City of Parker, Florida

Financial Statements

September 30, 2022

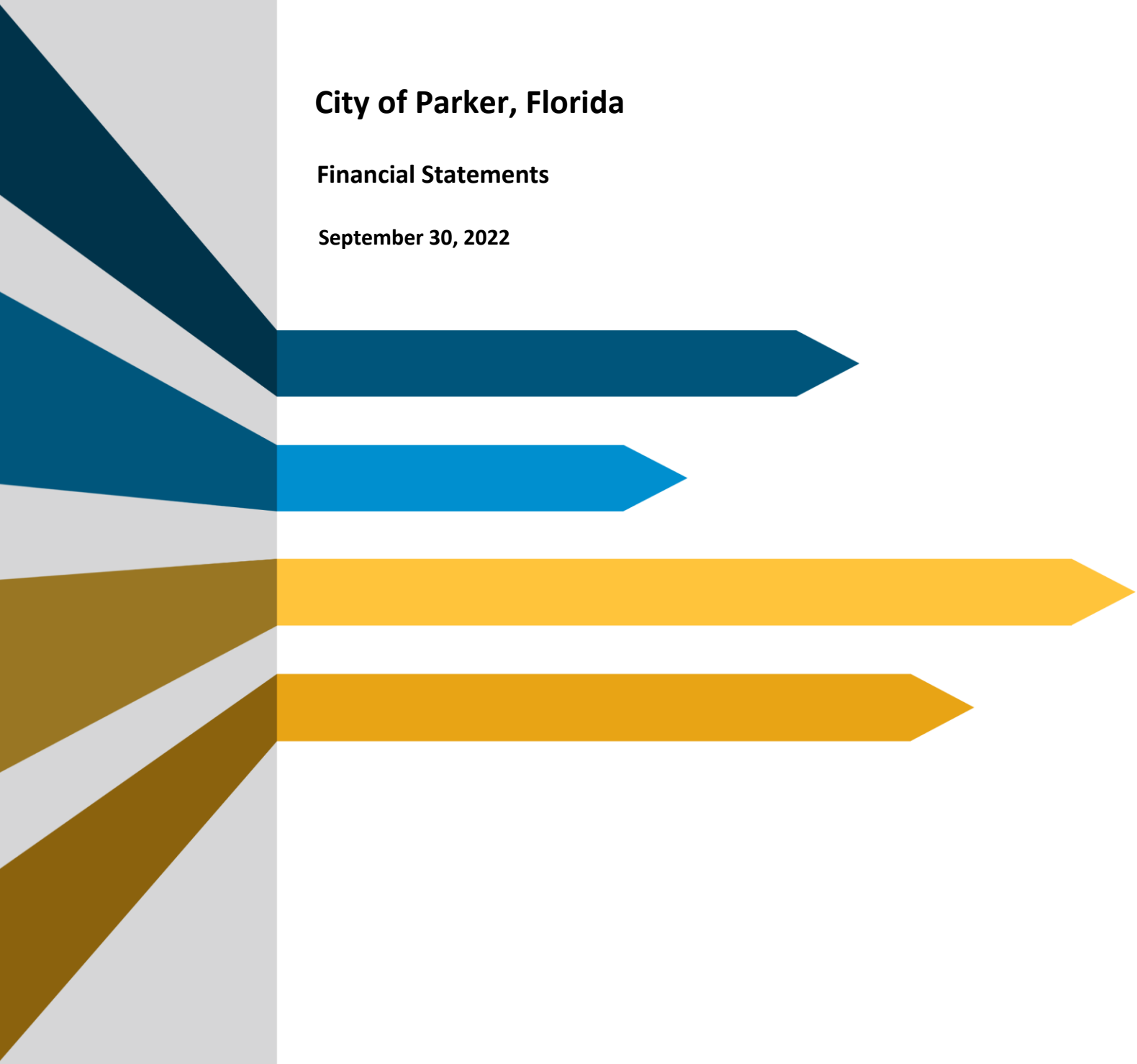


Table of Contents

FINANCIAL SECTION

Independent Auditors' Report 1
Management's Discussion and Analysis 5

Basic Financial Statements

Government-wide Financial Statements
Statement of Net Position 12
Statement of Activities 14

Fund Financial Statements
Balance Sheet – Governmental Fund 16
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund 18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Fund to the Statement of Activities 19
Statement of Net Position – Proprietary Fund 20
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund 22
Statement of Cash Flows – Proprietary Fund 24

Notes to Financial Statements 26

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund 65
Schedules of Other Postemployment Benefits 67
Schedules of Defined Benefit Pension Plans 69

REPORTS ON INTERNAL CONTROL AND COMPLIANCE MATTERS

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* 73

Independent Auditors' Report on Compliance for Each Major Federal Program And on Internal Control Over Compliance Required by the Uniform Guidance 75

Schedule of Expenditures of Federal Awards 78

Notes to Schedule of Expenditures of Federal Awards 79

Table of Contents

Schedule of Findings and Questioned Costs 80

Summary Schedule of Prior Year Audit Findings 86

Independent Auditors' Management Letter 88

Independent Accountants' Report on Compliance with Local Government Investment Policies 91

Corrective Action Plan 92

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
14101 Panama City Beach Parkway
Suite 200
Panama City Beach, FL 32413

(850) 784-6733
(850) 784-4866 (fax)
www.cricpa.com

INDEPENDENT AUDITORS' REPORT

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

Report on the Audited Financial Statements

Opinions

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, 2022, and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City as of September 30, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in note 9 to the financial statements, during the fiscal year 2022, the City adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 5 through 11, budgetary comparison information on pages 65 and 66, the schedules of other postemployment benefits on pages 67 and 68, and the schedules of defined benefit pension plans on pages 69 through 72, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards are 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 August 7, 2023, 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 City's internal control over financial reporting and compliance.

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

Certified Public Accountants
Panama City Beach, Florida
August 7, 2023

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, 2022. 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 $18,378,951 (net position). Included in this amount, is $642,174 in unrestricted net position of the governmental activities, and $5,767,856 in unrestricted net position of the business-type activities; while $3,716,378 is net investment in capital assets of the governmental activities, and $5,764,421 is net investment in capital assets of the business-type activities.

- Total net position increased by $1,799,340 during fiscal year 2022. Of this amount, an increase of $1,008,362 is attributable to governmental activities and an increase of $790,978 is attributable to business-type activities.

- As of September 30, 2022, the general fund's unassigned fund balance was $2,493,197.

- Governmental activities' revenues decreased 6% to $4,705,399, while expenses for governmental activities increased by 32% to $3,697,037. Business-type activities' revenues decreased 28% to $2,798,774, while business-type activities' expenses decreased by 2% percent to $2,007,796.

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, infrastructure, and right-to-use assets are reported in the *statement of net position***,** as well as all liabilities, including financed purchase liability, lease liability, 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, 2022 and 2021. Amounts reported for fiscal year September 30, 2021 have been restated to reflect prior period adjustments and restatements identified in the current year.

Net Position
(2021 Restated)

	Governmental Activities		Business-type Activities		Total	
September 30,	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Current and other assets	$ 7,389,233	$ 4,089,685	$ 6,306,452	$ 5,561,323	$ 13,695,685	$ 9,651,008
Noncurrent assets	4,711,136	3,688,489	7,194,183	7,195,142	11,905,319	10,883,631
Total assets	12,100,369	7,778,174	13,500,635	12,756,465	25,601,004	20,534,639
Deferred outflows of resources	542,854	521,411	104,909	101,565	647,763	622,976
Current liabilities	2,562,439	348,377	112,743	139,234	2,675,182	487,611
Noncurrent liabilities	3,117,074	1,339,202	1,195,685	1,035,313	4,312,759	2,374,515
Total liabilities	5,679,513	1,687,579	1,308,428	1,174,547	6,987,941	2,862,126
Deferred inflows of resources	771,722	1,428,380	110,153	287,498	881,875	1,715,878
Net investment in capital assets	3,716,378	3,445,728	5,764,421	5,811,078	9,480,799	9,256,806
Net position – restricted	1,833,436	1,553,154	654,686	593,121	2,488,122	2,146,275
Net position – unrestricted (deficit)	642,174	184,744	5,767,856	4,991,786	6,410,030	5,176,530
Total net position	$ 6,191,988	$ 5,183,626	$ 12,186,963	$ 11,395,985	$ 18,378,951	$ 16,579,611

Investment in capital assets (i.e., land, buildings, and equipment), net of related outstanding debt used to acquire those assets, represents 52% 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 $6,410,030.

The following schedule provides a summary of the changes in net position for the years ended September 30, 2022 and 2021.

Changes in Net Position
(2021 Restated)

Year Ended	Governmental Activities		Business-type Activities		Total	
September 30,	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Program revenues						
Charges for services	$ 687,619	$ 519,749	$ 2,442,548	$ 2,794,487	$ 3,130,167	$ 3,314,236
Operating grants and contributions	1,790,547	981,487	-	-	1,790,547	981,487
Capital grants and contributions	48,998	207,105	-	958,722	48,998	1,165,827
General revenues						
Taxes and fees	994,838	905,192	-	-	994,838	905,192
Intergovernmental	1,341,007	1,197,714	-	-	1,341,007	1,197,714
Interest	14,008	2,349	7,532	11,327	21,540	13,676
Transfers	(201,416)	-	201,416	-	-	-
Loan forgiveness	-	1,143,321	-	-	-	1,143,321
Gain on asset disposal	-	41,465	-	-	-	41,465
Other	29,798	24,863	147,278	82,136	177,076	106,999
Total revenues	4,705,399	5,023,245	2,798,774	3,846,672	7,504,173	8,869,917
Expenses						
General government	530,494	758,989	-	-	530,494	758,989
Public safety	1,251,792	1,106,761	-	-	1,251,792	1,106,761
Code enforcement	185,487	91,989	-	-	185,487	91,989
Trash	211,331	297,612	-	-	211,331	297,612
Physical environment	329,337	-	-	-	329,337	-
Highways and streets	757,563	343,006	-	-	757,563	343,006
Fleet	51,081	42,959	-	-	51,081	42,959
Parks and recreation	379,952	166,908	-	-	379,952	166,908
Utilities	-	-	2,007,796	2,054,612	2,007,796	2,054,612
Total expenses	3,697,037	2,808,224	2,007,796	2,054,612	5,704,833	4,862,836
Change in net position	1,008,362	2,215,021	790,978	1,792,060	1,799,340	4,007,081
Beginning net position	5,183,626	2,968,605	11,395,985	9,603,925	16,579,611	12,572,530
Ending net position	$ 6,191,988	$ 5,183,626	$ 12,186,963	$ 11,395,985	$ 18,378,951	$ 16,579,611

Governmental activities' revenues exceeded expenses by $1,008,362, while business-type activities' revenues exceeded expenses by $790,798. Total revenues decreased $1,365,744 from the previous year primarily due to no loan forgiveness in the current year. Thirty-eight percent (38%) of the revenues of governmental activities were generated by operating grants and contributions, 28% were generated by intergovernmental revenues, and 21% were related to taxes and fees. Most of the governmental resources were expended for public safety (34%), highway and streets (20%), and general government (14%). Charges for services provided $2,442,548 (87%) of the revenue for the business-type activities.

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, 2022, total assets were $7,396,922, total liabilities were $2,481,522, and total deferred inflows of resources were $505,122. At the end of fiscal year 2022, unassigned fund balance of the general fund was $2,493,197 while total fund balance was a $4,410,278.

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 $5,767,856.

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, 2022, was $10,893,144 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, and machinery and equipment. Amounts reported for fiscal year September 30, 2021 have been restated to reflect prior period adjustments and restatements identified in the current year.

Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
September 30,	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Land	$ 906,762	$ 646,012	$ 449,632	$ 650,652	$ 1,356,394	$ 1,296,664
Construction in progress	654,340	170,871	157,075	101,044	811,415	271,915
Buildings	469,756	502,029	-	-	469,756	502,029
Improvements	1,987,317	1,631,413	5,327,671	5,365,240	7,314,988	6,996,653
Machinery and equipment	676,699	527,264	255,319	349,425	932,018	876,689

(Continued)

	Governmental Activities		Business-type Activities		Total	
September 30,	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Intangible right-to-use assets	$ 8,573	$ 2,224	$ -	$ -	$ 8,573	$ 2,224
Total	$ 4,703,447	$ 3,479,813	$ 6,189,697	$ 6,466,361	$ 10,893,144	$ 9,946,174

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 2022, the City had total outstanding debt in the amount of $1,412,345. This debt balance represents notes payable secured by specified revenue sources and obligations under capital leases. Amounts reported for fiscal year September 30, 2021 have been restated to reflect restatements identified in the current year.

Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
September 30,	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Financed purchase liability	$ 185,041	$ 232,881	$ 9,026	$ 9,026	$ 194,067	$ 241,907
Lease liability	8,573	2,224	-	-	8,573	2,224
Notes payable	793,455	-	416,250	445,237	1,209,705	445,237
Total	$ 987,069	$ 235,105	$ 425,276	$ 454,263	$ 1,412,345	$ 689,368

Principal repayments during the year on notes payable totaled $28,987, on financed purchase liabilities totaled $47,840, and on lease liabilities totaled $2,224. Proceeds from lease liabilities totaled $8,573 and proceeds from notes payable totaled $793,455.

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 exceeded the budget amounts by $673,071, primarily due to more intergovernmental revenues than originally anticipated. The general fund final budget exceeded actual expenditures by $360,423 due primarily to less spent in general government than originally anticipated.

Economic Factors and Next Year's Budget

Since Hurricane Michael, the City of Parker, Florida continues to rebuild. The City has been focusing on the removal of unfit and unsafe structures, collection of storm water, repairing of the infrastructure and rebuilding for the future. The City generates revenue from water and sewer sales and our population is growing due to the rebuilding of homes and business that have been vacant since the storm in 2018.

The City has approved three land use changes to allow for larger complexes to be built in the City. Parkway Garden Apartments have nearly completed their demolition and we expect a new development request in the near future. The former La Brisa Inn will now be a Choice Inn by Clarion, with an 8 million dollar renovation that has just been approved. Move It Storage is nearly completed, the final landscaping is going in and expected to open in the coming months. We have a new dental office, Culvers Restaurant and Wawa Gas Station that have all submitted plans and are under review for development approval. The City is adjacent to Tyndall Air Force Base, which is rebuilding for the "base of the future." Many airmen and their families will move into our area in the upcoming months to staff the growing air base. We expect the population to continue to grow with single family homes being built on vacant lots.

Some positions have been difficult to fill and Council has elected not to fill until the 2024 fiscal year. This cost savings has been used to balance the rising cost of operating supplies needed to run the City.

The water and sewer revenue will continue to support the operations of the City. The City will increase the water rates 16.9% to help fund the needed repairs of the city's infrastructure system. The City Council also agreed on imposing an ad valorem tax. The revenues of the ad valorem tax are expected to be seen beginning in November of 2023.

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, 2022	Primary Government Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	$ 5,401,955	$ 4,317,866	$ 9,719,821
Accounts receivable, net	243,913	37,663	281,576
Leases receivable	347,183	-	347,183
Grants receivable	1,317,370	-	1,317,370
Due from joint venture	-	330,064	330,064
Inventories	64,858	-	64,858
Prepaids	13,954	-	13,954
Investment in joint venture	-	1,620,859	1,620,859
Total current assets	7,389,233	6,306,452	13,695,685
Noncurrent assets			
Restricted assets			
Cash and cash equivalents	7,689	1,004,486	1,012,175
Capital assets			
Nondepreciable	1,561,102	606,707	2,167,809
Depreciable, net	3,133,772	5,582,990	8,716,762
Right-to-use lease assets, net	8,573	-	8,573
Total noncurrent assets	4,711,136	7,194,183	11,905,319
Total assets	12,100,369	13,500,635	25,601,004
Deferred outflows of resources - pension	513,143	95,006	608,149
Deferred outflows of resources - other postemployment benefits	29,711	9,903	39,614
Total deferred outflows of resources	542,854	104,909	647,763
Liabilities			
Current liabilities			
Accounts payable	691,573	73,052	764,625
Accrued expenses	63,354	3,975	67,329
Unearned revenue	1,726,595	1,349	1,727,944
Accrued compensated absences, current portion	16,876	3,563	20,439
Financed purchase liability, current portion	62,436	1,735	64,171

(Continued)

	Primary Government		
September 30, 2022	**Governmental Activities**	**Business-type Activities**	**Total**
Lease liability, current portion	$ 1,605	$ -	$ 1,605
Notes payable, current portion	-	29,069	29,069
Total current liabilities	2,562,439	112,743	2,675,182
Noncurrent liabilities			
Accrued compensated absences, net of current portion	67,507	14,257	81,764
Financed purchase liability, net of current portion	122,605	7,291	129,896
Lease liability, net of current portion	6,968	-	6,968
Notes payable, net of current portion	793,455	387,181	1,180,636
Customer deposits	-	349,800	349,800
Net pension liability	1,835,444	339,825	2,175,269
Other postemployment benefits liability	291,095	97,331	388,426
Total noncurrent liabilities	3,117,074	1,195,685	4,312,759
Total liabilities	5,679,513	1,308,428	6,987,941
Deferred inflows of resources - pension	228,156	42,242	270,398
Deferred inflows of resources - other postemployment benefits	203,732	67,911	271,643
Deferred inflows of resources - lease revenue	339,834	-	339,834
Total deferred inflows of resources	771,722	110,153	881,875
Net position			
Net investment in capital assets	3,716,378	5,764,421	9,480,799
Restricted			
Impact fees	-	600,200	600,200
Debt service	-	54,486	54,486
Community redevelopment agency	12,184	-	12,184
Infrastructure taxes	1,813,563	-	1,813,563
Law enforcement	7,689	-	7,689
Unrestricted	642,174	5,767,856	6,410,030
Total net position	$ 6,191,988	$ 12,186,963	$ 18,378,951

City of Parker, Florida
Statement of Activities

Year Ended September 30, 2022	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	$ 530,494	$ 54,965	$ 35,985	$ -	$ (439,544)	$ -	$ (439,544)
Public safety	1,251,792	10,878	-	48,998	(1,191,916)	-	(1,191,916)
Code enforcement	185,487	198,861	-	-	13,374	-	13,374
Trash	211,331	401,773	36,224	-	226,666	-	226,666
Physical environment	329,337	-	35,858	201,416	(92,063)	-	(92,063)
Highways and streets	757,563	21,142	239,903	288,096	(208,422)	-	(208,422)
Fleet	51,081	-	3,900	-	(47,181)	-	(47,181)
Parks and recreation	379,952	-	229,027	720,138	569,213	-	569,213
Total governmental activities	3,697,037	687,619	580,897	1,258,648	(1,169,873)	-	(1,169,873)
Business-type activities							
Utility fund	2,007,796	2,442,548	-	-	-	434,752	434,752
Total business-type activities	2,007,796	2,442,548	-	-	-	434,752	434,752
Total primary government	$ 5,704,833	$ 3,130,167	$ 580,897	$ 1,258,648	(1,169,873)	434,752	(735,121)
General revenues							
Taxes							
Utility taxes					475,210	-	475,210
Business taxes					17,418	-	17,418
Communications taxes					80,287	-	80,287
Local option gas taxes					117,208	-	117,208

(Continued)

City of Parker, Florida
Statement of Activities (Continued)

Year Ended September 30, 2022	Net (Expenses) Revenues and Changes in Net Position — Primary Government		
	Governmental Activities	Business-type Activities	Total
Franchise fees	$ 304,715	$ -	$ 304,715
Intergovernmental	1,341,007	-	1,341,007
Total general revenues	2,335,845	-	2,335,845
Interest earnings	14,008	7,532	21,540
Miscellaneous	29,798	147,278	177,076
Transfers	(201,416)	201,416	-
Total general revenues, interest and other revenue	2,178,235	356,226	2,534,461
Change in net position	1,008,362	790,978	1,799,340
Net position - beginning	5,183,626	11,395,985	16,579,611
Net position - ending	$ 6,191,988	$12,186,963	$18,378,951

See accompanying notes

City of Parker, Florida
Balance Sheet
Governmental Fund

September 30, 2022	General Fund
Assets	
Cash and cash equivalents	$ 5,401,955
Grants receivable	1,317,370
Leases receivable	347,183
Accounts receivable, net	243,913
Inventories	64,858
Prepaids	13,954
Cash and cash equivalents - restricted	7,689
Total assets	7,396,922
Liabilities, deferred inflows of resources, and fund balance	
Liabilities	
Accounts payable	691,573
Accrued expenses	63,354
Unearned revenue	1,726,595
Total liabilities	2,481,522
Deferred inflows of resources	
Unavailable revenue - grant revenue	165,288
Unavailable revenue - lease revenue	339,834
Total deferred inflows of resources	505,122
Fund balance	
Nonspendable	
Prepaids	13,954
Inventories	64,858
Restricted	
Community redevelopment agency	12,184
Infrastructure taxes	1,813,563
Law enforcement	7,689
Assigned	
Capital purchases	4,833
Unassigned	
General fund	2,493,197
Total fund balance	4,410,278

(Continued)

City of Parker, Florida
Balance Sheet
Governmental Fund (Continued)

September 30, 2022	General Fund
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.	$ 4,703,447
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.	(3,197,991)
Grant revenues not available for use in the current fiscal year are deferred until future periods on the governmental funds balance sheet.	165,288
Deferred outflows and inflows of resources, excluding deferred inflows of resources - lease revenue, are not financial resources or liabilities, and therefore, are not reported in the funds.	110,966
Net position of governmental activities	$ 6,191,988

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

Year Ended September 30, 2022		General Fund
Revenues		
Taxes		
Utility taxes	$	475,210
Business taxes		17,418
Communications taxes		80,287
Local option gas taxes		117,208
Intergovernmental		1,341,007
Grants		1,669,576
Licenses and permits		373,098
Charges for services		424,758
Fines and forfeitures		160,984
Rents		33,494
Interest		14,008
Contributions and donations		4,681
Miscellaneous		29,798
Total revenues		4,741,527
Expenditures		
Current		
General government		479,849
Public safety		1,189,146
Code enforcement		184,556
Trash		194,969
Physical environment		329,337
Highways and streets		635,679
Fleet		42,477
Parks and recreation		304,230
Capital outlay		
Public safety		123,079
Highways and streets		322,496
Physical environment		201,416
Parks and recreation		885,773
Debt service		55,610
Total expenditures		4,948,617
Excess (deficit) of revenues over (under) expenditures		(207,090)
Other financing sources (uses)		
Proceeds from debt issuance		802,028
Total other financing sources (uses)		802,028
Net changes in fund balance		594,938
Fund balance - beginning (as originally reported)		4,016,360
Prior period adjustment		(201,020)
Fund balance - beginning (as restated)		3,815,340
Fund balance - ending	$	4,410,278

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, 2022

Amounts reported for governmental activities in the statement of activities are different because:	
Net changes in fund balance - total governmental fund (page 18)	$ 594,938
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.	1,227,741
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.	(751,964)
Capital contributions of capital assets from governmental activities to proprietary funds do not require the use of current financial resources and do not impact net position.	(201,416)
The net effect of miscellaneous noncash transactions involving capital assets (i.e. sales, trade-ins, adjustments, donations, and impairments) is to decrease net position.	(3,711)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	165,288
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).	(22,514)
Change in net position of governmental activities (page 15)	$ 1,008,362

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

	Business-type Activities/Enterprise Fund
September 30, 2022	**Utility Fund**
Assets	
Current assets	
Cash and cash equivalents	$ 4,317,866
Accounts receivable, net	37,663
Due from joint venture	330,064
Investment in joint venture	1,620,859
Total current assets	6,306,452
Noncurrent assets	
Restricted assets - cash and cash equivalents	
Customer deposits	349,800
Impact fees	600,200
Revenue bond debt service	54,486
Capital assets	
Property, plant and equipment	10,129,039
Less accumulated depreciation	(3,939,342)
Total noncurrent assets	7,194,183
Total assets	13,500,635
Deferred outflows of resources	
Deferred outflows related to pensions	95,006
Deferred outflows related to other postemployment benefits	9,903
Total deferred outflows of resources	104,909
Liabilities	
Current liabilities	
Accounts payable	73,052
Accrued expenses	3,975
Unearned revenue	1,349
Accrued compensated absences	3,563
Notes payable, current portion	29,069
Financed purchase liability, current portion	1,735
Total current liabilities	112,743

(Continued)

	Business-type Activities/Enterprise Fund	
September 30, 2022		**Utility Fund**
Noncurrent liabilities		
Accrued compensated absences	$	14,257
Financed purchase liability, net of current portion		7,291
Notes payable, net of current portion		387,181
Customer deposits		349,800
Net pension liability		339,825
Other postemployment benefits liability		97,331
Total noncurrent liabilities		1,195,685
Total liabilities		1,308,428
Deferred inflows of resources		
Deferred inflows related to pensions		42,242
Deferred inflows related to other postemployement benefits		67,911
Total deferred inflows of resources		110,153
Net position		
Net investment in capital assets		5,764,421
Restricted		
Impact fees		600,200
Debt service		54,486
Unrestricted		5,767,856
Total net position	$	12,186,963

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

Business-type Activities/Enterprise Fund		
Year Ended September 30, 2022		**Utility Fund**
Operating revenues		
Charges for services		
Water and sewer charges	$	2,253,888
Connection, reset and reactivation fees		55,602
Late fees		64,518
Tap fees		5,340
Impact fees		63,200
Total operating revenues		2,442,548
Operating expenses		
Personnel services		468,823
Capital contribution		4,504
Communications		7,256
Contractual services		54,191
Cost of water and sewer		484,615
Debt service charges AWT		187,834
Depreciation		355,100
Fuel and lubricants		15,845
Insurance		45,016
Office supplies		2,881
Operating supplies		15,636
Other current charges		37,844
Postage		5,585
Printing and binding		363
Professional services		62,574
Promotional activities		163
Public utility services		37,536
Rentals		4,048
Repairs and maintenance		195,200
Road materials and supplies		3,780
Travel and per diem		13,200
Uniforms		2,473
Total operating expenses		2,004,467
Net operating income		438,081

(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, 2022		**Utility Fund**
Nonoperating revenues (expenses)		
Interest income	$	7,532
Interest expense		(2,618)
Loss on asset disposal		(711)
Gain from joint venture		147,278
Total nonoperating revenues (expenses)		151,481
Changes in net position before capital contributions		589,562
Capital contributions		201,416
Changes in net position		790,978
Net position - beginning		11,395,985
Net position - ending	$	12,186,963

See accompanying notes

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

Business-type Activities/Enterprise Fund		
Year Ended September 30, 2022		**Utility Fund**
Operating activities		
Receipts from customers and users	$	2,471,544
Payments to suppliers and others		(1,236,989)
Payments to employees		(469,207)
Net cash provided by operating activities		765,348
Capital and related financing activities		
Capital grants received		46,022
Principal payments on notes payable		(28,987)
Purchases of capital assets		(78,751)
Interest paid on capital lease		(2,618)
Net cash (used) by capital and related financing activities		(64,334)
Investing activities		
Distributions from joint venture		2,574
Interest received		7,532
Net cash provided by investing activities		10,106
Net increase in cash and cash equivalents		711,120
Cash and cash equivalents - beginning (as originally reported)		4,410,212
Prior period adjustment		201,020
Cash and cash equivalents - beginning (as restated)		4,611,232
Cash and cash equivalents - ending	$	5,322,352
Classified as		
Current assets - cash and cash equivalents	$	4,317,866
Restricted assets - cash and cash equivalents		1,004,486
Cash and cash equivalents - ending	$	5,322,352

(Continued)

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

Business-type Activities/Enterprise Fund

Year Ended September 30, 2022		Utility Fund
Reconciliation of net operating income to net cash provided (used) by operating activities		
Net operating income	$	438,081
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities		
Depreciation		355,100
(Increase) decrease in assets		
Accounts receivable, net		14,527
Due from joint venture		(24,539)
(Increase) in deferred outflows of resources		(3,344)
Increase (decrease) in liabilities		
Accounts payable		(29,782)
Accrued expenses		(2,124)
Unearned revenue		1,349
Accrued compensated absences		(7,445)
Customer deposits		13,120
Other postemployment benefits liability		(14,444)
Net pension liability		202,194
(Decrease) in deferred inflows of resources		(177,345)
Total adjustments		327,267
Net cash provided (used) by operating activities	$	765,348
Supplemental disclosures of noncash transactions		
Assets acquired via capital contributions from the general fund	$	201,416

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, 2022.

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 and timing 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, unless noted otherwise. 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 financed purchase agreements and lease liabilty 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 six months 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.

The general fund includes funds that are maintained as special revenue funds for accounting purposes, but do not meet the criteria for separate reporting in the fund financial statements. Therefore the budgetary comparison statement only includes the legally adopted budget for the general fund. The information below provides the reconciliation between the actual amounts on the budgetary basis reported in the statement of revenues, expenditures, and changes in fund balance - budget and actual - general fund on page 65 and the actual amounts on the GAAP basis for the general fund per the statement of revenues, expenditures, and changes in fund balance - governmental funds on page 18.

Year Ended September 30, 2022	General Fund Budgetary Basis	GAAP to Budget Differences Over (Under)	General Fund Actual Amounts GAAP Basis
Revenues			
Taxes			
Utility taxes	$ 475,210	$ -	$ 475,210
Business taxes	17,418	-	17,418
Communications taxes	80,287	-	80,287
Local option gas taxes	117,208	-	117,208
Intergovernmental	1,341,007	-	1,341,007
Grants	11,120	1,658,456	1,669,576
Licenses and permits	373,098	-	373,098
Charges for services	424,758	-	424,758
Fines and forfeitures	160,984	-	160,984
Rents	33,494	-	33,494
Interest	14,008	-	14,008
Contributions and donations	4,681	-	4,681
Miscellaneous	29,798	-	29,798
Total revenues	3,083,071	1,658,456	4,741,527
Expenditures			
Current and capital outlay			
General government	434,335	45,514	479,849
Public safety	1,246,895	65,330	1,312,225

(Continued)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Year Ended September 30, 2022	General Fund Budgetary Basis	GAAP to Budget Differences Over (Under)	General Fund Actual Amounts GAAP Basis
Code enforcement	$ 184,556	$ -	$ 184,556
Trash	158,745	36,224	194,969
Physical environment	-	530,753	530,753
Highways and streets	455,506	502,669	958,175
Fleet	38,577	3,900	42,477
Parks and recreation	82,511	1,107,492	1,190,003
Debt service	55,610	-	55,610
Total expenditures	2,656,735	2,291,882	4,948,617
Excess (deficit) of revenues over (under) expenditures	426,336	(633,426)	(207,090)
Other financing sources (uses)			
Proceeds from debt issuance	802,028	-	802,028
Total other financing sources (uses)	802,028	-	802,028
Net changes in fund balance	$ 1,228,364	$ (633,426)	$ 594,938

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

Cash and Cash Equivalents

The City's highly liquid debt instruments with original maturities of three months or less 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.

Leases receivable - The City's leases receivable are measured at the present value of lease payments expected to be received during the least term. Under the lease agreement, the City may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unearned revenue – Unearned revenue recorded on the governmental fund balance sheet represents amounts received from grant sources before eligibility requirements are met.

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 costs of such inventories are recorded as expenditures/expenses when consumed rather than when purchased.

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 costs of prepaids are 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 other lease and finance obligations.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), and right-to-use assets, 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 $3,500 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.

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 three items that qualify for reporting as deferred inflows of resources. The deferred inflows related to other postemployments benefits, the deferred inflows related to pensions, and

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

deferred inflows related to lease revenue are 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. The deferred inflows related to leases are associated with amounts owed to the City, as lessor, by entities leasing the City's capital assets.

Accrued 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.

Leases

Lease contracts that provide the City with control of a nonfinancial asset, such as land, buildings or equipment, for a period of time in excess of twelve months are reported as a leased asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The intangible leased asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. Leased assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment.

Net Pension Liability

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Net Position and Fund Balance

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.

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 August 7, 2023, 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

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 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. Additional information about the changes to the financial statements related to the implementation of this statement can be found in note 9.

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 statement is being applied prospectively, therefore, there were no significant impacts of implementing this statement.

In June 2020, GASB issued GASB statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB statements No. 14 and No. 84, and a supersession of GASB statement No. 32*. 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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 plans or OPEB plans (other employee benefit 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 (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. There were no significant impacts on the financial statements as a result of implementing this statement.

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

In May 2020, 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.

GASB statement No. 100, *Accounting Changes and Error Corrections*, This statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

previously reported to beginning balances as restated. Furthermore, this statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB statement No. 101, *Compensated Absences*, The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

The City is evaluating the requirements of the above statements and the 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	$	8,860,057
Less: accumulated depreciation		(4,156,610)
Net adjustment to increase total *fund balance* - to arrive at *net position of governmental activities*	$	4,703,447

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	$	(84,383)
Other postemployment benefits liability		(291,095)
Net pension liability		(1,835,444)
Notes payable		(793,455)
Financed purchase liability		(185,041)
Lease liability		(8,573)
Net adjustment to decrease total *fund balance* - to arrive at *net position of governmental activities*	$	(3,197,991)

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

Another element of that reconciliation states that certain grant revenues not available for use in the current fiscal year are deferred until future periods on the governmental funds balance sheet. The details of this differences are as follows:

Deferred inflows of resources related to unavailable revenue	$	165,288

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	$	513,143
Deferred inflows of resources related to net pension liability		(228,156)
Deferred outflows of resources related to other postemployment benefits liability		29,711
Deferred inflows of resources related to other postemployment benefits liability		(203,732)
Net adjustment to decrease total *fund balance - to arrive at net position of governmental activities*	$	110,966

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:

Capital outlays	$	1,532,764
Depreciation expense		(305,023)
Net adjustment to increase *net changes in fund balance - total governmental fund* to arrive at *change in net position of governmental activities*	$	1,227,741

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	$	(793,455)
Proceeds from lease liability		(8,573)
Principal repayments on financed purchase liability		47,840
Principal repayments on lease liability		2,224
Net adjustment to decrease *net changes in fund balance - total governmental fund* to arrive at *change in net position of governmental activities*	$	(751,964)

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

Another element of that reconciliation states capital contributions of capital assets from governmental activities to proprietary funds do not require the use of current financial resources and do not impact net position. The details of this difference is as follows:

Capital contributions	$	(201,416)
Net adjustment to decrease *net changes in fund balance - total governmental fund* to arrive at *change in net position of governmental activities*	$	(201,416)

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	$	8,297
Other postemployment benefits		43,334
Pension expenses		(1,092,080)
Deferred outflows of resources		21,443
Deferred inflows of resources		996,492
Net adjustment to decrease *net changes in fund balance - total governmental fund* to arrive at *change in net position of governmental activities*	$	(22,514)

Certain funds due from other agencies are not available and, therefore, not are recognized as revenue in the governmental fund statements. However, these funds are recognized as revenue under the full accrual basis of accounting in the statement of activities.

Unavailable grant revenue	$	165,288
Net adjustment to increase *net changes in fund balance - total governmental fund* to arrive at *change in net position of governmental activities*	$	165,288

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:

Net book value of sold assets	$	(3,711)
Net adjustment to decrease *net changes in fund balance - total governmental fund* to arrive at *change in net position of governmental activities*	$	(3,711)

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.

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, 2022, 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, 2022, 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, 2022, the City did not hold any investments that were considered to be a concentration of credit risk.

Accounts Receivable

In 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, 2022, were as follows:

	Accounts Receivable	Allowance for Uncollectable Accounts	Accounts Receivable, Net
General fund	$ 292,975	$ (49,062)	$ 243,913
Enterprise fund	273,336	(235,673)	37,663
Total	$ 566,311	$ (284,735)	$ 281,576

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, 2022:

	September 30, 2021 (restated)	Increases	Decreases	September 30, 2022
Capital assets, not being depreciated				
Land	$ 847,032	$ 59,730	$ -	$ 906,762
Construction in progress	170,871	483,469	-	654,340
Total capital assets, not being depreciated	1,017,903	543,199	-	1,561,102
Capital assets, being depreciated				
Buildings and improvements	1,104,645	11,040	15,053	1,100,632
Improvements other than buildings	3,136,366	690,772	215,067	3,612,071
Machinery and equipment	2,472,357	279,180	173,858	2,577,679
Total capital assets, being depreciated	6,713,368	980,992	403,978	7,290,382
Less accumulated depreciation				
Buildings and improvements	602,616	43,313	15,053	630,876
Improvements other than buildings	1,504,953	132,666	12,865	1,624,754
Machinery and equipment	1,945,093	126,820	170,933	1,900,980
Total accumulated depreciation	4,052,662	302,799	198,851	4,156,610
Total capital assets, being depreciated (net of accumulated depreciation)	2,660,706	678,193	205,127	3,133,772
Right-to-use lease assets, being amortized				
Equipment	2,224	8,573	2,224	8,573
Right-to-use lease assets, being amortized	2,224	8,573	2,224	8,573
Less accumulated amortization				
Equipment	-	2,224	2,224	-
Total accumulated amortization	-	2,224	2,224	-
Right-to-use lease assets being amortized, net	2,224	6,349	-	8,573
Total governmental activities' capital assets (net of accumulated depreciation)	$ 3,680,833	$ 1,227,741	$ 205,127	$ 4,703,447

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, 2022:

Land	$	449,632
Construction in progress		157,075
Water system		2,379,437
Sewer system		5,766,971
Machinery and equipment		1,375,924
Total		10,129,039
Less: accumulated depreciation		
Water system		1,346,943
Sewer system		1,471,794
Machinery and equipment		1,120,605
Total accumulated depreciation		3,939,342
Total business-type activities' capital assets (net of accumulated depreciation)	$	6,189,697

The following is a summary of changes in capital assets of the business-type activities during the year ended September 30, 2022:

	September 30, 2021 (restated)	Increases	Decreases	September 30, 2022
Capital assets, not being depreciated				
Land	$ 449,632	$ -	$ -	$ 449,632
Construction in progress	101,044	56,031	-	157,075
Total capital assets, not being depreciated	550,676	56,031	-	606,707
Capital assets, being depreciated				
Water system	2,178,021	201,416	-	2,379,437
Sewer system	5,756,601	10,370	-	5,766,971
Machinery and equipment	1,404,178	12,350	40,604	1,375,924
Total capital assets, being depreciated	9,338,800	224,136	40,604	9,522,332

(Continued)

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (Continued)

	September 30, 2021 (restated)	Increases	Decreases	September 30, 2022
Less accumulated depreciation				
Water system	$ 1,269,926	$ 77,017	$ -	$ 1,346,943
Sewer system	1,299,456	172,338	-	1,471,794
Machinery and equipment	1,054,753	105,745	39,893	1,120,605
Total accumulated depreciation	3,624,135	355,100	39,893	3,939,342
Total capital assets, being depreciated (net of accumulated depreciation)	5,714,665	(130,964)	711	5,582,990
Total business-type activities' capital assets (net of accumulated depreciation)	$ 6,265,341	$ (74,933)	$ 711	$ 6,189,697

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

Governmental activities	
General government	$ 37,047
Public safety	51,093
Code enforcement	176
Trash	13,623
Highways and streets	116,422
Fleet	8,313
Parks and recreation	76,125
Total depreciation expense – governmental activities	$ 302,799
Business-type activities	
Water system	$ 98,818
Sewer system	256,282
Total depreciation expense – business-type activities	$ 355,100

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities

Financed Purchase Liabilities

In November 2016, the City entered into a financed purchase 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 $77,755 at September 30, 2022, 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 financed purchase 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 $27,500 at September 30, 2022. 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.

In April 2021, the City entered into a financed purchase agreement in the amount of $110,000 to finance the purchase of a Ford F550 Chassis with light rescue apparatus. Payments of $23,014 including interest at 1.45% are due annually until maturity in June 2026. The balance was $88,812 at September 30, 2022. 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 financed purchase at September 30, 2022 are as follows:

Year ending	Governmental activities		Business-type activities		Total	
September 30,	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ 62,436	$ 3,531	$ 1,735	$ 180	$ 64,171	$ 3,711
2024	35,514	2,078	1,769	145	37,283	2,223
2025	36,102	1,490	1,804	110	37,906	1,600
2026	36,698	892	1,840	74	38,538	966
2027	14,291	283	1,878	36	16,169	319
Total	$ 185,041	$ 8,274	$ 9,026	$ 545	$ 194,067	$ 8,819

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (Continued)

Direct borrowings - notes payable

Governmental activities

In March 2022, the City entered into an notes payable agreement with a local bank for a $4,000,000 nonrevolving line of credit with an interest rate of 1.45% per year due 24 months after issurance in March 2024. The purpose of the loan is to pay costs for Hurricane Michael and Hurricane Sally projects anticipated to be reimbursed through the Federal Emergency Management Agency (FEMA). The loan is collateralized by proceeds of FEMA grant funds, a pledge of utility revenues of the City (subordinate to the prior pledges related to the State Revolving Fund loans), and the covenant to budget and appropriate non-ad valorem revenue amounts sufficient to pay principal and interest when due. In the event of default, the bank may sue to protect and enforce any and all rights existing under law and to enforce and compel the performance of all duties required except that the remedy of acceleration is not authorized. During fiscal year 2022, $793,455 was drawn down on the line of credit and no principal payments were made.

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, 2022 totaled $387,985. Principal and interest paid for the year ended September 30, 2022 and total pledged revenues were $22,166 and $358,312, respectively. Principal and interest payments were 6% of the pledged revenues for the year ended September 30, 2022.

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. The remaining principal and interest payments on this debt as of September 30, 2022

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (Continued)

totaled $45,758. Principal and interest paid for the year ended September 30, 2022 and total pledged revenues were $9,273 and $358,312, respectively. Principal and interest payments were 3% of the pledged revenues for the year ended September 30, 2022.

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, 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, 2022 are as follows:

Year ending	Governmental activities		Business-type activities		Total	
September 30,	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ -	$ 11,505	$ 29,069	$ 2,372	$ 29,069	$ 13,877
2024	793,455	5,753	29,331	2,110	822,786	7,863
2025	-	-	29,597	1,844	29,597	1,844
2026	-	-	29,866	1,575	29,866	1,575
2027	-	-	28,662	2,101	28,662	2,101
2028-2032	-	-	106,169	4,664	106,169	4,664
2033-2037	-	-	108,419	2,413	108,419	2,413
2038-2040	-	-	55,137	348	55,137	348
Total	$ 793,455	$ 17,258	$ 416,250	$ 17,427	$ 1,209,705	$ 34,685

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, 2022, was as follows for governemental activities:

Governmental activities	Balance September 30, 2021 (restated)	Increases	Decreases	Balance September 30, 2022	Due Within One Year
Financed purchase liability	$ 232,881	$ -	$ 47,840	$ 185,041	$ 62,436
Lease liability	2,224	8,573	2,224	8,573	1,605
Direct borrowings - notes payable	-	793,455	-	793,455	-
Net pension liability	743,364	1,092,080	-	1,835,444	-
Other postemployment benefits liability	334,429	-	43,334	291,095	-
Accrued compensated absences	92,680	-	8,297	84,383	16,876
Total governmental activities	$ 1,405,578	$1,894,108	$ 101,695	$ 3,197,991	$ 80,917

Long-term liability activity for the year ended September 30, 2022, was as follows for business-type activities:

Business-type activities	Balance September 30, 2021	Increases	Decreases	Balance September 30, 2022	Due Within One Year
Financed purchase liability	$ 9,026	$ -	$ -	$ 9,026	$ 1,735
Direct borrowings - notes payable	445,237	-	28,987	416,250	29,069
Net pension liability	137,631	202,194	-	339,825	-
Other postemployment benefits liability	111,775	-	14,444	97,331	-

(Continued)

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (Continued)

Business-type activities	Balance September 30, 2021	Increases	Decreases	Balance September 30, 2022	Due Within One Year
Accrued compensated absences	$ 25,265	$ -	$ 7,445	$ 17,820	$ 3,563
Total business-type activities	$ 728,934	$ 202,194	$ 50,876	$ 880,252	$ 34,367

Accrued 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' accrued compensated absences will be liquidated by the utility fund.

Interfund Receivables, Payables and Transfers

No internal balances were due between funds as of September 30, 2022. $201,416 was transferred during the year ended September 30, 2022 from governmental activities to business-type activities related to the purchase of certain assets from the general fund using grant funds.

Net Position Restrictions

The following is a description of reported net position restrictions in governmental activities and business-type activities at September 30, 2022.

Governmental fund

Community redevelopment agency	$ 12,184
Infrastructure taxes	1,813,563
Law enforcement	7,689
Total	$ 1,833,436

Proprietary fund

Impact fees	$ 600,200
Debt service	54,486
Total	$ 654,686

The amount restricted as of September 30, 2022 by enabling legislation is $2,433,636.

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	$ 4,703,447	$ 6,189,697	$ 10,893,144
Outstanding debt related to capital assets	(987,069)	(425,276)	(1,412,345)
Net investment in capital assets	$ 3,716,378	$ 5,764,421	$ 9,480,799

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.

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.

Note 4: PENSION PLANS (Continued)

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, 2022 were as follows:

	October 1, 2021 Through June 30, 2022		July 1, 2022 Through September 30, 2022	
	FRS	**HIS**	**FRS**	**HIS**
Regular class	9.16%	1.66%	10.25%	1.66%
Special risk	24.23%	1.66%	26.17%	1.66%
DROP participants	16.68%	1.66%	16.94%	1.66%

The City's contributions for the year ended September 30, 2022, were $199,329 to FRS and $22,261 to HIS.

Pension Liabilities and Pension Expenses

In its financial statements for the year ended September 30, 2022, 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, 2022. 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	$ 1,773,093	$ 402,176
Proportion at:		
Current measurement date	0.004765350%	0.003797119%
Prior measurement date	0.005108009%	0.004036538%
Pension expense (benefit)	$ 224,718	$ 22,551

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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, 2023. Other pension related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

	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)	$ 84,212	$ -	$ 12,207	$ 1,770
Effect of assumptions changes or inputs	218,364	-	23,053	62,216
Net difference between projected and actual earnings on pension plan investments	117,077	-	582	-
Changes in proportion and differences between contributions and proportionate share of contributions	72,100	179,609	27,501	26,803
City contributions subsequent to the measurement date	47,818	-	5,235	-
Total	$ 539,571	$ 179,609	$ 68,578	$ 90,789

Note 4: PENSION PLANS (Continued)

Measurement period ending June 30,	FRS	HIS
2023	$ 77,365	$ (4,536)
2024	18,967	(1,063)
2025	(55,167)	270
2026	263,581	(4,207)
2027	7,398	(12,314)
Thereafter	-	(5,596)
Total	$ 312,144	$ (27,446)

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was measured as of June 30, 2022. The total pension liability for FRS was determined by an actuarial valuation dated July 1, 2022. The total pension liability for HIS was determined by an actuarial valuation dated July 1, 2022. 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	6.70%	N/A
Discount rate	6.70%	3.54%

Mortality assumptions for both plans were based on the PUB-2010 base table, generationally mortality using gender specific MP-2018 mortality improvement projection scale.

For both plans, the actuarial assumptions were based on the results of an actuarial experience study of the FRS for the period July 1, 2013, through June 30, 2018.

The following changes in key actuarial assumptions occurred in 2022:

- FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability was decreased from 6.80% to 6.70%.
- HIS: The municipal bond index rate and the discount rate used to determine the total pension liability increased from 2.16% to 3.54%.

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	1.0%	2.6%	2.6%	1.1%
Fixed income	19.8%	4.4%	4.4%	3.2%
Global equity	54.0%	8.8%	7.3%	17.8%
Real estate (property)	10.3%	7.4%	6.3%	15.7%
Private equity	11.1%	12.0%	8.9%	26.3%
Strategic investments	3.8%	6.2%	5.9%	7.8%
	100%			

Discount Rate

The discount rate used to measure the total pension liability for FRS was 6.70%. 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 3.54% 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	$ 3,066,442	$ 1,773,093	$ 691,699

	HIS		
	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability	$ 460,122	$ 402,176	$ 354,226

Pension Plans' Fiduciary Net Position

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

Note 4: PENSION PLANS (Continued)

Payables to the Pension Plan

As of September 30, 2022, the City reported payables to the pension plans in the amount of $0.

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, 2022, totaled $47,806.

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, 2020 valuation was as follows:

Active participants	28
Retirees and beneficiaries	1
Total plan members	29

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 $388,426 was measured as of September 30, 2022 based on an actuarial valuation dated October 1, 2020.

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: 4.77% per annum for measurement date September 30, 2022. 2.43% per annum for measurement date September 30, 2021
- Salary increase: 3.00% per annum
- Healthcare cost trend rates: 7.5% for the 2020/21 fiscal year graded down by .5% per year to 5% for the 2025/26 and later fiscal years
- Age-related morbidity: 3.5% for each year of age
- Implied subsidy: $575 per individual assumed at age 62 for 2020/21 fiscal year; the implied subsidy is assumed to disappear at age 65
- 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-2020
- 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
- Annual retiree contribution – medical plan: $8,502 (retiree), $10,878 (retiree and spouse), $10,062 (retiree and children), and $15,501 (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

Note 5: OTHER POSTEMPLOYMENT BENEFITS (Continued)

- COBRA: Future healthcare coverage provided solely pursuant to COBRA was not included in the OPEB valuation; because the COBRA premium is determined periodically based on plan experience, the COBRA premium to be paid by the participant is assumed to fully cover the cost of providing healthcare coverage during the relevant period
- Contribution requirement: Retirees must contribute 100% of the applicable health insurance premium charged by the carrier; there are no minimum required employer contributions
- Changes: Since the prior measurement date the discount rate was increased from 2.14% per annum to 2.43% per annum; the healthcare cost rend rates were increased from 6.50% for the 2020/21 fiscal year graded down to 5.00% per year after the 2022/23 fiscal year to 7.50% for the 2020/21 fiscal year graded down to 5.00% per year after the 2024/25 fiscal year; the implied monthly subsidy at age 62 for the 2020/21 fiscal year was decreased from $633 to $575; and the mortality improvement scale was updated from Scale MP-2017 to Scale MP-2020.

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, 2021	$	446,204
Changes for the year:		
Service cost		33,297
Interest		22,413
Changes of assumptions or other inputs		(94,017)
Benefit payments		(19,471)
Net change in OPEB liability		(57,778)
Total OPEB liability at September 30, 2022	$	388,426

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 (1.43 percent) or 1 percentage point higher (3.43 percent) than the current rate:

	1 % Decrease	Current Discount Rate	1 % Increase
Net OPEB Liability	$ 427,792	$ 388,426	$ 353,677

Note 5: OTHER POSTEMPLOYMENT BENEFITS (Continued)

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	$ 338,854	$ 388,426	$ 447,920

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

At September 30, 2022, 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	$ -	$ 144,015
Changes of assumptions	39,614	127,628
Total	$ 39,614	$ 271,643

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,	
2022	$ (24,045)
2023	(24,045)
2024	(24,045)
2025	(24,045)
2026	(24,045)
Thereafter	(111,804)
Total	$ (232,029)

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

Note 6: RISK MANAGEMENT (Continued)

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, 2022.

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.

Note 8: INVESTMENT IN JOINT VENTURE (Continued)

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, 2022, the City's portion of the equity in MPAWTF was $1,620,859. Complete financial statements for MPAWTF may be obtained from the operator at P.O. Box 2269, Panama City, Florida 32402.

Condensed financial statements of MPAWTF are as follows:

Statement of Net Position
September 30, 2022

Assets		
Current assets	$	11,641,595
Noncurrent assets		18,959,873
Total assets		30,601,468
Deferred outflows of resources		
Deferred loss on bond refunding		328,559
Liabilities		
Current liabilities		4,363,865
Noncurrent liabilities		3,771,429
Total liabilities		8,135,294
Net position	$	22,794,733

For the year ended September 30, 2022, the City recorded a gain from the joint venture in the amount of $147,278. As of September 30, 2022, the joint venture owes the City $330,064 for excess funds accumulated in the operating and repair and replacement accounts ($383,584) offset by $53,520 for the transfer of a collection system.

Statement of Activities
Year Ended September 30, 2022

Operating revenues	$	5,351,626
Operating expenses		(5,395,751)
Operating income (loss)		(44,125)
Nonoperating revenues (expenses)		1,791,810
Net income before distributions to owners		1,747,685
Distributions to owners		(18,067)
Change in net position		1,729,618
Net position, beginning of year		21,065,115
Net position, end of year	$	22,794,733

Note 9: CHANGE IN ACCOUNTING PRINCIPLE AND PRIOR PERIOD ADJUSTMENT

In fiscal year 2022, the City implemented GASB Statement No. 87, *Leases*. In accordance with generally accepted accounting principles, the implementation of this statement requires the restatement of the September 30, 2021 net position in the statement of activities to record the cumulative effect of recording the original basis of the leased assets less accumulated amortization, net of the respective lease liabilities as of September 30, 2021.

In addition to the change in accounting principle, a prior period adjustment was identified. Subsequent to the issuance of the audited financial statements for the year ended September 30, 2021, it was determined that a piece of property for $201,020 was purchased and reported in the utility fund/business-type activities when it should have been purchased and reported in the general fund/governmental activities as the land is intended to be used for a retention pond. The property was reclassified, including the affects on pooled cash, as a prior period adjustment.

	General Fund	Governmental Activities	Utility Fund/ Business-Type Activities
Fund balance/net position - beginning (as originally reported)	$ 4,016,360	$ 5,183,626	$ 11,395,985
Restatement adjustment			
Right-to-use lease assets	-	2,224	-
Lease liability	-	(2,224)	-
Leases receivable	358,370	358,370	-
Unavailable revenue - lease revenue	(358,370)	(358,370)	-
Total retatement adjustment	-	-	-
Prior period adjustments			
Nondepreciable capital assets	-	201,020	(201,020)
Cash and cash equivalents	-	(201,020)	201,020
Unassigned fund balance for increase in prior year capital outlay	(201,020)	-	-
Total prior period adjustments	(201,020)	-	-
Fund balance/net position - beginning (as restated)	$ 3,815,340	$ 5,183,626	$ 11,395,985

Note 10: SUBSEQUENT EVENT

During fiscal year 2023, the City was approved for a loan to construct improvements to the City's water and sewer system through the State of Florida Department of Environmental Protection. The estimated total cost of the project of $2,951,441, less the estimated loan forgiveness amount of $993,245, results in an estimated initial loan balance of $1,958,196. The terms include 0.25% interest and a balloon payment due September 15, 2024.

Note 10: SUBSEQUENT EVENT (Continued)

The agreement requires the City to create a separate loan reserve account in the amount of $2,020,825 restricted for repayment of the loan. As of the date of the audit report, the reserve account has been created and funded but no amounts have been drawn on the loan.

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, 2022	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis	Variance with Final Budget
Revenues				
Taxes				
Utility taxes	$ 403,184	$ 403,184	$ 475,210	$ 72,026
Business taxes	28,000	28,000	17,418	(10,582)
Communications taxes	77,354	77,354	80,287	2,933
Local option gas taxes	78,296	78,296	117,208	38,912
Intergovernmental	933,138	933,138	1,341,007	407,869
Grants	-	-	11,120	11,120
Licenses and permits	289,029	289,029	373,098	84,069
Charges for services	380,335	380,335	424,758	44,423
Fines and forfeitures	29,500	29,500	160,984	131,484
Rents	26,300	26,300	33,494	7,194
Interest	1,000	1,000	14,008	13,008
Contributions and donations	4,000	4,000	4,681	681
Miscellaneous	159,864	159,864	29,798	(130,066)
Total revenues	2,410,000	2,410,000	3,083,071	673,071
Expenditures				
Current and capital outlay				
General government	634,250	634,250	434,335	199,915
Public safety	1,305,061	1,305,061	1,246,895	58,166
Code enforcement	145,648	145,648	184,556	(38,908)
Trash	247,444	247,444	158,745	88,699
Highways and streets	459,711	459,711	455,506	4,205
Fleet	71,063	71,063	38,577	32,486
Parks and recreation	103,972	103,972	82,511	21,461
Debt service	50,009	50,009	55,610	(5,601)
Total expenditures	3,017,158	3,017,158	2,656,735	360,423
Excess (deficit) of revenues over (under) expenditures	(607,158)	(607,158)	426,336	1,033,494
Other financing sources (uses)				
Proceeds from debt issuance	-	-	802,028	802,028
Total other financing sources (uses)	-	-	802,028	802,028

(Continued)

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

Year Ended September 30, 2022	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis	Variance with Final Budget
Net changes in fund balance	$ (607,158)	$ (607,158)	$ 1,228,364	$ 1,835,522
Fund balance - beginning (as restated)	3,815,340	3,815,340	3,815,340	-
Fund balance - ending	$ 3,208,182	$ 3,208,182	$ 5,043,704	$ 1,835,522

Note: The general fund includes funds that are maintained as special revenue funds for accounting purposes, but do not meet the criteria for separate reporting in these financial statements. Therefore, the budgetary comparison statement above, only includes the legally adopted budget for the general fund. A reconciliation between the actual amounts on the budgetary basis above and the actual amounts on the GAAP basis for the general fund amount listed in the statement of revenues, expenditures, and changes in fund balance - governmental funds is provided in note 1 of the notes to financial statements.

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

Year ended September 30,	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	$ 33,297	$ 50,466	$ 42,735	$ 32,539	$ 66,675
Interest	22,413	12,895	9,274	19,975	18,887
Differences between expected and actual experience	-	-	-	(171,496)	-
Changes in assumptions	(94,017)	(88,966)	56,519	(113)	-
Benefit (payments) refunds	(19,471)	(16,681)	(21,253)	(10,133)	(14,521)
Net change in OPEB liability	(57,778)	(42,286)	87,275	(129,228)	71,041
Total OPEB liability - beginning	446,204	488,490	401,215	530,443	459,402
Total OPEB liability - ending (a)	$ 388,426	$ 446,204	$ 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)	$ 388,426	$ 446,204	$ 488,490	$ 401,215	$ 530,443
Plan fiduciary net position as a percentage of the total OPEB liability	- 0%	- 0%	- 0%	- 0%	- 0%
City's covered-employee payroll	$ 1,089,941	$ 1,089,941	$ 966,458	$ 966,458	$ 1,055,517
Net OPEB liability as a percentage of City's covered-employee payroll	- 35.64%	- 40.94%	- 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,	2022	2021	2020	2019	2018
Contractually required	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-
Contribution deficiency/(excess)	$ -	$ -	$ -	$ -	$ -
City's covered-employee payroll	$1,089,941	$1,089,941	$ 966,458	$ 966,458	$1,055,517
Contributions as a percentage of City's covered-employee payroll	0%	0%	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,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013 *
City's proportion of the net pension liability	0.0047654%	0.0051080%	0.0055644%	0.0050523%	0.0049467%	0.0051836%	0.0052695%	0.0051447%	0.0051900%	N/A
City's proportionate share of the net pension liability	$ 1,773,093	$ 385,852	$ 2,411,691	$ 1,739,958	$ 1,489,980	$ 1,533,799	$ 1,330,553	$ 664,505	$ 316,667	N/A
City's covered payroll	1,383,790	1,429,019	1,351,618	1,276,252	1,181,823	1,132,779	1,106,889	1,090,190	1,135,263	N/A
City's proportionate share of the net pension liability as a percentage of the City's covered payroll	128.13%	27.00%	178.43%	136.33%	126.07%	135.40%	120.21%	60.95%	27.89%	N/A
Plan fiduciary net position as a percentage of the total pension liability	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%	N/A

* Disclosures for 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,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013 *
Contractually required contribution	$ 199,329	$ 202,542	$ 184,880	$ 164,685	$ 141,975	$ 137,432	$ 130,308	$ 125,821	$ 113,683	N/A
Contributions in relation to the contractually required contribution	(199,329)	(202,542)	(184,880)	(164,685)	(141,975)	(137,432)	(130,308)	(125,821)	(113,683)	N/A
Contribution deficiency/(excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	N/A
City's covered payroll	$ 1,341,478	$ 1,461,250	$ 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	14.86%	13.86%	13.39%	12.23%	12.07%	11.92%	11.67%	11.70%	10.16%	N/A

* Disclosures for 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,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013 *
City's proportion of the net pension liability	0.0037971%	0.0040365%	0.0040791%	0.0038161%	0.0036184%	0.0035538%	0.0035856%	0.0035935%	0.0037438%	N/A
City's proportionate share of the net pension liability	$ 402,176	$ 495,142	$ 498,056	$ 426,980	$ 382,974	$ 379,991	$ 417,887	$ 366,480	$ 350,054	N/A
City's covered payroll	1,383,790	1,429,019	1,351,618	1,276,252	1,181,823	1,132,779	1,106,889	1,090,190	1,135,263	N/A
City's proportionate share of the net pension liability as a percentage of the City's covered payroll	29.06%	34.65%	36.85%	33.46%	32.41%	33.55%	37.75%	33.62%	30.83%	N/A
Plan fiduciary net position as a percentage of the total pension liability	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%	N/A

* Disclosures for 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,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013 *
Contractually required contribution	$ 22,261	$ 24,194	$ 23,106	$ 22,284	$ 19,531	$ 19,146	$ 18,547	$ 14,609	$ 12,825	N/A
Contributions in relation to the contractually required contribution	(22,261)	(24,194)	(23,106)	(22,284)	(19,531)	(19,146)	(18,547)	(14,609)	(12,825)	N/A
Contribution deficiency/(excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	N/A
City's covered payroll	$ 1,341,478	$ 1,461,250	$ 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	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.36%	1.15%	N/A

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

Compliance Section

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
14101 Panama City Beach Parkway
Suite 200
Panama City Beach, FL 32413

(850) 784-6733
(850) 784-4866 (fax)
www.cricpa.com

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, 2022, and the related notes to financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 7, 2023.

Report on 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 were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2022-001 through 2022-004 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 deficiency described in the accompanying schedule of findings and questioned costs as item 2022-005 to be a significant deficiency.

Report on 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*.

The City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

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

Certified Public Accountants
Panama City Beach, Florida
August 7, 2023

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
14101 Panama City Beach Parkway
Suite 200
Panama City Beach, FL 32413

(850) 784-6733
(850) 784-4866 (fax)
www.cricpa.com

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR 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

Opinion on Each Major Federal Program

We have audited the City of Parker, Florida's (City) compliance with the types of compliance requirements identified as subject to audit 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, 2022. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant

deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-101 and 2022-102 to be material weaknesses.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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
August 7, 2023

City of Parker, Florida
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2022

Federal Awards Programs	Assistance Listing Number	Contract/ Grant Number	Passed Through to Subrecipients	Expenditures
United States Department of Homeland Security				
Passed through Florida Division of Emergency Management				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Z2590	$ -	$ 103,036
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Z0894	-	902,178
Total Disater Grants - Public Assistance (Presidentially Declared Disasters)			-	1,005,214
Hazard Mitigation Grant (HMGP)	97.039	H0666	-	48,998
Total United States Department of Homeland Security			-	1,054,212
United States Department of the Treasury				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)	21.027	COVID-19 Y5259	-	497,220
Total United States Department of the Treasury			-	497,220
Total expenditures of federal awards			$ -	$ 1,551,432

See accompanying notes to schedule of expenditures of federal awards

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, 2022.

Note 2: INDIRECT COST RATE

The Uniform Guidance allows an organization to elect a 10 percent de minimis indirect cost rate. For the year ended September 30, 2022, 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 was under CFDA number 66.468, Drinking Water State Revolving Fund Cluster. As of September 30, 2022, the City accrued related expenses of $101,043. In accordance with terms of the loan agreements, 50% or $50,521 of the accrued expenses are to be forgiven. The City is obligated to repay the $50,522 balance once the forgiveness is obtained. There were no expenditures under this grant in the current year.

Note 4: DISASTER GRANTS

The City incurred expenditures of $75,531 for Disaster Grants – Public Assistance (Presidentially Declared Disasters) in prior fiscal years which are reported on the current year schedule of expenditures of federal awards.

Note 5: OTHER TYPES OF FINANCIAL ASSISTANCE

There were no other types of federal financial assistance to be reported, including 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?	Yes
Significant deficiency(ies) identified not considered to be material weaknesses?	No
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 federal programs

Assistance Listing Number	Federal Award Program
97.036	Disaster Grants - Public Assistance (Presidentailly Declared Disasters)
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee under 2 CFR 200.520?	No

(Continued)

Section II – Financial Statement Findings

2022-001 Significant Audit Adjustments (prior years 2021-001 and 2020-001) (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: The City has contracted with a third-party accountant to help alleviate some of audit adjustments needed. 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, we anticipate being able to greatly reduce audit adjustments in the future, but do not anticipate completely eliminating audit adjustments due to limited staff and resources available to the City.

2022-002 Lack of Segregation of Duties (prior years 2021-002 and 2020-002) (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-training of 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 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. We are currently working on procedural manuals to help define duties and segregate responsibilities. Monthly financial activity such as journal entries, significant account balances, bank reconciliation, bank statements and check images are currently being reviewed for reasonableness by the newly hired third-party accountant who is helping with training of staff to help increase knowledge in these areas.

2022-003 Financial Statements and Schedule of Expenditures of Federal Awards (prior years 2021-003 and 2020-003) (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 the Uniform Guidance.

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 auditor assist in the preparation of the financial statements and schedule of expenditures of federal awards. Management believes the skill set of the current staff and the ending of the large federal grant award as a result of Hurricane Michael will make the preparation of the financial statements and schedule of expenditures of federal awards within the scope of city employees with less guidance from the auditing firm.

2022-004 Bank Reconciliations (prior years 2021-004 and 2020-004) (initially reported in 2020)

Condition: Bank reconciliations for the pooled cash account were not completed accurately.

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 result 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 the bookkeeping position over the last couple of years. Between the turnover and a software conversion, the City employees failed to reconcile the pooled cash account timely. The City has hired a third party to assist with month-end reconciliations in mid-2022. Reconciliations were further delayed due to numerous errors identified by the third party.

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 its efforts to keep all accounts properly reconciled and timely performed. The third-party accountant and bookkeeper are working to reconcile the bank accounts monthly. Reconciliations for all accounts are in process for fiscal year 2023 at this time. Once reconciled to date, the City will work to complete reconciliations in a timely manner going forward. The City will also consider how best to incorporate a documented review of the reconciliations for accuracy and reasonableness.

2022-005 Month-end Closing (prior years 2021-006 and 2020-007) (initially reported in 2019)

Condition: The City has setup a month-end process to provide monthly financial statements to governance and management, but procedures to regularly review certain balances (e.g. receivables, customer deposits, etc.) have not been implemented.

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 procedures in place to review the accuracy of balances reported in the 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.

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 the third-party accountant, the City has begun implementing a month-end closing process to verify, in particular, regular journal entries are made and that monthly financial statements are disbursed as considered appropriate. These monthly financial statements are reviewed by the city clerk for accuracy and reasonableness and the review will be documented going forward. For further control, each department head is given monthly, department specific, profit and loss statements for review. The City

will consider implementing additional procedures here as well so department head reviews will also be documented. The accountant will be able to assist with additional month end closing procedures including review of various balances for accuracy.

Section III – Federal Award Findings and Questioned Costs

2022-101 Lack of Documented Review of Reimbursement Requests (prior years 2021-008 and 2020-012) (initially reported in 2020)

Assisted Listing 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 2022
Finding Type: Material Weakness in Internal Control
Known Questioned Costs: $2,716

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 the reimbursement requests prior to submission to the Florida Division of Emergency Management.

Views of responsible officials and planned corrective action: This finding was identified during the 2020 audit which was not issued until February of 2022. Once issued, the City implemented new procedures where the Florida Public Assistance website sends an email to request approval of reimbursements. The public work director and public works assistant both approve the reimbursement. The public works assistant then uploads reimbursement into Florida Public Assistance website and signs electronically for reimbursement to document review and approval by the City of the reimbursement request.

2022-102 Lack of Documented Review of Required Quarterly Reports (prior years 2021-007 and 2020-011) (initially reported in 2020)

Assisted Listing 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 2022 and Z2590 2022
Finding Type: Material Weakness in Internal Control
Known Questioned Costs: $0

Condition: The quarterly Federal Emergency Management Agency reports required by the grant related to the 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 the quarterly reporting prior to submission to the Florida Division of Emergency Management.

Views of responsible officials and planned corrective action: The City implemented procedures to document review of reports for accuracy and to make sure reports are completed in a timely manner prior to submission. Throughout the year the public works assistant input percent of completion of projects into excel spreadsheet which was reviewed by the public works director prior to providing the information to the third-party grant manager for upload to the grant portal but the review by the City was not documented. Going forward, the spreadsheet will continue to be prepared by the public works assistant then sent to public works director for approval and signature prior to providing the spreadsheet to the third party grant manager for submission to the State.

City of Parker, Florida
Summary of Schedule of Prior Year Audit Findings
Year Ended September 30, 2022

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
2021-001/ 2022-001	Financial Statements/ 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.
2021-002/ 2022-002	Financial Statements/ 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.
2021-003/ 2022-003	Financial Statements/ 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.
2021-004/ 2022-004	Financial Statements/ Bank Reconciliations	Bank reconciliations for the pooled cash account were not completed in a timely manner after the software conversion occurred in May 2020.	Not Corrected	While the City strives to improve this condition, it was not corrected for fiscal year 2022.
2021-005/ N/A	Financial Statements/ Data Submitted to Florida Retirement System Not Reviewed Sufficiently	Errors noted in reporting to Florida Retirement System as to amounts reported for employee wages subsequent to year-end.	Corrected	

City of Parker, Florida
Summary of Schedule of Prior Year Audit Findings (Continued)
Year Ended September 30, 2022

Prior Year/ Current Year Finding No.	Program/Area	Brief Description	Status	Comments
2021-006/ 2022-005	Financial Statements/ 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.
2021-008/ 2022-101	Financial Statements/ Lack of Documented Review of Reimbursement Requests	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.	Not Corrected	The City continues to work on improving the month-end processes.
2021-007/ 2022-102	Financial Statements/ Lack of Documented Review of Required Quarterly Reports	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.	Not Corrected	The City continues to work on improving the month-end processes.

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
14101 Panama City Beach Parkway
Suite 200
Panama City Beach, FL 32413

(850) 784-6733
(850) 784-4866 (fax)
www.cricpa.com

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, 2022, and have issued our report thereon dated August 7, 2023.

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 Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated August 7, 2023, 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 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		
2021-2022 Fiscal Year Finding No.	**2020-2021 Fiscal Year Finding No.**	**2019-2020 Fiscal Year Finding No.**
2022-001	2021-001	2020-001
2022-002	2021-002	2020-002
2022-003	2021-003	2020-003
2022-004	2021-004	2020-004
2022-005	2021-006	2020-007
2022-101	2021-008	2020-012
2022-102	2021-007	2020-011

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 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 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 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
August 7, 2023

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
14101 Panama City Beach Parkway
Suite 200
Panama City Beach, FL 32413

(850) 784-6733
(850) 784-4866 (fax)
www.cricpa.com

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, 2022. 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

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, 2022.

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
August 7, 2023

CITY OF PARKER

1001 WEST PARK STREET • PARKER, FLORIDA 32404
TELEPHONE (850) 871-4104 • FAX (850) 871-6684

August 7, 2023

City of Parker
Management's Corrective Action Plan
For the Fiscal Year Ended September 30, 2022

Financial Statement Finding Number: 2022-001 Significant Audit Adjustments

Planned Corrective Action: The City has contracted with a third-party accountant to help alleviate some of audit adjustments needed. 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, we anticipate being able to greatly reduce audit adjustments in the future, but do not anticipate completely eliminating audit adjustments due to limited staff and resources available to the City.

Anticipated Completion Date: 09/30/2023

Responsible Contact Person: Julie Ducharme, Bookkeeper

CITY OF PARKER

1001 WEST PARK STREET • PARKER, FLORIDA 32404
TELEPHONE (850) 871-4104 • FAX (850) 871-6684

August 7, 2023

City of Parker
Management's Corrective Action Plan
For the Fiscal Year Ended September 30, 2022

Financial Statement Finding Number: 2022-002 Lack of Segregation of Duties

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 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. We are currently working on procedural manuals to help define duties and segregate responsibilities. Monthly financial activity such as journal entries, significant account balances, bank reconciliation, bank statements and check images are currently being reviewed for reasonableness by the newly hired third-party accountant who is helping with training of staff to help increase knowledge in these areas.

Anticipated Completion Date: 09/30/2023

Responsible Contact Person: Kim Rega, City Clerk

CITY OF PARKER

1001 WEST PARK STREET • PARKER, FLORIDA 32404
TELEPHONE (850) 871-4104 • FAX (850) 871-6684

August 7, 2023

City of Parker
Management's Corrective Action Plan
For the Fiscal Year Ended September 30, 2021

Financial Statement Finding Number: 2022-003 Financial Statements and Schedule of Expenditures of Federal Awards

Planned Corrective Action: Management believes that it is cost beneficial to have the auditor assist in the preparation of the financial statements and schedule of expenditures of federal awards. Management believes the skill set of the current staff and the ending of the large federal grant award as a result of Hurricane Michael will make the preparation of the financial statements and schedule of expenditures of federal awards within the scope of city employees with less guidance from the auditing firm.

Anticipated Completion Date: 09/30/2023

Responsible Contact Person: Julie Ducharme, Bookkeeper

CITY OF PARKER

1001 WEST PARK STREET • PARKER, FLORIDA 32404
TELEPHONE (850) 871-4104 • FAX (850) 871-6684

August 7, 2023

City of Parker
Management's Corrective Action Plan
For the Fiscal Year Ended September 30, 2021

Financial Statement Finding Number: 2022-004 Bank Reconciliations

Planned Corrective Action: The City is continuing its efforts to keep all accounts properly reconciled and timely performed. The third-party accountant and bookkeeper are working to reconcile the bank accounts monthly. Reconciliations for all accounts are in process for fiscal year 2023 at this time. Once reconciled to date, the City will work to complete reconciliations in a timely manner going forward. The City will also consider how best to incorporate a documented review of the reconciliations for accuracy and reasonableness.

Anticipated Completion Date: 09/30/2023

Responsible Contact Person: Julie Ducharme, Bookkeeper

CITY OF PARKER

1001 WEST PARK STREET • PARKER, FLORIDA 32404
TELEPHONE (850) 871-4104 • FAX (850) 871-6684

August 7, 2023

City of Parker
Management's Corrective Action Plan
For the Fiscal Year Ended September 30, 2021

Financial Statement Finding Number: 2022-005 Month-end Closing

Planned Corrective Action: With the addition of the third-party accountant, the City has begun implementing a month-end closing process to verify, in particular, regular journal entries are made and that monthly financial statements are disbursed as considered appropriate. These monthly financial statements are reviewed by the city clerk for accuracy and reasonableness and the review will be documented going forward. For further control, each department head is given monthly, department specific, profit and loss statements for review. The City will consider implementing additional procedures here as well so department head reviews will also be documented. The accountant will be able to assist with additional month end closing procedures including review of various balances for accuracy.

Anticipated Completion Date: 09/30/2023

Responsible Contact Person: Julie Ducharme, Bookkeeper

CITY OF PARKER

1001 WEST PARK STREET • PARKER, FLORIDA 32404
TELEPHONE (850) 871-4104 • FAX (850) 871-6684

August 7, 2023

City of Parker
Management's Corrective Action Plan
For the Fiscal Year Ended September 30, 2022

Financial Statement Finding Number: 2022-101 Lack of Documented Review of Reimbursement Requests

Planned Corrective Action: This finding was identified during the 2020 audit which was not issued until February of 2022. Once issued, the City implemented new procedures where the Florida Public Assistance website sends an email to request approval of reimbursements. The public work director and public works assistant both approve the reimbursement. The public works assistant then uploads reimbursement into Florida Public Assistance website and signs electronically for reimbursement to document review and approval by the City of the reimbursement request.

Anticipated Completion Date: 09/30/2023

Responsible Contact Person: Taylor Jeffreys, Public Works Assistant

CITY OF PARKER

1001 WEST PARK STREET • PARKER, FLORIDA 32404
TELEPHONE (850) 871-4104 • FAX (850) 871-6684

August 7, 2023

City of Parker
Management's Corrective Action Plan
For the Fiscal Year Ended September 30, 2021

Financial Statement Finding Number: 2022-102 Lack of Documented Review of Required Quarterly Reports

Planned Corrective Action: The City implemented procedures to document review of reports for accuracy and to make sure reports are completed in a timely manner prior to submission. Throughout the year the public works assistant input percent of completion of projects into excel spreadsheet which was reviewed by the public works director prior to providing the information to the third-party grant manager for upload to the grant portal but the review by the City was not documented. Going forward, the spreadsheet will continue to be prepared by the public works assistant then sent to public works director for approval and signature prior to providing the spreadsheet to the third party grant manager for submission to the State.

Anticipated Completion Date: 09/30/2023

Responsible Contact Person: Taylor Jeffreys, Public Works Assistant