City of Parker, Florida

Financial Statements

September 30, 2013



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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Council
City of Parker, Florida

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 City of Parker, Florida (the City), as of and for the year ended September 30, 2013, 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 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Parker, Florida, as of September 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the general fund 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 information on pages 3 through 8 and the schedule of funding progress for the retiree's health insurance other postemployment benefits plan and schedule of employer contributions for the retiree's health insurance other postemployment benefits plan on page 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2014, on our consideration of the City'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 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 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's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Certified Public Accountants
September 9, 2014

Management's Discussion & Analysis

Management's Discussion and Analysis

Management's discussion and analysis provide an easily readable analysis of the City's financial activities. The analysis provides summary financial information for the City and should be read in conjunction with the City's financial statements.

Financial Highlights

- Total assets of the City exceeded total liabilities by $6,938,245 (net position). Of this amount, $584,120 is unrestricted net position for governmental activities and $1,562,535 is unrestricted net position for business-type activities, while $2,020,844 is invested in capital assets for governmental activities and $2,387,614 is invested in capital assets for business-type activities, both net of related debt.

- Total net position increased by $675,747. Of this amount, an increase of $169,476 is attributable to governmental activities and an increase of $506,271 is attributable to business-type activities.

- As of September 30, 2013, the general fund's unassigned fund balance was $725,704 or 36 percent of total general fund expenditures.

- Governmental activities revenues increased to $2,300,198 or 6 percent, while expenses for governmental activities decreased 7 percent to $2,130,722. Business-type activities revenues increased to $2,246,676 or 17 percent, while business-type activities expenses decreased 2 percent to $1,740,405.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) *government-wide financial statements,* 2) *fund financial statements,* and 3) *notes to basic financial statements.* The *Government-wide financial statements* present an overall picture of the City's financial position and results of operations. The *fund financial statements* present financial information for the City's major funds. The *notes to basic financial statements* provide additional information concerning the City's finances that are not otherwise disclosed in the government-wide or fund financial statements.

Government-wide Financial Statements

The *Government-wide financial statements* include the *statement of net position* and *statement of activities*. These statements are designed to provide readers with a broad overview of the City's financial position, in a manner similar to that of private-sector companies. Emphasis is placed on the net position of governmental activities and business-type activities, as well as the change in net position. Governmental activities are primarily supported by gross receipts taxes, utility taxes and franchise fees, and state shared revenues, while business-type activities are supported by charges to the users of those particular activities, such as water and sewer charges.

The *statement of net position* presents information on all assets and liabilities of the City, with the difference between the two reported as *net position*. Assets, liabilities and net position are reported

separately for governmental activities and business-type activities. Increases or decreases in net position over time may serve as a useful indicator of the City's improving or declining financial position.

The *statement of activities* presents information on all revenues and expenditures of the City and the change in net position for the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in the statement of activities for some items that will only result in cash flows in future fiscal periods (e.g., uncollected fees and earned, but unused vacation/sick leave).

Expenditures are reported by major function, along with program revenues relating to those functions, providing the net cost of all functions provided by the City. In order to better understand the City's operations, governmental activities expenditures include among others, general government services, public safety, highways and streets, sanitation, maintenance and parks and recreation. Business-type activities expenses, which are financed primarily by user fees and charges, include water and sewer services.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific purposes or objectives. Individual funds have been established by the City to account for revenues that are restricted to certain uses, or to comply with legal requirements. The major categories of funds found in the City's *fund financial statements* include: governmental funds and proprietary funds.

Fund financial statements provide financial information for the City's major funds and more detailed information about the City's activities. Governmental fund financial statements provide information on the *current* assets and liabilities of the funds, changes in *current* financial resources (revenues and expenditures), and *current* available resources. The proprietary funds financial statements provide information on all assets and liabilities of the funds, changes in the economic resources (revenues and expenses), and total economic resources.

Fund financial statements for all governmental funds include a *balance sheet* and a *statement of revenues, expenditures, and changes in fund balances*. The City's general fund includes a *statement of revenues, expenditures, and changes in fund balances-budget and actual*. For the proprietary funds, a *statement of net position, a statement of revenues, expenses, and changes in net position*, and a *statement of cash flows* are presented.

The *government-wide financial statements* and the *fund financial statements* provide different presentations of the City's financial position. Categorized by governmental activities and business-type activities, the government-wide financial statements provide an overall picture of the City's financial standing. These statements, which are comparable to private-sector companies, provide a good understanding of the City's overall financial health and present the means used to pay for various activities, or functions provided by the City. All assets of the City, including buildings, land, and infrastructure are reported in the *statement of net position***,** as well as all liabilities, including outstanding principal on bonds, capital leases, and future employee benefits obligated but not yet paid by the City. The *statement of activities* includes depreciation on all long lived assets of the City, but all transactions between different functions of the City have been eliminated to avoid "doubling up" the revenues and expenditures. The *fund financial statements* provide a presentation of the City's major

funds, along with a column for all non-major funds, if necessary. In the case of governmental activities, outlays for long lived assets are reported as expenditures and long-term liabilities, such as revenue bonds, are not included in the fund financial statements. To facilitate a comparison between the *fund financial statements* and the *government-wide financial statements*, a reconciliation is provided.

The notes to basic financial statements provide additional detail concerning the financial activities and financial balances of the City. Additional information about the accounting practices of the City, investments of the City, and long-term debt are just a few of the items included in the notes to basic financial statements.

Financial Analysis of the City

The following schedule provides a summary of the assets, liabilities and net position of the City at September 30, 2013 and 2012. The City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its governmental and business-type activities.

Net Position

	Governmental Activities		Business-type Activities		Total	
September 30,	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Current and other assets	$ 995,004	$ 728,570	$ 2,456,108	$ 2,309,237	$ 3,451,112	$ 3,037,807
Capital assets	2,020,844	2,115,476	2,387,614	2,123,194	4,408,458	4,238,670
Total assets	3,015,848	2,844,046	4,843,722	4,432,431	7,859,570	7,276,477
Current liabilities	82,643	117,487	185,507	301,183	268,150	418,670
Noncurrent liabilities	288,435	251,265	364,740	344,044	653,175	595,309
Total liabilities	371,078	368,752	550,247	645,227	921,325	1,013,979
Net investment in capital assets	2,020,844	2,096,046	2,387,614	2,123,194	4,408,458	4,219,240
Net position – restricted	39,806	29,685	343,326	343,320	383,132	373,005
Net position – unrestricted	584,120	349,563	1,562,535	1,320,690	2,146,655	1,670,253
Total net position	$ 2,644,770	$ 2,475,294	$ 4,293,475	$ 3,787,204	$ 6,938,245	$ 6,262,498

Investment in capital assets (e.g., land, buildings, and equipment), net of any related outstanding debt used to acquire those assets, represents the City's largest portion of net position (64 percent). These capital assets are utilized to provide services to citizens; consequently, these assets are not available for future spending.

The balance of *unrestricted net position* ($2,146,655), representing 31 percent of the City's net position, may be used to help meet the government's ongoing obligations to citizens and creditors.

The following schedule provides a summary of the changes in net position for the years ended September 30, 2013 and 2012.

Changes in Net Position

Year Ended	Governmental Activities		Business-type Activities		Total	
September 30,	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Program revenues						
Charges for services	$ 445,101	$ 426,892	$ 2,078,934	$ 1,990,685	$ 2,524,035	$ 2,417,577
Operating grants/contributions	12,107	8,401	-	-	12,107	8,401
Capital grants/contributions	19,083	16,251	238,449	-	257,532	16,251
General revenues						
Taxes and fees	1,313,745	1,228,496	-	-	1,313,745	1,228,496
Intergovernmental	181,629	181,156	-	-	181,629	181,156
Interest	512	505	1,898	2,984	2,410	3,489
Transfers	291,353	274,000	(291,353)	(274,000)	-	-
Other	36,668	39,945	218,748	194,599	255,416	234,544
Total revenues	2,300,198	2,175,646	2,246,676	1,914,268	4,546,874	4,089,914
Expenses						
General government	457,804	367,107	-	-	457,804	367,107
Public safety	952,410	1,030,796	-	-	952,410	1,030,796
Code enforcement	68,940	33,598	-	-	68,940	33,598
Sanitation	222,483	249,050	-	-	222,483	249,050
Highways and streets	310,542	474,567	-	-	310,542	474,567
Maintenance	33,974	35,103	-	-	33,974	35,103
Parks and recreation	84,569	89,450	-	-	84,569	89,450
Utilities	-	-	1,740,405	1,776,121	1,740,405	1,776,121
Total expenses	2,130,722	2,279,671	1,740,405	1,776,121	3,871,127	4,055,792
Change in net position	169,476	(104,025)	506,271	138,147	675,747	34,122
Beginning net position	2,475,294	2,579,319	3,787,204	3,649,057	6,262,498	6,228,376
Ending net position	$ 2,644,770	$ 2,475,294	$ 4,293,475	$ 3,787,204	$ 6,938,245	$ 6,262,498

Governmental activities revenues exceeded expenses by $169,476, while business-type activities revenues exceeded expenses by $506,271. Total revenues increased $456,960 from the previous year.

Fifty-seven percent (57%) of the revenues for governmental activities were generated by taxes and 19% were generated by charges for services. Most of the governmental resources were expended for general government (21%), public safety (45%), highways and streets (15%), and sanitation (10%) departments.

Charges for services provided $2,078,934 in revenue for business-type activities.

Financial Analysis of the City's Funds

Governmental Funds

General Fund

The main operating fund of the City is the general fund. As of September 30, 2013, total assets were $995,004 and total liabilities were $66,248. At the end of fiscal year 2013, unassigned fund balance of the general fund was $725,704 while total fund balance was $928,756.

The general fund budget was not amended during the year. Actual revenues were less than anticipated by $70,253. Actual expenditures were less than budgeted expenditures by $251,028.

Proprietary Funds

The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in greater detail. The proprietary fund, which is reported as a major fund, is called the *Utility Fund* by the City.

Unrestricted net position of the proprietary fund at the end of the year was $1,562,535.

The *Utility Fund* is used to account for the operations of the City's water and sewer systems.

Capital Assets Activity

The following schedule provides a summary of the City's capital assets activity. The City's total investment in capital assets for both its governmental and business-type activities as of September 30, 2013, was $4,408,458 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment.

Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
September 30,	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Land	$ 515,762	$ 500,524	$ 449,632	$ 449,632	$ 965,394	$ 950,156
Construction in progress	-	-	411,955	105,736	411,955	105,736
Buildings	42,715	52,665	-	-	42,715	52,665
Improvements	1,212,714	1,281,506	1,363,770	1,382,939	2,576,484	2,664,445
Machinery and equipment	249,653	280,781	162,257	184,887	411,910	465,668
Total	$ 2,020,844	$ 2,115,476	$ 2,387,614	$ 2,123,194	$ 4,408,458	$ 4,238,670

Additional information on the City's capital assets can be found in note 7 – Capital Assets, of the notes to basic financial statements.

This report was prepared by the City's finance department. Questions concerning this report or requests for additional information should be addressed to City of Parker, 1001 West Park Street, Parker, Florida 32404, attention: Richard Musgrave, Mayor.

City of Parker, Florida
Statement of Net Position

September 30, 2013	Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total
Assets			
Current assets			
Cash and cash equivalents	$ 650,483	$ 1,151,342	$ 1,801,825
Accounts receivable, net	49,746	154,211	203,957
Accrued revenue	207,703	-	207,703
Grants receivable	-	2,927	2,927
Internal balances	6,326	(6,326)	-
Inventory	51,453	-	51,453
Prepaids	2,642	1,439	4,081
Investment in joint venture	-	550,423	550,423
Restricted assets			
Cash and cash equivalents	26,651	602,092	628,743
Total current assets	995,004	2,456,108	3,451,112
Noncurrent assets			
Capital assets			
Nondepreciable	515,762	861,587	1,377,349
Depreciable, net	1,505,082	1,526,027	3,031,109
Total noncurrent assets	2,020,844	2,387,614	4,408,458
Total assets	3,015,848	4,843,722	7,859,570
Liabilities			
Current liabilities			
Accounts payable	35,475	89,962	125,437
Accrued expenses	30,368	5,091	35,459
Accrued compensated absences	16,395	4,041	20,436
Deferred revenue	405	-	405
Due to joint venture	-	86,413	86,413
Total current liabilities	82,643	185,507	268,150
Noncurrent liabilities			
Accrued compensated absences	65,579	16,164	81,743
Customer deposits	-	274,961	274,961
Other postemployment benefits	222,856	73,615	296,471
Total noncurrent liabilities	288,435	364,740	653,175
Total liabilities	371,078	550,247	921,325
Net position			
Net investment in capital assets	2,020,844	2,387,614	4,408,458
Restricted			
Repair and replacement	-	294,722	294,722
Revenue bond current debt service	-	48,604	48,604
Community redevelopment agency	13,155	-	13,155
Law enforcement	26,651	-	26,651
Unrestricted	584,120	1,562,535	2,146,655
Total net position	$ 2,644,770	$ 4,293,475	$ 6,938,245

See accompanying notes

City of Parker, Florida
Statement of Activities

Year Ended September 30, 2013	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total
Functions/Programs							
Primary Government							
Governmental activities							
General government	$ 457,804	$ 47,046	$ 6,465	$ -	$ (404,293)	$ -	$ (404,293)
Public safety	952,410	8,269	5,642	19,083	(919,416)	-	(919,416)
Code enforcement	68,940	-	-	-	(68,940)	-	(68,940)
Sanitation	222,483	371,825	-	-	149,342	-	149,342
Highways and streets	310,542	17,961	-	-	(292,581)	-	(292,581)
Maintenance	33,974	-	-	-	(33,974)	-	(33,974)
Parks and recreation	84,569	-	-	-	(84,569)	-	(84,569)
Total governmental activities	2,130,722	445,101	12,107	19,083	(1,654,431)	-	(1,654,431)
Business-type activities							
Utility	1,740,405	2,078,934	-	238,449	-	576,978	576,978
Total business-type activities	1,740,405	2,078,934	-	238,449	-	576,978	576,978
Total primary government	$ 3,871,127	$ 2,524,035	$ 12,107	$ 257,532	(1,654,431)	576,978	(1,077,453)
General revenues							
Taxes							
Utility tax					417,891	-	417,891
Business tax					31,041	-	31,041
Local option gas tax					90,264	-	90,264
Communications tax					147,122	-	147,122
Half cent sales tax					333,821	-	333,821
Franchise fees					287,358	-	287,358
Licenses and fees					6,248	-	6,248
Intergovernmental					181,629	-	181,629
Total					1,495,374	-	1,495,374
Interest earnings					512	1,898	2,410
Miscellaneous					36,668	218,748	255,416
Transfers					291,353	(291,353)	-
Total general revenues, interest and other revenue					1,823,907	(70,707)	1,753,200
Change in net position					169,476	506,271	675,747
Net position - beginning					2,475,294	3,787,204	6,262,498
Net position - ending					$ 2,644,770	$ 4,293,475	$ 6,938,245

See accompanying notes

City of Parker, Florida
Balance Sheet
Governmental Funds

September 30, 2013	General Fund
Assets	
Cash and cash equivalents	$ 677,134
Accrued revenue	207,703
Accounts receivable, net	49,746
Due from other funds	6,326
Inventory	51,453
Prepaids	2,642
Total assets	995,004
Liabilities and fund balance	
Liabilities	
Accounts payable	35,475
Accrued expenses	30,368
Deferred revenue	405
Total liabilities	66,248
Fund balance	
Nonspendable	
Prepaids	2,642
Inventory	51,453
Restricted	
Community redevelopment agency	13,155
Law enforcement	26,651
Assigned	
Firefighter building	109,151
Unassigned	
General fund	725,704
Total fund balances	928,756
Amounts reported for governmental activities in the statement of net position are different because	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	2,020,844
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds.	(304,830)
Net position of governmental activities	$ 2,644,770

See accompanying notes

City of Parker, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Year Ended September 30, 2013	General Fund
Revenues	
Taxes	
Utility tax	$ 417,891
Business tax	31,041
Communications tax	147,122
Local option gas tax	90,264
Intergovernmental	528,173
Licenses and permits	312,629
Charges for services	402,877
Fines and forfeitures	33,418
Rents	15,700
Interest	512
Miscellaneous	15,572
Total revenues	1,995,199
Expenditures	
Current	
General government	436,609
Public safety	894,685
Code enforcement	67,901
Sanitation	209,501
Highways and streets	255,946
Maintenance	29,973
Parks and recreation	64,318
Capital outlay	
General government	18,082
Public safety	3,899
Maintenance	1,706
Parks and recreation	6,000
Debt service	20,448
Total expenditures	2,009,068
Excess (deficit) of revenues over (under) expenditures	(13,869)
Other financing sources	
Contributions	6,465
Transfers	291,353
Total other financing sources	297,818
Net change in fund balances	283,949
Fund balances - beginning	644,807
Fund balances - ending	$ 928,756

See accompanying notes

City of Parker, Florida
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended September 30, 2013

Amounts reported for governmental activities in the statement of activities (page 10) are different because:		
Net change in fund balances - total governmental funds (page 12)	$	283,949
Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		(100,990)
The issuance of long-term debt (i.e. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also governmental funds report the effect of the issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		19,430
The net effect of miscellaneous noncash transactions involving capital assets (i.e. sales, trade-ins, adjustments, and donations) is to increase net position.		6,358
Compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(10,505)
Other postemployment benefits reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.		(28,766)
Change in net position of governmental activities (page 10)	$	169,476

City of Parker, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund

Year Ended September 30, 2013	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Taxes				
Utility tax	$ 405,200	$ 405,200	$ 417,891	$ 12,691
Business tax	-	-	31,041	31,041
Communications tax	151,779	151,779	147,122	(4,657)
Local option gas tax	104,711	104,711	90,264	(14,447)
Intergovernmental	506,267	506,267	528,173	21,906
Licenses and permits	300,000	300,000	312,629	12,629
Charges for services	492,945	492,945	402,877	(90,068)
Fines and forfeitures	-	-	33,418	33,418
Rents	-	-	15,700	15,700
Interest	15	15	512	497
Miscellaneous	-	-	15,572	15,572
Total revenues	1,960,917	1,960,917	1,995,199	34,282
Expenditures				
Current and capital outlay				
General government	549,048	549,048	454,691	94,357
Public safety	938,452	938,452	898,584	39,868
Code enforcement	68,043	68,043	67,901	142
Sanitation	308,010	308,010	209,501	98,509
Highways and streets	279,646	279,646	255,946	23,700
Maintenance	35,204	35,204	31,679	3,525
Parks and recreation	80,676	80,676	70,318	10,358
Debt service	-	-	20,448	(20,448)
Total current	2,259,079	2,259,079	2,009,068	250,011
Excess (deficiency) of revenues over (under) expenditures	(298,162)	(298,162)	(13,869)	284,293
Other financing sources				
Contributions	-	-	6,465	6,465
Transfers	261,832	261,832	291,353	29,521
Total other financing sources	261,832	261,832	297,818	35,986
Net change in fund balance	(36,330)	(36,330)	283,949	320,279
Fund balance - beginning	644,807	644,807	644,807	-
Fund balance - ending	$ 608,477	$ 608,477	$ 928,756	$ 320,279

See accompanying notes

City of Parker, Florida
Statement of Net Position
Proprietary Fund

	Business-type Activities/Enterprise Fund
September 30, 2013	**Utility Fund**
Assets	
Current assets	
Cash and cash equivalents	$ 1,151,342
Accounts receivable, net	154,211
Grant receivable	2,927
Prepaid expenses	1,439
Investment in joint venture	550,423
Restricted assets - cash and cash equivalents	
Customer deposits	258,766
Repair and replacement	294,722
Revenue bond current debt service	48,604
Total current assets	2,462,434
Noncurrent assets	
Capital assets	
Property, plant and equipment	4,883,107
Less accumulated depreciation	(2,495,493)
Total noncurrent assets	2,387,614
Total assets	4,850,048
Liabilities	
Current liabilities	
Accounts payable	89,962
Accrued expenses	5,091
Accrued compensated absences	4,041
Due to other funds	6,326
Due to joint venture	86,413
Total current liabilities	191,833
Noncurrent liabilities	
Accrued compensated absences	16,164
Customer deposits	274,961
Other postemployment benefits	73,615
Total noncurrent liabilities	364,740
Total liabilities	556,573
Net position	
Net investment in capital assets	2,387,614
Restricted	
Repair and replacement	294,722
Revenue bond current debt service	48,604
Unrestricted	1,562,535
Total net position	$ 4,293,475

City of Parker, Florida
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund

Business-type Activities/Enterprise Fund

Year Ended September 30, 2013	Utility Fund
Operating revenues	
Charges for services	
Water and sewer charges	$ 1,998,244
Connection, reset and reactivation fees	19,825
Late fees	44,763
Tap fees	3,060
Impact fees	12,900
Other utility income	142
Total operating revenues	2,078,934
Operating expenses	
Current	
Personal services	368,196
Communications	4,924
Contractual services	17,573
Cost of water and sewer	487,079
Debt service charges AWT	480,042
Depreciation	78,370
Fuel and lubricants	13,110
Insurance	58,720
Office supplies	646
Operating supplies	5,872
Other current charges	5,518
Postage	7,577
Printing and binding	1,266
Professional services	39,020
Promotional activities	157
Public utility services	18,357
Rentals	6,085
Repairs and maintenance	131,265
Road materials and supplies	501
Travel and per diem	13,253
Uniforms	2,874
Total operating expenses	1,740,405
Net operating income	338,529
Nonoperating revenues (expenses)	
Interest income	1,898
Gain from joint venture	218,748
Grant revenue	238,449
Transfers	(291,353)
Total nonoperating revenues (expenses)	167,742
Change in net position	506,271
Total net position - beginning	3,787,204
Total net position - ending	$ 4,293,475

See accompanying notes

City of Parker, Florida
Statement of Cash Flows
Proprietary Fund

Business-type Activities/Enterprise Fund	
Year Ended September 30, 2013	**Utility Fund**
Operating activities	
Receipts from customers and users	$ 2,066,998
Payments to suppliers and others	(1,235,207)
Payments to employees	(358,628)
Net cash provided by operating activities	473,163
Capital and related financing activities	
Capital contributions - grants	238,449
Payments to general fund	(291,142)
Purchase of capital assets	(342,790)
Net cash used by capital and related financing activities	(395,483)
Investing activities	
Distributions from joint venture	27,647
Interest received	1,898
Net cash provided by investing activities	29,545
Net increase in cash and cash equivalents	107,225
Cash and cash equivalents - beginning	1,646,209
Cash and cash equivalents - ending	$ 1,753,434
Classified as	
Current assets - cash and cash equivalents	$ 1,151,342
Restricted assets - cash and cash equivalents	602,092
Cash and cash equivalents - ending	$ 1,753,434

(Continued)

City of Parker, Florida
Statement of Cash Flows
Proprietary Fund (Continued)

Year Ended September 30, 2013	Business-type Activities/Enterprise Fund Utility Fund
Reconciliation of net operating income to net cash provided by operating activities	
Net operating income	$ 338,529
Adjustments to reconcile net operating income to net cash provided by operating activities	
Depreciation	78,370
(Increase) decrease in assets	
Accounts receivable, net	(20,204)
Grant receivable	(2,927)
Prepaid expenses	58,320
Increase (decrease) in liabilities	
Accounts payable	(356)
Accrued expenses	668
Accrued compensated absences	334
Customer deposits	11,195
Other postemployment benefits	9,234
Total adjustments	134,634
Net cash provided by operating activities	$ 473,163

See accompanying notes

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Parker (City) have been prepared in conformity with United States generally accepted accounting principles (U.S. GAAP) as applied to governmental units promulgated by the Governmental Accounting Standards Board (GASB).

This summary of the City's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies are considered essential and should be read in conjunction with the accompanying financial statements.

Reporting Entity

The City of Parker, incorporated pursuant to Laws of Florida, 1951, Chapter 27685, Section 5, is a political subdivision of the State of Florida and is located in Bay County. It operates under a Council/Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, health, parks and recreation, public improvements, planning and zoning, general administrative services, and water and sewer utilities.

Component Unit – Parker Community Redevelopment Agency

This report includes financial statements of the funds of the City. The reporting entity for the City consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. A legally separate tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government (see note below for description). Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government. The City has one component unit as defined by GASB Statement 61, *The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements No. 14 and No. 34* or in publications cited in the State of Florida, Office of the Auditor General Rules, Rule 10.553, which are required to be included in these financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Parker Community Redevelopment Agency (Agency) is operated by the City. The Agency was created in 2006 by City Ordinance 06-311 pursuant to Florida Statute 163.387. All of the City's council members serve as board members of the Agency. The Agency is presented as a governmental fund type with fiscal year end of September 30 blended with the general fund.

Due to the nature and significance of the Agency's relationship with the City, exclusion of the Agency's financial operations would render the City's financial statements incomplete or misleading. The Agency's governing body is the same as the governing body of the City and the Agency provides services specifically to the Parker Community Redevelopment Area of the City. The Agency is disclosed using the blended presentation method. Complete financial statements for the Parker Community Redevelopment Agency may be obtained from the City of City of Parker, 1001 West Park Street, Parker, Florida 32404.

Measurement Focus and Basis of Accounting

The basic financial statements of the City are composed of the following:

Government-wide financial statements
Fund financial statements
Notes to financial statements

Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government. 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.

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. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement 33 – *Accounting and Financial Reporting for Nonexchange Transactions*.

Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as reductions of the related liabilities, rather than as expenditures.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

As a general rule, the effects of interfund activity have been eliminated from the government-wide financial statements. The City chooses to eliminate the indirect costs between governmental activities to avoid duplicating revenues and expenditures.

Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental and proprietary funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds.

Governmental Funds

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. Expenditures generally are recorded when a liability is incurred, as under the accrual basis of accounting. Franchise fees, licenses, sales taxes, gas taxes, operating and capital grants, 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 only when cash is received by the City.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of "available spendable resources." Governmental funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources are expended, rather than as fund assets. The proceeds of long-term debt are recorded as an "other financing source" rather than as a fund liability.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Funds

The City's enterprise funds are proprietary funds. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. 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 government's policy to use restricted resources first, then unrestricted resources as they are needed.

Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than an "other financing" source. Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than as an expense.

Basis of Presentation

GASB Statement 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The City has used GASB Statement 34 minimum criteria for major fund determination to determine which funds are required to be reported as major funds.

Governmental Major Funds

General fund - The general fund is the general operating fund of the City. It is used to account for all activities of the general government except those required to be accounted for in another fund.

Proprietary Major Funds

Utility fund - The utility fund is used to account for operations and activities related to the water and sewer system within the City.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Noncurrent Governmental Assets/Liabilities

GASB Statement 34 requires noncurrent governmental assets, such as land, buildings and equipment, and noncurrent governmental liabilities, such as general obligation bonds and capital leases, to be reported in the governmental activities column in the government-wide statement of net position.

Budgets

Annual budgets are legally adopted for all governmental funds and all proprietary funds. Budgets are prepared and adopted on a basis of accounting consistent with U.S. generally accepted accounting principles. All annual appropriations lapse at fiscal year end.

Florida Statutes provide that it is unlawful to make expenditures that exceed the total amount budgeted for each fund. Chapter 166, Florida Statutes, governs the manner in which the budget may be legally amended once it has been approved. Therefore, the fund level is the legal level of control for budget considerations according to Florida Statute.

The City budgets expenditures at the department level. Only the City Council can approve budget amendments that change the total approved budget appropriation of an individual department. Department managers can transfer appropriations within the departmental budget, but cannot change the total appropriation of an individual department without the approval of the City Council.

If, during the fiscal year, additional revenue becomes available for appropriations in excess of those estimated in the budget, the Council by resolution may make supplemental appropriations for the year up to the amount of such excess. During the current fiscal year, various supplemental appropriations were approved by the Council in accordance with Florida Statutes.

Budgetary data presented in the accompanying basic financial statements in the final budgeted amounts column represents the final budgetary data. In this column, the effects of budget amendments have been applied to original budgetary data.

Encumbrances

Encumbrance accounting is not utilized as an extension of the formal budgetary process in the governmental funds. Therefore, no provision for encumbrances has been made.

Cash and Cash Equivalents

The City considers demand deposits, certificates of deposit with maturities of up to one year, and all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

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

Due To/From Other Funds

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Inventory

Inventory is valued at cost using the first-in, first-out method. The purchase method is used to account for inventories. Reported inventories are offset as nonspendable fund balance, which indicates they are unavailable for appropriation even though they are a component of reported assets. Inventory in the general fund consists of motor fuel held for consumption.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, infrastructure, water and sewer distribution systems and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of $750 or more and an estimated useful life in excess of one year. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital assets are stated at cost, except for contributed assets, which are recorded at fair market value on the date received by the City. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets. Estimated useful lives are generally as follows:

Buildings	20-50	Years
Water and sewer system	40	Years
Improvements	10-40	Years
Machinery and equipment	5-10	Years
Infrastructure	10-50	Years

Accumulated Vacation and Sick Leave

The City allows its employees to accumulate and carry over to the next year up to 240 hours of vacation which is payable upon termination of employment if unused.

Sick leave is earned for each month of employment and is cumulative; however employees do not vest in unused sick leave.

Fund balances

The City has implemented GASB Statement 54 employing the following terminology and classifications for fund balance.

Nonspendable – This category includes the resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The balance as of September 30, 2013 of $54,095 is from prepaids and inventory which are not in spendable form.

Restricted – This category includes resources restricted by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation. The balance as of September 30, 2013 of $39,806 is restricted by creditors for repayment of debt issued, enabling legislation, and donor restrictions.

Committed – This category includes resources that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority. Commitments may be established, modified, or rescinded only through ordinances approved by the City Council. There are no committed funds as of September 30, 2013.

Assigned – This category includes resources that are intended to be used for specific purposes, but is neither restricted nor committed. These are resources that have been set aside for a specific purpose by an authorized government body or official. The balance as of September 30, 2013 is $109,151.

Unassigned – This category is the residual classification for the City's fund balances. The balance as of September 30, 2013 is $725,704.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Assets

Certain assets of the various funds are required by resolutions or ordinances to be set aside and used for specific purposes; thus, they are not available to be used for general operations. When both restricted and unrestricted resources are available for use, it is the government's policy to use externally restricted resources first, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

Net position

GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, was implemented in the current year. This standard provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources and this standard renames the components of net position which were previously considered net assets.

Net position is classified in three categories. The general meaning of each is as follows:

Net investment in capital assets - represents the cost of capital assets, less accumulated depreciation reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.

Restricted - This category includes resources restricted by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation.

Unrestricted - indicates that portion of net position that is available for future periods.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ significantly from those estimates.

Subsequent events

Management of the City has evaluated subsequent events through September 9, 2014, the date the financial statements were available to be issued.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net position:

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

The governmental funds balance sheet includes a reconciliation between *fund balances - total governmental funds* and *net position of governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains, "capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds." The details of this $2,020,844 difference are as follows:

Cost of capital assets	$	5,518,287
Less: accumulated depreciation		(3,497,443)
Net adjustment to increase fund balances - *total governmental funds* to arrive at *net position of governmental activities*	$	2,020,844

Another element of that reconciliation states, "long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds." The details of this $304,830 difference are as follows:

Compensated absences	$	81,974
Other postemployment benefits		222,856
Net adjustment to decrease fund balances - *total governmental funds* to arrive at *net position of governmental activities*	$	304,830

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances - total governmental funds* and *change in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, "governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense." The details of this difference are as follows:

Capital outlay	$	29,687
Depreciation expense		(130,677)
Net adjustment to decrease *net change in fund balances - total governmental funds* to arrive at *change in net position of governmental activities*	$	(100,990)

Another element of the reconciliation states that "the net effect of miscellaneous noncash transactions involving capital assets is to increase net position." The details of this $6,358 difference are as follows:

Donated assets	$	7,180
Loss on disposal		(822)
Net adjustment to increase *net change in fund balances - total governmental funds* to arrive at *change in net position of governmental activities*	$	6,358

NOTE 3 – BUDGETS

The City adopts budgets on a basis consistent with United States generally accepted accounting principles (U.S. GAAP).

NOTE 4 – DEPOSITS AND INVESTMENTS

Deposits Policies

All cash resources of the City are placed in banks that are qualified public depositories, as required by law (Florida Security for Public Deposits Act). Every qualified public depository is required by this law to deposit with the State Treasurer eligible collateral equal to, or in excess of, an amount to be determined by the State Treasurer. The State Treasurer is required by this law to ensure that the City's funds are entirely collateralized throughout the fiscal year. In the event of failure by a qualified public depository, losses, in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository, are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

The City's cash and cash equivalents include demand deposits, certificates of deposit with maturities of up to one year, and all highly liquid investments (including restricted assets) with an original maturity of three months or less.

Investment Policies

Florida Statutes, Section 218.415, authorizes the City to invest surplus funds in the following:

- The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in Section 163.01.
- Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- Interest-bearing time deposits or savings accounts in qualified public depositories, as defined in Section 280.02.
- Direct obligations of the U.S. Treasury.

As all time deposits held at year end were considered cash and cash equivalents for financial statement purposes, the City had no investments at September 30, 2013.

Interest Rate Risks

At September 30, 2013, the City did not hold any investments that were considered to be an interest rate risk.

Credit Risks

At September 30, 2013, the City did not hold any investments that were considered to be a credit risk.

NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Risks

At September 30, 2013, the City did not hold any deposits or investments that were considered to be a custodial risk.

Concentration of Credit Risk

As September 30, 2013, the City did not hold any investments that were considered to be a concentration of credit risk.

NOTE 5 – ACCOUNTS RECEIVABLE

At September 30, 2013, accounts receivable in the general fund is summarized as follows:

Total accounts receivable	$	70,595
Less: allowance for doubtful accounts		(20,849)
Accounts receivable, net	$	49,746

At September 30, 2013, accounts receivable in the proprietary fund is summarized as follows:

Total accounts receivable	$	221,797
Less: allowance for doubtful accounts		(67,586)
Accounts receivable, net	$	154,211

NOTE 6 – INTERFUND ACTIVITY

Interfund balances for the year ended September 30, 2013, consisted of the following:

	Due from other funds	Due to other funds
General fund	$ 956	$ -
Community redevelopment agency	-	956
General fund	6,326	-
Utility fund	-	6,326
Total	$ 7,282	$ 7,282

The Interfund loans were for the purpose of operations.

NOTE 6 – INTERFUND ACTIVITY (CONTINUED)

Interfund transfers for the year ended September 30, 2013, consisted of the following:

	Transfers In	Transfers Out
General fund	$ 291,353	$ -
Utility fund	-	291,353
Total	$ 291,353	$ 291,353

The transfers to the general fund from the utility fund were for operations.

NOTE 7 – CAPITAL ASSETS

Changes in capital assets of the governmental activities funds are summarized as follows:

	September 30, 2012	Increases	Decreases	September 30, 2013
Capital assets, not being depreciated				
Land	$ 500,524	$ 15,238	$ -	$ 515,762
Total capital assets, not being depreciated	500,524	15,238	-	515,762
Capital assets, being depreciated				
Buildings and improvements	544,444	-	-	544,444
Improvements other than buildings	2,355,928	-	-	2,355,928
Machinery and equipment	2,082,287	21,629	1,763	2,102,153
Total capital assets, being depreciated	4,982,659	21,629	1,763	5,002,525
Less accumulated depreciation				
Buildings and improvements	491,779	9,950	-	501,729
Improvements other than buildings	1,074,422	68,792	-	1,143,214
Machinery and equipment	1,801,506	51,935	941	1,852,500
Total accumulated depreciation	3,367,707	130,677	941	3,497,443
Total capital assets, being depreciated (net of accumulated depreciation)	1,614,952	(109,048)	822	1,505,082
Total governmental activities' capital assets (net of accumulated depreciation)	$ 2,115,476	$ (93,810)	$ 822	$ 2,020,844

NOTE 7 – CAPITAL ASSETS (CONTINUED)

The following schedule summarizes the capital assets of the City's business-type activities at September 30, 2013:

Land	$ 449,632
Construction in progress	411,955
Water system	924,136
Sewer system	2,046,196
Machinery and equipment	1,051,188
Total	4,883,107
Less: accumulated depreciation	
Water system	863,490
Sewer system	744,777
Machinery and equipment	887,226
Total accumulated depreciation	2,495,493
Total business-type activities' capital assets (net of accumulated depreciation)	$ 2,387,614

Changes in capital assets of the business-type activities funds are summarized as follows:

	September 30, 2012	Increases	Decreases	September 30, 2013
Capital assets, not being depreciated				
Land	$ 449,632	$ -	$ -	$ 449,632
Construction in progress	105,736	306,219	-	411,955
Total capital assets, not being depreciated	555,368	306,219	-	861,587
Capital assets, being depreciated				
Water system	889,271	34,865	-	924,136
Sewer system	2,046,196	-	-	2,046,196
Machinery and equipment	1,049,482	1,706	-	1,051,188
Total capital assets, being depreciated	3,984,949	36,571	-	4,021,520
Less accumulated depreciation				
Water system	857,337	6,154	-	863,491
Sewer system	695,191	49,586	-	744,777
Machinery and equipment	864,595	22,630	-	887,225
Total accumulated depreciation	2,417,123	78,370	-	2,495,493
Total capital assets, being depreciated (net of accumulated depreciation)	1,567,826	(41,799)	-	1,526,027
Total business-type activities' capital assets (net of accumulated depreciation)	$ 2,123,194	$ 264,420	$ -	$ 2,387,614

NOTE 7 – CAPITAL ASSETS (CONTINUED)

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

Governmental activities		
General government	$	14,494
Public safety		33,045
Sanitation		9,262
Highways and streets		51,849
Maintenance		2,845
Culture and recreation		19,182
Total depreciation expense – governmental activities	$	130,677
Business-type activities		
Water system	$	13,024
Sewer system		65,346
Total depreciation expense – business-type activities	$	78,370

NOTE 8 – LONG TERM DEBT – GOVERNMENTAL ACTIVITIES

In December 2008, the City borrowed $92,553 to finance a trash truck. Payments of $20,448 including interest at 5.24% are due annually. The balance of the debt was paid in full during 2013 with the final payment made by the City on December 8, 2012 of $19,430 on the unpaid principal.

NOTE 9 – ACCRUED COMPENSATED ABSENCES

Accrued compensated absences consist of the following at September 30, 2013:

		Total Accrued Compensated Absences
General fund	$	81,974
Utility fund		20,205
Total	$	102,179

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS LIABILITY

Accrued other postemployment benefits consist of the following at September 30, 2013:

		Total Other Postemployment Benefits
General fund	$	222,856
Utility fund		73,615
Total	$	296,471

NOTE 11 – NET POSITION RESTRICTIONS

Specific net position restrictions are summarized below as of September 30, 2013:

Governmental Funds

Community redevelopment agency	$	13,155
Law enforcement		26,651
Total	$	39,806

Proprietary Fund

Restricted for bearer bond plus interest	$	48,604
Restricted for repairs and replacements		294,722
Total	$	343,326

NOTE 12 – INVESTMENT IN JOINT VENTURE

The City of Parker, Florida, in alliance with Bay County, the Cities of Springfield and Callaway, and the former Town of Cedar Grove joined efforts in 1996 to supply existing and expanded wastewater treatment and disposal services. The mission of this joint venture is to provide these services in an economical, efficient, and environmentally appropriate manner to their respective citizenry. This joint venture, known as the Military Point Advanced Wastewater Treatment Facility (MPAWTF), assumed ownership of the existing wastewater treatment plant and then completed construction of a new seven million gallon per day advanced wastewater treatment facility which was placed in service in 1999. The new facility was funded by a combination of conventional borrowing and State Revolving Fund loans.

NOTE 12 – INVESTMENT IN JOINT VENTURE (CONTINUED)

MPAWTF is owned and governed by Bay County; and the Cities of Callaway, Parker and Springfield. One owner is selected by the others to be responsible for operating the MPAWTF. The owner delegated to be the operator is Bay County, Florida. The operator of the MPAWTF, in accordance with the interlocal agreement, prepares the MPAWTF's annual budget, sets treatment rates, and collects funds sufficient to pay debt service; costs of operations and maintenance; renewal and replacement; and necessary enhancements to reserves.

The results of operations and cash flows are accounted for within the financial statements of the MPAWTF. The City's interest in equity is reported within the City's utility fund. As of September 30, 2013, the City's portion of the equity in the MPAWTF was $550,423. Complete financial statements for the joint venture, may be obtained from the operator at P.O. Box 2269, Panama City, Florida 32402.

Condensed financial statements from the MPAWTF are as follows:

Statement of Net Position
September 30, 2013

Assets		
Current assets	$	5,333,663
Noncurrent assets		30,742,213
Total assets		36,075,876
Liabilities		
Current liabilities		3,900,445
Noncurrent liabilities		17,992,824
Total liabilities		21,893,269
Net position	$	14,182,607

For the year ended September 30, 2013, the City of Parker had a net gain from the joint venture in the amount of $218,748. As of September 30, 2013, the City owes the joint venture $86,413 for transferred collection system.

NOTE 12 – INVESTMENT IN JOINT VENTURE (CONTINUED)

Statement of Activities
Year Ended September 30, 2013

Operating revenues	$	7,348,845
Operating expenses		(4,287,232)
Operating income		3,061,613
Nonoperating revenues (expenses), net		(847,709)
Net income before distributions to owners		2,213,904
Distributions to owners		(1,250,148)
Change in net position		963,756
Net position, beginning of year		13,218,851
Net position, end of year	$	14,182,607

NOTE 13 – PENSION PLAN

Defined Benefit Pension Plan

The City participates in the Florida Retirement System (FRS) which is a multiple-employer; cost-sharing retirement system established by Chapter 121, Florida Statutes. The Florida Retirement System is administered by the Division of Retirement of the State of Florida Department of Administration. The City's payroll for employees covered by the system for the years ended September 30, 2013, 2012 and 2011 was $989,926, $1,088,315 and $1,085,791, respectively.

FRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by contacting the State of Florida Department of Management Services, Division of Retirement, Bureau of Research, Education and Policy, 2639 North Monroe Street, Building C, Tallahassee, Florida 32399-1650.

The system provides vesting of benefits after 6 years of creditable service. Members are eligible for normal retirement after attaining age 62 or 30 years of service. Generally, membership is compulsory for all full-time and part-time employees, except for elected City officials who may elect to not participate in the System. The plan was noncontributory for employees through June 30, 2011, but as of July 1, 2011 the employees contribute 3%. The City’s contributory rates for the year ended September 30, 2013 were as follows:

NOTE 13 – PENSION PLAN (CONTINUED)

	October 1, 2012 Through June 30, 2013	July 1, 2013 Through September 30, 2013
Regular employees	5.18%	6.95%
Special risk employees	14.90%	19.06%

The City's contributions to the Plan for the years ended September 30, 2013, 2012 and 2011 were $101,439, $95,533 and $153,753 respectively, which equal the required contributions. For the year ended September 30, 2013 retirement contributions represent 10% of City's total covered payroll.

Three Year Trend Information

Year Ended September 30,	Annual Pension Cost (APC)	Percent of APC Contribution	Net Pension Obligation
2011	$ 153,753	100%	-
2012	95,533	100%	-
2013	101,439	100%	-

Defined Contribution Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a cost-sharing multiple-employer defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. This FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. Changes to the law can only occur through an act of the Florida Legislature. The FRS Investment Plan is administered by the Florida State Board of Administration. Information about this plan can be obtained by writing to FRS Plan Administrator, P.O. Box 56290, Jacksonville, Florida 32241-6290 or by calling 866-377-2121.

FRS Investment Plan is funded through employee and employer contributions. The plan was noncontributory for employees through June 30, 2011, but as of July 1, 2011 the employees contribute 3%. The City's contributory rates for the year ended September 30, 2013 were as follows:

	October 1, 2012 Through June 30, 2013	July 1, 2013 Through September 30, 2013
Regular employees	5.18%	6.95%
Special risk employees	14.90%	19.06%

Required employer and employee contributions made to the plan totaled $4,790 and $2,343, respectively.

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The City has established the Retiree's Health Insurance Other Postemployment Benefits Plan, a single employer plan. Pursuant to the provisions of Section 112.0801, Florida Statutes, employees who retire from the City and eligible dependents, may continue to participate in the group insurance plan. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. The City subsidizes the premium rates paid by the retirees by allowing them to participate in the plan at blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The City currently has 30 total active and retired employees eligible to receive these benefits. No stand alone report is issued for the plan.

Eligibility

A participant is eligible to receive benefits from the plan upon retirement under the plan provisions. To be eligible for retiree benefits, the participant must be covered under the medical plan as an active participant immediately prior to retirement. Participants not eligible for retirement at the time of their termination are not eligible for immediate or future benefits from the plan.

Funding Policy

Although the contribution requirement is established by Statute, the contribution amount required by plan members and the government are established and may be amended by the City of Parker, Florida's Council Members. Currently, members receiving benefits pay the full cost (total premium) for medical coverage.

The contribution rates effective for eligible City plan members during the year are shown below:

Coverage	Monthly Cost
Retiree	$ 626
Retiree and Spouse	1,511
Retiree and Children	1,194
Retiree and Family	2,016

The City has not advance-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) costs or the net OPEB obligation. Rather, the funding is based on a pay-as-you-go basis. During the fiscal year, the City provided contributions of $0 toward the annual OPEB cost. A Schedule of Employer Contributions can be found in required supplementary information immediately following the notes.

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation

The following table shows the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Description	
Normal cost (service cost for one year)	$ 32,000
Amortization of unfunded actuarial accrued liability	(2,000)
Amortization of net OPEB obligation	31,000
Annual required contribution	61,000
Interest on net OPEB obligation	10,000
Adjustment to annual required contribution	(31,000)
Annual OPEB cost (expense)	40,000
Contribution toward the OPEB cost	(2,000)
Increase in net OPEB obligation	38,000
Net OPEB obligation, beginning of year	258,471
Net OPEB obligation, end of year	$ 296,471

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of September 30, 2013, 2012 and 2011 was as follows:

Year ending September 30,	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2011	$ 87,020	0%	$ 167,970
2012	$ 90,501	0%	$ 258,471
2013	$ 40,000	0%	$ 296,471

Funding Status and Funding Progress

The funding status and funding progress information can be found in the schedule of funding progress which is presented as required supplementary information immediately following the notes. This schedule presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

Actuarial Methods and Assumptions

The City had an actuarial valuation completed for the fiscal year ended September 30, 2013. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, in effect at the valuation date and include the type of benefits provided at the time of each valuation and the historical pattern of sharing

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarially determined accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The initial OPEB valuation method used for the City was the projected unit credit cost method. This method is used to estimate the actuarial liabilities and costs. This method was selected because it produced the best estimate of the OPEB liability and annual cost for the City employees. The actuarial assumptions include a 4% discount rate including inflation of 2.75% per annum. The actuarial assumptions also include an annual healthcare cost trend rate. For the City, this rate begins with an initial rate for the 2013-14 fiscal year of 8%. It fluctuates over the years reaching a future year's rate of 5.0% by 2012-2020. The assumed retirement age ranged from 55 to 65 depending on hire date and position. The actuarial assumptions include assumptions that 80% of male retirees and 60% of female retirees will elect coverage for themselves and their spouses. It is also assumed that 50% of eligible employees will elect coverage until age 65 upon retirement at age 62. The unfunded actuarial accrued liability is being amortized with a level dollar method. The remaining open amortization period at September 30, 2013 is 10 years.

NOTE 15 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in the past three fiscal years.

Required Supplementary Information

Schedule of Funding Progress for the Retiree's Health Insurance Other Postemployment Benefits Plan:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Liabilities (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
October 1, 2008	N/A	N/A	N/A	N/A	N/A	N/A
October 1, 2009	$ 0	$ 615,206	$ 615,206	0.0%	$ 1,180,729	52%
October 1, 2013	$ 0	$ 278,000	$ 278,000	0.0%	$ 1,032,000	27%

Schedule of Employer Contributions for the Retiree's Health Insurance Other Postemployment Benefits Plan:

Fiscal Year Ended September 30,	Actual Contribution	Annual Required Contribution	Percentage Contributed
2011	$ 0	$ 87,020	0%
2012	$ 0	$ 83,782	0%
2013	$ 0	$ 61,000	0%

Compliance Section

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable Mayor and Members
of the City Council
City of Parker, Florida

We have audited the financial statements of the City of Parker, Florida, as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated September 9, 2014.

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. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 9, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's report.

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to the extent considered necessary, other than for those comments repeated in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards.*

- Findings reported the two previous years include 13-01 and 13-02.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City of Parker, Florida complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City of Parker, Florida, is incorporated under the provisions of the State of Florida (Laws of Florida, 1951, CH. 27685, Sec. 5). There is one component unit of the reporting entity as defined in publications cited in Rule 10.553. The Parker Community Redevelopment Agency is operated by the City. The Agency was created on May 25, 2004 by City Resolution 2004-05-350 pursuant to Florida Statute 163.387.

Section 10.554(1)(i)6.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City of Parker, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Section 10.554(1)(i)6.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City of Parker, Florida for the fiscal year ended September 30, 2013, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2013. In connection with our audit, we determined that these two reports were in agreement.

Pursuant to Sections 10.554(1)(i)6.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management**,** and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

September 9, 2014

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and Members
of the City Council
City of Parker, Florida

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Parker, Florida, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise City of Parker, Florida's basic financial statements and have issued our report thereon dated September 9, 2014.

Internal control over financial reporting

In planning and performing our audit of the financial statements, we considered City of Parker, Florida's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Parker, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Parker, Florida's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described below to be material weaknesses.

13-01 (Prior years 12-01 and 11-01) (Initially reported in 2007) Significant adjustments to the financial records were necessary in order for the financial statements to conform to U.S. generally accepted accounting principles.

Management's response - It is not considered practical or economically feasible for the City to invest in the substantial resources that would be required for us to provide the auditors with accounting records that require no proposed audit adjustments. The additional resources needed would include additional accounting staff, substantial investment in software, continuing education, and research materials that the auditors already possess. The considerable additional investments required to eliminate this finding would not provide any substantial benefit to the City or the users of the financial statements in management's opinion.

13-02 (Prior years 12-03 and 11-03) (Initially reported in 2009) Lack of segregation of duties - Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedure, was not adequate to reduce the risk of fraud or misappropriation of assets to an acceptable level.

Management's response - Due to the small size of the City's accounting and administrative staff it is sometimes not possible to have perfect segregation of duties in internal controls. We have evaluated segregation of duties and internal controls and have implemented additional management oversight.

13-03 (Initially reported in 2013) Bank reconciliations not prepared for certain accounts – Bank reconciliations were not prepared for certain smaller cash accounts during the year even though they may or may not have outstanding items. By not preparing reconciliations for all cash accounts on a consistent basis, the City could miss errors in banking or the general ledger. Bank reconciliations should be prepared for all cash accounts, although for some accounts quarterly reconciliations may be sufficient if they have minimal activity.

Management's response – We will do as you suggest.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described below to be significant deficiencies.

13-04 (Initially reported in 2013) Documentation for expenditures – The City was unable to provide documentation for certain expenditures related to the Heritage Day project which was not being managed directly by the City even though the funds were City funds. By not having documentation, the City is unable to support the legitimacy of the expenditures made. In the future, the City should be in charge of all accounting and financial transactions for all projects and events that involve City funds.

Management's response – We will do as you suggest.

13-05 (Initially reported in 2013) Payments made based on documentation other than original invoice – It was noted in multiple instances where the City made payments based on documentation like quotes instead of original invoices. This can lead to potential errors in payments made as quotes are generally only estimates and may change and statements may include invoices which have already been paid which can lead to overpayments. The City should only make payments to vendors based on original invoices.

Management's response – We will do as you suggest.

Compliance and other matters

As part of obtaining reasonable assurance about whether City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Parker, Florida's responses to findings

The City's responses to the findings identified in our audit are included above. We did not audit the City's responses and, accordingly, we express no opinion on them.

Purpose of this report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

September 9, 2014