
CITY OF FLORENCE, COLORADO

FINANCIAL STATEMENTS

DECEMBER 31, 2012

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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, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility For The Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of December 31, 2012, 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 general fund budgetary comparison information on pages 3 - 11 and 43 - 44, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules, the budget-to-actual fund schedules, the statement of changes in agency fund and the Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the 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 combining and individual nonmajor fund financial statements and schedules, the budget-to-actual fund schedules, the statement of changes in agency fund and the Local Highway Finance Report have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 23, 2013

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 position* and changes in them. The City's net position, 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 positions 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, 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.

City of Florence
Management's Discussion And Analysis

Proprietary (Enterprise) fund - The activity of the City's Enterprise funds is reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise fund is the same as the business-type activities reported in the 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, 2012 were \$5,797,092 which was approximately \$52,717 more than 2011.

Business-type Activities

- In 2012, total assets were \$27,206,011, which is approximately \$1,055,117 less than 2011.
- In 2012, revenues from water sales increased by \$219,183 to \$3,183,803.
- Total Enterprise liabilities went from \$14,488,990 in 2011 to \$13,769,294 in 2012, a decrease of \$719,696 (4.9%).

City of Florence
Management's Discussion And Analysis

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 2012:

	Governmental Activities		Business Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 2,987,558	\$ 2,744,347	\$ 5,282,420	\$ 5,293,972	\$ 8,269,978	\$ 8,038,319
Capital assets	2,809,534	3,000,028	21,923,591	22,967,156	24,733,125	25,967,184
Total assets	5,797,092	5,744,375	27,206,011	28,261,128	33,003,103	34,005,503
Long-term debt outstanding	(246,375)	(244,317)	(13,611,819)	(14,426,986)	(13,858,194)	(14,671,303)
Other liabilities	(562,930)	(588,480)	(157,475)	(61,909)	(720,405)	(650,389)
Total liabilities	(809,305)	(832,797)	(13,769,294)	(14,488,895)	(14,578,599)	(15,321,692)
Net position:						
Net investment in capital assets	2,602,042	2,690,256	8,323,083	8,096,112	10,925,125	10,786,368
Restricted	150,587	145,478	-	-	150,587	145,478
Unrestricted	2,235,158	2,075,844	5,113,634	5,676,121	7,348,792	7,751,965
Total net position	\$ 4,987,787	\$ 4,911,578	\$ 13,436,717	\$ 13,772,233	\$ 18,424,504	\$ 18,683,811

The change in net position for the Governmental Activities was \$76,209 or 1.6 %. The change in net position for the Business-Type activities was \$360,967 or 2.6%.

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 position for fiscal year 2011 and 2012.

Program Revenues:									
Charges for services	\$ 569,071	\$ 487,762	\$ 3,214,218	\$ 2,964,260	\$ 3,783,289	\$ 3,452,022			
Operating grants and contributions	129,017	37,072	-	-	129,017	37,072			
Capital grants and contributions	136,185	865,474	5,714	28,358	141,899	893,832			
Total Program Revenues	834,273	1,390,308	3,219,932	2,992,618	4,054,205	4,382,926			
General Revenues:									
Property taxes	443,762	501,822	-	-	443,762	501,822			
Sales and use taxes	774,749	718,415	-	-	774,749	718,415			
Other general revenues	566,689	629,944	9,668	16,815	576,357	646,759			
Total General Revenues	1,785,200	1,850,181	9,668	16,815	1,794,868	1,866,996			
Total Revenue	2,619,473	3,240,489	3,229,600	3,009,433	5,849,073	6,249,922			
Program Expenses:									
General government	762,449	648,330	-	-	762,449	648,330			
Police	973,041	910,451	-	-	973,041	910,451			
Public works	497,756	505,521	-	-	497,756	505,521			
Sanitation	133,219	136,058	-	-	133,219	136,058			
Planning and building	30,485	36,992	-	-	30,485	36,992			
Cemetery	65,212	54,451	-	-	65,212	54,451			
Parks and recreation	68,274	87,431	-	-	68,274	87,431			
Interest on long-term debt	12,828	12,341	-	-	12,828	12,341			
Water	-	-	2,610,285	2,663,842	2,610,285	2,663,842			
Swimming pool	-	-	110,828	76,933	110,828	76,933			
Total Expenses	2,543,264	2,391,575	2,721,113	2,740,775	5,264,377	5,132,350			
Increase (Decrease) in Net Position	76,209	848,914	360,967	137,896	437,176	986,810			
Beginning Net Position	4,911,578	4,062,664	13,075,750	13,634,337	17,987,328	17,697,001			
Ending Net Position	\$ 4,987,787	\$ 4,911,578	\$ 13,436,717	\$ 13,772,233	\$ 18,424,504	\$ 18,683,811			

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	\$ 762,449	\$ (712,297)
Police	973,041	(659,575)
Streets	497,756	(232,554)
Sanitation	133,219	29,370
All others	176,799	(133,935)
Totals	\$ 2,543,264	\$ (1,708,991)

Budgetary Analysis of the General Fund

General Fund revenues were \$138,351 more than budget. General Fund expenditures were \$10,584 more than budget.

City of Florence

Management's Discussion And Analysis

CAPITAL ASSETS AND DEBT ADMINISTRATION - CITY WIDE

At year-end the City had \$24,733,125 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	
	2012	2011	2012	2011	2012	2011
Land	\$ 126,993	\$ 126,993	\$ 79,425	\$ 79,425	\$ 206,418	\$ 206,418
Easements	5,935	5,935	-	-	5,935	5,935
Water shares	-	-	507,839	505,589	507,839	505,589
Buildings and improvements	2,373,164	2,373,164	-	-	2,373,164	2,373,164
Plant	-	-	4,006,700	3,997,810	4,006,700	3,997,810
Distribution system	-	-	6,848,067	6,412,707	6,848,067	6,412,707
Vehicles and equipment	898,371	890,771	1,335,992	1,320,226	2,234,363	2,210,997
Regional fixed assets	-	-	15,707,912	15,679,713	15,707,912	15,679,713
Regional construction	-	-	6,628,349	6,628,349	6,628,349	6,628,349
Swimming pool	-	-	449,775	422,021	449,775	422,021
Office equipment and furniture	19,456	19,456	-	-	19,456	19,456
Construction in progress	161,651	148,146	64,393	18,042	226,044	166,188
Infrastructure	1,243,126	1,134,707	-	-	1,243,126	1,134,707
Less accumulated depreciation	(2,019,162)	(1,764,599)	(13,704,861)	(12,540,784)	(15,724,023)	(14,305,383)
Net capital assets	\$ 2,809,534	\$ 2,934,573	\$ 21,923,591	\$ 22,523,098	\$ 24,733,125	\$ 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, 2012 the outstanding balance of both bonds and loans is \$13,611,820. 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
Governmental Activities					
Kinetic Leasing	\$ 34,857	\$ -	\$ 16,880	\$ 17,977	\$ 17,977
GE Government Financing	209,460	-	19,945	189,515	21,054
Total Governmental Activities	<u>244,317</u>	<u>-</u>	<u>36,825</u>	<u>207,492</u>	<u>39,031</u>
Business-Type Activities					
Water Revenue Refunding Bond Series 2003A	2,375,000	-	65,000	2,310,000	65,000
CWR&PDA Loan (series 2003B)	9,659,011	-	628,002	9,031,009	639,117
CWR&PDA Loan Dated January 2005	592,975	-	33,475	559,500	34,657
CWR&PDA Loan Dated October 2009	1,800,000	-	100,000	1,700,000	100,000
Total	<u>\$ 14,426,986</u>	<u>\$ -</u>	<u>\$ 826,477</u>	<u>\$ 13,600,509</u>	<u>\$ 838,774</u>

CITY OF FLORENCE, COLORADO

ECONOMIC AND OTHER FACTORS

The economy of the City of Florence, and the surrounding region, continues to grow, with new construction and economic recovery. Tax revenues surpassed budget expectation and increased from last year by 6%. In 2013 this recovery is expected to continue, but at a slower rate. 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

CITY OF FLORENCE, COLORADO

STATEMENT OF NET POSITION

December 31, 2012

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents (Note 2)	\$ 1,257	\$ 591,205	\$ 592,462
Investments (Note 2)	2,277,159	3,993,966	6,271,125
Taxes receivable	452,626	—	452,626
Accounts receivable	5,989	94,018	100,007
Other receivables	200,573	—	200,573
Grant receivables	42,590	—	42,590
Due from other governments	6,125	—	6,125
Due from (to) other funds	(100,748)	100,748	—
Inventory	—	67,964	67,964
Prepaid expenses	36,385	1,837	38,222
Total Current Assets	2,921,956	4,849,738	7,771,694
Noncurrent Assets			
Restricted cash (Note 2)	—	182,228	182,228
Restricted investments (Note 2)	65,602	—	65,602
Bond issues costs, net	—	250,454	250,454
Nondepreciable capital assets (Note 5)	294,579	651,657	946,236
Depreciable capital assets, net (Note 5)	2,514,955	21,271,934	23,786,889
Total Noncurrent Assets	2,875,136	22,356,273	25,231,409
Total Assets	5,797,092	27,206,011	33,003,103
Liabilities			
Current Liabilities			
Accounts payable	92,480	103,746	196,226
Accrued liabilities	39,441	48,230	87,671
Deposits	—	5,499	5,499
Deferred revenue	431,009	—	431,009
Bonds and notes payable, current (Note 7)	—	838,774	838,774
Capital lease payable, current (Note 7)	39,032	—	39,032
Compensated absences, current (Notes 6 and 7)	5,784	1,909	7,693
Total Current Liabilities	607,746	998,158	1,605,904
Long-Term Liabilities			
Bonds and notes payable (Note 7)	—	12,761,734	12,761,734
Capital lease payable (Note 7)	168,460	—	168,460
Compensated absences (Notes 6 and 7)	33,099	9,402	42,501
Total Long-Term Liabilities	201,559	12,771,136	12,972,695
Total Liabilities	809,305	13,769,294	14,578,599
Net Position			
Net Investment in Capital Assets	2,602,042	8,323,083	10,925,125
Restricted	150,587	—	150,587
Unrestricted	2,235,158	5,113,634	7,348,792
Total Net Position	\$ 4,987,787	\$ 13,436,717	\$ 18,424,504

CITY OF FLORENCE, COLORADO

STATEMENT OF ACTIVITIES

For The Year Ended December 31, 2012

	Program Revenues				Change In Net Position		
	Expenses	Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$ 762,449	\$ 50,152	\$ —	\$ —	\$ (712,297)	\$ —	\$ (712,297)
Public safety	973,041	313,466	—	—	(659,575)	—	(659,575)
Street	497,756	—	129,017	136,185	(232,554)	—	(232,554)
Sanitation	133,219	162,589	—	—	29,370	—	29,370
Planning and building	30,485	16,493	—	—	(13,992)	—	(13,992)
Cemetery	56,552	17,319	—	—	(39,233)	—	(39,233)
Parks and recreation	68,274	4,052	—	—	(64,222)	—	(64,222)
Community projects	—	5,000	—	—	5,000	—	5,000
Interest on long-term debt	12,828	—	—	—	(12,828)	—	(12,828)
Total Governmental Activities	2,534,604	569,071	129,017	136,185	(1,700,331)	—	(1,700,331)
Business-Type Activities							
Water	2,610,285	3,183,803	—	5,714	—	579,232	579,232
Swimming pool	110,828	30,415	—	—	—	(80,413)	(80,413)
Total Business-Type Activities	2,721,113	3,214,218	—	5,714	—	498,819	498,819
Total	\$ 5,255,717	\$ 3,783,289	\$ 129,017	\$ 141,899	(1,700,331)	498,819	(1,201,512)
General Revenue:							
Taxes							
Property taxes					443,762	—	443,762
Sales and use taxes					774,749	—	774,749
Other taxes and assessments					362,280	—	362,280
Interest and investment earnings					40,131	9,668	49,799
Other					12,428	—	12,428
Total General Revenues					1,633,350	9,668	1,643,018
Transfers					143,190	(147,520)	(4,330)
Changes In Net Position					76,209	360,967	437,176
Net Position - Beginning of Year, Restated (Note 12)					4,911,578	13,075,750	17,987,328
Net Position - End Of Year					\$ 4,987,787	\$ 13,436,717	\$ 18,424,504

See the accompanying notes to basic financial statements.

CITY OF FLORENCE, COLORADO
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2012

Assets

	General	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and investments:				
Cash	\$ 1,257	\$ —	\$ —	\$ 1,257
Investments	1,350,915	45,029	881,215	2,277,159
Receivables:				
Taxes	431,009	—	21,617	452,626
Customers	5,989	—	—	5,989
Other	199,521	—	1,052	200,573
Grants	—	42,590	—	42,590
Interfund loan receivable	—	—	112,769	112,769
Due from other governments	6,125	—	—	6,125
Restricted investments	65,602	—	—	65,602
Prepaid expenses	36,385	—	—	36,385
Total Assets	\$ 2,096,803	\$ 87,619	\$ 1,016,653	\$ 3,201,075

Liabilities And Fund Balances

Liabilities				
Accounts payable	\$ 78,541	\$ 13,824	\$ 115	\$ 92,480
Accrued liabilities	39,441	—	—	39,441
Interfund loan payable	112,769	—	—	112,769
Due to other funds	17,305	82,600	843	100,748
Deferred revenue	431,009	—	—	431,009
Total Liabilities	679,065	96,424	958	776,447
Fund Balances				
Nonspendable	36,385	—	—	36,385
Restricted	65,455	—	85,132	150,587
Assigned	—	—	930,563	930,563
Unassigned	1,315,898	(8,805)	—	1,307,093
Total Fund Balances	1,417,738	(8,805)	1,015,695	2,424,628
Total Liabilities And Fund Balances	\$ 2,096,803	\$ 87,619	\$ 1,016,653	\$ 3,201,075

CITY OF FLORENCE, COLORADO

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

December 31, 2012

Total Fund Balance - Governmental Funds \$ 2,424,628

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

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

Cost of capital assets	\$ 4,828,696	
Less: Accumulated depreciation	<u>(2,019,162)</u>	
		2,809,534

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

Interfund receivables	112,769	
Interfund payables	<u>(112,769)</u>	

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

Capital lease	(207,492)	
Compensated absences	<u>(38,883)</u>	
		<u>(246,375)</u>

Total Net Position - Governmental Activities \$ 4,987,787

CITY OF FLORENCE, COLORADO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For The Year Ended December 31, 2012

	General	Capital Projects Fund	All Other Governmental	Total Governmental Funds
Revenue				
Property taxes	\$ 443,762	\$ —	\$ —	\$ 443,762
Sales and use tax	619,799	—	154,950	774,749
Intergovernmental	—	—	38,767	38,767
Other taxes	323,513	—	—	323,513
Interest income	32,012	68	8,051	40,131
Charges for services	560,019	—	9,052	569,071
Grants	129,017	136,185	—	265,202
Insurance proceeds	12,428	—	—	12,428
Total Revenue	2,120,550	136,253	210,820	2,467,623
Expenditures				
General government	669,746	—	—	669,746
Public safety:				
Police	966,288	—	—	966,288
Streets	389,261	—	—	389,261
Sanitation	122,657	—	—	122,657
Planning and building	30,485	—	—	30,485
Cemetery	44,944	—	—	44,944
Parks and recreation	40,175	—	4,307	44,482
Debt service:				
Principal	36,825	—	—	36,825
Interest	12,828	—	—	12,828
Capital outlay	7,600	121,921	—	129,521
Total Expenditures	2,320,809	121,921	4,307	2,447,037
Excess (Deficiency) Of Revenue Over (Under) Expenditures	(200,259)	14,332	206,513	20,586
Other Financing Sources (Uses)				
Transfer from other funds	298,854	—	4,330	303,184
Transfer to other funds	(8,660)	—	(151,334)	(159,994)
Total Other Financing Sources (Uses)	290,194	—	(147,004)	143,190
Excess Of Revenue And Other Sources Over Expenditures And Other Uses	89,935	14,332	59,509	163,776
Fund Balances - Beginning Of Year	1,327,803	(23,137)	956,186	2,260,852
Fund Balances - End Of Year	\$ 1,417,738	\$ (8,805)	\$ 1,015,695	\$ 2,424,628

CITY OF FLORENCE, COLORADO

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, 2012

Total Change in Fund Balances - Governmental Funds \$ 163,776

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay and donated capital value exceeded depreciation expense in the current period.

Depreciation expense	\$ (254,563)	
Capital outlay	<u>129,521</u>	(125,042)

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

36,825

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.

650

Change In Net Position - Governmental Funds

\$ 76,209

CITY OF FLORENCE, COLORADO
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
December 31, 2012

	Water Fund	Swimming Pool Fund	Total
Assets			
Current Assets			
Cash	\$ 558,743	\$ 32,462	\$ 591,205
Investments	3,993,966	—	3,993,966
Accounts receivable - customers	94,018	—	94,018
Due from other funds	100,748	—	100,748
Inventory	67,964	—	67,964
Other current assets	1,837	—	1,837
Total Current Assets	4,817,276	32,462	4,849,738
Capital Assets			
Land	79,425	—	79,425
Water shares	507,839	—	507,839
Construction in progress	31,903	32,490	64,393
Plant and equipment	34,527,020	449,775	34,976,795
Less: Accumulated depreciation	(13,416,365)	(288,496)	(13,704,861)
Net Property, Plant And Equipment	21,729,822	193,769	21,923,591
Other Assets			
Restricted cash	182,228	—	182,228
Bond issuance cost, net	250,454	—	250,454
Total Other Assets	432,682	—	432,682
Total Assets	26,979,780	226,231	27,206,011
Liabilities			
Current Liabilities			
Accounts payable	71,075	32,671	103,746
Accrued liabilities	48,230	—	48,230
Due to other funds	—	—	—
Bonds and notes payable, current	838,774	—	838,774
Compensated absences, current	1,909	—	1,909
Deposits	5,499	—	5,499
Total Current Liabilities	965,487	32,671	998,158
Long-Term Liabilities			
Bonds and notes payable	12,761,734	—	12,761,734
Compensated absences	9,402	—	9,402
Total Long-Term Liabilities	12,771,136	—	12,771,136
Total Liabilities	13,736,623	32,671	13,769,294
Net Position			
Net investment in capital assets	8,129,314	193,769	8,323,083
Unrestricted	5,113,843	(209)	5,113,634
Total Net Position	\$ 13,243,157	\$ 193,560	\$ 13,436,717

CITY OF FLORENCE, COLORADO
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS
For The Year Ended December 31, 2012

	Water Fund	Swimming Pool Fund	Total
Operating Revenues			
Charges for services	\$ 3,183,803	\$ 30,415	\$ 3,214,218
Operating Expenses			
Administration	44,443	48,677	93,120
Water system	982,976	—	982,976
Recreation	—	39,112	39,112
Depreciation	1,141,037	23,039	1,164,076
Total Operating Expenses	2,168,456	110,828	2,279,284
Operating Income (Loss)	1,015,347	(80,413)	934,934
Nonoperating Revenues (Expenses)			
Interest income	9,668	—	9,668
Interest expense	(441,829)	—	(441,829)
Total Nonoperating Revenues (Expenses)	(432,161)	—	(432,161)
Income (Loss) Before Contributions And Transfers	583,186	(80,413)	502,773
Contributions And Transfers			
Capital contributions - tap fees	5,714	—	5,714
Transfers (to) other funds	(265,024)	—	(265,024)
Transfers from other funds	—	117,504	117,504
Total Contributions And Transfers	(259,310)	117,504	(141,806)
Net Income	323,876	37,091	360,967
Net Position - Beginning Of Year, Restated	12,919,281	156,469	13,075,750
Net Position - End Of Year	\$ 13,243,157	\$ 193,560	\$ 13,436,717

CITY OF FLORENCE, COLORADO

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS For The Year Ended December 31, 2012

	Water Fund	Swimming Pool Fund	Total
Cash Flows From Operating Activities			
Cash received from customers	\$ 3,202,512	\$ 30,415	\$ 3,232,927
Cash paid to or on behalf of employees	(314,269)	(51,588)	(365,857)
Cash paid to suppliers	(639,760)	(3,530)	(643,290)
Net Cash Provided by (Used In) Operating Activities	2,248,483	(24,703)	2,223,780
Cash Flows Provided By (Used In) Noncapital Financing Activities			
Payments from (to) other funds	(169,077)	117,409	(51,668)
Cash Flows From Capital And Related Financing Activities			
Receipt of capital contributions	5,714	—	5,714
Payment for capital acquisitions	(504,326)	(60,244)	(564,570)
Principal paid on long-term debt	(826,478)	—	(826,478)
Interest on long-term debt	(441,829)	—	(441,829)
Net Cash Used In Capital And Related Financing Activities	(1,766,919)	(60,244)	(1,827,163)
Cash Flows From Investing Activities			
Purchase of Investments	(222,401)	—	(222,401)
Receipt of interest	9,668	—	9,668
Net Cash Used In Investing Activities	(212,733)	—	(212,733)
Net Increase (Decrease) In Cash	99,754	32,462	132,216
Cash - Beginning Of Year	641,217	—	641,217
Cash - End Of Year	\$ 740,971	\$ 32,462	\$ 773,433
Cash	\$ 558,743	\$ 32,462	\$ 591,205
Restricted cash	182,228	—	182,228
Total Cash	\$ 740,971	\$ 32,462	\$ 773,433
Reconciliation Of Operating Income (Loss) To Net Cash Provided By (Used In) Operating Activities:			
Operating income (loss)	\$ 1,015,347	\$ (80,413)	\$ 934,934
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	1,141,037	23,039	1,164,076
Changes in assets and liabilities:			
Decrease in accounts receivable	17,719	—	17,719
Decrease in inventories	174	—	174
Increase in accounts payable	71,075	32,871	103,746
Increase in deposits	990	—	990
Increase in accrued liabilities	2,141	—	2,141
Net Cash Provided By (Used In) Operating Activities	\$ 2,248,483	\$ (24,703)	\$ 2,223,780

See the accompanying notes to the basic financial statements.

CITY OF FLORENCE, COLORADO

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
December 31, 2012

	<u>Perpetual Care Trust Fund</u>	<u>Agency Fund</u>
Assets		
Cash and cash equivalents	\$ 206,506	\$ 17,198
Liabilities		
Due to school district	—	17,198
Net Position	<u>\$ 206,506</u>	<u>\$ —</u>

CITY OF FLORENCE, COLORADO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUND
For The Year Ended December 31, 2012

	<u>Perpetual Care Trust Fund</u>
Additions	
Investment income	\$ 908
Transfers In	<u>4,330</u>
Total Additions	5,238
Net Position - Beginning Of Year	<u>201,268</u>
Net Position - End Of Year	<u>\$ 206,506</u>

CITY OF FLORENCE, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2012

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 position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements.

CITY OF FLORENCE, COLORADO

Notes To Basic Financial Statements (*Continued*)

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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

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.

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

CITY OF FLORENCE, COLORADO

Notes To Basic Financial Statements (*Continued*)

Fiduciary fund reporting focuses on net assets. The City accounts for two fiduciary funds, (1) 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 Position Or Fund Balance

Deposits And Investments

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

Receivables And Payables

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

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

Inventories

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

CITY OF FLORENCE, COLORADO

Notes To Basic Financial Statements (*Continued*)

Capital Assets

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

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

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

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

Compensated Absences

The City has the following policy for vacation:

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

CITY OF FLORENCE, COLORADO

Notes To Basic Financial Statements (*Continued*)

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

Long-Term Obligations

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

Property Taxes

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

Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position." Generally, fund balance represents the difference between the current assets 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

Notes To Basic Financial Statements (*Continued*)

The Capital Projects fund has a deficit fund balance of \$8,805, these costs are related to grant expenditures and the City hopes the grantors will pick up the additional expenditures if not the deficit will be made up by the General Fund.

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

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

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

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

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

Budgets

Annual budgets are adopted for all funds. Governmental fund budgets are adopted on a basis consistent with 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.

CITY OF FLORENCE, COLORADO

Notes To Basic Financial Statements (Continued)

During 2012, expenditures exceeded appropriations for the General Fund by \$10,584. This overage was due to higher than expected operating expenses in several departments.

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.colotrust.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 position for the year ended December 31, 2012:

	Custodial Credit Risk Category		Total Bank Balance	Carrying Amount
	Insured	Collateralized		
Cash on hand	\$ —	\$ —	\$ —	\$ 200
Deposits	1,180,542	697,362	1,877,904	1,880,137
Total Deposits And Cash On Hand	\$ 1,180,542	\$ 697,362	\$ 1,877,904	\$ 1,880,337

CITY OF FLORENCE, COLORADO

Notes To Basic Financial Statements (Continued)

<u>Investment</u>	<u>Rating</u>	<u>Amount</u>
COLOTRUST	AAAmy S&P	\$ 5,265,478
COLOTRUST - Agency Cash	AAAmy S&P	17,198
COLOTRUST - Fiduciary Cash	AAAmy S&P	106,506
COLOTRUST - Restricted Cash	AAAmy S&P	65,602
CDs	NA	1,005,647
CDs - Fiduciary Cash	NA	100,000
Total Investments		\$ 6,560,431

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

	<u>Amount</u>
Cash and cash equivalents on the statement of net position	\$ 592,462
Investments	6,271,125
Restricted cash	182,228
Restricted investments	65,602
Fiduciary investments	206,506
Agency investments	17,198
Total Carrying Amount	\$ 7,335,121

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

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, 2012, 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 \$65,602 for emergency reserves. Cash in the Water Fund of \$182,228 has been restricted for payment of bonds and construction.

3. Property Tax Accrual

Property taxes, which have been levied for 2012 but will not be collected until 2013, have been accrued as a receivable at December 31, 2012. 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	Cemetery Construction	Perpetual Care	
Transfers Out					
General fund	\$ —	\$ —	\$ 4,330	\$ 4,330	\$ 8,660
Water fund	265,024	—	—	—	265,024
Conservation trust	33,830	—	—	—	33,830
Community projects	—	—	—	—	—
Pool, park and recreation	—	117,504	—	—	117,504
Total	\$ 298,854	\$ 117,504	\$ 4,330	\$ 4,330	\$ 425,018

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:

	Due From:			Total
	General Fund	Capital Projects Fund	Recreation Projects Fund	
Due To:				
Water fund	\$ 17,305	\$ 82,600	\$ 843	\$ 100,748
Capital Improvement	112,769	—	—	112,769
Total	\$ 130,074	\$ 82,600	\$ 843	\$ 213,517

Interfund Loans

The General Fund owes the Capital Improvements and Acquisition Fund \$112,769 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 12/31/2011	Additions	Deletions	Balance 12/31/2012
Capital Assets Not Being Depreciated				
Land	\$ 126,993	\$ —	\$ —	\$ 126,993
Easements	5,935	—	—	5,935
Construction in progress	148,146	36,687	(23,182)	161,651
Total Capital Assets Not Being Depreciated	281,074	36,687	(23,182)	294,579
Other Capital Assets				
Buildings and improvements	2,373,164	—	—	2,373,164
Vehicles and equipment	890,771	7,600	—	898,371
Office equipment	19,456	—	—	19,456
Infrastructure	1,134,707	108,419	—	1,243,126
Total Depreciable Capital Assets	4,418,098	116,019	—	4,534,117
Accumulated depreciation	(1,764,599)	(254,563)	—	(2,019,162)
Net Depreciable Capital Assets	2,653,499	(138,544)	—	2,514,955
Total Net Governmental Activities Capital Assets	\$ 2,934,573	\$ (101,857)	\$ (23,182)	\$ 2,809,534

Governmental activities depreciation expense for the year ended December 31, 2012 is as follows:

Administration	\$ 93,353
Police	6,753
Streets	108,495
Sanitation	10,562
Cemetery	11,608
Parks and recreation	23,792
Total Depreciation Expense	\$ 254,563

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 12/31/2011	Additions	Deletions	Balance 12/31/2012
Capital Assets Not Being Depreciated				
Land	\$ 79,425	\$ —	\$ —	\$ 79,425
Water shares	505,614	2,225	—	507,839
Construction in progress	18,042	64,393	(18,042)	64,393
Total Capital Assets Not Being Depreciated	603,081	66,618	(18,042)	651,657
Other Capital Assets				
Water treatment plant	4,006,700		—	4,006,700
Transmission and distribution	6,412,707	435,360	—	6,848,067
Equipment	1,311,336	24,656		1,335,992
Regional assets	15,679,712	28,200	—	15,707,912
Regional construction	6,628,349	—	—	6,628,349
Swimming pool	422,021	27,754	—	449,775
Total Depreciable Capital Assets	34,460,825	515,970		34,976,795
Accumulated depreciation	(12,540,785)	(1,164,076)		(13,704,861)
Net Depreciable Capital Assets	21,920,040	(648,106)		21,271,934
Total Net Business-Type Activities Capital Assets	\$ 22,523,121	\$ (581,488)	\$ (18,042)	\$ 21,923,591

Business-type activities depreciation expense for the year ended December 31, 2012 is as follows:

Water fund	\$ 1,141,037
Swimming pool fund	23,039
Total Depreciation Expense	\$ 1,164,076

6. Compensated Absences

The City records vacation as it is earned. Included in the compensated absences liability in the governmental activities column of the statement of net position is accumulated vacation of \$38,883, and in the business-type activities column of \$11,311.

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. \$ 9,031,009

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. 559,500

Drinking Water Revolving FundARRA 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. 1,700,000

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. 2,310,000

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. 17,977

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. \$ 189,515

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>(70,603)</u>
Total	<u>35,013</u>
Energy Management System	237,179
Less: Accumulated depreciation	<u>(67,013)</u>
Total	<u>\$ 170,166</u>

Summary Of Changes In Long-Term Debt

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities					
Kinetic Leasing	\$ 34,857	\$ —	\$ 16,880	\$ 17,977	\$ 17,977
GE Government Financing	209,460	—	19,945	\$ 189,515	21,054
Compensated absences	39,533	—	650	\$ 38,883	5,784
Total Governmental Activities	<u>283,850</u>	<u>—</u>	<u>37,475</u>	<u>246,375</u>	<u>44,815</u>
Business-Type Activities					
Water Revenue Refunding Bond					
Series 2003A	2,375,000	—	65,000	2,310,000	65,000
CWR&PDA Loan (Series 2003B)	9,659,011	—	628,002	9,031,009	639,117
CWR&PDA Loan Dated					
January 2005	592,975	—	33,475	559,500	34,657
CWR&PDA Loan Dated					
October 2009	1,800,000	—	100,000	1,700,000	100,000
Compensated absences	11,614	—	303	11,311	1,909
Total Business-type activities	<u>\$ 14,438,600</u>	<u>\$ —</u>	<u>\$ 826,780</u>	<u>\$ 13,611,820</u>	<u>\$ 840,683</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>
2013	773,774	65,000	39,032	335,165	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	823,395	80,000	26,138	265,493	1,195,026
2018 - 2022	4,369,717	455,000	71,877	1,003,737	5,900,331
2023 - 2027	2,728,093	575,000	—	420,709	3,723,802
2028 - 2032	200,000	745,000	—	158,000	1,103,000
2033	—	170,000	—	8,500	178,500
Total	\$ 11,290,509	\$ 2,310,000	\$ 207,492	\$ 3,096,742	\$ 16,904,743

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

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

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

<u>Fiscal Year</u>	<u>Applicable Revenues</u>	<u>Less: Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	
2012	\$ 3,183,803	\$ 2,168,456	\$ 1,015,347	\$ 826,477	\$ 441,829	0.8

CITY OF FLORENCE, COLORADO

Notes To Basic Financial Statements (*Continued*)

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, 2012, significant amounts of these grants had not been audited by the respective agencies.

Construction Commitments

As of December 31, 2012, the City had construction commitments in the amount of \$27,171 for the Frazier Street 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 42% of the City's water sales were to the nearby federal prison. Additionally, approximately 45% of customers accounts receivable is attributable to the nearby federal prison.

CITY OF FLORENCE, COLORADO

Notes To Basic Financial Statements (*Continued*)

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 \$44,439 were made during the year, \$12,050 from the City and \$32,389 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 \$296,732. Employer and employee contributions to FPPA for the year ended December 31, 2012 were \$25,237 and \$27,236, respectively. The City's employer contributions to FPPA for the years ended December 31, 2012 and 2011 were \$25,238 and \$24,691, respectively.

Financial statements of the plan may be obtained from 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

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.

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.

CITY OF FLORENCE, COLORADO

Notes To Basic Financial Statements (*Continued*)

12. Prior Period Adjustment

2012 beginning net position was decreased by \$695,483, and the loan receivable associated with this transaction has also been removed. The receivable was received in a prior period and recorded as grant revenue.

Required Supplementary Information

CITY OF FLORENCE, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
December 31, 2012
Page 1 Of 2

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Taxes				
Property taxes	\$ 441,698	\$ 441,698	\$ 443,762	\$ 2,064
Sales and use tax	562,000	562,000	619,799	57,799
Business taxes	202,200	202,200	256,145	53,945
Specific ownership tax	55,000	55,000	52,984	(2,016)
Motor vehicle registration	15,000	15,000	14,384	(616)
Total Taxes	1,275,898	1,275,898	1,387,074	111,176
Interest And Miscellaneous Income	34,060	34,060	32,012	(2,048)
Other Revenue	—	—	12,428	12,428
Charges For Services				
General government	30,425	30,425	50,152	19,727
Building permits	9,500	9,500	16,493	6,993
Cemetery receipts	28,000	28,000	17,319	(10,681)
Refuse disposal	161,000	161,000	162,589	1,589
Fines and forfeitures	46,715	46,715	63,051	16,336
Police services	232,069	232,069	250,415	18,346
Total Charges For Services	507,709	507,709	560,019	52,310
Grants And Contributions				
Police grants	19,014	19,014	—	(19,014)
Highway user tax	129,564	129,564	125,050	(4,514)
Cigarette tax apportionment	3,700	3,700	3,967	267
Total Grants And Contributions	152,278	152,278	129,017	(23,261)
Total Revenue	1,969,945	1,969,945	2,120,550	150,605
Other Financing Sources				
Sale of assets	3,000	3,000	—	(3,000)
Transfers from other funds	308,108	308,108	298,854	(9,254)
Total Other Financing Sources	311,108	311,108	298,854	(12,254)
Total Revenue And Other Financing Sources	\$ 2,281,053	\$ 2,281,053	\$ 2,419,404	\$ 138,351

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, 2012
Page 2 Of 2

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
General Government				
Maintenance of building				
Legislative	\$ 209,624	\$ 209,624	\$ 168,329	\$ 41,295
Judicial	89,661	89,661	106,965	(17,304)
Executive	48,074	48,074	43,602	4,472
Administrative	75,635	75,635	96,951	(21,316)
Other	200,764	200,764	222,568	(21,804)
Total General Government	33,703	33,703	31,331	2,372
	657,461	657,461	669,746	(12,285)
Public Safety				
Police				
Dispatch	542,748	592,748	608,426	(15,678)
Total Public Safety	328,901	328,901	357,862	(28,961)
	871,649	921,649	966,288	(44,639)
Public Works				
Streets				
Sanitation	435,542	435,542	389,261	46,281
Total Public Works	120,436	120,436	122,657	(2,221)
	555,978	555,978	511,918	44,060
Planning And Building				
Planning/building inspector	32,925	32,925	30,485	2,440
Other				
Cemetery				
Parks and recreation	57,407	57,407	44,944	12,463
Total Other	50,980	50,980	40,175	10,805
	108,387	108,387	85,119	23,268
Debt Service				
Principal				
Interest	36,825	36,825	36,825	—
Total Debt Service	12,828	12,828	12,828	—
	49,653	49,653	49,653	—
Capital Outlay				
	—	—	7,600	(7,600)
Total Expenditures	2,276,053	2,326,053	2,320,809	5,244
Other Financing Uses				
Transfers to other funds	14,000	14,000	8,660	5,340
Total Expenditures And Other Financing Uses	\$ 2,290,053	\$ 2,340,053	\$ 2,329,469	\$ 10,584

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

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Supplementary Information

CITY OF FLORENCE, COLORADO
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
December 31, 2012

	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		
			Recreation Fund	Program Fund					
Assets									
Investments	\$ 85,132	\$ 42,270	\$ 490,976	\$ -	\$ 14,407	\$ 189,021	\$ 59,409	\$ 881,215	
Receivables									
Other				1,052				1,052	
Taxes			21,617					21,617	
Interfund loan receivable						112,769		112,769	
Total Assets	\$ 85,132	\$ 42,270	\$ 512,593	\$ 1,052	\$ 14,407	\$ 301,790	\$ 59,409	\$ 1,016,653	
Liabilities									
Accounts payable	\$	\$	\$	\$ 115	\$	\$	\$	\$ 115	
Due to other funds				843				843	
Total Liabilities				958				958	
Fund Balances									
Restricted	85,132							85,132	
Assigned		42,270	512,593	94	14,407	301,790	59,409	930,563	
Total Fund Balances	85,132	42,270	512,593	94	14,407	301,790	59,409	1,015,695	
Total Liabilities And Fund Balances	\$ 85,132	\$ 42,270	\$ 512,593	\$ 1,052	\$ 14,407	\$ 301,790	\$ 59,409	\$ 1,016,653	

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, 2012

	Special Revenue Funds				Capital Projects Funds				Total Nonmajor Governmental Funds
	Conservation Trust Fund	Community Projects Fund	Park And Recreation Fund	Pool, Recreation Fund	Recreation Program Fund	Equipment Replacement Fund	Capital Improvements Fund	Cemetery Construction Fund	
Revenue									
Sales and use tax	\$ —	\$ —	\$ 154,950	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 154,950
Intergovernmental	38,767	—	—	—	—	—	—	—	38,767
Interest and miscellaneous income	172	95	939	—	—	—	—	129	8,051
Charges for services	—	5,000	—	4,052	—	—	—	—	9,052
Capital grants	—	—	—	—	—	—	—	—	—
Total Revenue	38,939	5,095	155,889	4,052	32	6,684	129	210,820	
Expenditures									
Current:									
Parks and recreation	—	—	—	4,307	—	—	—	—	4,307
Capital outlay	—	—	—	—	—	—	—	—	—
Total Expenditures	—	—	—	4,307	—	—	—	4,307	
Excess Of Revenue Over (Under) Expenditures	38,939	5,095	155,889	(255)	32	6,684	129	206,513	
Other Financing Sources (Uses)									
Transfer from other funds	—	—	—	—	—	—	4,330	4,330	
Transfer to other funds	(33,830)	—	(117,504)	—	—	—	—	(151,334)	
Total Other Financing Sources (Uses)	(33,830)	—	(117,504)	—	—	—	4,330	(147,004)	
Excess Of Revenue And Other Sources Over (Under) Expenditures And Other Uses	5,109	5,095	38,385	(255)	32	6,684	4,459	59,509	
Fund Balances - Beginning Of Year	80,023	37,175	474,208	349	14,375	295,106	54,950	956,186	
Fund Balances - End Of Year	\$ 85,132	\$ 42,270	\$ 512,593	\$ 94	\$ 14,407	\$ 301,790	\$ 59,409	\$ 1,015,695	

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, 2012**

	Original And Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Interest income	\$ 20	\$ 32	\$ 12
Excess Of Revenues Over (Under)			
Expenditures	\$ 20	32	\$ 12
Fund Balance - Beginning Of Year		<u>14,375</u>	
Fund Balance - End Of Year		<u>\$ 14,407</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, 2012**

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Intergovernmental revenues	\$ 35,315	\$ 38,767	\$ 3,452
Interest income	100	172	72
Total Revenues	35,415	38,939	3,524
Expenditures			
Capital outlays	—	—	—
Excess Of Revenues Over Expenditures	35,415	38,939	3,524
Other Financing Uses			
Transfers to other funds	(43,085)	(33,830)	9,255
Excess Of Expenditures And Other Financing Uses (Over) Under Revenues	\$ (7,670)	5,109	\$ 12,779
Fund Balance - Beginning Of Year		<u>80,023</u>	
Fund Balance - End Of Year		<u>\$ 85,132</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, 2012**

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Interest income	\$ 200	\$ 6,684	\$ 6,484
Other Financing Sources			
Transfers in	5,217	—	(5,217)
Excess Of Revenues And Other Financing Sources Over Expenditures	<u>\$ 5,417</u>	<u>6,684</u>	<u>\$ 1,267</u>
Fund Balance - Beginning Of Year		<u>295,106</u>	
Fund Balance - End Of Year		<u>\$ 301,790</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, 2012**

	Original And Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Interest income	\$ 100	\$ 95	\$ (5)
Charges for services	—	5,000	5,000
Total Revenues	100	5,095	4,995
Other Financing Uses			
Transfers to other funds	—	—	—
Excess Of Revenues Over (Under)			
Other Financing Uses	\$ 100	5,095	\$ 4,995
Fund Balance - Beginning Of Year		37,175	
Fund Balance - End Of Year		\$ 42,270	

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, 2012**

	Original And Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Interest income	\$ 60	\$ 129	\$ 69
Excess Of Revenues Over Expenditures	60	129	69
Other Financing Sources			
Transfers from other funds	7,000	4,330	(2,670)
Excess Of Revenues And Other Financing Sources Over Expenditures	<u>\$ 7,060</u>	<u>4,459</u>	<u>\$ (2,601)</u>
Fund Balance - Beginning Of Year		<u>54,950</u>	
Fund Balance - End Of Year		<u>\$ 59,409</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, 2012**

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Sales and use tax	\$ 122,500	\$ 154,950	\$ 32,450
Interest income	3,500	939	(2,561)
Total Revenues	126,000	155,889	29,889
Other Financing Uses			
Transfers to other funds	(502,169)	(117,504)	384,665
Excess Of Revenues Over (Under) Other Financing Uses	<u>\$ (376,169)</u>	38,385	<u>\$ 414,554</u>
Fund Balance - Beginning Of Year		<u>474,208</u>	
Fund Balance - End Of Year		<u>\$ 512,593</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, 2012**

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Miscellaneous	\$ 3,000	\$ 4,052	\$ 1,052
Expenditures			
Parks and recreation	5,000	4,307	693
Excess Of Expenditures Over (Under) Revenues	(2,000)	(255)	1,745
Other Financing Sources			
Transfers from other funds	(2,000)	—	2,000
Excess Of Revenues And Other Sources (Over) Under Expenditures	<u>\$ (4,000)</u>	<u>(255)</u>	<u>\$ 3,745</u>
Fund Balance - Beginning Of Year		<u>349</u>	
Fund Balance - End Of Year		<u>\$ 94</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, 2012**

	Original And Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Grant revenue	\$ 316,037	\$ 136,185	\$ (179,852)
Other	—	-	-
Interest	50	68	18
Total Revenues	316,087	136,253	(179,834)
Expenditures			
Capital outlays	316,037	121,921	194,116
Excess Of Revenues Over (Under)			
Expenditures	50	14,332	14,282
Other Financing Sources			
Transfers from other funds	—	—	—
Excess Of Revenues And Other Financing Sources Over (Under) Expenditures			
	\$ 50	14,332	\$ 14,282
Fund Balance - Beginning Of Year		(23,137)	
Fund Balance - End Of Year		\$ (8,805)	

CITY OF FLORENCE, COLORADO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - WATER FUND
For The Year Ended December 31, 2012**

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Charges for services	\$ 1,975,583	\$ 2,036,945	\$ 61,362
Tap fees and connection charges	11,424	5,714	(5,710)
Interest income	25,000	9,668	(15,332)
Debt retirement	1,132,978	1,146,858	13,880
Sale of assets	500	—	(500)
Total Revenues	3,145,485	3,199,185	53,700
Expenditures			
Administration	53,400	44,443	8,957
Water system	1,818,665	982,976	835,689
Principal and interest payments	1,214,368	1,268,306	(53,938)
Capital outlay	61,338	488,217	(426,879)
Transfers out	265,024	265,024	—
Total Expenditures	3,412,795	3,048,966	363,829
Excess Of Expenditures Over Revenues	\$ (267,310)	150,219	\$ 417,529
Reconciliation Of Excess Of Expenditures Over Revenues To Net Income			
Depreciation		(1,141,037)	
Principal retirement of long-term debt		826,477	
Capital outlay		488,217	
Net Income		\$ 323,876	

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, 2012

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Charges for services	\$ 22,735	\$ 30,415	\$ 7,680
Transfers in	502,169	117,504	(384,665)
Total Revenues	524,904	147,919	(376,985)
Expenditures			
Administration	43,085	48,677	(5,592)
Recreation	21,459	39,112	(17,653)
Capital outlay	460,000	—	460,000
Total Expenditures	524,544	87,789	436,755
Excess Of Revenues Over Expenditures	\$ 360	60,130	\$ 59,770
Reconciliation Of Excess Of Revenues Over Expenditures To Net Income			
Depreciation and amortization		(23,039)	
Net Income		\$ 37,091	

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, 2012**

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Interest income	\$ 1,500	\$ 908	\$ (592)
Other Financing Sources			
Transfers from other funds	7,000	4,330	(2,670)
Excess Of Revenues And Other Financing Sources Over Expenditures	<u>\$ 8,500</u>	<u>5,238</u>	<u>\$ (3,262)</u>
Fund Balance - Beginning Of Year		<u>201,268</u>	
Fund Balance - End Of Year		<u>\$ 206,506</u>	

CITY OF FLORENCE, COLORADO
STATEMENT OF CHANGES IN AGENCY FUND
For The Year Ended December 31, 2012

	<u>Balance</u> <u>December 31, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31, 2012</u>
Assets				
Cash	\$ 17,159	\$ 39	\$ —	\$ 17,198
Liabilities				
Due to school district	\$ 17,159	\$ 39	\$ —	\$ 17,198

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

LOCAL HIGHWAY FINANCE REPORT		City or County: City of Florence			
		YEAR ENDING: December 2012			
This Information From The Records Of (example - City of _ or County of _): City of Florence		Prepared By: Jeff Ulrich Phone: (719) 784-4848 ext. 223			
I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE					
ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration	
1. Total receipts available					
2. Minus amount used for collection expenses					
3. Minus amount used for nonhighway purposes					
4. Minus amount used for mass transit					
5. Remainder used for highway purposes					
II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES			
ITEM	AMOUNT	ITEM	AMOUNT		
A. Receipts from local sources:		A. Local highway disbursements:			
1. Local highway-user taxes		1. Capital outlay (from page 2)	\$ —		
a. Motor Fuel (from Item IA.5.)		2. Maintenance:	209,645		
b. Motor Vehicle (from Item IB.5.)		3. Road and street services:			
c. Total (a.+b.)		a. Traffic control operations	—		
2. General fund appropriations	\$ —	b. Snow and ice removal	38,117		
3. Other local imposts (from page 2)	492,694	c. Other	73,796		
4. Miscellaneous local receipts (from page 2)	—	d. Total (a. through c.)	111,913		
5. Transfers from toll facilities	—	4. miscellaneous	—		
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	282,998		
a. Bonds - Original Issues	—	6. Total (1through 5)	604,556		
b. Bonds - Refunding Issues	—	B. Debt service on local obligations:			
c. Notes	—	1. Bonds:			
d. Total (a.+b.+c.)	—	a. Interest	—		
7. Total (1through 6)	492,694	b. Redemption	—		
B. Private Contributions	—	c. Total (a.+b.)	—		
C. Receipts from State government (from page 2)	139,433	2. Notes:			
D. Receipts from Federal Government (from page 2)	—	a. Interest	—		
E. Total receipts (A.7 + B + C + D)	632,127	b. Redemption	—		
		c. Total (a.+b.)	—		
		3. Total (1c+2.c)	—		
		C. Payments to State for highways	—		
		D. Payments to toll facilities	—		
		E. + D)	604,556		
IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)					
	Opening Debt	Amount Issued	Redemptions	Closing Debt	
A. Bonds (Total)	\$ —	\$ —	\$ —	\$ —	
1. Bonds (Refunding Portion)	—	—	—	—	
B. Notes (Total)	—	—	—	—	
V. LOCAL ROAD AND STREET FUND BALANCE					
	Beginning	Total	Total	Ending	E. Reconciliation
	A. Balance	B. Receipts	C. Disbursements	D. Balance	
	\$ —	\$ 632,127	\$ 604,556	\$ —	\$ 27,571
Notes and Comments:					

LOCAL HIGHWAY FINANCE REPORT

State: Colorado
 YEAR ENDING: December 2012

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	\$ 442,735	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	49,959	g. Other Misc. Receipts	—
6. Total (1 through 5.)	49,959	h. Other Misc. Receipts	—
c. Total (a. = b.)	492,694	i. Total (a. through h.)	—
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Government	
1. Highway-user taxes	\$ 125,050	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	14,383	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.)	14,383	g. Total (a. through f.)	—
4. Total (1.+2. +3.f)	139,433	3. Total (1.+2.g)	—
	(Carry forward to page 1)		(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

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

Notes and Comments: