

CITY OF FLORENCE, COLORADO

BASIC FINANCIAL STATEMENTS

December 31, 2014

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FINANCIAL SECTION



JOHN CUTLER & ASSOCIATES

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

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Florence, Colorado, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Florence, Colorado, as of December 31, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required budgetary information on page 27 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund schedules and compliance listed in the table of contents 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 information has 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 to 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 combining and individual fund schedules and compliance are fairly stated in all material respects in relation to the financial statements as a whole.

John Cutler & Associates, LLC

July 13, 2015

City of Florence Management's Discussion and Analysis

The Management Discussion and Analysis (MD&A) is designed to provide an easy-to-read discussion of the City of Florence's (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 eleven separate budgets: a General Fund, a Police Equipment/Supplies Fund, an Equipment Replacement Fund, a Conservation Trust Fund, a Capital Improvements Fund, a Community Projects Fund, a Cemetery Construction Fund, a Pool, Park and Recreation Fund, a Capital Projects Fund, a Recreation Fund, and a Perpetual Care Trust Fund. The 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 one Enterprise: the Water Fund. The Water Fund receives revenue through water sales, water tap fees and other fees.

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

DESCRIPTION OF FINANCIAL STATEMENTS

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

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

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

Government-wide Statements

The government-wide statements consist of the Statement of Net Position and the Statement of Activities. These statements report information about the City as a whole and include *all* assets 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 position* and changes in net position. The City's net position, the difference between assets and liabilities, is one way to measure the City's financial health, or *financial position*. Over time, increases or decreases in the City's net position 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 Position and the Statement of Activities, the City is divided into two kinds of activities:

- **Governmental Activities** - The activity of the City for its General Fund (which includes the Police Equipment/Supplies Fund, Equipment Replacement Fund, and the Capital Improvement Fund), Conservation Trust, Capital Projects Fund (which includes the Community Projects Fund and the Cemetery Construction Fund), the Pool, Park and Recreation Fund (which includes the Recreation Fund) 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 one enterprise fund, the Water 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.

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 fund is reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise fund is the same as the business-type activities reported in the governmental-wide statements but provide more detail and additional information, such as cash flows.

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

HIGHLIGHTS

Governmental Activities

- Total assets for governmental activities at December 31, 2014 were \$6,240,058.

Business-type Activities

- In 2014, total assets were \$33,915,395 compared to \$34,679,522 at the end of fiscal year 2013. This is a decrease of \$764,127 is due to the Swimming Pool Fund being reported in the governmental activities in 2014.
- In 2014, revenues from water sales increased by \$273,976 from \$3,136,434 to \$3,410,410.
- Total Enterprise liabilities decreased from \$21,883,008 in 2013 to \$20,952,438 in 2014, a decrease of \$930,570.

STATEMENTS OF NET POSITION

The perspective of the statement of net position is of the City as a whole. Following is a summary of the City's net position for 2014:

	Governmental Activities		Business Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 3,451,409	\$ 2,950,531	\$ 9,474,212	\$ 10,903,687	\$ 12,925,621	\$ 8,269,978
Capital assets	2,788,649	3,151,842	24,441,183	23,775,835	27,229,832	24,733,125
Total assets	6,240,058	6,102,373	33,915,395	34,679,522	40,155,453	33,005,116
Long-term debt outstanding	246,105	125,029	20,709,809	20,718,615	20,955,914	(13,858,194)
Other liabilities	411,938	244,512	242,629	1,164,393	654,567	(720,405)
Total liabilities	658,043	369,541	20,952,438	21,883,008	21,610,481	(14,578,599)
Deferred Inflow of Resources						
Deferred Property Tax Revenue	477,960	482,063	-	-	477,960	482,063
Net position						
Net investment in capital assets	2,598,714	2,853,968	3,745,753	1,206,067	6,344,467	10,925,125
Restricted	402,906	173,007	-	-	402,906	150,587
Unrestricted	2,102,435	2,223,794	9,217,204	11,608,045	11,319,639	7,348,792
Total net position	\$ 5,104,055	\$ 5,250,769	\$ 12,962,957	\$ 12,814,112	\$ 18,067,012	\$ 18,424,504

The change in net position for the Governmental Activities was decrease of \$146,714 or 2.79%. The change in net position for the Business-Type Activities was increased by \$148,545 or 1.15%.

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 position for fiscal year 2013 and 2014.

	Governmental Activities		Business Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for services	\$ 669,196	\$ 544,744	\$ 3,410,410	\$ 3,136,434	\$ 4,079,606	\$ 3,681,178
Operating grants and contributions	142,076	127,226	-	-	142,076	127,226
Capital grants and contributions	37,407	59,125	42,168	14,056	79,575	73,181
Total Program Revenues	848,679	731,095	3,452,578	3,150,490	4,301,257	3,881,585
General Revenues:						
Property taxes	481,882	439,013	-	-	481,882	439,013
Sales and use taxes	963,929	767,239	-	-	963,929	767,239
Other general revenues	376,193	657,012	59,035	11,231	435,228	668,243
Total General Revenues	1,822,004	1,863,264	59,035	11,231	1,881,039	1,874,495
Total Revenue	2,670,683	2,594,359	3,511,613	3,161,721	6,182,296	5,756,080
Program Expenses:						
General government	978,652	764,408	-	-	978,652	764,408
Police	1,261,790	1,054,568	-	-	1,261,790	1,054,568
Public works	767,453	564,308	-	-	767,453	564,308
Sanitation	-	149,897	-	-	-	149,897
Planning and building	116,341	44,434	-	-	116,341	44,434
Cemetery	-	83,943	-	-	-	83,943
Parks and recreation	208,562	72,657	-	-	208,562	72,657
Interest on long-term debt	14,937	10,623	-	-	14,937	10,623
Water	-	-	2,330,046	3,094,958	2,330,046	3,094,958
Swimming pool	-	-	-	98,058	-	98,058
Interest on long-term debt	-	-	715,260	-	-	-
Total Expenses	3,347,735	2,744,838	3,045,306	3,193,016	6,393,041	5,937,854
Transfers	317,462	125,522	(317,462)	(131,290)	-	(5,768)
Increase (Decrease) in Net Position	(359,590)	(24,957)	148,845	(162,585)	(210,745)	(187,542)
Beginning Net Position	5,463,645	4,995,360	12,814,112	13,257,063	18,277,757	18,252,423
Ending Net Position, restated	5,104,055	4,970,403	12,962,957	13,094,478	18,067,012	18,064,881

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	\$ 978,652	\$ (747,834)
Police	1,261,790	(864,506)
Streets	767,453	(632,558)
Planning	116,341	(116,341)
Parks & Rec	208,562	(122,880)
Debt	14,937	(14,937)
Totals	\$ 3,347,735	\$ (2,499,056)

Budgetary Analysis of the General Fund

General Fund revenues were \$166,353 more than budget. General Fund expenditures were \$149,958 less than budget. The largest increase in revenue was from additional funds received from Fremont County to manage the dispatch department.

CAPITAL ASSETS AND DEBT ADMINISTRATION - CITY WIDE

At year-end the City had \$27,299,832 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	
	2014	2013	2014	2013	2014	2013
Land	\$ 126,993	\$ 126,993	\$ 79,425	\$ 79,425	\$ 206,418	\$ 206,418
Easements	5,935	5,935	-	-	5,935	5,935
Water shares	-	-	563,889	507,839	563,889	507,839
Buildings and improvements	2,307,451	2,488,181	-	-	2,307,451	2,488,181
Plant	-	-	4,099,785	4,082,150	4,099,785	4,082,150
Distribution system	-	-	7,499,542	7,499,542	7,499,542	7,499,542
Vehicles and equipment	949,920	980,953	1,347,425	1,361,277	2,297,345	2,342,230
Regional fixed assets	-	-	23,728,830	15,707,912	23,728,830	15,707,912
Regional construction	-	-	-	6,628,349	-	6,628,349
Swimming pool	592,971	592,971	-	-	592,971	592,971
Office equipment and furniture	-	19,456	-	-	-	19,456
Construction in progress	167,754	167,754	2,754,546	1,360,241	2,922,300	1,527,995
Infrastructure	1,243,126	1,243,126	-	-	1,243,126	1,243,126
Less accumulated depreciation	(2,605,501)	(2,539,213)	(15,632,259)	(14,528,594)	(18,237,760)	(17,067,807)
Net fixed assets	\$ 2,788,649	\$ 3,086,156	\$ 24,441,183	\$ 22,698,141	\$ 27,229,832	\$ 25,784,297

DEBT OUTSTANDING

The City's Business-Type long-term debt consists of water revenue bonds and a loan. During 2013, the City refunded the 2003A series bond and issued Series 2013A and 2013B. As of December 31, 2014 the outstanding balance of both bonds and loans is \$20,709,809. Activity for Governmental Activities and Business-Type Activities during the year are as follows:

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities					
Capital Leases	232,188	0	42,253	189,935	44,678
Compensated Absences	54,577	1,593	0	56,170	0
Total Governmental Activities	<u>\$286,765</u>	<u>\$0</u>	<u>\$42,253</u>	<u>\$246,105</u>	<u>\$44,678</u>
Business-Type Activities					
Water Revenue Refunding Bond Series 2003A	\$8,391,890	\$0	\$650,233	\$7,741,657	\$0
CWR&PDA Loan (series 2003B)	0	0	0	0	661,348
CWR&PDA Loan Dated January 2005	524,844	0	35,881	488,963	37,147
CWR&PDA Loan Dated October 2009	1,600,000	0	100,000	1,500,000	100,000
Refunding Bond Series 2013A	9,770,000	0	0	9,770,000	0
Bond Premium	205,340		10,530	194,810	
Compensated Absences	12,655	1,724		14,379	
Refunding Bond Series 2013B	1,000,000	0	0	1,000,000	0
Total	<u>\$21,504,729</u>	<u>\$1,724</u>	<u>\$796,644</u>	<u>\$20,709,809</u>	<u>\$798,495</u>

ECONOMIC AND OTHER FACTORS

The economy of the City of Florence, and the surrounding region, continues to grow at a very slow rate, 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 expected to remain flat in 2015.

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. We will be looking at what we intend to do this fall as this tax sunsets.

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

BASIC FINANCIAL STATEMENTS

CITY OF FLORENCE, COLORADO

STATEMENT OF NET POSITION

As of December 31, 2014

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTALS
ASSETS			
Cash and Investments	\$ 2,588,237	\$ 8,162,217	\$ 10,750,454
Restricted Cash and Investments	80,769	1,140,424	1,221,193
Receivables			
Property Taxes	477,960	-	477,960
Sales and Other	304,443	-	304,443
Accounts	-	103,606	103,606
Inventory	-	67,965	67,965
Capital Assets, not Depreciated	300,682	3,397,860	3,698,542
Capital Assets, Depreciated, Net of Accumulated Depreciation	<u>2,487,967</u>	<u>21,043,323</u>	<u>23,531,290</u>
TOTAL ASSETS	<u>6,240,058</u>	<u>33,915,395</u>	<u>40,155,453</u>
LIABILITIES			
Accounts Payable	361,760	167,405	529,165
Accrued Expenses	48,678	8,106	56,784
Accrued Interest	-	60,910	60,910
Unearned Revenue	1,200	-	1,200
Deposits and Escrow	300	6,208	6,508
Noncurrent Liabilities			
Due within One Year	44,678	798,495	843,173
Due in More Than One Year	<u>201,427</u>	<u>19,911,314</u>	<u>20,112,741</u>
TOTAL LIABILITIES	<u>658,043</u>	<u>20,952,438</u>	<u>21,610,481</u>
DEFERRED INFLOWS			
Deferred Property Tax Revenue	<u>477,960</u>	<u>-</u>	<u>477,960</u>
NET POSITION			
Investment in Capital Assets	2,598,714	3,745,753	6,344,467
Restricted for Emergencies	183,000	-	183,000
Restricted for Cemetery Care	219,906	-	219,906
Unrestricted	<u>2,102,435</u>	<u>9,217,204</u>	<u>11,319,639</u>
TOTAL NET POSITION	<u>\$ 5,104,055</u>	<u>\$ 12,962,957</u>	<u>\$ 18,067,012</u>

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

CITY OF FLORENCE , COLORADO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2014

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 978,652	\$ 230,818	\$ -	\$ -
Public Safety	1,261,790	397,284	-	-
Public Works	767,453	-	134,895	-
Planning	116,341	-	-	-
Parks and Recreation	208,562	41,094	7,181	37,407
Interest on Long-Term Debt	14,937	-	-	-
Total Governmental Activities	<u>3,347,735</u>	<u>669,196</u>	<u>142,076</u>	<u>37,407</u>
Business-Type Activities				
Water	2,330,046	3,410,410	-	42,168
Interest on Long-Term Debt	715,260	-	-	-
Total Business-Type Activities	<u>3,045,306</u>	<u>3,410,410</u>	<u>-</u>	<u>42,168</u>
Total Primary Government	<u>\$ 6,393,041</u>	<u>\$ 4,079,606</u>	<u>\$ 142,076</u>	<u>\$ 79,575</u>

GENERAL REVENUES

- Sales Taxes
- Property Taxes
- Specific Ownership Taxes
- Franchise Taxes
- Other Taxes
- Interest
- Other
- Transfers

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION, Beginning, Restated

NET POSITION, Ending

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

NET (EXPENSE) REVENUE AND
CHANGE IN NET POSITION

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
\$ (747,834)	\$ -	\$ (747,834)
(864,506)	-	(864,506)
(632,558)	-	(632,558)
(116,341)	-	(116,341)
(122,880)	-	(122,880)
(14,937)	-	(14,937)
<u>(2,499,056)</u>	<u>-</u>	<u>(2,499,056)</u>
-	1,122,532	1,122,532
-	(715,260)	(715,260)
<u>-</u>	<u>407,272</u>	<u>407,272</u>
(2,499,056)	407,272	(2,091,784)
701,941	-	701,941
481,882	-	481,882
62,631	-	62,631
199,357	-	199,357
157,312	-	157,312
5,119	12,910	18,029
213,762	46,125	259,887
317,462	(317,462)	-
<u>2,139,466</u>	<u>(258,427)</u>	<u>1,881,039</u>
(359,590)	148,845	(210,745)
<u>5,463,645</u>	<u>12,814,112</u>	<u>18,277,757</u>
<u>\$ 5,104,055</u>	<u>\$ 12,962,957</u>	<u>\$ 18,067,012</u>

CITY OF FLORENCE, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2014

	GENERAL FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL
ASSETS			
Cash and Investments	\$ 1,554,084	\$ 1,034,153	\$ 2,588,237
Restricted Cash and Investments	80,769	-	80,769
Taxes Receivable	477,960	-	477,960
Accounts Receivable	278,054	26,389	304,443
TOTAL ASSETS	<u>\$ 2,390,867</u>	<u>\$ 1,060,542</u>	<u>\$ 3,451,409</u>
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts Payable	\$ 361,760	\$ -	\$ 361,760
Accrued Expenses	48,678	-	48,678
Unearned Revenues	1,200	-	1,200
Deposits and Escrow	300	-	300
TOTAL LIABILITIES	<u>411,938</u>	<u>-</u>	<u>411,938</u>
DEFERRED INFLOWS			
Deferred Revenues	477,960	-	477,960
Fund Balance			
Restricted	183,000	953,063	1,136,063
Assigned	-	42,389	42,389
Assigned for Cemetery Construction	-	31,980	31,980
Assigned for Capital Projects	130,956	33,110	164,066
Assigned for Equipment Replacement	14,444	-	14,444
Unassigned	1,172,569	-	1,172,569
TOTAL FUND EQUITY	<u>1,500,969</u>	<u>1,060,542</u>	<u>2,561,511</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY	<u>\$ 2,390,867</u>	<u>\$ 1,060,542</u>	

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	2,788,649
Long-term liabilities are not due and payable in the current period and are not reported in the funds. This includes Capital Leases (\$189,935) and Accrued Compensated Absences (\$56,170).	<u>(246,105)</u>
Net position of governmental activities	<u>\$ 5,104,055</u>

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

CITY OF FLORENCE, COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2014

	GENERAL FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL
REVENUES			
Taxes	\$ 1,415,452	\$ 167,897	\$ 1,583,349
Licenses and Permits	47,528	-	47,528
Intergovernmental	154,669	44,588	199,257
Charges for Services	183,290	41,094	224,384
Fines and Forfeitures	97,284	-	97,284
Sheriff Dispatch Services	300,000	-	300,000
Interest	2,859	2,260	5,119
Miscellaneous	313,001	1,917	314,918
TOTAL REVENUES	2,514,083	257,756	2,771,839
EXPENDITURES			
General Government	867,723	-	867,723
Public Safety	1,243,748	-	1,243,748
Public Works	619,889	-	619,889
Planning	116,341	-	116,341
Parks and Recreation	48,657	89,244	137,901
Debt Service			
Principal	42,253	-	42,253
Interest	14,937	-	14,937
Capital Outlay	134,106	15,146	149,252
TOTAL EXPENDITURES	3,087,654	104,390	3,192,044
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(573,571)	153,366	(420,205)
OTHER FINANCING USES			
Transfer In	353,462	13,340	366,802
Transfer Out	(13,340)	(36,000)	(49,340)
TOTAL OTHER FINANCING USES	340,122	(22,660)	317,462
NET CHANGE IN FUND BALANCES	(233,449)	130,706	(102,743)
FUND BALANCES, Beginning	1,734,418	929,836	2,664,254
FUND BALANCES, Ending	\$ 1,500,969	\$ 1,060,542	\$ 2,561,511

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

CITY OF FLORENCE, COLORADO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2014

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

Net Changes in Fund Balances - Total Governmental Funds	\$ (102,743)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$363,287), exceeded capital outlay \$166,936 and loss on disposal on assets (\$101,156) in the current period.	(297,507)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. These include a payments of Capital Leases \$42,253 and change in accrued compensated absences (\$1,593)	<u>40,660</u>
Change in Net Position of Governmental Activities	<u>\$ (359,590)</u>

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

CITY OF FLORENCE, COLORADO

STATEMENT OF NET POSITION
 PROPRIETARY FUND TYPE
 As of December 31, 2014

ASSETS	
Current Assets	
Investments	\$ 8,162,217
Restricted Investments	1,140,424
Accounts Receivable	103,606
Inventory	<u>67,965</u>
Total Current Assets	<u>9,474,212</u>
Noncurrent Assets	
Capital Assets, net of accumulated depreciation	<u>24,441,183</u>
Total Noncurrent Assets	<u>24,441,183</u>
TOTAL ASSETS	<u>33,915,395</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	167,405
Accrued Expenses	8,106
Accrued Interest Payable	60,910
Notes Payable, Current	<u>798,495</u>
Total Current Liabilities	<u>1,034,916</u>
Noncurrent Liabilities	
Deposits	6,208
Accrued Compensated Absences	14,379
Notes Payable, Long Term	<u>19,896,935</u>
Total Noncurrent Liabilities	<u>19,917,522</u>
TOTAL LIABILITIES	<u>20,952,438</u>
NET POSITION	
Investment in Capital Assets	3,745,753
Unrestricted	<u>9,217,204</u>
TOTAL NET POSITION	<u>\$ 12,962,957</u>

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

CITY OF FLORENCE, COLORADO

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPE
Year Ended December 31, 2014

OPERATING REVENUES	
Charges for Services	\$ 2,044,589
Debt Retirement	1,365,821
Other Revenues	<u>46,125</u>
 TOTAL OPERATING REVENUES	 <u>3,456,535</u>
OPERATING EXPENSES	
Administration	48,332
Water system	1,127,215
Depreciation	1,117,517
Capital Outlay	<u>36,982</u>
 TOTAL OPERATING EXPENSES	 <u>2,330,046</u>
 OPERATING INCOME (LOSS)	 <u>1,126,489</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest Income	12,910
Transfers Out	(317,462)
Interest Expense	<u>(715,260)</u>
 TOTAL NON-OPERATING REVENUES (EXPENSES)	 <u>(1,019,812)</u>
 INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	 <u>106,677</u>
Tap Fees and Capital Contributions	<u>42,168</u>
 NET INCOME	 <u>148,845</u>
NET POSITION, Beginning	<u>12,814,112</u>
NET POSITION, Ending	<u><u>\$ 12,962,957</u></u>

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

CITY OF FLORENCE, COLORADO

STATEMENT OF CASH FLOWS

PROPRIETARY FUND TYPE

Year Ended December 31, 2014

Increase (Decrease) in Cash and Cash Equivalents

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 3,474,693
Cash Paid to Suppliers	(1,157,839)
Cash Paid to Employees	(250,111)
Net Cash Provided (Used) by Operating Activities	<u>2,066,743</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES	
Sale of Investments	2,489,596
Transfer to Other Funds	(317,462)
Net Cash Provided by NonCapital and Related Financing Activities	<u>2,172,134</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	(2,860,559)
Principal Payments on Long Term Debt	(796,644)
Interest Payments	(636,752)
Tap Fees and Capital Contributions	42,168
Net Cash Used by Capital and Related Financing Activities	<u>(4,251,787)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	<u>12,910</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-
CASH AND CASH EQUIVALENTS, Beginning	<u>-</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Loss	\$ 1,126,489
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	1,117,517
Changes in Assets and Liabilities	
Accounts Receivable	18,158
Inventory	(585)
Accounts Payable	(138,670)
Accrued Expenses	(58,590)
Compensated Absences	1,724
Deposits	700
Total Adjustments	<u>940,254</u>
Net Cash Provided by Operating Activities	<u>\$ 2,066,743</u>

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

CITY OF FLORENCE, COLORADO

STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUND- SCHOOL DEDICATION FEES

December 31, 2014

	<u>Agency Fund</u>
ASSETS	
Cash and Investments	<u>\$ 17,238</u>
LIABILITIES	
Due to School District	<u>\$ 17,238</u>

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

CITY OF FLORENCE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Florence, Colorado was founded in 1887. The City is governed by a City Manager and seven-member council (including the Mayor) elected by the residents.

The accounting policies of the City of Florence, Colorado (the "City") conform to generally accepted accounting principles as applicable to governments. Following is a summary of the more significant policies.

Reporting Entity

In accordance with governmental accounting standards, the City of Florence has considered the possibility of inclusion of additional entities in its basic financial statements.

The definition of the reporting entity is based primarily on financial accountability. The City is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if City officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the City. The City may also be financially accountable for governmental organizations that are fiscally dependent upon it.

Based on the application of these criteria, the City does not include additional organizations in its reporting entity.

Government-Wide and Fund Financial Statements

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

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

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

CITY OF FLORENCE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current *financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, specific ownership taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and 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 City. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

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

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

In the fund financial statements, the City reports the following major governmental fund:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

The City reports the following major proprietary fund:

The *Water Fund* accounts for the financial activities associated with the provision of water services.

CITY OF FLORENCE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Additionally, the City reports the following fund type:

Permanent Fund – The *Perpetual Care Reserve Fund* accounts for the activities of the City cemetery, including the sale of plots and maintenance.

Agency Fund: The *School Dedication Fees Agency Fund* accounts for funds dedicated to the City's School District. The City holds all assets in a purely custodial capacity.

Cash and Investments

Cash equivalents include investments with original maturities of three months or less.

Investments are recorded at fair value.

Inventory

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 and equipment, 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 year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property and equipment of the City is 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
Machinery and Equipment	3 - 10 years
Infrastructure	10 years

CITY OF FLORENCE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to the liabilities, the statement of financial position and balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position and fund balance that applies to a futures period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Compensated Absences

Employees of the City accrue vacation time based on years of service. Employees are allowed to accumulate unused vacation time up their annual accrual and a maximum of 480 hours of unused sick time. Upon termination of employment from the City, employees will be compensated for all accrued vacation time at their current pay rate. Employees are not compensated for any of their accrued sick time.

These compensated absences are recognized as current salary costs when earned in the proprietary fund types and when due in the governmental fund types. A liability has been recorded in the government-wide financial statements for the accrued compensated absences.

Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF FLORENCE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

Investment in Capital Assets is intended to reflect the portion of net position which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

Restricted Net Position are liquid assets, which have third party limitations on their use.

Unrestricted Net Position represent assets that do not have any third party limitation on their use. While City management may have categorized and segmented portion for various purposes, the City Council has the unrestricted authority to revisit or alter these managerial decisions.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. The City did not report any nonspendable fund balances as of December 31, 2014.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The City has classified the following amounts as restricted as of December 31, 2014:

Emergency Reserves	\$ 183,000
Parks and Recreation	733,157
Cemetery Care	<u>219,906</u>
Total	<u>\$ 1,136,063</u>

CITY OF FLORENCE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classification (Continued)

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City did not report any committed fund balances of December 31, 2014.
- Assigned – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. Assigned amounts represent intended uses established by City Council or a City official delegated that City by City Charter or ordinance.

The City has classified the following amounts as assigned as of December 31, 2014:

Capital Projects	\$ 164,066
Equipment Replacement	14,444
Community Projects	42,389
Cemetery Construction	<u>31,980</u>
Total	<u>\$ 252,879</u>

- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The City would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources.

CITY OF FLORENCE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

Property taxes are levied on November 1 and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's office collects property taxes and remits to the City on a monthly basis.

Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred revenue are recorded at December 31. As the tax is collected in the succeeding year, the deferred revenue is recognized as revenue and the receivable is reduced.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to September 30, the City staff submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of an ordinance.
- The City Administration is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the City Council.
- Budgets are legally adopted for all funds of the Town. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The Budgetary comparisons presented for the Water Fund is presented on a non-GAAP budgetary basis. Capital outlay is budgeted as an expenditure and depreciation is not budgeted.

CITY OF FLORENCE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

- Budgets are legally adopted for all funds of the City. Budgets for the General, Conservation Trust, and Cemetery Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The Budgetary comparisons presented for the Utility Fund is presented on a non-GAAP budgetary basis. Capital outlay is budgeted as an expenditure and depreciation is not budgeted.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the City Council. All appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations by fund.

NOTE 3: DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of December 31, 2014 follows:

Petty Cash	\$ 200
Deposits	1,702,045
Investments	<u>10,286,640</u>
Total	<u>\$ 11,988,885</u>

The above amounts are classified in the statement of Net Position as follows:

Governmental Activities	\$ 2,669,006
Business-Type Activities	9,302,641
Agency Fund	<u>17,238</u>
Total	<u>\$ 11,988,885</u>

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At December 31, 2014, State regulatory commissioners have indicated that all financial institutions holding deposits for the City are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

CITY OF FLORENCE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

The City has no policy regarding custodial credit risk for deposits.

At December 31, 2014, the City had deposits with financial institutions with a carrying amount of \$1,702,045. The bank balances with the financial institutions were \$1,688,457. Of these balances, \$1,004,776 was covered by federal depository insurance and \$683,681 was covered by collateral held by authorized escrow agents in the financial institution's name (PDPA).

Investments

Interest Rate Risk

The City 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

Colorado statutes specify in which instruments the units of local government may invest which include:

- Obligations of the United States and certain U.S. government agency securities
- General obligation and revenue bonds of U.S. local government entities
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

The above investments are authorized for all funds and fund types used by Colorado municipalities.

The City had invested \$10,286,640 in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds and are registered with the State Securities Commissioner. ColoTrust operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities. Colotrtrust is rated AAA by Standard and Poor's.

CITY OF FLORENCE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Restricted Cash and Investments

Cash and investments in the amount of \$80,769 is restricted in the General Fund for the City's emergency reserve and \$1,140,424 is restricted in the Water Fund for payment of debt service and capital projects.

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2014 is summarized below:

	<u>Balances</u> <u>12/31/13</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/14</u>
Governmental Activities				
Capital Assets, not depreciated				
Land	\$ 126,993	\$ -	\$ -	\$ 126,993
Easements	5,935	-	-	5,935
Construction in Progress	<u>167,754</u>	<u>-</u>	<u>-</u>	<u>167,754</u>
Total Capital Assets, not depreciated	<u>300,682</u>	<u>-</u>	<u>-</u>	<u>300,682</u>
Capital Assets, depreciated				
Buildings and Improvements	2,488,181	-	180,730	2,307,451
Pool	592,971	-	-	592,971
Machinery and Equipment	1,000,409	166,936	217,425	949,920
Infrastructure	<u>1,243,126</u>	<u>-</u>	<u>-</u>	<u>1,243,126</u>
Total Capital Assets, depreciated	<u>5,324,687</u>	<u>166,936</u>	<u>398,155</u>	<u>5,093,468</u>
Less Accumulated Depreciation				
Buildings and Improvements	1,153,545	129,028	100,505	1,182,068
Pool	312,605	28,967	-	341,572
Machinery and Equipment	761,265	80,979	196,494	645,750
Infrastructure	<u>311,798</u>	<u>124,313</u>	<u>-</u>	<u>436,111</u>
Total Accumulated Depreciation	<u>2,539,213</u>	<u>363,287</u>	<u>296,999</u>	<u>2,605,501</u>
Total Capital Assets, depreciated, Net	<u>2,785,474</u>	<u>(196,351)</u>	<u>101,156</u>	<u>2,487,967</u>
Governmental Activities, Capital Assets, Net	<u>\$ 3,086,156</u>	<u>\$ (196,351)</u>	<u>\$ 101,156</u>	<u>\$ 2,788,649</u>

CITY OF FLORENCE, COLORADO

NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 4: **CAPITAL ASSETS** (Continued)

	<u>Balances</u> 12/31/13	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> 12/31/14
Business-Type Activities				
Capital Assets, not depreciated				
Land	\$ 79,425	\$ -	\$ -	\$ 79,425
Water Rights	507,839	56,050	-	563,889
Construction in Process	<u>1,360,241</u>	<u>2,578,791</u>	<u>1,184,486</u>	<u>2,754,546</u>
Total Capital Assets, not depreciated	<u>1,947,505</u>	<u>2,634,841</u>	<u>1,184,486</u>	<u>3,397,860</u>
Capital Assets, depreciated				
Water Treatment Plant	4,082,150	17,635	-	4,099,785
Transmission and Distribution	7,499,542	-	-	7,499,542
Regional Assets	22,336,261	1,392,569	-	23,728,830
Machinery and Equipment	<u>1,361,277</u>	<u>-</u>	<u>13,852</u>	<u>1,347,425</u>
Total Capital Assets, depreciated	<u>35,279,230</u>	<u>1,410,204</u>	<u>13,852</u>	<u>36,675,582</u>
Less: Accumulated Depreciation				
Water Treatment Plant	2,369,776	160,120	-	2,529,896
Transmission and Distribution	3,271,017	266,882	-	3,537,899
Regional Assets	7,657,602	634,346	-	8,291,948
Machinery and Equipment	<u>1,230,199</u>	<u>56,169</u>	<u>13,852</u>	<u>1,272,516</u>
Total Accumulated Depreciation	<u>14,528,594</u>	<u>1,117,517</u>	<u>13,852</u>	<u>15,632,259</u>
Total Capital Assets, depreciated, Net	<u>20,750,636</u>	<u>292,687</u>	<u>-</u>	<u>21,043,323</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 22,698,141</u>	<u>\$ 2,927,528</u>	<u>\$ 1,184,486</u>	<u>\$ 24,441,183</u>

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

Governmental Activities

General Government	\$ 109,336
Public Safety	35,726
Public Works	147,564
Parks and Recreation	<u>70,661</u>
 Total	 <u>\$ 363,287</u>

Beginning balances of capital assets in the governmental activities were increased and beginning capital assets balances in the business-type activities were decreased by \$280,366 due to a change in reporting of the City's Pool Fund from business-type activities to governmental activities.

CITY OF FLORENCE, COLORADO

NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 5: LONG-TERM DEBT

Governmental Activities

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2014.

	Balance <u>12/31/13</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/14</u>	Due In <u>One Year</u>
Capital Leases	\$ 232,188	\$ -	\$ 42,253	\$ 189,935	\$ 44,678
Accrued Compensated Absences	<u>54,577</u>	<u>1,593</u>	<u>-</u>	<u>56,170</u>	<u>-</u>
Total	<u>\$ 286,765</u>	<u>\$ 1,593</u>	<u>\$ 42,253</u>	<u>\$ 246,105</u>	<u>\$ 44,678</u>

Accrued Compensated Absences are being paid from resources generated by the General Fund.

Capital Leases

The City has entered into capital lease agreements to purchase equipment which will be paid from revenues of the General Fund. These leases require monthly payments of ranging from \$2,567 to annual payments of \$23,815 including interest ranging from 3.0 % to 5.0%. The leases mature from August of 2016 to June 2020.

Future Debt Service Requirements

Following is a schedule of the future minimum lease payments required under the capital lease obligation at December 31, 2014:

Year Ended December 31,

2015	\$ 54,622
2016	54,622
2017	30,808
2018	30,808
2019	30,808
2020	15,403
Less: Interest	<u>(27,136)</u>
Present Value of Minimum Lease Payments	<u>\$ 189,935</u>

CITY OF FLORENCE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 5: LONG-TERM DEBT (Continued)

Business-Type Activities

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2014.

	<u>Balance</u> <u>12/31/13</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/14</u>	<u>Due In</u> <u>One Year</u>
2003 CWRPDA Loan	\$ 8,391,890	\$ -	\$ 650,233	\$ 7,741,657	\$ 661,348
2005 CWRPDA Loan	524,844	-	35,881	488,963	37,147
2009 CWRPDA Loan	1,600,000	-	100,000	1,500,000	100,000
Refunding Bond Series 2013A	9,770,000	-	-	9,770,000	-
Refunding Bond Series 2013B	1,000,000	-	-	1,000,000	-
Bond Premium	205,340	-	10,530	194,810	-
Compensated Absences	<u>12,655</u>	<u>1,724</u>	<u>-</u>	<u>14,379</u>	<u>-</u>
Total	<u>\$ 21,504,729</u>	<u>\$ 1,724</u>	<u>\$ 796,644</u>	<u>\$ 20,709,809</u>	<u>\$ 798,495</u>

Loans Payable

2003 Colorado Water Resources and Power Development City (CWRPDA) Loan

Proceeds from this loan were used to finance projects related to the City's water facilities. Principal and interest payments are due semi-annually on June 1 and December 1. Interest accrues at 3.51%. This loan matures on June 1, 2025.

2005 Colorado Water Resources and Power Development City (CWRPDA) Loan

Proceeds from this loan were used to finance the City's water resource project. Principal and interest payments are due semi-annually on June 1 and December 1. Interest accrues at 3.5%. This loan matures on December 1, 2025.

2009 Colorado Water Resources and Power Development City (CWRPDA) Loan

Proceeds from this loan were used to finance the drilling and construction of wells, transmission lines and controls. This is an interest free ARRA loan. Principal payments are due semi-annually on June 1 and December 1. This loan matures on December 1, 2029.

Bonds Payable

Water Revenue Refunding Bonds Series 2013A and 2013B

Proceeds from these bonds were used to fully refund the City's 2013A Water Revenue Refunding Bonds Series 2003A and to finance the construction and acquisition of water capital projects. Interest payments are due semi-annually on June 1 and December 1 and principal payments are due annually on December 1 beginning in 2016. Interest rates range from 3% to 5%. The 2013A bonds mature in December 2033 and the 2013B bonds mature in December 2026.

CITY OF FLORENCE, COLORADO

NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 5: LONG-TERM DEBT (Continued)

Future Debt Service Requirements

Annual debt service requirements for the outstanding loans and bonds at December 31, 2014 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 798,495	\$ 750,947	\$ 1,549,442
2016	860,922	737,677	1,598,599
2017	873,395	721,736	1,595,131
2018	888,694	704,615	1,593,309
2019	906,822	686,612	1,593,434
2020-2024	4,913,470	2,805,383	7,718,853
2025-2029	5,943,822	2,115,332	8,059,154
2030-2034	<u>5,315,000</u>	<u>926,000</u>	<u>6,241,000</u>
Total Debt Service Requirements	<u>\$20,500,620</u>	<u>\$ 9,448,302</u>	<u>\$29,948,922</u>

NOTE 6: INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2014, were comprised of the following:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Pool, Park and Recreation Fund	General Fund	\$ 486
Capital Projects Fund	General Fund	6,427
Perpetual Care Fund	General Fund	6,427
General Fund	Conservation Trust Fund	36,000
General Fund	Water Fund	<u>317,462</u>
Total		<u>\$ 366,802</u>

The General Fund transferred funds to the Pool, Park and Recreation Fund, Capital Projects Fund, and Perpetual Care Fund to subsidize operations and capital purchases in those funds. The Conservation Trust Fund and the Water Fund transferred funds to the General Fund to reimburse the General Fund for capital expenditures and administrative costs.

CITY OF FLORENCE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 7: RETIREMENT COMMITMENTS

Deferred 457 Compensation Plan

The City has a deferred compensation plan (the "Plan") created in accordance with Internal Revenue Code Section 457. Participation in the Plan is optional for employees. The City matches the contribution of participating employees up to 3% after the employee has been employed at the City for one year. The City's contributions to the Plan during the year ended December 31, 2014, were \$16,673. The Plan is administered by Nationwide Retirement Solutions.

Police Pension

The City's police officers participate in the Fire and Police Pension Association (FPPA), a multi-employer public retirement plan. The City's contributions to the police pension plan for the year ended December 31, 2014 were \$32,890. Financial statements of the plan may be obtained from FPPA at 5290 DTC Parkway, Suite 100, Englewood, Colorado 80111.

The plan is a multi-employer, cost-sharing defined benefit pension plan covering substantially all full time employees for participating fire or police pension departments in Colorado hired on or after April 8, 1978. Colorado State Statutes govern the creation and amendment of the plan.

Participants are eligible to retire upon reaching the age of 55 and completing 25 years of service. The annual normal pension is 2% of the average of the member's highest 3 years base salary multiplied by the member's years of service prior to age 60 (not to exceed 25) plus 2% of the average for each additional year worked after completing 25 years and reaching age 55 for a maximum additional benefit of 20%. Benefits paid to retired members are evaluated and re-determined on October 1 of each year. Any increase in the level of benefits cannot exceed the lesser of the increase in the consumer price index of 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 employee's salary to the plan

CITY OF FLORENCE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 8: PUBLIC ENTITY RISK POOL

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For these risks of loss, the City is involved with the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provision of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and Colorado Constitution, Article XIV, Section 18(2).

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

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA.

It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. CIRSA is a separate legal entity and the City does not approve budgets nor does it have the ability to significantly affect the operations of entity.

NOTE 9: COMMITMENTS AND CONTINGENCIES

Tabor Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. On November 1994, voters within the City approved the collection, retention and expenditure of State grants, all sales and use taxes and all other revenue generated by the City in 1995 and subsequent years without limitation, notwithstanding the provisions of the Amendment.

The City has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2014, the emergency reserve of \$183,000 was recorded in the General Fund.

CITY OF FLORENCE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 10: PRIOR PERIOD ADJUSTMENT

The beginning net position of the governmental activities was increased and the beginning net position of the business-type activities was decreased by \$280,366. The balances were restated to combine City's Swimming Pool proprietary fund with the Park and Recreation special revenue fund.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FLORENCE, COLORADO

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Taxes	\$ 1,393,562	\$ 1,393,562	\$ 1,415,452	\$ 21,890
Licenses and Permits	44,700	44,700	47,528	2,828
Intergovernmental	146,500	146,500	154,669	8,169
Charges for Services	185,050	185,050	183,290	(1,760)
Fines and Forfeitures	80,800	80,800	97,284	16,484
Sheriff Dispatch Services	210,000	210,000	300,000	90,000
Interest	30,780	30,780	2,859	(27,921)
Miscellaneous	256,338	256,338	313,001	56,663
TOTAL REVENUES	<u>2,347,730</u>	<u>2,347,730</u>	<u>2,514,083</u>	<u>166,353</u>
EXPENDITURES				
Current				
General Government	701,582	1,251,582	867,723	383,859
Public Safety	1,059,006	1,059,006	1,243,748	(184,742)
Public Works	659,216	659,216	619,889	39,327
Planning	122,501	122,501	116,341	6,160
Parks and Recreation	52,024	52,024	48,657	3,367
Capital Outlay	-	-	134,106	(134,106)
Debt Service				
Principal	54,623	54,623	42,253	12,370
Interest	-	-	14,937	(14,937)
TOTAL EXPENDITURES	<u>2,648,952</u>	<u>3,198,952</u>	<u>3,087,654</u>	<u>111,298</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(301,222)</u>	<u>(851,222)</u>	<u>(573,571)</u>	<u>277,651</u>
OTHER FINANCING SOURCES (USES)				
Transfer In	353,462	353,462	353,462	-
Transfer Out	-	(52,000)	(13,340)	38,660
TOTAL OTHER FINANCING SOURCES (USES)	<u>353,462</u>	<u>301,462</u>	<u>340,122</u>	<u>38,660</u>
NET CHANGE IN FUND BALANCE	52,240	(549,760)	(233,449)	316,311
FUND BALANCE, Beginning	<u>1,869,061</u>	<u>1,869,061</u>	<u>1,734,418</u>	<u>(134,643)</u>
FUND BALANCE, Ending	<u>\$ 1,921,301</u>	<u>\$ 1,319,301</u>	<u>\$ 1,500,969</u>	<u>\$ 181,668</u>

See the accompanying independent auditors' report.

COMBINING AND INDIVIDUAL FUND SCHEDULES

CITY OF FLORENCE, COLORADO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2014

	SPECIAL REVENUE FUNDS			PERMANENT	TOTALS
	CONSERVATION	POOL, PARK	CAPITAL	FUND	
	TRUST	AND RECREATION	PROJECTS	PERPETUAL	
	FUND	FUND	FUND	CARE RESERVE	
				FUND	
ASSETS					
Cash and Investments	\$ 89,511	\$ 618,831	\$ 105,905	\$ 219,906	\$ 1,034,153
Accounts Receivable	-	24,815	1,574	-	26,389
TOTAL ASSETS	<u>\$ 89,511</u>	<u>\$ 643,646</u>	<u>\$ 107,479</u>	<u>\$ 219,906</u>	<u>\$ 1,060,542</u>
FUND EQUITY					
Fund Balance					
Restricted for Cemetery Care	\$ -	\$ -	\$ -	\$ 219,906	\$ 219,906
Restricted for Park and Recreation	89,511	643,646	-	-	733,157
Assigned for Community Projects	-	-	42,389	-	42,389
Assigned for Cemetery Construction	-	-	31,980	-	31,980
Assigned for Capital Projects	-	-	33,110	-	33,110
TOTAL FUND EQUITY	<u>89,511</u>	<u>643,646</u>	<u>107,479</u>	<u>219,906</u>	<u>1,060,542</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 89,511</u>	<u>\$ 643,646</u>	<u>\$ 107,479</u>	<u>\$ 219,906</u>	<u>\$ 1,060,542</u>

See the accompanying independent auditors' report.

CITY OF FLORENCE, COLORADO

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2014

	SPECIAL REVENUE FUNDS			PERMANENT FUND	TOTALS
	CONSERVATION TRUST FUND	POOL, PARK AND RECREATION FUND	CAPITAL PROJECTS FUND	PERPETUAL CARE RESERVE FUND	
REVENUES					
Sales and Use Taxes	\$ -	\$ 167,897	\$ -	\$ -	\$ 167,897
Intergovernmental	37,407	-	7,181	-	44,588
Charges for Services	-	41,094	-	-	41,094
Interest	97	1,440	120	603	2,260
Miscellaneous	-	1,917	-	-	1,917
TOTAL REVENUES	37,504	212,348	7,301	603	257,756
EXPENDITURES					
Parks and Recreation	5,000	81,317	2,927	-	89,244
Capital Outlay	-	-	15,146	-	15,146
TOTAL EXPENDITURES	5,000	81,317	18,073	-	104,390
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	32,504	131,031	(10,772)	603	153,366
OTHER FINANCING SOURCES (USES)					
Transfer In	-	486	6,427	6,427	13,340
Transfer Out	(36,000)	-	-	-	(36,000)
TOTAL OTHER FINANCING SOURCES (USES)	(36,000)	486	6,427	6,427	(22,660)
NET CHANGE IN FUND BALANCES	(3,496)	131,517	(4,345)	7,030	130,706
FUND BALANCES, Beginning	93,007	512,129	111,824	212,876	929,836
FUND BALANCES, Ending	\$ 89,511	\$ 643,646	\$ 107,479	\$ 219,906	\$ 1,060,542

See the accompanying independent auditors' report.

CITY OF FLORENCE, COLORADO

CONSERVATION TRUST FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Intergovernmental	\$ 36,000	\$ 36,000	\$ 37,407	\$ 1,407
Interest	100	100	97	(3)
TOTAL REVENUES	36,100	36,100	37,504	1,404
EXPENDITURES				
Parks and Recreation	-	5,000	5,000	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	36,100	31,100	32,504	1,404
OTHER FINANCING SOURCES (USES)				
Transfer Out	(36,000)	(36,000)	(36,000)	-
NET CHANGE IN FUND BALANCE	100	(4,900)	(3,496)	1,404
FUND BALANCE, Beginning	87,165	87,165	93,007	5,842
FUND BALANCE, Ending	\$ 87,265	\$ 82,265	\$ 89,511	\$ 7,246

See the accompanying independent auditors' report.

CITY OF FLORENCE, COLORADO

POOL, PARK AND RECREATION FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2014

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Sales and Use Tax	\$ 132,500	\$ 167,897	\$ 35,397
Charges for Services	28,950	41,094	12,144
Interest	500	1,440	940
Other	3,000	1,917	(1,083)
TOTAL REVENUES	<u>164,950</u>	<u>212,348</u>	<u>47,398</u>
EXPENDITURES			
Parks and Recreation	115,050	81,317	33,733
TOTAL EXPENDITURES	<u>115,050</u>	<u>81,317</u>	<u>33,733</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>49,900</u>	<u>131,031</u>	<u>33,733</u>
OTHER FINANCING SOURCES			
Transfer In	2,000	486	(1,514)
NET CHANGE IN FUND BALANCE	51,900	131,517	79,617
FUND BALANCE, Beginning, Restated	652,910	512,129	(140,781)
FUND BALANCE, Ending	<u>\$ 704,810</u>	<u>\$ 643,646</u>	<u>\$ (61,164)</u>

See the accompanying independent auditors' report.

CITY OF FLORENCE, COLORADO

CAPITAL PROJECTS FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2014

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Intergovernmental	\$ 134,384	\$ 7,181	\$ (127,203)
Interest	250	120	(130)
Other	5,000	-	(5,000)
TOTAL REVENUES	139,634	7,301	(132,333)
EXPENDITURES			
Parks and Recreation	-	2,927	(2,927)
Capital Outlay	104,000	15,146	88,854
TOTAL EXPENDITURES	104,000	18,073	85,927
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	35,634	(10,772)	(46,406)
OTHER FINANCING SOURCES			
Transfer In	-	6,427	6,427
NET CHANGE IN FUND BALANCE	35,634	(4,345)	(39,979)
FUND BALANCE, Beginning	69,211	111,824	42,613
FUND BALANCE, Ending	\$ 104,845	\$ 107,479	\$ 2,634

See the accompanying independent auditors' report.

CITY OF FLORENCE, COLORADO
 PERPETUAL CARE RESERVE FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2014

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Interest Income	\$ 1,000	\$ 603	\$ (397)
TOTAL REVENUES	<u>1,000</u>	<u>603</u>	<u>(397)</u>
EXPENDITURES			
Cemetery Care	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,000</u>	<u>603</u>	<u>(397)</u>
OTHER FINANCING SOURCES			
Transfer In	<u>5,000</u>	<u>6,427</u>	<u>1,427</u>
NET CHANGE IN FUND BALANCE	6,000	7,030	1,030
FUND BALANCE, Beginning	<u>211,500</u>	<u>212,876</u>	<u>1,376</u>
FUND BALANCE, Ending	<u>\$ 217,500</u>	<u>\$ 219,906</u>	<u>\$ 2,406</u>

See the accompanying independent auditors' report.

CITY OF FLORENCE, COLORADO

WATER FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Charges for Services	\$ 1,797,320	\$ 1,797,320	\$ 2,044,589	\$ 247,269
Tap Fees and Contributions	11,200	11,200	42,168	30,968
Debt Retirement	1,352,613	1,352,613	1,365,821	13,208
Interest	7,500	7,500	12,910	5,410
Other Revenues	3,100,000	3,100,000	46,125	(3,053,875)
TOTAL REVENUES	6,268,633	6,268,633	3,511,613	(2,757,020)
EXPENDITURES				
Administration	54,200	54,200	48,332	5,868
Water system	1,230,233	1,230,233	1,127,215	103,018
Debt Service	1,406,553	1,406,553	1,501,374	(94,821)
Transfer Out	326,510	326,510	317,462	9,048
Capital Outlay	10,665,151	10,665,151	2,883,689	7,781,462
TOTAL EXPENDITURES	13,682,647	13,682,647	5,878,072	7,804,575
NET INCOME, Budget Basis	\$ (7,414,014)	\$ (7,414,014)	(2,366,459)	\$ 5,047,555
GAAP BASIS ADJUSTMENTS				
Capital Outlay			2,846,707	
Loan Principal Payments			786,114	
Depreciation			(1,117,517)	
NET INCOME, GAAP Basis			148,845	
NET POSITION, Beginning			12,814,112	
NET POSITION, Ending			\$ 12,962,957	

See the accompanying independent auditors' report.

COMPLIANCE

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

LOCAL HIGHWAY FINANCE REPORT	City or County: City of Florence
This Information From The Records Of City Of Florence	YEAR ENDING : December 2014
Prepared By: Mary Dice Phone: 719-784-4848 x223	

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	294,533
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	559,528	b. Snow and ice removal	53,551
3. Other local imposts (from page 2)	73,617	c. Other	53,682
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	107,234
5. Transfers from toll facilities		4. General administration & miscellaneous	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	371,035
a. Bonds - Original Issues		6. Total (1 through 5)	772,802
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	633,145	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	139,657	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	772,802	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	772,802

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		772,802	772,802		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2014

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	73,617	g. Other Misc. Receipts	
6. Total (1. through 5.)	73,617	h. Other	
c. Total (a. + b.)	73,617	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	124,389	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	15,268	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	15,268	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	139,657	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	0	0
			(Carry forward to page 1)

Notes and Comments:

