



**City of Parker, Florida**

**Financial Statements**

**September 30, 2021**



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## **INDEPENDENT AUDITORS' REPORT**

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

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Parker, Florida (City), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

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

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 10, budgetary comparison information on page 60, the schedules of other postemployment benefits on pages 61 and 62, and the schedules of defined benefit pension plans on pages 63 through 66, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedule of expenditures of state financial assistance is presented for the purpose of additional analysis as required by Chapter 10.550, State of Florida Rules of the Auditor General, and is not a required part of the basic financial statements. The schedule of expenditures of state financial assistance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 8, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Caru, Riggs & Ingram, L.L.C.*

Certified Public Accountants  
Panama City Beach, Florida  
August 8, 2022

## **Management's Discussion and Analysis**

## Management's Discussion and Analysis

As management of the City of Parker, Florida (City), we offer readers of the City's financial statements this narrative overview of the financial activities of the City for the fiscal year ended September 30, 2021. 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 \$16,579,611 (net position). Included in this amount, is \$385,764 in unrestricted net position of the governmental activities, and \$4,790,766 in unrestricted net position of the business-type activities; while \$3,244,708 is net investment in capital assets of the governmental activities, and \$6,012,098 is net investment in capital assets of the business-type activities.
- Total net position increased by \$4,007,081 during fiscal year 2021 after taking into consideration a prior period adjustment identified in the current year. Of this amount, an increase of \$2,215,021 is attributable to governmental activities and an increase of \$1,792,060 is attributable to business-type activities.
- As of September 30, 2021, the general fund's unassigned fund balance was \$2,359,405
- Governmental activities' revenues decreased 52% to \$5,023,245, while expenses for governmental activities decreased by 19% to \$2,808,224 after taking into consideration a prior period adjustment identified in the current year. Business-type activities' revenues increased 9% to \$3,846,672, while business-type activities' expenses increased by 7% percent to \$2,054,612 after taking into consideration a prior period adjustment identified in the current year.

### Overview of the Financial Statements

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

### Government-wide Financial Statements

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

The *statement of net position* presents information on all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the City, with the difference between them reported as *net position*. Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position are reported separately for governmental activities and business-type activities. Increases or decreases in net position over time may serve as a useful indicator of the City's improving or declining financial position.

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

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

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

## **Fund Financial Statements**

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

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

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

The *government-wide financial statements* and the *fund financial statements* provide different presentations of the City's financial position. Categorized by governmental activities and business-type activities, the government-wide financial statements provide an overall picture of the City's financial standing. These statements, which are comparable to private-sector companies, provide a good understanding of the City's overall financial health and present the means used to pay for various activities, or functions provided by the City. All assets of the City, including buildings, land, and

infrastructure are reported in the *statement of net position*, as well as all liabilities, including capital leases and future employee benefits obligated but not yet paid by the City. The *statement of activities* includes depreciation on all long-lived assets of the City, but all transactions between different functions of the City have been eliminated to avoid doubling up the revenues and expenses. The *fund financial statements* provide a presentation of the City's major funds. In the case of governmental funds, outlays for long-lived assets are reported as expenditures and long-term liabilities are not included in the fund financial statements. To facilitate a comparison between the *fund financial statements* and the *government-wide financial statements*, reconciliations are provided.

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

### Financial Analysis of the City

The following schedule provides a summary of the assets, deferred outflows, liabilities, deferred inflows, and net position of the City at September 30, 2021 and 2020. Amounts reported for fiscal year September 30, 2020 have been restated to reflect prior period adjustments identified in the current year.

#### Net Position

	Governmental		Business-type		Total	
	Activities		Activities			
September 30,	2021	2020	2021	2020	2021	2020
Current and other						
assets	\$ 4,290,705	\$ 5,196,504	\$ 5,360,303	\$ 5,045,713	\$ 9,651,008	\$ 10,242,217
Noncurrent assets	3,485,245	3,224,832	7,396,162	5,917,650	10,881,407	9,142,482
<b>Total assets</b>	<b>7,775,950</b>	<b>8,421,336</b>	<b>12,756,465</b>	<b>10,963,363</b>	<b>20,532,415</b>	<b>19,384,699</b>
Deferred outflows of						
resources	521,411	873,408	101,565	143,577	622,976	1,016,985
Current liabilities	348,377	1,918,432	139,234	194,737	487,611	2,113,169
Noncurrent liabilities	1,336,978	4,249,610	1,035,313	1,264,895	2,372,291	5,514,505
<b>Total liabilities</b>	<b>1,685,355</b>	<b>6,168,042</b>	<b>1,174,547</b>	<b>1,459,632</b>	<b>2,859,902</b>	<b>7,627,674</b>
Deferred inflows of						
resources	1,428,380	158,097	287,498	43,383	1,715,878	201,480
Net investment in						
capital assets	3,244,708	3,042,467	6,012,098	5,058,581	9,256,806	8,101,048
Net position – restricted	1,553,154	1,112,170	593,121	54,221	2,146,275	1,166,391
Net position –						
unrestricted (deficit)	385,764	(1,186,032)	4,790,766	4,491,123	5,176,530	3,305,091
<b>Total net position</b>	<b>\$ 5,183,626</b>	<b>\$ 2,968,605</b>	<b>\$ 11,395,985</b>	<b>\$ 9,603,925</b>	<b>\$ 16,579,611</b>	<b>\$ 12,572,530</b>

Investment in capital assets (i.e., land, buildings, and equipment), net of related outstanding debt used to acquire those assets, represents 56% 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 \$5,176,530.

The following schedule provides a summary of the changes in net position for the years ended September 30, 2021 and 2020. Amounts reported for fiscal year September 30, 2020 have been restated in relation to prior period adjustments identified in the current year.

### Changes in Net Position

Year Ended	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
<i>September 30,</i>						
Program revenues						
Charges for services	\$ 519,749	\$ 441,602	\$ 2,794,487	\$ 2,177,128	\$ 3,314,236	\$ 2,618,730
Operating grants and contributions	981,487	7,811,388	-	916,159	981,487	8,727,547
Capital grants and contributions	207,105	-	958,722	59,706	1,165,827	59,706
General revenues						
Taxes and fees	905,192	876,732	-	-	905,192	876,732
Intergovernmental	1,197,714	1,046,405	-	-	1,197,714	1,046,405
Interest	2,349	1,702	11,327	9,853	13,676	11,555
Loan forgiveness	1,143,321	-	-	-	1,143,321	-
Gain on asset disposal	41,465	-	-	-	41,465	-
Other	24,863	206,738	82,136	355,817	106,999	562,555
<b>Total revenues</b>	<b>5,023,245</b>	<b>10,384,567</b>	<b>3,846,672</b>	<b>3,518,663</b>	<b>8,869,917</b>	<b>13,903,230</b>
Expenses						
General government	758,989	805,281	-	-	758,989	805,281
Public safety	1,106,761	1,646,486	-	-	1,106,761	1,646,486
Code enforcement	91,989	89,015	-	-	91,989	89,015
Trash	297,612	289,459	-	-	297,612	289,459
Highways and streets	343,006	450,514	-	-	343,006	450,514
Fleet	42,959	48,745	-	-	42,959	48,745
Parks and recreation	166,908	129,756	-	-	166,908	129,756
Utilities	-	-	2,054,612	1,920,509	2,054,612	1,920,509
<b>Total expenses</b>	<b>2,808,224</b>	<b>3,459,256</b>	<b>2,054,612</b>	<b>1,920,509</b>	<b>4,862,836</b>	<b>5,379,765</b>
Change in net position	2,215,021	6,925,311	1,792,060	1,598,154	4,007,081	8,523,465
Beginning net position	2,968,605	(3,956,706)	9,603,925	8,005,771	12,572,530	4,049,065
Ending net position	\$ 5,183,626	\$ 2,968,605	\$ 11,395,985	\$ 9,603,925	\$ 16,579,611	\$ 12,572,530

Governmental activities' revenues exceeded expenses by \$2,215,021, while business-type activities' revenues exceeded expenses by \$1,792,060. Total revenues decreased \$5,033,313 from the previous year primarily due to a decrease in grant funds. Twenty percent (20%) of the revenues of governmental activities were generated by operating grants and contributions, 24% were generated by intergovernmental revenues, and 23% were related to a loan forgiveness associated with a grant. Most of the governmental resources were expended for public safety (39%) and general government (27%). Included in general government are Hurricane Michael expenditures which make up approximately 32%

of the expenditures in that department. Charges for services provided \$2,794,487 (73%) of the revenue for the business-type activities and capital grants and contributions provided \$958,722 (25%).

## 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, 2021, total assets were \$4,298,361 and total liabilities were \$282,001. At the end of fiscal year 2021, unassigned fund balance of the general fund was \$2,359,405 while total fund balance was a \$4,016,360.

#### Proprietary Fund

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

Unrestricted net position of the proprietary fund at the end of the fiscal year was \$4,790,766.

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, 2021, was \$9,943,950 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, and machinery and equipment.

#### Capital Assets (net of depreciation)

<i>September 30,</i>	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 646,012	\$ 646,012	\$ 650,652	\$ 449,632	\$ 1,296,664	\$ 1,095,644
Construction in progress	170,871	-	101,044	114,728	271,915	114,728
Buildings	502,029	544,514	-	-	502,029	544,514
Improvements	1,631,413	1,518,839	5,365,240	4,485,204	6,996,653	6,004,043
Machinery and equipment	527,264	507,466	349,425	463,636	876,689	971,102
Total	\$ 3,477,589	\$ 3,216,831	\$ 6,466,361	\$ 5,513,200	\$ 9,943,950	\$ 8,730,031

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 2021, the City had total outstanding debt in the amount of \$687,144. This debt balance represents notes payable secured by specified revenue sources and obligations under capital leases.

### Outstanding Debt

<i>September 30,</i>	Governmental		Business-type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Obligations under						
capital leases	\$ 232,881	\$ 174,364	\$ 9,026	\$ 12,394	\$ 241,907	\$ 186,758
Notes payable	-	1,143,321	445,237	442,225	445,237	1,585,546
Total	\$ 232,881	\$ 1,317,685	\$ 454,263	\$ 454,619	\$ 687,144	\$ 1,772,304

Principal repayments during the year on notes payable totaled \$1,163,320, including \$1,143,321 related to forgiveness of notes payable through a grant, and on obligations under capital leases totaled \$54,851. Proceeds from capital leases totaled \$110,000 and proceeds from notes payable totaled \$23,011.

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 budget exceeded actual revenues amounts by \$319,161, primarily due to excess budgeting of grant revenues. The general fund final budget exceeded actual expenditures by \$1,359,054 mainly due to budgeting for costs related to Hurricane Michael in the 2021 budget accrued in the prior year.

### Economic Factors and Next Year's Budget

Since Hurricane Michael, the City of Parker, Florida 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 a new apartment complex that opened in May of 2022, with 270 units that has just begun to lease. Commercial businesses are building in town as well. Fulcurm Lumber Group opened their doors in 2022, Move It Storage broke ground on a new facility in May of 2022, Local Spin Laundry Mat will open July 2022, and several smaller family owned businesses are opening this year. The City is adjacent to Tyndall Air Force Base, which is rebuilding and bringing in new airman. The City has land for sale that is highly desirable for investors due to the water access and locations on the main roadways.

The water and sewer revenue will continue to support the operations of the City. The City increases the water and sewer rates 3% annually. With the increase in population the City expects the revenues will also increase. The City gave 2% cost of living raise to its employees in October 2021.

**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**

<b>September 30, 2021</b>	<b>Primary Government</b>		<b>Total</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 3,509,285	\$ 3,480,411	\$ 6,989,696
Accounts receivable, net	213,326	52,190	265,516
Grants receivable	469,126	46,022	515,148
Due from joint venture	-	305,525	305,525
Inventories	43,660	-	43,660
Prepays	55,308	-	55,308
Investment in joint venture	-	1,476,155	1,476,155
<b>Total current assets</b>	<b>4,290,705</b>	<b>5,360,303</b>	<b>9,651,008</b>
Noncurrent assets			
Restricted assets			
Cash and cash equivalents	7,656	929,801	937,457
Capital assets			
Nondepreciable	816,883	751,696	1,568,579
Depreciable, net	2,660,706	5,714,665	8,375,371
<b>Total noncurrent assets</b>	<b>3,485,245</b>	<b>7,396,162</b>	<b>10,881,407</b>
<b>Total assets</b>	<b>7,775,950</b>	<b>12,756,465</b>	<b>20,532,415</b>
Deferred outflows of resources - pension	487,474	90,253	577,727
Deferred outflows of resources - other postemployment benefits	33,937	11,312	45,249
<b>Total deferred outflows of resources</b>	<b>521,411</b>	<b>101,565</b>	<b>622,976</b>
<b>Liabilities</b>			
Current liabilities			
Accounts payable	64,951	102,834	167,785
Accrued expenses	217,050	6,099	223,149
Accrued compensated absences, current portion	18,536	5,054	23,590
Obligations under capital leases, current portion	47,840	-	47,840
Notes payable, current portion	-	25,247	25,247
<b>Total current liabilities</b>	<b>348,377</b>	<b>139,234</b>	<b>487,611</b>

(Continued)

See accompanying notes

**City of Parker, Florida**  
**Statement of Net Position (Continued)**

<b>September 30, 2021</b>	<b>Primary Government</b>		<b>Total</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	
<b>Noncurrent liabilities</b>			
Accrued compensated absences, net of current portion	\$ 74,144	\$ 20,211	\$ 94,355
Obligations under capital leases, net of current portion	185,041	9,026	194,067
Customer deposits	-	336,680	336,680
Net pension liability	743,364	137,631	880,995
Notes payable, net of current portion	-	419,990	419,990
Other postemployment benefits liability	334,429	111,775	446,204
Total noncurrent liabilities	1,336,978	1,035,313	2,372,291
Total liabilities	1,685,355	1,174,547	2,859,902
Deferred inflows of resources - pension	1,272,900	235,671	1,508,571
Deferred inflows of resources - other postemployment benefits	155,480	51,827	207,307
<b>Total deferred inflows of resources</b>	1,428,380	287,498	1,715,878
<b>Net position</b>			
Net investment in capital assets	3,244,708	6,012,098	9,256,806
Restricted			
Impact fees	-	538,900	538,900
Debt service	-	54,221	54,221
Community redevelopment agency	12,173	-	12,173
Infrastructure taxes	1,533,325	-	1,533,325
Law enforcement	7,656	-	7,656
Unrestricted	385,764	4,790,766	5,176,530
Total net position	\$ 5,183,626	\$ 11,395,985	\$ 16,579,611

See accompanying notes

**City of Parker, Florida  
Statement of Activities**

Year Ended September 30, 2021	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Functions/Programs</b>							
<b>Primary Government</b>							
Governmental activities							
General government	\$ 758,989	\$ 103,172	\$ 981,487	\$ -	\$ 325,670	\$ -	\$ 325,670
Public safety	1,106,761	10,765	-	-	(1,095,996)	-	(1,095,996)
Code enforcement	91,989	8,335	-	-	(83,654)	-	(83,654)
Trash	297,612	376,950	-	-	79,338	-	79,338
Highways and streets	343,006	20,527	-	-	(322,479)	-	(322,479)
Fleet	42,959	-	-	-	(42,959)	-	(42,959)
Parks and recreation	166,908	-	-	207,105	40,197	-	40,197
Total governmental activities	2,808,224	519,749	981,487	207,105	(1,099,883)	-	(1,099,883)
Business-type activities							
Utility fund	2,054,612	2,794,487	-	958,722	-	1,698,597	1,698,597
Total business-type activities	2,054,612	2,794,487	-	958,722	-	1,698,597	1,698,597
<b>Total primary government</b>	<b>\$ 4,862,836</b>	<b>\$ 3,314,236</b>	<b>\$ 981,487</b>	<b>\$ 1,165,827</b>	<b>(1,099,883)</b>	<b>1,698,597</b>	<b>598,714</b>
General revenues							
Taxes							
					446,907	-	446,907
					15,267	-	15,267
					75,427	-	75,427
					87,179	-	87,179

(Continued)

See accompanying notes

**City of Parker, Florida**  
**Statement of Activities (Continued)**

**Net (Expenses) Revenues and  
Changes in Net Position**  
**Primary Government**

**Governmental Business-type  
Activities Activities Total**

**Year Ended September 30, 2021**

Franchise fees	\$ 280,412	\$ -	\$ 280,412
Intergovernmental	1,197,714	-	1,197,714
Total general revenues	2,102,906	-	2,102,906
Interest earnings	2,349	11,327	13,676
Miscellaneous	24,863	82,136	106,999
Loan forgiveness	1,143,321	-	1,143,321
Gain on asset disposal	41,465	-	41,465
Total general revenues, interest and other revenue	3,314,904	93,463	3,408,367
Change in net position	2,215,021	1,792,060	4,007,081
Net position - beginning (as originally reported)	3,028,403	9,544,219	12,572,622
Prior period adjustment	(59,798)	59,706	(92)
Net position - beginning (as restated)	2,968,605	9,603,925	12,572,530
Net position - ending	\$ 5,183,626	\$ 11,395,985	\$ 16,579,611

See accompanying notes

**City of Parker, Florida**  
**Balance Sheet**  
**Governmental Fund**

<b>September 30, 2021</b>	<b>General Fund</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 3,509,285
Grants receivable	469,126
Accounts receivable, net	213,326
Inventories	43,660
Prepays	55,308
Cash and cash equivalents - restricted	7,656
Total assets	4,298,361
<b>Liabilities and fund balance</b>	
<b>Liabilities</b>	
Accounts payable	64,951
Accrued expenses	67,930
Unearned revenue	149,120
Total liabilities	282,001
<b>Fund balance</b>	
Nonspendable	
Prepays	55,308
Inventories	43,660
Restricted	
Community redevelopment agency	12,173
Infrastructure taxes	1,533,325
Law enforcement	7,656
Assigned	
Capital purchases	4,833
Unassigned	
General fund	2,359,405
Total fund balance	4,016,360
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.	3,477,589
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.	(1,403,354)
Deferred outflows and inflows of resources are not financial resources or liabilities, and therefore, are not reported in the funds.	(906,969)
Net position of governmental activities	\$ 5,183,626

See accompanying notes

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

<b>Year Ended September 30, 2021</b>	<b>General Fund</b>
<b>Revenues</b>	
Taxes	
Utility taxes	\$ 446,907
Business taxes	15,267
Communications taxes	75,427
Local option gas taxes	87,179
Intergovernmental	1,197,714
Grants	1,187,434
Licenses and permits	351,640
Charges for services	405,070
Fines and forfeitures	11,523
Rents	31,928
Interest	2,349
Contributions and donations	1,158
Miscellaneous	24,863
Total revenues	3,838,459
<b>Expenditures</b>	
Current	
General government	728,965
Public safety	1,161,154
Code enforcement	95,957
Trash	203,008
Highways and streets	357,518
Fleet	37,334
Parks and recreation	107,323
Capital outlay	
General government	98,588
Public safety	151,140
Highways and streets	112,896
Parks and recreation	212,459
Debt service	57,530
Total expenditures	3,323,872
<b>Excess of revenues over expenditures</b>	<b>514,587</b>
<b>Other financing sources (uses)</b>	
Proceeds from debt	110,000
Proceeds from asset disposal	45,000
Total other financing sources (uses)	155,000
<b>Net changes in fund balance</b>	<b>669,587</b>
<b>Fund balance - beginning (as originally reported)</b>	<b>3,406,571</b>
<b>Prior period adjustment</b>	<b>(59,798)</b>
<b>Fund balance - beginning (as restated)</b>	<b>3,346,773</b>
<b>Fund balance - ending</b>	<b>\$ 4,016,360</b>

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, 2021**

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Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balance - total governmental fund (page 16)	\$ 669,587
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.	264,292
The issuance of long-term debt (i.e. notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also governmental funds report the effect of the issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,084,804
The net effect of miscellaneous noncash transactions involving capital assets (i.e. sales, trade-ins, adjustments, donations, and impairments) is to decrease net position.	(3,535)
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).	199,873
Change in net position of governmental activities (page 14)	\$ 2,215,021

See accompanying notes

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

<b>September 30, 2021</b>	<b>Utility Fund</b>
<b>Business-type Activities/Enterprise Fund</b>	
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 3,480,411
Accounts receivable, net	52,190
Grants receivable	46,022
Due from joint venture	305,525
Investment in joint venture	1,476,155
Total current assets	5,360,303
Noncurrent assets	
Restricted assets - cash and cash equivalents	
Customer deposits	336,680
Impact fees	538,900
Revenue bond debt service	54,221
Capital assets	
Property, plant and equipment	10,090,496
Less accumulated depreciation	(3,624,135)
Total noncurrent assets	7,396,162
Total assets	12,756,465
<b>Deferred outflows of resources</b>	
Deferred outflows related to pensions	90,253
Deferred outflows related to other postemployment benefits	11,312
Total deferred outflows of resources	101,565
<b>Liabilities</b>	
Current liabilities	
Accounts payable	102,834
Accrued expenses	6,099
Accrued compensated absences	5,054
Notes payable, current portion	25,247
Total current liabilities	139,234

(Continued)

See accompanying notes

**City of Parker, Florida**  
**Statement of Net Position – Proprietary Fund (Continued)**

<b>Business-type Activities/Enterprise Fund</b>		<b>Utility Fund</b>
<b>September 30, 2021</b>		
<b>Noncurrent liabilities</b>		
Accrued compensated absences	\$	20,211
Capital leases, net of current portion		9,026
Notes payable, net of current portion		419,990
Customer deposits		336,680
Net pension liability		137,631
Other postemployment benefits liability		111,775
Total noncurrent liabilities		1,035,313
Total liabilities		1,174,547
<b>Deferred inflows of resources</b>		
Deferred inflows related to pensions		235,671
Deferred inflows related to other postemployment benefits		51,827
Total deferred inflows of resources		287,498
<b>Net position</b>		
Net investment in capital assets		6,012,098
Restricted		
Impact fees		538,900
Debt service		54,221
Unrestricted		4,790,766
Total net position		\$ 11,395,985

See accompanying notes

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

**Business-type Activities/Enterprise Fund**

<b>Year Ended September 30, 2021</b>	<b>Utility Fund</b>
<b>Operating revenues</b>	
Charges for services	
Water and sewer charges	\$ 2,152,539
Connection, reset and reactivation fees	40,557
Late fees	61,351
Tap fees	1,140
Impact fees	538,900
Other utility income	1,365
<b>Total operating revenues</b>	<b>2,795,852</b>
<b>Operating expenses</b>	
Personnel services	534,793
Communications	8,764
Contractual services	39,584
Cost of water and sewer	537,677
Debt service charges AWT	206,893
Depreciation	321,717
Fuel and lubricants	14,893
Insurance	67,391
Office supplies	1,513
Operating supplies	18,995
Other current charges	25,486
Postage	6,420
Printing and binding	1,697
Professional services	46,464
Public utility services	26,247
Rentals	4,548
Repairs and maintenance	166,966
Road materials and supplies	5,520
Travel and per diem	13,258
Uniforms	3,159
<b>Total operating expenses</b>	<b>2,051,985</b>
<b>Net operating income</b>	<b>743,867</b>

(Continued)

See accompanying notes

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

<b>Business-type Activities/Enterprise Fund</b>	<b>Utility Fund</b>
<b>Year Ended September 30, 2021</b>	
<b>Nonoperating revenues (expenses)</b>	
Interest income	\$ 11,327
Interest expense	(2,627)
Gain from joint venture	80,771
Grant revenue	958,722
Total nonoperating revenues (expenses)	1,048,193
<b>Changes in net position</b>	<b>1,792,060</b>
<b>Net position - beginning (as originally reported)</b>	9,544,219
<b>Prior period adjustment</b>	59,706
<b>Net position - beginning (as restated)</b>	<b>9,603,925</b>
<b>Net position - ending</b>	<b>\$ 11,395,985</b>

See accompanying notes

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

<b>Business-type Activities/Enterprise Fund</b>	
<b>Year Ended September 30, 2021</b>	<b>Utility Fund</b>
<b>Operating activities</b>	
Receipts from customers and users	\$ 2,804,381
Payments to suppliers and others	(1,425,096)
Payments to employees	(504,557)
Net cash provided (used) by operating activities	874,728
<b>Capital and related financing activities</b>	
Capital lease payments	(3,368)
Capital grants received	967,722
Proceeds from notes payable	23,011
Notes payable payments	(19,999)
Purchases of capital assets	(1,274,878)
Interest paid on capital lease	(2,627)
Net cash provided (used) by capital and related financing activities	(310,139)
<b>Investing activities</b>	
Distributions from joint venture	28,583
Interest received	11,327
Net cash provided (used) by investing activities	39,910
<b>Net increase in cash and cash equivalents</b>	<b>604,499</b>
<b>Cash and cash equivalents - beginning (as originally reported)</b>	3,746,007
<b>Prior period adjustment</b>	59,706
<b>Cash and cash equivalents - beginning (as restated)</b>	<b>3,805,713</b>
<b>Cash and cash equivalents - ending</b>	<b>\$ 4,410,212</b>
<b>Classified as</b>	
Current assets - cash and cash equivalents	\$ 3,480,411
Restricted assets - cash and cash equivalents	929,801
<b>Cash and cash equivalents - ending</b>	<b>\$ 4,410,212</b>

(Continued)

See accompanying notes

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

**Business-type Activities/Enterprise Fund**

<b>Year Ended September 30, 2021</b>	<b>Utility Fund</b>
<b>Reconciliation of net operating income to net cash provided (used) by operating activities</b>	
Net operating income	\$ 743,867
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities	
Depreciation	321,717
(Increase) decrease in assets	
Accounts receivable, net	(23,426)
Due from joint venture	(49,304)
Decrease in deferred outflows of resources	42,012
Increase (decrease) in liabilities	
Accounts payable	(58,131)
Accrued expenses	(2,662)
Accrued compensated absences	11,167
Due to other funds	(119,524)
Customer deposits	31,955
Other postemployment benefits liability	(10,572)
Net pension liability	(256,486)
Increase in deferred inflows of resources	244,115
<b>Total adjustments</b>	<b>130,861</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$ 874,728</b>

See accompanying notes

## City of Parker, Florida Notes to Financial Statements

### **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, 2021.

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

#### ***Government-wide and Fund Financial Statements***

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

***Measurement Focus, Basis of Accounting and Financial Statement Presentation***

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

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

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

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

***Government-wide Financial Statements***

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

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

***Fund Financial Statements***

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

The City reports the following major governmental fund:

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

The City reports the following major enterprise fund:

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

***Budgetary Information***

*Budgetary basis of accounting*

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

The appropriated budget is prepared by fund, function, and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level per Florida Statutes which provides that it is unlawful to make expenditures that exceed the total amount budgeted for each fund. Chapter 166, Florida Statutes, governs the manner in which the budget may be legally amended once it has been approved. Therefore, the fund level is the legal level of control for budget considerations according to Florida Statutes.

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

**City of Parker, Florida**  
**Notes to Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Budgetary data presented in the accompanying required supplementary information in the final budgeted amounts column represents the final budgetary data. In this column, the effects of budget amendments have been applied to original budgetary data, when applicable.

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

***Cash and cash equivalents***

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

***Receivables and payables***

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

***Interfund Activities and Transactions***

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

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

***Inventories and Prepaids***

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

**City of Parker, Florida**  
**Notes to Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

***Restricted Assets***

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

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

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

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

***Capital Assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$750 and an estimated useful life in excess of one year. Donated or contributed capital assets are recorded at acquisition value at the date received.

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

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

***Deferred Outflows/Inflows of Resources***

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

***Compensated Absences***

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

***Long-term Obligations***

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

***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 as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***Other Postemployment Benefits Liability***

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

***Categories and Classification of Fund Equity***

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

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

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

## City of Parker, Florida Notes to Financial Statements

### **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

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

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

### ***Revenues and Expenditures/Expenses***

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

*Proprietary funds operating and nonoperating revenues and expenses* – Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utility fund is charges to customers for sales and services. The proprietary funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

***Encumbrances***

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

***Use of Estimates***

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

***Subsequent Events***

Management has evaluated subsequent events through August 8, 2022, the date that the financial statements were available to be issued. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

***Recently Issued and Implemented Accounting Pronouncements***

In fiscal year 2021, GASB issued Statement No. 84, *Fiduciary Activities*. This statement seeks to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The implementation of this statement resulted in no changes to the City's financial statements.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. The implementation of this statement resulted in no changes to the City's financial statements.

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

In June 2017, 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. Under this statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for reporting periods beginning after June 15, 2021.

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

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2021.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

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 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. The requirements of this statement are effective for fiscal years beginning after June 15, 2021.

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:

**City of Parker, Florida**  
**Notes to Financial Statements**

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

Cost of capital assets	\$	7,530,251
Less: accumulated depreciation		(4,052,662)
<hr/>		
Net adjustment to increase total <i>fund balance</i> - to arrive at <i>net position of governmental activities</i>	\$	3,477,589
<hr/> <hr/>		

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	\$	(92,680)
Other postemployment benefits liability		(334,429)
Net pension liability		(743,364)
Capital leases		(232,881)
<hr/>		
Net adjustment to decrease total <i>fund balance</i> - to arrive at <i>net position of governmental activities</i>	\$	(1,403,354)
<hr/> <hr/>		

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	\$	487,474
Deferred inflows of resources related to net pension liability		(1,272,900)
Deferred outflows of resources related to other postemployment benefits liability		33,937
Deferred inflows of resources related to other postemployment benefits liability		(155,480)
<hr/>		
Net adjustment to decrease total <i>fund balance</i> - to arrive at <i>net position of governmental activities</i>	\$	(906,969)
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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	\$	575,083
Depreciation expense		(310,791)
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Net adjustment to increase <i>net changes in fund balance - total governmental fund</i> to arrive at <i>change in net position of governmental activities</i>	\$	264,292
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**City of Parker, Florida**  
**Notes to Financial Statements**

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

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	\$	(110,000)
Principal repayments on capital leases		51,483
Principal forgiveness on note payable		1,143,321
<hr/>		
Net adjustment to increase <i>net changes in fund balance - total governmental fund</i> to arrive at <i>change in net position of governmental activities</i>	\$	1,084,804
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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	\$	18,173
Other postemployment benefits		31,714
Pension expenses		1,772,266
Deferred outflows of resources		(351,997)
Deferred inflows of resources		(1,270,283)
<hr/>		
Net adjustment to increase <i>net changes in fund balance - total governmental fund</i> to arrive at <i>change in net position of governmental activities</i>	\$	199,873
<hr/>		

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	\$	(3,535)
<hr/>		
Net adjustment to decrease <i>net changes in fund balance - total governmental fund</i> to arrive at <i>change in net position of governmental activities</i>	\$	(3,535)
<hr/>		

**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, 2021, 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.

**City of Parker, Florida**  
**Notes to Financial Statements**

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

***Deposits and Investments (Continued)***

*Credit risk* – Section 150: *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, 2021, the City did not hold any investments that were considered to be a credit risk.

*Concentration risk* – Section 150: *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, 2021, 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, 2021, were as follows:

	<b>Accounts Receivable</b>	<b>Allowance for Uncollectable</b>	<b>Accounts Receivable Net</b>
General fund	\$ 278,242	\$ (64,916)	\$ 213,326
Enterprise fund	260,944	(208,754)	52,190
<b>Total</b>	<b>\$ 539,186</b>	<b>\$ (273,670)</b>	<b>\$ 265,516</b>

**City of Parker, Florida**  
**Notes to Financial Statements**

**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, 2021:

	September 30, 2020	Increases	Decreases	September 30, 2021
Capital assets, not being depreciated				
Land	\$ 646,012	\$ -	\$ -	\$ 646,012
Construction in progress	-	170,871	-	170,871
Total capital assets, not being depreciated	646,012	170,871	-	816,883
Capital assets, being depreciated				
Buildings and improvements	1,104,645	-	-	1,104,645
Improvements other than buildings	2,918,710	217,656	-	3,136,366
Machinery and equipment	2,456,455	186,556	170,654	2,472,357
Total capital assets, being depreciated	6,479,810	404,212	170,654	6,713,368
Less accumulated depreciation				
Buildings and improvements	560,131	42,485	-	602,616
Improvements other than buildings	1,399,871	105,082	-	1,504,953
Machinery and equipment	1,948,989	163,224	167,120	1,945,093
Total accumulated depreciation	3,908,991	310,791	167,120	4,052,662
Total capital assets, being depreciated (net of accumulated depreciation)	2,570,819	93,421	3,534	2,660,706
Total governmental activities' capital assets (net of accumulated depreciation)	\$ 3,216,831	\$ 264,292	\$ 3,534	\$ 3,477,589

**City of Parker, Florida**  
**Notes to Financial Statements**

**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, 2021:

Land	\$ 650,652
Construction in progress	101,044
Water system	2,178,021
Sewer system	5,756,601
Machinery and equipment	1,404,178
<b>Total</b>	<b>10,090,496</b>
Less: accumulated depreciation	
Water system	1,269,926
Sewer system	1,299,456
Machinery and equipment	1,054,753
<b>Total accumulated depreciation</b>	<b>3,624,135</b>
<b>Total business-type activities' capital assets (net of accumulated depreciation)</b>	<b>\$ 6,466,361</b>

The following is a summary of changes in capital assets of the business-type activities during the year ended September 30, 2021:

	<b>September 30, 2020</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>September 30, 2021</b>
Capital assets, not being depreciated					
Land	\$ 449,632	\$ 201,020	\$ -	\$ -	\$ 650,652
Construction in progress	114,728	46,022	-	(59,706)	101,044
<b>Total capital assets, not being depreciated</b>	<b>564,360</b>	<b>247,042</b>	<b>-</b>	<b>(59,706)</b>	<b>751,696</b>
Capital assets, being depreciated					
Water system	2,104,851	67,983	-	5,187	2,178,021
Sewer system	4,737,953	932,038	-	86,610	5,756,601
Machinery and equipment	1,482,825	27,815	74,371	(32,091)	1,404,178
<b>Total capital assets, being depreciated</b>	<b>8,325,629</b>	<b>1,027,836</b>	<b>74,371</b>	<b>59,706</b>	<b>9,338,800</b>

(Continued)

**City of Parker, Florida**  
**Notes to Financial Statements**

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**Capital Assets (Continued)**

	September 30, 2020	Increases	Decreases	Transfers	September 30, 2021
Less accumulated depreciation					
Water system	\$ 1,194,524	\$ 75,402	\$ -	\$ -	\$ 1,269,926
Sewer system	1,163,076	136,380	-	-	1,299,456
Machinery and equipment	1,019,189	109,935	74,371	-	1,054,753
Total accumulated depreciation	3,376,789	321,717	74,371	-	3,624,135
Total capital assets, being depreciated (net of accumulated depreciation)	4,948,840	706,119	-	59,706	5,714,665
Total business-type activities capital assets (net of accumulated depreciation)	\$ 5,513,200	\$ 953,161	\$ -	\$ -	\$ 6,466,361

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

Governmental activities	
General government	\$ 36,051
Public safety	91,973
Code enforcement	529
Trash	96,794
Highways and streets	14,329
Fleet	8,982
Parks and recreation	62,133
Total depreciation expense – governmental activities	\$ 310,791
Business-type activities	
Water system	\$ 99,417
Sewer system	222,300
Total depreciation expense – business-type activities	\$ 321,717

**City of Parker, Florida**  
**Notes to Financial Statements**

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

***Long-term Debt and Liabilities***

*Capital leases*

In November 2016, the City entered into a capital lease agreement in the amount of \$148,215 to finance 56 handheld radios. Payments of \$16,492 including interest at 2% are due annually until maturity in November 2026. The balance was \$77,755 at September 30, 2021, split between governmental activities and business-type activities based on where the radios are to be used, which is approximately 88% governmental activities and 12% business-type activities. Per the agreement, in the event of default, the company has multiple courses of remedy to include, but not limited to, declaring the unpaid principal immediately due and payable.

In May 2019, the City entered into a capital lease agreement in the amount of \$104,749 to finance the purchase of a 2019 Freightliner Truck. Payments of \$28,374 including interest at 3.18% are due annually until maturity in June 2023. The balance was \$54,152 at September 30, 2021. 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 capital lease 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 \$110,000 at September 30, 2021. In the event of default, the bank has multiple courses of remedy to include, but not limited to, declaring the unpaid principal immediately due and payable.

Debt service requirements to maturity on capital leases at September 30, 2021 are as follows:

<b><i>Year ending</i></b> <b><i>September 30,</i></b>	<b>Governmental activities</b>		<b>Business-type activities</b>		<b>Total</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2022	\$ 47,840	\$ 3,547	\$ -	\$ -	\$ 47,840	\$ 3,547
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
<b>Total</b>	<b>\$ 232,881</b>	<b>\$ 11,821</b>	<b>\$ 9,026</b>	<b>\$ 545</b>	<b>\$ 241,907</b>	<b>\$ 12,366</b>

The cost of capital assets acquired under capital leases is \$430,856, less accumulated depreciation of \$176,507, for a net carrying value of \$254,349 at September 30, 2021.

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

***Long-term Debt and Liabilities (Continued)***

*Direct borrowings - notes payable*

*Governmental activities*

In November 2019, the City entered into an agreement with Federal Emergency Management Agency (FEMA) for a \$1,143,321 loan under the Community Disaster Loan program with an interest rate of 1.625% per year due in November 2024. On September 30, 2021 the U.S. Congress passed the Extending Government Funding and Delivering Emergency Assistance Act (P.L. 117-43). This act cancelled the loan due to FEMA and the CDL was closed as of that date.

*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, 2021 totaled \$410,643. Principal and interest paid for the year ended September 30, 2021 and total pledged revenues were \$22,158 and \$413,655, respectively. Principal and interest payments were 5% of the pledged revenues for the year ended September 30, 2021.

In August 2018, the City entered into an agreement with the State of Florida, Department of Environmental Protection for a \$162,075 loan for a water rehabilitation project with an interest rate of 2.05% per year for 10 years. Of the \$162,075, \$81,037 is expected to be forgiven at the end of the project leaving a balance of \$81,838, including capitalized interest of \$800. The first semi-annual payment of \$4,637 is due February 15, 2022. The loan is collateralized by the pledged revenues of the water system. No principal or interest payments were made during the year ending September 30, 2021. Pledged revenue for the year ending September 30, 2021 was \$413,655. The total principal and interest remaining to be paid on the loan as of September 30, 2021 is \$55,996.

As of September 30, 2021, \$1,441,727 for both projects has been expensed and recorded, \$1,391,205 in notes payable and \$966,681 in grants, including \$916,159 in loans forgiven for the 2016 agreement.

**City of Parker, Florida**  
**Notes to Financial Statements**

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

***Long-term Debt and Liabilities (Continued)***

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, 2021 are as follows:

<b><i>Year ending September 30,</i></b>	<b>Governmental activities</b>		<b>Business-type activities</b>		<b>Total</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2022	\$ -	\$ -	\$ 25,247	\$ 2,519	\$ 25,247	\$ 2,519
2023	-	-	25,303	2,463	25,303	2,463
2024	-	-	25,487	2,280	25,487	2,280
2025	-	-	25,672	2,094	25,672	2,094
2026	-	-	25,860	1,907	25,860	1,907
2027-2031	-	-	132,207	6,624	132,207	6,624
2032-2036	-	-	107,965	2,867	107,965	2,867
2037-2040	-	-	77,496	648	77,496	648
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 445,237</b>	<b>\$ 21,402</b>	<b>\$ 445,237</b>	<b>\$ 21,402</b>

***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.

**City of Parker, Florida**  
**Notes to Financial Statements**

**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, 2021, was as follows for governmental activities:

<b>Governmental activities</b>	<b>Balance September 30, 2020</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance September 30, 2021</b>	<b>Due Within One Year</b>
Obligations under capital leases	\$ 174,364	\$ 110,000	\$ 51,483	\$ 232,881	\$ 47,840
Direct borrowings - notes payable	1,143,321	-	1,143,321	-	-
Net pension liability	2,515,630	-	1,772,266	743,364	-
Other postemployment benefits liability	366,143	-	31,714	334,429	-
Accrued compensated absences	110,852	-	18,172	92,680	18,536
<b>Total governmental activities</b>	<b>\$ 4,310,310</b>	<b>\$ 110,000</b>	<b>\$ 3,016,956</b>	<b>\$ 1,403,354</b>	<b>\$ 66,376</b>

Long-term liability activity for the year ended September 30, 2021, was as follows for business-type activities:

<b>Business-type activities</b>	<b>Balance September 30, 2020</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance September 30, 2021</b>	<b>Due Within One Year</b>
Obligations under capital leases	\$ 12,394	\$ -	\$ 3,368	\$ 9,026	\$ -
Direct borrowings - notes payable	442,225	23,011	19,999	445,237	25,247
Net pension liability	394,117	-	256,486	137,631	-
Other postemployment benefits liability	122,347	-	10,572	111,775	-
Accrued compensated absences	14,098	11,167	-	25,265	5,054
<b>Total business-type activities</b>	<b>\$ 985,181</b>	<b>\$ 34,178</b>	<b>\$ 290,425</b>	<b>\$ 728,934</b>	<b>\$ 30,301</b>

**City of Parker, Florida**  
**Notes to Financial Statements**

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

***Long-term Debt and Liabilities (Continued)***

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

***Interfund Receivables, Payables and Transfers***

No internal balances due between funds as of September 30, 2021 and no interfund transfers were made during the year ended September 30, 2021.

***Net Position Restrictions***

The following is a description of reported net position restrictions in governmental activities and business-type activities at September 30, 2021.

*Governmental fund*

Community redevelopment agency	\$	12,173
Infrastructure taxes		1,533,325
Law enforcement		7,656
<hr/>		
Total	\$	1,553,154
<hr/>		

*Proprietary fund*

Impact fees	\$	538,900
Debt service		54,221
<hr/>		
Total	\$	593,121
<hr/>		

The amount restricted as of September 30, 2021 by enabling legislation is \$2,092,054.

***Net Investment In Capital Assets***

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

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Capital assets, net	\$ 3,477,589	\$ 6,466,361	\$ 9,943,950
Outstanding debt related to capital assets	(232,881)	(454,263)	(687,144)
<hr/>			
Net investment in capital assets	\$ 3,244,708	\$ 6,012,098	\$ 9,256,806
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**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](http://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.

***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.

**City of Parker, Florida**  
**Notes to Financial Statements**

**Note 4: PENSION PLANS (Continued)**

***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, 2021 were as follows:

	October 1, 2020 Through June 30, 2021		July 1, 2021 Through September 30, 2021	
	FRS	HIS	FRS	HIS
Regular class	8.34%	1.66%	9.16%	1.66%
Special risk	22.79%	1.66%	24.23%	1.66%
DROP participants	15.32%	1.66%	16.68%	1.66%

The City's contributions for the year ended September 30, 2021, were \$202,542 to FRS and \$24,194 to HIS.

***Pension Liabilities and Pension Expenses***

In its financial statements for the year ended September 30, 2021, 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, 2021. 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.

	FRS	HIS
Net pension liability	\$ 385,853	\$ 495,142
Proportion at:		
Current measurement date	0.005108009%	0.004036538%
Prior measurement date	0.005564399%	0.004079137%
Pension expense (benefit)	\$ (5,985)	\$ 39,923

***Deferred Outflows/Inflows of Resources Related to Pensions***

At September 30, 2021, 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, 2022. Other pension related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

**City of Parker, Florida**  
**Notes to Financial Statements**

**Note 4: PENSION PLANS (Continued)**

	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)	\$ 66,136	\$ -	\$ 16,569	\$ 207
Effect of assumptions changes or inputs	264,019	-	38,907	20,401
Net difference between projected and actual earnings on pension plan investments	-	1,346,141	516	-
Changes in proportion and differences between contributions and proportionate share of contributions	98,635	136,375	35,160	5,447
City contributions subsequent to the measurement date	51,835	-	5,950	-
<b>Total</b>	<b>\$ 480,625</b>	<b>\$ 1,482,516</b>	<b>\$ 97,102</b>	<b>\$ 26,055</b>

Measurement period ending June 30,	FRS	HIS
2022	\$ (186,113)	\$ 15,752
2023	(215,683)	9,570
2024	(278,626)	13,239
2025	(357,979)	14,696
2026	(15,325)	10,091
Thereafter	-	1,749
<b>Total</b>	<b>\$ (1,053,726)</b>	<b>\$ 65,097</b>

**Actuarial Assumptions**

The total pension liability for each of the defined benefit plans was measured as of June 30, 2021. The total pension liability for FRS was determined by an actuarial valuation dated July 1, 2021. The total pension liability for HIS was determined by an actuarial valuation dated July 1, 2020. The total pension liability for each of the plans was determined using the individual entry-age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Salary increases	3.25%	3.25%
Investment rate of return	6.80%	N/A
Discount rate	6.80%	2.16%

**Note 4: PENSION PLANS (Continued)**

Mortality assumptions for both plans were based on the PUB-2010 based table projected generationally with Scale MP-2018. The actuarial assumptions used in the FRS valuation dated July 1, 2021 were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018. No experience study has been completed for the HIS valuation, as it is on a pay-as-you-go basis, but the actuarial assumptions used for the valuation were based on certain results from the most recent experience study for FRS.

The following changes in key actuarial assumptions occurred in 2021:

FRS: Decreasing the maximum amortization period to 20 years for all current and future amortization bases.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 2.21% to 2.16%.

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.

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.1%	2.1%	1.1%
Fixed income	20.0%	3.8%	3.7%	3.3%
Global equity	54.2%	8.2%	6.7%	17.8%
Real estate (property)	10.3%	7.1%	6.2%	31.8%
Private equity	10.8%	11.7%	8.5%	26.4%
Strategic investments	3.7%	5.7%	5.4%	8.4%
	<u>100%</u>			

***Discount Rate***

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

Because HIS is essentially funded on a pay-as-you-go basis, a municipal bond rate of 2.16% 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.

**City of Parker, Florida**  
**Notes to Financial Statements**

**Note 4: PENSION PLANS (Continued)**

**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		
	Current		
	1% Decrease	Discount Rate	1% Increase
City's proportionate share of the net pension liability/(asset)	\$ 1,725,556	\$ 385,853	\$ (733,990)

  

	HIS		
	Current		
	1% Decrease	Discount Rate	1% Increase
City's proportionate share of the net pension liability	\$ 572,432	\$ 495,142	\$ 431,820

***Pension Plans' Fiduciary Net Position***

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

***Payables to the Pension Plan***

As of September 30, 2021, 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, 2021, totaled \$42,945.

**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
<hr/>	
Total plan members	29
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***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.

**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 \$446,204 was measured as of September 30, 2021 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: 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

**Note 5: OTHER POSTEMPLOYMENT BENEFITS (Continued)**

- 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: \$8,551 (retiree), \$8,551 (spouse) and \$17,102 (family)
- Other decrements: Assumed employment termination is based on the Scale 155 table; assumed disability is based on the Wyatt 1985 Disability Study (Class 1 for general employees and Class 4 for firefighters and police officers)
- Coverage election: 50% of eligible employees are assumed to elect medical coverage upon retirement or disability; of those electing medical coverage, 80% of males and 60% of females are also assumed to cover spouses
- Spouses and dependents: Husbands are assumed to be three years older than wives; retirees are not assumed to have any dependent children
- COBRA: Future healthcare coverage provided solely pursuant to COBRA was not included in the OPEB valuation; 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 trend 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.

**City of Parker, Florida**  
**Notes to Financial Statements**

**Note 5: OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**Changes in the Total OPEB Plan Liability**

Balance at September 30, 2020	\$	488,490
Changes for the year:		
Service cost		50,466
Interest		12,895
Changes of assumptions or other inputs		(88,966)
Benefit payments		(16,681)
Net change in OPEB liability		(42,286)
Total OPEB liability at September 30, 2021	\$	446,204

**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:

	<b>1 % Decrease</b>	<b>Current Discount Rate</b>	<b>1 % Increase</b>
Net OPEB Liability	\$ 493,389	\$ 446,204	\$ 404,645

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:

	<b>1 % Decrease</b>	<b>Current Cost Trend Rate</b>	<b>1 % Increase</b>
Net OPEB Liability	\$ 389,140	\$ 446,204	\$ 515,134

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

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 162,577
Changes of assumptions	45,249	44,730
Total	\$ 45,249	\$ 207,307

**City of Parker, Florida**  
**Notes to Financial Statements**

**Note 5: OTHER POSTEMPLOYMENT BENEFITS (Continued)**

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	\$	(16,518)
2023		(16,518)
2024		(16,518)
2025		(16,518)
2026		(16,518)
Thereafter		(79,468)
<b>Total</b>	<b>\$</b>	<b>(162,058)</b>

**Note 6: RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

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

The commercial insurance carried is a claims incurred policy for which the City is covered for claims originating against the City during the policy period. The amount of coverage is dependent on the date of the liability-imposing event. The City has maintained continuous coverage and does not believe it has any exposure to events which occurred prior to the year ended September 30, 2021.

**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.

**City of Parker, Florida**  
**Notes to Financial Statements**

**Note 8: INVESTMENT IN JOINT VENTURE**

The City, in alliance with Bay County, the Cities of Springfield and Callaway, and the former Town of Cedar Grove joined efforts in 1996 to supply existing and expanded wastewater treatment and disposal services. The mission of this joint venture is to provide these services in an economical, efficient, and environmentally appropriate manner to their respective citizenry. This joint venture, known as the Military Point Advanced Wastewater Treatment Facility (MPAWTF), assumed ownership of the existing wastewater treatment plant and then completed construction of a new seven million gallon per day advanced wastewater treatment facility which was placed in service in 1999. The new facility was funded by a combination of conventional borrowing and State Revolving Fund loans. MPAWTF is owned and governed by Bay County; and the Cities of Callaway, Parker and Springfield. One owner is selected by the others to be responsible for operating MPAWTF. The owner delegated to be the operator is Bay County, Florida. The operator of MPAWTF, in accordance with the interlocal agreement, prepares MPAWTF’s annual budget, sets treatment rates, and collects funds sufficient to pay debt service; costs of operations and maintenance; renewal and replacement; and necessary enhancements to reserves. The results of operations and cash flows are accounted for within the financial statements of MPAWTF. The City’s interest in equity is reported within the City’s utility fund. As of September 30, 2021, the City’s portion of the equity in MPAWTF was \$1,476,155. 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, 2021**

<b>Assets</b>	
Current assets	\$ 10,951,979
Noncurrent assets	18,053,627
<hr/>	
Total assets	29,005,606
<hr/>	
<b>Deferred outflows of resources</b>	
Deferred loss on bond refunding	410,698
<hr/>	
<b>Liabilities</b>	
Current liabilities	4,236,985
Noncurrent liabilities	4,114,204
<hr/>	
Total liabilities	8,351,189
<hr/>	
<b>Net position</b>	<b>\$ 21,065,115</b>
<hr/> <hr/>	

**City of Parker, Florida**  
**Notes to Financial Statements**

**Note 8: INVESTMENT IN JOINT VENTURE (Continued)**

For the year ended September 30, 2021, the City recorded a gain from the joint venture in the amount of \$80,771. As of September 30, 2021, the joint venture owes the City \$305,525 for excess funds accumulated in the operating and repair and replacement accounts (\$381,010) offset by \$75,485 for the transfer of a collection system.

**Statement of Activities**  
**Year Ended September 30, 2021**

Operating revenues	\$	5,472,027
Operating expenses		(4,896,268)
<hr/>		
Operating income		575,759
Nonoperating revenues (expenses)		430,176
<hr/>		
Net income before distributions to owners		1,005,935
Distributions to owners		(326,200)
<hr/>		
Change in net position		679,735
Net position, beginning of year		20,385,380
<hr/>		
Net position, end of year	\$	21,065,115
<hr/>		

**Note 9: PRIOR PERIOD ADJUSTMENT**

Subsequent to the issuance of the audited financial statements for the year ended September 30, 2021, the following adjustments were identified associated with fiscal year 2021 and before.

- Grant revenues were reported in the utility fund/business-type activities during fiscal year 2020 in the amount of \$59,706, which should have been reported in the general fund/governmental activities.
- Accrued expenses were overstated, while revenues were understated, during fiscal year 2020 by \$25,029 in the general fund/governmental activities.
- Accounts payable and prior year expenditures were understated during fiscal year 2020 by \$25,121 in the general fund/governmental activities.

	<b>General Fund</b>	<b>Governmental Activities</b>
Fund balance/net position - beginning (as originally reported)	\$ 3,406,571	\$ 3,028,403
Prior period adjustments		
Understated grant revenues	(59,706)	(59,706)
Overstated accrued expenses	25,029	25,029
Understated accounts payable	(25,121)	(25,121)
Total prior period adjustments	(59,798)	(59,798)
Fund balance/net position - beginning (as restated)	\$ 3,346,773	\$ 2,968,605

**City of Parker, Florida**  
**Notes to Financial Statements**

**Note 9: PRIOR PERIOD ADJUSTMENT (Continued)**

	<b>Utility Fund/ Business-Type Activities</b>
Net position - beginning (as originally reported)	\$ 9,544,219
Prior period adjustments	
Overstated grant revenues	59,706
Total prior period adjustments	59,706
Fund balance/net position - beginning (as restated)	\$ 9,603,925

**Note 10: UNCERTAINTIES**

*Hurricane Michael*

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

*COVID-19*

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

**Note 11: SUBSEQUENT EVENTS**

In March 2022, the City issued a \$4,000,000 Revenue Note, Series 2022 which the City will be able to draw upon as needed for a two year period. The purpose of the revenue note is to finance or reimburse the City for certain projects expected to be funded by the Federal Emergency Management Agency. The revenue note will incur interest at 1.45% per annum and mature in April 2024.

## **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, 2021	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes				
Utility taxes	\$ 383,985	\$ 383,985	\$ 446,907	\$ 62,922
Business taxes	28,000	28,000	15,267	(12,733)
Communications taxes	77,354	77,354	75,427	(1,927)
Local option gas taxes	78,296	78,296	87,179	8,883
Intergovernmental	933,138	933,138	1,197,714	264,576
Grants	1,963,062	1,963,062	1,187,434	(775,628)
Licenses and permits	276,450	276,450	351,640	75,190
Charges for services	349,535	349,535	405,070	55,535
Fines and forfeitures	29,500	29,500	11,523	(17,977)
Rents	26,300	26,300	31,928	5,628
Interest	1,000	1,000	2,349	1,349
Contributions	4,000	4,000	1,158	(2,842)
Miscellaneous	7,000	7,000	24,863	17,863
<b>Total revenues</b>	<b>4,157,620</b>	<b>4,157,620</b>	<b>3,838,459</b>	<b>(319,161)</b>
<b>Expenditures</b>				
Current and capital outlay				
General government	2,419,287	2,419,287	827,553	1,591,734
Public safety	1,287,414	1,287,414	1,312,294	(24,880)
Code enforcement	133,708	133,708	95,957	37,751
Trash	248,735	248,735	203,008	45,727
Highways and streets	386,182	386,182	470,414	(84,232)
Fleet	41,093	41,093	37,334	3,759
Parks and recreation	116,498	116,498	319,782	(203,284)
Debt service	50,009	50,009	57,530	(7,521)
<b>Total expenditures</b>	<b>4,682,926</b>	<b>4,682,926</b>	<b>3,323,872</b>	<b>1,359,054</b>
<b>Excess (deficit) of revenues over (under) expenditures</b>	<b>(525,306)</b>	<b>(525,306)</b>	<b>514,587</b>	<b>1,039,893</b>
<b>Other financing sources (uses)</b>				
Proceeds from debt	-	-	110,000	110,000
Proceeds from asset disposal	-	-	45,000	45,000
Transfers	525,306	525,306	-	(525,306)
<b>Total other financing sources (uses)</b>	<b>525,306</b>	<b>525,306</b>	<b>155,000</b>	<b>(370,306)</b>
<b>Net changes in fund balance</b>	<b>-</b>	<b>-</b>	<b>669,587</b>	<b>669,587</b>
<b>Fund balance - beginning (as restated)</b>	<b>3,346,773</b>	<b>3,346,773</b>	<b>3,346,773</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ 3,346,773</b>	<b>\$ 3,346,773</b>	<b>\$ 4,016,360</b>	<b>\$ 669,587</b>

See independent auditors' report

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

<b>Year ended September 30,</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Total OPEB liability</b>				
Service cost	\$ 50,466	\$ 42,735	\$ 32,539	\$ 66,675
Interest	12,895	9,274	19,975	18,887
Differences between expected and actual	-	-	(171,496)	-
Changes in assumptions	(88,966)	56,519	(113)	-
Benefit (payments) refunds	(16,681)	(21,253)	(10,133)	(14,521)
Net change in OPEB liability	(42,286)	87,275	(129,228)	71,041
Total OPEB liability - beginning	488,490	401,215	530,443	459,402
Total OPEB liability - ending (a)	\$ 446,204	\$ 488,490	\$ 401,215	\$ 530,443
 <b>Plan fiduciary net position</b>				
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)	\$ 446,204	\$ 488,490	\$ 401,215	\$ 530,443

Plan fiduciary net position as a  
percentage of the total OPEB liability

	0%	0%	0%	0%
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City's covered-employee payroll	\$ 1,089,941	\$ 966,458	\$ 966,458	\$ 1,055,517
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Net OPEB liability as a percentage of  
City's covered-employee payroll

	40.94%	50.54%	41.51%	50.25%
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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**

<b>Year ended September 30,</b>	<b>2021</b>		<b>2020</b>		<b>2019</b>		<b>2018</b>	
Contractually required contribution	\$	-	\$	-	\$	-	\$	-
Contributions in relation to the contractually required contribution		-		-		-		-
<b>Contribution deficiency/(excess)</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>
City's covered-employee payroll	\$	1,089,941	\$	966,458	\$	966,458	\$	1,055,517
Contributions as a percentage of City's covered-employee payroll		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**

<b>June 30,</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013 *</b>	<b>2012 *</b>
City's proportion of the net pension liability	0.0051080%	0.0055644%	0.0050523%	0.0049467%	0.0051836%	0.0052695%	0.0051447%	0.0051900%	N/A	N/A
City's proportionate share of the net pension liability	\$ 385,853	\$ 2,411,691	\$ 1,739,958	\$ 1,489,980	\$ 1,533,799	\$ 1,330,553	\$ 664,505	\$ 316,667	N/A	N/A
City's covered payroll	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	N/A
City's proportionate share of the net pension liability as a percentage of the City's covered payroll	27.00%	178.43%	136.33%	126.07%	135.40%	120.21%	60.95%	27.89%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%	N/A	N/A

\* Disclosures for 2012 and 2013 are N/A because comparable information is not available at this time.

See independent auditors' report

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

<b>Year ended September 30,</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013 *</b>	<b>2012 *</b>
Contractually required contribution	\$ 202,542	\$ 184,880	\$ 164,685	\$ 141,975	\$ 137,432	\$ 130,308	\$ 125,821	\$ 113,683	N/A	N/A
Contributions in relation to the contractually required contribution	(202,542)	(184,880)	(164,685)	(141,975)	(137,432)	(130,308)	(125,821)	(113,683)	N/A	N/A
<b>Contribution deficiency/(excess)</b>	<b>\$ -</b>	<b>N/A</b>	<b>N/A</b>							
City's covered payroll	\$ 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	13.86%	13.39%	12.23%	12.07%	11.92%	11.67%	11.70%	10.16%	N/A	N/A

\* Disclosures for 2012 and 2013 are N/A because comparable information is not available at this time.

See independent auditors' report

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

<b>June 30,</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013 *</b>	<b>2012 *</b>
City's proportion of the net pension liability	0.0040365%	0.0040791%	0.0038161%	0.0036184%	0.0035538%	0.0035856%	0.0035935%	0.0037438%	N/A	N/A
City's proportionate share of the net pension liability	\$ 495,142	\$ 498,056	\$ 426,980	\$ 382,974	\$ 379,991	\$ 417,887	\$ 366,480	\$ 350,054	N/A	N/A
City's covered payroll	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	N/A
City's proportionate share of the net pension liability as a percentage of the City's covered payroll	34.65%	36.85%	33.46%	32.41%	33.55%	37.75%	33.62%	30.83%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%	N/A	N/A

\* Disclosures for 2012 and 2013 are N/A because comparable information is not available at this time.

See independent auditors' report

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

<b>Year ended September 30,</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013 *</b>	<b>2012 *</b>
Contractually required contribution	\$ 24,194	\$ 23,106	\$ 22,284	\$ 19,531	\$ 19,146	\$ 18,547	\$ 14,609	\$ 12,825	N/A	N/A
Contributions in relation to the contractually required contribution	(24,194)	(23,106)	(22,284)	(19,531)	(19,146)	(18,547)	(14,609)	(12,825)	N/A	N/A
<b>Contribution deficiency/(excess)</b>	<b>\$ -</b>	<b>N/A</b>	<b>N/A</b>							
City's covered payroll	\$ 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%	1.67%	1.66%	1.66%	1.66%	1.66%	1.36%	1.15%	N/A	N/A

\* Disclosures for 2012 and 2013 are N/A because comparable information is not available at this time.

See independent auditors' report

## **Compliance Section**

**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, 2021, and the related notes to financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 8, 2022.

***Internal Control Over Financial Reporting***

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2021-001 to 2021-004 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and questioned costs as items 2021-005 to 2021-008 to be significant deficiencies.

***Compliance and Other Matters***

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

***City’s Responses to Findings***

The City’s views of responsible officials and planned corrective actions related to the findings identified in our audit are included in the schedule of findings and questioned costs, and were not subjected to the auditing procedures applied in the audit of the financial statement. Accordingly, we express no opinion on them.

***Purpose of This Report***

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

*Carri Riggs & Ingram, L.L.C.*

Certified Public Accountants  
Panama City Beach, Florida  
August 8, 2022

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

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

**Report on Compliance for Each Major State Project**

We have audited the City of Parker, Florida's (City) compliance with the types of compliance requirements described in the Department of Financial Services' State Projects Compliance Supplement that could have a direct and material effect on each of the City's major State projects for the year ended September 30, 2021. The City's major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal and State statutes, regulations, and the terms and conditions of its state projects applicable to its state projects.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General. Those standards and the Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major State Project***

In our opinion the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended September 30, 2021.

## Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state project and to test and report on internal control over compliance in accordance with the Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state project 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 state project 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 state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

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

Certified Public Accountants  
Panama City Beach, Florida  
August 8, 2022

**City of Parker, Florida**  
**Schedule of Expenditures of State Financial Assistance**  
**Year Ended September 30, 2021**

<b>State Agency/Pass-through Entity State Project</b>	<b>CSFA Number</b>	<b>Contract/ Grant Number</b>	<b>Passed Through to Subrecipients</b>	<b>Expenditures</b>
<b>Florida Executive Office of the Governor</b>				
<b>Florida Division of Emergency Management</b>				
Hurricane Michael Recovery Grant Program	31.070	F0054	\$ -	\$ 854,839
Total Florida Executive Office of the Governor			-	854,839
<b>State of Florida Department of Economic Opportunity</b>				
Division of Housing and Community Development	40.038	DL007	-	171,143
Division of Housing and Community Development	40.038	DL008	-	41,833
Total State of Florida Department of Economic Opportunity			-	212,976
<b>State of Florida Department of Environmental Protection</b>				
Florida Resilient Coastlines Program (FRCP)	37.098	R2141	-	75,000
Total State of Florida Department of Environmental Protection			-	75,000
<b>Total Expenditures of State Financial Assistance</b>			\$ -	<b>\$ 1,142,815</b>

See accompanying notes to schedule of expenditures of state financial assistance

**City of Parker, Florida**

**Notes to Schedule of Expenditures of State Financial Assistance**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of presentation***

The accompanying schedule of expenditures of state financial assistance is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Chapter 10.550, Rules of the Auditor General. 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 state projects of the City for the year ended September 30, 2021.

**Note 2: OTHER TYPES OF FINANCIAL ASSISTANCE**

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

**City of Parker, Florida**  
**Schedule of Findings and Questioned Costs**  
**Year Ended September 30, 2021**

**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

State Financial Assistance

Internal control over major State projects	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major state projects	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 10.557, Rules of the Auditor General?	No

Identification of major state projects

<u>CSFA Number</u>	<u>Name of Financial Assistance Project</u>
31.070	Hurricane Michael Recovery Grant Program

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$342,845</u>
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(Continued)

**City of Parker, Florida**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended September 30, 2021**

**Section II – Financial Statement Findings**

2021-001 Significant Audit Adjustments (prior years 2020-001 and 2019-001) (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.

2021-002 Lack of Segregation of Duties (prior years 2020-002 and 2019-002) (initially reported in 2009)

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

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

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

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

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

**City of Parker, Florida**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended September 30, 2021**

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.

2021-003 Financial Statement and Schedule of Expenditures of State Financial Assistance (prior years 2020-003 and 2019-003) (initially reported in 2019)

Condition: Inadequate design of internal control over the preparation of financial statements and the schedule of expenditures of state financial assistance 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 state financial assistance as required by the Rules of the Auditor General Chapter 10.550.

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 state financial assistance.

Recommendation: We recommend that the City consider taking the necessary steps to prepare their financial statements and schedule of expenditures of state financial assistance 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 state financial assistance. Management believes the skill set of the current staff and the ending of the large federal grant award created from Hurricane Michael will make the preparation of the financial statements and schedule of expenditures of state financial assistance within the scope of city employees with less guidance from the auditing firm.

2021-004 Bank Reconciliations (prior year 2020-004) (initially reported in 2020)

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

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

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

**City of Parker, Florida**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended September 30, 2021**

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 their bookkeeping position recently and since year-end including one around the time of the software conversion. Between the turnover and software conversion, the City employees failed to reconcile the pooled cash account timely.

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

Views of Responsible Officials and Planned Corrective Action: The City is continuing to make efforts to keep all accounts properly reconciled and timely performed. The third-party accountant and bookkeeper are working to reconcile the bank accounts monthly. Reconciliations for all accounts are complete at this time through the second quarter of fiscal year 2022. 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.

2021-005 Data Submitted to Florida Retirement System Not Reviewed Sufficiently (prior years 2020-005 and 2019-005) (initially reported in 2019)

Condition: Errors were noted in reporting to the Florida Retirement System as to amounts reported for employee wages subsequent to year-end.

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

Effect: This error resulted in errors in wages reported by employee and errors in calculated pension expense for the City which has an effect on the City's proportionate share calculated by the State for reporting related to GASB 68.

Cause: A City employee did not update the data submitted to the Florida Retirement System for multiple months which resulted in incorrect wages by employee being reported.

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

Views of Responsible Officials and Planned Corrective Action: The city clerk has implemented additional strategies to ensure pension submission reports are completed and reviewed monthly for accuracy and completeness. We have implemented a review by the bookkeeper prior to submission of retirement report. The bookkeeper reviews all submissions after preparation by the city clerk and reconciles the amounts with the bank statements. The errors identified during the audit were from November thru January 2022 and were corrected by May of 2022.

**City of Parker, Florida**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended September 30, 2021**

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

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

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

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

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

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

Views of Responsible Officials and Planned Corrective Action: With the addition of newly hired third-party accountant, the City implemented a formal month-end closing process which includes the preparation of appropriate monthly financial statements by the bookkeeper with the third-party accountant's assistance. 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 month end closing procedures and implemented a month end close out checklist. Finally, profit and loss reports are given to council and department heads monthly and there review and acceptance of the reports will be documented in the approved minutes of the Council meetings.

2021-007 Lack of Documented Review of Required Quarterly Reports (prior year 2020-011) (initially reported in 2020)

Condition: The quarterly Federal Emergency Management Agency reports required by the grant (assistance listing number 97.036) 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.

**City of Parker, Florida**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended September 30, 2021**

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

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

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

Views of Responsible Officials and Planned Corrective Action: The City 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.

2021-008 Lack of Documented Review of Reimbursement Requests (prior year 2020-012) (initially reported in 2020)

Condition: The reimbursement requests (assistance listing number 97.036) to Federal Emergency Management Agency were prepared by the City's consultant and there was no documented review of the reimbursement requests by the City prior to submission.

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

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

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

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

Views of Responsible Officials and Planned Corrective Action: 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

**City of Parker, Florida**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended September 30, 2021**

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.

**Section III – State Financial Assistance Findings and Questioned Costs**

No findings reported in the current year.

**City of Parker, Florida**  
**Summary of Schedule of Prior Year Audit Findings**  
**Year Ended September 30, 2021**

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

<b>Prior Year/ Current Year Finding No.</b>	<b>Program/Area</b>	<b>Brief Description</b>	<b>Status</b>	<b>Comments</b>
2020-001/ 2021-001	Financial Statement/ Significant Audit Adjustments	Adjustments to the financial records had to be proposed by the auditors in order for the financial statements to conform to GAAP.	Not Corrected	While the City strives to improve this condition, it is not expected to be corrected within the near future due to a lack of resources.
2020-002/ 2021-002	Financial Statement/ Lack of Segregation of Duties	The City does not have proper segregation of duties in many areas due to a limited number of staff combined with needed cross-trained staff for backup of certain positions in the event of absences.	Not Corrected	While the City strives to improve this condition, it is not expected to be corrected within the near future due to a lack of resources.
2020-003/ 2021-003	Financial Statement/ Financial Statements and Schedule of Expenditures of Federal Awards Preparation	Inadequate design of internal control over the preparation of financial statements and the schedule of expenditures of federal awards being audited gives rise to a material weakness in internal control.	Not Corrected	While the City strives to improve this condition, it is not expected to be corrected within the near future due to a lack of resources.
2020-004/ 2021-004	Financial Statement/ 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 2021.
2020-005/ 2021-005	Financial Statement/ 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.	Not Corrected	The City continues to work on improving the reporting processes for retirement.

**City of Parker, Florida**  
**Summary of Schedule of Prior Year Audit Findings (Continued)**  
**Year Ended September 30, 2021**

<b>Prior Year/ Current Year Finding No.</b>	<b>Program/Area</b>	<b>Brief Description</b>	<b>Status</b>	<b>Comments</b>
2020-006	Financial Statement/ Data Submitted to the Actuary for Other Postemployment Benefits Liability Not Reviewed Sufficiently	Errors were noted in reporting to the actuary for the determination of the other postemployment benefits liability.	Corrected	
2020-007/ 2021-006	Financial Statement/ Month-end Closing	The City has started to setup a month-end closing process to review balances and provide monthly financial statements to governance and management, but have not yet implemented those processes and procedures.	Not Corrected	The City continues to work on improving the month-end processes.
2020-008	Financial Statement/ Approved Minutes of Council Meetings Not Prepared	Approved meeting minutes were not available from the first quarter of fiscal year 2020.	Corrected	
2020-009	Financial Statement/ Timesheets not Always Signed by Supervisor to Indicate Review and Approval	Certain timesheets sampled from January and February 2020 were not signed by supervisors to indicate that they had been reviewed and approved.	Corrected	
2020-010	Financial Statement/ Detailed Timesheets Not Available	Certain timesheets sampled from February 2020 were not available from one department tested. The only documentation available was a summary of hours spreadsheet kept by the bookkeeper without supporting documentation to indicate accuracy of the spreadsheet or approval of the hours Reported.	Corrected	
2020-011/ 2021-007	Financial Statement / 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.

**City of Parker, Florida**  
**Summary of Schedule of Prior Year Audit Findings (Continued)**  
**Year Ended September 30, 2021**

<b>Prior Year/ Current Year Finding No.</b>	<b>Program/Area</b>	<b>Brief Description</b>	<b>Status</b>	<b>Comments</b>
2020-012/ 2021-008	Financial Statement / 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.

## **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, 2021, and have issued our report thereon dated August 8, 2022.

### ***Auditors' Responsibility***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 State Project and on Internal Control Over Compliance Required by the Chapter 10.550, Rules of the Auditor General; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on Compliance with Local Government Investment Policies in accordance with AICPA *Professional Standards*, AT-C Section 315, and Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated August 8, 2022 should be considered in conjunction with this management letter.

### ***Prior Audit Findings***

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as noted below under the heading prior year findings and recommendations.

**Prior Year Findings and Recommendations**

<b>Tabulation of Uncorrected Audit Findings</b>		
<b>2020-2021 Fiscal Year Finding No.</b>	<b>2019-2020 Fiscal Year Finding No.</b>	<b>2018-2019 Fiscal Year Finding No.</b>
2021-001	2020-001	2019-001
2021-002	2020-002	2019-002
2021-003	2020-003	2019-003
2021-004	2020-004	N/A
2021-005	2020-005	2019-005
2021-006	2020-007	2019-007
2021-007	2020-011	N/A
2021-008	2020-012	N/A

**Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to financial statements. The City is incorporated under the provisions of the State of Florida (Laws of Florida, 1951, CH. 27685, Sec. 5). There is one component unit of the reporting entity as defined in publications cited in Rule 10.553. The Parker Community Redevelopment Agency is operated by the City. The Agency was established on May 25, 2004 by City Resolution 2004-05-350 pursuant to Florida Statute 163.387.

**Financial Condition and Management**

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

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City. It is management’s responsibility to monitor the City’s financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

**Special District Component Units**

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the

audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

***Additional Matters***

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

**Purpose of This Letter**

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

*Carri Riggs & Ingram, L.L.C.*

Certified Public Accountants  
Panama City Beach, Florida  
August 8, 2022

## **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, 2021. 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, 2021.

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 8, 2022



# CITY OF PARKER

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

August 8, 2022

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

Financial Statement Finding Number: 2021-001 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

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August 8, 2022

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

Financial Statement Finding Number: 2021-002 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: Jami Hinrichs, City Clerk



# CITY OF PARKER

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August 8, 2022

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

Financial Statement Finding Number: 2021-003 Financial Statement and Schedule of Expenditures of State Financial Assistance

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 state financial assistance. Management believes the skill set of the current staff and the ending of the large federal grant award created from Hurricane Michael will make the preparation of the financial statements and schedule of expenditures of state financial assistance 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

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August 8, 2022

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

Financial Statement Finding Number: 2021-004 Bank Reconciliations

Planned Corrective Action: The City is continuing to make 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 complete at this time through the second quarter of fiscal year 2022. 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: 09/30/2022

Responsible Contact Person: Julie Ducharme, Bookkeeper



# CITY OF PARKER

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August 8, 2022

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

Financial Statement Finding Number: 2021-005 Data Submitted to Florida Retirement System Not Reviewed Sufficiently

Planned Corrective Action: The city clerk has implemented additional strategies to ensure pension submission reports are completed and reviewed monthly for accuracy and completeness. We have implemented a review by the bookkeeper prior to submission of retirement report. The bookkeeper reviews all submissions after preparation by the city clerk and reconciles the amounts with the bank statements. The errors identified during the audit were from November thru January 2022 and were corrected by May of 2022.

Anticipated Completion Date: 09/30/2022

Responsible Contact Person: Jami Hinrichs, City Clerk



# CITY OF PARKER

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August 8, 2022

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

Financial Statement Finding Number: 2021-006 Month-end Closing

Planned Corrective Action: With the addition of newly hired third-party accountant, the City implemented a formal month-end closing process which includes the preparation of appropriate monthly financial statements by the bookkeeper with the third-party accountant's assistance. 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 month end closing procedures and implemented a month end close out checklist. Finally, profit and loss reports are given to council and department heads monthly and there review and acceptance of the reports will be documented in the approved minutes of the Council meetings.

Anticipated Completion Date: 09/30/2022

Responsible Contact Person: Julie Ducharme, Bookkeeper



# CITY OF PARKER

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August 8, 2022

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

Financial Statement Finding Number: 2021-007 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: 09/30/2022

Responsible Contact Person: Taylor Jeffreys, Public Works Assistant



# CITY OF PARKER

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August 8, 2022

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

Financial Statement Finding Number: 2021-008 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: 09/30/2022

Responsible Contact Person: Taylor Jeffreys, Public Works Assistant