

November 13, 2023

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](mailto:melissa.kramer@florence-ky.gov).

Sincerely,



Melissa Kramer, CKMC  
Florence City Clerk

## **INDEPENDENT AUDITOR'S REPORT**

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

### **Opinions**

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, 2023, and the related notes to the financial statements, which collectively comprise the City of Florence, Kentucky's basic financial statements as listed in the table of contents.

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, Kentucky as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with accounting standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Florence, Kentucky and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Florence, Kentucky's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing



standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Florence, Kentucky's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Florence, Kentucky's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, major fund budgetary comparison schedules, and *Multiple Employer, Cost Sharing, Defined Benefit Pension and OPEB Plan* disclosures be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 the 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 opinions on the financial statements that collectively comprise the City of Florence, Kentucky's basic financial statements. The accompanying combining and individual nonmajor fund financial statements 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2023, 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 City of Florence, Kentucky's internal control over financial reporting and compliance.

*Chamberlin Owen & Co., Inc.*

**Chamberlin Owen, & Co., Inc.**

Erlanger, Kentucky

October 27, 2023



**CITY OF FLORENCE, KENTUCKY**  
**BUDGETARY COMPARISON SCHEDULE**  
**BUDGET AND ACTUAL-GENERAL FUND**  
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1	\$ 56,383,886	\$ 85,412,106	\$ 85,412,106	\$ -
Resources (inflows):				
Taxes:				
Property	8,700,000	8,700,000	9,368,540	668,540
Franchise	520,000	520,000	444,002	(75,998)
Bank deposit	425,000	425,000	478,553	53,553
Licenses and permits:				
Payroll license fees	18,000,000	18,000,000	21,115,255	3,115,255
Gross receipts license fees	2,600,000	2,600,000	3,719,796	1,119,796
Insurance	3,600,000	3,600,000	3,498,625	(101,375)
Other	135,000	135,000	180,279	45,279
Intergovernmental	8,300,000	8,300,000	5,342,829	(2,957,171)
Fines and forfeitures	225,000	225,000	737,463	512,463
Charges for services	6,084,000	6,084,000	6,246,303	162,303
Investment income(loss)	150,000	150,000	1,233,786	1,083,786
Miscellaneous	100,000	100,000	422,082	322,082
Amounts available for appropriation	<u>105,222,886</u>	<u>134,251,106</u>	<u>138,199,619</u>	<u>3,948,513</u>
Charges to appropriations (outflows):				
Administration:				
Personnel	2,070,850	2,070,850	1,584,890	485,960
Contractual	1,185,500	1,225,500	1,151,765	73,735
Operating/Maintenance	639,100	639,100	642,375	(3,275)
Capital outlay	537,480	752,480	296,619	455,861
Total administration	<u>4,432,930</u>	<u>4,687,930</u>	<u>3,675,649</u>	<u>1,012,281</u>
Police:				
Personnel	11,161,356	11,176,356	10,557,076	619,280
Contractual	50,000	60,000	64,607	(4,607)
Operating/Maintenance	477,100	477,100	462,616	14,484
Capital outlay	654,957	654,957	616,291	38,666
Total police	<u>12,343,413</u>	<u>12,368,413</u>	<u>11,700,590</u>	<u>667,823</u>
Fire:				
Personnel	11,202,500	11,202,500	10,756,476	446,024
Contractual	172,209	172,209	128,473	43,736
Operating/Maintenance	554,500	649,500	611,461	38,039
Capital outlay	2,590,500	2,667,079	2,641,070	26,000
Total fire	<u>14,519,709</u>	<u>14,691,279</u>	<u>14,137,480</u>	<u>553,799</u>

(Continued)

**CITY OF FLORENCE, KENTUCKY**  
**BUDGETARY COMPARISON SCHEDULE**  
**BUDGET AND ACTUAL-GENERAL FUND**  
**For the Year Ended June 30, 2023**

(Continued)

Public services:				
Personnel	\$ 4,998,500	\$ 4,998,500	\$ 4,684,212	\$ 314,288
Contractual	426,000	441,000	436,193	4,807
Operating/Maintenance	1,295,500	1,320,500	1,418,019	(97,519)
Capital outlay	20,925,500	38,179,500	15,902,353	22,277,147
Total public services	<u>27,645,500</u>	<u>44,939,500</u>	<u>22,440,777</u>	<u>22,498,723</u>
Debt service:				
Principal	515,000	515,000	515,000	-
Interest	59,650	59,650	59,650	-
Total debt service	<u>574,650</u>	<u>574,650</u>	<u>574,650</u>	<u>-</u>
Other financing uses:				
Special revenue	1,625,000	1,625,000	125,000	1,500,000
Enterprise fund	100,000	3,100,000	2,600,000	500,000
Total other financing uses	<u>1,725,000</u>	<u>4,725,000</u>	<u>2,725,000</u>	<u>2,000,000</u>
Total charges to appropriations	61,241,202	81,986,772	55,254,146	26,732,626
Budgetary fund balance, June 30	<u>\$ 43,981,684</u>	<u>\$ 52,264,334</u>	<u>\$ 82,945,473</u>	<u>\$ 30,681,139</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, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, July 1	\$ 21,850,730	\$ 25,269,479	\$ 25,269,479	\$ -
Resources (inflows):				
Licenses and permits	2,500,000	2,500,000	3,748,515	1,248,515
Intergovernmental	-	1,799,000	-	(1,799,000)
Charges for services	485,000	485,000	485,000	-
Interest	100	100	249,638	249,538
Transfer In	1,500,000	1,500,000	-	(1,500,000)
Amounts available for appropriation	<u>26,335,830</u>	<u>31,553,579</u>	<u>29,752,632</u>	<u>(1,800,947)</u>
Charges to appropriations (outflows):				
Current:				
Public services	<u>2,260,000</u>	<u>6,441,000</u>	<u>3,972,425</u>	<u>2,468,575</u>
Total	<u>2,260,000</u>	<u>6,441,000</u>	<u>3,972,425</u>	<u>2,468,575</u>
Budgetary fund balances, June 30	\$ <u>24,075,830</u>	\$ <u>25,112,579</u>	\$ <u>25,780,207</u>	\$ <u>667,628</u>