

City of Parker, Florida

Financial Statements

September 30, 2014



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**City of Parker, Florida
Table of Contents
September 30, 2014**

Independent Auditor’s Report	1
Management’s Discussion and Analysis	3
FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements	
Balance Sheet – Governmental Funds	11
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	13
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	14
Statement of Net Position – Proprietary Fund	15
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund	16
Statement of Cash Flows – Proprietary Fund	17
Notes to Basic Financial Statements	19
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Funding Progress for the Retirees’ Health Insurance Other Postemployment Benefits Plan	41
Schedule of Employer Contributions for the Retirees’ Health Insurance Other Postemployment Benefits Plan	41



City of Parker, Florida
Table of Contents (Continued)
September 30, 2014

COMPLIANCE SECTION

Independent Auditor's Management Letter	42
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	44
Independent Accountant's Report	47



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INDEPENDENT AUDITOR'S 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, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Parker, Florida, as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 3 and 8 and the schedule of funding progress for the retirees' health insurance other postemployment benefits plan and schedule of employer contributions for the retirees' health insurance other postemployment benefits plan on page 41 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 10, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

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

Certified Public Accountants
Panama City Beach, Florida
June 10, 2015

Management's Discussion & Analysis

Management's Discussion and Analysis

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

Financial Highlights

- Total assets of the City exceeded total liabilities by \$7,798,502 (net position). Of this amount, \$566,605 is unrestricted net position for governmental activities and \$2,217,386 is unrestricted net position for business-type activities, while \$2,003,792 is invested in capital assets for governmental activities and \$2,632,044 is invested in capital assets for business-type activities, both net of related debt.
- Total net position increased by \$922,113. Of this amount, a decrease of \$39,030 is attributable to governmental activities and an increase of \$961,143 is attributable to business-type activities.
- As of September 30, 2014, the general fund's unassigned fund balance was \$646,434 or 29 percent of total general fund expenditures.
- Governmental activities revenues decreased to \$2,107,407 or 8 percent, while expenses for governmental activities increased less than 1 percent to \$2,146,437. Business-type activities revenues increased to \$2,696,981 or 20 percent, while business-type activities expenses decreased less than 1 percent to \$1,735,838.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

Financial Analysis of the City

The following schedule provides a summary of the assets, liabilities and net position of the City at September 30, 2014 and 2013. The City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its governmental and business-type activities.

Net Position

	Governmental		Business-type		Total	
	Activities		Activities			
September 30,	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 986,041	\$ 995,004	\$ 3,183,327	\$ 2,456,108	\$ 4,169,368	\$ 3,451,112
Capital assets	2,095,587	2,020,844	2,632,044	2,387,614	4,727,631	4,408,458
Total assets	3,081,628	3,015,848	5,815,371	4,843,722	8,896,999	7,859,570
Current liabilities	97,348	82,643	236,764	185,507	334,112	268,150
Noncurrent liabilities	378,540	288,435	385,845	364,740	764,385	653,175
Total liabilities	475,888	371,078	622,609	550,247	1,098,497	921,325
Net investment in capital assets	2,003,792	2,020,844	2,632,044	2,387,614	4,635,836	4,408,458
Net position – restricted	35,343	39,806	343,332	343,326	378,675	383,132
Net position – unrestricted	566,605	584,120	2,217,386	1,562,535	2,783,991	2,146,655
Total net position	\$ 2,605,740	\$ 2,644,770	\$ 5,192,762	\$ 4,293,475	\$ 7,798,502	\$ 6,938,245

Investment in capital assets (e.g., land, buildings, and equipment), net of any related outstanding debt used to acquire those assets, represents the City's largest portion of net position (59 percent). These capital assets are utilized to provide services to citizens; consequently, these assets are not available for future spending.

The balance of *unrestricted net position* (\$2,783,991), representing 36 percent of the City's net position, may be used to help meet the government's ongoing obligations to citizens and creditors.

The following schedule provides a summary of the changes in net position for the years ended September 30, 2014 and 2013.

Changes in Net Position

Year Ended	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
<i>September 30,</i>						
Program revenues						
Charges for services	\$ 449,463	\$ 445,101	\$ 2,439,237	\$ 2,078,934	\$ 2,888,700	\$ 2,524,035
Operating grants/contributions	10,122	12,107	-	-	10,122	12,107
Capital grants/contributions	11,238	19,083	280,822	238,449	292,060	257,532
General revenues						
Taxes and fees	1,394,693	1,313,745	-	-	1,394,693	1,313,745
Intergovernmental	183,202	181,629	-	-	183,202	181,629
Interest	562	512	1,289	1,898	1,851	2,410
Transfers	-	291,353	-	(291,353)	-	-
Other	58,127	36,668	(24,367)	218,748	33,760	255,416
Total revenues	2,107,407	2,300,198	2,696,981	2,246,676	4,804,388	4,546,874
Expenses						
General government	374,431	457,804	-	-	374,431	457,804
Public safety	1,020,592	952,410	-	-	1,020,592	952,410
Code enforcement	96,399	68,940	-	-	96,399	68,940
Sanitation	221,203	222,483	-	-	221,203	222,483
Highways and streets	319,250	310,542	-	-	319,250	310,542
Maintenance	35,489	33,974	-	-	35,489	33,974
Parks and recreation	79,073	84,569	-	-	79,073	84,569
Utilities	-	-	1,735,838	1,740,405	1,735,838	1,740,405
Total expenses	2,146,437	2,130,722	1,735,838	1,740,405	3,882,275	3,871,127
Change in net position	(39,030)	169,476	961,143	506,271	922,113	675,747
Beginning net position	2,644,770	2,475,294	4,293,475	3,787,204	6,938,245	6,262,498
Restatement adjustment	-	-	(61,856)	-	(61,856)	-
Beginning net position - restated	2,644,770	2,475,294	4,231,619	3,787,204	6,876,389	6,262,498
Ending net position	\$ 2,605,740	\$ 2,644,770	\$ 5,192,762	\$ 4,293,475	\$ 7,798,502	\$ 6,938,245

Governmental activities expenses exceeded revenues by \$39,030, while business-type activities revenues exceeded expenses by \$961,143 Total revenues increased \$257,514 from the previous year.

Sixty-six percent (66%) of the revenues for governmental activities were generated by taxes and 21% were generated by charges for services. Most of the governmental resources were expended for general government (17%), public safety (48%), highways and streets (15%), and sanitation (10%) departments.

Charges for services provided \$2,439,237 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, 2014, total assets were \$986,041 and total liabilities were \$61,322. At the end of fiscal year 2014, unassigned fund balance of the general fund was \$646,434 while total fund balance was \$924,719.

The general fund budget was not amended during the year. Actual revenues were greater than anticipated by \$171,955. Actual expenditures were greater than budgeted expenditures by \$89,236.

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 \$2,217,386.

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, 2014, was \$4,727,631 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment.

Capital Assets (net of depreciation)

<i>September 30,</i>	Governmental		Business-type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Land	\$ 515,762	\$ 515,762	\$ 449,632	\$ 449,632	\$ 965,394	\$ 965,394
Construction in progress	-	-	79,379	411,955	79,379	411,955
Buildings	40,481	42,715	-	-	40,481	42,715
Improvements	1,156,252	1,212,714	1,954,416	1,363,770	3,110,668	2,576,484
Machinery and equipment	383,092	249,653	148,617	162,257	531,709	411,910
Total	\$ 2,095,587	\$ 2,020,844	\$ 2,632,044	\$ 2,387,614	\$ 4,727,631	\$ 4,408,458

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

This report was prepared by the City's finance department. Questions concerning this report or requests for additional information should be addressed to 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, 2014	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 588,020	\$ 1,800,645	\$ 2,388,665
Accounts receivable, net	40,070	165,960	206,030
Accrued revenue	191,405	-	191,405
Grants receivable	-	49,772	49,772
Internal balances	10,406	(10,406)	-
Inventory	42,380	-	42,380
Prepays	91,411	66,432	157,843
Investment in joint venture	-	498,420	498,420
Restricted assets			
Cash and cash equivalents	22,349	602,098	624,447
Total current assets	986,041	3,172,921	4,158,962
Noncurrent assets			
Capital assets			
Nondepreciable	515,762	529,011	1,044,773
Depreciable, net	1,579,825	2,103,033	3,682,858
Total noncurrent assets	2,095,587	2,632,044	4,727,631
Total assets	3,081,628	5,804,965	8,886,593
Liabilities			
Current liabilities			
Accounts payable	26,773	94,792	121,565
Accrued expenses	34,549	7,018	41,567
Accrued compensated absences	13,721	3,915	17,636
Capital lease	22,305	-	22,305
Due to joint venture	-	120,633	120,633
Total current liabilities	97,348	226,358	323,706
Noncurrent liabilities			
Accrued compensated absences	54,886	15,658	70,544
Capital lease	69,490	-	69,490
Customer deposits	-	286,880	286,880
Other postemployment benefits	254,164	83,307	337,471
Total noncurrent liabilities	378,540	385,845	764,385
Total liabilities	475,888	612,203	1,088,091
Net position			
Net investment in capital assets	2,003,792	2,632,044	4,635,836
Restricted			
Repair and replacement	-	294,722	294,722
Revenue bond current debt service	-	48,610	48,610
Community redevelopment agency	12,994	-	12,994
Law enforcement	22,349	-	22,349
Unrestricted	566,605	2,217,386	2,783,991
Total net position	\$ 2,605,740	\$ 5,192,762	\$ 7,798,502

See accompanying notes

City of Parker, Florida Statement of Activities

Net (Expenses) Revenues and Changes in Net Position

Year Ended September 30, 2014	Expenses	Program Revenues			Primary Government			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities		
Functions/Programs								
Primary Government								
Governmental activities								
General government	\$ 374,431	\$ 53,235	\$ 4,122	\$ -	\$ (317,074)	\$ -		\$ (317,074)
Public safety	1,020,592	4,666	6,000	10,945	(998,981)	-		(998,981)
Code enforcement	96,399	-	-	-	(96,399)	-		(96,399)
Sanitation	221,203	370,574	-	-	149,371	-		149,371
Highways and streets	319,250	20,988	-	-	(298,262)	-		(298,262)
Maintenance	35,489	-	-	-	(35,489)	-		(35,489)
Parks and recreation	79,073	-	-	293	(78,780)	-		(78,780)
Total governmental activities	2,146,437	449,463	10,122	11,238	(1,675,614)	-		(1,675,614)
Business-type activities								
Utility	1,735,838	2,439,237	-	280,822	-	984,221		984,221
Total business-type activities	1,735,838	2,439,237	-	280,822	-	984,221		984,221
Total primary government	\$ 3,882,275	\$ 2,888,700	\$ 10,122	\$ 292,060	(1,675,614)	984,221		(691,393)
General revenues								
Taxes								
					468,146	-		468,146
					28,496	-		28,496
					70,263	-		70,263
					135,091	-		135,091
					355,291	-		355,291
					331,642	-		331,642
					5,764	-		5,764
					183,202	-		183,202
Total					1,577,895	-		1,577,895
Interest earnings					562	1,289		1,851
Miscellaneous					58,127	(24,367)		33,760
Total general revenues, interest and other revenue					1,636,584	(23,078)		1,613,506
Change in net position					(39,030)	961,143		922,113
Net position - beginning					2,644,770	4,293,475		6,938,245
Restatement adjustment					-	(61,856)		(61,856)
Net position - beginning restated					2,644,770	4,231,619		6,876,389
Net position - ending					\$ 2,605,740	\$ 5,192,762	\$	7,798,502

See accompanying notes

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

September 30, 2014	General Fund
Assets	
Cash and cash equivalents	\$ 610,369
Accrued revenue	191,405
Accounts receivable, net	40,070
Due from other funds	10,406
Inventory	42,380
Prepays	91,411
Total assets	986,041
Liabilities and fund balance	
Liabilities	
Accounts payable	26,773
Accrued expenses	34,549
Total liabilities	61,322
Fund balance	
Nonspendable	
Prepays	91,411
Inventory	42,380
Restricted	
Community redevelopment agency	12,994
Law enforcement	22,349
Assigned	
Firefighter building	109,151
Unassigned	
General fund	646,434
Total fund balances	924,719
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.	2,095,587
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds.	(414,566)
Net position of governmental activities	\$ 2,605,740

See accompanying notes

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

Year Ended September 30, 2014	General Fund
Revenues	
Taxes	
Utility tax	\$ 468,146
Business tax	28,496
Communications tax	135,091
Local option gas tax	70,263
Intergovernmental	558,116
Licenses and permits	352,248
Charges for services	406,705
Fines and forfeitures	23,542
Rents	23,340
Interest	562
Miscellaneous	36,776
Total revenues	2,103,285
Expenditures	
Current	
General government	365,450
Public safety	979,647
Code enforcement	95,587
Sanitation	204,566
Highways and streets	261,936
Maintenance	30,076
Parks and recreation	56,745
Capital outlay	
Public safety	48,986
Sanitation	116,424
Highways and streets	29,300
Maintenance	1,519
Parks and recreation	12,883
Debt service	24,749
Total expenditures	2,227,868
Excess (deficit) of revenues over (under) expenditures	(124,583)
Other financing sources	
Proceeds from debt	116,424
Contributions	4,122
Total other financing sources	120,546
Net changes in fund balance	(4,037)
Fund balance - beginning	928,756
Fund balance - ending	\$ 924,719

See accompanying notes

City of Parker, Florida

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

Year Ended September 30, 2014

Amounts reported for governmental activities in the statement of activities
(page 10) are different because:

Net changes in fund balance - total governmental funds (page 12)	\$ (4,037)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	74,743
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.	(91,795)
Compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	13,367
Other postemployment benefits reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.	(31,308)
Change in net position of governmental activities (page 10)	\$ (39,030)

See accompanying notes

City of Parker, Florida

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

Year Ended September 30, 2014	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Taxes				
Utility tax	\$ 414,500	\$ 414,500	\$ 468,146	\$ 53,646
Business tax	-	-	28,496	28,496
Communications tax	136,470	136,470	135,091	(1,379)
Local option gas tax	81,096	81,096	70,263	(10,833)
Intergovernmental	669,064	669,064	558,116	(110,948)
Licenses and permits	290,200	290,200	352,248	62,048
Charges for services	340,000	340,000	406,705	66,705
Fines and forfeitures	-	-	23,542	23,542
Rents	-	-	23,340	23,340
Interest	-	-	562	562
Miscellaneous	-	-	36,776	36,776
Total revenues	1,931,330	1,931,330	2,103,285	171,955
Expenditures				
Current and capital outlay				
General government	452,220	452,220	365,450	86,770
Public safety	984,371	984,371	1,028,633	(44,262)
Code enforcement	72,466	72,466	95,587	(23,121)
Sanitation	239,854	239,854	320,990	(81,136)
Highways and streets	280,014	280,014	291,236	(11,222)
Maintenance	36,410	36,410	31,595	4,815
Parks and recreation	73,297	73,297	69,628	3,669
Debt service	-	-	24,749	(24,749)
Total current	2,138,632	2,138,632	2,227,868	(89,236)
Excess (deficiency) of revenues over (under) expenditures	(207,302)	(207,302)	(124,583)	82,719
Other financing sources				
Proceeds from debt	-	-	116,424	116,424
Contributions	-	-	4,122	4,122
Transfers	207,302	207,302	-	(207,302)
Total other financing sources	207,302	207,302	120,546	(86,756)
Net changes in fund balance	-	-	(4,037)	(4,037)
Fund balance - beginning	928,756	928,756	928,756	-
Fund balance - ending	\$ 928,756	\$ 928,756	\$ 924,719	\$ (4,037)

See accompanying notes

City of Parker, Florida
Statement of Net Position
Proprietary Fund

Business-type Activities/Enterprise Fund

September 30, 2014	Utility Fund
Assets	
Current assets	
Cash and cash equivalents	\$ 1,800,645
Accounts receivable, net	165,960
Grant receivable	49,772
Prepaid expenses	66,432
Investment in joint venture	498,420
Restricted assets - cash and cash equivalents	
Customer deposits	258,766
Repair and replacement	294,722
Revenue bond current debt service	48,610
Total current assets	3,183,327
Noncurrent assets	
Capital assets	
Property, plant and equipment	5,201,981
Less accumulated depreciation	(2,569,937)
Total noncurrent assets	2,632,044
Total assets	5,815,371
Liabilities	
Current liabilities	
Accounts payable	94,792
Accrued expenses	7,018
Accrued compensated absences	3,915
Due to other funds	10,406
Due to joint venture	120,633
Total current liabilities	236,764
Noncurrent liabilities	
Accrued compensated absences	15,658
Customer deposits	286,880
Other postemployment benefits	83,307
Total noncurrent liabilities	385,845
Total liabilities	622,609
Net position	
Net investment in capital assets	2,632,044
Restricted	
Repair and replacement	294,722
Revenue bond current debt service	48,610
Unrestricted	2,217,386
Total net position	\$ 5,192,762

See accompanying notes

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

Business-type Activities/Enterprise Fund

Year Ended September 30, 2014	Utility Fund
Operating revenues	
Charges for services	
Water and sewer charges	\$ 2,065,197
Connection, reset and reactivation fees	19,909
Late fees	46,771
Tap fees	4,005
Impact fees	10,150
Other utility income	293,205
Total operating revenues	2,439,237
Operating expenses	
Current	
Personal services	365,844
Communications	4,140
Contractual services	21,301
Cost of water and sewer	477,281
Debt service charges AWT	476,191
Depreciation	74,444
Fuel and lubricants	12,731
Insurance	54,868
Office supplies	806
Operating supplies	7,161
Other current charges	12,291
Postage	8,794
Printing and binding	983
Professional services	29,874
Public utility services	22,135
Rentals	6,201
Repairs and maintenance	142,228
Road materials and supplies	1,500
Travel and per diem	13,760
Uniforms	3,305
Total operating expenses	1,735,838
Net operating income	703,399
Nonoperating revenues (expenses)	
Interest income	1,289
Loss from joint venture	(24,367)
Grant revenue	280,822
Total nonoperating revenues (expenses)	257,744
Changes in net position	961,143
Total net position - beginning	4,293,475
Restatement adjustment	(61,856)
Total net position - beginning restated	4,231,619
Total net position - ending	\$ 5,192,762

See accompanying notes

City of Parker, Florida
Statement of Cash Flows
Proprietary Fund

Business-type Activities/Enterprise Fund	Utility Fund
Year Ended September 30, 2014	
Operating activities	
Receipts from customers and users	\$ 2,392,562
Payments to suppliers and others	(1,353,786)
Payments to employees	(356,784)
Net cash provided by operating activities	681,992
Capital and related financing activities	
Capital contributions - grants	280,822
Payments from general fund	4,080
Purchase of capital assets	(318,874)
Net cash used by capital and related financing activities	(33,972)
Investing activities	
Interest received	1,289
Net cash provided by investing activities	1,289
Net increase in cash and cash equivalents	649,309
Cash and cash equivalents - beginning	1,753,434
Cash and cash equivalents - ending	\$ 2,402,743
Classified as	
Current assets - cash and cash equivalents	\$ 1,800,645
Restricted assets - cash and cash equivalents	602,098
Cash and cash equivalents - ending	\$ 2,402,743

(Continued)

See accompanying notes

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

Business-type Activities/Enterprise Fund	Utility Fund
Year Ended September 30, 2014	
Reconciliation of net operating income to net cash provided by operating activities	
Net operating income	\$ 703,399
Adjustments to reconcile net operating income to net cash provided by operating activities	
Depreciation	74,444
(Increase) decrease in assets	
Accounts receivable, net	(11,749)
Grant receivable	(46,845)
Prepaid expenses	(64,993)
Increase (decrease) in liabilities	
Accounts payable	4,830
Accrued expenses	1,927
Accrued compensated absences	(632)
Customer deposits	11,919
Other postemployment benefits	9,692
Total adjustments	(21,407)
Net cash provided by operating activities	\$ 681,992

See accompanying notes

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

The City of Parker, incorporated pursuant to Laws of Florida, 1951, Chapter 27685, Section 5, is a political subdivision of the State of Florida and is located in Bay County. It operates under a Council/Manager form of government and provides the following services as authorized by its charter: general government, public safety (police and fire), code enforcement, sanitation, highways and streets, maintenance, 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 (see note below for description). Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government. The City has one component unit as defined by GASB Statement 61, *The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements No. 14 and No. 34* or in publications cited in the State of Florida, Office of the Auditor General Rules, Rule 10.553, which are required to be included in these financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Measurement Focus and Basis of Accounting

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

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

Government-wide Financial Statements

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements

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

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

Governmental Funds

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Funds

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

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

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

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

Basis of Presentation

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

Governmental Major Funds

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

Proprietary Major Funds

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Noncurrent Governmental Assets/Liabilities

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

Budgets

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

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

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

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

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

Encumbrances

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

Cash and Cash Equivalents

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

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

Due To/From Other Funds

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

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

Inventory

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

Capital Assets

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

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

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

Accumulated Vacation and Sick Leave

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

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

Fund balances

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

Nonspendable – This category includes the resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The balance as of September 30, 2014 of \$133,791 is from prepaids and inventory which are not in spendable form.

Restricted – This category includes resources restricted by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation. The balance as of September 30, 2014 of \$35,343 is restricted by creditors for repayment of debt issued, enabling legislation, and donor restrictions.

Committed – This category includes resources that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority. Commitments may be established, modified, or rescinded only through ordinances approved by the City Council. There are no committed funds as of September 30, 2014.

Assigned – This category includes resources that are intended to be used for specific purposes, but is neither restricted nor committed. These are resources that have been set aside for a specific purpose by an authorized government body or official. The balance as of September 30, 2014 is \$109,151.

Unassigned – This category is the residual classification for the City's fund balances. The balance as of September 30, 2014 is \$646,434.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Assets

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

Net position

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

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

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

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

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

Estimates

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

Subsequent events

Management of the City has evaluated subsequent events through June 10, 2015, the date the financial statements were available to be issued.

City of Parker, Florida
Notes to Basic Financial Statements

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

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

The governmental funds balance sheet includes a reconciliation between *fund balances - total governmental funds* and *net position of governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains, "capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds." The details of this \$2,095,587 difference are as follows:

Cost of capital assets	\$ 5,716,699
Less: accumulated depreciation	(3,621,112)
<hr/>	
Net adjustment to increase <i>fund balances - total governmental funds</i> to arrive at <i>net position of governmental activities</i>	\$ 2,095,587
<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 \$414,566 difference are as follows:

Compensated absences	\$ 68,607
Other postemployment benefits	254,164
Notes payable	91,795
<hr/>	
Net adjustment to decrease <i>fund balances - total governmental funds</i> to arrive at <i>net position of governmental activities</i>	\$ 414,566
<hr/>	

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

Capital outlay	\$ 209,112
Depreciation expense	(134,369)
<hr/>	
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	\$ 74,743
<hr/>	

NOTE 3 – BUDGETS

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

NOTE 4 – DEPOSITS AND INVESTMENTS

Deposits Policies

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

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

Investment Policies

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

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

As all time deposits held at year end were considered cash and cash equivalents for financial statement purposes, the City had no investments at September 30, 2014.

Interest Rate Risks

At September 30, 2014, the City did not hold any investments that were considered to be an interest rate risk.

Credit Risks

At September 30, 2014, the City did not hold any investments that were considered to be a credit risk.

City of Parker, Florida
Notes to Basic Financial Statements

NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Risks

At September 30, 2014, the City did not hold any deposits or investments that were considered to be a custodial risk.

Concentration of Credit Risk

As September 30, 2014, the City did not hold any investments that were considered to be a concentration of credit risk.

NOTE 5 – ACCOUNTS RECEIVABLE

At September 30, 2014, accounts receivable in the general fund is summarized as follows:

Total accounts receivable	\$	68,186
Less: allowance for doubtful accounts		(28,116)
Accounts receivable, net	\$	40,070

At September 30, 2014, accounts receivable in the proprietary fund is summarized as follows:

Total accounts receivable	\$	241,152
Less: allowance for doubtful accounts		(75,192)
Accounts receivable, net	\$	165,960

NOTE 6 – INTERFUND ACTIVITY

Interfund balances for the year ended September 30, 2014, consisted of the following:

	Due from other funds	Due to other funds
General fund	\$ 956	\$ -
Community redevelopment agency	-	956
General fund	10,406	-
Utility fund	-	10,406
Total	\$ 11,362	\$ 11,362

The Interfund loans were for the purpose of operations.

City of Parker, Florida
Notes to Basic Financial Statements

NOTE 7 – CAPITAL ASSETS

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

	September 30, 2013	Increases	Decreases	September 30, 2014
Capital assets, not being depreciated				
Land	\$ 515,762	\$ -	\$ -	\$ 515,762
Total capital assets, not being depreciated	515,762	-	-	515,762
Capital assets, being depreciated				
Buildings and improvements	544,444	-	-	544,444
Improvements other than buildings	2,355,928	12,883	-	2,368,811
Machinery and equipment	2,102,153	196,229	10,700	2,287,682
Total capital assets, being depreciated	5,002,525	209,112	10,700	5,200,937
Less accumulated depreciation				
Buildings and improvements	501,729	2,234	-	503,963
Improvements other than buildings	1,143,214	69,345	-	1,212,559
Machinery and equipment	1,852,500	62,790	10,700	1,904,590
Total accumulated depreciation	3,497,443	134,369	10,700	3,621,112
Total capital assets, being depreciated (net of accumulated depreciation)	1,505,082	74,743	-	1,579,825
Total governmental activities' capital assets (net of accumulated depreciation)	\$ 2,020,844	\$ 74,743	\$ -	\$ 2,095,587

The following schedule summarizes the capital assets of the City's business-type activities at September 30, 2014:

Land	\$ 449,632
Construction in progress	79,379
Water system	1,570,291
Sewer system	2,046,196
Machinery and equipment	1,056,483
Total	5,201,981

(continued)

City of Parker, Florida
Notes to Basic Financial Statements

NOTE 7 – CAPITAL ASSETS (CONTINUED)

Less: accumulated depreciation	
Water system	\$ 870,177
Sewer system	791,894
Machinery and equipment	907,866
<hr/>	
Total accumulated depreciation	2,569,937
<hr/>	
Total business-type activities' capital assets (net of accumulated depreciation)	\$ 2,632,044

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

	September 30, 2013	Increases	Decreases	September 30, 2014
Capital assets, not being depreciated				
Land	\$ 449,632	\$ -	\$ -	\$ 449,632
Construction in progress	411,955	313,579	(646,155)	79,379
<hr/>				
Total capital assets, not being depreciated	861,587	313,579	(646,155)	529,011
<hr/>				
Capital assets, being depreciated				
Water system	924,136	646,155	-	1,570,291
Sewer system	2,046,196	-	-	2,046,196
Machinery and equipment	1,051,188	5,295	-	1,056,483
<hr/>				
Total capital assets, being depreciated	4,021,520	651,450	-	4,672,970
<hr/>				
Less accumulated depreciation				
Water system	863,491	6,686	-	870,177
Sewer system	744,777	47,117	-	791,894
Machinery and equipment	887,225	20,641	-	907,866
<hr/>				
Total accumulated depreciation	2,495,493	74,444	-	2,569,937
<hr/>				
Total capital assets, being depreciated (net of accumulated depreciation)	1,526,027	577,006	-	2,103,033
<hr/>				
Total business-type activities' capital assets (net of accumulated depreciation)	\$ 2,387,614	\$ 890,585	\$(646,155)	\$ 2,632,044

City of Parker, Florida
Notes to Basic Financial Statements

NOTE 7 – CAPITAL ASSETS (CONTINUED)

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

General government	\$	6,062
Public safety		32,252
Sanitation		18,964
Highways and streets		52,552
Maintenance		3,981
Culture and recreation		20,558
Total depreciation expense – governmental activities		\$ 134,369

NOTE 8 – CAPITAL LEASE – GOVERNMENTAL ACTIVITIES

In September 2014, the City entered into a capital lease agreement of \$116,424 to finance a sanitation truck. Payments of \$24,049 including interest at 1.90% are due annually until maturity at September 2018. The balance of the debt was \$91,795 at September 30, 2014.

	Balance September 30, 2013	Additions	Deductions	Balance September 30, 2014	Due Within One Year
Capital lease	\$ -	\$ 116,424	\$ 24,629	\$ 91,795	\$ 22,305

<i>Year ending September 30,</i>	Principal	Interest
2015	\$ 22,305	\$ 1,744
2016	22,729	1,320
2017	23,161	888
2018	23,601	448
Total	\$ 91,796	\$ 4,400

City of Parker, Florida
Notes to Basic Financial Statements

NOTE 9 – ACCRUED COMPENSATED ABSENCES

Accrued compensated absences consist of the following at September 30, 2014:

		Total Accrued Compensated Absences
General fund	\$	68,607
Utility fund		19,573
Total	\$	88,180

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS LIABILITY

Accrued other postemployment benefits consist of the following at September 30, 2014:

		Total Other Postemployment Benefits
General fund	\$	254,164
Utility fund		83,307
Total	\$	337,471

NOTE 11 – NET POSITION RESTRICTIONS

Specific net position restrictions are summarized below as of September 30, 2014:

Governmental Funds

Community redevelopment agency	\$	12,994
Law enforcement		22,349
Total	\$	35,343

City of Parker, Florida
Notes to Basic Financial Statements

NOTE 11 – NET POSITION RESTRICTIONS (CONTINUED)

Proprietary Fund

Restricted for bearer bond plus interest	\$	48,610
Restricted for repairs and replacements		294,722
<hr/>		
Total	\$	343,332
<hr/>		

NOTE 12 – INVESTMENT IN JOINT VENTURE

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

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

The results of operations and cash flows are accounted for within the financial statements of the MPAWTF. The City's interest in equity is reported within the City's utility fund. As of September 30, 2014, the City's portion of the equity in the MPAWTF was \$498,420. Complete financial statements for the joint venture, may be obtained from the operator at P.O. Box 2269, Panama City, Florida 32402.

Condensed financial statements from the MPAWTF are as follows:

Statement of Net Position
September 30, 2014

Assets		
Current assets	\$	10,023,740
Noncurrent assets		22,215,167
<hr/>		
Total assets		32,238,907
<hr/>		
Deferred outflows		
Deferred loss on bond refunding		985,671
<hr/>		

City of Parker, Florida
Notes to Basic Financial Statements

NOTE 12 – INVESTMENT IN JOINT VENTURE (CONTINUED)

Statement of Net Position
September 30, 2014

Liabilities	
Current liabilities	\$ 3,670,961
Noncurrent liabilities	16,534,715
<hr/>	
Total liabilities	20,205,676
<hr/>	
Net position	\$ 13,018,902
<hr/> <hr/>	

For the year ended September 30, 2014, the City of Parker had a net loss from the joint venture in the amount of \$(24,367). As of September 30, 2014, the City owes the joint venture \$120,633 for transferred collection system.

Statement of Activities
Year Ended September 30, 2014

Operating revenues	\$ 7,227,131
Operating expenses	(5,215,161)
<hr/>	
Operating income	2,011,970
Nonoperating revenues (expenses), net	(812,508)
<hr/>	
Net income before distributions to owners	1,199,462
Distributions to owners	(1,761,098)
<hr/>	
Change in net position	(561,636)
<hr/>	
Net position, beginning of year, as restated	13,580,538
<hr/>	
Net position, end of year	\$ 13,018,902
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NOTE 13 – PENSION PLAN

Defined Benefit Pension Plan

The City participates in the Florida Retirement System (FRS) which is a multiple-employer; cost-sharing retirement system established by Chapter 121, Florida Statutes. The Florida Retirement System is administered by the Division of Retirement of the State of Florida Department of Administration. The City's payroll for employees covered by the system for the years ended September 30, 2014, 2013 and 2012 was \$1,035,889, \$989,926 and \$1,088,315, respectively.

NOTE 13 – PENSION PLAN (CONTINUED)

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

The system provides vesting of benefits after 6 years of creditable service. Members are eligible for normal retirement after attaining age 62 or 30 years of service. Generally, membership is compulsory for all full-time and part-time employees, except for elected City officials who may elect to not participate in the System. Employee contributions are 3%. The City’s contributory rates for the year ended September 30, 2014 were as follows:

	October 1, 2013 Through June 30, 2014	July 1, 2014 Through September 30, 2014
Regular employees	6.95%	7.37%
Special risk employees	19.06%	19.82%

The City’s contributions to the Plan for the years ended September 30, 2014, 2013 and 2012 were \$130,707, \$101,439 and \$95,533 respectively, which equal the required contributions. For the year ended September 30, 2014 retirement contributions represent 13% of City’s total covered payroll.

Three Year Trend Information

Year Ended September 30,	Annual Pension Cost (APC)	Percent of APC Contribution	Net Pension Obligation
2012	\$ 95,533	100%	-
2013	101,439	100%	-
2014	130,707	100%	-

Defined Contribution Plan

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

NOTE 13 – PENSION PLAN (CONTINUED)

FRS Investment Plan is funded through employee and employer contributions. Employees contribute 3%. The City’s contributory rates for the year ended September 30, 2014 were as follows:

	October 1, 2013 Through June 30, 2014	July 1, 2014 Through September 30, 2014
Regular employees	6.95%	7.37%
Special risk employees	19.06%	19.82%

Required employer and employee contributions made to the plan totaled \$7,813 and \$2,506, respectively.

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

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

Eligibility

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

Funding Policy

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

City of Parker, Florida
Notes to Basic Financial Statements

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

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

<u>Coverage</u>	<u>Monthly Cost</u>
Retiree	\$ 560
Retiree and Spouse	1,232
Retiree and Children	1,064
Retiree and Family	1,736

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

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:

<u>Description</u>	
Normal cost (service cost for one year)	\$ 32,000
Amortization of unfunded actuarial accrued liability	(1,000)
Amortization of net OPEB obligation	35,000
Annual required contribution	66,000
Interest on net OPEB obligation	12,000
Adjustment to annual required contribution	(35,000)
Annual OPEB cost (expense)	43,000
Contribution toward the OPEB cost	(2,000)
Increase in net OPEB obligation	41,000
Net OPEB obligation, beginning of year	296,471
Net OPEB obligation, end of year	<u>\$ 337,471</u>

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, 2014, 2013 and 2012 was as follows:

<u>Year ending September 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2012	\$ 90,501	0%	\$ 258,471
2013	\$ 40,000	0%	\$ 296,471
2014	\$ 43,000	0%	\$ 337,471

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

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

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, 2014. 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 2013-14 fiscal year of 8%. It fluctuates over the years reaching a future year's rate of 5.5% by 2018-2019. 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, 2014 is 10 years.

NOTE 15 – RISK MANAGEMENT

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

NOTE 16 – BUDGETARY DATA

The City had actual expenditures in excess of budgeted amounts in the general fund for the year ended September 30, 2014. The primary cause of this excess was the receipt and expenditure of unanticipated revenues without a corresponding budget amendment.

NOTE 17 – CHANGE IN ACCOUNTING PRINCIPLE

During the current year, the City implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Per GASB 65, certain items that were previously reported assets and liabilities are now reported as outflows of resources and inflows of resources. Paragraph 15 of GASB 65 indicates that debt issuance costs, except any portion related to prepaid insurance costs, should be recognized as an expense in the period incurred. The City's unamortized debt issuance costs from prior fiscal years included in the financial statements of the joint venture are reported as a restatement decreasing beginning net position by \$61,856 in the utility fund.

Required Supplementary Information

City of Parker, Florida
Required Supplementary Information
September 30, 2014

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, 2008	N/A	N/A	N/A	N/A	N/A	N/A
October 1, 2009	\$ 0	\$ 615,206	\$ 615,206	0.0%	\$ 1,180,729	52%
October 1, 2013	\$ 0	\$ 278,000	\$ 278,000	0.0%	\$ 1,032,000	27%

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

Fiscal Year Ended September 30,	Actual Contribution	Annual Required Contribution	Percentage Contributed
2012	\$ 0	\$ 83,782	0%
2013	\$ 0	\$ 61,000	0%
2014	\$ 0	\$ 66,000	0%

Compliance Section

INDEPENDENT AUDITOR'S 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, as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated June 10, 2015.

Auditor's 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 and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, rules of the Auditor General. Disclosures in this report, which is dated June 10, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Prior Year Findings and Recommendations

Findings reported the two previous years include 14-01 and 14-02.

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 of Parker, Florida, is incorporated under the provisions of the State of Florida (Laws of Florida, 1951, CH. 27685,

Sec. 5). There is one component unit of the reporting entity as defined in publications cited in Rule 10.553. The Parker Community Redevelopment Agency is operated by the City. The Agency was created on May 25, 2004 by City Resolution 2004-05-350 pursuant to Florida Statute 163.387.

Financial Condition

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the City of Parker, Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City of Parker, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the City of Parker, Florida for the fiscal year ended September 30, 2014, 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, 2014. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

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

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

Purpose of this Letter

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

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

June 10, 2015

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Parker, Florida, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Parker, Florida's basic financial statements and have issued our report thereon dated June 10, 2015.

Internal control over financial reporting

In planning and performing our audit of the financial statements, we considered the City of Parker, Florida's internal control over financial reporting (internal control) 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 of Parker, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Parker, Florida's internal control.

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

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

14-01 (Prior years 13-01 and 12-01) (Initially reported in 2007) Significant adjustments to the financial records were necessary in order for the financial statements to conform to U.S. generally accepted accounting principles.

Management's response - It is not considered practical or economically feasible for the City to invest in the substantial resources that would be required for us to provide the auditors with accounting records that require no proposed audit adjustments. The additional resources needed would include additional accounting staff, substantial investment in software, continuing education, and research materials that the auditors already possess. The considerable additional investments required to eliminate this finding would not provide any substantial benefit to the City or the users of the financial statements in management's opinion. For any adjustment needed by the auditor due to an unintentional omission or error by the City, the criticality of entry accuracy and timeliness has been stressed with the bookkeeper.

14-02 (Prior years 13-02 and 12-03) (Initially reported in 2009) Lack of segregation of duties - Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedure, was not adequate to reduce the risk of fraud or misappropriation of assets to an acceptable level.

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

14-03 (Initially reported in 2014) Bank reconciliations prepared for the pooled cash accounts did not agree to the general ledger on a monthly basis. Bank reconciliations for the pooled cash accounts should be compared and agreed to the total balance of cash accounts which appear on the general ledger on a monthly basis to assist in timely necessary adjusting entries and to provide accurate monthly financial information.

Management's response – The bank reconciliations will be done monthly as will balancing of pooled cash. Any discrepancies will be corrected monthly.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not identify any deficiencies in internal control that we consider to be significant deficiencies.

Compliance and other matters

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

City of Parker, Florida's responses to findings

The City's responses to the findings identified in our audit are included above. City's 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

June 10, 2015



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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the City of Parker, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2014. 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 and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

This report is intended solely for the information and use of 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
June 10, 2015