

**CITY OF  
FLORENCE, COLORADO**

**BASIC FINANCIAL STATEMENTS**

**December 31, 2020**

## TABLE OF CONTENTS

<b>FINANCIAL SECTION</b>	<b>PAGE</b>
Independent Auditors' Report	
Management's Discussion and Analysis	i – v
<b>Basic Financial Statements</b>	
Statement of Net Position	1
Statement of Activities	2
Balance Sheet – Governmental Funds	3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	4
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6
State of Net Position – Proprietary Fund	7
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund	8
Statement of Cash Flows – Proprietary Fund	9
Statement of Fiduciary Net Position – Custodial Fund, School Dedication Fees	10
Notes to the Financial Statements	11 – 37
<b>Required Supplementary Information</b>	
Budgetary Comparison Schedule – General Fund	38
Schedule of the City's Proportionate Share of the Net Pension Liability – FPPA Statewide Defined Benefit Pension Plan	39
Schedule of the City's Contributions – FPPA Statewide Defined Benefit Pension Plan	40

TABLE OF CONTENTS  
(Continued)

<b>Combining and Individual Fund Statements and Schedules</b>	<b>PAGE</b>
Combining Balance Sheet – Nonmajor Governmental Funds	41
Combining Statement of Revenues, Expenditures and Changes In Fund Balances – Nonmajor Governmental Funds	42
Budgetary Comparison Schedule – Conservation Trust Fund	43
Budgetary Comparison Schedule – Pool, Park and Recreation Fund	44
Budgetary Comparison Schedule – Capital Projects Fund	45
Budgetary Comparison Schedule – Street Improvement Fund	46
Budgetary Comparison Schedule – Perpetual Care Reserve Fund	47
Budgetary Comparison Schedule – Water Fund	48
Statement of Changes in Fiduciary Net Position – Custodial Fund, School Dedication Fees	49
<b>Compliance</b>	
Local Highway Finance Report	50-51

## **FINANCIAL SECTION**



**PROSPECTIVE  
BUSINESS  
SOLUTIONS, LLC**  
Certified Public Accountants

Auditing, Accounting, and Consulting Services for  
Governments and Nonprofit Organizations

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 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, as of and for the year ended December 31, 2020, 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 the City of Florence as of December 31, 2020, and the respective changes in financial position and cash flows, where applicable, 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, the budgetary comparison information, the schedule of the City's proportionate share, and the schedule of the City's contributions on pages 38-40 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 statements and schedules and the local highway finance report 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 statements and schedules and the local highway finance report are fairly stated in all material respects in relation to the financial statements as a whole.

*PB Solutions LLC*

Littleton, Colorado

June 23, 2021

## **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 custodial 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 user's 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 and deferred outflows for governmental activities on December 31, 2020, were \$6,701,586.
- Total liabilities and deferred inflows for governmental activities on December 31, 2020, were \$885,478.
- Total net position was decreased by \$100,590 to \$5,816,108.

### Business-type Activities

- In 2020, total assets were \$31,195,078 compared to \$31,731,383 at the end of fiscal year 2019. This is a decrease of \$534,296 in 2020, revenues from water sales increased by \$517,139 from \$3,751,652 to \$4,268,791.
- Total Enterprise liabilities decreased from \$16,424,619 in 2019 to \$15,454,378 in 2020, a decrease of \$970,241.
- Total net position increased by \$433,936 to \$15,740,700 on December 31, 2020.

## 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 2020 and 2019:

	Governmental Activities		Business Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 4,664,612	\$ 4,215,239	\$ 10,189,538	\$ 10,112,170	\$ 14,854,150	\$ 14,327,409
Capital assets	1,749,171	1,948,856	21,005,540	21,619,213	22,754,711	\$ 23,568,069
Total assets	6,413,783	6,164,095	31,195,078	31,731,383	37,608,861	37,895,478
Deferred outflows of resources	287,803	434,745			287,803	434,745
Long-term debt outstanding	62,441	140,264	15,382,112	16,324,874	15,444,553	16,465,138
Other liabilities	117,138	66,423	72,266	99,745	189,404	166,168
Total liabilities	179,579	206,687	15,454,378	16,424,619	15,633,957	16,631,306
Deferred Inflow of Resources						
Related to pensions	88,750	9,850	-	-	88,750	9,850
Deferred Property Tax Revenue	617,149	605,690	-	-	617,149	605,690
Net Position						
Net Investment in Capital Assets	1,749,171	1,978,651	5,623,428	5,249,184	7,372,599	7,227,835
Restricted	1,422,250	479,886	-	-	1,422,250	479,886
Unrestricted	2,644,687	3,318,076	10,117,272	10,057,580	12,761,959	13,375,656
Total Net Position	\$ 5,816,108	\$ 5,776,613	\$ 15,740,700	\$ 15,306,764	\$ 21,556,808	\$ 21,083,377

The change in net position for the Governmental Activities was a decrease of \$100,590. The change in net position for the Business-Type Activities was an increase of \$433,936 with an overall increase of \$333,346.

## 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 2019 and 2020.

	Governmental Activities		Business Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Revenues:</b>						
Charges for services	\$ 435,940	\$ 427,697	\$ 4,164,601	\$ 3,728,218	\$ 4,600,541	\$ 4,155,915
Operating grants and contributions	390,167	14,294	-	-	390,167	14,294
Capital grants and contributions	9,465	889,742	102,440	112,590	111,905	1,002,332
<b>Total Program Revenues</b>	<b>835,572</b>	<b>1,331,733</b>	<b>4,267,041</b>	<b>3,840,808</b>	<b>5,102,613</b>	<b>5,172,541</b>
<b>General Revenues:</b>						
Property taxes	603,155	554,579	-	-	603,155	554,579
Sales and use taxes	1,447,383	1,306,493	-	-	1,447,383	1,306,493
Other general revenues	632,866	625,639	181,833	218,160	814,699	843,799
<b>Total General Revenues</b>	<b>2,683,404</b>	<b>2,486,711</b>	<b>181,833</b>	<b>218,160</b>	<b>2,865,237</b>	<b>2,704,871</b>
<b>Total Revenue</b>	<b>3,518,976</b>	<b>3,818,444</b>	<b>4,448,874</b>	<b>4,058,968</b>	<b>7,967,850</b>	<b>7,877,412</b>
<b>Program Expenses:</b>						
General government	1,246,231	901,013	-	-	1,246,231	901,013
Public Safety	1,516,321	1,428,017	-	-	1,516,321	1,428,017
Public works	924,836	896,884	-	-	924,836	896,884
Planning and building	164,572	221,490	-	-	164,572	221,490
Parks and recreation	273,924	145,357	-	-	273,924	145,357
Water	-	-	2,877,747	2,914,810	2,877,747	2,914,810
Interest on long-term debt	242	-	630,631	635,366	630,873	635,366
<b>Total Expenses</b>	<b>4,126,126</b>	<b>3,592,761</b>	<b>3,508,378</b>	<b>3,550,176</b>	<b>7,634,504</b>	<b>7,142,937</b>
Transfers	506,560	318,851	(506,560)	(318,851)	-	-
<b>Increase (Decrease) in Net Position</b>	<b>(100,590)</b>	<b>544,534</b>	<b>433,936</b>	<b>189,941</b>	<b>333,346</b>	<b>734,475</b>
Beginning Net Position	5,916,698	5,232,079	15,306,764	15,116,823	21,223,462	20,348,902
<b>Ending Net Position</b>	<b>\$ 5,816,108</b>	<b>\$ 5,776,613</b>	<b>\$ 15,740,700</b>	<b>\$ 15,306,764</b>	<b>\$ 21,556,808</b>	<b>\$ 21,083,377</b>

The beginning net position of the governmental activities was increased by \$140,085 to correct a misstatement from the prior year related to the recognition of sales tax revenue. 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	\$ 1,246,231	\$ (612,581.00)
Public Safety	1,516,321	(1,516,321)
Public Works	924,836	(786,686)
Planning	164,572	(164,572)
Parks & Rec	273,924	(210,152)
Debt	242	(242)
<b>Totals</b>	<b>\$ 4,126,126</b>	<b>\$ (3,290,554.00)</b>

### Budgetary Analysis of the General Fund

General Fund revenues were \$208,072 more than budgeted. General Fund expenditures were \$52 less than budgeted.

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

At year-end the City had \$21,434,364 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.

**DEBT OUTSTANDING**

The City's business-type activities 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, 2020, the outstanding balance of both bonds and loans is \$15,250,069. Activity for Governmental Activities and Business-Type Activities during the year are as follows:

<u>Description</u>	1/1/2020 Beginning Balance	Additions	Deletions	12/3/2020 Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Capital Lease	\$ 15,162	\$ -	\$ 15,162	\$ -	\$ -
Compensated Absences	11,213	51,228	-	62,441	-
Total Governmental Activities	<u>\$ 26,375</u>	<u>\$ 51,228</u>	<u>\$ 15,162</u>	<u>\$ 62,441</u>	<u>\$ -</u>
<b>Business-Type Activities</b>					
Notes from Direct Borrowings	\$ 5,602,292	\$ -	\$ 872,223	\$ 4,730,069	\$ 890,456
Revenue Refunding bonds	10,570,000	-	50,000	10,520,000	50,000
Bond Premium	142,160	-	10,117	132,043	-
Compensated Absences	10,422	-	1,903	8,519	-
Total	<u>\$ 16,324,874</u>	<u>\$ -</u>	<u>\$ 934,243</u>	<u>\$ 15,390,631</u>	<u>\$ 940,456</u>

**ECONOMIC AND OTHER FACTORS**

The economy of the City of Florence, and the surrounding region, continues to grow at a rapid rate, sales tax and property values have been enjoying good economic times.

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 clause that did sunset December 2015. This 1/2% sales tax was extended by the voters to be used for street repairs starting January 1, 2016.

**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  
December 31, 2020

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash and Investments	\$ 3,683,555	\$ 8,788,138	\$ 12,471,693
Restricted Cash and Investments	-	1,158,117	1,158,117
Receivables			
Property Taxes	617,149	-	617,149
Sales and Other	317,500	-	317,500
Accounts	-	148,848	148,848
Inventory	-	94,435	94,435
Capital Assets, Not Depreciated	131,628	1,235,127	1,366,755
Capital Assets, Depreciated, Net of Accumulated Depreciation	1,617,543	19,770,413	21,387,956
Net Pension Asset	46,408	-	46,408
<b>TOTAL ASSETS</b>	<b>6,413,783</b>	<b>31,195,078</b>	<b>37,608,861</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Related to Pensions	287,803	-	287,803
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>287,803</b>	<b>-</b>	<b>287,803</b>
<b>LIABILITIES</b>			
Accounts Payable	36,584	-	36,584
Accrued Expenses	68,581	3,962	72,543
Unearned Revenue	11,973	-	11,973
Deposits	-	4,208	4,208
Accrued Interest Payable	-	55,577	55,577
Noncurrent Liabilities			
Due Within One Year	-	940,456	940,456
Due in More Than One Year	-	14,441,656	14,441,656
Compensated Absences	62,441	8,519	70,960
<b>TOTAL LIABILITIES</b>	<b>179,579</b>	<b>15,454,378</b>	<b>15,633,957</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to Pensions	88,750	-	88,750
Deferred Property Tax Revenue	617,149	-	617,149
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>705,899</b>	<b>-</b>	<b>705,899</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	1,749,171	5,623,428	7,372,599
Restricted	1,422,250	-	1,422,250
Unrestricted	2,644,687	10,117,272	12,761,959
<b>TOTAL NET POSITION</b>	<b>\$ 5,816,108</b>	<b>\$ 15,740,700</b>	<b>\$ 21,556,808</b>

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

CITY OF FLORENCE, COLORADO

STATEMENT OF ACTIVITIES  
Year Ended December 31, 2020

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
<b>PRIMARY GOVERNMENT</b>				
<b>Governmental Activities</b>				
General Government	\$ 1,246,231	\$ 412,867	\$ 220,783	\$ -
Public Safety	1,516,321	-	-	-
Public Works	924,836	-	128,685	9,465
Planning	164,572	-	-	-
Parks and Recreation	273,924	23,073	40,699	-
Interest and Fiscal Charges	242	-	-	-
Total Governmental Activities	4,126,126	435,940	390,167	9,465
<b>Business-Type Activities</b>				
Water	2,877,747	4,164,601	-	102,440
Interest and Fiscal Charges	630,631	-	-	-
Total Business-Type Activities	3,508,378	4,164,601	-	102,440
GENERAL REVENUES				
Local Property Taxes				
Specific Ownership Taxes				
Sales and Use Tax				
Other Taxes				
Other Revenues				
Earnings on Investments				
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 CHANGES  
CHANGES IN NET POSITION

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
\$ (612,581)	\$ -	\$ (612,581)
(1,516,321)	-	(1,516,321)
(786,686)	-	(786,686)
(164,572)	-	(164,572)
(210,152)	-	(210,152)
(242)	-	(242)
<u>(3,290,554)</u>	<u>-</u>	<u>(3,290,554)</u>
-	1,389,294	1,389,294
<u>-</u>	<u>(630,631)</u>	<u>(630,631)</u>
-	758,663	758,663
<u>-</u>	<u>758,663</u>	<u>758,663</u>
603,155	-	603,155
93,218	-	93,218
1,447,383	-	1,447,383
13,263	-	13,263
500,246	104,190	604,436
26,139	77,643	103,782
506,560	(506,560)	-
<u>3,189,964</u>	<u>(324,727)</u>	<u>2,865,237</u>
(100,590)	433,936	333,346
<u>5,916,698</u>	<u>15,306,764</u>	<u>21,223,462</u>
<u>\$ 5,816,108</u>	<u>\$ 15,740,700</u>	<u>\$ 21,556,808</u>

CITY OF FLORENCE, COLORADO

BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2020

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>			
Cash and Investments	\$ 1,974,424	\$ 1,709,131	\$ 3,683,555
Taxes Receivable	617,149	-	617,149
Accounts Receivable	275,740	41,760	317,500
TOTAL ASSETS	<u>\$ 2,867,313</u>	<u>\$ 1,750,891</u>	<u>\$ 4,618,204</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 36,584	\$ -	\$ 36,584
Accrued Expenses	68,581	-	68,581
Unearned Revenues	11,973	-	11,973
TOTAL LIABILITIES	<u>117,138</u>	<u>-</u>	<u>117,138</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Property Tax Revenues	<u>617,149</u>	<u>-</u>	<u>617,149</u>
<b>FUND BALANCES</b>			
Restricted	94,000	1,328,250	1,422,250
Committed	-	422,641	422,641
Unassigned	2,039,026	-	2,039,026
TOTAL FUND BALANCES	<u>2,133,026</u>	<u>1,750,891</u>	<u>3,883,917</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 2,867,313</u>	<u>\$ 1,750,891</u>	<u>\$ 4,618,204</u>

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

CITY OF FLORENCE, COLORADO

RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
Year Ended December 31, 2020

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

Total fund balances of governmental funds	\$ 3,883,917
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Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.

Capital Assets, Not Depreciated	131,628	
Capital Assets, Depreciated	6,194,833	
Accumulated Depreciation	<u>(4,577,290)</u>	1,749,171

Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated Absences	(62,441)	
Net Pension Asset	<u>46,408</u>	<u>(16,033)</u>

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources - Change in Proportionate Share	33,607	
Deferred outflows of resources - Subsequent Contributions	43,184	
Deferred outflows of resources - Expected vs Actual Experience	135,244	
Deferred outflows of resources - Change in Assumptions	75,768	
Deferred inflows of resources - Projected vs Actual Investments Earnings	(72,320)	
Deferred inflows of resources - Expected vs Actual Experience	(708)	
Deferred inflows of resources - Change in Proportionate Share	<u>(15,722)</u>	<u>199,053</u>

Net position of governmental activities	<u><u>\$ 5,816,108</u></u>
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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, 2020

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>			
Property Taxes	\$ 603,155	\$ -	\$ 603,155
Specific Ownership Taxes	93,218	-	93,218
Sales and Use Taxes	1,158,829	288,554	1,447,383
Franchise Fees	175,510	-	175,510
Intergovernmental Revenue	362,731	50,164	412,895
Licenses and Permits	96,048	-	96,048
Charges for Services	254,986	23,073	278,059
Fines and Forfeitures	61,833	-	61,833
Sale of Assets	26,165	-	26,165
Earnings on Investments	10,358	15,781	26,139
Miscellaneous	206,829	91,742	298,571
<b>TOTAL REVENUES</b>	<b>3,049,662</b>	<b>469,314</b>	<b>3,518,976</b>
<b>EXPENDITURES</b>			
<b>Current</b>			
General Government	1,014,082	-	1,014,082
Public Safety	1,412,832	-	1,412,832
Public Works	722,012	-	722,012
Planning	164,572	-	164,572
Parks and Recreation	134,912	78,217	213,129
Capital Outlay	-	282,799	282,799
Debt Service			
Principal	15,162	-	15,162
Interest	242	-	242
<b>TOTAL EXPENDITURES</b>	<b>3,463,814</b>	<b>361,016</b>	<b>3,824,830</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(414,152)</b>	<b>108,298</b>	<b>(305,854)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	551,560	12,505	564,065
Transfers Out	(12,505)	(45,000)	(57,505)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>539,055</b>	<b>(32,495)</b>	<b>506,560</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>124,903</b>	<b>75,803</b>	<b>200,706</b>
FUND BALANCES, Beginning, Restated	2,008,123	1,675,088	3,683,211
FUND BALANCES, Ending	<u>\$ 2,133,026</u>	<u>\$ 1,750,891</u>	<u>\$ 3,883,917</u>

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, 2020

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

Net change in fund balances - total governmental funds		\$ 200,706
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.		
	Capital Outlay	224,726
	Depreciation	<u>(424,411)</u>
		(199,685)
Some expenses reported in the statement of activities do not require current financial resources and are not reported in the funds.		
	Capital Leases Principal Payments	15,162
	Changes in Compensated Absences	<u>(51,228)</u>
		(36,066)
Deferred Charges related to pensions are not recognized in the governmental funds. However, for the government-wide funds those amounts are capitalized and amortized.		
	Deferred charges related to Pension Plan	(65,545)
		<u>(65,545)</u>
Change in net position of governmental activities		<u>\$ (100,590)</u>

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

## CITY OF FLORENCE, COLORADO

STATEMENT OF NET POSITION  
PROPRIETARY FUND  
December 31, 2020

	<u>WATER</u>
ASSETS	
Current Assets	
Cash and Investments	\$ 8,788,138
Restricted Cash and Investments	1,158,117
Accounts Receivable	148,848
Inventory	94,435
	<u>10,189,538</u>
Total Current Assets	
	<u>10,189,538</u>
Noncurrent Assets	
Capital Assets, Not Being Depreciated	1,235,127
Capital Assets, Net of Accumulated Depreciation	19,770,413
	<u>21,005,540</u>
Total Noncurrent Assets	
	<u>21,005,540</u>
TOTAL ASSETS	
	<u>31,195,078</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	-
Accrued Expenses	3,962
Accrued Interest Payable	55,577
Bonds Payable, Current Portion	50,000
Notes Payable, Current Portion	890,456
	<u>999,995</u>
Total Current Liabilities	
	<u>999,995</u>
Noncurrent Liabilities	
Deposits	4,208
Accrued Compensated Absences	8,519
Bonds Payable	10,602,043
Notes Payable	3,839,613
	<u>14,454,383</u>
Total Noncurrent Liabilities	
	<u>14,454,383</u>
NET POSITION	
Net Investment in Capital Assets	16,275,471
Unrestricted	(534,771)
	<u>\$15,740,700</u>
TOTAL NET POSITION	
	<u>\$15,740,700</u>

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

CITY OF FLORENCE, COLORADO

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUND  
Year Ended December 31, 2020

	<u>WATER</u>
OPERATING REVENUES	
Charges for Services	\$ 2,838,816
Debt Retirement	1,325,785
Other Revenues	<u>104,190</u>
TOTAL OPERATING REVENUES	<u>4,268,791</u>
OPERATING EXPENSES	
Administration	71,136
Personnel Services	546,737
Water System	867,756
Water Distribution	37,392
Depreciation	1,246,551
Capital Outlay	<u>108,175</u>
TOTAL OPERATING EXPENSES	<u>2,877,747</u>
NET OPERATING INCOME	<u>1,391,044</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest Income	77,643
Interest Expense	<u>(630,631)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(552,988)</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>838,056</u>
Tap Fees	102,440
Capital Contributions	-
Transfers Out	<u>(506,560)</u>
CHANGE IN NET POSITION	433,936
NET POSITION, Beginning	<u>15,306,764</u>
NET POSITION, Ending	<u><u>\$15,740,700</u></u>

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

CITY OF FLORENCE, COLORADO

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND  
 Year Ended December 31, 2020  
 Increase (Decrease) in Cash and Cash Equivalents

	<u>WATER</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 4,206,329
Cash Paid to Suppliers and Employees	(1,675,527)
Net Cash Provided by Operating Activities	<u>2,530,802</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash Payments to/from Other Funds	(506,560)
Net Cash Used by Noncapital Financing Activities	<u>(506,560)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	(632,878)
Principal Payments on Long Term Debt	(922,223)
Interest Payments	(640,748)
Tap Fees and Capital Contributions	102,440
Net Cash Used by Capital Financing Activities	<u>(2,093,409)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	<u>77,643</u>
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	8,476
CASH AND CASH EQUIVALENTS, Beginning	<u>9,937,779</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 9,946,255</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	\$ 1,391,044
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation Expense	1,246,551
Changes in Assets and Liabilities	
Accounts Receivable	(62,462)
Inventory	(6,430)
Accounts Payable	(36,888)
Accrued Expenses	890
Accrued Compensated Absences	(1,903)
Total Adjustments	<u>1,139,758</u>
Net Cash Provided by Operating Activities	<u>\$ 2,530,802</u>

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

CITY OF FLORENCE, COLORADO

STATEMENT OF FIDUCIARY NET POSITION  
CUSTODIAL FUND- SCHOOL DEDICATION FEES  
Year Ended December 31, 2020

	<u>CUSTODIAL FUND</u>
ASSETS	
Cash and Investments	<u>\$ 18,512</u>
LIABILITIES	
Accrued Expenses	<u>-</u>
NET POSITION	
Restricted for Other Government	<u>18,512</u>
TOTAL NET POSITION	<u><u>\$ 18,512</u></u>

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

CITY OF FLORENCE  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Florence, Colorado (the “City”) was incorporated in 1887. The City is governed by a city manager and a seven-member council (including the mayor) elected by the residents.

The accounting policies of the City conform to generally accepted accounting principles (GAAP) as applicable to governmental units. Following is a summary of the more significant policies:

**Reporting Entity**

The financial reporting entity consists of the City and organizations for which the City is financially accountable. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the City. In addition, any legally separate organizations for which the City is financially accountable are considered part of the reporting entity. Financial accountability exists if the City appoints a voting majority of the organization’s governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the City.

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

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the 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 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 the proprietary fund. Major individual funds are reported as separate columns in the fund financial statements.

CITY OF FLORENCE  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020

**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, intergovernmental revenues, 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 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 the 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 funds:

CITY OF FLORENCE  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 1:**     **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

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 to residents and businesses within the City limits.

Additionally, the City reports the following fund types:

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

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

**Assets, Liabilities, and Fund Balance/Net Position**

Cash and Cash Equivalents – For purposes of the statement of cash flows, the City considers cash and cash equivalents to be all demand deposits as well as short-term investments with a maturity date of three months or less. Investments are stated at fair value.

Receivables – All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Prepaid Items – On the government-wide and governmental fund financial statements, prepaid expenses are presented using the consumption method.

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 land, water rights, infrastructure, utility plant and lines, and 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 \$5,000

CITY OF FLORENCE  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 1:**     **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Assets, Liabilities, and Fund Balance/Net Position** (Continued)

and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	10-30 years
Pool	5 -30 years
Plant	5-50 years
Distribution System	20-50 years
Regional Assets	10 – 40 years
Infrastructure	10 years
Machinery and Equipment	3-10 years

Unearned Revenues – The deferred revenues include amounts received but not yet available for expenditure.

Compensated Absences – City employees are entitled to certain compensated absences based on their length of employment and are allowed to accumulate unused absences. Upon termination of employment, employees are entitled to receive compensation for any unused vacation time, up to a maximum number of hours the employee has earned during the previous year of employment, at their current rate of pay. These compensated absences are expended when paid in the governmental fund types. Compensated absences are expended when earned in the proprietary fund type. A long-term liability in the amount of \$62,441 and \$8,519 has been recorded in the governmental activities and business-type activities, respectively, in the statement of net position for the accrued benefits.

CITY OF FLORENCE  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 1:**     **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Assets, Liabilities, and Fund Balance/Net Position** (Continued)

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

Long-Term Debt – 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 funds. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

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 current expenditures.

Pensions – The City participates in the Statewide Defined Benefit Plan (SWDBP), a cost-sharing, multiple-employer defined benefit pension plan administered by the Fire & Police Pension Association of Colorado (FPPA). The net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to and deductions from the fiduciary net position of the SWDBP have been determined using the economic resources measurement focus and the accrual basis of accounting, the same basis of accounting used by the plan. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Employer contributions are recognized in the year the contributions are paid.

CITY OF FLORENCE  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 1:**     **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Assets, Liabilities, and Fund Balance/Net Position** (Continued)

Property Taxes – Property taxes are levied on December 15 based on the assessed value of property as certified by the County Assessor on October 1. The property tax may be paid in total by April 30 or one-half payment by February 28 and the second half by June 15. The billings are considered due on these dates. The bill becomes delinquent, and penalties and interest may be assessed by the County Treasurer on the post mark day following these dates. The tax sale date is the first Thursday of November.

Under Colorado Law, all property taxes become due and payable on January 1, in the year following that in which they are levied. 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, receivables and corresponding deferred inflows of resources are reported at year end.

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 is 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 represents 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 right to revisit or alter these managerial decisions.

CITY OF FLORENCE  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 1:**     **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Assets, Liabilities, and Fund Balance/Net Position** (Continued)

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 either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The City does not report any nonspendable fund balances on December 31, 2020.
  
- 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 Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. In addition, the City reports restricted fund balances in the Conservation Trust Fund, Pool Park and Recreation Fund, Street Improvement Fund and Perpetual Care Reserve Fund. These balances are restricted for capital and infrastructure improvements, and parks and recreation.
  
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the Council 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 reports the fund balance in the Capital Projects Fund as committed resources for the respective fund purpose as of December 31, 2020.

CITY OF FLORENCE  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 1:**     **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Assets, Liabilities, and Fund Balance/Net Position** (Continued)

- Assigned – This classification includes amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. The City does not report any assigned fund balances as of December 31, 2020.
  
- 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 fund balance.

**Risk Management**

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

The purposes of CIRSA are to provide member 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 made against members of CIRSA, their employees and officers.

It is the intent 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 legal separate entity, and the City does not approve budgets, nor does it have the ability to significantly affect the operations of CIRSA.

CITY OF FLORENCE  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 1:**     **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Subsequent Events**

The City has evaluated events subsequent to the year ended December 31, 2020 through June 23, 2021, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

**NOTE 2:**     **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgets**

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparison for the proprietary fund is presented on a non-GAAP budgetary basis. Capital outlay is budgeted as an expenditure and depreciation is not budgeted. Annual appropriated budgets are adopted for all funds. All appropriations lapse at fiscal year-end.

The City adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by state law for all funds. Management submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year end.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level.
- Management is authorized to transfer budgeted amounts between departments within any fund. However, revisions that alter the total expenditures of any fund must be approved by the City Council.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted or amended by the City Council.

CITY OF FLORENCE  
 NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2020

**NOTE 3: CASH AND INVESTMENTS**

Cash and investments on December 31, 2020 consist of the following:

Petty Cash	\$	500
Deposits		2,000,699
Investments		11,647,123
Total		\$ 13,648,322

The above amounts are classified in the statement of net position as follows:

Cash and Investments - Governmental Activities	\$	3,683,555
Cash and Investments - Business-Type Activities		8,788,138
Cash and Investments - Business-Type Activities, Restricted		1,158,117
Cash and Investments - Custodial Funds		18,512
Total		\$ 13,648,322

**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. On December 31, 2020, 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.

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

On December 31, 2020, the City had deposits with financial institutions with a carrying amount of \$2,000,699. The bank balances with the financial institutions were \$2,108,700. Of these balances, \$1,368,772 was covered by federal depository insurance and \$739,928 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

CITY OF FLORENCE  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 3:**     **CASH AND INVESTMENTS** (Continued)

**Investments**

The City is required to comply with State statutes and the City's investment policy which specify investment instruments meeting defined rating, maturity, and concentration of credit risk criteria in which the City may invest.

Interest Rate Risk

State statutes generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years.

Credit Risk

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

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

Concentration of Credit Risk

Except for corporate securities, State statutes do not limit the amount the City may invest in any single investment or issuer.

CITY OF FLORENCE  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 3:**     **CASH AND INVESTMENTS** (Continued)

**Investments** (Continued)

Local Government Investment Pools

The City had invested \$11,647,123 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAM by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It 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.

ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables.

**Restricted Cash and Investments**

Cash and investments in the amount of \$1,158,117 are restricted in the proprietary fund to comply with bond covenants.

CITY OF FLORENCE  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 4: CAPITAL ASSETS**

	Balance 12/31/2019	Additions	Deletions	Balance 12/31/2020
<b>Governmental Activities</b>				
Capital Assets, Not Depreciated				
Land	\$ 125,693	\$ -	\$ -	\$ 125,693
Easements	5,935	-	-	5,935
Total Capital Assets, Not Depreciated	<u>131,628</u>	<u>-</u>	<u>-</u>	<u>131,628</u>
Capital Asset, Being Depreciated				
Buildings and Improvements	2,232,425	45,404	2,800	2,275,029
Pool	611,460	-	-	611,460
Infrastructure	1,947,274	159,690	-	2,106,964
Machinery and Equipment	1,181,748	19,632	-	1,201,380
Total Capital Assets, Being Depreciated	<u>5,972,907</u>	<u>224,726</u>	<u>2,800</u>	<u>6,194,833</u>
Accumulated Depreciation				
Buildings and Improvements	1,602,709	131,843	2,800	1,731,752
Pool	482,697	26,782	-	509,479
Infrastructure	1,181,136	184,374	-	1,365,510
Machinery and Equipment	889,137	81,412	-	970,549
Total Depreciation	<u>4,155,679</u>	<u>424,411</u>	<u>2,800</u>	<u>4,577,290</u>
Capital Assets, Depreciated Net	<u>1,817,228</u>	<u>(199,685)</u>	<u>-</u>	<u>1,617,543</u>
Net Capital Assets	<u>\$ 1,948,856</u>	<u>\$ (199,685)</u>	<u>\$ -</u>	<u>\$ 1,749,171</u>

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

<b>Governmental Activities</b>	
General Government	\$ 122,848
Public Safety	37,944
Public Works	202,824
Parks and Recreation	<u>60,795</u>
Total	<u>\$ 424,411</u>

CITY OF FLORENCE  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020

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

	Balance 12/31/2019	Additions	Deletions	Balance 12/31/2020
<b>Business-Type Activities</b>				
Capital Assets, Not Depreciated				
Land	\$ 79,425	\$ -	\$ -	\$ 79,425
Water Rights	563,889	591,813	-	1,155,702
Total Capital Assets, Not Depreciated	<u>643,314</u>	<u>591,813</u>	<u>-</u>	<u>1,235,127</u>
Capital Asset, Being Depreciated				
Water Treatment Plant	4,616,324	7,075	-	4,623,399
Transmission and Distribution	7,499,542	-	-	7,499,542
Regional Assets	28,138,879	-	-	28,138,879
Machinery and Equipment	2,252,230	33,990	-	2,286,220
Total Capital Assets, Being Depreciated	<u>42,506,975</u>	<u>41,065</u>	<u>-</u>	<u>42,548,040</u>
Accumulated Depreciation				
Water Treatment Plant	3,195,168	157,121	-	3,352,289
Transmission and Distribution	4,850,494	232,420	-	5,082,914
Regional Assets	11,956,157	786,154	-	12,742,311
Machinery and Equipment	1,529,257	70,856	-	1,600,113
Total Depreciation	<u>21,531,076</u>	<u>1,246,551</u>	<u>-</u>	<u>22,777,627</u>
Capital Assets, Depreciated Net	<u>20,975,899</u>	<u>(1,205,486)</u>	<u>-</u>	<u>19,770,413</u>
Net Capital Assets	<u>\$21,619,213</u>	<u>\$ (613,673)</u>	<u>\$ -</u>	<u>\$21,005,540</u>

**NOTE 5: LONG-TERM DEBT**

The following is a summary of the City's long-term debt transactions for the year ended December 31, 2020:

Governmental Activities	12/31/2019			12/31/2020	
	Balance	Increases	Decreases	Balance	Due Within One Year
Capital Lease	\$ 15,162	\$ -	\$ 15,162	\$ -	\$ -
Compensated Absences	11,213	51,228	-	62,441	-
<b>Total</b>	<u>\$ 26,375</u>	<u>\$51,228</u>	<u>\$ 15,162</u>	<u>\$ 62,441</u>	<u>\$ -</u>

CITY OF FLORENCE  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 5: LONG-TERM DEBT** (Continued)

***Capital Lease***

The City entered into a capital lease agreement to purchase equipment. The lease carried an interest rate of 5.42% and required monthly principal and interest payments in the amount of \$2,567. The lease was paid in full in June 2020.

Compensated absences are expected to be liquidated with revenues from the General Fund.

<b>Business-Type Activities</b>	12/31/2019			12/31/2020	
	Balance	Increases	Decreases	Balance	Due Within One Year
Revenue Refunding Bonds	\$ 10,570,000	\$ -	\$ 50,000	\$ 10,520,000	\$ 50,000
Notes from direct borrowings	5,602,292	-	872,223	4,730,069	890,456
Bond Premium	142,160	-	10,117	132,043	-
Compensated Absences	10,422	-	1,903	8,519	-
<b>Total</b>	<b>\$ 16,324,874</b>	<b>\$ -</b>	<b>\$ 934,243</b>	<b>\$ 15,390,631</b>	<b>\$ 940,456</b>

**Water Revenue Refunding and Improvement Bond Series 2013A and 2013B**

In May 2013, the City issued Water Revenue Refunding and Improvement Bonds Series 2013A and 2013B in the amount of \$9,770,000 and \$1,000,000, respectively. Proceeds of the bonds were used to refund all of the outstanding Water Revenue Refunding Bonds, Series 2003A, finance the construction and acquisition of capital projects, and to fund the bond reserve account and issuance costs. The bonds carry interest rates ranging from 3% to 5%. Interest payments on the bonds are due semi-annually on June 1 and December 1. Principal payments on the bonds are due annually on December 1, beginning in 2016 through 2033.

The annual debt service requirements on the outstanding bonds are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 50,000	\$ 448,725	\$ 498,725
2022	55,000	446,713	501,713
2023	60,000	444,498	504,498
2024	85,000	442,080	527,080
2025	535,000	438,663	973,663
2026-2030	5,675,000	1,657,548	7,332,548
2031-2033	4,060,000	397,400	4,457,400
<b>Total</b>	<b>\$ 10,520,000</b>	<b>\$ 4,275,627</b>	<b>\$ 14,795,627</b>

CITY OF FLORENCE  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 5:**     **LONG-TERM DEBT** (Continued)

**Notes from Direct Borrowings**

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

In November 2003, the City entered into a loan agreement with CWRPDA in the amount of \$12,999,093. Proceeds of the loan were used to finance costs of water facilities. The loan carries an interest rate of 3.51%. Principal and interest payments in the amount of \$53,939 are due semi-annually on June 1 and December 1 through 2025. On December 31, 2020, the outstanding balance on the loan is \$3,584,614.

2005 Colorado Water Resources and Power Development Authority (CWRPDA) Drinking Water Revolving Fund Direct Loan

In December 2004, the City entered into an agreement with CWRPDA to obtain a Drinking Water Revolving Fund Direct Loan in the amount of \$800,000. Proceeds of the loan were used to finance improvements to the City's south water treatment plant, acquiring and constructing finished water storage facilities and finished water pipelines, and raw water conveyance and consolidation for the south water treatment plant. The loan carries an interest rate of 3.5%. Principal and interest payments in the amount of \$53,939 are due semi-annually on June 1 and December 1 through 2025. On December 31, 2020, the outstanding balance on the loan is \$245,455.

2009 Colorado Water Resources and Power Development Authority (CWRPDA) Drinking Water Revolving Fund ARRA Direct Loan

In October 2009, the City entered into an agreement with CWRPDA to obtain a Drinking Water Revolving Fund ARRA Direct Loan in the amount of \$2,000,000. Proceeds of the loan were used to provide funding for drilling, testing, and construction of two additional wells. The loan carries no interest. Principal payments in the amount of \$50,000 are due semi-annually on June 1 and December 1 through 2029. On December 31, 2020, the outstanding balance on the loan is \$900,000.

CITY OF FLORENCE  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 5: LONG-TERM DEBT** (Continued)

**Notes from Direct Borrowings** (Continued)

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 890,456	\$ 162,844	\$ 1,053,300
2022	911,522	142,349	1,053,871
2023	943,761	110,186	1,053,947
2024	995,510	39,574	1,035,084
2025	588,820	4,609	593,429
2026-2029	400,000	-	400,000
<b>Total</b>	<b><u>\$ 4,730,069</u></b>	<b><u>\$ 459,562</u></b>	<b><u>\$ 5,189,631</u></b>

**NOTE 6: INTERFUND TRANSFERS**

During the year ended December 31, 2020, the Water Fund and the Conservation Trust Fund transferred \$506,560 and \$45,000, respectively, to the General Fund to cover administrative expenses. The General Fund transferred \$5,971 to the Capital Projects and the Perpetual Care Reserve Fund to cover capital expenses. The General Fund also transferred \$563 to the Pool, Park and Recreation Fund to cover administrative expenses.

**NOTE 7: STATEWIDE DEFINED BENEFIT PENSION PLAN**

**Summary of Significant Accounting Policies**

*Pensions.* The City participates in the Statewide Defined Benefit Plan (SWDBP), a cost-sharing multiple-employer defined benefit pension fund administered by the Fire and Police Pension Association of Colorado (“FPPA”). The net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the

SWDBP have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF FLORENCE  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 7:**     **STATEWIDE DEFINED BENEFIT PENSION PLAN** (Continued)

**General Information about the SWDBP**

*Plan description.* The SWDBP covers substantially all full-time firefighter and police officer employees of participating fire or police departments in Colorado hired on or after April 8, 1978, provided that they are not already covered by a statutorily exempt plan. As of August 1, 2003, the SWDBP may include fire department clerical and other personnel whose services are auxiliary to fire protection. Plan benefits are specified in Title 31, Articles 30, 30.5 and 31 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth in the FPPA Rules and Regulations, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. FPPA issues a publicly available comprehensive annual financial report that can be obtained at [www.fppaco.org](http://www.fppaco.org).

*Benefits provided.* FPPA provides retirement and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement.

The following types of retirement are available under the SWDBP:

- **Normal:** 25 years of service and age 55 with a 2% benefit for each year of service for the first ten years, then a 2.5% benefit for each year of service thereafter. Benefits are based on the average of the highest 3 years' base salary (as defined in FPPA Rule 101.05).
- **Early:** 30 years of service or age 50 with a 2% benefit for each year of service for the first ten years, then a 2.5% benefit for each year of service thereafter. Benefits are based on the average of the highest 3 years' base salary (as defined in FPPA Rule 101.05). The early retirement benefit that the member would have received at normal retirement (age 55) is reduced on an actuarial equivalent basis to reflect the receipt of the benefit.
- **Vested:** 5 years of service payable at age 55 with a 2% benefit for each year of service for the first ten years, then a 2.5% benefit for each year of service thereafter. Benefits are based on the average of the highest 3 years' base salary (as defined in FPPA Rule 101.05).
- **Deferred:** Members who qualify for a normal or vested retirement, may defer the receipt of their benefit pension to as late as age 65 and receive the actuarial equivalent of the benefit. (as defined in FPPA Rule 101.05).

CITY OF FLORENCE  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 7:**     **STATEWIDE DEFINED BENEFIT PENSION PLAN** (Continued)

**General Information about the SWDBP** (Continued)

The SWDBP has a deferred retirement option plan (DROP) that allows members to enter the program if they meet one of the following criteria: 1) member is eligible for normal retirement or 2) member is vested or 3) member is eligible for early retirement. The DROP plan allows a member to choose to continue employment for a maximum of five years. During this period of continued employment, the member's retirement benefits as well as employee contributions are paid into a member's DROP account. At the end of the DROP period, the member ceases employment and receives the amount accumulated in the DROP account either in a periodic, lump sum or a monthly lifetime benefit.

Each member must elect a payment option for retirement benefits shortly before benefit payments are paid to ensure that the beneficiary and payment option factors are accurate. The member has six payment options. The payment options allow the member to receive full retirement benefits during the member's lifetime or receive reduced retirement benefits so that a designated beneficiary may receive a portion of the retirement benefit either during the member's lifetime or after the member's death depending on the option selected.

Vested members with more than 5 years of service and non-vested members with less than 5 years of service may elect to withdraw their member contribution accounts upon termination of employment with all FPPA employers; waiving rights to any lifetime retirement benefits earned. The member's contributions plus 5% interest may be refunded to the member with all other contributions being forfeited. If a refund is chosen, stabilization reserve account monies and all employer contributions are forfeited.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement benefit adjustments (formerly referred to as COLAs). Benefit adjustments are not guaranteed and are determined annually by the FPPA Board of Directors based on the most recent actuarial study. The amount of the benefit adjustment can be 0% to 3%, or the greater of the Consumer Price Index (CPI) per year. Benefit adjustments may begin once the retired member has been receiving retirement benefits for at least 12 calendar months prior to October 1.

*Contributions.* Through December 31, 2020, contribution rates for the SWDB plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership. Effective January 1, 2021, contribution rates for employers and members

CITY OF FLORENCE  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 7: STATEWIDE DEFINED BENEFIT PENSION PLAN** (Continued)

**General Information about the SWDBP** (Continued)

may be increased equally by the FPPA Board of Directors upon approval through an election by both the employers and members.

In 2014 the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of pensionable earnings. Employer contributions are 8 percent in 2019 and 2020. Employer contributions will increase 0.5 percent annually beginning in 2021 through 2030 to a total of 13 percent of pensionable earnings. In 2019, members of the SWDB plan and their employers are contributing at a rate of 10.5 percent and 8 percent, respectively, of pensionable earnings for a total contribution rate of 18.5 percent. Contributions to the SWDBP from the City were \$43,184 the year ended December 31, 2020.

Contributions from members and employers of departments reentering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 22.5 percent and 23.0 percent of pensionable earnings in 2019 and 2020, respectively. It is a local decision as to whether the member or employer pays the additional 4 percent contribution. The member and employer contribution rates will increase through 2030 as described above for the non-reentering departments. Effective January 1, 2021 reentry departments may submit a resolution to the FPPA Board of Directors to reduce the additional 4 percent contributions, to reflect the actual cost of reentry by department, to the plan for reentry contributions. Each reentry department is responsible to remit contributions to the plan in accordance with their most recent FPPA Board of Directors approved resolution.

The contribution rate for members and employers or affiliated social security employers is 5.25 percent and 4 percent, respectively, of pensionable earning for a total contribution rate of 9.25 percent in 2019 and 9.50 percent in 2020. Per the 2014 member election, members of the affiliate social security group had their required contribution rate increase by 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of pensionable earnings. Employer contributions are 4 percent in 2019 and 2020. Employer contributions will increase 0.25 percent annually beginning in 2021 through 2030 to a total of 6.5 percent of pensionable earnings.

CITY OF FLORENCE  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 7: STATEWIDE DEFINED BENEFIT PENSION PLAN** (Continued)

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

On December 31, 2020, the City reported a net pension asset of \$46,408 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2020.

The City's proportion of the net pension asset was based on City contributions to the SWDBP for the calendar year 2019 relative to the total contributions of participating employers to the SWDBP.

On December 31, 2019, the City's proportion was 0.08206 percent, which is a decrease of 0.00803 from its proportion measured as of December 31, 2018. For the year ended December 31, 2020, the City recognized pension expense of \$65,545. On December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 135,244	\$ 708
Net difference between projected and actual earnings on investments	-	72,320
Changes in proportion and differences between contributions recognized and proportionate share of contributions	33,607	15,722
Change in assumptions	75,768	-
Contributions subsequent to measurement date	43,184	-
<b>Total</b>	<b>\$ 287,803</b>	<b>\$ 88,750</b>

\$43,184 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as an increase of the net pension asset in the year ending December 31, 2021.

CITY OF FLORENCE  
 NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2020

**NOTE 7: STATEWIDE DEFINED BENEFIT PENSION PLAN** (Continued)

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	
2021	\$ 36,987
2022	33,763
2023	28,336
2024	26,677
2025	19,351
Thereafter	<u>10,755</u>
<b>Total</b>	<b><u>\$155,869</u></b>

*Actuarial assumptions.* The total pension liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial Method	Entry Age Normal
Amortization Method	N/A
Amortization Period	N/A
Long-term Investment Rate of Return *	7.0%
Projected Salary Increases	4.25%-11.25%
Cost of Living Adjustments (COLA)	0.0%
* Includes Inflation at	2.5%

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rates from the RP-2014 Annuitant Mortality Tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale of all years. The pre-retirement off-duty mortality tables are adjusted to 50% of the PR-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

CITY OF FLORENCE  
 NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2020

**NOTE 7: STATEWIDE DEFINED BENEFIT PENSION PLAN** (Continued)

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

At least every five years the FPPA’s Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2018 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The actuarial assumption changes were effective January 1, 2019. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

The SWDBP’s long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation (assumed at 2.5 percent).

The SWDBP’s long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5 percent).

Best estimates of arithmetic real rates of return for each major asset class included in the Fund target asset allocation are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Rate of Return</u>
Global Equity	38.00%	7.00%
Equity Long/Short	8.00%	6.00%
Private Markets	25.00%	9.20%
Fixed Income	15.00%	5.20%
Absolute Return	8.00%	5.50%
Managed Futures	4.00%	5.00%
Cash	2.00%	2.52%
<b>Total</b>	<b>100.00%</b>	

CITY OF FLORENCE  
 NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2020

**NOTE 7: STATEWIDE DEFINED BENEFIT PENSION PLAN** (Continued)

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

*Discount rate.* Projected benefits payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects 1) a long-term expected rate of return on pension plan investments (to the extent that the plan’s fiduciary net position is projected to be sufficient to pay benefits) and 2) tax-exempt municipal bond rate based on an index of 20 year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan’s projected fiduciary net position is not sufficient to pay benefits).

The expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 2.75 percent (based on the weekly rate closest to but not later than the measurement date of the “state & local bonds” rate from Federal Reserve statistical release.); and the resulting Single Discount rate is 7.00 percent.

*Sensitivity of the City’s proportionate share of the net pension asset (liability) to changes in the discount rate.* The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	1% Decrease	Discount Rate	1% Increase
	6%	7%	8%
City's net pension liability (asset)	\$(281,385)	\$ 46,408	\$ 318,269

*Pension plan fiduciary net position.* Detailed information about the SWDBP’s fiduciary net position is available in FPPA’s comprehensive annual financial report which can be obtained at [www.fppaco.org](http://www.fppaco.org).

CITY OF FLORENCE  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 7:**     **STATEWIDE DEFINED BENEFIT PENSION PLAN** (Continued)

**Subsequent Event**

House Bill 20-1044 was signed into law on April 1, 2020. Included in the bill is a provision to increase the benefits of the members of the SWDPB Plan through a rule of 80 provision effective January 1, 2021. This provision provides for a normal retirement as early as age 50 if the member's age combined with years of services totals at least 80. The impact of this change was not included in the total pension liability or the collective pension expense as of December 31, 2019 measurement period. This will be reflected in the December 31, 2020 measurement period. The Impact adjustment to the Plan is approximately \$53 million

**NOTE 8:**     **OTHER RETIREMENT COMMITMENTS**

**Statewide Death and Disability Plan**

*Plan Description* – The City participates in the Statewide Death and Disability Plan, a cost-sharing multiple-employer defined benefit death and disability plan administered by the Fire & Police Pension Association of Colorado (FPPA). Contributions to the plan are used solely for the payment of death and disability benefits. Benefits are established by State statutes and generally allow for benefits upon the death or disability of a plan member prior to retirement. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by contacting FPPA at [www.fppaco.org](http://www.fppaco.org).

*Funding Policy* - The contribution requirements are established by State statutes. The City Council determines the contribution split between employees and the City. No contributions are required for employees hired prior to January 1, 1997. For employees hired on or after January 1, 1997, the employees contributed 2.8% of base salaries during the year ended December 31, 2020. Contributions to the plan for the years ended December 31, 2020, and 2019 were \$12,745, and \$14,586, respectively, equal to the required contributions for the year.

CITY OF FLORENCE  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 8:**     **OTHER RETIREMENT COMMITMENTS** (Continued)

**Deferred 457 Compensation Plan**

The City's employees participate in a deferred compensation plan created in accordance with Internal Revenue Code 457. The deferred compensation plan is optional for employees. The City matches the contribution of participating employees up to 3 percent after the employee has been employed by the City for one year. During the year ended December 31, 2020 and 2019, the City contributed \$37,484 and \$25,900, respectively, to the plan. The plan investments are managed by One America.

**NOTE 9:**     **COMMITMENTS AND CONTINGENCIES**

**Claims and Judgments**

The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of December 31, 2020, significant amounts of grant expenditures have not been audited but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the City.

**Tabor Amendment**

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the "Tabor Amendment"), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Tabor Amendment is complex and subject to judicial interpretations. The City believes it has complied with the Amendment.

In 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 a reserve, representing 3% of qualifying expenditures, as required by the amendment. On December 31, 2020, the emergency reserve of \$94,000 was reported as a restriction of net position and fund balance in the Governmental Activities and General Fund, respectively.

CITY OF FLORENCE  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 10:**     **PRIOR PERIOD ADJUSTMENT**

The beginning fund balance of the General Fund was increased by \$140,085 to correct sales tax revenue which was understated in the previous year.

**NOTE 11:**     **SUBSEQUENT EVENTS**

**COVID19 Pandemic**

The United States of America and State of Colorado have declared an emergency as a result of the coronavirus (COVID19) pandemic. These economic uncertainties may have a significant impact on the financial position, results of operations, and cashflows of the City. The duration of these uncertainties and the ultimate financial effects cannot be estimated at this time.

**Water Enterprise Revenue Refunding Bonds, Series 2021A and 2021B**

In January 2021, the City issued Water Enterprise Revenue Refunding Bonds, Series 2021A and 2021B in the amount of \$9,184,000 and \$789,000, respectively. Proceeds of the bonds were used to refund the City's 2013 bonds. The 2021A bonds carry an interest rate of 2.97% and the 2021B bonds carry an interest rate of 2.15%. Semi-annual interest payments are due on June 1 and December 1 and principal payments are due annually on December 1. The 2021A bonds mature on December 1, 2033 and the 2021B bonds mature on December 1, 2026.

**REQUIRED SUPPLEMENTARY INFORMATION**

## CITY OF FLORENCE, COLORADO

## BUDGETARY COMPARISON SCHEDULE

## GENERAL FUND

Year Ended December 31, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 609,290	\$ 609,290	\$ 603,155	\$ (6,135)
Specific Ownership Taxes	93,000	93,000	93,218	218
Sales and Use Tax	879,000	879,000	1,158,829	279,829
Franchise Fees	195,900	195,900	175,510	(20,390)
Intergovernmental Revenue	232,200	232,200	362,731	130,531
Licenses and Permits	86,500	86,500	96,048	9,548
Charges for Services	247,000	247,000	254,986	7,986
Fines and Forfeitures	115,000	115,000	61,833	(53,167)
Sale of Assets	130,000	130,000	26,165	(103,835)
Earnings on Investments	23,800	23,800	10,358	(13,442)
Miscellaneous	239,073	229,900	206,829	(23,071)
<b>TOTAL REVENUES</b>	<b>2,850,763</b>	<b>2,841,590</b>	<b>3,049,662</b>	<b>208,072</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government	813,235	938,235	1,014,082	(75,847)
Public Safety	1,369,600	1,369,600	1,412,832	(43,232)
Public Works	799,200	799,200	722,012	77,188
Planning	170,600	170,600	164,572	6,028
Parks and Recreation	182,832	182,832	134,912	47,920
Debt Service				
Principal	15,162	15,162	15,162	-
Interest	242	242	242	-
<b>TOTAL EXPENDITURES</b>	<b>3,350,871</b>	<b>3,475,871</b>	<b>3,463,814</b>	<b>12,057</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(500,108)</b>	<b>(634,281)</b>	<b>(414,152)</b>	<b>220,129</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	551,560	551,560	551,560	-
Transfers Out	(500)	(500)	(12,505)	(12,005)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>551,060</b>	<b>551,060</b>	<b>539,055</b>	<b>(12,005)</b>
<b>CHANGE IN FUND BALANCE</b>	<b>50,952</b>	<b>(83,221)</b>	<b>124,903</b>	<b>208,124</b>
<b>FUND BALANCES, Beginning, Restated</b>	<b>1,868,038</b>	<b>1,868,038</b>	<b>2,008,123</b>	<b>140,085</b>
<b>FUND BALANCES, Ending</b>	<b>\$ 1,918,990</b>	<b>\$ 1,784,817</b>	<b>\$ 2,133,026</b>	<b>\$ 348,209</b>

See the accompanying independent auditors' report

CITY OF FLORENCE, COLORADO

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
FPPA STATEWIDE DEFINED BENEFIT PENSION PLAN

Years Ended December 31,

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Proportion of the Net Pension Liability (Asset)	0.08206%	0.09000%	0.0990%
Proportionate Share of the Net Pension Liability (Asset)	\$ (46,408)	\$ 113,889	\$ (142,635)
Covered payroll	\$ 580,095	\$ 579,258	\$ 555,473
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	-8.00%	19.66%	-25.68%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	101.90%	95.20%	106.30%

NOTE: Information for the prior three years was not available for this report

See the accompanying independent auditors' report

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
9.5000%	0.0990%	0.0910%	0.0870%
\$ 34,380	\$ (1,742)	\$ (77,479)	\$ (102,775)
\$ 439,514	\$ 469,653	\$ 388,051	\$ 355,764
7.82%	-0.37%	-19.97%	-28.89%
98.20%	100.10%	105.80%	106.80%

CITY OF FLORENCE, COLORADO

SCHEDULE OF THE CITY'S CONTRIBUTIONS  
FPPA STATEWIDE DEFINED BENEFIT PENSION PLAN

Years Ended December 31,

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contributions	\$ 43,184	\$ 48,382	\$ 48,274	\$ 46,393
Contributions in Relation to the Contractually Required Contributions	<u>43,184</u>	<u>48,382</u>	<u>48,274</u>	<u>46,393</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 514,269	\$ 580,095	\$ 579,258	\$ 555,473
Contributions as a Percentage of Covered Payroll	8.40%	8.34%	8.33%	8.35%

NOTE: Information for the prior three years was not available for this report.

See the accompanying independent auditors' report

<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 36,899	\$ 37,852	\$ 32,758
<u>36,899</u>	<u>37,852</u>	<u>32,758</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 439,514	\$ 469,653	\$ 388,051
8.40%	8.06%	8.44%

## **COMBINING AND INDIVIDUAL FUND SCHEDULES**

CITY OF FLORENCE, COLORADO

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
December 31, 2020

	SPECIAL REVENUE FUNDS			
	CONSERVATION TRUST FUND	POOL, PARK AND RECREATION FUND	CAPITAL PROJECTS FUND	STREET IMPROVEMENT FUND
<b>ASSETS</b>				
Cash and Investments	\$ 103,379	\$ 584,862	\$ 422,641	\$ 335,677
Accounts Receivable	-	-	-	41,760
<b>TOTAL ASSETS</b>	<u>\$ 103,379</u>	<u>\$ 584,862</u>	<u>\$ 422,641</u>	<u>\$ 377,437</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND EQUITY</b>				
Fund Balance				
Restricted	103,379	584,862	-	377,437
Committed	-	-	422,641	-
Assigned	-	-	-	-
<b>TOTAL FUND EQUITY</b>	<u>103,379</u>	<u>584,862</u>	<u>422,641</u>	<u>377,437</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 103,379</u>	<u>\$ 584,862</u>	<u>\$ 422,641</u>	<u>\$ 377,437</u>

See the accompanying independent auditors' report

PERMANENT FUND	
PERPETUAL CARE RESERVE FUND	TOTALS
\$ 262,572	\$ 1,709,131
<u>          -</u>	<u>          41,760</u>
<u>\$ 262,572</u>	<u>\$ 1,750,891</u>
<u>\$          -</u>	<u>\$          -</u>
<u>          -</u>	<u>          -</u>
262,572	1,328,250
-	422,641
<u>          -</u>	<u>          -</u>
<u>262,572</u>	<u>1,750,891</u>
<u>\$ 262,572</u>	<u>\$ 1,750,891</u>

CITY OF FLORENCE, COLORADO

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
Year Ended December 31, 2020

	SPECIAL REVENUE FUNDS			
	CONSERVATION TRUST FUND	POOL, PARK AND RECREATION FUND	CAPITAL PROJECTS FUND	STREET IMPROVEMENT FUND
REVENUES				
Sales and Use Taxes	\$ -	\$ -	\$ -	\$ 288,554
Intergovernmental Revenue	40,699	-	9,465	-
Charges for Services	-	23,073	-	-
Interest Income	594	11,518	1,222	732
Miscellaneous	-	-	91,742	-
TOTAL REVENUES	<u>41,293</u>	<u>34,591</u>	<u>102,429</u>	<u>289,286</u>
EXPENDITURES				
Current				
Parks and Recreation	-	78,217	-	-
Capital Outlay	-	-	265,936	16,863
TOTAL EXPENDITURES	<u>-</u>	<u>78,217</u>	<u>265,936</u>	<u>16,863</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>41,293</u>	<u>(43,626)</u>	<u>(163,507)</u>	<u>272,423</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	563	5,971	-
Transfers Out	(45,000)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(45,000)</u>	<u>563</u>	<u>5,971</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(3,707)</u>	<u>(43,063)</u>	<u>(157,536)</u>	<u>272,423</u>
FUND BALANCES, Beginning	<u>107,086</u>	<u>627,925</u>	<u>580,177</u>	<u>105,014</u>
FUND BALANCES, Ending	<u>\$ 103,379</u>	<u>\$ 584,862</u>	<u>\$ 422,641</u>	<u>\$ 377,437</u>

See the accompanying independent auditors' report

PERMANENT FUND		TOTALS
PERPETUAL CARE RESERVE FUND		
\$ -		\$ 288,554
-		50,164
-		23,073
1,715		15,781
-		91,742
<u>1,715</u>		<u>469,314</u>
-		78,217
-		282,799
<u>-</u>		<u>361,016</u>
<u>1,715</u>		<u>108,298</u>
5,971		12,505
-		(45,000)
<u>5,971</u>		<u>(32,495)</u>
<u>7,686</u>		<u>75,803</u>
<u>254,886</u>		<u>1,675,088</u>
<u>\$ 262,572</u>		<u>\$ 1,750,891</u>

CITY OF FLORENCE, COLORADO

BUDGETARY COMPARISON SCHEDULE  
 CONSERVATION TRUST FUND  
 Year Ended December 31, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Intergovernmental Revenue	\$ 45,000	\$ 45,000	\$ 40,699	\$ (4,301)
Interest Income	1,000	1,000	594	(406)
TOTAL REVENUES	<u>46,000</u>	<u>46,000</u>	<u>41,293</u>	<u>(4,707)</u>
EXPENDITURES				
Capital Outlay	-	4,000	-	4,000
TOTAL EXPENDITURES	<u>-</u>	<u>4,000</u>	<u>-</u>	<u>4,000</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>46,000</u>	<u>42,000</u>	<u>41,293</u>	<u>(707)</u>
OTHER FINANCING SOURCES				
Transfers Out	<u>(46,000)</u>	<u>(46,000)</u>	<u>(45,000)</u>	<u>1,000</u>
CHANGE IN FUND BALANCE	-	(4,000)	(3,707)	293
FUND BALANCES, Beginning	<u>107,086</u>	<u>107,086</u>	<u>107,086</u>	<u>-</u>
FUND BALANCES, Ending	<u>\$ 107,086</u>	<u>\$ 103,086</u>	<u>\$ 103,379</u>	<u>\$ 293</u>

See the accompanying independent auditors' report

CITY OF FLORENCE, COLORADO

BUDGETARY COMPARISON SCHEDULE  
 POOL, PARK, AND RECREATION FUND  
 Year Ended December 31, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Charges for Services	\$ 56,530	\$ 56,530	\$ 23,073	\$ (33,457)
Interest Income	14,000	14,000	11,518	(2,482)
TOTAL REVENUES	<u>70,530</u>	<u>70,530</u>	<u>34,591</u>	<u>(35,939)</u>
EXPENDITURES				
Parks and Recreation	<u>105,530</u>	<u>115,530</u>	<u>78,217</u>	<u>37,313</u>
TOTAL EXPENDITURES	<u>105,530</u>	<u>115,530</u>	<u>78,217</u>	<u>37,313</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(35,000)</u>	<u>(45,000)</u>	<u>(43,626)</u>	<u>1,374</u>
OTHER FINANCING SOURCES				
Transfers In	<u>35,000</u>	<u>35,000</u>	<u>563</u>	<u>(34,437)</u>
CHANGE IN FUND BALANCE	-	(10,000)	(43,063)	(33,063)
FUND BALANCES, Beginning	<u>627,925</u>	<u>627,925</u>	<u>627,925</u>	<u>-</u>
FUND BALANCES, Ending	<u>\$ 627,925</u>	<u>\$ 617,925</u>	<u>\$ 584,862</u>	<u>\$ (33,063)</u>

See the accompanying independent auditors' report

CITY OF FLORENCE, COLORADO

BUDGETARY COMPARISON SCHEDULE  
 CAPITAL PROJECTS FUND  
 Year Ended December 31, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Intergovernmental Revenue	\$ 100,000	\$ 100,000	\$ 9,465	\$ (90,535)
Interest Income	1,600	1,600	1,222	(378)
Miscellaneous	-	-	91,742	91,742
<b>TOTAL REVENUES</b>	<b>101,600</b>	<b>101,600</b>	<b>102,429</b>	<b>829</b>
EXPENDITURES				
Capital Outlay	200,000	285,000	265,936	19,064
<b>TOTAL EXPENDITURES</b>	<b>200,000</b>	<b>285,000</b>	<b>265,936</b>	<b>19,064</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(98,400)</b>	<b>(183,400)</b>	<b>(163,507)</b>	<b>19,893</b>
OTHER FINANCING SOURCES				
Transfers In	105,000	105,000	5,971	(99,029)
<b>CHANGE IN FUND BALANCE</b>	<b>6,600</b>	<b>(78,400)</b>	<b>(157,536)</b>	<b>(79,136)</b>
FUND BALANCES, Beginning	580,177	580,177	580,177	-
FUND BALANCES, Ending	<u>\$ 586,777</u>	<u>\$ 501,777</u>	<u>\$ 422,641</u>	<u>\$ (79,136)</u>

See the accompanying independent auditors' report

CITY OF FLORENCE, COLORADO

BUDGETARY COMPARISON SCHEDULE  
 STREET IMPROVEMENT FUND  
 Year Ended December 31, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Sales and Use Tax	\$ 195,000	\$ 195,000	\$ 288,554	\$ 93,554
Interest Income	4,000	4,000	732	(3,268)
TOTAL REVENUES	<u>199,000</u>	<u>199,000</u>	<u>289,286</u>	<u>90,286</u>
EXPENDITURES				
Capital Outlay	<u>63,000</u>	<u>63,000</u>	<u>16,863</u>	<u>46,137</u>
TOTAL EXPENDITURES	<u>63,000</u>	<u>63,000</u>	<u>16,863</u>	<u>46,137</u>
CHANGE IN FUND BALANCE	136,000	136,000	272,423	136,423
FUND BALANCES, Beginning	<u>105,014</u>	<u>105,014</u>	<u>105,014</u>	<u>-</u>
FUND BALANCES, Ending	<u><u>\$ 241,014</u></u>	<u><u>\$ 241,014</u></u>	<u><u>\$ 377,437</u></u>	<u><u>\$ 136,423</u></u>

See the accompanying independent auditors' report

CITY OF FLORENCE, COLORADO

BUDGETARY COMPARISON SCHEDULE  
 PERPETUAL CARE RESERVE FUND  
 Year Ended December 31, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Interest Income	\$ 2,500	\$ 2,500	\$ 1,715	\$ (785)
TOTAL REVENUES	<u>2,500</u>	<u>2,500</u>	<u>1,715</u>	<u>(785)</u>
EXPENDITURES				
Cemetery Care	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,500</u>	<u>2,500</u>	<u>1,715</u>	<u>(785)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>4,500</u>	<u>4,500</u>	<u>5,971</u>	<u>1,471</u>
CHANGE IN FUND BALANCE	7,000	7,000	7,686	686
FUND BALANCES, Beginning	<u>254,886</u>	<u>254,886</u>	<u>254,886</u>	<u>-</u>
FUND BALANCES, Ending	<u>\$ 261,886</u>	<u>\$ 261,886</u>	<u>\$ 262,572</u>	<u>\$ 686</u>

See the accompanying independent auditors' report

CITY OF FLORENCE, COLORADO

BUDGETARY COMPARISON SCHEDULE

WATER FUND

Year Ended December 31, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
<b>REVENUES</b>				
Charges for Services	\$ 2,608,900	\$ 2,608,900	\$ 2,838,816	\$ 229,916
Tap Fees and Contributions	104,028	104,028	102,440	(1,588)
Debt Retirement	1,550,000	1,550,000	1,325,785	(224,215)
Interest Revenue	155,000	155,000	77,643	(77,357)
Other Revenues	500	500	104,190	103,690
Transfers In	48,785	48,785	-	(48,785)
<b>TOTAL REVENUES</b>	<b>4,467,213</b>	<b>4,467,213</b>	<b>4,448,874</b>	<b>(18,339)</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
Administration	63,500	63,500	71,136	(7,636)
Personnel Services	472,126	472,126	546,737	(74,611)
Water System	978,200	1,178,200	867,756	310,444
Water Distribution	98,650	98,650	37,392	61,258
Debt Service	1,552,396	1,552,396	1,552,854	(458)
Transfers Out	496,560	496,560	506,560	(10,000)
Capital Outlay	480,500	510,500	741,053	(230,553)
<b>TOTAL EXPENDITURES</b>	<b>4,141,932</b>	<b>4,371,932</b>	<b>4,323,488</b>	<b>48,444</b>
<b>CHANGE IN NET POSITION, Budgetary Basis</b>	<b>\$ 325,281</b>	<b>\$ 95,281</b>	<b>125,386</b>	<b>\$ 30,105</b>
<b>Adjustments to GAAP Basis</b>				
Capital Outlay			632,878	
Loan Principal Payments			922,223	
Depreciation			(1,246,551)	
<b>CHANGE IN NET POSITION, GAAP Basis</b>			<b>433,936</b>	
<b>NET POSITION, Beginning</b>			<b>15,306,764</b>	
<b>NET POSITION, Ending</b>			<b>\$ 15,740,700</b>	

See the accompanying independent auditors' report

CITY OF FLORENCE, COLORADO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
CUSTODIAL FUND- SCHOOL DEDICATION FEES  
Year Ended December 31, 2020

	<u>CUSTODIAL FUND</u>
ADDITIONS	
Interest Income	<u>\$      143</u>
DEDUCTIONS	
Miscellaneous	<u>          -</u>
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	<u>          143</u>
NET POSITION, Beginning	<u>         18,369</u>
NET POSITION, Ending	<u><u>      \$  18,512</u></u>

See the accompanying independent auditors' report

## COMPLIANCE

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>	City or County: Florence
	YEAR ENDING : December 2020

This Information From The Records Of (example - City of _ or County of _)	Prepared By: Lori Cobler
	Phone: 719-784-4848 x233

**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
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	333,353
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	734,517	b. Snow and ice removal	65,266
3. Other local imposts (from page 2)	106,897	c. Other	28,391
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	93,657
5. Transfers from toll facilities		4. General administration & miscellaneous	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	544,780
a. Bonds - Original Issues		6. Total (1 through 5)	971,790
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	841,414	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government</b> (from page 2)	130,376	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	0	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	971,790	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	971,790

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

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

**V. LOCAL ROAD AND STREET FUND BALANCE**

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		971,790	971,790		0

Notes and Comments:

**LOCAL HIGHWAY FINANCE REPORT**

STATE:  
Colorado  
YEAR ENDING (mm/yy):  
December 2020

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

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments		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	93,218	g. Other Misc. Receipts	
6. Total (1. through 5.)	13,679	h. Other	
c. Total (a. + b.)	106,897	i. Total (a. through h.)	0
(Carry forward to page 1)			

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	114,515	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	15,861	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.)	15,861	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	130,376	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)
<b>A.1. Capital outlay:</b>			
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: