

City of Parker, Florida

Financial Statements

September 30, 2017



City of Parker, Florida
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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, each major fund, and the aggregate remaining fund information of the City of Parker, Florida (City), as of and for the year ended September 30, 2017, and the related notes to basic 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2017, and the respective changes in financial position, and where applicable, cash flows thereof, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 4 through 9, the schedule of funding progress for the retirees' health insurance other postemployment benefits plan and the schedule of employer contributions for the retirees' health insurance other postemployment benefits plan on page 49, the schedule of the City's proportionate share of the net pension liability – Florida Retirement System on page 50, the schedule of the City's contributions – Florida Retirement System on page 51, the schedule of the City's proportional share of the net pension liability – Health Insurance Subsidy Program on page 52, and the schedule of the City's contributions – Health Insurance Subsidy Program on page 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2018, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal

control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Certified Public Accountants
Panama City Beach, Florida
June 25, 2018

Management's Discussion & Analysis

Management's Discussion and Analysis

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

Financial Highlights

- Total assets and deferred outflows of resources of the City exceeded total liabilities and deferred inflows of resources by \$9,984,603 (net position). Of this amount, \$129,400 is unrestricted net position for governmental activities and \$2,710,941 is unrestricted net position for business-type activities, while \$2,586,354 is invested in capital assets for governmental activities and \$4,295,253 is invested in capital assets for business-type activities, both net of related debt.
- Total net position increased by \$794,494. Of this amount, an increase of \$177,184 is attributable to governmental activities and an increase of \$617,310 is attributable to business-type activities.
- As of September 30, 2017, the general fund's unassigned fund balance was \$1,634,571 or 65 percent of total general fund expenditures.
- Governmental activities' revenues increased to \$2,625,750 or 2 percent, while expenses for governmental activities increased by 7 percent to \$2,448,566. Business-type activities' revenues decreased to \$2,613,966 or 13 percent, while business-type activities' expenses increased by 5 percent to \$1,996,656. The change in revenue for governmental activities is primarily related to a decrease in transfers from business-type activities in the current year offset by an increase in capital grants and intergovernmental funds related to a new infrastructure tax. The change in revenue for business-type activities is primarily related to a decrease in transfers to governmental activities offset by a decrease in capital grants 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 basic financial statements*. The *government-wide financial statements* present an overall picture of the City's financial position and results of operations. The *fund financial statements* present financial information for the City's major funds. The *notes to basic financial statements* provide additional information concerning the City's finances that are not otherwise disclosed in the government-wide or fund financial statements.

Government-wide Financial Statements

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

and state shared revenues, while business-type activities are supported by charges to the users of those particular activities, such as water and sewer charges.

The *statement of net position* presents information on all assets, 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 change in net position for the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and 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.

Fund Financial Statements

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

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

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

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

infrastructure are reported in the *statement of net position*, as well as all liabilities, including capital leases and future employee benefits obligated but not yet paid by the City. The *statement of activities* includes depreciation on all long-lived assets of the City, but all transactions between different functions of the City have been eliminated to avoid doubling up the revenues and expenditures. The *fund financial statements* provide a presentation of the City's major funds, along with a column for all nonmajor funds, if necessary. 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*, a reconciliation is provided.

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

Financial Analysis of the City

The following schedule provides a summary of the assets, deferred outflows, liabilities, deferred inflows, and net position of the City at September 30, 2017 and 2016. The City is able to report positive balances in all three categories of net position, for the government as a whole, and for its governmental and business-type activities.

Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
<i>September 30,</i>						
Current and other assets	\$ 1,957,320	\$ 1,740,297	\$ 3,316,484	\$ 2,090,886	\$ 5,273,804	\$ 3,831,183
Noncurrent assets	2,745,548	2,541,819	5,022,124	5,128,407	7,767,672	7,670,226
Total assets	4,702,868	4,282,116	8,338,608	7,219,293	13,041,476	11,501,409
Deferred outflows of resources	653,408	554,540	113,064	95,955	766,472	650,495
Current liabilities	116,509	99,072	326,820	169,434	443,329	268,506
Noncurrent liabilities	2,179,465	1,903,244	1,047,420	694,134	3,226,885	2,597,378
Total liabilities	2,295,974	2,002,316	1,374,240	863,568	3,670,214	2,865,884
Deferred inflows of resources	130,542	81,764	22,589	14,147	153,131	95,911
Net investment in capital assets	2,586,354	2,484,774	4,295,253	3,993,360	6,881,607	6,478,134
Net position – restricted	214,006	22,950	48,649	343,352	262,655	366,302
Net position – unrestricted	129,400	244,852	2,710,941	2,100,821	2,840,341	2,345,673
Total net position	\$ 2,929,760	\$ 2,752,576	\$ 7,054,843	\$ 6,437,533	\$ 9,984,603	\$ 9,190,109

Investment in capital assets (i.e., land, buildings, and equipment), net of any related outstanding debt used to acquire those assets, represents the City's largest portion of net position (69 percent). These capital assets are utilized to provide services to citizens; consequently, these assets are not available for future spending.

The balance of unrestricted net position may be used to help meet the City's ongoing obligations to citizens and creditors. As of year end, the balance in unrestricted net position is \$2,840,341.

The following schedule provides a summary of the changes in net position for the years ended September 30, 2017 and 2016.

Changes in Net Position

Year Ended	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
<i>September 30,</i>						
Program revenues						
Charges for services	\$ 510,779	\$ 499,404	\$ 2,396,875	\$ 2,331,452	\$ 2,907,654	\$ 2,830,856
Operating grants and contributions	6,450	5,257	-	-	6,450	5,257
Capital grants and contributions	222,704	18,505	-	843,440	222,704	861,945
General revenues						
Taxes and fees	983,961	1,065,845	-	-	983,961	1,065,845
Intergovernmental	877,595	595,836	-	-	877,595	595,836
Interest	1,051	1,709	10,989	6,618	12,040	8,327
Transfers	-	360,097	-	(360,097)	-	-
Other	23,210	34,710	206,102	187,475	229,312	222,185
Total revenues and transfers	2,625,750	2,581,363	2,613,966	3,008,888	5,239,716	5,590,251
Expenses						
General government	396,865	396,795	-	-	396,865	396,795
Public safety	1,142,460	1,068,519	-	-	1,142,460	1,068,519
Code enforcement	86,784	90,563	-	-	86,784	90,563
Trash	249,893	223,047	-	-	249,893	223,047
Highways and streets	383,454	375,327	-	-	383,454	375,327
Fleet	41,095	44,885	-	-	41,095	44,885
Parks and recreation	148,015	96,043	-	-	148,015	96,043
Utilities	-	-	1,996,656	1,894,393	1,996,656	1,894,393
Total expenses	2,448,566	2,295,179	1,996,656	1,894,393	4,445,222	4,189,572
Change in net position	177,184	286,184	617,310	1,114,495	794,494	1,400,679
Beginning net position	2,752,576	2,466,392	6,437,533	5,323,038	9,190,109	7,789,430
Ending net position	\$ 2,929,760	\$ 2,752,576	\$ 7,054,843	\$ 6,437,533	\$ 9,984,603	\$ 9,190,109

Governmental activities' revenues exceeded expenses by \$177,184, while business-type activities' revenues exceeded expenses by \$617,310. Total revenues decreased \$350,535 from the previous year.

Thirty-seven percent (37%) of the revenues for governmental activities were generated by taxes and fees, 33% were generated by intergovernmental revenues, and 19% were generated by charges for services. Most of the governmental resources were expended for public safety (47%), general government (16%), highways and streets (16%), and trash (10%) departments.

Charges for services provided \$2,396,875 in revenue for business-type activities.

Financial Analysis of the City's Funds

Governmental Funds

General Fund

The main operating fund of the City is the general fund. As of September 30, 2017, total assets were \$1,961,903 and total liabilities were \$63,030. At the end of fiscal year 2017, unassigned fund balance of the general fund was \$1,634,571 while total fund balance was \$1,898,843.

The general fund budget was not amended during the year and current year expenditures did not exceed the amended budget. Actual revenues and other financing sources exceeded budgeted amounts by \$184,185. Actual expenditures were less than budgeted expenditures by \$83,309.

Proprietary Funds

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

Unrestricted net position of the proprietary fund at the end of the year was \$2,710,941.

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

Capital Assets Activity

The following schedule provides a summary of the City's capital assets activity. The City's total investment in capital assets for both its governmental and business-type activities as of September 30, 2017, was \$7,364,348 (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		Business-type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Land	\$ 585,010	\$ 515,762	\$ 449,632	\$ 449,632	\$ 1,034,642	\$ 965,394
Construction in progress	-	17,505	310,926	16,575	310,926	34,080
Buildings	99,109	104,796	-	-	99,109	104,796
Improvements	1,383,169	1,255,239	3,370,375	3,383,966	4,753,544	4,639,205
Machinery and equipment	673,677	638,233	492,450	143,187	1,166,127	781,420
Total	\$ 2,740,965	\$ 2,531,535	\$ 4,623,383	\$ 3,993,360	\$ 7,364,348	\$ 6,524,895

Additional information on the City's capital assets can be found in note 6 – capital assets, of the notes to basic financial statements.

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

City of Parker, Florida
Statement of Net Position

September 30, 2017	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets			
Current assets			
Cash and cash equivalents	\$ 1,543,465	\$ 2,073,543	\$ 3,617,008
Accounts receivable, net	42,952	185,061	228,013
Accrued revenue	196,489	-	196,489
Grants receivable	-	310,926	310,926
Internal balances	128,981	(128,981)	-
Inventories	36,373	-	36,373
Prepays	9,060	9,393	18,453
Investment in joint venture	-	866,542	866,542
Total current assets	1,957,320	3,316,484	5,273,804
Noncurrent assets			
Restricted assets			
Cash and cash equivalents	4,583	398,741	403,324
Capital assets			
Nondepreciable	585,010	760,558	1,345,568
Depreciable, net	2,155,955	3,862,825	6,018,780
Total noncurrent assets	2,745,548	5,022,124	7,767,672
Total assets	4,702,868	8,338,608	13,041,476
Deferred outflows of resources	653,408	113,064	766,472

(Continued)

See accompanying notes

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

September 30, 2017	Primary Government		Total
	Governmental Activities	Business-type Activities	
Liabilities			
Current liabilities			
Accounts payable	\$ 25,428	\$ 233,006	\$ 258,434
Accrued expenses	37,632	5,170	42,802
Accrued compensated absences	17,879	4,601	22,480
Capital leases	35,570	1,572	37,142
Due to joint venture	-	82,471	82,471
Total current liabilities	116,509	326,820	443,329
Noncurrent liabilities			
Accrued compensated absences	71,518	18,403	89,921
Capital leases	119,041	15,632	134,673
Customer deposits	-	303,631	303,631
Net pension liability	1,631,033	282,230	1,913,263
Other noncurrent liabilities	-	310,926	310,926
Other postemployment benefits	357,873	116,598	474,471
Total noncurrent liabilities	2,179,465	1,047,420	3,226,885
Total liabilities	2,295,974	1,374,240	3,670,214
Deferred inflows of resources	130,542	22,589	153,131
Net position			
Net investment in capital assets	2,586,354	4,295,253	6,881,607
Restricted			
Revenue bond current debt service	-	48,649	48,649
Community redevelopment agency	12,497	-	12,497
Infrastructure tax	196,926	-	196,926
Law enforcement	4,583	-	4,583
Unrestricted	129,400	2,710,941	2,840,341
Total net position	\$ 2,929,760	\$ 7,054,843	\$ 9,984,603

See accompanying notes

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

Year Ended September 30, 2017	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Functions/Programs							
Primary Government							
Governmental activities							
General government	\$ 396,865	\$ 74,246	\$ 5,250	\$ -	\$ (317,369)	\$ -	\$ (317,369)
Public safety	1,142,460	20,740	1,200	70,280	(1,050,240)	-	(1,050,240)
Code enforcement	86,784	-	-	-	(86,784)	-	(86,784)
Trash	249,893	380,315	-	-	130,422	-	130,422
Highways and streets	383,454	35,478	-	-	(347,976)	-	(347,976)
Fleet	41,095	-	-	-	(41,095)	-	(41,095)
Parks and recreation	148,015	-	-	152,424	4,409	-	4,409
Total governmental activities	2,448,566	510,779	6,450	222,704	(1,708,633)	-	(1,708,633)
Business-type activities							
Utility	1,996,656	2,396,875	-	-	-	400,219	400,219
Total business-type activities	1,996,656	2,396,875	-	-	-	400,219	400,219
Total primary government	\$ 4,445,222	\$ 2,907,654	\$ 6,450	\$ 222,704	(1,708,633)	400,219	(1,308,414)
General revenues							
Taxes							
					465,607	-	465,607
					28,824	-	28,824
					118,836	-	118,836
					84,270	-	84,270
					286,424	-	286,424
					877,595	-	877,595
					1,861,556	-	1,861,556

(Continued)

See accompanying notes

City of Parker, Florida
Statement of Activities (Continued)

	Net (Expenses) Revenues and Changes in Net Position		
	Primary Government		
Year Ended September 30, 2017	Governmental Activities	Business-type Activities	Total
Interest earnings	\$ 1,051	\$ 10,989	\$ 12,040
Miscellaneous	23,210	206,102	229,312
Total general revenues, interest and other revenue	1,885,817	217,091	2,102,908
Change in net position	177,184	617,310	794,494
Net position - beginning	2,752,576	6,437,533	9,190,109
Net position - ending	\$ 2,929,760	\$ 7,054,843	\$ 9,984,603

See accompanying notes

City of Parker, Florida
Balance Sheet
Governmental Fund

September 30, 2017	General Fund
Assets	
Cash and cash equivalents	\$ 1,543,465
Accrued revenue	196,489
Accounts receivable, net	42,952
Due from other funds	128,981
Inventories	36,373
Prepays	9,060
Cash and cash equivalents - restricted	4,583
Total assets	1,961,903
Liabilities and fund balance	
Liabilities	
Accounts payable	25,428
Accrued expenses	37,632
Total liabilities	63,060
Fund balance	
Nonspendable	
Prepays	9,060
Inventories	36,373
Restricted	
Community redevelopment agency	12,497
Infrastructure tax	196,926
Law enforcement	4,583
Assigned	
Capital purchases	4,833
Unassigned	
General fund	1,634,571
Total fund balance	1,898,843
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.	2,740,965
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.	(2,232,914)
Deferred outflows and inflows of resources are not financial resources or liabilities, and therefore, are not reported in the funds.	522,866
Net position of governmental activities	\$ 2,929,760

See accompanying notes

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

Year Ended September 30, 2017	General Fund
Revenues	
Taxes	
Utility tax	\$ 465,607
Business tax	28,824
Communications tax	118,836
Local option gas tax	84,270
Intergovernmental	1,032,251
Licenses and permits	309,948
Charges for services	427,548
Fines and forfeitures	35,732
Rents	23,975
Interest	1,051
Miscellaneous	39,550
Total revenues	2,567,592
Expenditures	
Current	
General government	376,672
Public safety	935,153
Code enforcement	85,125
Trash	211,349
Highways and streets	292,772
Fleet	30,058
Parks and recreation	114,263
Capital outlay	
General government	6,617
Public safety	151,898
Trash	5,293
Highways and streets	13,049
Fleet	2,273
Parks and recreation	247,816
Debt service	24,049
Total expenditures	2,496,387
Excess of revenues over expenditures	71,205
Other financing sources	
Proceeds from debt	131,011
Contributions	5,250
Total other financing sources	136,261
Net changes in fund balance	207,466
Fund balance - beginning	1,691,377
Fund balance - ending	\$ 1,898,843

See accompanying notes

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

Year Ended September 30, 2017

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

Net changes in fund balance - total governmental fund (page 15)	\$ 207,466
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 in the current period.	157,242
The issuance of long-term debt (i.e. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also governmental funds report the effect of the issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(107,850)
The net effect of miscellaneous noncash transactions involving capital assets (i.e. sales, trade-ins, adjustments, and donations) is to increase net position.	52,188
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, net pension liabilities, and other postemployment benefits).	(131,862)
Change in net position of governmental activities (page 13)	\$ 177,184

City of Parker, Florida

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – General Fund

Year Ended September 30, 2017	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Utility tax	\$ 472,700	\$ 472,700	\$ 465,607	\$ (7,093)
Business tax	28,000	28,000	28,824	824
Communications tax	111,000	111,000	118,836	7,836
Local option gas tax	78,000	78,000	84,270	6,270
Intergovernmental	579,500	579,500	1,032,251	452,751
Licenses and permits	339,105	339,105	309,948	(29,157)
Charges for services	409,642	409,642	427,548	17,906
Fines and forfeitures	27,000	27,000	35,732	8,732
Rents	23,935	23,935	23,975	40
Interest	1,506	1,506	1,051	(455)
Miscellaneous	4,500	4,500	39,550	35,050
Total revenues	2,074,888	2,074,888	2,567,592	492,704
Expenditures				
Current and capital outlay				
General government	589,859	589,859	383,289	206,570
Public safety	1,032,867	1,032,867	1,087,051	(54,184)
Code enforcement	118,596	118,596	85,125	33,471
Trash	213,504	213,504	216,642	(3,138)
Highways and streets	356,814	356,814	305,821	50,993
Fleet	34,515	34,515	32,331	2,184
Parks and recreation	208,541	208,541	362,079	(153,538)
Debt service	25,000	25,000	24,049	951
Total expenditures	2,579,696	2,579,696	2,496,387	83,309
Excess (deficit) of revenues over (under) expenditures	(504,808)	(504,808)	71,205	576,013
Other financing sources				
Proceeds from debt	-	-	131,011	131,011
Contributions	3,700	3,700	5,250	1,550
Transfers	441,080	441,080	-	(441,080)
Total other financing sources	444,780	444,780	136,261	(308,519)
Net changes in fund balance	(60,028)	(60,028)	207,466	267,494
Fund balance - beginning	1,691,377	1,691,377	1,691,377	-
Fund balance - ending	\$ 1,631,349	\$ 1,631,349	\$ 1,898,843	\$ 267,494

See accompanying notes

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

September 30, 2017	Business-type Activities/Enterprise Fund	Utility Fund
Assets		
Current assets		
Cash and cash equivalents	\$	2,073,543
Accounts receivable, net		185,061
Grants receivable		310,926
Prepays		9,393
Investment in joint venture		866,542
Total current assets		3,445,465
Noncurrent assets		
Restricted assets - cash and cash equivalents		
Customer deposits		350,092
Revenue bond current debt service		48,649
Capital assets		
Property, plant and equipment		7,361,404
Less accumulated depreciation		(2,738,021)
Total noncurrent assets		5,022,124
Total assets		8,467,589
Deferred outflows of resources		113,064
Liabilities		
Current liabilities		
Accounts payable		233,006
Accrued expenses		5,170
Accrued compensated absences		4,601
Due to other funds		128,981
Due to joint venture		82,471
Capital leases		1,572
Total current liabilities		455,801
Noncurrent liabilities		
Accrued compensated absences		18,403
Capital leases		15,632
Other noncurrent liabilities		310,926
Customer deposits		303,631
Net pension liability		282,230
Other postemployment benefits		116,598
Total noncurrent liabilities		1,047,420
Total liabilities		1,503,221
Deferred inflows of resources		22,589
Net position		
Net investment in capital assets		4,295,253
Restricted		
Revenue bond current debt service		48,649
Unrestricted		
		2,710,941
Total net position	\$	7,054,843

See accompanying notes

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

Business-type Activities/Enterprise Fund	Utility Fund
Year Ended September 30, 2017	
Operating revenues	
Charges for services	
Water and sewer charges	\$ 2,306,089
Connection, reset and reactivation fees	19,979
Late fees	55,063
Tap fees	3,454
Impact fees	8,100
Other utility income	4,190
Total operating revenues	2,396,875
Operating expenses	
Current	
Personnel services	445,043
Communications	7,343
Contractual services	31,765
Cost of water and sewer	538,378
Debt service charges AWT	446,483
Depreciation	157,868
Fuel and lubricants	10,078
Insurance	46,255
Office supplies	809
Operating supplies	8,855
Other current charges	17,891
Postage	9,225
Printing and binding	3,323
Professional services	35,768
Public utility services	21,073
Rentals	7,263
Repairs and maintenance	179,824
Road materials and supplies	4,334
Travel and per diem	13,297
Uniforms	3,532
Total operating expenses	1,988,407
Net operating income	408,468
Nonoperating revenues (expenses)	
Interest income	10,989
Loss on asset disposal	(8,249)
Gain from joint venture	206,102
Total nonoperating revenues (expenses)	208,842
Changes in net position	617,310
Total net position - beginning	6,437,533
Total net position - ending	\$ 7,054,843

See accompanying notes

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

Business-type Activities/Enterprise Fund	Utility Fund
Year Ended September 30, 2017	
Operating activities	
Receipts from customers and users	\$ 2,084,964
Payments to suppliers and others	(959,175)
Payments to employees	(413,420)
Net cash provided by operating activities	712,369
Capital and related financing activities	
Purchases of capital assets	(778,936)
Net cash used by capital and related financing activities	(778,936)
Investing activities	
Distributions from joint venture	99,836
Interest received	10,989
Net cash provided by investing activities	110,825
Net increase in cash and cash equivalents	44,258
Cash and cash equivalents - beginning	2,428,026
Cash and cash equivalents - ending	\$ 2,472,284
Classified as	
Current assets - cash and cash equivalents	\$ 2,073,543
Restricted assets - cash and cash equivalents	398,741
Cash and cash equivalents - ending	\$ 2,472,284

(Continued)

See accompanying notes

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

Business-type Activities/Enterprise Fund	Utility Fund
Year Ended September 30, 2017	
Reconciliation of net operating income to net cash provided by operating activities	
Net operating income	\$ 408,468
Adjustments to reconcile net operating income to net cash provided by operating activities	
Depreciation	157,868
(Increase) decrease in assets	
Accounts receivable, net	(21,285)
Grants receivable	(294,351)
(Increase) decrease in deferred outflows of resources	(17,109)
Increase (decrease) in liabilities	
Accounts payable	153,144
Accrued expenses	831
Accrued compensated absences	3,561
Due to other funds	773
Due to joint venture	(22,778)
Other noncurrent liabilities	294,351
Customer deposits	3,725
Other postemployment benefits	12,416
Net pension liability	24,313
Increase (decrease) in deferred inflows of resources	8,442
Total adjustments	303,901
Net cash provided by operating activities	\$ 712,369
Supplemental Disclosure of Noncash Transactions	
Capital lease purchase	\$ 17,204
Gain from joint venture	\$ 206,102

See accompanying notes

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

The City, 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.

Component Unit – Parker Community Redevelopment Agency

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Measurement Focus and Basis of Accounting

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

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

Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement 33 – *Accounting and Financial Reporting for Nonexchange Transactions*.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements

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

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

Governmental Funds

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under the accrual basis of accounting. Franchise fees, licenses, sales taxes, gas taxes, operating and capital grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the City.

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

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. Amounts expended to acquire capital assets are recorded as expenditures in the year that resources are expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Funds

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

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

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

Basis of Presentation

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

Governmental Major Funds

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

Proprietary Major Funds

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Noncurrent Governmental Assets/Liabilities

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

Budgets

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

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

If, during the fiscal year, additional revenue becomes available for appropriations in excess of those estimated in the budget, the Council by resolution may make supplemental appropriations for the year up to the amount of such excess.

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

Encumbrances

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

Cash and Cash Equivalents

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

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

Due To/From Other Funds

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

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

Inventories

Inventories are valued at the lower of cost (using the first-in, first-out method) or net realizable value. Reported inventories are offset as nonspendable fund balance, which indicates they are unavailable for appropriation even though they are a component of reported assets. Inventories in the general fund consist of motor fuel held for consumption.

Capital Assets

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Accumulated Vacation and Sick Leave

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

Fund balance

GASB Statement 54 requires the use of the following terminology and classifications of fund balance.

Nonspendable – This category includes the resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The balance as of September 30, 2017 of \$45,433 is from prepaids and inventories which are not in spendable form.

Restricted – This category includes resources restricted by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation. The balance as of September 30, 2017 of \$214,006 is restricted by enabling legislation.

Committed – This category includes resources that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority. Commitments may be established, modified, or rescinded only through ordinances approved by the City Council. There are no committed funds as of September 30, 2017.

Assigned – This category includes resources that are intended to be used for specific purposes, but are neither restricted nor committed. These are resources that have been set aside for specific purposes by an authorized government body or official. The balance as of September 30, 2017 is \$4,833.

Unassigned – This category is the residual classification for the City's fund balances. The balance as of September 30, 2017 is \$1,634,571.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Assets

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

Net Position

GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources and renames the components of net position which were previously considered net assets.

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

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

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

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

Deferred outflows and inflows of resources

GASB Statement 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflow of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applied to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. At this time the City has one item that qualifies for reporting in this category. This is the deferred outflows of resources related to the net pension liability.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statements element, deferred inflows of resources, represents an acquisition of net position that applied to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At this time the City has one item that qualifies for reporting in this category. This is the deferred inflows of resources related to the net pension liability.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

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

Reclassifications

Certain reclassifications have been made to the 2016 financial statement presentation to conform to the 2017 presentation.

Subsequent events

Management of the City has evaluated subsequent events through June 25, 2018, the date the financial statements were available to be issued.

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

Explanation of certain differences between the governmental 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, capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. The details of this difference are as follows:

Cost of capital assets	\$	6,224,023
Less: accumulated depreciation		(3,483,058)
<hr/>		
Net adjustment to increase <i>fund balance - total governmental fund</i> to arrive at <i>net position of governmental activities</i>	\$	2,740,965
<hr/> <hr/>		

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

Accrued compensated absences	\$	(89,397)
Other postemployment benefits		(357,873)
Net pension liability		(1,631,033)
Capital leases		(154,611)
<hr/>		
Net adjustment to decrease <i>fund balance - total governmental fund</i> to arrive at <i>net position of governmental activities</i>	\$	(2,232,914)
<hr/> <hr/>		

City of Parker, Florida
Notes to Basic Financial Statements

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

Another element of that reconciliation states, 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	\$	653,408
Deferred inflows of resources related to net pension liability		(130,542)
<hr/>		
Net adjustment to increase <i>fund balance - total governmental fund to arrive at net position of governmental activities</i>	\$	522,866
<hr/> <hr/>		

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 outlay	\$	426,946
Depreciation expense		(269,704)
<hr/>		
Net adjustment to increase <i>net changes in fund balance - total governmental fund to arrive at change in net position of governmental activities</i>	\$	157,242
<hr/> <hr/>		

Another element of that reconciliation states the issuance of long-term debt (i.e., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of 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 capital leases	\$	(131,011)
Principal repayments on capital leases		23,161
<hr/>		
Net adjustment to decrease <i>net changes in fund balance - total governmental fund to arrive at change in net position of governmental activities</i>	\$	(107,850)
<hr/> <hr/>		

Another element of the reconciliation states that the net effect of miscellaneous noncash transactions involving capital assets (i.e. sales, trade-ins, adjustments, and donations) is to increase net position. The details of this difference is as follows:

Donated assets	\$	69,248
Loss on disposal of assets		(17,060)
<hr/>		
Net adjustment to increase <i>net changes in fund balance - total governmental fund to arrive at change in net position of governmental activities</i>	\$	52,188
<hr/> <hr/>		

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

Another element of that reconciliation states, 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, net pension liabilities, and other postemployment benefits). The details of this difference is as follows:

Accrued compensated absences	\$	(5,863)
Other postemployment benefits		(35,584)
Net pension liability		(140,505)
Deferred outflows of resources		98,868
Deferred inflows of resources		(48,778)
<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>	\$	(131,862)
<hr/>		

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits Policies

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

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

Investment Policies

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

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

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

All time deposits held at year-end were considered cash and cash equivalents for financial statement purposes. The City had no investments at September 30, 2017.

Interest Rate Risk

At September 30, 2017, the City did not hold any investments that were considered to be an interest rate risk.

Credit Risk

At September 30, 2017, the City did not hold any investments that were considered to be a credit risk.

Custodial Risk

At September 30, 2017, the City did not hold any deposits or investments that were considered to be a custodial risk.

Concentrations of Credit Risk

As September 30, 2017, the City did not hold any investments that were considered to be a concentration of credit risk.

NOTE 4 – ACCOUNTS RECEIVABLE

At September 30, 2017, accounts receivable in the general fund is summarized as follows:

Total accounts receivable	\$	84,643
Less: allowance for doubtful accounts		(41,691)
Accounts receivable, net	\$	42,952

At September 30, 2017, accounts receivable in the proprietary fund is summarized as follows:

Total accounts receivable	\$	286,211
Less: allowance for doubtful accounts		(101,150)
Accounts receivable, net	\$	185,061

City of Parker, Florida
Notes to Basic Financial Statements

NOTE 5 – INTERFUND ACTIVITY

Internal balances at September 30, 2017, consisted of the following:

	Due from other funds	Due to other funds
General fund	\$ 128,981	\$ -
Utility fund	-	128,981
Total	\$ 128,981	\$ 128,981

The interfund balances were for the purpose of operations.

NOTE 6 – CAPITAL ASSETS

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

	September 30, 2016	Increases	Decreases	September 30, 2017
Capital assets, not being depreciated				
Land	\$ 515,762	\$ 69,248	\$ -	\$ 585,010
Construction in progress	17,505	-	17,505	-
Total capital assets, not being depreciated	533,267	69,248	17,505	585,010
Capital assets, being depreciated				
Buildings and improvements	613,515	-	-	613,515
Improvements other than buildings	2,621,260	212,516	2,878	2,830,898
Machinery and equipment	2,303,425	231,935	340,760	2,194,600
Total capital assets, being depreciated	5,538,200	444,451	343,638	5,639,013
Less accumulated depreciation				
Buildings and improvements	508,719	5,687	-	514,406
Improvements other than buildings	1,366,021	83,866	2,158	1,447,729
Machinery and equipment	1,665,192	180,151	324,420	1,520,923
Total accumulated depreciation	3,539,932	269,704	326,578	3,483,058
Total capital assets, being depreciated (net of accumulated depreciation)	1,998,268	174,747	17,060	2,155,955
Total governmental activities' capital assets (net of accumulated depreciation)	\$ 2,531,535	\$ 243,995	\$ 34,565	\$ 2,740,965

City of Parker, Florida
Notes to Basic Financial Statements

NOTE 6 – CAPITAL ASSETS (CONTINUED)

The following schedule summarizes the capital assets of the City’s business-type activities at September 30, 2017:

Land	\$ 449,632
Construction in progress	310,926
Water system	2,027,915
Sewer system	3,278,170
Machinery and equipment	1,294,761
Total	7,361,404
Less: accumulated depreciation	
Water system	958,183
Sewer system	977,527
Machinery and equipment	802,311
Total accumulated depreciation	2,738,021
Total business-type activities' capital assets (net of accumulated depreciation)	\$ 4,623,383

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

	September 30, 2016	Increases	Decreases	September 30, 2017
Capital assets, not being depreciated				
Land	\$ 449,632	\$ -	\$ -	\$ 449,632
Construction in progress	16,575	294,351	-	310,926
Total capital assets, not being depreciated	466,207	294,351	-	760,558
Capital assets, being depreciated				
Water system	2,009,984	17,931	-	2,027,915
Sewer system	3,177,858	100,312	-	3,278,170
Machinery and equipment	1,024,970	383,546	113,755	1,294,761
Total capital assets, being depreciated	6,212,812	501,789	113,755	6,600,846
Less accumulated depreciation				
Water system	900,551	57,632	-	958,183
Sewer system	903,325	74,202	-	977,527
Machinery and equipment	881,783	26,034	105,506	802,311
Total accumulated depreciation	2,685,659	157,868	105,506	2,738,021

City of Parker, Florida
Notes to Basic Financial Statements

NOTE 6 – CAPITAL ASSETS (CONTINUED)

	September 30, 2016	Increases	Decreases	September 30, 2017
Total capital assets, being depreciated (net of accumulated depreciation)	\$ 3,527,153	\$ 343,921	\$ 8,249	\$ 3,862,825
Total business-type activities' capital assets (net of accumulated depreciation)	\$ 3,993,360	\$ 638,272	\$ 8,249	\$ 4,623,383

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

Governmental activities	
General government	\$ 10,128
Public safety	107,225
Code enforcement	353
Trash	33,252
Highways and streets	75,876
Fleet	10,543
Parks and recreation	32,327
Total depreciation expense – governmental activities	\$ 269,704
Business-type activities	
Water system	\$ 65,550
Sewer system	92,318
Total depreciation expense – business-type activities	\$ 157,868

NOTE 7 – CAPITAL LEASES

In September 2014, the City entered into a capital lease agreement in the amount of \$116,424 to finance a trash truck. Payments of \$24,049 including interest at 1.9% are due annually until maturity at September 2018. The balance was \$23,600 at September 30, 2017.

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 \$148,215 at September 30, 2017 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.

City of Parker, Florida
Notes to Basic Financial Statements

NOTE 7 – CAPITAL LEASES (CONTINUED)

	Balance September 30, 2016			Balance September 30, 2017			Due Within One Year
		Additions	Deductions				
Governmental activities							
capital leases	\$	46,761	\$ 131,011	\$ 23,161	\$	154,611	\$ 35,570
Business-type activities							
capital leases		-	17,204	-		17,204	1,572
Total capital leases	\$	46,761	\$ 148,215	\$ 23,161	\$	171,815	\$ 37,142

Debt service requirements to maturity on capital leases at September 30, 2017 are as follows:

<i>Year ending September 30,</i>	Governmental activities		Business-type activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 35,570	\$ 3,055	\$ 1,572	\$ 342	\$ 37,142	\$ 3,397
2019	12,209	2,369	1,603	311	13,812	2,680
2020	12,451	2,126	1,635	279	14,086	2,405
2021	12,699	1,878	1,668	247	14,367	2,125
2022	12,952	1,625	1,701	213	14,653	1,838
2023-2027	68,730	4,159	9,025	546	77,755	4,705
Total	\$154,611	\$ 15,212	\$ 17,204	\$ 1,938	\$171,815	\$ 17,150

The cost of capital assets acquired under capital leases is \$247,435, less accumulated depreciation of \$97,024, for a net carrying value of \$150,411 at September 30, 2017.

NOTE 8 – ACCRUED COMPENSATED ABSENCES AND OTHER POSTEMPLOYMENT BENEFIT BALANCES

Accrued compensated absences consist of the following at September 30, 2017:

	Balance September 30, 2016			Balance September 30, 2017			Due Within One Year
		Additions	Deductions				
Governmental activities	\$	83,534	\$ 5,863	\$ -	\$	89,397	\$ 17,879
Business-type activities		19,443	3,561	-		23,004	4,601
Total	\$	102,977	\$ 9,424	\$ -	\$	112,401	\$ 22,480

City of Parker, Florida
Notes to Basic Financial Statements

**NOTE 8 – ACCRUED COMPENSATED ABSENCES AND OTHER POSTEMPLOYMENT BENEFIT BALANCES
(CONTINUED)**

Other postemployment benefits consists of the following at September 30, 2017:

	Balance September 30, 2016			Balance September 30, 2017			Due Within One Year
	Additions	Deductions	Additions	Deductions	Additions	Deductions	
Governmental activities	\$ 322,289	\$ 35,584	\$ -	\$ -	\$ 357,873	\$ -	-
Business-type activities	104,182	12,416	-	-	116,598	-	-
Total	\$ 426,471	\$ 48,000	\$ -	\$ -	\$ 474,471	\$ -	-

NOTE 9 – NET POSITION RESTRICTIONS

Specific net position restrictions are summarized below as of September 30, 2017:

Governmental Fund

Community redevelopment agency	\$ 12,497
Infrastructure tax	196,926
Law enforcement	4,583
Total	\$ 214,006

Proprietary Fund

Restricted for revenue bond current debt service	\$ 48,649
Total	\$ 48,649

The amount restricted as of September 30, 2017 by enabling legislation is \$214,006.

NOTE 10 – OTHER NONCURRENT LIABILITIES

In August 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 at a financing 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. As of September 30, 2017, \$310,926 of the total project has been spent and accrued as payable to the State. After year-end, this agreement was annulled and replaced with a new agreement. See note 15 for additional information about this subsequent event.

NOTE 11 – 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, 2017, the City’s portion of the equity in MPAWTF was \$866,542. 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, 2017

Assets	
Current assets	\$ 9,877,347
Noncurrent assets	18,622,594
<hr/>	
Total assets	28,499,941
<hr/>	
Deferred outflows of resources	
Deferred loss on bond refunding	739,253
<hr/>	
Liabilities	
Current liabilities	3,785,408
Noncurrent liabilities	8,528,197
<hr/>	
Total liabilities	12,313,605
<hr/>	
Net position	\$ 16,925,589
<hr/>	

NOTE 11 – INVESTMENT IN JOINT VENTURE (CONTINUED)

For the year ended September 30, 2017, the City had a net gain from the joint venture in the amount of \$206,102. As of September 30, 2017, the City owes the joint venture \$82,471 for transferred collection system.

Statement of Activities
Year Ended September 30, 2017

Operating revenues	\$	7,212,565
Operating expenses		(4,829,060)
<hr/>		
Operating income		2,383,505
Nonoperating revenues (expenses)		(466,360)
<hr/>		
Net income before distributions to owners		1,917,145
Distributions to owners		(622,494)
<hr/>		
Change in net position		1,294,651
Net position, beginning of year		15,630,938
<hr/>		
Net position, end of year	\$	16,925,589
<hr/>		

NOTE 12 – PENSION PLANS

Defined Benefit Plans

The City participates in two defined benefit pension plans (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 at www.dms.myflorida.com.

The Florida Retirement System (FRS) Pension 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 allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

NOTE 12 – PENSION PLANS (CONTINUED)

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

Benefits Provided

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

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

Contributions

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3% of their salary to FRS. The employer’s contribution rates as of September 30, 2017, were as follows:

	October 1, 2016 through June 30, 2017		July 1, 2017 through September 30, 2017	
	FRS	HIS	FRS	HIS
Regular class	5.86%	1.66%	6.26%	1.66%
Senior management	20.11%	1.66%	21.05%	1.66%
Special risk employee class	20.91%	1.66%	21.61%	1.66%
Elected officials	40.81%	1.66%	43.84%	1.66%
DROP plan participants	11.33%	1.66%	11.60%	1.66%

The City’s contributions for the year ended September 30, 2017, were \$130,950 to FRS and \$18,302 to HIS.

City of Parker, Florida
Notes to Basic Financial Statements

NOTE 12 – PENSION PLANS (CONTINUED)

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2017, the City reported a liability for its proportionate shares of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated July 1, 2017. The City's proportions of the net pension liability was based on the City's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS	HIS
Net pension liability	\$ 1,533,272	\$ 379,991
Proportion at:		
Current measurement date	0.005183594%	0.003553823%
Prior measurement date	0.005269538%	0.003585558%
Pension expense	\$ 234,277	\$ 27,037

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Effect of economic/demographic gains or losses (Differences between expected and actual experience)	\$ 140,718	\$ 8,494	\$ -	\$ 791
Effect of assumptions changes or inputs	515,288	-	53,414	32,858
Net difference between projected and actual earnings on pension plan investments	-	37,998	211	-
Changes in proportion and differences between contributions and proportionate share of contributions	12,091	61,860	4,480	11,130
City contributions subsequent to the measurement date	35,389	-	4,881	-
Total	\$ 703,486	\$ 108,352	\$ 62,986	\$ 44,779

City of Parker, Florida
Notes to Basic Financial Statements

NOTE 12 – PENSION PLANS (CONTINUED)

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 period ending September 30, 2018. Other pension related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Measurement period ending June 30,	FRS	HIS
2018	\$ 58,702	\$ 5,208
2019	190,602	5,168
2020	141,276	5,149
2021	30,539	2,484
2022	101,193	910
Thereafter	37,433	(5,593)
	\$ 559,745	\$ 13,326

Actuarial Assumptions

The total pension liability for each of the defined benefit plans, measured as of June 30, 2017, was determined by an actuarial valuation dated July 1, 2017, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	7.10%	N/A
Discount rate	7.10%	3.58%

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions used in the valuation dated July 1, 2017 were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The following changes in key actuarial assumptions occurred in 2017:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 7.6% to 7.1%.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability increased from 2.85 % to 3.58%.

City of Parker, Florida
Notes to Basic Financial Statements

NOTE 12 – PENSION PLANS (CONTINUED)

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
Cash	1%	3.0%	3.0%
Fixed income	18%	4.5%	4.4%
Global equity	53%	7.8%	6.6%
Real estate (property)	10%	6.6%	5.9%
Private equity	6%	11.5%	7.8%
Strategic investments	12%	6.1%	5.6%
	<u>100%</u>		

Discount Rate

The discount rate used to measure the total pension liability for FRS was 7.1%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because HIS is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.58% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the employer'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	\$ 2,775,130	\$ 1,533,272	\$ 502,246
	HIS		
	Current		
	1% Decrease	Discount Rate	1% Increase
City's proportionate share of the net pension liability	\$ 433,620	\$ 379,991	\$ 335,321

NOTE 12 – PENSION PLANS (CONTINUED)

Pension Plans' Fiduciary Net Position

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

Payable to the Pension Plans'

At September 30, 2017, the City reported a payable of \$15,362 for the outstanding amount of contributions to the pension plan required for the month of September 2017.

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, 2017, totaled \$3,872.

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The City has established the Retirees' Health Insurance Other Postemployment Benefits 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 City currently has 31 total active and retired employees eligible to receive these benefits. No stand alone report is issued for the Plan.

Eligibility

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

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Funding Policy

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

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

Coverage	Monthly Cost
Retiree	\$ 719
Retiree and spouse	1,438
Retiree and children	1,330
Retiree and family	2,049

The City has not advance-funded or established a funding methodology for the annual OPEB costs or the net OPEB obligation. Rather, the funding is based on a pay-as-you-go basis. During the fiscal year, the City provided contributions of \$18,000 toward the annual OPEB cost. A schedule of employer contributions can be found in required supplementary information immediately following the notes.

Annual OPEB Cost and Net OPEB Obligation

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

Description	
Normal cost (service cost for one year)	\$ 41,000
Amortization of unfunded actuarial accrued liability	8,000
Amortization of net OPEB obligation	51,000
Annual required contribution	100,000
Interest on net OPEB obligation	17,000
Adjustment of annual required contribution	(51,000)
Annual OPEB cost (expense)	66,000
Contribution toward the OPEB cost	(18,000)
Increase in net OPEB obligation	48,000
Net OPEB obligation, beginning of year	426,471
Net OPEB obligation, end of year	\$ 474,471

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation as of September 30, 2017, 2016 and 2015 was as follows:

Year ended September 30,	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 43,000	5%	\$ 378,471
2016	66,000	27%	426,471
2017	66,000	27%	474,471

Funding Status and Funding Progress

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

Actuarial Methods and Assumptions

The City had an actuarial valuation completed for the fiscal year ended September 30, 2016. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, in effect at the valuation date and include the type of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarially determined accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The initial OPEB valuation method used for the City was the projected unit credit cost method. This method is used to estimate the actuarial liabilities and costs. This method was selected because it produced the best estimate of the OPEB liability and annual cost for the City employees. The actuarial assumptions include a 4% discount rate including inflation of 2.75% per annum. The actuarial assumptions also include an annual healthcare cost trend rate. For the City, this rate begins with an initial rate for the 2016-17 fiscal year of 8%. It fluctuates over the years reaching a future year’s rate of 5% by 2022-2023. The assumed retirement age ranged from 55 to 65 depending on hire date and position. The actuarial assumptions include assumptions that 80% of male retirees and 60% of female retirees will elect coverage for themselves and their spouses. It is also assumed that 50% of eligible employees will elect coverage until age 65 upon retirement at age 62. The unfunded actuarial accrued liability is being amortized with a level dollar method. The remaining open amortization period at September 30, 2017 is 10 years.

NOTE 14 – RISK MANAGEMENT

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

NOTE 15 – SUBSEQUENT EVENT

In November 2017, the agreement with the State of Florida described in note 10 was annulled and replaced by a new agreement. The new agreement is for a \$1,255,033 loan at a financing rate of 0.42% over a 20 year period. This agreement includes a secondary grant which will pay off \$878,523 of the loan at the end of the project leaving \$377,010 due including \$500 in capitalized interest. The new agreement specifically stipulates that all invoices on or after November 10, 2015, including those already accrued as of year-end, will be paid under the new loan. The first payment of \$10,491 is expected to be due October 2018 based on the initial agreement.

Required Supplementary Information

City of Parker, Florida
Other Postemployment Benefit Plan Schedules
Year Ended September 30, 2017

Schedule of Funding Progress for the Retirees' Health Insurance Other Postemployment Benefits Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Liabilities (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
October 1, 2009	\$ 0	\$ 615,206	\$ 615,206	0.0%	\$ 1,180,729	52%
October 1, 2013	\$ 0	\$ 278,000	\$ 278,000	0.0%	\$ 1,032,000	27%
October 1, 2016	\$ 0	\$ 482,000	\$ 482,000	0.0%	\$ 1,084,000	44%

Schedule of Employer Contributions for the Retirees' Health Insurance Other Postemployment Benefits Plan

Year Ended September 30,	Actual Contribution	Annual Required Contribution	Percentage Contributed
2015	\$ 2,000	\$ 66,000	3%
2016	\$ 18,000	\$ 96,000	19%
2017	\$ 18,000	\$ 100,000	18%

See independent auditors' report

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

June 30,	2017	2016	2015	2014	2013 *	2012 *	2011 *	2010 *	2009 *	2008 *
City's proportion of the net pension liability/(asset)	0.0051836%	0.0052695%	0.0051447%	0.0051900%	N/A	N/A	N/A	N/A	N/A	N/A
City's proportionate share of the net pension liability/(asset)	\$ 1,533,272	\$ 1,330,563	\$ 664,505	\$ 316,667	N/A	N/A	N/A	N/A	N/A	N/A
City's covered-employee payroll	1,102,551	1,075,508	997,344	1,035,869	N/A	N/A	N/A	N/A	N/A	N/A
City's proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	139.07%	123.71%	66.63%	30.57%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	83.89%	84.88%	92.00%	96.09%	N/A	N/A	N/A	N/A	N/A	N/A

* Disclosures for 2008 through 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

Year ended June 30,	2017	2016	2015	2014	2013 *	2012 *	2011 *	2010 *	2009 *	2008 *
Contractually required contribution	\$ 130,950	\$ 130,365	\$ 122,941	\$ 118,115	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(130,950)	(130,365)	(122,941)	(118,115)	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A	N/A
City's covered-employee payroll	\$ 1,102,551	\$ 1,075,508	\$ 997,344	\$ 1,035,869						
Contributions as a percentage of covered-employee payroll	11.88%	12.12%	12.33%	11.40%	N/A	N/A	N/A	N/A	N/A	N/A

* Disclosures for 2008 through 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

June 30,	2017	2016	2015	2014	2013 *	2012 *	2011 *	2010 *	2009 *	2008 *
City's proportion of the net pension liability/(asset)	0.0035538%	0.0035856%	0.0035935%	0.0037438%	N/A	N/A	N/A	N/A	N/A	N/A
City's proportionate share of the net pension liability/(asset)	\$ 379,991	\$ 417,882	\$ 366,478	\$ 350,059	N/A	N/A	N/A	N/A	N/A	N/A
City's covered-employee payroll	1,102,551	1,075,508	997,344	1,035,869	N/A	N/A	N/A	N/A	N/A	N/A
City's proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	34.46%	38.85%	36.75%	33.79%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	1.64%	0.97%	0.50%	0.99%	N/A	N/A	N/A	N/A	N/A	N/A

* Disclosures for 2008 through 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

Year ended June 30,	2017	2016	2015	2014	2013 *	2012 *	2011 *	2010 *	2009 *	2008 *
Contractually required contribution	\$ 18,302	\$ 17,853	\$ 13,543	\$ 12,592	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(18,302)	(17,853)	(13,543)	(12,592)	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A	N/A
City's covered-employee payroll	\$ 1,102,551	\$ 1,075,508	\$ 997,344	\$ 1,035,869						
Contributions as a percentage of covered-employee payroll	1.66%	1.66%	1.36%	1.22%	N/A	N/A	N/A	N/A	N/A	N/A

* Disclosures for 2008 through 2013 are N/A because comparable information is not available at this time.

See independent auditors' report

Compliance Section

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, 2017, and have issued our report thereon dated June 25, 2018.

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 Reports

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* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 25, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. There were no recommendations made in the preceding annual financial audit report except as noted below under the heading Prior Year Findings and Recommendations.

Prior Year Findings and Recommendations

Tabulation of Uncorrected Audit Findings		
Current Year Finding No.	2015-2016 Fiscal Year Finding No.	2014-2015 Fiscal Year Finding No.
2017-001	2016-001	15-01
2017-002	2016-002	15-02

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

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

Annual Financial Report

Sections 10.554(1)(i)5.b. 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 the annual financial report for the City for the fiscal year ended September 30, 2017, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2017. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

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

Additional Matters

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Joint Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal 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
June 25, 2018

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, each major fund, and the aggregate remaining fund information of the City of Parker, Florida (City) as of and for the year ended September 30, 2017, and the related notes to basic financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 25, 2018.

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 to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We did identify certain deficiencies in internal control, described below that we consider to be material weaknesses.

2017-001 (Initially reported in 2007) Significant Adjustments

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

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

Management's response: It is not considered economically feasible for the City to invest in the additional resources that would be required for us to provide the auditors with accounting records that require no proposed audit adjustments. Adjustments needed this year were less substantial; however, because this finding includes our auditor proposing adjusting journal entries needed to convert our books from fund level modified accrual basis to the full accrual basis for the additional government-wide presentation required by GASB 34, we will likely continue to need adjusting entries. We are trying to maintain the books in a manner that reduces the number of proposed adjusting journal entries by the auditor to a minimum and we will still rely on the software, education, and research materials that CRI already possesses.

2017-002 (Initially reported in 2009) Lack of Segregation of Duties

Condition: The City does not have proper segregation of duties in many areas due to a limited number of staff and having a need to cross train staff in the event of absences.

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

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

Cause: The City has limited staff available which can lead to certain incompatible duties being performed by one person. The City has considered the costs of hiring additional staff to achieve increased segregation of duties and has determined that the costs would outweigh the derived benefits at this time.

Recommendation: The City should continue to evaluate the cost/benefit analysis of hiring additional staff to better segregate controls. Duties should be separated as much as possible and compensating controls should be used to compensate for the lack of segregation of duties. Monthly financial activity such as journal entries, significant account balances, bank reconciliations, bank statements and check images should be reviewed for reasonableness by an independent member of management with sufficient knowledge.

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

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Management's Responses to Findings

Management's responses to the findings identified in our audit are included above. The responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

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

Certified Public Accountants

Panama City Beach, Florida

June 25, 2018



INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined the City of Parker, Florida's (City) compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2017. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance 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 compliance with the specified requirements listed above is in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the City's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of compliance with the specified requirements listed above, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the City complied in all material respects with the aforementioned requirements for the year September 30, 2017.

This report is intended solely for the information and use of the City's 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
June 25, 2018