,982)</b>	<b>135,728</b>
<b>Fund Balances - Beginning Of Year</b>	<b>1,145,648</b>	<b>19,310</b>	<b>960,169</b>	<b>2,125,127</b>
<b>Fund Balances - End Of Year</b>	<b>\$ 1,327,805</b>	<b>\$ (23,137)</b>	<b>\$ 956,187</b>	<b>\$ 2,260,855</b>

See the accompanying notes to basic financial statements.

**CITY OF FLORENCE, COLORADO**

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**RECONCILIATION OF THE GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES WITH THE STATEMENT OF ACTIVITIES  
For The Year Ended December 31, 2011**

**Total Change in Fund Balances - Governmental Funds** \$ 135,728

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

Government 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 and donated capital value exceeded depreciation expense in the current period.

Depreciation expense	\$ (257,033)	
Capital outlay	<u>\$ 934,874</u>	677,841

Retirement of capital lease principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 34,745

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. 600

**Change In Net Assets - Governmental Funds** \$ 848,914

# CITY OF FLORENCE, COLORADO

## STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

December 31, 2011

	Water Fund	Swimming Pool Fund	Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash	\$ 459,007	\$ —	\$ 459,007
Investments	3,760,126	—	3,760,126
Accounts receivable - customers	111,737	—	111,737
Due from other funds	196,695	—	196,695
Inventory	68,183	—	68,183
Loan receivable	696,483	—	696,483
Other current assets	1,836	—	1,836
<b>Total Current Assets</b>	<b>5,294,067</b>	<b>—</b>	<b>5,294,067</b>
<b>Capital Assets</b>			
Land	79,425	—	79,425
Water shares	505,589	—	505,589
Construction in progress	18,042	—	18,042
Plant and equipment	34,038,805	422,021	34,460,826
Less: Accumulated depreciation	(12,275,327)	(265,457)	(12,540,784)
<b>Net Property, Plant And Equipment</b>	<b>22,366,534</b>	<b>156,564</b>	<b>22,523,098</b>
<b>Other Assets</b>			
Restricted cash	182,210	—	182,210
Bond issuance cost, net	261,848	—	261,848
<b>Total Other Assets</b>	<b>444,058</b>	<b>—</b>	<b>444,058</b>
<b>Total Assets</b>	<b>28,104,659</b>	<b>156,564</b>	<b>28,261,223</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accrued liabilities	45,786	—	45,786
Due to other funds	—	95	95
Bonds and notes payable, current	826,477	—	826,477
Compensated absences, current	1,909	—	1,909
Deposits	4,509	—	4,509
<b>Total Current Liabilities</b>	<b>878,681</b>	<b>95</b>	<b>878,776</b>
<b>Long-Term Liabilities</b>			
Bonds and notes payable	13,600,509	—	13,600,509
Compensated absences	9,705	—	9,705
<b>Total Long-Term Liabilities</b>	<b>13,610,214</b>	<b>—</b>	<b>13,610,214</b>
<b>Total Liabilities</b>	<b>14,488,895</b>	<b>95</b>	<b>14,488,990</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	7,939,548	156,564	8,096,112
Unrestricted	5,676,216	(95)	5,676,121
<b>Total Net Assets</b>	<b>\$ 13,615,764</b>	<b>\$ 156,469</b>	<b>\$ 13,772,233</b>

**CITY OF FLORENCE, COLORADO**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS**  
**For The Year Ended December 31, 2011**

	Water Fund	Swimming Pool Fund	Total
<b>Operating Revenues</b>			
Charges for services	\$ 2,940,166	\$ 24,094	\$ 2,964,260
<b>Operating Expenses</b>			
Administration	50,168	39,660	89,828
Water system	1,088,291	—	1,088,291
Recreation	—	16,265	16,265
Depreciation	1,062,541	21,008	1,083,549
<b>Total Operating Expenses</b>	<b>2,201,000</b>	<b>76,933</b>	<b>2,277,933</b>
<b>Operating Income (Loss)</b>	<b>739,166</b>	<b>(52,839)</b>	<b>686,327</b>
<b>Nonoperating Revenues (Expenses)</b>			
Interest income	16,815	—	16,815
Interest expense	(462,842)	—	(462,842)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(446,027)</b>	<b>—</b>	<b>(446,027)</b>
<b>Income (Loss) Before Contributions And Transfers</b>	<b>293,139</b>	<b>(52,839)</b>	<b>240,300</b>
<b>Contributions And Transfers</b>			
Capital contributions - tap fees	28,358	—	28,358
Transfers (to) other funds	(2,281,697)	—	(2,281,697)
Transfers from other funds	2,004,517	146,418	2,150,935
<b>Total Contributions And Transfers</b>	<b>(248,822)</b>	<b>146,418</b>	<b>(102,404)</b>
<b>Net Income</b>	<b>44,317</b>	<b>93,579</b>	<b>137,896</b>
<b>Net Assets - Beginning Of Year</b>	<b>13,571,447</b>	<b>62,890</b>	<b>13,634,337</b>
<b>Net Assets - End Of Year</b>	<b>\$ 13,615,764</b>	<b>\$ 156,469</b>	<b>\$ 13,772,233</b>

# CITY OF FLORENCE, COLORADO

## STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

For The Year Ended December 31, 2011

	Water Fund	Swimming Pool Fund	Total
<b>Cash Flows From Operating Activities</b>			
Cash received from customers	\$ 2,918,925	\$ 24,094	\$ 2,943,019
Cash paid to or on behalf of employees	(355,196)	(41,385)	(396,581)
Cash paid to suppliers	(991,688)	(14,669)	(1,006,357)
<b>Net Cash Provided by (Used In) Operating Activities</b>	<b>1,572,041</b>	<b>(31,960)</b>	<b>1,540,081</b>
<b>Cash Flows Provided By (Used In) Noncapital Financing Activities</b>			
Payments from (to) other funds	328,245	146,418	474,663
<b>Cash Flows From Capital And Related Financing Activities</b>			
Receipt of capital contributions	28,358	—	28,358
Payment for capital acquisitions	(629,356)	(114,587)	(743,943)
Collection on loan receivable	317,158	—	317,158
Increase in bond issuance cost	13,338	—	13,338
Principal paid on long-term debt	(803,071)	—	(803,071)
Interest on long-term debt	(462,842)	—	(462,842)
<b>Net Cash Used In Capital And Related Financing Activities</b>	<b>(1,536,415)</b>	<b>(114,587)</b>	<b>(1,651,002)</b>
<b>Cash Flows Provided By Investing Activities</b>			
Receipt of interest	16,815	—	16,815
<b>Net Increase (Decrease) In Cash</b>	<b>380,686</b>	<b>(129)</b>	<b>380,557</b>
<b>Cash - Beginning Of Year</b>	<b>260,531</b>	<b>129</b>	<b>260,660</b>
<b>Cash - End Of Year</b>	<b>\$ 641,217</b>	<b>\$ —</b>	<b>\$ 641,217</b>
<b>Cash</b>	<b>\$ 459,007</b>	<b>\$ —</b>	<b>\$ 459,007</b>
<b>Restricted cash</b>	<b>182,210</b>	<b>—</b>	<b>182,210</b>
<b>Total Cash</b>	<b>\$ 641,217</b>	<b>\$ —</b>	<b>\$ 641,217</b>
<b>Reconciliation Of Operating Income (Loss) To Net Cash Provided By (Used In) Operating Activities:</b>			
Operating income (loss)	\$ 739,166	\$ (52,839)	\$ 686,327
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	1,062,541	21,008	1,083,549
Changes in assets and liabilities:			
Increase in accounts receivable	(21,241)	—	(21,241)
Increase in inventories	(730)	—	(730)
Decrease in accounts payable	(194,538)	(129)	(194,667)
Increase in deposits	501	—	501
Decrease in accrued liabilities	(13,658)	—	(13,658)
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>\$ 1,572,041</b>	<b>\$ (31,960)</b>	<b>\$ 1,540,081</b>

**CITY OF FLORENCE, COLORADO**

**STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS**

**December 31, 2011**

	<u>Perpetual Care</u>	
	<u>Trust Fund</u>	<u>Agency Fund</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 201,268	\$ 17,159
<b>Liabilities</b>		
Due to school district	—	17,159
<b>Net Assets</b>	<b>\$ 201,268</b>	<b>\$ —</b>

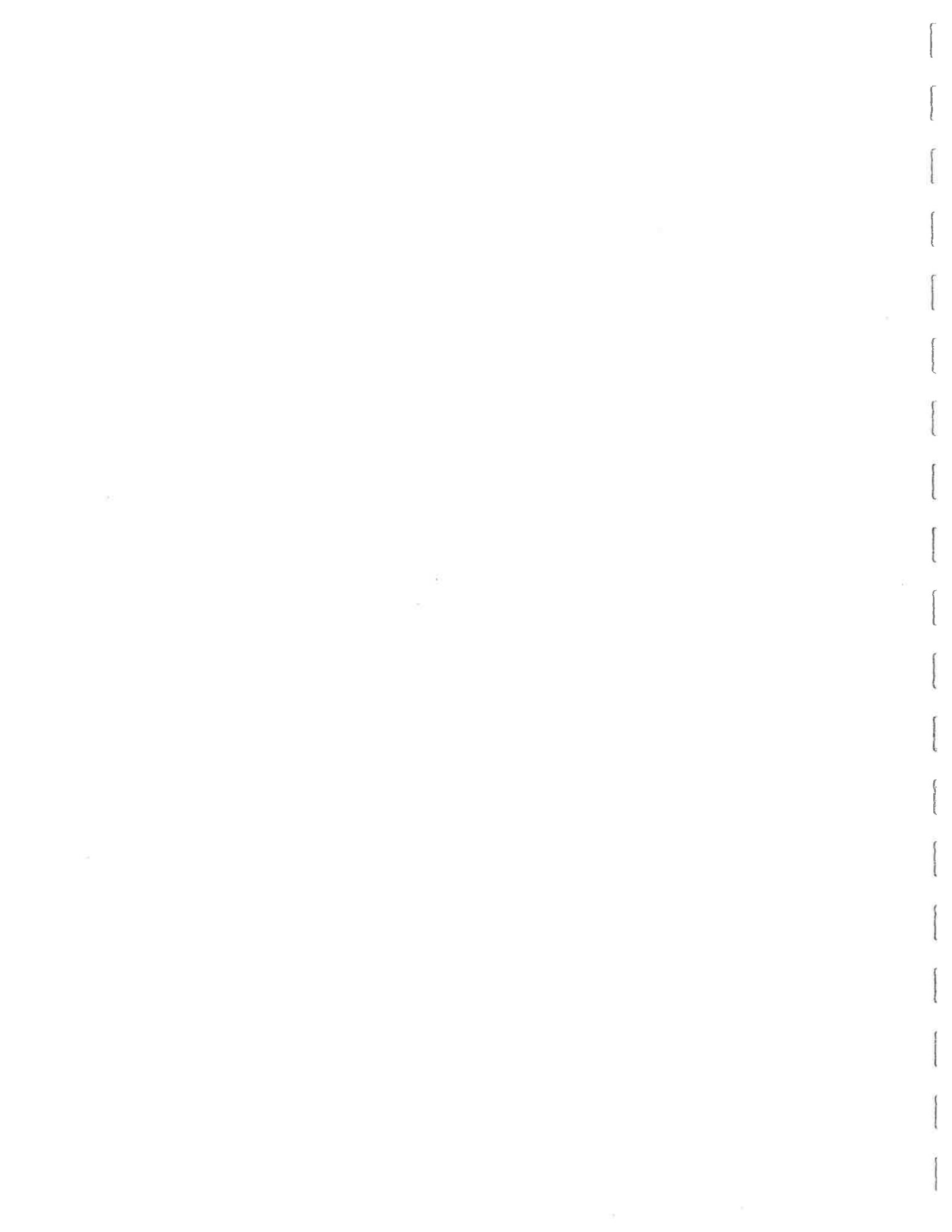


**CITY OF FLORENCE, COLORADO**

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**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -  
FIDUCIARY FUND  
For The Year Ended December 31, 2011**

	<u>Perpetual Care Trust Fund</u>
<b>Additions</b>	
Investment income	\$ 1,293
Transfers In	<u>6,023</u>
<b>Total Additions</b>	7,316
<b>Net Assets - Beginning Of Year</b>	<u>193,952</u>
<b>Net Assets - End Of Year</b>	<u><u>\$ 201,268</u></u>



**CITY OF FLORENCE, COLORADO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2011**

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**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 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) Statements 14 and 39, 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 assets 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**

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### 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 assets 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 is 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 and major individual enterprise funds are reported as separate columns in the fund financial statements.

#### **Measurement Focus, Basis Of Accounting And Financial Statement Presentation**

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

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### 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 funds:

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

Private sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

## **CITY OF FLORENCE, COLORADO**

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### Notes To Basic Financial Statements (*Continued*)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's 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.

Fiduciary fund reporting focuses on net assets. The City accounts for two fiduciary funds, (1) 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, Liabilities And Net Assets 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 assets. 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.

**CITY OF FLORENCE, COLORADO**

Notes To Basic Financial Statements (*Continued*)

Inventories

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

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

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### 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 assets.

#### 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 assets." Generally, fund balance represents the difference between the current assets and current liabilities.

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.

*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.



## CITY OF FLORENCE, COLORADO

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### Notes To Basic Financial Statements (*Continued*)

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, 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 assets may be classified into three components - invested in capital assets, net of related debt; restricted and unrestricted. These classifications are defined as follows:

- Invested in Capital Assets, Net of Related Debt - This component of net assets 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 invested in capital assets, net of related debt.
- Restricted - This component of net assets consists of constraints placed on net asset 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 assets that does not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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

#### Budgets

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

During 2011, expenditures exceeded appropriations for the Water Fund by \$24,621. This overage was due to higher than expected capital outlays and principal and interest payments on debt.

## CITY OF FLORENCE, COLORADO

### Notes To Basic Financial Statements (Continued)

## 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 (FDIC) or by the Federal Savings and Loan Insurance Corporation (FSLIC). 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 one hundred and two percent (102%) of the aggregate of said deposits not insured.

The City has investments in Colorado Diversified 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](http://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.

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 assets for the year ended December 31, 2011:

	Custodial Credit Risk Category		Total Bank Balance	Carrying Amount
	Insured	Collateralized		
Cash on hand	\$ —	\$ —	\$ —	\$ 200
Deposits	1,635,248	345,077	1,980,325	1,943,636
<b>Total Deposits And Cash On Hand</b>	<b>\$ 1,635,248</b>	<b>\$ 345,077</b>	<b>\$ 1,980,325</b>	<b>\$ 1,943,836</b>

**CITY OF FLORENCE, COLORADO**

Notes To Basic Financial Statements (*Continued*)

Investment	Rating	Amount
COLOTRUST	AAAm by S&P	\$ 4,672,676
COLOTRUST - Agency Cash	AAAm by S&P	17,159
COLOTRUST - Fiduciary Cash	AAAm by S&P	101,268
COLOTRUST - Restricted Cash	AAAm by S&P	65,455
CDs	N/A	1,301,362
CDs - Fiduciary Cash	N/A	100,000
<b>Total Investments</b>		<b>\$ 6,257,920</b>

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

	Amount
Cash and cash equivalents on the statement of net assets	\$ 460,264
Investments	5,974,038
Restricted cash	182,210
Restricted investments	65,455
Fiduciary investments	101,268
Agency investments	17,159
<b>Total Carrying Amount</b>	<b>\$ 6,800,394</b>

**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.

**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 instate financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions;

## CITY OF FLORENCE, COLORADO

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### Notes To Basic Financial Statements (*Continued*)

3. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations;
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 investment in any one issuer. At December 31, 2011, 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 \$65,455 for emergency reserves. Cash in the Water Fund of \$182,210 has been restricted for payment of bonds and construction.

### **3. Property Tax Accrual**

Property taxes, which have been levied for 2011 but will not be collected until 2012, have been accrued as a receivable at December 31, 2011. An offsetting liability for deferred property tax revenue has been recorded in the General Fund.

**CITY OF FLORENCE, COLORADO**

Notes To Basic Financial Statements (Continued)

**4. Interfund Receivables, Payables And Transfers**

**Interfund Transfers**

Interfund transfers consist of the following:

	Transfers In							Total
	General Fund	Swimming Pool	Capital Improvements	Cemetery Construction	Perpetual Care	Recreation Program	Capital Projects	
<b>Transfers Out</b>								
General fund	\$ —	\$ —	\$ 6,403	\$ 6,023	\$ 6,023	\$ 599	\$ —	\$ 19,048
Water fund	277,180	—	—	—	—	—	—	277,180
Conservation trust	29,871	—	—	—	—	—	—	29,871
Community projects	—	—	—	—	—	—	23,847	23,847
Pool, park and recreation	—	146,418	—	—	—	—	—	146,418
<b>Total</b>	<b>\$ 307,051</b>	<b>\$ 146,418</b>	<b>\$ 6,403</b>	<b>\$ 6,023</b>	<b>\$ 6,023</b>	<b>\$ 599</b>	<b>\$ 23,847</b>	<b>\$ 496,364</b>

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 From:				Total
	General Fund	Capital Projects Fund	Community Projects Fund	Swimming Pool Fund	
<b>Due To:</b>					
Water fund	\$ 63,071	\$ 109,682	\$ 23,847	\$ 95	\$ 196,695
Capital improvement	154,240	—	—	—	154,240
<b>Total</b>	<b>\$ 217,311</b>	<b>\$ 109,682</b>	<b>\$ 23,847</b>	<b>\$ 95</b>	<b>\$ 350,935</b>

**Interfund Loans**

The General Fund owes the Capital Improvements and Acquisition Fund \$154,240 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 12/31/2010	Additions	Deletions	Balance 12/31/2011
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 126,993	\$ —	\$ —	\$ 126,993
Easements	5,935	—	—	5,935
Construction in progress	762,707	—	(614,561)	148,146
<b>Total Capital Assets Not Being Depreciated</b>	<b>895,635</b>	<b>—</b>	<b>(614,561)</b>	<b>281,074</b>
<b>Other Capital Assets</b>				
Buildings and improvements	1,693,729	679,435	—	2,373,164
Vehicles and equipment	871,571	19,200	—	890,771
Office equipment	19,456	—	—	19,456
Infrastructure	283,907	850,800	—	1,134,707
<b>Total Depreciable Capital Assets</b>	<b>2,868,663</b>	<b>1,549,435</b>	<b>—</b>	<b>4,418,098</b>
Accumulated depreciation	(1,507,566)	(257,033)	—	(1,764,599)
<b>Net Depreciable Capital Assets</b>	<b>1,361,097</b>	<b>1,292,402</b>	<b>—</b>	<b>2,653,499</b>
<b>Total Net Governmental Activities Capital Assets</b>	<b>\$ 2,256,732</b>	<b>\$ 1,292,402</b>	<b>\$ (614,561)</b>	<b>\$ 2,934,573</b>

Governmental activities depreciation expense for the year ended December 31, 2011 is as follows:

Administration	\$ 95,525
Police	13,674
Streets	103,235
Sanitation	10,562
Cemetery	10,245
Parks and recreation	23,792
<b>Total Depreciation Expense</b>	<b>\$ 257,033</b>

**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 12/31/2010	Additions	Deletions	Balance 12/31/2011
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 79,425	\$ —	\$ —	\$ 79,425
Water shares	502,814	2,775	—	505,589
Construction in progress	1,764,537	—	(1,746,495)	18,042
<b>Total Capital Assets Not Being Depreciated</b>	<b>2,346,776</b>	<b>2,775</b>	<b>(1,746,495)</b>	<b>603,056</b>
<b>Other Capital Assets</b>				
Water treatment plant	3,979,218	18,592	—	3,997,810
Transmission and distribution	6,059,175	353,532	—	6,412,707
Equipment	1,284,500	51,976	(16,250)	1,320,226
Regional assets	13,621,549	2,058,164	—	15,679,713
Regional construction	6,628,349	—	—	6,628,349
Swimming pool	307,339	114,682	—	422,021
<b>Total Depreciable Capital Assets</b>	<b>31,880,130</b>	<b>2,596,946</b>	<b>(16,250)</b>	<b>34,460,826</b>
Accumulated depreciation	(11,463,694)	(1,083,549)	6,459	(12,540,784)
<b>Net Depreciable Capital Assets</b>	<b>20,416,436</b>	<b>1,513,397</b>	<b>(9,791)</b>	<b>21,920,042</b>
<b>Total Net Business-Type Activities Capital Assets</b>	<b>\$ 22,763,212</b>	<b>\$ 1,516,172</b>	<b>\$ (1,756,286)</b>	<b>\$ 22,523,098</b>

Business-type activities depreciation expense for the year ended December 31, 2011 is as follows:

Water fund	\$ 1,062,541
Swimming pool fund	21,008
<b>Total Depreciation Expense</b>	<b>\$ 1,083,549</b>

**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 assets is accumulated vacation of \$39,533, and in the business-type activities column of \$11,614.

# 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. \$ 9,659,011

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. 592,975

#### 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. 1,800,000

#### Water Revenue Refunding Bonds

Water revenue bond series 2003A dated November 15, 2003. Interest varies from between 1.5% and 5%. Interest is due June 1 and December 1 of each year. Principal is due on December 1 of each year through 2033. 2,375,000

#### Governmental Activities

Lease with Kinetic Leasing dated September 18, 2006. Interest at 6.4%, semi-annual payments of \$9,423 due on March 1 and September 1 through September 2013. 34,857

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. \$ 209,460



# 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>(49,490)</u>
Total	<u>56,126</u>
Energy Management System	237,179
Less: Accumulated depreciation	<u>(33,506)</u>
Total	<u><u>\$ 203,673</u></u>

### Summary Of Changes In Long-Term Debt

	Beginning			Ending		Due Within
	Balance	Additions	Deletions	Balance	One Year	
<b>Governmental Activities</b>						
Kinetic Leasing	\$ 50,706	\$ —	\$ 15,849	\$ 34,857	\$ 16,880	
GE Government Financing	228,356	—	18,896	209,460	19,946	
Compensated absences	40,133	—	600	39,533	5,783	
<b>Total Governmental Activities</b>	<u>319,195</u>	<u>—</u>	<u>35,345</u>	<u>283,850</u>	<u>42,609</u>	
<b>Business-Type Activities</b>						
Water Revenue Refunding Bond						
Series 2003A	2,426,071	—	51,071	2,375,000	65,000	
CWR&PDA Loan (Series 2003B)	10,278,677	—	619,666	9,659,011	628,002	
CWR&PDA Loan Dated						
January 2005	625,309	—	32,334	592,975	33,475	
CWR&PDA Loan Dated						
October 2009	1,900,000	—	100,000	1,800,000	100,000	
Compensated absences	15,685	—	4,071	11,614	1,909	
<b>Total</b>	<u><u>\$ 15,245,742</u></u>	<u><u>\$ —</u></u>	<u><u>\$ 807,142</u></u>	<u><u>\$ 14,438,600</u></u>	<u><u>\$ 828,386</u></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>
2012	\$ 761,477	\$ 65,000	\$ 36,775	\$ 350,714	1,213,966
2013	773,775	65,000	39,032	335,164	1,212,971
2014	786,113	70,000	22,224	318,822	1,197,159
2015	798,495	75,000	23,459	302,038	1,198,992
2016	810,922	75,000	24,762	284,278	1,194,962
2017 - 2021	4,281,589	435,000	98,065	1,194,059	6,008,713
2022 - 2026	3,539,615	550,000	—	618,406	4,708,021
2027 - 2031	300,000	705,000	—	193,250	1,198,250
2032 - 2033	—	335,000	—	25,250	360,250
<b>Total</b>	<b>\$ 12,051,986</b>	<b>\$ 2,375,000</b>	<b>\$ 244,317</b>	<b>\$ 3,621,981</b>	<b>\$ 18,293,284</b>

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>
<b>Utilities Revenue Bonds</b>	<b>\$ 15,230,057</b>	<b>2003 - 2033</b>

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>	
2011	\$ 2,940,166	\$ 2,201,000	\$ 739,166	\$ 812,000	\$ 349,920	0.6

**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, 2011, significant amounts of these grants had not been audited by the respective agencies.

**Construction Commitments**

As of December 31, 2011, the City had construction commitments in the amount of \$17,900. Of this total, \$12,400 is attributed to the remaining costs for the Energy Contract and \$5,500 for the Main Street Drainage 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 which the City is aware of, will have a material adverse impact on the City.

**9. Concentrations**

During the year, approximately 38% of the City's water sales were to the nearby federal prison. Additionally, approximately 50% 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 Internal Revenue 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 \$48,078 were made during the year, \$15,161 from the City and \$32,917 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 \$305,386. Employer and employee contributions to FPPA for the year ended December 31, 2011 were \$25,823 and \$27,680, respectively. The City's employer contributions to FPPA for the years ended December 31, 2010 and 2009 were \$24,691 and \$26,538, respectively.

Financial statements of the plan may be obtained from the 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

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### 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 three 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.

At January 1, 2012, significant assumptions used to determine the Annual Required Contribution are as follows:

Actuarial cost method	Entry Age Normal Method
Amortization method	Level percent of payroll, open
Remaining amortization period	30 years
Asset valuation method	3-year Smoothed Fair Market Value
Investment rate of return	7.5%
Interest rate	8% compounded annually, net of operating expenses
Projected salary increases	3.5% per annum
Inflation	3.0%
Cost of living adjustments	0%

## **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.

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**Required Supplementary Information**

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# CITY OF FLORENCE, COLORADO

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

December 31, 2011

Page 1 Of 2

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Taxes</b>				
Property taxes	\$ 447,925	\$ 447,925	\$ 448,048	\$ 123
Sales and use tax	557,000	557,000	574,708	17,708
Business taxes	169,700	169,700	185,592	15,892
Other taxes	5,000	5,000	37,021	32,021
Specific ownership tax	60,000	60,000	53,774	(6,226)
Motor vehicle registration	15,000	15,000	14,600	(400)
<b>Total Taxes</b>	<b>1,254,625</b>	<b>1,254,625</b>	<b>1,313,743</b>	<b>59,118</b>
<b>Interest And Miscellaneous Income</b>	<b>35,550</b>	<b>35,550</b>	<b>51,892</b>	<b>16,342</b>
<b>Other Revenue</b>	<b>13,000</b>	<b>13,000</b>	<b>37,101</b>	<b>24,101</b>
<b>Charges For Services</b>				
General government	37,340	37,340	15,768	(21,572)
Building permits	9,500	9,500	15,676	6,176
Cemetery receipts	29,000	29,000	24,093	(4,907)
Refuse disposal	145,000	145,000	147,980	2,980
Fines and forfeitures	46,200	46,200	53,294	7,094
Police services	227,625	227,625	222,602	(5,023)
<b>Total Charges For Services</b>	<b>494,665</b>	<b>494,665</b>	<b>479,413</b>	<b>(15,252)</b>
<b>Grants And Contributions</b>				
Police grants	35,390	35,390	37,072	1,682
Highway user tax	132,514	132,514	126,662	(5,852)
Cigarette tax apportionment	3,400	3,400	3,943	543
<b>Total Grants And Contributions</b>	<b>171,304</b>	<b>171,304</b>	<b>167,677</b>	<b>(3,627)</b>
<b>Total Revenue</b>	<b>1,969,144</b>	<b>1,969,144</b>	<b>2,049,826</b>	<b>80,682</b>
<b>Other Financing Sources</b>				
Sale of assets	3,000	3,000	—	(3,000)
Transfers from other funds	307,051	307,051	307,051	—
<b>Total Other Financing Sources</b>	<b>310,051</b>	<b>310,051</b>	<b>307,051</b>	<b>(3,000)</b>
<b>Total Revenue And Other Financing Sources</b>	<b>\$ 2,279,195</b>	<b>\$ 2,279,195</b>	<b>\$ 2,356,877</b>	<b>\$ 77,682</b>

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, 2011

Page 2 Of 2

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>General Government</b>				
Maintenance of building	\$ 162,836	\$ 162,836	\$ 113,053	\$ 49,783
Legislative	110,077	110,077	102,656	7,421
Judicial	49,600	49,600	43,868	5,732
Executive	71,556	71,556	72,225	(669)
Administrative	202,152	252,152	193,438	58,714
Other	23,336	23,336	27,565	(4,229)
<b>Total General Government</b>	<b>619,557</b>	<b>669,557</b>	<b>552,805</b>	<b>116,752</b>
<b>Public Safety</b>				
Police	565,662	565,662	579,984	(14,322)
Dispatch	317,517	317,517	306,056	11,461
<b>Total Public Safety</b>	<b>883,179</b>	<b>883,179</b>	<b>886,040</b>	<b>(2,861)</b>
<b>Public Works</b>				
Streets	453,489	453,489	397,285	56,204
Sanitation	126,960	126,960	125,496	1,464
<b>Total Public Works</b>	<b>580,449</b>	<b>580,449</b>	<b>522,781</b>	<b>57,668</b>
<b>Planning And Building</b>				
Planning/building inspector	34,590	34,590	36,992	(2,402)
<b>Other</b>				
Cemetery	73,332	73,332	41,639	31,693
Parks and recreation	38,766	38,766	41,764	(2,998)
<b>Total Other</b>	<b>112,098</b>	<b>112,098</b>	<b>83,403</b>	<b>28,695</b>
<b>Debt Service</b>				
Principal	19,841	19,841	34,745	(14,904)
Interest	14,908	14,908	12,341	2,567
<b>Total Debt Service</b>	<b>34,749</b>	<b>34,749</b>	<b>47,086</b>	<b>(12,337)</b>
<b>Capital Outlay</b>	—	—	26,565	(26,565)
<b>Total Expenditures</b>	<b>2,264,622</b>	<b>2,314,622</b>	<b>2,155,672</b>	<b>158,950</b>
<b>Other Financing Uses</b>				
Transfers to other funds	2,000	2,000	19,048	(17,048)
<b>Total Expenditures And Other Financing Uses</b>	<b>\$ 2,266,622</b>	<b>\$ 2,316,622</b>	<b>\$ 2,174,720</b>	<b>\$ 141,902</b>

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

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## Supplementary Information

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# CITY OF FLORENCE, COLORADO

## COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

December 31, 2011

	Special Revenue Funds				Capital Projects Funds				Total Nonmajor Governmental Funds
	Conservation Trust Fund	Community Projects Fund	Pool, Park And Recreation		Equipment Replacement Fund	Capital Improvements Fund	Cemetery Construction Fund	Total	
			Fund	Fund					
<b>Assets</b>									
Investments	\$ 80,023	\$ 61,022	\$ 452,606	\$ —	\$ 14,375	\$ 140,866	\$ 54,951	\$ 803,843	
Receivables									
Other	—	—	—	349	—	—	—	349	
Taxes	—	—	21,602	—	—	—	—	21,602	
Interfund loan receivable	—	—	—	—	—	154,240	—	154,240	
<b>Total Assets</b>	<b>\$ 80,023</b>	<b>\$ 61,022</b>	<b>\$ 474,208</b>	<b>\$ 349</b>	<b>\$ 14,375</b>	<b>\$ 295,106</b>	<b>\$ 54,951</b>	<b>\$ 980,034</b>	
<b>Liabilities</b>									
Due to other funds	\$ —	\$ 23,847	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 23,847	
<b>Fund Balances</b>									
Restricted	80,023	—	—	—	—	—	—	80,023	
Assigned	—	37,175	474,208	349	14,375	295,106	54,951	876,164	
<b>Total Fund Balances</b>	<b>80,023</b>	<b>37,175</b>	<b>474,208</b>	<b>349</b>	<b>14,375</b>	<b>295,106</b>	<b>54,951</b>	<b>956,187</b>	
<b>Total Liabilities And Fund Balances</b>	<b>\$ 80,023</b>	<b>\$ 61,022</b>	<b>\$ 474,208</b>	<b>\$ 349</b>	<b>\$ 14,375</b>	<b>\$ 295,106</b>	<b>\$ 54,951</b>	<b>\$ 980,034</b>	

See the independent auditors' report.

**CITY OF FLORENCE, COLORADO**

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

**For The Year Ended December 31, 2011**

	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	
<b>Revenue</b>									
Sales and use tax	\$ —	\$ —	\$ 143,707	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 143,707
Intergovernmental	33,500	—	—	—	—	—	—	—	33,500
Interest and miscellaneous income	85	1,517	4,360	—	15	138	57	—	6,172
Charges for services	—	5,000	—	3,349	—	—	—	—	8,349
Capital grants	—	—	—	—	—	—	—	—	—
<b>Total Revenue</b>	<b>33,585</b>	<b>6,517</b>	<b>148,067</b>	<b>3,349</b>	<b>15</b>	<b>138</b>	<b>57</b>	<b>—</b>	<b>191,728</b>
<b>Expenditures</b>									
Current:									
Parks and recreation	—	—	—	3,599	—	—	—	—	3,599
Capital outlay	5,000	—	—	—	—	—	—	—	5,000
<b>Total Expenditures</b>	<b>5,000</b>	<b>—</b>	<b>—</b>	<b>3,599</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>8,599</b>
<b>Excess Of Revenue Over (Under) Expenditures</b>	<b>28,585</b>	<b>6,517</b>	<b>148,067</b>	<b>(250)</b>	<b>15</b>	<b>138</b>	<b>57</b>	<b>—</b>	<b>183,129</b>
<b>Other Financing Sources (Uses)</b>									
Transfer from other funds	—	—	—	599	—	6,403	6,023	—	13,025
Transfer to other funds	(29,871)	(23,847)	(146,418)	—	—	—	—	—	(200,136)
<b>Total Other Financing Sources (Uses)</b>	<b>(29,871)</b>	<b>(23,847)</b>	<b>(146,418)</b>	<b>599</b>	<b>—</b>	<b>6,403</b>	<b>6,023</b>	<b>—</b>	<b>(187,111)</b>
<b>Excess Of Revenue And Other Sources Over (Under) Expenditures And Other Uses</b>	<b>(1,286)</b>	<b>(17,330)</b>	<b>1,649</b>	<b>349</b>	<b>15</b>	<b>6,541</b>	<b>6,080</b>	<b>—</b>	<b>(3,982)</b>
<b>Fund Balances - Beginning Of Year</b>	<b>81,309</b>	<b>54,505</b>	<b>472,559</b>	<b>—</b>	<b>14,360</b>	<b>288,565</b>	<b>48,871</b>	<b>—</b>	<b>960,169</b>
<b>Fund Balances - End Of Year</b>	<b>\$ 80,023</b>	<b>\$ 37,175</b>	<b>\$ 474,208</b>	<b>\$ 349</b>	<b>\$ 14,375</b>	<b>\$ 295,106</b>	<b>\$ 54,951</b>	<b>\$ —</b>	<b>\$ 956,187</b>

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, 2011**

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Interest income	\$ 30	\$ 15	\$ (15)
<b>Excess Of Revenues Over (Under)</b>			
<b>Expenditures</b>	<u>\$ 30</u>	<u>15</u>	<u>\$ (15)</u>
<b>Fund Balance - Beginning Of Year</b>		<u>14,360</u>	
<b>Fund Balance - End Of Year</b>		<u>\$ 14,375</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, 2011**

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Intergovernmental revenues	\$ 35,315	\$ 33,500	\$ (1,815)
Interest income	100	85	(15)
<b>Total Revenues</b>	<u>35,415</u>	<u>33,585</u>	<u>(1,830)</u>
<b>Expenditures</b>			
Capital outlays	22,756	5,000	17,756
<b>Excess Of Revenues Over Expenditures</b>	<u>12,659</u>	<u>28,585</u>	<u>15,926</u>
<b>Other Financing Uses</b>			
Transfers to other funds	(29,870)	(29,871)	(1)
<b>Excess Of Expenditures And Other Financing Uses Over Revenues</b>	<u>\$ (17,211)</u>	<u>(1,286)</u>	<u>\$ 15,925</u>
<b>Fund Balance - Beginning Of Year</b>		<u>81,309</u>	
<b>Fund Balance - End Of Year</b>		<u>\$ 80,023</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, 2011**

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Interest income	\$ 1,000	\$ 138	\$ (862)
<b>Other Financing Sources</b>			
Transfers in	6,403	6,403	—
<b>Excess Of Revenues And Other Financing Sources Over Expenditures</b>	<u>\$ 7,403</u>	6,541	<u>\$ (862)</u>
<b>Fund Balance - Beginning Of Year</b>		<u>288,565</u>	
<b>Fund Balance - End Of Year</b>		<u>\$ 295,106</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, 2011**

	<b>Original And Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Interest income	\$ 100	\$ 1,517	\$ 1,417
Charges for services	—	5,000	5,000
<b>Total Revenues</b>	<b>100</b>	<b>6,517</b>	<b>6,417</b>
<b>Other Financing Uses</b>			
Transfers to other funds	(34,088)	(23,847)	10,241
<b>Excess Of Revenues Over (Under) Other Financing Uses</b>	<b>\$ (33,988)</b>	<b>(17,330)</b>	<b>\$ 16,658</b>
<b>Fund Balance - Beginning Of Year</b>		<u>54,505</u>	
<b>Fund Balance - End Of Year</b>		<u>\$ 37,175</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, 2011**

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Interest income	\$ 100	\$ 57	\$ (43)
<b>Excess Of Revenues Over Expenditures</b>	100	57	(43)
<b>Other Financing Sources</b>			
Transfers from other funds	6,875	6,023	(852)
<b>Excess Of Revenues And Other Financing Sources Over Expenditures</b>	<u>\$ 6,975</u>	<u>6,080</u>	<u>\$ (895)</u>
<b>Fund Balance - Beginning Of Year</b>		<u>48,871</u>	
<b>Fund Balance - End Of Year</b>		<u>\$ 54,951</u>	

**CITY OF FLORENCE, COLORADO**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
POOLS, PARKS AND RECREATION FUND  
For The Year Ended December 31, 2011**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>				
Sales and use tax	\$ 112,500	\$ 112,500	\$ 143,707	\$ 31,207
Interest income	3,500	3,500	4,360	860
<b>Total Revenues</b>	<b>116,000</b>	<b>116,000</b>	<b>148,067</b>	<b>32,067</b>
<b>Other Financing Uses</b>				
Transfers to other funds	(52,669)	(152,669)	(146,418)	6,251
<b>Excess Of Revenues Over Other Financing Uses</b>	<b>\$ 63,331</b>	<b>\$ (36,669)</b>	<b>1,649</b>	<b>\$ 38,318</b>
<b>Fund Balance - Beginning Of Year</b>			<u>472,559</u>	
<b>Fund Balance - End Of Year</b>			<u>\$ 474,208</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, 2011**

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Miscellaneous	\$ 3,000	\$ 3,349	\$ 349
<b>Expenditures</b>			
Parks and recreation	5,000	3,599	1,401
<b>Excess Of Expenditures Over Revenues</b>	(2,000)	(250)	1,750
<b>Other Financing Sources</b>			
Transfers from other funds	2,000	599	(1,401)
<b>Excess Of Revenues And Other Sources Over Expenditures</b>	<u>\$ —</u>	<u>349</u>	<u>\$ 349</u>
<b>Fund Balance - Beginning Of Year</b>		<u>—</u>	
<b>Fund Balance - End Of Year</b>		<u>\$ 349</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, 2011**

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Grant revenue	\$ 1,088,094	\$ 865,474	\$ (222,620)
Other	—	8,683	8,683
Interest	50	39	(11)
<b>Total Revenues</b>	<u>1,088,144</u>	<u>874,196</u>	<u>(213,948)</u>
<b>Expenditures</b>			
Capital outlays	<u>1,058,037</u>	<u>940,490</u>	<u>117,547</u>
<b>Excess Of Revenues Over (Under) Expenditures</b>	<u>30,107</u>	<u>(66,294)</u>	<u>(96,401)</u>
<b>Other Financing Sources</b>			
Transfers from other funds	<u>—</u>	<u>23,847</u>	<u>23,847</u>
<b>Excess Of Revenues And Other Financing Sources Over (Under) Expenditures</b>	<u>\$ 30,107</u>	<u>(42,447)</u>	<u>\$ (72,554)</u>
<b>Fund Balance - Beginning Of Year</b>		<u>19,310</u>	
<b>Fund Balance - End Of Year</b>		<u>\$ (23,137)</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, 2011**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>				
Charges for services	\$ 3,224,372	\$ 3,224,372	\$ 2,940,166	\$ (284,206)
Tap fees and connection charges	16,912	16,912	28,358	11,446
Interest income	34,000	34,000	16,815	(17,185)
Transfer from other funds	1,247,745	1,247,745	2,004,517	756,772
Debt retirement	1,111,974	1,111,974	—	(1,111,974)
Sale of assets	500	500	—	(500)
<b>Total Revenues</b>	<b>5,635,503</b>	<b>5,635,503</b>	<b>4,989,856</b>	<b>(645,647)</b>
<b>Expenditures</b>				
Administration	240,266	240,266	50,168	190,098
Water system	1,129,284	1,179,284	1,088,291	90,993
Principal and interest payments	1,134,453	1,134,453	1,277,109	(142,656)
Capital outlay	1,027,800	1,027,800	1,268,878	(241,078)
Transfers out	2,359,719	2,359,719	2,281,697	78,022
<b>Total Expenditures</b>	<b>5,891,522</b>	<b>5,941,522</b>	<b>5,966,143</b>	<b>(24,621)</b>
<b>Excess Of Expenditures Over Revenues</b>	<b>\$ (256,019)</b>	<b>\$ (306,019)</b>	<b>(976,287)</b>	<b>\$ (670,268)</b>
<b>Reconciliation Of Excess Of Expenditures Over Revenues To Net Income</b>				
Depreciation			(1,062,541)	
Principal retirement of long-term debt			814,267	
Capital outlay			<u>1,268,878</u>	
<b>Net Income</b>			<u>\$ 44,317</u>	

**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, 2011**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>				
Charges for services	\$ 31,875	\$ 31,875	\$ 24,094	\$ (7,781)
Transfers in	52,669	152,669	146,418	(6,251)
<b>Total Revenues</b>	<b>84,544</b>	<b>184,544</b>	<b>170,512</b>	<b>(14,032)</b>
<b>Expenditures</b>				
Administration	—	—	39,660	(39,660)
Recreation	64,544	164,544	16,265	148,279
Capital outlay	20,000	20,000	—	(20,000)
<b>Total Expenditures</b>	<b>84,544</b>	<b>184,544</b>	<b>55,925</b>	<b>128,619</b>
<b>Excess Of Revenues Over Expenditures</b>	<b>\$ —</b>	<b>\$ —</b>	<b>114,587</b>	<b>\$ 114,587</b>
<b>Reconciliation Of Excess Of Revenues Over Expenditures To Net Income</b>				
Depreciation and amortization			(21,008)	
<b>Net Income</b>			<b>\$ 93,579</b>	



**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, 2011**

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Interest income	\$ 1,500	\$ 1,293	\$ (207)
<b>Other Financing Sources</b>			
Transfers from other funds	6,875	6,023	(852)
<b>Excess Of Revenues And Other Financing Sources Over Expenditures</b>	<u>\$ 8,375</u>	<u>7,316</u>	<u>\$ (1,059)</u>
<b>Fund Balance - Beginning Of Year</b>		<u>193,952</u>	
<b>Fund Balance - End Of Year</b>		<u>\$ 201,268</u>	

**CITY OF FLORENCE, COLORADO**  
**STATEMENT OF CHANGES IN AGENCY FUND**  
**For The Year Ended December 31, 2011**

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	<u>Balance</u> <u>December 31, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31, 2011</u>
<b>Assets</b>				
Cash	\$ 17,140	\$ 19	\$ —	\$ 17,159
<b>Liabilities</b>				
Due to school district	\$ 17,140	\$ 19	\$ —	\$ 17,159

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County: <b>City of Florence</b>			
		YEAR ENDING: <b>December 2011</b>			
This Information From The Records Of (example - City of _ or County of _): <b>City of Florence</b>		Prepared By: <b>Corrin Garcia</b>			
		Phone: <b>(719) 784-4848 ext. 223</b>			
<b>I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE</b>					
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					
<b>II. RECEIPTS FOR ROAD AND STREET PURPOSES</b>		<b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES</b>			
ITEM	AMOUNT	ITEM	AMOUNT		
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>			
1. Local highway-user taxes		1. Capital outlay (from page 2)	\$ —		
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	239,722		
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:			
c. Total (a.+b.)		a. Traffic control operations	—		
2. General fund appropriations	\$ —	b. Snow and ice removal	43,586		
3. Other local imposts (from page 2)	484,073	c. Other	64,918		
4. Miscellaneous local receipts (from page 2)	—	d. Total (a. through c.)	108,504		
5. Transfers from toll facilities	—	4. miscellaneous	—		
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	277,109		
a. Bonds - Original Issues	—	6. Total (1 through 5)	625,335		
b. Bonds - Refunding Issues	—	<b>B. Debt service on local obligations:</b>			
c. Notes	—	1. Bonds:			
d. Total (a. + b. + c.)	—	a. Interest	—		
7. Total (1 through 6)	484,073	b. Redemption	—		
<b>B. Private Contributions</b>	—	c. Total (a. + b.)	—		
<b>C. Receipts from State government (from page 2)</b>	141,262	2. Notes:			
<b>D. Receipts from Federal Government (from page 2)</b>	—	a. Interest	—		
<b>E. Total receipts (A.7 + B + C + D)</b>	625,335	b. Redemption	—		
		c. Total (a. + b.)	—		
		3. Total (1.c + 2.c)	—		
		<b>C. Payments to State for highways</b>	—		
		<b>D. Payments to toll facilities</b>	—		
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	625,335		
<b>IV. LOCAL HIGHWAY DEBT STATUS</b> (Show all entries at par)					
	Opening Debt	Amount Issued	Redemptions	Closing Debt	
<b>A. Bonds (Total)</b>	\$ —	\$ —	\$ —	\$ —	
1. Bonds (Refunding Portion)					
<b>B. Notes (Total)</b>	—	—	—	—	
<b>V. LOCAL ROAD AND STREET FUND BALANCE</b>					
	Beginning Balance	Total Receipts	Total Disbursements	Ending Balance	Reconciliation
	\$ —	\$ 625,335	\$ 625,335	\$ —	\$ —
<b>Notes and Comments:</b>					

# LOCAL HIGHWAY FINANCE REPORT

State: Colorado  
 YEAR ENDING: December 2011

## II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	\$ 434,438	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	49,635	g. Other Misc. Receipts	—
6. Total (1. through 5.)	49,635	h. Other Misc. Receipts	—
c. Total (a. = b.)	484,073	i. Total (a. through h.)	—
	1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	\$ 126,662	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	14,600	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.)	14,600	g. Total (a. through f.)	—
4. Total (1. + 2. + 3.f)	141,262	3. Total (1. + 2.g)	—
	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)
<b>A.1. Capital outlay:</b>			
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 1.a. + 1.b. + 1.c.5)	—	—	—
			(Carry forward to page 1)

Notes and Comments:

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**Single Audit**

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**Independent Auditors' Report On  
Internal Control Over Financial Reporting  
And On Compliance And Other Matters  
Based On An Audit Of Financial Statements  
Performed In Accordance With  
Government Auditing Standards**

City Council  
City of Florence, Colorado

We have audited the 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, 2011, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 14, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

### **Compliance And Other Matters**

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

We noted certain matters that we reported to management of the City in a separate letter dated September 14, 2012.

This report is intended solely for the information and use of management, others within the organization, City Council, federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

*RubinBrown LLP*

September 14, 2012



**Independent Auditors' Report On Compliance  
With Requirements That Could Have A Direct  
And Material Effect On Each Major Program  
And On Internal Control Over Compliance  
In Accordance With OMB Circular A-133**

City Council  
City of Florence, Colorado

**Compliance**

We have audited the City of Florence's (the City) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on the City's major federal programs for the year ended December 31, 2011. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended December 31, 2011.

### Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the organization, City Council, federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than those specified parties.

*RubinBrown LLP*

September 14, 2012

**CITY OF FLORENCE, COLORADO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For The Year Ended December 31, 2011**

**Section I - Summary Of Auditors' Results**

**Financial Statements**

Type of auditors' report issued: Unqualified  
Internal control over financial reporting:  
• Material weakness(es) identified?  yes  no  
• Significant deficiency(ies) identified?  yes  none reported  
• Noncompliance material to financial statements noted?  yes  no

**Federal Awards**

Internal control over major programs:  
• Material weakness(es) identified?  yes  no  
• Significant deficiency(ies) identified?  yes  none reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?  yes  no

**Identification of major programs:**

**CFDA No. 66.468      Drinking Water Revolving Fund**

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?  yes  no

**CITY OF FLORENCE, COLORADO**

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For The Year Ended December 31, 2011**

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**Section II - Financial Statement Findings**

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There were no findings relating to the City of Florence, Colorado, financial statements for the year ended December 31, 2011.

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**Section III - Federal Award Findings And Questioned Costs**

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There were no findings relating to the City of Florence, Colorado, federal awards for the year ended December 31, 2011.

**CITY OF FLORENCE, COLORADO**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2011**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor Number	Expenditures
Environmental Protection Agency, Office Of Water Pass-Through From Colorado Water Resources And Power Development Authority Drinking Water Revolving Fund, Grant 2F-97881041 - ARRA Funds	66.468	D09Z148	\$ 317,158
U.S. Department Of Transportation, Federal Highway Administration Pass-Through From Colorado Department Of Transportation Highway Planning And Construction	20.205	N/A	146,326
U.S. Department Of Energy Pass-Through From Colorado Department Of Local Affairs Energy Efficiency And Conservation Block Grant Program	81.128	N/A	32,657
U.S. Department Of Justice Office Of Community-Oriented Policing Services - ARRA Funds	16.71	N/A	35,941
			\$ 532,082

See the accompanying note to schedule of expenditures of federal awards.

# CITY OF FLORENCE, COLORADO

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## NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2011

### 1. Basis Of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Florence, Colorado, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts reported in, or used in, the preparation of the basic financial statements.