City of Parker, Florida

Financial Statements

September 30, 2020

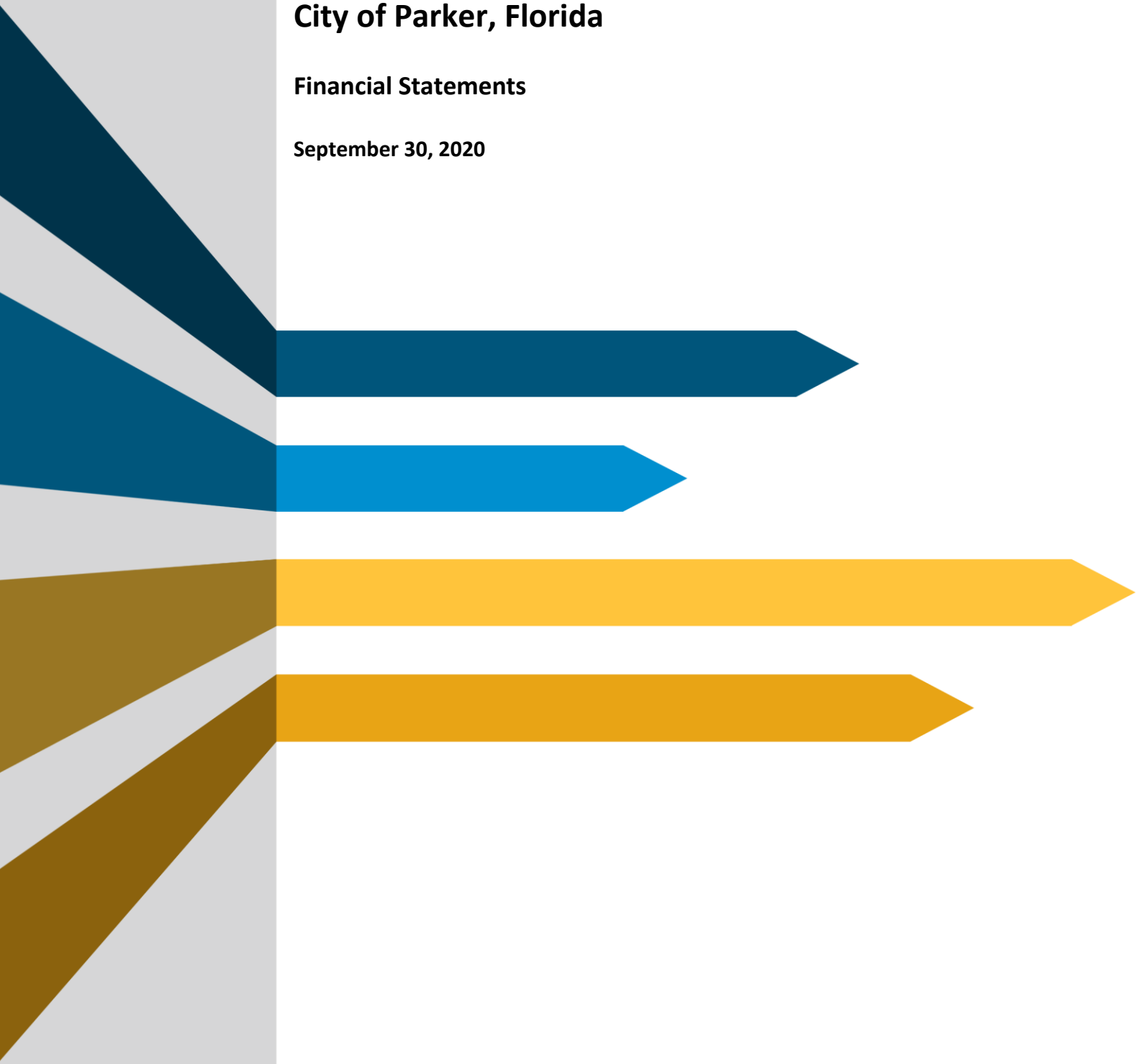


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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Parker, Florida (City), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the City'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 City'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, and each major fund of the City as of September 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 9, budgetary comparison information on page 59, the schedules of other postemployment benefits on pages 60 and 61, and the schedules of defined benefit pension plans on pages 62 through 65, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the

schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2022, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Certified Public Accountants
Panama City Beach, Florida
February 11, 2022

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the City of Parker, Florida (City), we offer readers of the City's financial statements this narrative overview of the financial activities of the City for the fiscal year ended September 30, 2020. We encourage readers to consider the information presented here in conjunction with the City's financial statements.

Financial Highlights

- Total assets and deferred outflows of resources of the City exceeded total liabilities and deferred inflows of resources by $12,572,622 (net position). Included in this amount, is a deficit of ($1,126,234) in unrestricted net position of the governmental activities, and $4,431,417 in unrestricted net position of the business-type activities; while $3,042,467 is net investment in capital assets of the governmental activities, and $5,058,581 is net investment in capital assets of the business-type activities.

- Total net position increased by $8,523,557. Of this amount, an increase of $6,985,109 is attributable to governmental activities and an increase of $1,538,448 is attributable to business-type activities.

- As of September 30, 2020, the general fund's unassigned fund balance was $2,215,584.

- Governmental activities' revenues increased 152% to $10,419,244, while expenses for governmental activities decreased by 72% to $3,434,135. Business-type activities' revenues increased 48% to $3,458,957, while business-type activities' expenses decreased by 3% percent to $1,920,509.

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 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 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 a *statement of net position* and a *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 utility taxes, franchise fees, and state shared revenues, while business-type activities are supported by charges to the users of particular activities, such as water and sewer.

The *statement of net position* presents information on all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the City, with the difference between them reported as *net position*. Assets, deferred outflows of resources, liabilities, deferred inflows of resources, 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 expenses of the City and the changes 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 expenses 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).

Expenses 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' expenses include, general government, public safety, code enforcement, highways and streets, trash, fleet, and parks and recreation. Business-type activities' expenses, which are financed primarily by user fees and charges, include water and sewer services.

The government-wide financial statements include not only the City (known as the *primary government*), but also the blended component unit, the Parker Community Redevelopment Agency (CRA). Financial information for this component unit is included in the City's financial information.

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: a governmental fund and a proprietary fund.

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 fund financial statements provide information on all assets and liabilities of the fund, changes in the economic resources (revenues and expenses), and total economic resources.

Fund financial statements for the governmental fund includes a *balance sheet* and a *statement of revenues, expenditures, and changes in fund balance*. The City's general fund includes a *schedule of revenues, expenditures, and changes in fund balance - budget and actual*. For the proprietary fund, 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 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 expenses. The *fund financial statements* provide a presentation of the City's major funds. In the case of governmental funds, outlays for long-lived assets are reported as expenditures and long-term liabilities are not included in the fund financial statements. To facilitate a comparison between the *fund financial statements* and the *government-wide financial statements*, reconciliations are provided.

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

Financial Analysis of the City

The following schedule provides a summary of the assets, deferred outflows, liabilities, deferred inflows, and net position of the City at September 30, 2020 and 2019.

Net Position

	Governmental Activities		Business-type Activities		Total	
September 30,	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Current and other assets	$ 5,256,210	$ 3,245,021	$ 4,986,007	$ 4,276,879	$ 10,242,217	$ 7,521,900
Noncurrent assets	3,224,832	3,064,287	5,917,650	5,899,930	9,142,482	8,964,217
Total assets	8,481,042	6,309,308	10,903,657	10,176,809	19,384,699	16,486,117
Deferred outflows of resources	873,408	587,859	143,577	116,047	1,016,985	703,906
Current liabilities	1,918,340	8,196,928	194,737	191,521	2,113,077	8,388,449
Noncurrent liabilities	4,249,610	2,387,286	1,264,895	2,026,423	5,514,505	4,413,709
Total liabilities	6,167,950	10,584,214	1,459,632	2,217,944	7,627,582	12,802,158
Deferred inflows of resources	158,097	269,659	43,383	69,141	201,480	338,800
Net investment in capital assets	3,042,467	2,840,898	5,058,581	4,221,690	8,101,048	7,062,588
Net position – restricted	1,112,170	741,592	54,221	48,679	1,166,391	790,271
Net position – unrestricted (deficit)	(1,126,234)	(7,539,196)	4,431,417	3,735,402	3,305,183	(3,803,794)
Total net position	$ 3,028,403	$ (3,956,706)	$ 9,544,219	$ 8,005,771	$ 12,572,622	$ 4,049,065

Investment in capital assets (i.e., land, buildings, and equipment), net of related outstanding debt used to acquire those assets, represents 64% of the total net position. These capital assets are used to provide services to citizens; consequently, they are not available for future spending.

The balance of unrestricted net position may be used to help meet the City's ongoing obligations to citizens and creditors. At year-end, the balance of unrestricted net position is $3,305,183.

The following schedule provides a summary of the changes in net position for the years ended September 30, 2020 and 2019.

Changes in Net Position

Year Ended	Governmental Activities		Business-type Activities		Total	
September 30,	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Program revenues						
Charges for services	$ 416,573	$ 451,048	$ 2,177,128	$ 1,944,616	$ 2,593,701	$ 2,395,664
Operating grants and contributions	7,871,094	1,710,675	916,159	-	8,787,253	1,710,675
Capital grants and contributions	-	-	-	27,511	-	27,511
General revenues						
Taxes and fees	876,732	818,402	-	-	876,732	818,402
Intergovernmental	1,046,405	1,119,946	-	-	1,046,405	1,119,946
Interest	1,702	1,378	9,853	9,091	11,555	10,469
Other	206,738	32,486	355,817	356,134	562,555	388,620
Total revenues	10,419,244	4,133,935	3,458,957	2,337,352	13,878,201	6,471,287
Expenses						
General government	780,160	10,101,691	-	-	780,160	10,101,691
Public safety	1,646,486	1,382,723	-	-	1,646,486	1,382,723
Code enforcement	89,015	81,515	-	-	89,015	81,515
Trash	289,459	258,148	-	-	289,459	258,148
Highways and streets	450,514	389,684	-	-	450,514	389,684
Fleet	48,745	39,006	-	-	48,745	39,006
Parks and recreation	129,756	92,630	-	-	129,756	92,630
Utilities	-	-	1,920,509	1,974,543	1,920,509	1,974,543
Total expenses	3,434,135	12,345,397	1,920,509	1,974,543	5,354,644	14,319,940
Change in net position before extraordinary item	6,985,109	(8,211,462)	1,538,448	362,809	8,523,557	(7,848,653)
Extraordinary item	-	1,236,127	-	67,498	-	1,303,625
Change in net position	6,985,109	(6,975,335)	1,538,448	430,307	8,523,557	(6,545,028)
Beginning net position	(3,956,706)	3,018,629	8,005,771	7,575,464	4,049,065	10,594,093
Ending net position	$ 3,028,403	$ (3,956,706)	$ 9,544,219	$ 8,005,771	$ 12,572,622	$ 4,049,065

Governmental activities' revenues exceeded expenses by $6,985,109, while business-type activities' revenues exceeded expenses by $1,538,448. Total revenues increased $7,406,914 from the previous year primarily due to grant funds received as a result of Hurricane Michael. Seventy-six percent (76%) of the revenues of governmental activities were generated by operating grants and contributions, 10% were generated by intergovernmental revenues, and 8% were generated by taxes and fees. Most of the governmental resources were expended for public safety (48%) and general government (23%). Included in general government are Hurricane Michael expenditures which make up approximately 39% of the

expenditures in that department. Charges for services provided $2,177,128 (63%) of the revenue for the business-type activities and operating grants and contributions provided $916,159 (26%).

Financial Analysis of the City's Funds

Governmental Fund

General Fund

The main operating fund of the City is the general fund. As of September 30, 2020, total assets were $5,264,211 and total liabilities were $1,857,640. At the end of fiscal year 2020, unassigned fund balance of the general fund was $2,215,584 while total fund balance was a $3,406,571.

Proprietary Fund

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 fiscal year was $4,431,417.

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. The City's total investment in capital assets for both its governmental and business-type activities at September 30, 2020, was $8,730,031 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, and machinery and equipment.

Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
September 30,	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Land	$ 646,012	$ 585,010	$ 449,632	$ 449,632	$ 1,095,644	$ 1,034,642
Construction in progress	-	-	114,728	1,292,864	114,728	1,292,864
Buildings	544,514	515,972	-	-	544,514	515,972
Improvements	1,518,839	1,359,806	4,485,204	3,217,266	6,004,043	4,577,072
Machinery and equipment	507,466	591,691	463,636	541,310	971,102	1,133,001
Total	$ 3,216,831	$ 3,052,479	$ 5,513,200	$ 5,501,072	$ 8,730,031	$ 8,553,551

Additional information on the City's capital assets can be found in note 3 of the notes to financial statements.

Debt Management

At the end of fiscal year 2020, the City had total outstanding debt in the amount of $1,772,304. This debt balance represents notes payable secured by specified revenue sources and obligations under capital leases.

Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
September 30,	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Obligations under capital leases	$ 174,364	$ 211,581	$ 12,394	$ 14,029	$ 186,758	$ 225,610
Notes payable	1,143,321	-	442,225	1,265,353	1,585,546	1,265,353
Total	$ 1,317,685	$ 211,581	$ 454,619	$ 1,279,382	$ 1,772,304	$ 1,490,963

Principal repayments during the year on notes payable totaled $925,969, including $916,159 related to forgiveness of notes payable through a grant, and on obligations under capital leases totaled $38,852. Debt proceeds from notes payable totaled $1,143,321.

More detail on the City's liabilities is presented in note 3 of the notes to financial statements.

General Fund Budgetary Highlights

The general fund budget was not amended during the year and current year expenditures were within budgeted amounts. The general fund actual revenues, including other financing sources (uses), exceeded budgeted amounts by $3,901,214, primarily due to the City not budgeting for grant revenues and debt proceeds. The general fund final budget exceeded actual expenditures by $4,588,191 mainly due to budgeting for costs related to Hurricane Michael in the 2020 budget accrued in the prior year.

Economic Factors

The City sustained significant damage as a result of Hurricane Michael in October 2018 resulting in an increase in next year's budget for debris removal and the rebuilding of damaged property. The extent of the effect of the hurricane on economic conditions is not known as of the date of this report.

Contacting the City's Finance Department

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

City of Parker, Florida
Statement of Net Position

September 30, 2020	Primary Government Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	$ 1,476,963	$ 3,341,557	$ 4,818,520
Accounts receivable, net	186,217	28,764	214,981
Grants receivable	2,884,750	55,022	2,939,772
Due from insurance	514,772	-	514,772
Due from joint venture	-	256,221	256,221
Internal balances	119,524	(119,524)	-
Inventories	25,820	-	25,820
Prepaids	48,164	-	48,164
Investment in joint venture	-	1,423,967	1,423,967
Total current assets	5,256,210	4,986,007	10,242,217
Noncurrent assets			
Restricted assets			
Cash and cash equivalents	8,001	404,450	412,451
Capital assets			
Nondepreciable	646,012	564,360	1,210,372
Depreciable, net	2,570,819	4,948,840	7,519,659
Total noncurrent assets	3,224,832	5,917,650	9,142,482
Total assets	8,481,042	10,903,657	19,384,699
Deferred outflows of resources - pension	835,245	130,856	966,101
Deferred outflows of resources - other postemployment benefits	38,163	12,721	50,884
Total deferred outflows of resources	873,408	143,577	1,016,985

(Continued)

September 30, 2020	Primary Government Governmental Activities	Business-type Activities	Total
Liabilities			
Current liabilities			
Accounts payable	$ 666,296	$ 160,965	$ 827,261
Accrued expenses	1,191,344	8,761	1,200,105
Accrued compensated absences, current portion	22,170	2,820	24,990
Obligations under capital leases, current portion	38,530	1,668	40,198
Notes payable, current portion	-	20,523	20,523
Total current liabilities	1,918,340	194,737	2,113,077
Noncurrent liabilities			
Accrued compensated absences, net of current portion	88,682	11,278	99,960
Obligations under capital leases, net of current portion	135,834	10,726	146,560
Customer deposits	-	304,725	304,725
Net pension liability	2,515,630	394,117	2,909,747
Notes payable, net of current portion	1,143,321	421,702	1,565,023
Other postemployment benefits liability	366,143	122,347	488,490
Total noncurrent liabilities	4,249,610	1,264,895	5,514,505
Total liabilities	6,167,950	1,459,632	7,627,582
Deferred inflows of resources - pension	52,727	8,260	60,987
Deferred inflows of resources - other postemployment benefits	105,370	35,123	140,493
Total deferred inflows of resources	158,097	43,383	201,480
Net position			
Net investment in capital assets	3,042,467	5,058,581	8,101,048
Restricted			
Revenue bond debt service	-	54,221	54,221
Community redevelopment agency	12,167	-	12,167
Infrastructure taxes	1,092,002	-	1,092,002
Law enforcement	8,001	-	8,001
Unrestricted (deficit)	(1,126,234)	4,431,417	3,305,183
Total net position	$ 3,028,403	$ 9,544,219	$ 12,572,622

City of Parker, Florida
Statement of Activities

Year Ended September 30, 2020	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	Net (Expenses) Revenues and Changes in Net Position: Primary Government: Business-type Activities	Net (Expenses) Revenues and Changes in Net Position: Primary Government: Total
Functions/Programs							
Primary Government							
Governmental activities							
General government	$ 780,160	$ 35,255	$ 7,871,094	$ -	$ 7,126,189	$ -	$ 7,126,189
Public safety	1,646,486	15,247	-	-	(1,631,239)	-	(1,631,239)
Code enforcement	89,015	-	-	-	(89,015)	-	(89,015)
Trash	289,459	346,142	-	-	56,683	-	56,683
Highways and streets	450,514	19,929	-	-	(430,585)	-	(430,585)
Fleet	48,745	-	-	-	(48,745)	-	(48,745)
Parks and recreation	129,756	-	-	-	(129,756)	-	(129,756)
Total governmental activities	3,434,135	416,573	7,871,094	-	4,853,532	-	4,853,532
Business-type activities							
Utility fund	1,920,509	2,177,128	916,159	-	-	1,172,778	1,172,778
Total business-type activities	1,920,509	2,177,128	916,159	-	-	1,172,778	1,172,778
Total primary government	$ 5,354,644	$ 2,593,701	$ 8,787,253	$ -	4,853,532	1,172,778	6,026,310
General revenues							
Taxes							
Utility taxes					429,014	-	429,014
Business taxes					16,694	-	16,694
Communications taxes					86,623	-	86,623
Local option gas taxes					83,414	-	83,414

(Continued)

City of Parker, Florida
Statement of Activities (Continued)

Year Ended September 30, 2020	Net (Expenses) Revenues and Changes in Net Position Primary Government Governmental Activities	Business-type Activities	Total
Franchise fees	$ 260,987	$ -	$ 260,987
Intergovernmental	1,046,405	-	1,046,405
Total general revenues	1,923,137	-	1,923,137
Interest earnings	1,702	9,853	11,555
Miscellaneous	206,738	355,817	562,555
Total general revenues, interest and other revenue	2,131,577	365,670	2,497,247
Change in net position	6,985,109	1,538,448	8,523,557
Net position - beginning	(3,956,706)	8,005,771	4,049,065
Net position - ending	$ 3,028,403	$ 9,544,219	$12,572,622

See accompanying notes

City of Parker, Florida
Balance Sheet
Governmental Fund

September 30, 2020		General Fund
Assets		
Cash and cash equivalents	$	1,476,963
Due from insurance		514,772
Grants receivable		2,884,750
Accounts receivable, net		186,217
Due from other funds		119,524
Inventories		25,820
Prepaids		48,164
Cash and cash equivalents - restricted		8,001
Total assets		5,264,211
Liabilities and fund balance		
Liabilities		
Accounts payable		666,296
Accrued expenses		157,860
Unearned revenue		1,033,484
Total liabilities		1,857,640
Fund balance		
Nonspendable		
Prepaids		48,164
Inventories		25,820
Restricted		
Community redevelopment agency		12,167
Infrastructure taxes		1,092,002
Law enforcement		8,001
Assigned		
Capital purchases		4,833
Unassigned		
General fund		2,215,584
Total fund balance		3,406,571
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.		3,216,831
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.		(4,310,310)
Deferred outflows and inflows of resources are not financial resources or liabilities, and therefore, are not reported in the funds.		715,311
Net position of governmental activities	$	3,028,403

See accompanying notes

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

Year Ended September 30, 2020		General Fund
Revenues		
Taxes		
Utility taxes	$	429,014
Business taxes		16,694
Communications taxes		86,623
Local option gas taxes		83,414
Intergovernmental		1,046,405
Grants		7,806,824
Licenses and permits		280,319
Charges for services		367,420
Fines and forfeitures		3,090
Rents		26,731
Interest		1,702
Contributions and donations		3,268
Miscellaneous		35,149
Total revenues		10,186,653
Expenditures		
Current		
General government		732,676
Public safety		1,193,923
Code enforcement		88,122
Trash		274,739
Highways and streets		340,729
Fleet		36,924
Parks and recreation		78,159
Capital outlay		
General government		416,392
Public safety		9,000
Parks and recreation		3,625
Debt service		43,457
Total expenditures		3,217,746
Excess of revenues over expenditures		6,968,907
Other financing sources (uses)		
Insurance recoveries		171,589
Proceeds from debt		1,143,321
Total other financing sources (uses)		1,314,910
Net changes in fund balance		8,283,817
Fund balance - beginning		(4,877,246)
Fund balance - ending	$	3,406,571

See accompanying notes

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

Year Ended September 30, 2020

Amounts reported for governmental activities in the statement of activities are different because:	
Net changes in fund balance - total governmental fund (page 15)	$ 8,283,817
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	103,350
The issuance of long-term debt (i.e. notes, 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.	(1,106,104)
The net effect of miscellaneous noncash transactions involving capital assets (i.e. sales, trade-ins, adjustments, donations, and impairments) is to decrease net position.	61,002
Some expenses 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 (i.e. compensated absences, pension expenses, and other postemployment benefits).	(356,956)
Change in net position of governmental activities (page 13)	$ 6,985,109

City of Parker, Florida
Statement of Net Position – Proprietary Fund

	Business-type Activities/Enterprise Fund
September 30, 2020	**Utility Fund**
Assets	
Current assets	
Cash and cash equivalents	$ 3,341,557
Accounts receivable, net	28,764
Grants receivable	55,022
Due from joint venture	256,221
Investment in joint venture	1,423,967
Total current assets	5,105,531
Noncurrent assets	
Restricted assets - cash and cash equivalents	
Customer deposits	350,229
Revenue bond debt service	54,221
Capital assets	
Property, plant and equipment	8,889,989
Less accumulated depreciation	(3,376,789)
Total noncurrent assets	5,917,650
Total assets	11,023,181
Deferred outflows of resources	
Deferred outflows related to pensions	130,856
Deferred outflows related to other postemployment benefits	12,721
Total deferred outflows of resources	143,577
Liabilities	
Current liabilities	
Accounts payable	160,965
Accrued expenses	8,761
Accrued compensated absences	2,820
Due to other funds	119,524
Notes payable, current portion	20,523
Capital leases, current portion	1,668
Total current liabilities	314,261

(Continued)

	Business-type Activities/Enterprise Fund	
September 30, 2020		**Utility Fund**
Noncurrent liabilities		
Accrued compensated absences	$	11,278
Capital leases, net of current portion		10,726
Notes payable, net of current portion		421,702
Customer deposits		304,725
Net pension liability		394,117
Other postemployment benefits liability		122,347
Total noncurrent liabilities		1,264,895
Total liabilities		1,579,156
Deferred inflows of resources		
Deferred inflows related to pensions		8,260
Deferred inflows related to other postemployement benefits		35,123
Total deferred inflows of resources		43,383
Net position		
Net investment in capital assets		5,058,581
Restricted		
Revenue bond debt service		54,221
Unrestricted		4,431,417
Total net position	$	9,544,219

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

Business-type Activities/Enterprise Fund		
Year Ended September 30, 2020		**Utility Fund**
Operating revenues		
Charges for services		
Water and sewer charges	$	2,070,776
Connection, reset and reactivation fees		36,226
Late fees		54,606
Tap fees		8,820
Impact fees		6,700
Other utility income		14,347
Total operating revenues		2,191,475
Operating expenses		
Personnel services		471,529
Bad debt		12,632
Communications		18,405
Contractual services		69,720
Cost of water and sewer		514,175
Debt service charges AWT		152,796
Depreciation		274,056
Fuel and lubricants		14,609
Insurance		48,324
Office supplies		2,299
Operating supplies		18,225
Other current charges		10,775
Postage		7,063
Printing and binding		3,305
Professional services		21,457
Promotional activities		648
Public utility services		18,486
Rentals		5,115
Repairs and maintenance		203,167
Road materials and supplies		3,751
Travel and per diem		13,200
Uniforms		2,129
Total operating expenses		1,885,866
Net operating income		305,609

(Continued)

City of Parker, Florida
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund (Continued)

	Business-type Activities/Enterprise Fund	
Year Ended September 30, 2020		**Utility Fund**
Nonoperating revenues (expenses)		
Interest income	$	9,853
Interest expense		(34,643)
Insurance proceeds		30,500
Gain from joint venture		310,970
Grant revenue		916,159
Total nonoperating revenues (expenses)		1,232,839
Changes in net position		1,538,448
Net position - beginning		8,005,771
Net position - ending	$	9,544,219

See accompanying notes

City of Parker, Florida
Statement of Cash Flows – Proprietary Fund

Business-type Activities/Enterprise Fund		
Year Ended September 30, 2020		**Utility Fund**
Operating activities		
Receipts from customers and users	$	2,221,385
Payments to suppliers and others		(1,276,226)
Payments to employees		(483,937)
Net cash provided (used) by operating activities		461,222
Capital and related financing activities		
Capital lease payments		(1,635)
Capital grants received		62,672
Insurance proceeds		30,500
Proceeds from notes payable		102,841
Notes payable payments		(9,810)
Purchases of capital assets		(286,184)
Interest paid on capital lease		(34,643)
Net cash provided (used) by capital and related financing activities		(136,259)
Investing activities		
Distributions from joint venture		101,604
Interest received		9,853
Net cash provided (used) by investing activities		111,457
Net increase in cash and cash equivalents		436,420
Cash and cash equivalents - beginning		3,309,587
Cash and cash equivalents - ending	$	3,746,007
Classified as		
Current assets - cash and cash equivalents	$	3,341,557
Restricted assets - cash and cash equivalents		404,450
Cash and cash equivalents - ending	$	3,746,007

(Continued)

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

Business-type Activities/Enterprise Fund

Year Ended September 30, 2020		Utility Fund
Reconciliation of net operating income to net cash provided (used) by operating activities		
Net operating income	$	305,609
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities		
Depreciation		274,056
Bad debt		12,632
(Increase) decrease in assets		
Accounts receivable, net		(10,988)
Decrease in deferred outflows of resources		(27,530)
Increase (decrease) in liabilities		
Accounts payable		(4,574)
Accrued expenses		1,879
Accrued compensated absences		(17,810)
Due to other funds		(12,115)
Due to joint venture		(121,135)
Customer deposits		28,266
Other postemployment benefits liability		21,819
Net pension liability		36,871
Increase in deferred inflows of resources		(25,758)
Total adjustments		155,613
Net cash provided (used) by operating activities	$	461,222
Supplemental Disclosures of Noncash Transactions		
Notes payable reduced by grant revenue	$	916,159

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The City is governed by an elected mayor and four-member governing council (City Council). The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. 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 City. The accounting policies of the City conform to generally accepted accounting principles (GAAP) as applied to governmental units. The more significant accounting policies used by the City are described below.

In evaluating the City as a reporting entity, management has considered all potential component units in accordance with Section 2100: *Defining the Financial Reporting Entity* of the Governmental Accounting Standards Board (GASB) Codification.

Blended Component Units

The Community Redevelopment Agency (CRA) was organized to finance development within the geographic boundaries of the community redevelopment area. Although legally separate, the CRA is governed by a board comprised primarily of the City's elected Council members and the services provided by the CRA create a financial benefit relationship with the City. The CRA does not issue separate financial statements. Their financial statements are included in the City's general purpose financial statements as a blended component unit for the year ended September 30, 2020.

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.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities,

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues.*

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Sales taxes, franchise fees, licenses, 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

the amount is received during the period or within the availability period for this revenue source (within one year of year-end). Insurance recoveries are recognized as revenue if identified by the insurance carrier as due to the City within one year. All other revenue items are considered to be measurable and available only when cash is received by the City.

The proprietary funds are reported using the *economic resources measurement* focus and the *accrual basis of accounting*.

Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

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 where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's water and sewer services functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

The fund financial statements provide information about the City's funds, including its blended component unit. Separate statements for each fund category—governmental and proprietary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental fund:

The *general fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The City reports the following major enterprise fund:

The *utility fund* is used to account for operations and activities related to the water and sewer systems within the City.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Budgetary Information

Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and the community redevelopment fund. Certain special revenue funds and permanent funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year.

The appropriated budget is prepared by fund, function, and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level per Florida Statutes which provides 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 Statutes.

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary data presented in the accompanying required supplementary information 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, when applicable.

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance

Cash and cash equivalents

The City's cash on hand, demand deposits, and highly liquid debt instruments with original maturities of three months or less from the date of acquisition are considered to be cash and cash equivalents.

Receivables and payables

Allowance for doubtful accounts – Accounts receivable have been reported net of the allowance for doubtful accounts. Accounts receivable in excess of 120 days are subject to being considered as uncollectible.

Interfund Activities and Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" within the fund financial statements. Long-term borrowings between funds are classified as "advances to other funds" or "advances from other funds" in the fund financial statements. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any residual balance outstanding between the governmental and business-type activities at the end of the fiscal year, which are reported in the government-wide financial statements as internal balances.

Interfund transactions are reflected as services provided, reimbursements, or transfers. Services provided, deemed to be at or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefitting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or business-type funds are funds are netted as part of the reconciliation to the government-wide presentation.

Inventories and Prepaids

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable fuel. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements. The cost of prepaids is recorded as expenditures/expenses when consumed rather than when purchased.

Restricted Assets

Certain assets of the City are classified as restricted assets on the statement of net position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors or laws or regulations of other governments. Special restricted asset accounts have been established to account for the sources and uses of these limited use assets as follows:

Customer deposit accounts – Deposited in noninterest bearing accounts and refunded upon termination of service with the City and satisfaction of all obligations due.

Revenue bond debt service accounts – Includes resources set aside for the repayment of bonds, notes payable, or capital lease obligations.

Law enforcement forfeiture account – Funds generated from confiscated property applied towards further education and enhancement of the police department pursuant to state statutes.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, 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 more than $750 and an estimated useful life in excess of one year. Donated or contributed capital assets are recorded at acquisition value at the date received.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight-line method generally over the following estimated useful lives:

Buildings and improvements	20-50 years
Water and sewer system	40 years
Improvements other than buildings	10-40 years
Machinery and equipment	5-10 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City has two items that qualify for reporting as deferred outflows of resources, the deferred outflows related to other postemployments benefits and the deferred outflows related to pensions, both reported in the government-wide and proprietary funds statements of net position. The deferred outflows related to other postemployment benefits are related to changes in demographics. The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred outflows will be recognized as employee benefit expense in future reporting years.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting as deferred inflows of resources, the deferred inflows related to other postemployments benefits and the deferred inflows related to pensions, both reported in the government-wide and proprietary funds statements of net position. The deferred inflows related to other postemployment benefits are related to changes in demographics. The deferred inflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred inflows will be recognized as employee benefit expense in future reporting years.

Compensated Absences

The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. Accumulated sick leave earned is cumulative and upon resignation after ten years of service or retirement is paid out at 25% up to a maximum of 240 hours. Before ten years accumulated sick leave lapses when employees leave the employ of the City and, accordingly upon separation from service, no monetary obligation exists.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and is recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB Codification Section I30: *Interest Costs – Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits Liability

For purposes of measuring the net other postemployment benefits (OPEB) liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The City has a single employer OPEB plan. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account.

Categories and Classification of Fund Equity

Net position flow assumption – Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund balance flow assumptions – Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance.

Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund balance policies – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

Nonspendable fund balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned fund balance – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The governing commission has authorized the finance director and mayor to assign fund balance. The commission may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance – Unassigned fund balance is the residual classification for the general fund.

Revenues and Expenditures/Expenses

Program revenues – Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Proprietary funds operating and nonoperating revenues and expenses – 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 utility fund is charges to customers for sales and services. The proprietary funds also recognize 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.

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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through February 11, 2022, the date that the financial statements were available to be issued. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recently Issued and Implemented Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued statements that will become effective in future years. These statements are as follows:

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement seeks to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 will be effective for the fiscal years beginning after December 15, 2019.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 31, 2021.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In January 2020, the GASB issued statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance the comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2020.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

In June 2020, the GASB issued statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension or OPEB plans as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The requirements for this Statement are effective for reporting periods beginning after June 15, 2021.

The City is evaluating the requirements of the above statements and their impact on reporting.

Note 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The following is an explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

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

Cost of capital assets	$	7,125,822
Less: accumulated depreciation		(3,908,991)
Net adjustment to increase total *fund balance* - to arrive at *net position of governmental activities*	$	3,216,831

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

Accrued compensated absences	$	(110,852)
Other postemployment benefits liability		(366,143)
Net pension liability		(2,515,630)
Notes payable		(1,143,321)
Capital leases		(174,364)
Net adjustment to decrease total *fund balance* - to arrive at *net position of governmental activities*	$	(4,310,310)

Another element of that reconciliation states that deferred outflows and inflows of resources are not financial resources or liabilities, and therefore, are not reported in the funds. The details of this difference are as follows:

Deferred outflows of resources related to net pension liability	$	835,245
Deferred inflows of resources related to net pension liability		(52,727)
Deferred outflows of resources related to other postemployment benefits liability		38,163
Deferred inflows of resources related to other postemployment benefits liability		(105,370)
Net adjustment to increase total *fund balance - to arrive at net position of governmental activities*	$	715,311

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between *net changes in fund balance - total governmental fund* 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 is allocated over the estimated useful lives and reported as depreciation expense. The details of this difference are as follows:

Note 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Capital outlays	$	429,017
Depreciation expense		(325,667)
Net adjustment to increase *net changes in fund balance - total governmental fund* to arrive at *change in net position of governmental activities*	$	103,350

Another element of that reconciliation states the issuance of long-term debt (i.e., notes and 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 issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this difference is as follows:

Proceeds from notes payable	$	(1,143,321)
Principal repayments on capital leases		37,217
Net adjustment to decrease *net changes in fund balance - total governmental fund* to arrive at *change in net position of governmental activities*	$	(1,106,104)

Another element of that reconciliation states that some expenses 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 (i.e. compensated absences, pension expenses, and other postemployment benefits). The details of this difference is as follows:

Compensated absences	$	17,327
Other postemployment benefits		(65,456)
Pension expenses		(705,938)
Deferred outflows of resources		285,549
Deferred inflows of resources		111,562
Net adjustment to decrease *net changes in fund balance - total governmental fund* to arrive at *change in net position of governmental activities*	$	(356,956)

Another element of that reconciliation is the net effect of miscellaneous noncash transactions involving capital assets (e.g. sales, trade-ins, adjustments, donations, and impairments) that do not effect current financial resources is not reported in the governmental funds. The details of this difference are as follows:

Donated assets	$	61,002
Net adjustment to increase *net changes in fund balance - total governmental fund* to arrive at *change in net position of governmental activities*	$	61,002

Note 3: DETAILED NOTES ON ALL FUNDS

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 cash on hand, demand deposits, and short-term highly liquid debt instruments with original maturities of three months or less from the date of acquisition.

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

The Local Government Surplus Funds Trust Fund (State Board of Administration) or any intergovernmental investment pool authorized pursuant to the Florida Interposal Cooperation Act as provided in State of Florida Statutes 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 state-certified qualified public depositories as defined in State of Florida Statutes section 280.02

Direct obligations of the United States Treasury

Custodial credit risk – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The financial institutions in which the City places its deposits are certified as "qualified public depositories," as required under the Florida Security for Public Deposits Act. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At September 30, 2020, the City did not hold any deposits or investments that were considered to be a custodial credit risk.

Interest rate risk – Interest rate risk is the possibility that interest rates will rise and reduce the fair value of an investment. The City's investment policy limits interest rate risk by requiring that an attempt be made to match investment maturities with known cash needs and anticipated cash flow requirements. In addition, investments of current operating funds are required to have maturities of no longer than twelve months.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (Continued)

Credit risk – Section I50: *Investments* of the GASB Codification requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations. The City's investment policy limits investments to securities with specific ranking criteria. At September 30, 2020, the City did not hold any investments that were considered to be a credit risk.

Concentration risk – Section I50: *Investments* of the GASB Codification requires disclosures of investments in any one issuer that represents five percent or more of total investments, excluding investments issued or explicitly guaranteed by the U.S government, investments in mutual funds, external investments pools and other pooled investments. The City's investment policy does not address concentration risk. As September 30, 2020, the City did not hold any investments that were considered to be a concentration of credit risk.

Accounts Receivable

For the utility fund, operating revenues are generally recognized on the basis of cycle billings rendered monthly. If payments are not received from customers, services are shut off and deposits are applied against negative balances.

All accounts receivable are shown net of an allowance for uncollectable accounts for governmental funds. The accounts receivable and allowance for uncollectible accounts at September 30, 2020, were as follows:

	Accounts Receivable	Allowance for Uncollectable	Accounts Receivable Net
General fund	$ 248,053	$ (61,836)	$ 186,217
Enterprise fund	224,241	(195,477)	28,764
Total	$ 472,294	$ (257,313)	$ 214,981

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

The following is a summary of changes in capital assets of the governmental activities during the year ended September 30, 2020:

	September 30, 2019	Increases	Decreases	September 30, 2020
Capital assets, not being depreciated				
Land	$ 585,010	$ 61,002	$ -	$ 646,012
Total capital assets, not being depreciated	585,010	61,002	-	646,012
Capital assets, being depreciated				
Buildings and improvements	1,036,380	68,265	-	1,104,645
Improvements other than buildings	2,661,275	257,435	-	2,918,710
Machinery and equipment	2,353,138	103,317	-	2,456,455
Total capital assets, being depreciated	6,050,793	429,017	-	6,479,810
Less accumulated depreciation				
Buildings and improvements	520,408	39,723	-	560,131
Improvements other than buildings	1,301,469	98,402	-	1,399,871
Machinery and equipment	1,761,447	187,542	-	1,948,989
Total accumulated depreciation	3,583,324	325,667	-	3,908,991
Total capital assets, being depreciated (net of accumulated depreciation)	2,467,469	103,350	-	2,570,819
Total governmental activities' capital assets (net of accumulated depreciation)	$ 3,052,479	$ 164,352	$ -	$ 3,216,831

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (Continued)

The following schedule summarizes the capital assets of the City's business-type activities at September 30, 2020:

Land	$	449,632
Construction in progress		114,728
Water system		2,104,851
Sewer system		4,737,953
Machinery and equipment		1,482,825
Total		8,889,989
Less: accumulated depreciation		
Water system		1,194,524
Sewer system		1,163,076
Machinery and equipment		1,019,189
Total accumulated depreciation		3,376,789
Total business-type activities' capital assets (net of accumulated depreciation)	$	5,513,200

The following is a summary of changes in capital assets of the business-type activities during the year ended September 30, 2020:

	September 30, 2019	Increases	Decreases	September 30, 2020
Capital assets, not being depreciated				
Land	$ 449,632	$ -	$ -	$ 449,632
Construction in progress	1,292,864	131,476	1,309,612	114,728
Total capital assets, not being depreciated	1,742,496	131,476	1,309,612	564,360
Capital assets, being depreciated				
Water system	2,031,364	73,487	-	2,104,851
Sewer system	3,379,214	1,358,739	-	4,737,953
Machinery and equipment	1,498,607	32,094	47,876	1,482,825
Total capital assets, being depreciated	6,909,185	1,464,320	47,876	8,325,629

(Continued)

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (Continued)

	September 30, 2019	Increases	Decreases	September 30, 2020
Less accumulated depreciation				
Water system	$ 1,095,273	$ 99,251	$ -	$ 1,194,524
Sewer system	1,098,039	65,037	-	1,163,076
Machinery and equipment	957,297	109,768	47,876	1,019,189
Total accumulated depreciation	3,150,609	274,056	47,876	3,376,789
Total capital assets, being depreciated (net of accumulated depreciation)	3,758,576	1,190,264	-	4,948,840
Total business-type activities' capital assets (net of accumulated depreciation)	$ 5,501,072	$ 1,321,740	$ 1,309,612	$ 5,513,200

Depreciation expense was allocated to the governmental functions in the statement of activities as follows:

Governmental activities	
General government	$ 25,404
Public safety	126,722
Code enforcement	529
Trash	14,329
Highways and streets	97,040
Fleet	10,407
Parks and recreation	51,236
Total depreciation expense – governmental activities	$ 325,667
Business-type activities	
Water system	$ 86,133
Sewer system	187,923
Total depreciation expense – business-type activities	$ 274,056

Long-term Debt and Liabilities

Line of credit

In April 2019, the City issued the Hurricane Recovery Revenue Note, Series 2019 for, up to, $5,000,000. The purpose of the note was to be used as a revolving line of credit to pay cost of debris clean up from Hurricane Michael until federal reimbursements were received by the City. The line of credit has a fixed interest rate of 3.85% and matured April 2021. During the year, there were no proceeds or repayments on the line of credit and the balance outstanding at September 30, 2020 was $0.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (Continued)

Capital leases

In November 2016, the City entered into a capital lease agreement in the amount of $148,215 to finance 56 handheld radios. Payments of $16,492 including interest at 2% are due annually until maturity in November 2026. The balance was $106,775 at September 30, 2020, split between governmental activities and business-type activities based on where the radios are to be used, which is approximately 88% governmental activities and 12% business-type activities. Per the agreement, in the event of default, the company has multiple courses of remedy to include, but not limited to, declaring the unpaid principal immediately due and payable.

In May 2019, the City entered into a capital lease agreement in the amount of $104,749 to finance the purchase of a 2019 Freightliner Truck. Payments of $28,374 including interest at 3.18% are due annually until maturity in June 2023. The balance was $79,983 at September 30, 2020. Per the agreement, the City is required to budget each year for the payments coming due during the fiscal year. In the event of default, the bank has multiple courses of remedy to include, but not limited to, declaring the unpaid principal immediately due and payable.

Debt service requirements to maturity on capital leases at September 30, 2020 are as follows:

	Governmental activities		Business-type activities		Total	
Year ending September 30,	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2021	$ 38,530	$ 4,421	$ 1,668	$ 247	$ 40,198	$ 4,668
2022	39,604	3,347	1,701	213	41,305	3,560
2023	40,710	2,243	1,735	180	42,445	2,423
2024	13,473	1,105	1,769	145	15,242	1,250
2025	13,741	837	1,804	110	15,545	947
2026-2027	28,306	847	3,717	111	32,023	958
Total	$ 174,364	$ 12,800	$ 12,394	$ 1,006	$ 186,758	$ 13,806

The cost of capital assets acquired under capital leases is $280,914, less accumulated depreciation of $128,596, for a net carrying value of $152,318 at September 30, 2020.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (Continued)

Direct borrowings - notes payable

Governmental activities

In November 2019, the City entered into an agreement with Federal Emergency Management Agency for a $1,143,321 loan under the Community Disaster Loan program with an interest rate of 1.625% per year. The principal and interest less any amounts that may be cancelled by the government pursuant to Section 417 of the Stafford Disaster Relief and Emergency Assistance Act, Public Law 93-288, are due in November 2024.

Business-type activities

In November 2016, the City entered into an agreement with the State of Florida, Department of Environmental Protection for a $1,019,130 loan for a sewer rehabilitation project with an interest rate of 0.3% per year for 20 years. Of the $1,019,130, $301,153 was to be forgiven at the end of the project leaving a balance of $719,177 due, including $1,200 of capitalized interest. In November 2017, this agreement was annulled and replaced with a new agreement for $1,255,033, and an interest rate of 0.42% per year for 20 years. Another amendment to the agreement was completed in August 2019 which increased the loan amount to $1,455,033 with the additional $200,000 at an interest rate of 0.37% per year for 20 years. This project was finalized during fiscal year 2020 for a total of $1,308,798. Of this balance, $916,159 of the loan balance was forgiven, leaving a balance of $424,524. The first semi-annual payment of $12,289 was due June 15, 2020. The loan is collateralized by the pledged revenues of the water system. The remaining principal and interest payments on this debt as of September 30, 2020 totaled $432,299. Principal and interest paid for the year ended September 30, 2020 and total pledged revenues were $12,289 and $265,139, respectively. Principal and interest payments were 5% of the pledged revenues for the year ended September 30, 2020.

In August 2018, the City entered into an agreement with the State of Florida, Department of Environmental Protection for a $162,075 loan for a water rehabilitation project with an interest rate of 2.05% per year for 10 years. Of the $162,075, $81,037 is expected to be forgiven at the end of the project leaving a balance of $81,838, including capitalized interest of $800. The first semi-annual payment of $4,637 is due February 15, 2022. The loan is collateralized by the pledged revenues of the water system. No principal or interest payments were made during the year ending September 30, 2020. Pledged revenue for the year ending September 30, 2020 was $265,139. The total principal and interest remaining to be paid on the loan as of September 30, 2020 is $31,761.

As of September 30, 2020, $1,395,705 for both projects has been expensed and recorded, $1,368,194 in notes payable and $943,670 in grants, including $916,159 in loans forgiven for the 2016 agreement.

Regarding both of these agreements, the City is also required to maintain rates and charges for the services furnished by the water system which will be sufficient to provide, in each fiscal year, pledged revenues equal to or exceeding 1.15 times the sum of the semiannual loan payments due in such fiscal year. In the event of default, the State has multiple courses of remedy to include, but not limited to,

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (Continued)

establishing and implementing the rates deemed appropriate to fulfill the rate coverage requirement, garnish the City's unobligated funds from the State to pay delinquent amounts, and accelerating the repayment schedule or increasing the interest rate on unpaid balance to as much as 1.667 times the loan interest rate.

Expected debt service requirements to maturity on the notes payable at September 30, 2020 is as follows:

	Governmental activities		Business-type activities		Total	
Year ending September 30,	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2021	$ -	$ 16,390	$ 20,523	$ 1,643	$ 20,523	$ 18,033
2022	-	18,845	22,060	3,283	22,060	22,128
2023	-	19,151	23,275	2,068	23,275	21,219
2024	-	19,463	23,416	1,927	23,416	21,390
2025	1,143,321	19,779	23,559	1,784	1,166,880	21,563
2026-2030	-	-	119,994	6,719	119,994	6,719
2031-2035	-	-	110,638	3,371	110,638	3,371
2036-2040	-	-	98,760	1,041	98,760	1,041
Total	$ 1,143,321	$ 93,628	$ 442,225	$ 21,836	$ 1,585,546	$ 115,464

Compensated absences

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

Sick leave earned is cumulative and upon resignation after 10 years of service or retirement is paid out at 25% up to a maximum of 240 hours.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (Continued)

Changes In long-term liabilities

Long-term liability activity for the year ended September 30, 2020, was as follows for governemental activities:

Governmental activities	Balance September 30, 2019	Increases	Decreases	Balance September 30, 2020	Due Within One Year
Obligations under capital leases	$ 211,581	$ -	$ 37,217	$ 174,364	$ 38,530
Direct borrowings - notes payable	-	1,143,321	-	1,143,321	-
Net pension liability	1,809,692	705,938	-	2,515,630	-
Other postemployment benefits liability	300,687	65,456	-	366,143	-
Accrued compensated absences	128,179	-	17,327	110,852	22,170
Total governmental activities	$ 2,450,139	$1,914,715	$ 54,544	$ 4,310,310	$ 60,700

Long-term liability activity for the year ended September 30, 2020, was as follows for business-type activities:

Business-type activities	Balance September 30, 2019	Increases	Decreases	Balance September 30, 2020	Due Within One Year
Obligations under capital leases	$ 14,029	$ -	$ 1,635	$ 12,394	$ 1,668
Direct borrowings - notes payable	1,265,353	102,841	925,969	442,225	20,523
Net pension liability	357,246	36,871	-	394,117	-
Other postemployment benefits liability	100,528	21,819	-	122,347	-
Accrued compensated absences	31,908	-	17,810	14,098	2,820
Total business-type activities	$ 1,769,064	$ 161,531	$ 945,414	$ 985,181	$ 25,011

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (Continued)

Compensated absences, other postemployment benefits liability and the net pension liability will be liquidated in future periods primarily by the general fund for governmental activities. Business-type activities' compensated absences will be liquidated by the utility fund.

Interfund Receivables, Payables and Transfers

Internal balances at September 30, 2020, consisted of the following:

	Due from other funds	Due to other funds
General fund	$ 119,524	$ -
Utility fund	-	119,524
Total	$ 119,524	$ 119,524

The interfund balances were for the purpose of operations.

No interfund transfers were made during the year ended September 30, 2020.

Net Position Restrictions

The following is a description of reported net position restrictions in governmental activities and business-type activities at September 30, 2020.

Governmental fund

Community redevelopment agency	$ 12,167
Infrastructure taxes	1,092,002
Law enforcement	8,001
Total	$ 1,112,170

Proprietary fund

Restricted for revenue bond debt service	$ 54,221
Total	$ 54,221

The amount restricted as of September 30, 2020 by enabling legislation is $1,112,170.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Net Investment In Capital Assets

The elements of the calculation for net investment in capital assets are as follows:

	Governmental Activities	Business-type Activities	Total
Capital assets, net	$ 3,216,831	$ 5,513,200	$ 8,730,031
Outstanding debt related to capital assets	(174,364)	(454,619)	(628,983)
Net investment in capital assets	$ 3,042,467	$ 5,058,581	$ 8,101,048

Deficit Balances

The government-wide governmental activities has a deficit unrestricted net position balance of $1,126,234 at September 30, 2020.

Note 4: PENSION PLANS

Plan Description

The City participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature.

The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

The Florida Retirement System (FRS) Pension Plan (Plan) is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or are allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

Note 4: PENSION PLANS (Continued)

The Retirees' Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided

Benefits provided by FRS are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by $5. The minimum payment is $30 and the maximum payment is $150 per month, pursuant to Section 112.363, Florida Statutes.

Contributions

The contribution requirements of plan members and the City are established and may be amended by the Florida Legislature. Employees are required to contribute 3% of their salary to FRS. The City's contribution rates for the year ended September 30, 2020 were as follows:

	October 1, 2019 Through June 30, 2020		July 1, 2020 Through September 30, 2020	
	FRS	**HIS**	**FRS**	**HIS**
Regular class	6.81%	1.66%	8.34%	1.66%
Special risk	23.82%	1.66%	22.79%	1.66%
DROP participants	12.94%	1.66%	15.32%	1.66%

The City's contributions for the year ended September 30, 2020, were $184,880 to FRS and $23,106 to HIS.

Pension Liabilities and Pension Expenses

In its financial statements for the year ended September 30, 2020, the City reported a liability for its proportionate share of the net pension liability of FRS and its proportionate share of the net pension liability of HIS. The net pension liabilities were measured as of June 30, 2020. The City's proportions of the net pension liabilities were based on its share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

Note 4: PENSION PLANS (Continued)

	FRS	HIS
Net pension liability	$ 2,411,691	$ 498,056
Proportion at:		
Current measurement date	0.005564399%	0.004079137%
Prior measurement date	0.005052348%	0.003816072%
Pension expense	$ 516,431	$ 53,541

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Effect of economic/demographic gains or losses (Differences between expected and actual experience)	$ 92,300	$ -	$ 20,374	$ 384
Effect of assumptions changes or inputs	436,593	-	53,555	28,960
Net difference between projected and actual earnings on pension plan investments	143,594	-	398	-
Changes in proportion and differences between contributions and proportionate share of contributions	126,818	27,768	43,099	3,875
City contributions subsequent to the measurement date	43,887	-	5,483	-
Total	$ 843,192	$ 27,768	$ 122,909	$ 33,219

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting year ending September 30, 2021. Other pension related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Note 4: PENSION PLANS (Continued)

Measurement period ending June 30,	FRS	HIS
2021	$ 157,749	$ 17,968
2022	233,690	15,980
2023	201,463	9,727
2024	132,469	13,431
2025	46,166	14,911
Thereafter	-	12,190
Total	$ 771,537	$ 84,207

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was measured as of June 30, 2020. The total pension liability for FRS was determined by an actuarial valuation dated June 30, 2020. The total pension liability for HIS was determined by an actuarial valuation dated June 30, 2020. The total pension liability for each of the plans was determined using the individual entry-age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Salary increases	3.25%	3.25%
Investment rate of return	6.80%	N/A
Discount rate	6.80%	2.21%

Mortality assumptions for both plans were based on the PUB-2010 based table projected generationally with Scale MP-2018. The actuarial assumptions used in the FRS valuation dated June 30, 2020 were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018. No experience study has been completed for the HIS valuation, as it is on a pay-as-you-go basis, but the actuarial assumptions used for the valuation were based on certain results from the most recent experience study for FRS.

The following changes in key actuarial assumptions occurred in 2020:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 6.90% to 6.80%.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 3.50% to 2.21% and the mortality assumption was changed from Generational RR-2000 with Projection Scale BB tables to PUB-2010 base table, projected generationally with Scale MP-2018.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the target allocation and best estimates of arithmetic

and geometric real rates of return for each major asset class.

Note 4: PENSION PLANS (Continued)

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1%	2.2%	2.2%	1.2%
Fixed income	19%	3.0%	2.9%	3.5%
Global equity	54%	8.0%	6.7%	17.1%
Real estate (property)	10%	6.4%	5.8%	11.7%
Private equity	11%	10.8%	8.1%	25.7%
Strategic investments	5%	5.5%	5.3%	6.9%
	100%			

Discount Rate

The discount rate used to measure the total pension liability for FRS was 6.80%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because HIS is essentially funded on a pay-as-you-go basis, a municipal bond rate of 2.21% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the City's proportionate share of the net pension liability if the discount rate was 1% higher or 1% lower than the current discount rate.

	FRS		
	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability	$ 3,851,068	$ 2,411,691	$ 1,209,520

	HIS		
	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability	$ 575,730	$ 498,056	$ 434,480

Note 4: PENSION PLANS (Continued)

Pension Plans' Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

Payables to the Pension Plan

As of September 30, 2020, the City reported payables to the pension plans in the amount of $26,586.

Defined Contribution Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan (FRS Investment Plan), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended September 30, 2020, totaled $29,019.

Note 5: OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The City has established the Retirees' Health Insurance Other Postemployment Benefits (OPEB) Plan (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 makeup of plan participants as of the October 1, 2018 valuation was as follows:

Active participants	25
Retirees and beneficiaries	-
Total plan members	25

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.

Note 5: OTHER POSTEMPLOYMENT BENEFITS (Continued)

Benefits Provided

The OPEB Plan provides healthcare insurance benefits for retirees and their dependents. The OPEB Plan only provides an implicit subsidy as described above.

Total OPEB Liability

The City's total OPEB liability of $488,490 was measured as of September 30, 2020 based on an actuarial valuation dated October 1, 2018.

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Discount rate: 2.14% per annum for measurement date September 30, 2020
- Salary increase: 3.00% per annum
- Healthcare cost trend rates: 7.5% for the 2018/19 fiscal year graded down by .5% per year to 5% for the 2023/24 and later fiscal years
- Age-related morbidity: 3.5% for each year of age
- Implied subsidy: $550 per individual assumed at age 62 for 2018/19 fiscal year; the implied subsidy is assumed to disappear at age 65
- Retirement: For general employees hired prior to July 1, 2011, 62 with six years of service or any age with 30 years of service; for general employees hired on and after July 1, 2011, 65 with eight years of service or any age with 33 year of service; firefighters and police officers hired prior to July 1, 2011, 55 with six years of service or any age with 25 years of service; for firefighters and police officers hired on and after July 1, 2011, 60 with eight years of service or any age with 30 years of service
- Mortality basis: Sex-distinct rates set forth in the PUB-2010 Mortality Table for general and public safety employees, with full generational improvements in mortality using Scale MP-2017
- Annual retiree contribution – medical plan: $9,052 (retiree), $9,052 (spouse) and $18,104 (family)
- Other decrements: Assumed employment termination is based on the Scale 155 table; assumed disability is based on the Wyatt 1985 Disability Study (Class 1 for general employees and Class 4 for firefighters and police officers).
- Coverage election: 50% of eligible employees are assumed to elect medical coverage upon retirement or disability; of those electing medical coverage, 80% of males and 60% of females are also assumed to cover spouses
- Spouses and dependents: Husbands are assumed to be three years older than wives; retirees are not assumed to have any dependent children
- COBRA: Future healthcare coverage provided solely pursuant to COBRA was not included in the OPEB valuation
- Contribution requirement: Retirees must contribute 100% of the applicable health insurance premium charged by the carrier; there are no minimum required employer contributions

Note 5: OTHER POSTEMPLOYMENT BENEFITS (Continued)

- Changes: Since the prior measurement date the discount rate was decreased from 3.58% per annum to 2.14% per annum. Since the prior valuation date the implied subsidy at age 62 for the 2018/2019 fiscal year was decreased $756 to $550, and the mortality basis was changed from the RP-2000 Mortality Table with generational improvements in mortality using Scale BB to the PUB-2010 Mortality Table with generational improvements in mortality using Scale MP-2017.

Discount Rate

There are no invested plan assets held in trust to finance the OPEB Plan liability. The discount rate used is based on the return on the S&P Municipal Bond 20-year High Grade Index as of the measurement date.

Changes in the Total OPEB Plan Liability

Balance at September 30, 2019	$	401,215
Changes for the year:		
Service cost		42,735
Interest		9,274
Changes of assumptions or other inputs		56,519
Benefit payments		(21,253)
Net change in OPEB liability		87,275
Total OPEB liability at September 30, 2020	$	488,490

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following table presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.14 percent) or 1 percentage point higher (3.14 percent) than the current rate:

	1 % Decrease	Current Discount Rate	1 % Increase
Net OPEB Liability	$ 537,799	$ 488,490	$ 445,079

The following table presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.5 percent decreasing to 4 percent) or 1 percentage point higher (8.5 percent decreasing to 6 percent) than the current healthcare cost trend rates:

	1 % Decrease	Current Cost Trend Rate	1 % Increase
Net OPEB Liability	$ 424,102	$ 488,490	$ 567,587

Note 5: OTHER POSTEMPLOYMENT BENEFITS (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 140,493
Changes of assumptions	50,884	-
Total	$ 50,884	$ 140,493

Deferred outflows of resources related to amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in other postemployment expense as follows:

Measurement period ending September 30,	
2021	$ (9,923)
2022	(9,923)
2023	(9,923)
2024	(9,923)
2025	(9,923)
Thereafter	(39,994)
Total	$ (89,609)

Note 6: 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 separate commercial insurance coverage for workers' compensation, liability, and property damage. Coverage for workers' compensation and automobile claims are limited to the maximum liability exposure the City faces under Florida statutes. Coverage for general liability claims is a maximum of $1,000,000 combined single limit.

The commercial insurance carried is a claims incurred policy for which the City is covered for claims originating against the City during the policy period. The amount of coverage is dependent on the date of the liability-imposing event. The City has maintained continuous coverage and does not believe it has any exposure to events which occurred prior to the year ended September 30, 2020.

Note 7: COMMITMENTS AND CONTINGENCIES

During the ordinary course of its operations, the City is party to various claims, legal actions, and complaints. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of counsel for the City, the liabilities which may arise from such actions would not result in losses which would exceed the liability insurance limits in effect at the time the claim arose or otherwise materially affect the financial condition of the City or results of activities.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund(s). The amount, if any, of expenditures from current or prior years which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts not recorded, if any, to be immaterial.

Note 8: INVESTMENT IN JOINT VENTURE

The City, 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. 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 MPAWTF. The owner delegated to be the operator is Bay County, Florida. The operator of MPAWTF, in accordance with the interlocal agreement, prepares 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 MPAWTF. The City's interest in equity is reported within the City's utility fund. As of September 30, 2020, the City's portion of the equity in MPAWTF was $1,423,967. Complete financial statements for MPAWTF may be obtained from the operator at P.O. Box 2269, Panama City, Florida 32402.

Note 8: INVESTMENT IN JOINT VENTURE (Continued)

Condensed financial statements of MPAWTF are as follows:

Statement of Net Position
September 30, 2020

Assets		
Current assets	$	10,663,445
Noncurrent assets		18,284,898
Total assets		28,948,343
Deferred outflows of resources		
Deferred loss on bond refunding		492,837
Liabilities		
Current liabilities		4,090,590
Noncurrent liabilities		4,965,210
Total liabilities		9,055,800
Net position	$	20,385,380

For the year ended September 30, 2020, the City recorded a net gain from the joint venture in the amount of $310,970. As of September 30, 2020, the joint venture owes the City $256,221 for excess funds accumulated in the operating and repair and replacement accounts ($352,427) offset by $96,206 for the transfer of a collection system.

Statement of Activities
Year Ended September 30, 2020

Operating revenues	$	4,707,294
Operating expenses		(4,731,875)
Operating income		(24,581)
Nonoperating revenues (expenses)		2,682,184
Net income before distributions to owners		2,657,603
Distributions to owners		(713,231)
Change in net position		1,944,372
Net position, beginning of year		18,441,008
Net position, end of year	$	20,385,380

Note 9: UNCERTAINTIES

Hurricane Michael

The total amount of damages related to Hurricane Michael has not been determined as of the report date. Thus, the actual costs for hurricane repairs could be higher than estimated at this time. If significant additional costs are incurred the City will request supplemental payments from their insurance carrier above the original estimates.

COVID-19

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant impact on the operations of the City. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

Required Supplementary Information

City of Parker, Florida
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – General Fund

Year Ended September 30, 2020	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues				
Taxes				
Utility taxes	$ 365,700	$ 365,700	$ 429,014	$ 63,314
Business taxes	28,000	28,000	16,694	(11,306)
Communications taxes	80,000	80,000	86,623	6,623
Local option gas taxes	80,000	80,000	83,414	3,414
Intergovernmental	1,045,100	1,045,100	1,046,405	1,305
Grants	-	-	7,806,824	7,806,824
Licenses and permits	284,550	284,550	280,319	(4,231)
Charges for services	336,631	336,631	367,420	30,789
Fines and forfeitures	15,000	15,000	3,090	(11,910)
Rents	23,550	23,550	26,731	3,181
Interest	1,000	1,000	1,702	702
Contributions	4,000	4,000	3,268	(732)
Miscellaneous	4,753,000	4,753,000	35,149	(4,717,851)
Total revenues	7,016,531	7,016,531	10,186,653	3,170,122
Expenditures				
Current and capital outlay				
General government	5,701,466	5,701,466	1,149,068	4,552,398
Public safety	1,202,735	1,202,735	1,202,923	(188)
Code enforcement	106,185	106,185	88,122	18,063
Trash	236,416	236,416	274,739	(38,323)
Highways and streets	344,752	344,752	340,729	4,023
Fleet	37,644	37,644	36,924	720
Parks and recreation	83,279	83,279	81,784	1,495
Debt service	93,460	93,460	43,457	50,003
Total expenditures	7,805,937	7,805,937	3,217,746	4,588,191
Excess (deficit) of revenues over (under) expenditures	(789,406)	(789,406)	6,968,907	7,758,313
Other financing sources (uses)				
Insurance recoveries	-	-	171,589	171,589
Proceeds from debt	-	-	1,143,321	1,143,321
Transfers	583,818	583,818	-	(583,818)
Total other financing sources (uses)	583,818	583,818	1,314,910	731,092
Net changes in fund balance	(205,588)	(205,588)	8,283,817	8,489,405
Fund balance - beginning	(4,877,246)	(4,877,246)	(4,877,246)	-
Fund balance - ending	$ (5,082,834)	$ (5,082,834)	$ 3,406,571	$ 8,489,405

City of Parker, Florida
Schedule of Changes in the City's Total Other Postemployment Benefits Liability and Related Ratios

Year ended September 30,	2020	2019	2018
Total OPEB liability			
Service cost	$ 42,735	$ 32,539	$ 66,675
Interest	9,274	19,975	18,887
Differences between expected and actual experience	-	(171,496)	-
Changes in assumptions	56,519	(113)	-
Benefit (payments) refunds	(21,253)	(10,133)	(14,521)
Net change in OPEB liability	87,275	(129,228)	71,041
Total OPEB liability - beginning	401,215	530,443	459,402
Total OPEB liability - ending (a)	$ 488,490	$ 401,215	$ 530,443
Plan fiduciary net position			
Contributions - employer	$ -	$ -	$ -
Contributions - employee	-	-	-
Net investment income	-	-	-
Benefit payments/refunds	-	-	-
Administrative expenses	-	-	-
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position - beginning	-	-	-
Plan fiduciary net position - ending (b)	$ -	$ -	$ -
Net OPEB liability - ending (a) - (b)	$ 488,490	$ 401,215	$ 530,443
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%	0%
City's covered-employee payroll	$ 966,458	$ 966,458	$ 1,055,517
Net OPEB liability as a percentage of City's covered-employee payroll	50.54%	41.51%	50.25%

This schedule is intended to show information for 10 years. 2018 is the first year for this presentation, so no prior data, is available. Additional years will be included as they become available.

City of Parker, Florida
Schedule of Employer Contributions for Retirees' Health Insurance Other Postemployment Benefits Plan

Year ended September 30,	2020	2019	2018
Contractually required contribution	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-
Contribution deficiency/(excess)	$ -	$ -	$ -
City's covered-employee payroll	$ 966,458	$ 966,458	$1,055,517
Contributions as a percentage of City's covered-employee payroll	0%	0%	0%

This schedule is intended to show information for 10 years. 2018 is the first year for this presentation, so no prior data, is available. Additional years will be included as they become available.

City of Parker, Florida
Schedule of the City's Proportionate Share of the Net Pension Liability – Florida Retirement System

June 30,	2020	2019	2018	2017	2016	2015	2014	2013 *	2012 *	2011 *
City's proportion of the net pension liability	0.0055644%	0.0050523%	0.0049467%	0.0051836%	0.0052695%	0.0051447%	0.0051900%	N/A	N/A	N/A
City's proportionate share of the net pension liability	$ 2,411,691	$ 1,739,958	$ 1,489,980	$ 1,533,799	$ 1,330,553	$ 664,505	$ 316,667	N/A	N/A	N/A
City's covered payroll	1,351,618	1,276,252	1,181,823	1,132,779	1,106,889	1,090,190	1,135,263	N/A	N/A	N/A
City's proportionate share of the net pension liability as a percentage of the City's covered payroll	178.43%	136.33%	126.07%	135.40%	120.21%	60.95%	27.89%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%	N/A	N/A	N/A

* Disclosures for 2011 through 2013 are N/A because comparable information is not available at this time.

City of Parker, Florida
Schedule of the City's Contributions – Florida Retirement System

Year ended September 30,	2020	2019	2018	2017	2016	2015	2014	2013 *	2012 *	2011 *
Contractually required contribution	$ 184,880	$ 164,685	$ 141,975	$ 137,432	$ 130,308	$ 125,821	$ 113,683	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(184,880)	(164,685)	(141,975)	(137,432)	(130,308)	(125,821)	(113,683)	N/A	N/A	N/A
Contribution deficiency/(excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	N/A	N/A	N/A
City's covered payroll	$ 1,380,932	$ 1,346,084	$ 1,176,282	$ 1,153,174	$ 1,117,038	$ 1,075,760	$ 1,119,416			
Contributions as a percentage of covered payroll	13.39%	12.23%	12.07%	11.92%	11.67%	11.70%	10.16%	N/A	N/A	N/A

* Disclosures for 2011 through 2013 are N/A because comparable information is not available at this time.

City of Parker, Florida
Schedule of the City's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Program

June 30,	2020	2019	2018	2017	2016	2015	2014	2013 *	2012 *	2011 *
City's proportion of the net pension liability	0.0040791%	0.0038161%	0.0036184%	0.0035538%	0.0035856%	0.0035935%	0.0037438%	N/A	N/A	N/A
City's proportionate share of the net pension liability	$ 498,056	$ 426,980	$ 382,974	$ 379,991	$ 417,887	$ 336,480	$ 350,054	N/A	N/A	N/A
City's covered payroll	1,351,618	1,276,252	1,181,823	1,132,779	1,106,889	1,090,190	1,135,263	N/A	N/A	N/A
City's proportionate share of the net pension liability as a percentage of the City's covered payroll	36.85%	33.46%	32.41%	33.55%	37.75%	30.86%	30.83%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	1.64%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%	N/A	N/A	N/A

* Disclosures for 2011 through 2013 are N/A because comparable information is not available at this time.

City of Parker, Florida
Schedule of the City's Contributions – Health Insurance Subsidy Program

Year ended September 30,	2020	2019	2018	2017	2016	2015	2014	2013 *	2012 *	2011 *
Contractually required contribution	$ 23,106	$ 22,284	$ 19,531	$ 19,146	$ 18,547	$ 14,609	$ 12,825	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(23,106)	(22,284)	(19,531)	(19,146)	(18,547)	(14,609)	(12,825)	N/A	N/A	N/A
Contribution deficiency/(excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	N/A	N/A	N/A
City's covered payroll	$ 1,380,932	$ 1,346,084	$ 1,176,282	$ 1,153,174	$ 1,117,038	$ 1,075,760	$ 1,119,416			
Contributions as a percentage of covered payroll	1.67%	1.66%	1.66%	1.66%	1.66%	1.36%	1.15%	N/A	N/A	N/A

* Disclosures for 2011 through 2013 are N/A because comparable information is not available at this time.

Compliance Section

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INDEPENDENT AUDITORS' 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, and each major fund of the City of Parker, Florida (City), as of and for the year ended September 30, 2020, and the related notes to financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 11, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting as a basis for designing 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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify 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 in the accompanying schedule of findings and questioned costs as items 2020-001 to 2020-004 to be material weaknesses.

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 in the accompany schedule of findings and questioned costs as items 2020-005 to 2020-010 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. 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's Responses to Findings

The City's views of responsible officials and planned corrective actions related to the findings identified in our audit are included in the schedule of findings and questioned costs. The City's views of responsible officials and planned corrective actions were not subjected to the auditing procedures applied in the audit of the financial statements 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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Certified Public Accountants
Panama City Beach, Florida
February 11, 2022

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the City of Parker, Florida's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2020. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2020-011 and 2020-012, that we consider to be significant deficiencies.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Certified Public Accountants
Panama City Beach, Florida
February 11, 2022

City of Parker, Florida
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2020

Federal Agency/Pass-through Entity Name of Cluster/Federal Program	CFDA Number	Contract/ Grant Number	Passed Through to Subrecipients	Expenditures
United States Department of Homeland Security				
Passed through State of Florida Division of Emergency Management				
Community Disaster Loans	97.030	FEMA-DR-4399-FL	$ -	$ 1,143,321
Total Community Disaster Loans			-	1,143,321
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Z0894-PW-1552	-	4,658
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Z0894-PW-0756	-	3,568
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Z0894-PW-0186	-	1,437,778
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Z0894-PW-1001	-	5,651,722
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Z0894-PW-1564	-	285,805
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Z0894-PW-1503	-	15,637
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)			-	7,399,168
Total passed through State of Florida Division of Emergency Management			-	8,542,489
Total United States Department of Homeland Security			-	8,542,489
United States Department of the Treasury				
Passed through State of Florida Division of Emergency Management and Bay County, Florida				
COVID-19 Coronavirus Relief Fund	21.019	Y2280	-	28,616
Total passed through State of Florida Division of Emergency Management and Bay County, Florida			-	28,616
Total United States Department of the Treasury			-	28,616
Total Expenditures of Federal Awards			$ -	$ 8,571,105

(Continued)

See accompanying notes to schedule of expenditures of federal awards

	Contract/ Grant Number	Amount
Capitalization grants for drinking water state revolving funds (loan) - balance September 30, 2019	DW030720	$ 27,511
Current year expenditures of federal awards		-
Capitalization grants for drinking water state revolving funds (loan) - balance September 30, 2020		$ 27,511

	Contract/ Grant Number	Amount
Community disaster loans - balance September 30, 2019	FEMA-DR-4399-FL	$ -
Current year expenditures of federal awards		1,143,321
Community disaster loans - balance September 30, 2020		$ 1,143,321

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying schedule of expenditures of federal awards is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not represent a complete presentation of the federal awards of the City for the year ended September 30, 2020.

Note 2: INDIRECT COST RATE

The Uniform Guidance allows an organization to elect a 10% de minimis indirect cost rate. For the year ended September 30, 2020, the City did not elect to use this rate.

Note 3: LOAN/LOAN GUARANTEE OUTSTANDING BALANCES

In August 2018, the City of Parker was awarded a $162,075 loan from the State of Florida Department of Environmental Protection. This award is identified on the schedule under CFDA number 66.468, Drinking Water State Revolving Fund Cluster. As of September 30, 2020, the City accrued related expenses of $55,022. In accordance with terms of the loan agreements, 50% or $27,511 of the accrued expenses are to be forgiven. The City is obligated to repay the $27,511 balance once the forgiveness of obtained.

In November 2019, the City of Parker was awarded $1,143,321 loan from the Federal Emergency Management Agency under the Community Disaster Loan program. This award is identified under CFDA number 97.030, Community Disaster Loans. The principal and interest less any amounts that may be cancelled by the government pursuant to Section 417 of the Stafford Disaster Relief and Emergency Assistance Act, Public Law 93-288, are due in November 2024.

Note 4: OTHER TYPES OF FINANCIAL ASSISTANCE

There were no other types of federal assistance to be reported that includes endowments, insurance in effect, noncash assistance, donated property or free rent.

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued	Unmodified
Internal control over financial reporting	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	Yes
Type of auditors' report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes

Identification of major programs

CFDA Number	Name of Federal Award
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)
97.030	Community Disaster Loans

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	No

(Continued)

Section II – Financial Statement Findings

2020-001 Significant Audit Adjustments (prior years 2019-001 and 2018-001) (initially reported in 2007)

Condition: Adjustments to the financial records had to be proposed by the auditors in order for the financial statements to conform to GAAP.

Criteria: The requirement is for the City to prepare their financial statements in accordance with GAAP.

Effect: Financial statements are not in conformity with GAAP prior to adjustment.

Cause: Adjustments were necessary for the City prepared financial statements to be in accordance with GAAP.

Recommendation: While we realize it would not likely be financially feasible to implement the procedures necessary to eliminate all proposed audit adjustments, we recommend striving to reduce the number of adjustments needed as much as possible.

Views of responsible officials and planned corrective action: It is not considered economically feasible for the City to invest in the additional resources that would be required for us to provide the auditors with financial statements that require no proposed audit adjustments. We strive to maintain the City's books in a manner that minimizes the number of proposed adjusting journal entries necessary. With the recent change in staff skill set, the ending of Hurricane Michael grant processing, this finding is greatly reduced, but still cannot be eliminated.

2020-002 Lack of Segregation of Duties (prior years 2019-002 and 2018-002) (initially reported in 2009)

Condition: The City does not have proper segregation of duties in many areas due to a limited number of staff combined with needed cross-trained staff for backup of certain positions in the event of absences.

Criteria: Authorization, custody, and record-keeping duties should be segregated to provide a level of assurance that assets and transactions are handled properly.

Effect: Not having proper segregation of duties increases the possibility of undetected errors and irregularities.

Cause: The City has a limited number of staff which leads to certain incompatible duties being performed by a single person.

Recommendation: The City should continue to evaluate the cost versus the benefit of hiring additional staff to improve segregation of duties. Incompatible duties should be separated as much as possible and compensating controls should be implemented in order to reduce the risk associated with a lack of proper segregation of duties. Monthly financial activity such as journal entries, significant account balances, bank reconciliations, bank statements and check images should be reviewed by an independent member of management with sufficient knowledge.

Views of responsible officials and planned corrective action: This finding relates to areas that may never be fully resolved due to the limited staff and resources available to the City. Management believes the resources necessary to eliminate the finding would include hiring additional staff which the City cannot afford based on its budget. Management does not believe the investment required to eliminate this finding would provide substantial benefit to the City. We are continually looking for opportunities to implement mitigating controls. Monthly financial activity such as journal entries, significant account balances, bank reconciliation, bank statements and check images are currently being reviewed for reasonableness by an independent member of management with sufficient knowledge.

2020-003 Financial Statement and Schedule of Expenditures of Federal Awards Preparation (prior year 2019-003) (initially reported in 2019)

Condition: Inadequate design of internal control over the preparation of financial statements and the schedule of expenditures of federal awards being audited gives rise to a material weakness in internal control.

Criteria: The City is required to be able to prepare its financial statements and schedule of expenditures of federal awards as required by 2 CFR 200.510.

Effect: The auditors assist in the preparation while the City retains responsibility for them.

Cause: The City has a limited number of staff and is not able to create its own financial statements and schedule of expenditures of federal awards.

Recommendation: We recommend that the City consider taking the necessary steps to prepare their financial statements and schedule of expenditures of federal awards to the extent practical.

Views of Responsible Officials and Planned Corrective Action: Management believes that it is cost beneficial to have the auditors assist in the preparation of the financial statements and schedule of expenditures of federal awards. Although the finding cannot be eliminated, it can be greatly reduced. Management believes the skill set of the current staff and the ending of the large federal grant award created from Hurricane Michael will make the preparation of the financial statements and schedule of expenditures of federal awards within the scope of city employees with minimal guidance from the auditing firm.

2020-004 Bank Reconciliations

Condition: Bank reconciliations for the pooled cash account were not completed in a timely manner after the software conversion occurred in May 2020.

Criteria: The requirement is for bank reconciliations to be completed accurately and timely and reviewed by someone independent of the reconciliation process.

Effect: Failure to perform accurate and timely reconciliations and lack of review could result in ineffective cash management, unidentified delays in deposits, and/or material errors or fraud going

undetected. In addition, unreconciled differences on the bank accounts results in the inability to determine if balances on the general ledger are correct, allowing potential material misstatements on the financial statements.

Cause: The City has had multiple turnovers in their bookkeeping position during fiscal year 2020 and since year-end including one around the time of the software conversion. Between the turnover and software conversion, the City employees failed to reconcile the pooled cash account.

Recommendation: We recommend that the City establish procedures to ensure that all bank reconciliations are prepared timely and that they agree with the general ledger. We recommend that the bank reconciliations be reviewed by a member of management or governance who is independent of the bank reconciliation process. We also recommend that all reconciliations be signed or initialed and dated by the preparer and reviewer so that timing and responsibility can be easily determined.

Views of Responsible Officials and Planned Corrective Action: The City is continuing to make efforts to keep all accounts properly reconciled and timely performed. The City has hired third parties to assist in training City staff to perform the bank reconciliations going forward. The City will consider how best to incorporate a management level review of the reconciliations are in process.

2020-005 Data Submitted to Florida Retirement System Not Reviewed Sufficiently (prior year 2019-005) (initially reported in 2019)

Condition: Errors noted in reporting to Florida Retirement System as a few employees were enrolled as regular employees instead of high-risk employees.

Criteria: Monthly pension submissions should be reviewed by someone other than the preparer to verify accuracy of the information, including that all qualified employees are reported, wages and pension contributions are reported accurately, and employees are enrolled in the appropriate plans.

Effect: This error resulted in an understatement in the pension expense for the year as well as having an effect on the City's proportionate share calculated by the State for reporting related to GASB 68.

Cause: The City made a mistake in reporting high-risk employees as regular employees and the error was not identified by the City's review process.

Recommendation: The City should implement controls to ensure that information submitted to Florida Retirement System each month is accurate and complete.

Views of Responsible Officials and Planned Corrective Action: The human resources department has implemented additional strategies to ensure pension submission reports are completed and reviewed monthly for accuracy and completeness. Additionally, new software has a built-in function that is being utilized for monthly reconciliations of all benefits for added checks and balances.

2020-006 Data Submitted to the Actuary for Other Postemployment Benefits Liability Not Reviewed Sufficiently (prior year 2019-006) (initially reported in 2019)

Condition: Errors were noted in reporting to the actuary for the determination of the other postemployment benefits liability.

Criteria: Every other year, the City is required to have an actuarial valuation completed in relation to their other postemployment benefits liability as required by *Governmental Accounting Standards*. The valuation will be inaccurate if inappropriate census data is submitted for completion of the valuation.

Effect: Due to the error, the other postemployment benefits liability was understated by an estimated 2-4% per the City's actuary, which could be approximately $8,000 to $16,000.

Cause: The City did not have a review process in place to identify the error in reporting of census data.

Recommendation: The City should implement controls to ensure that information submitted to actuary for the other postemployment benefit valuation is accurate and complete.

Views of Responsible Officials and Planned Corrective Action: The human resources department has implemented additional strategies in order to ensure census data provided for the valuation are reviewed for accuracy and completeness prior to delivering the data to the actuary.

2020-007 Month-end Closing (prior year 2019-007) (initially reported in 2019)

Condition: The City has started to setup a month-end closing process to review balances and provide monthly financial statements to governance and management, but have not yet implemented those processes and procedures.

Criteria: Month-end closing procedures should be established and implemented to verify all accounts are appropriately reported at month-end and produce monthly financial reports which compares actual expenditures to budget.

Effect: Without month-end financial statements, errors and fraud can go uncorrected and they can become increasingly difficult to locate and correct over time. Also, the Council and management are not able to make informed decisions when corrections aren't made in a timely manner.

Cause: The City has started to setup a process but have not yet implemented a formal month-end closing process. The lack of a month-end closing process was partially responsible for the various accounts not being reviewed and updated appropriately throughout the year including, but not limited to, deposit payables/revenue, developer receivables/unearned revenue, and retiree insurance payables.

Recommendation: We recommend the City create and implement a month-end closing process which includes review of month-end balances and the preparation of appropriate monthly financial statements.

Views of Responsible Officials and Planned Corrective Action: With the addition of newly hired personnel, the City implemented a formal month-end closing process which includes the preparation of appropriate monthly financial statements. For further control, each department head is given monthly, department specific profit and loss statements for review.

2020-008 Approved Minutes of Council Meetings Not Prepared

Condition: Approved meeting minutes were not available from the first quarter of fiscal year 2020.

Criteria: Transcribing notes from Council meetings to be reviewed and approved by the Council in a timely manner is a sound management practice.

Effect: Without approved minutes prepared in a timely manner the Council may not have documentation of activity approved by the Council and decisions made may be overlooked and forgotten over time.

Cause: The City stopped preparing minutes after Hurricane Michael, which caused significant additional work for the City Clerk who prepares the minutes. There was also turnover in the City Clerk position during the time period affected.

Recommendation: Council meeting minutes should be completed timely and approved by the Council to show documentation of actions taken.

Views of Responsible Officials and Planned Corrective Action: The City is aware of the importance of this. Starting in calendar year 2020 the City started preparing and approving all Council meeting minutes again and are current since then, but have not had a chance to go back and complete minutes missed after Hurricane Michael. The City will get these meeting minutes completed and approved.

2020-009 Timesheets not Always Signed by Supervisor to Indicate Review and Approval (prior year 2019-010) (initially reported in 2019)

Condition: Certain timesheets sampled from January and February 2020 were not signed by supervisors to indicate that they had been reviewed and approved.

Criteria: Timesheets should be signed by a supervisor to indicate review and approval per the City's policies and procedures.

Effect: Timesheets that have not been properly reviewed can contain errors in hours reported or contain unapproved or unauthorized overtime.

Cause: Certain timesheets were not signed by a supervisor indicating they may not have been reviewed and approved before being processed for payroll.

Recommendation: We recommend a supervisor sign all timesheets, in accordance with City policies.

Views of Responsible Officials and Planned Corrective Action: New procedures were implemented to verify time sheets are appropriately signed. The change in procedures hadn't occurred by February 2020. The new process is for the human resources department to verify the appropriate signatures exist while processing the timesheet for entry into the computer system so errors can be identified and corrected in a timely manner.

2020-010 Detailed Timesheets Not Available

Condition: Certain timesheets sampled from February 2020 were not available from one department tested. The only documentation available was a summary of hours spreadsheet kept by the bookkeeper without supporting documentation to indicate accuracy of the spreadsheet or approval of the hours reported.

Criteria: Timesheets should be completed in detail for each employee, signed by a supervisor to indicate review and approval, and retained for documentation purposes to support payments made.

Effect: Without supporting documentation errors in hours reported cannot be confirmed.

Cause: Certain timesheets were not signed by a supervisor indicating they may not have been reviewed and approved before being processed for payroll.

Recommendation: We recommend a supervisor sign all timesheets, in accordance with City policies.

Views of Responsible Officials and Planned Corrective Action: New procedures were implemented to verify time sheets are appropriately signed. The change in procedures hadn't occurred by February 2020. The new process is for the human resources department to verify the appropriate signatures exist while processing the timesheet for entry into the computer system so errors can be identified and corrected in a timely manner.

Section III – Federal Award Findings and Questioned Costs

2020-011 Lack of Documented Review of Required Quarterly Reports

CFDA Number: 97.036
Program Title: Disaster Grants – Public Assistance (Presidentially Declared Disasters)
Compliance Requirement: Reporting – Performance Reporting
Pass-through Entity: State of Florida Division of Emergency Management
Federal Grant/Contract Number and Grant Year: Z0894 2020
Finding Type: Significant Deficiency in Internal Control
Known Questioned Costs: $0

Condition: The quarterly Federal Emergency Management Agency reports required by the grant related to status of the projects were prepared by the City's consultant and there was no documented review of the reports by the City prior to submission.

Criteria: 2 CFR section 200.303 requires that nonfederal entities receiving federal awards establish and maintain internal control over the federal awards that provides reasonable assurance that the nonfederal entity is managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards.

Effect: Quarterly reporting could include potential errors and cause the City to be out of compliance with the requirements of the grant.

Cause: The City has not implemented procedures to formally document their review of quarterly reporting prior to submission of those reports by their third party consultant to the Florida Division of Emergency Management.

Recommendation: The City should implement formal documentation via signature of approval on submission of the quarterly reporting prior to submission to the Florida Division of Emergency Management.

Views of Responsible Officials and Planned Corrective Action: The City will implement procedures to document review of reports for accuracy and to make sure reports are completed in a timely manner prior to submission.

2020-012 Lack of Documented Review of Reimbursement Requests

CFDA Number: 97.036
Program Title: Disaster Grants – Public Assistance (Presidentially Declared Disasters)
Compliance Requirement: Special Tests and Provisions – Project Accounting
Pass-through Entity: State of Florida Division of Emergency Management
Federal Grant/Contract Number and Grant Year: Z0894 2020
Finding Type: Significant Deficiency in Internal Control
Known Questioned Costs: $0

Condition: The reimbursement requests to Federal Emergency Management Agency were prepared by the City's consultant and there was no documented review of the reimbursement requests by the City prior to submission.

Criteria: 2 CFR section 200.303 requires that nonfederal entities receiving federal awards establish and maintain internal control over the federal awards that provides reasonable assurance that the nonfederal entity is managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards.

Effect: Reimbursement requests could include potential errors and cause the City to be out of compliance with the requirements of the grant.

Cause: The City has not implemented procedures to formally document their review of reimbursement requests prior to submission of those reports by their third party consultant to the Florida Division of Emergency Management.

Recommendation: The City should implement formal documentation via signature of approval on submission of the reimbursement requests prior to submission to the Florida Division of Emergency Management.

Views of Responsible Officials and Planned Corrective Action: The City will implement procedures to document review of reimbursement requests for accuracy and to make sure reports are completed in a timely manner prior to submission.

City of Parker, Florida
Summary of Schedule of Prior Year Audit Findings
Year Ended September 30, 2020

The City has taken corrective action for findings included in the prior year audit report, except as noted below.

Prior Year/ Current Year Finding No.	Program/Area	Brief Description	Status	Comments
2019-001/ 2020-001	Financial Statement/ Significant Audit Adjustments	Adjustments to the financial records had to be proposed by the auditors in order for the financial statements to conform to GAAP.	Not Corrected	While the City strives to improve this condition, it is not expected to be corrected within the near future due to a lack of resources.
2019-002/ 2020-002	Financial Statement/ Lack of Segregation of Duties	The City does not have proper segregation of duties in many areas due to a limited number of staff combined with needed cross-trained staff for backup of certain positions in the event of absences.	Not Corrected	While the City strives to improve this condition, it is not expected to be corrected within the near future due to a lack of resources.
2019-003/ 2020-003	Financial Statement/ Financial Statements and Schedule of Expenditures of Federal Awards Preparation	Inadequate design of internal control over the preparation of financial statements and the schedule of expenditures of federal awards being audited gives rise to a material weakness in internal control.	Not Corrected	While the City strives to improve this condition, it is not expected to be corrected within the near future due to a lack of resources.
2019-004	Financial Statement/ Delays in Deposits	A material amount of outstanding deposits were not deposited timely at year-end, with one deposit at year-end for $7,435 taking more than 60 days to be deposited.	Corrected	N/A
2019-005/ 2020-005	Financial Statement/ Data Submitted to Florida Retirement System Not Reviewed Sufficiently	Errors noted in reporting to Florida Retirement System as a few employees were enrolled as regular employees instead of high-risk employees.	Not Corrected	The City continues to work on improving the reporting processes for retirement.

City of Parker, Florida
Summary of Schedule of Prior Year Audit Findings (Continued)
Year Ended September 30, 2020

Prior Year/ Current Year Finding No.	Program/Area	Brief Description	Status	Comments
2019-006/ 2020-006	Financial Statement/ Data Submitted to the Actuary for Other Postemployment Benefits Liability Not Reviewed Sufficiently	Errors were noted in reporting to the actuary for the determination of the other postemployment benefits liability.	Not Corrected	The City did not obtain a new actuary valuation in the current year. Will work to improve their policies and procedures.
2019-007/ 2020-007	Financial Statement/ Month-end Closing	The City has started to setup a month-end closing process to review balances and provide monthly financial statements to governance and management, but have not yet implemented those processes and procedures.	Not Corrected	The City continues to work on improving the month-end processes.
2019-008	Financial Statement/ Operating Expenditures in Excess of Budget	General fund expenditures exceeded the approved budget in the general government and trash departments and in total in the general fund.	Corrected	N/A
2019-009	Disaster Grants – Public Assistance (Presidentially Declared Disasters)/ Equipment Activity Logs Related to FEMA Projects Not Signed as Required	Certain activity logs related to equipment usage were not signed, which indicates they may not have been properly reviewed.	Not Applicable	While the City has not specifically changed policies and procedures, the finding is no longer applicable as activity logs are not related to their grant reporting this year.
2019-010	Disaster Grants – Public Assistance (Presidentially Declared Disasters)/ Timesheet Were Not Signed by a Supervisor	Certain timesheets from the period during which project activity occurred were not signed by supervisor to indicate that they had been reviewed and approved.	Not Applicable	While the City has not specifically changed policies and procedures, the finding is no longer applicable as time sheets are not related to their grant reporting this year.

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INDEPENDENT AUDITORS' MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the City of Parker, Florida (City), as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated February 11, 2022.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance);* and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' 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;* Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on Compliance with Local Government Investment Policies in accordance with AICPA *Professional Standards*, AT-C Section 315, and Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated February 11, 2022 should be considered in conjunction with this management letter.

Prior Audit Findings

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 address findings and recommendations made in the preceding annual financial audit report except as noted below under the heading prior year findings and recommendations.

Prior Year Findings and Recommendations

Tabulation of Uncorrected Audit Findings		
2019-2020 Fiscal Year Finding No.	**2018-2019 Fiscal Year Finding No.**	**2017-2018 Fiscal Year Finding No.**
2020-001	2019-001	2018-001
2020-002	2019-002	2018-002
2020-003	2019-003	N/A
2020-005	2019-005	N/A
2020-006	2019-006	N/A
2020-007	2019-007	N/A
2020-009	2019-010	N/A

Official Title and Legal Authority

Section 10.554(1)(i)4., 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 financial statements. The City 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 established on May 25, 2004 by City Resolution 2004-05-350 pursuant to Florida Statute 163.387.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City. 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.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate 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 note any such findings.

Purpose of This Letter

Our management letter is intended solely for the information and use of the Joint Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal, State and other granting agencies, the City Council 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.

Certified Public Accountants
Panama City Beach, Florida
February 11, 2022

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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

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

We have examined the City of Parker, Florida's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2020. Management of the City is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements identified above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City's compliance with the specified requirements.

In our opinion, the City complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies* during the year ended September 30, 2020.

This report is intended solely for the information and use of the City Council, management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

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

Certified Public Accountants
Panama City Beach, Florida
February 11, 2022

CITY OF PARKER

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February 11, 2022

City of Parker
Management's Corrective Action Plan
For the Fiscal Year Ended September 30, 2020

Financial Statement Finding Number: 2020-001 Significant Audit Adjustments (prior years 2019-001 and 2018-001) (initially reported in 2007)

Planned Corrective Action: It is not considered economically feasible for the City to invest in the additional resources that would be required for us to provide the auditors with financial statements that require no proposed audit adjustments. We strive to maintain the City's books in a manner that minimizes the number of proposed adjusting journal entries necessary. With the recent change in staff skill set, and the ending of Hurricane Michael grant processing, this finding is greatly reduced, but still cannot be eliminated.

Anticipated Completion Date: 09/30/2022

Responsible Contact Person: Julie Ducharme, Bookkeeper

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February 11, 2022

City of Parker
Management's Corrective Action Plan
For the Fiscal Year Ended September 30, 2020

Financial Statement Finding Number: 2020-002 Lack of Segregation of Duties (prior years 2019-002 and 2018-002) (initially reported in 2009)

Planned Corrective Action: This finding relates to areas that may never be fully resolved due to the limited staff and resources available to the City. Management believes the resources necessary to eliminate the finding would include hiring additional staff which the City cannot afford based on its budget. Management does not believe the investment required to eliminate this finding would provide substantial benefit to the City. We are continually looking for opportunities to implement mitigating controls. Monthly financial activity such as journal entries, significant account balances, bank reconciliation, bank statements and check images are currently being reviewed for reasonableness by an independent member of management with sufficient knowledge.

Anticipated Completion Date: 09/30/2022

Responsible Contact Person: Jami Hinrichs, City Clerk

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February 11, 2022

City of Parker
Management's Corrective Action Plan
For the Fiscal Year Ended September 30, 2020

Financial Statement Finding Number: 2020-003 Financial Statement and Schedule of Expenditures of Federal Awards Preparation (prior year 2019-003) (initially reported in 2019)

Planned Corrective Action: Management believes that it is cost beneficial to have the auditors assist in the preparation of the financial statements and schedule of expenditures of federal awards. Although the finding cannot be eliminated, it can be greatly reduced. Management believes the skill set of the current staff and the ending of the large federal grant award created from Hurricane Michael will make the preparation of the financial statements and schedule of expenditures of federal awards within the scope of city employees with minimal guidance from the auditing firm.

Anticipated Completion Date: 09/30/2022

Responsible Contact Person: Julie Ducharme, Bookkeeper

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February 11, 2022

City of Parker
Management's Corrective Action Plan
For the Fiscal Year Ended September 30, 2020

Financial Statement Finding Number: 2020-004 Bank Reconciliations

Planned Corrective Action: The City is continuing to make efforts to keep all accounts properly reconciled and timely performed. The City has hired third parties to assist in training City staff to perform the bank reconciliations going forward. The City will consider how best to incorporate a management level review of the reconciliations are in process.

Anticipated Completion Date: 09/30/2022

Responsible Contact Person: Julie Ducharme, Bookkeeper

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City of Parker
Management's Corrective Action Plan
For the Fiscal Year Ended September 30, 2020

Financial Statement Finding Number: 2020-005 Data Submitted to Florida Retirement System Not Reviewed Sufficiently (prior year 2019-005) (initially reported in 2019)

Planned Corrective Action: The human resources department has implemented additional strategies to ensure pension submission reports are completed and reviewed monthly for accuracy and completeness. Additionally, new software has a built-in function that is being utilized for monthly reconciliations of all benefits for added checks and balances.

Anticipated Completion Date: 09/30/2021

Responsible Contact Person: Melissa Correia, Human Resources

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February 11, 2022

City of Parker
Management's Corrective Action Plan
For the Fiscal Year Ended September 30, 2020

Financial Statement Finding Number: 2020-006 Data Submitted to the Actuary for Other Postemployment Benefits Liability Not Reviewed Sufficiently (prior year 2019-006) (initially reported in 2019)

Planned Corrective Action: The human resources department has implemented additional strategies in order to ensure census data provided for the valuation are reviewed for accuracy and completeness prior to delivering the data to the actuary.

Anticipated Completion Date: 09/30/2022 (date of next required submission)

Responsible Contact Person: Melissa Correia, Human Resources

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February 11, 2022

City of Parker
Management's Corrective Action Plan
For the Fiscal Year Ended September 30, 2020

Financial Statement Finding Number: 2020-007 Month-end Closing (prior year 2019-007) (initially reported in 2019)

Planned Corrective Action: With the addition of newly hired personnel, the City implemented a formal month-end closing process which includes the preparation of appropriate monthly financial statements. For further control, each department head is given monthly, department specific profit and loss statements for review.

Anticipated Completion Date: 09/30/2022

Responsible Contact Person: Julie Ducharme, Bookkeeper

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February 11, 2022

City of Parker
Management's Corrective Action Plan
For the Fiscal Year Ended September 30, 2020

Financial Statement Finding Number: 2020-008 Approved Minutes of Council Meetings Not Prepared

Planned Corrective Action: The City is aware of the importance of this. Starting in calendar year 2020 the City started preparing and approving all Council meeting minutes again and are current since then, but have not had a chance to go back and complete minutes missed after Hurricane Michael. The City will get these meeting minutes completed and approved.

Anticipated Completion Date: 09/30/2021

Responsible Contact Person: Jami Hinrichs, City Clerk

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February 11, 2022

City of Parker
Management's Corrective Action Plan
For the Fiscal Year Ended September 30, 2020

Financial Statement Finding Number: 2020-009 Timesheets not Always Signed by Supervisor to Indicate Review and Approval (prior year 2019-010) (initially reported in 2019)

Planned Corrective Action: New procedures were implemented to verify time sheets are appropriately signed. The change in procedures hadn't occurred by February 2020. The new process is for the human resources department to verify the appropriate signatures exist while processing the timesheet for entry into the computer system so errors can be identified and corrected in a timely manner.

Anticipated Completion Date: 09/30/2021

Responsible Contact Person: Melissa Correia, Human Resources

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February 11, 2022

City of Parker
Management's Corrective Action Plan
For the Fiscal Year Ended September 30, 2020

Financial Statement Finding Number: 2020-010 Detailed Timesheets Not Available

Planned Corrective Action: New procedures were implemented to verify time sheets are appropriately signed. The change in procedures hadn't occurred by February 2020. The new process is for the human resources department to verify the appropriate signatures exist while processing the timesheet for entry into the computer system so errors can be identified and corrected in a timely manner.

Anticipated Completion Date: 09/30/2021

Responsible Contact Person: Melissa Correia, Human Resources

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February 11, 2022

City of Parker
Management's Corrective Action Plan
For the Fiscal Year Ended September 30, 2020

Financial Statement Finding Number: 2020-011 Lack of Documented Review of Required Quarterly Reports

Planned Corrective Action: The City will implement procedures to document review of reports for accuracy and to make sure reports are completed in a timely manner prior to submission.

Anticipated Completion Date: 03/31/2022

Responsible Contact Person: Jami Hinrichs, City Clerk

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February 11, 2022

City of Parker
Management's Corrective Action Plan
For the Fiscal Year Ended September 30, 2020

Financial Statement Finding Number: 2019-012 Lack of Documented Review of Reimbursement Requests

Planned Corrective Action: The City will implement procedures to document review of reimbursement requests for accuracy and to make sure reports are completed in a timely manner prior to submission.

Anticipated Completion Date: 03/31/2022

Responsible Contact Person: Jami Hinrichs, City Clerk