

December 9, 2021

Re: City of Florence Audit Report

To the Citizens:

- (1) A copy of the complete City of Florence Audit Report, including financial statements and supplemental information, is on file at the Florence Government Center, 8100 Ewing Boulevard, Florence, Kentucky, and is available for public inspection during normal business hours (8:30 a.m. to 5:00 p.m., Monday-Friday).
- (2) Any citizen may obtain from the Florence Government Center, a copy of the complete City Audit Report, including financial statements and supplemental information.
- (3) Citizens requesting a copy of the City Audit Report will be charged for duplication costs (.10 per copy/page).
- (4) Copies of the financial statement prepared in accordance with KRS 424.220 are available to the public at no cost at the Florence Government Center, 8100 Ewing Boulevard, Florence, Kentucky 41042.

If you have questions regarding the City of Florence Audit Report, please feel free to contact me at either (859) 647-8177 or at melissa.kramer@florence-ky.gov.

Regards,



Melissa Kramer
Florence City Clerk

INDEPENDENT AUDITOR'S REPORT

**To the Honorable Mayor and
Members of the Council of the
City of Florence, Kentucky**

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, Kentucky, as of and for the year ended June 30, 2021, 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinion.

-Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Florence, Kentucky as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

-Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 13-24, and the major fund budgetary comparison, pension, and OPEB disclosure schedules on pages 63-70 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.

-Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Florence, Kentucky's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The combining schedules for the minor funds on pages 71-75 are supplementary information and are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2021 on our consideration of the City of Florence, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Florence, Kentucky's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Florence, Kentucky's internal control over financial reporting and compliance.

Chamberlin Owen & Co., Inc.

Chamberlin Owen & Co., Inc.

Erlanger, Kentucky

October 28, 2021

CITY OF FLORENCE, KENTUCKY
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL-GENERAL FUND
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary fund balance, July 1	\$ 80,072,621	\$ 80,072,621	\$ 80,072,621	\$ -
Resources (inflows):				
Taxes:				
Property	7,500,000	8,500,000	8,650,941	150,941
Franchise	520,000	520,000	550,553	30,553
Bank deposit	260,000	260,000	371,757	111,757
Licenses and permits:				
Payroll license fees	14,000,000	16,500,000	17,816,642	1,316,642
Gross receipts license fees	2,000,000	2,000,000	2,573,592	573,592
Insurance	2,700,000	2,700,000	3,377,358	677,358
Other	130,000	130,000	128,700	(1,300)
Intergovernmental	750,000	1,560,000	1,589,115	29,115
Fines and forfeitures	249,000	249,000	259,075	10,075
Charges for services	4,723,000	4,723,000	5,593,832	870,832
Interest	700,000	700,000	498,506	(201,494)
Miscellaneous	105,000	105,000	207,275	102,275
Amounts available for appropriation	<u>113,709,621</u>	<u>118,019,621</u>	<u>121,689,967</u>	<u>3,670,346</u>
Charges to appropriations (outflows):				
Administration:				
Personnel	1,691,300	1,691,300	1,289,430	401,870
Contractual	1,121,500	1,121,500	934,219	187,281
Operating/Maintenance	575,000	575,000	550,979	24,021
Capital outlay	466,700	466,700	232,086	234,614
Total administration	<u>3,854,500</u>	<u>3,854,500</u>	<u>3,006,714</u>	<u>847,786</u>
Police:				
Personnel	8,589,500	8,589,500	8,382,711	206,789
Contractual	50,000	50,000	35,147	14,853
Operating/Maintenance	467,100	467,100	346,927	120,173
Capital outlay	511,500	511,500	452,009	59,491
Total police	<u>9,618,100</u>	<u>9,618,100</u>	<u>9,216,794</u>	<u>401,306</u>
Fire:				
Personnel	8,351,300	8,570,800	8,101,342	469,458
Contractual	130,209	130,209	87,561	42,648
Operating/Maintenance	508,500	508,500	530,250	(21,750)
Capital outlay	2,234,000	2,234,000	2,107,636	126,364
Total fire	<u>11,224,009</u>	<u>11,443,509</u>	<u>10,826,789</u>	<u>616,720</u>

(Continued)

CITY OF FLORENCE, KENTUCKY
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL-GENERAL FUND
For the Year Ended June 30, 2021

(Continued)

Public services:				
Personnel	\$ 4,390,500	\$ 4,390,500	\$ 3,889,819	\$ 500,681
Contractual	423,000	423,000	380,245	42,755
Operating/Maintenance	1,295,500	1,295,500	1,271,368	24,132
Capital outlay	15,061,500	15,461,500	6,104,294	9,357,206
Total public services	<u>21,170,500</u>	<u>21,570,500</u>	<u>11,645,726</u>	<u>9,924,774</u>
Debt service:				
Principal	1,145,000	6,315,000	6,315,000	-
Interest	396,255	290,551	290,267	284
Total debt service	<u>1,541,255</u>	<u>6,605,551</u>	<u>6,605,267</u>	<u>284</u>
Other financing uses:				
Special revenue	1,825,000	1,825,000	325,000	1,500,000
Enterprise fund	100,000	100,000	100,000	-
Total other financing uses	<u>1,925,000</u>	<u>1,925,000</u>	<u>425,000</u>	<u>1,500,000</u>
Total charges to appropriations	<u>49,333,364</u>	<u>55,017,160</u>	<u>41,726,290</u>	<u>13,290,870</u>
Budgetary fund balance, June 30	<u>\$ 64,376,257</u>	<u>\$ 63,002,461</u>	<u>\$ 79,963,677</u>	<u>\$ 16,961,216</u>

CITY OF FLORENCE, KENTUCKY**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES****IN FUND BALANCE-BUDGET AND ACTUAL-INFRASTRUCTURE FUND**

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, July 1	\$ 23,356,963	\$ 23,356,963	\$ 23,356,963	\$ -
Resources (inflows):				
Licenses and permits	2,550,000	2,550,000	3,183,829	633,829
Intergovernmental	370,000	370,000	-	-
Charges for services	480,000	480,000	480,000	-
Interest	240,000	240,000	61,289	(178,711)
Transfer In	1,500,000	200,000	200,000	-
Amounts available for appropriation	<u>28,496,963</u>	<u>27,196,963</u>	<u>27,282,081</u>	<u>85,118</u>
Charges to appropriations (outflows):				
Current:				
Public services	<u>3,310,000</u>	<u>6,310,000</u>	<u>2,176,451</u>	<u>4,133,549</u>
Total	<u>3,310,000</u>	<u>6,310,000</u>	<u>2,176,451</u>	<u>4,133,549</u>
Budgetary fund balances, June 30	\$ <u>25,186,963</u>	\$ <u>20,886,963</u>	\$ <u>25,105,630</u>	\$ <u>4,218,667</u>