

# City of Parker, Florida

## Financial Statements

September 30, 2018



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**City of Parker, Florida**  
**Table of Contents**  
**September 30, 2018**

<b>Independent Auditors' Report</b>	<b>1</b>
<b>Management's Discussion and Analysis</b>	<b>4</b>
<b>Financial Statements</b>	
Government-wide Financial Statements	
Statement of Net Position	10
Statement of Activities	12
Fund Financial Statements	
Balance Sheet – Governmental Fund	14
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Fund to the Statement of Activities	16
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	17
Statement of Net Position – Proprietary Fund	18
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund	19
Statement of Cash Flows – Proprietary Fund	20
Notes to Basic Financial Statements	22
<b>Required Supplementary Information</b>	
Schedule of Changes in the City's Total Other Postemployment Benefits Liability and Related Ratios	50
Schedule of Employer Contributions for the Retirees' Health Insurance Other Postemployment Benefits Plan	51
Schedule of the City's Proportionate Share of the Net Pension Liability – Florida Retirement System	52
Schedule of the City's Contributions – Florida Retirement System	53

**Required Supplementary Information (Continued)**

Schedule of the City's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Program	54
Schedule of the City's Contributions – Health Insurance Subsidy Program	55

**Compliance Section**

Independent Auditors' Management Letter	56
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	58
Independent Accountants' Report	60
Independent Auditors' Report on Compliance for Each Major State Project and on Internal Control Over Compliance Required by Chapter 10.550, Rules of the Auditor General	61
Schedule of Expenditures of State Financial Assistance	63
Schedule of Findings and Questioned Costs	64



## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Parker, Florida (City), as of and for the year ended September 30, 2018, and the related notes to basic financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the 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, and each major fund of the City as of September 30, 2018, and the respective changes in financial position, and where applicable, cash flows thereof, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 4 through 9, the schedule of changes in the City's total other postemployment benefits liability and related ratios on page 50, the schedule of employer contributions for the retirees' health insurance other postemployment benefits plan on page 51, the schedule of the City's proportionate share of the net pension liability – Florida Retirement System on page 52, the schedule of the City's contributions – Florida Retirement System on page 53, the schedule of the City's proportionate share of the net pension liability – Health Insurance Subsidy Program on page 54, and the schedule of the City's contributions – Health Insurance Subsidy Program on page 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

*Change in Accounting Principle*

As described in note 2 to the financial statements, for the year ended September 30, 2018, the City adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Certified Public Accountants  
Panama City Beach, Florida  
June 27, 2019

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

## Management's Discussion and Analysis

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

### Financial Highlights

- Total assets and deferred outflows of resources of the City exceeded total liabilities and deferred inflows of resources by \$10,594,093 (net position). Included in this amount, is a deficit of (\$59,016) in unrestricted net position of the governmental activities, and \$3,270,922 in unrestricted net position of the business-type activities; while \$2,765,818 is net investment in capital assets of the governmental activities, and \$4,255,873 is net investment in capital assets of the business-type activities.
- Total net position increased by \$594,423. Of this amount, an increase of \$77,699 is attributable to governmental activities and an increase of \$516,724 is attributable to business-type activities.
- As of September 30, 2018, the general fund's unassigned fund balance was \$1,541,798 or 59 percent of total general fund expenditures.
- Governmental activities' revenues increased less than 1% to \$2,632,115, while expenses for governmental activities increased by 4 percent to \$2,554,416. Business-type activities' revenues decreased less than 1% to \$2,613,052, while business-type activities' expenses increased by 5% percent to \$2,096,328. The change in revenue for governmental activities is primarily related to an increase in taxes and infrastructure tax offset by a decrease in grant revenues.

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

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



*net position*. Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position are reported separately for governmental activities and business-type activities. Increases or decreases in net position over time may serve as a useful indicator of the City's improving or declining financial position.

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

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

### **Fund Financial Statements**

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

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

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

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

financial statements. To facilitate a comparison between the *fund financial statements* and the *government-wide financial statements*, a reconciliation is provided.

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

### Financial Analysis of the City

The following schedule provides a summary of the assets, deferred outflows, liabilities, deferred inflows, and net position of the City at September 30, 2018 and 2017.

September 30,	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 1,969,530	\$ 1,957,320	\$ 3,800,464	\$ 3,316,484	\$ 5,769,994	\$ 5,273,804
Noncurrent assets	2,900,535	2,745,548	5,844,612	5,022,124	8,745,147	7,767,672
<b>Total assets</b>	<b>4,870,065</b>	<b>4,702,868</b>	<b>9,645,076</b>	<b>8,338,608</b>	<b>14,515,141</b>	<b>13,041,476</b>
Deferred outflows of resources	602,129	653,408	118,864	113,064	720,993	766,472
Current liabilities	108,954	116,509	186,360	326,820	295,314	443,329
Noncurrent liabilities	2,141,296	2,179,465	1,961,981	1,047,420	4,103,277	3,226,885
<b>Total liabilities</b>	<b>2,250,250</b>	<b>2,295,974</b>	<b>2,148,341</b>	<b>1,374,240</b>	<b>4,398,591</b>	<b>3,670,214</b>
Deferred inflows of resources	203,315	130,542	40,135	22,589	243,450	153,131
Net investment in capital assets	2,765,818	2,586,354	4,255,873	4,295,253	7,021,691	6,881,607
Net position – restricted	311,827	214,006	48,669	48,649	360,496	262,655
Net position – unrestricted (deficit)	(59,016)	129,400	3,270,922	2,710,941	3,211,906	2,840,341
<b>Total net position</b>	<b>\$ 3,018,629</b>	<b>\$ 2,929,760</b>	<b>\$ 7,575,464</b>	<b>\$ 7,054,843</b>	<b>\$ 10,594,093</b>	<b>\$ 9,984,603</b>

Investment in capital assets (i.e., land, buildings, and equipment), net of related outstanding debt used to acquire those assets, represents the City's largest portion of net position (66 percent). These capital assets are used to provide services to citizens; consequently, they are not available for future spending.

The balance of unrestricted net position may be used to help meet the City's ongoing obligations to citizens and creditors. At year-end, the balance of unrestricted net position is \$3,211,906.

The following schedule provides a summary of the changes in net position for the years ended September 30, 2018 and 2017.

### Changes in Net Position

Year Ended	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
<i>September 30,</i>						
<b>Program revenues</b>						
Charges for services	\$ 514,550	\$ 510,779	\$ 2,435,720	\$ 2,396,875	\$ 2,950,270	\$ 2,907,654
Operating grants and contributions	5,867	6,450	-	-	5,867	6,450
Capital grants and contributions	-	222,704	-	-	-	222,704
<b>General revenues</b>						
Taxes and fees	1,069,407	983,961	-	-	1,069,407	983,961
Intergovernmental	1,030,162	877,595	-	-	1,030,162	877,595
Interest	1,181	1,051	7,665	10,989	8,846	12,040
Transfers	(2,850)	-	2,850	-	-	-
Other	13,798	23,210	166,817	206,102	180,615	229,312
<b>Total revenues and transfers</b>	<b>2,632,115</b>	<b>2,625,750</b>	<b>2,613,052</b>	<b>2,613,966</b>	<b>5,245,167</b>	<b>5,239,716</b>
<b>Expenses</b>						
General government	442,773	396,865	-	-	442,773	396,865
Public safety	1,170,715	1,142,460	-	-	1,170,715	1,142,460
Code enforcement	84,029	86,784	-	-	84,029	86,784
Trash	283,941	249,893	-	-	283,941	249,893
Highways and streets	409,472	383,454	-	-	409,472	383,454
Fleet	30,782	41,095	-	-	30,782	41,095
Parks and recreation	132,704	148,015	-	-	132,704	148,015
Utilities	-	-	2,096,328	1,996,656	2,096,328	1,996,656
<b>Total expenses</b>	<b>2,554,416</b>	<b>2,448,566</b>	<b>2,096,328</b>	<b>1,996,656</b>	<b>4,650,744</b>	<b>4,445,222</b>
<b>Change in net position</b>	<b>77,699</b>	<b>177,184</b>	<b>516,724</b>	<b>617,310</b>	<b>594,423</b>	<b>794,494</b>
<b>Beginning net position - as originally reported</b>	<b>2,929,760</b>	<b>2,752,576</b>	<b>7,054,843</b>	<b>6,437,533</b>	<b>9,984,603</b>	<b>9,190,109</b>
<b>Restatement adjustment</b>	<b>11,170</b>	<b>-</b>	<b>3,897</b>	<b>-</b>	<b>15,067</b>	<b>-</b>
<b>Beginning net position - as restated</b>	<b>2,940,930</b>	<b>2,752,576</b>	<b>7,058,740</b>	<b>6,437,533</b>	<b>9,999,670</b>	<b>9,190,109</b>
<b>Ending net position</b>	<b>\$ 3,018,629</b>	<b>\$ 2,929,760</b>	<b>\$ 7,575,464</b>	<b>\$ 7,054,843</b>	<b>\$ 10,594,093</b>	<b>\$ 9,984,603</b>

Governmental activities' revenues exceeded expenses by \$77,699, while business-type activities' revenues exceeded expenses by \$516,724. Total revenues increased \$5,451 from the previous year. Forty one percent (41%) of the revenues for governmental activities were generated by taxes and fees, 39% were generated by intergovernmental revenues, and 20% were generated by charges for services. Most of the governmental resources were expended for public safety (46%), general government (17%), highways and streets (16%), and trash (11%) departments. Charges for services provided \$2,435,720 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, 2018, total assets were \$1,985,206 and total liabilities were \$79,073. At the end of fiscal year 2018, unassigned fund balance of the general fund was \$1,541,798 while total fund balance was \$1,906,133.

The general fund budget was not amended during the year and current year expenditures did not exceed budgeted amounts. Actual revenues and other financing sources exceeded budgeted amounts by \$225,457. Actual expenditures were less than budgeted expenditures by \$253,495.

#### 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 \$3,270,922.

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

#### Capital Assets Activity

The following schedule provides a summary of the City's capital assets. The City's total investment in capital assets for both its governmental and business-type activities at September 30, 2018, was \$8,330,665 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, and machinery and equipment.

#### Capital Assets (net of depreciation)

September 30,	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 585,010	\$ 585,010	449,632	\$ 449,632	\$ 1,034,642	\$ 1,034,642
Construction in progress	-	-	1,174,301	310,926	1,174,301	310,926
Buildings	93,422	99,109	-	-	93,422	99,109
Improvements	1,587,445	1,383,169	3,283,575	3,370,375	4,871,020	4,753,544
Machinery and equipment	618,982	673,677	538,298	492,450	1,157,280	1,166,127
Total	\$ 2,884,859	\$ 2,740,965	\$ 5,445,806	\$ 4,623,383	\$ 8,330,665	\$ 7,364,348

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

**Economic Factors**

We are not aware of any economic conditions that are expected to have a significant effect on the City's financial position or results of operations.

**Subsequent Events**

In October 2018 Hurricane Michael made landfall in the Florida panhandle causing catastrophic damage. The City sustained significant damage as a result of this hurricane. However, the extent of the damage is not known as of the date of this report.

**Contacting the City's Finance Department**

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

**City of Parker, Florida**  
**Statement of Net Position**

<b>September 30, 2018</b>	<b>Primary Government</b>		<b>Total</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 1,554,686	\$ 2,211,317	\$ 3,766,003
Accounts receivable, net	210,730	155,035	365,765
Accrued revenue	24,682	-	24,682
Grants receivable	-	577,163	577,163
Internal balances	131,757	(131,757)	-
Inventories	36,590	-	36,590
Prepays	11,085	11,161	22,246
Investment in joint venture	-	977,545	977,545
<b>Total current assets</b>	<b>1,969,530</b>	<b>3,800,464</b>	<b>5,769,994</b>
Noncurrent assets			
Restricted assets			
Cash and cash equivalents	15,676	398,806	414,482
Capital assets			
Nondepreciable	585,010	1,623,933	2,208,943
Depreciable, net	2,299,849	3,821,873	6,121,722
<b>Total noncurrent assets</b>	<b>2,900,535</b>	<b>5,844,612</b>	<b>8,745,147</b>
<b>Total assets</b>	<b>4,870,065</b>	<b>9,645,076</b>	<b>14,515,141</b>
<b>Deferred outflows of resources</b>	<b>602,129</b>	<b>118,864</b>	<b>720,993</b>

(Continued)

See accompanying notes

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

<b>September 30, 2018</b>	<b>Primary Government</b>		<b>Total</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	
<b>Liabilities</b>			
Current liabilities			
Accounts payable	\$ 39,416	\$ 172,843	\$ 212,259
Accrued expenses	39,657	4,920	44,577
Accrued compensated absences	17,672	4,515	22,187
Capital leases, current portion	12,209	1,603	13,812
Due to joint venture	-	2,479	2,479
Total current liabilities	108,954	186,360	295,314
Noncurrent liabilities			
Accrued compensated absences	70,686	18,381	89,067
Capital leases, net of current portion	106,832	14,029	120,861
Customer deposits	-	315,651	315,651
Net pension liability	1,564,175	308,779	1,872,954
Notes payable	-	1,174,301	1,174,301
Other postemployment benefits liability	399,603	130,840	530,443
Total noncurrent liabilities	2,141,296	1,961,981	4,103,277
Total liabilities	2,250,250	2,148,341	4,398,591
<b>Deferred inflows of resources</b>	203,315	40,135	243,450
<b>Net position</b>			
Net investment in capital assets	2,765,818	4,255,873	7,021,691
Restricted			
Revenue bond debt service	-	48,669	48,669
Community redevelopment agency	12,329	-	12,329
Infrastructure tax	283,822	-	283,822
Law enforcement	15,676	-	15,676
Unrestricted (deficit)	(59,016)	3,270,922	3,211,906
Total net position	\$ 3,018,629	\$ 7,575,464	\$ 10,594,093

See accompanying notes

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

Year Ended September 30, 2018	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Functions/Programs</b>							
<b>Primary Government</b>							
Governmental activities							
General government	\$ 442,773	\$ 59,516	\$ 4,367	\$ -	\$ (378,890)	\$ -	\$ (378,890)
Public safety	1,170,715	39,389	1,500	-	(1,129,826)	-	(1,129,826)
Code enforcement	84,029	-	-	-	(84,029)	-	(84,029)
Trash	283,941	386,512	-	-	102,571	-	102,571
Highways and streets	409,472	29,133	-	-	(380,339)	-	(380,339)
Fleet	30,782	-	-	-	(30,782)	-	(30,782)
Parks and recreation	132,704	-	-	-	(132,704)	-	(132,704)
Total governmental activities	2,554,416	514,550	5,867	-	(2,033,999)	-	(2,033,999)
Business-type activities							
Utility	2,096,328	2,435,720	-	-	-	339,392	339,392
Total business-type activities	2,096,328	2,435,720	-	-	-	339,392	339,392
Total primary government	\$ 4,650,744	\$ 2,950,270	\$ 5,867	\$ -	(2,033,999)	339,392	(1,694,607)
General revenues							
Taxes							
					515,363	-	515,363
					26,580	-	26,580
					118,750	-	118,750
					85,169	-	85,169
					323,545	-	323,545
					1,030,162	-	1,030,162
					2,099,569	-	2,099,569

(Continued)

See accompanying notes



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

	<b>Net (Expenses) Revenues and Changes in Net Position</b>		
	<b>Primary Government</b>		
<b>Year Ended September 30, 2018</b>	<b>Governmental</b>		<b>Business-type</b>
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
Interest earnings	\$ 1,181	\$ 7,665	\$ 8,846
Miscellaneous	13,798	166,817	180,615
Transfers	(2,850)	2,850	-
Total general revenues, interest and other revenue	2,111,698	177,332	2,289,030
Change in net position	77,699	516,724	594,423
Net position - beginning - as originally reported	2,929,760	7,054,843	9,984,603
Restatement adjustment	11,170	3,897	15,067
Net position - beginning - as restated	2,940,930	7,058,740	9,999,670
Net position - ending	\$ 3,018,629	\$ 7,575,464	\$ 10,594,093

See accompanying notes

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

<b>September 30, 2018</b>	<b>General Fund</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 1,554,686
Accrued revenue	24,682
Accounts receivable, net	210,730
Due from other funds	131,757
Inventories	36,590
Prepays	11,085
Cash and cash equivalents - restricted	15,676
Total assets	1,985,206
<b>Liabilities and fund balance</b>	
<b>Liabilities</b>	
Accounts payable	39,416
Accrued expenses	39,657
Total liabilities	79,073
<b>Fund balance</b>	
<b>Nonspendable</b>	
Prepays	11,085
Inventories	36,590
<b>Restricted</b>	
Community redevelopment agency	12,329
Infrastructure tax	283,822
Law enforcement	15,676
<b>Assigned</b>	
Capital purchases	4,833
<b>Unassigned</b>	
General fund	1,541,798
Total fund balance	1,906,133
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.	2,884,859
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.	(2,171,177)
Deferred outflows and inflows of resources are not financial resources or liabilities, and therefore, are not reported in the funds.	398,814
Net position of governmental activities	\$ 3,018,629

See accompanying notes

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

<b>Year Ended September 30, 2018</b>	<b>General Fund</b>
<b>Revenues</b>	
Taxes	
Utility taxes	\$ 515,363
Business taxes	26,580
Communications taxes	118,750
Local option gas taxes	85,169
Intergovernmental	1,031,662
Licenses and permits	347,835
Charges for services	432,230
Fines and forfeitures	34,980
Rents	23,050
Interest	1,182
Miscellaneous	13,798
Total revenues	2,630,599
<b>Expenditures</b>	
Current	
General government	417,464
Public safety	962,569
Code enforcement	85,369
Trash	246,725
Highways and streets	303,396
Fleet	23,895
Parks and recreation	81,796
Capital outlay	
Public safety	73,720
Highways and streets	346,126
Fleet	1,500
Parks and recreation	43,863
Debt service	38,403
Total expenditures	2,624,826
<b>Excess of revenues over expenditures</b>	<b>5,773</b>
<b>Other financing sources (uses)</b>	
Contributions	4,367
Transfers	(2,850)
Total other financing sources (uses)	1,517
<b>Net changes in fund balance</b>	<b>7,290</b>
<b>Fund balance - beginning</b>	<b>1,898,843</b>
<b>Fund balance - ending</b>	<b>\$ 1,906,133</b>

See accompanying notes

City of Parker, Florida

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

**Year Ended September 30, 2018**

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

Net changes in fund balance - total governmental fund (page 15)	\$	7,290
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		143,894
The issuance of long-term debt (i.e. notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also governmental funds report the effect of the issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		35,570
Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds (i.e. compensated absences, pension expenses, and other postemployment benefits).		(109,055)
<b>Change in net position of governmental activities (page 13)</b>		<b>\$ 77,699</b>

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, 2018	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes				
Utility taxes	\$ 446,700	\$ 446,700	\$ 515,363	\$ 68,663
Business taxes	28,000	28,000	26,580	(1,420)
Communications taxes	112,000	112,000	118,750	6,750
Local option gas taxes	80,000	80,000	85,169	5,169
Intergovernmental	964,400	964,400	1,031,662	67,262
Licenses and permits	321,100	321,100	347,835	26,735
Charges for services	409,642	409,642	432,230	22,588
Fines and forfeitures	14,000	14,000	34,980	20,980
Rents	23,800	23,800	23,050	(750)
Interest	1,000	1,000	1,182	182
Miscellaneous	4,500	4,500	13,798	9,298
<b>Total revenues</b>	<b>2,405,142</b>	<b>2,405,142</b>	<b>2,630,599</b>	<b>225,457</b>
<b>Expenditures</b>				
Current and capital outlay				
General government	780,359	780,359	417,464	362,895
Public safety	1,008,685	1,008,685	1,036,289	(27,604)
Code enforcement	114,208	114,208	85,369	28,839
Trash	219,593	219,593	246,725	(27,132)
Highways and streets	541,054	541,054	649,522	(108,468)
Fleet	35,133	35,133	25,395	9,738
Parks and recreation	155,240	155,240	125,659	29,581
Debt service	24,049	24,049	38,403	(14,354)
<b>Total expenditures</b>	<b>2,878,321</b>	<b>2,878,321</b>	<b>2,624,826</b>	<b>253,495</b>
<b>Excess (deficit) of revenues over (under) expenditures</b>	<b>(473,179)</b>	<b>(473,179)</b>	<b>5,773</b>	<b>478,952</b>
<b>Other financing sources(uses)</b>				
Special funds	(67,529)	(67,529)	-	67,529
Contributions	3,700	3,700	4,367	667
Transfers	474,008	474,008	(2,850)	(476,858)
<b>Total other financing sources</b>	<b>410,179</b>	<b>410,179</b>	<b>1,517</b>	<b>(408,662)</b>
<b>Net changes in fund balance</b>	<b>(63,000)</b>	<b>(63,000)</b>	<b>7,290</b>	<b>70,290</b>
<b>Fund balance - beginning</b>	<b>1,898,843</b>	<b>1,898,843</b>	<b>1,898,843</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ 1,835,843</b>	<b>\$ 1,835,843</b>	<b>\$ 1,906,133</b>	<b>\$ 70,290</b>

See accompanying notes

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

<b>September 30, 2018</b>	<b>Utility Fund</b>
<b>Business-type Activities/Enterprise Fund</b>	
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 2,211,317
Accounts receivable, net	155,035
Grants receivable	577,163
Prepays	11,161
Investment in joint venture	977,545
<b>Total current assets</b>	<b>3,932,221</b>
Noncurrent assets	
Restricted assets - cash and cash equivalents	
Customer deposits	350,137
Revenue bond debt service	48,669
Capital assets	
Property, plant and equipment	8,414,715
Less accumulated depreciation	(2,968,909)
<b>Total noncurrent assets</b>	<b>5,844,612</b>
<b>Total assets</b>	<b>9,776,833</b>
<b>Deferred outflows of resources</b>	<b>118,864</b>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	172,843
Accrued expenses	4,920
Accrued compensated absences	4,515
Due to other funds	131,757
Due to joint venture	2,479
Capital leases, current portion	1,603
<b>Total current liabilities</b>	<b>318,117</b>
Noncurrent liabilities	
Accrued compensated absences	18,381
Capital leases, net of current portion	14,029
Notes payable	1,174,301
Customer deposits	315,651
Net pension liability	308,779
Other postemployment benefits liability	130,840
<b>Total noncurrent liabilities</b>	<b>1,961,981</b>
<b>Total liabilities</b>	<b>2,280,098</b>
<b>Deferred inflows of resources</b>	<b>40,135</b>
<b>Net position</b>	
Net investment in capital assets	4,255,873
Restricted	
Revenue bond debt service	48,669
Unrestricted	3,270,922
<b>Total net position</b>	<b>\$ 7,575,464</b>

See accompanying notes

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

**Business-type Activities/Enterprise Fund**

<b>Year Ended September 30, 2018</b>	<b>Utility Fund</b>
<b>Operating revenues</b>	
Charges for services	
Water and sewer charges	\$ 2,304,280
Connection, reset and reactivation fees	24,385
Late fees	55,440
Tap fees	18,175
Impact fees	31,100
Other utility income	2,340
Total operating revenues	2,435,720
<b>Operating expenses</b>	
Current	
Personnel services	495,111
Communications	7,489
Contractual services	34,078
Cost of water and sewer	536,189
Debt service charges AWT	445,162
Depreciation	230,888
Fuel and lubricants	12,418
Insurance	46,520
Office supplies	821
Operating supplies	10,837
Other current charges	33,716
Postage	7,609
Printing and binding	2,796
Professional services	40,910
Public utility services	23,070
Rentals	4,332
Repairs and maintenance	144,946
Road materials and supplies	2,959
Travel and per diem	13,691
Uniforms	2,786
Total operating expenses	2,096,328
Net operating income	339,392
<b>Nonoperating revenues</b>	
Interest income	7,665
Gain from joint venture	166,817
Transfers	2,850
Total nonoperating revenues	177,332
<b>Changes in net position</b>	<b>516,724</b>
<b>Net position - beginning - as originally reported</b>	<b>7,054,843</b>
Restatement adjustment	3,897
<b>Net position - beginning - as restated</b>	<b>7,058,740</b>
<b>Net position - ending</b>	<b>\$ 7,575,464</b>

See accompanying notes

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

<b>Business-type Activities/Enterprise Fund</b>	<b>Utility Fund</b>
<b>Year Ended September 30, 2018</b>	
<b>Operating activities</b>	
Receipts from customers and users	\$ 2,477,766
Payments to suppliers and others	(1,509,726)
Payments to employees	(438,785)
Net cash provided by operating activities	529,255
<b>Noncapital and related financing activities</b>	
Transfers to general fund	2,850
Net cash provided by noncapital and related financing activities	2,850
<b>Capital and related financing activities</b>	
Capital lease payments	(1,572)
Proceeds from notes payable	597,138
Purchases of capital assets	(1,053,311)
Net cash used by capital and related financing activities	(457,745)
<b>Investing activities</b>	
Distributions from joint venture	55,814
Interest received	7,665
Net cash provided by investing activities	63,479
<b>Net increase in cash and cash equivalents</b>	<b>137,839</b>
<b>Cash and cash equivalents - beginning</b>	<b>2,472,284</b>
<b>Cash and cash equivalents - ending</b>	<b>\$ 2,610,123</b>
<b>Classified as</b>	
Current assets - cash and cash equivalents	\$ 2,211,317
Restricted assets - cash and cash equivalents	398,806
<b>Cash and cash equivalents - ending</b>	<b>\$ 2,610,123</b>

(Continued)

See accompanying notes



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

Business-type Activities/Enterprise Fund		Utility Fund
Year Ended September 30, 2018		
<b>Reconciliation of net operating income to net cash provided by operating activities</b>		
Net operating income	\$	339,392
<hr/>		
Adjustments to reconcile net operating income to net cash provided by operating activities		
Depreciation		230,888
(Increase) decrease in assets		
Accounts receivable, net		30,026
Prepays		(1,768)
Increase in deferred outflows of resources		(5,800)
Increase (decrease) in liabilities		
Accounts payable		(60,163)
Accrued expenses		(250)
Accrued compensated absences		(108)
Due to other funds		2,776
Due to joint venture		(79,992)
Customer deposits		12,020
Other postemployment benefits liability		18,139
Net pension liability		26,549
Increase in deferred inflows of resources		17,546
<hr/>		
Total adjustments		189,863
<hr/>		
Net cash provided by operating activities	\$	529,255
<hr/> <hr/>		

See accompanying notes

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

***Reporting Entity***

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

***Component Unit – Parker Community Redevelopment Agency***

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

***Measurement Focus and Basis of Accounting***

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

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

***Government-wide Financial Statements***

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

Government-wide financial statements are reported using the flow of 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, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 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.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

***Fund Financial Statements***

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

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

***Governmental Funds***

Governmental fund financial statements are reported using the flow of 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 fund 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.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

***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 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 No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The City has used GASB Statement No. 34 minimum criteria for major fund determination to determine which funds are required to be reported as major funds.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Governmental Major Fund***

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 Fund***

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

***Noncurrent Governmental Assets/Liabilities***

GASB Statement No. 34 requires noncurrent governmental assets, such as land, buildings and equipment, and noncurrent governmental liabilities, such as notes payable and capital leases, to be reported in the governmental activities column in the government-wide statement of net position.

***Budgets***

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

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

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

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

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

***Encumbrances***

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Cash and Cash Equivalents***

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

***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 or due from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

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

***Inventories***

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

***Capital Assets***

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

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Capital assets are stated at cost, except for contributed assets, which are recorded at acquisition 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:

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

***Accumulated Vacation and Sick Leave***

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

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

***Fund balance***

GASB Statement No. 54 requires the use of the following terminology and classifications of fund balance.

**Nonspendable** – This category includes the resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The balance at September 30, 2018, of \$47,675 is from prepaids and inventories which are not in spendable form.

**Restricted** – This category includes resources restricted by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation. The balance at September 30, 2018, of \$311,827 is restricted by enabling legislation.

**Committed** – This category includes resources that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority. Commitments may be established, modified, or rescinded only through ordinances approved by the City Council. There are no committed funds at September 30, 2018.

**Assigned** – This category includes resources that are intended to be used for specific purposes, but are neither restricted nor committed. These are resources that have been set aside for specific purposes by an authorized government body or official. The balance at September 30, 2018, is \$4,833 set aside for capital purchases.

**Unassigned** – This category is the residual classification of the City’s fund balances. The balance at September 30, 2018, is \$1,541,798.



**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 renames the components of net position which were previously considered net assets.

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

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

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

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

***Deferred outflows and inflows of resources***

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflow of resources and deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

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

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Estimates***

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

***Subsequent events***

Management of the City has evaluated subsequent events through June 27, 2019, the date the financial statements were available to be issued.

**NOTE 2 – ACCOUNTING CHANGES**

As a plan sponsor, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which requires employers of single-employer defined benefit plans to report the employers' OPEB Plan liabilities. The requirements of this statement are being applied retroactively by restating the actuarially determined liabilities of \$459,402 at July 1, 2017, the date of transition.

**NOTE 3 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

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

Cost of capital assets	\$ 6,650,792
Less: accumulated depreciation	(3,765,933)
<hr/>	
Net adjustment to increase total <i>fund balance</i> - to arrive at <i>net position of governmental activities</i>	\$ 2,884,859
<hr/>	

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

Accrued compensated absences	\$ (88,358)
Other postemployment benefits liability	(399,603)
Net pension liability	(1,564,175)
Capital leases	(119,041)
<hr/>	
Net adjustment to decrease total <i>fund balance</i> - to arrive at <i>net position of governmental activities</i>	\$ (2,171,177)
<hr/>	

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

**NOTE 3 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)**

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

Deferred outflows of resources related to net pension liability	\$	602,129
Deferred inflows of resources related to net pension liability		(203,315)
<hr/>		
Net adjustment to increase total <i>fund balance - to arrive at net position of governmental activities</i>	\$	398,814
<hr/>		

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

Capital outlays	\$	465,209
Depreciation expense		(321,315)
<hr/>		
Net adjustment to increase <i>net changes in fund balance - total governmental fund</i> to arrive at <i>change in net position of governmental activities</i>	\$	143,894
<hr/>		

Another element of that reconciliation states the issuance of long-term debt (i.e., notes and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this difference is as follows:

Principal repayments on capital leases	\$	35,570
<hr/>		
Net adjustment to increase <i>net changes in fund balance - total governmental fund</i> to arrive at <i>change in net position of governmental activities</i>	\$	35,570
<hr/>		

Another element of that reconciliation states that some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds (i.e. compensated absences, pension expenses, and other postemployment benefits). The details of this difference is as follows:

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

**NOTE 3 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)**

Compensated absences	\$	1,039
Other postemployment benefits		(52,900)
Pension expenses		66,858
Deferred outflows of resources		(51,279)
Deferred inflows of resources		(72,773)
<hr/>		
Net adjustment to decrease <i>net changes in fund balance - total governmental fund</i> to arrive at <i>change in net position of governmental activities</i>	\$	(109,055)
<hr/> <hr/>		

**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 a 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 other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro rata basis.

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

***Investment Policies***

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

- The Local Government Surplus Funds Trust Fund, 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

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, 2018.

***Interest Rate Risk***

At September 30, 2018, the City did not hold any investments that were considered to be an interest rate risk.

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

**NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)**

***Credit Risk***

At September 30, 2018, the City did not hold any investments that were considered to be a credit risk.

***Custodial Risk***

At September 30, 2018, the City did not hold any deposits or investments that were considered to be a custodial risk.

***Concentrations of Credit Risk***

As September 30, 2018, the City did not hold any investments that were considered to be a concentration of credit risk.

**NOTE 5 – ACCOUNTS RECEIVABLE**

At September 30, 2018, accounts receivable in the general fund is summarized as follows:

Total accounts receivable	\$	258,328
Less: allowance for doubtful accounts		(47,598)
Accounts receivable, net	\$	210,730

At September 30, 2018, accounts receivable in the proprietary fund is summarized as follows:

Total accounts receivable	\$	282,714
Less: allowance for doubtful accounts		(127,679)
Accounts receivable, net	\$	155,035

**NOTE 6 – INTERFUND ACTIVITY**

Interfund transfers during the year ended September 30, 2018 were as follows:

	Transfers In	Transfers Out
General fund	\$ -	\$ (2,850)
Utility fund	2,850	-
Total	\$ 2,850	\$ (2,850)

Interfund transfers were made for the purpose of operations.

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

**NOTE 6 – INTERFUND ACTIVITY (CONTINUED)**

Internal balances at September 30, 2018, consisted of the following:

	Due from other funds	Due to other funds
General fund	\$ 131,757	\$ -
Utility fund	-	131,757
<b>Total</b>	<b>\$ 131,757</b>	<b>\$ 131,757</b>

The interfund balances were for the purpose of operations.

**NOTE 7 – CAPITAL ASSETS**

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

	September 30, 2017	Increases	Decreases	September 30, 2018
Capital assets, not being depreciated				
Land	\$ 585,010	\$ -	\$ -	\$ 585,010
<b>Total capital assets, not being depreciated</b>	<b>585,010</b>	<b>-</b>	<b>-</b>	<b>585,010</b>
Capital assets, being depreciated				
Buildings and improvements	613,515	-	-	613,515
Improvements other than buildings	2,830,898	304,138	-	3,135,036
Machinery and equipment	2,194,600	161,071	38,440	2,317,231
<b>Total capital assets, being depreciated</b>	<b>5,639,013</b>	<b>465,209</b>	<b>38,440</b>	<b>6,065,782</b>
Less accumulated depreciation				
Buildings and improvements	514,406	5,687	-	520,093
Improvements other than buildings	1,447,729	99,862	-	1,547,591
Machinery and equipment	1,520,923	215,766	38,440	1,698,249
<b>Total accumulated depreciation</b>	<b>3,483,058</b>	<b>321,315</b>	<b>38,440</b>	<b>3,765,933</b>
<b>Total capital assets, being depreciated (net of accumulated depreciation)</b>	<b>2,155,955</b>	<b>143,894</b>	<b>-</b>	<b>2,299,849</b>
<b>Total governmental activities' capital assets (net of accumulated depreciation)</b>	<b>\$ 2,740,965</b>	<b>\$ 143,894</b>	<b>\$ -</b>	<b>\$ 2,884,859</b>

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

**NOTE 7 – CAPITAL ASSETS (CONTINUED)**

The following schedule summarizes the capital assets of the City’s business-type activities at September 30, 2018:

Land	\$ 449,632
Construction in progress	1,174,301
Water system	2,053,154
Sewer system	3,303,119
Machinery and equipment	1,434,509
<b>Total</b>	<b>8,414,715</b>
Less: accumulated depreciation	
Water system	1,049,610
Sewer system	1,023,088
Machinery and equipment	896,211
<b>Total accumulated depreciation</b>	<b>2,968,909</b>
<b>Total business-type activities' capital assets (net of accumulated depreciation)</b>	<b>\$ 5,445,806</b>

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

	September 30, 2017	Increases	Decreases	September 30, 2018
Capital assets, not being depreciated				
Land	\$ 449,632	\$ -	\$ -	\$ 449,632
Construction in progress	310,926	863,375	-	1,174,301
<b>Total capital assets, not being depreciated</b>	<b>760,558</b>	<b>863,375</b>	<b>-</b>	<b>1,623,933</b>
Capital assets, being depreciated				
Water system	2,027,915	25,239	-	2,053,154
Sewer system	3,278,170	24,949	-	3,303,119
Machinery and equipment	1,294,761	139,748	-	1,434,509
<b>Total capital assets, being depreciated</b>	<b>6,600,846</b>	<b>189,936</b>	<b>-</b>	<b>6,790,782</b>
Less accumulated depreciation				
Water system	958,183	91,427	-	1,049,610
Sewer system	977,527	45,561	-	1,023,088
Machinery and equipment	802,311	93,900	-	896,211
<b>Total accumulated depreciation</b>	<b>2,738,021</b>	<b>230,888</b>	<b>-</b>	<b>2,968,909</b>

(Continued)

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

**NOTE 7 – CAPITAL ASSETS (CONTINUED)**

	September 30, 2017	Increases	Decreases	September 30, 2018
Total capital assets, being depreciated (net of accumulated depreciation)	\$ 3,862,825	\$ (40,952)	\$ -	\$ 3,821,873
Total business-type activities' capital assets (net of accumulated depreciation)	\$ 4,623,383	\$ 822,423	\$ -	\$ 5,445,806

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

General government	\$ 10,272
Public safety	125,897
Code enforcement	529
Trash	33,605
Highways and streets	95,613
Fleet	6,202
Parks and recreation	49,197
<b>Total depreciation expense – governmental activities</b>	<b>\$ 321,315</b>
Business-type activities	
Water system	\$ 75,435
Sewer system	155,453
<b>Total depreciation expense – business-type activities</b>	<b>\$ 230,888</b>

**NOTE 8 – CAPITAL LEASES**

In November 2016, the City entered into a capital lease agreement in the amount of \$148,215 to finance 56 handheld radios. Payments of \$16,492 including interest at 2% are due annually until maturity in November 2026. The balance was \$134,673 at September 30, 2018, split between governmental activities and business-type activities based on where the radios are to be used, which is approximately 88% governmental activities and 12% business-type activities.

	Balance September 30, 2017	Additions	Deductions	Balance September 30, 2018	Due Within One Year
Governmental activities capital leases	\$ 154,611	\$ -	\$ 35,570	\$ 119,041	\$ 12,209
Business-type activities capital leases	17,204	-	1,572	15,632	1,603
<b>Total capital leases</b>	<b>\$ 171,815</b>	<b>\$ -</b>	<b>\$ 37,142</b>	<b>\$ 134,673</b>	<b>\$ 13,812</b>



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

**NOTE 8 – CAPITAL LEASES (CONTINUED)**

Debt service requirements to maturity on capital leases at September 30, 2018 are as follows:

<i>Year ending September 30,</i>	<b>Governmental activities</b>		<b>Business-type activities</b>		<b>Total</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2019	\$ 12,209	\$ 2,369	\$ 1,603	\$ 311	\$ 13,812	\$ 2,680
2020	12,451	2,126	1,635	279	14,086	2,405
2021	12,699	1,878	1,668	247	14,367	2,125
2022	12,952	1,625	1,701	213	14,653	1,838
2023	13,210	1,368	1,735	180	14,945	1,548
2024-2027	55,520	2,790	7,290	366	62,810	3,156
<b>Total</b>	<b>\$ 119,041</b>	<b>\$ 12,156</b>	<b>\$ 15,632</b>	<b>\$ 1,596</b>	<b>\$ 134,673</b>	<b>\$ 13,752</b>

The cost of capital assets acquired under capital leases is \$247,435, less accumulated depreciation of \$146,512, for a net carrying value of \$100,923 at September 30, 2018.

**NOTE 9 – ACCRUED COMPENSATED ABSENCES**

Accrued compensated absences consists of the following at September 30, 2018:

	<b>September 30, 2017</b>				<b>September 30, 2018</b>		<b>Due Within One Year</b>
		<b>Additions</b>	<b>Deductions</b>				
Governmental activities	\$ 89,397	\$ -	\$ 1,039	\$ 88,358	\$ 17,672		
Business-type activities	23,004	-	108	22,896	4,515		
<b>Total</b>	<b>\$ 112,401</b>	<b>\$ -</b>	<b>\$ 1,147</b>	<b>\$ 111,254</b>	<b>\$ 22,187</b>		

**NOTE 10 – NET POSITION RESTRICTIONS**

Net position restrictions as of September 30, 2018 are summarized below.

***Governmental Fund***

Community redevelopment agency	\$ 12,329
Infrastructure tax	283,822
Law enforcement	15,676
<b>Total</b>	<b>\$ 311,827</b>

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

**NOTE 10 – NET POSITION RESTRICTIONS (CONTINUED)**

***Proprietary Fund***

Restricted for revenue bond debt service	\$	48,669
<hr/>		
Total	\$	48,669
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The amount restricted as of September 30, 2018 by enabling legislation is \$311,827.

**NOTE 11 – NOTES PAYABLE**

In November 2016, the City entered into an agreement with the State of Florida, Department of Environmental Protection for a \$1,019,130 loan for a sewer rehabilitation project with an interest rate of 0.3% per year for 20 years. Of the \$1,019,130, \$301,153 was to be forgiven at the end of the project leaving a balance of \$719,177 due, including \$1,200 of capitalized interest. In November 2017, this agreement was annulled and replaced with a new agreement for \$1,255,033, and an interest rate of 0.42% per year for 20 years. Of the \$1,255,033, \$878,523 (70%) of the loan balance is expected to be forgiven at the end of the project, leaving a balance of \$402,111, including capitalized interest of \$500 and \$25,101 of loan service fees. The first semi-annual payment of \$10,491 is due December 15, 2019. The loan is collateralized by the pledged revenues of the water system. No principal or interest payments were made during the year ending September 30, 2018. Pledged revenue for the year ending September 30, 2018 was \$348,864. The total principal and interest remaining to be paid on the loan after the loan forgiveness is \$419,658.

In August 2018, the City entered into an agreement with the State of Florida, Department of Environmental Protection for a \$162,075 loan for a water rehabilitation project with an interest rate of 2.05% per year for 10 years. Of the \$162,075, \$81,037 is expected to be forgiven at the end of the project leaving a balance of \$81,838, including capitalized interest of \$800. The first semi-annual payment of \$4,637 is due February 15, 2020. The total principal and interest remaining to be paid on the loan after the loan forgiveness is \$90,742.

As of September 30, 2018, \$1,174,301 for both projects has been expensed and recorded in notes payable. The portion to be forgiven will be removed from notes payable when the projects have been completed and the State has approved the grant for the forgiven portion.

Expected debt service requirements to maturity on the notes payable at September 30, 2018 is as follows:

<i>Year ending September 30,</i>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2019	\$ -	\$ -	\$ -
2020	26,948	3,308	30,256
2021	27,188	3,068	30,256
2022	27,429	2,827	30,256

(Continued)

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

**NOTE 11 – NOTES PAYABLE (CONTINUED)**

<i>Year ending September 30,</i>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 27,675	\$ 2,581	\$ 30,256
2024-2028	142,195	9,085	151,280
2029-2033	108,306	3,880	112,186
2034-2038	103,274	1,636	104,910
2039	20,934	66	21,000
Total estimated payments after loan forgiveness	483,949	26,451	510,400
Principal balance due at September 30, 2018 before loan forgiveness	690,352	-	690,352
<b>Total</b>	<b>\$1,174,301</b>	<b>\$ 26,451</b>	<b>\$ 1,200,752</b>

**NOTE 12 – INVESTMENT IN JOINT VENTURE**

The City, in alliance with Bay County, the Cities of Springfield and Callaway, and the former Town of Cedar Grove joined efforts in 1996 to supply existing and expanded wastewater treatment and disposal services. The mission of this joint venture is to provide these services in an economical, efficient, and environmentally appropriate manner to their respective citizenry. This joint venture, known as the Military Point Advanced Wastewater Treatment Facility (MPAWTF), assumed ownership of the existing wastewater treatment plant and then completed construction of a new seven million gallon per day advanced wastewater treatment facility which was placed in service in 1999. The new facility was funded by a combination of conventional borrowing and State Revolving Fund loans. MPAWTF is owned and governed by Bay County; and the Cities of Callaway, Parker and Springfield. One owner is selected by the others to be responsible for operating MPAWTF. The owner delegated to be the operator is Bay County, Florida. The operator of MPAWTF, in accordance with the interlocal agreement, prepares MPAWTF's annual budget, sets treatment rates, and collects funds sufficient to pay debt service; costs of operations and maintenance; renewal and replacement; and necessary enhancements to reserves. The results of operations and cash flows are accounted for within the financial statements of MPAWTF. The City's interest in equity is reported within the City's utility fund. As of September 30, 2018, the City's portion of the equity in MPAWTF was \$977,545. Complete financial statements for MPAWTF may be obtained from the operator at P.O. Box 2269, Panama City, Florida 32402.

Condensed financial statements of MPAWTF are as follows:

**Statement of Net Position**  
**September 30, 2018**

<b>Assets</b>	
Current assets	\$ 10,327,954
Noncurrent assets	17,306,911
<b>Total assets</b>	<b>27,634,865</b>
<b>Deferred outflows of resources</b>	
Deferred loss on bond refunding	657,115

(Continued)

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

**NOTE 12 – INVESTMENT IN JOINT VENTURE (CONTINUED)**

**Statement of Net Position (Continued)**  
**September 30, 2018**

<b>Liabilities</b>	
Current liabilities	\$ 3,483,102
Noncurrent liabilities	6,588,342
<hr/>	
Total liabilities	10,071,444
<hr/>	
<b>Net position</b>	<b>\$ 18,220,536</b>
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For the year ended September 30, 2018, the City recorded a net gain from the joint venture in the amount of \$166,817. As of September 30, 2018, the City owes the joint venture \$2,479 for the transfer of a collection system.

**Statement of Activities**  
**Year Ended September 30, 2018**

Operating revenues	\$ 7,012,596
Operating expenses	(4,797,034)
<hr/>	
Operating income	2,215,562
Nonoperating revenues (expenses)	(463,026)
<hr/>	
Net income before distributions to owners	1,752,536
Distributions to owners	(457,589)
<hr/>	
Change in net position	1,294,947
Net position, beginning of year	16,925,589
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Net position, end of year	<b>\$ 18,220,536</b>
<hr/> <hr/>	

**NOTE 13 – PENSION PLANS**

***Defined Benefit Plans***

The City participates in two defined benefit pension plans (Plans) that are administered by the State of Florida, Department of Management Services, Division of Retirement. The Plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the Plans.

That report is available from the Florida Department of Management Services' website at [www.dms.myflorida.com](http://www.dms.myflorida.com).

**NOTE 13 – PENSION PLANS (CONTINUED)**

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional. The Retirees’ Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

***Benefits Provided***

Benefits under FRS are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years’ earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years’ earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

***Contributions***

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

	October 1, 2017 through June 30, 2018		July 1, 2018 through September 30, 2018	
	FRS	HIS	FRS	HIS
Regular class	6.26%	1.66%	6.60%	1.66%
Senior management	21.05%	1.66%	22.40%	1.66%
Special risk employee class	21.61%	1.66%	22.84%	1.66%
Elected officials	43.84%	1.66%	47.04%	1.66%
DROP plan participants	11.60%	1.66%	12.37%	1.66%

The City’s contributions for the year ended September 30, 2018, were \$139,264 to FRS and \$17,953 to HIS.

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

**NOTE 13 – PENSION PLANS (CONTINUED)**

***Pension Liabilities and Pension Expense***

In its financial statements for the year ended September 30, 2018, the City reported a liability for its proportionate shares of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated July 1, 2018. The City's proportions of the net pension liability was based on the City's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS	HIS
Net pension liability	\$ 1,489,980	\$ 382,974
Proportion at:		
Current measurement date	0.004946728%	0.003618390%
Prior measurement date	0.005183594%	0.003553823%
Pension expense	\$ 225,062	\$ 27,114

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

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Effect of economic/demographic gains or losses (Differences between expected and actual experience)	\$ 126,224	\$ 4,581	\$ 5,863	\$ 651
Effect of assumptions changes or inputs	486,853	-	42,591	40,491
Net difference between projected and actual earnings on pension plan investments	-	115,119	231	-
Changes in proportion and differences between contributions and proportionate share of contributions	9,343	73,895	8,713	8,713
City contributions subsequent to the measurement date	36,386	-	4,789	-
<b>Total</b>	<b>\$ 658,806</b>	<b>\$ 193,595</b>	<b>\$ 62,187</b>	<b>\$ 49,855</b>

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2019. Other pension related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

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

**NOTE 13 – PENSION PLANS (CONTINUED)**

Measurement period ending June 30,	FRS	HIS
2019	\$ 163,701	\$ 5,158
2020	117,280	5,138
2021	11,920	2,447
2022	79,285	821
2023	50,652	(4,673)
Thereafter	5,987	(1,348)
<b>Total</b>	<b>\$ 428,825</b>	<b>\$ 7,543</b>

***Actuarial Assumptions***

The total pension liability for each of the defined benefit plans, measured as of June 30, 2018, was determined by an actuarial valuation dated July 1, 2018, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	7.00%	N/A
Discount rate	7.00%	3.87%

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB. For both plans, the actuarial assumptions used in the valuation dated July 1, 2018 were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The following changes in key actuarial assumptions occurred in 2018:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 7.1% to 7.0%.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability increased from 3.58 % to 3.87%.

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

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

**NOTE 13 – PENSION PLANS (CONTINUED)**

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)	Long-term Expected Real Rate of Return (Geometric)
Cash	1%	2.9%	2.9%
Fixed income	18%	4.4%	4.3%
Global equity	54%	7.6%	6.3%
Real estate (property)	11%	6.6%	6.0%
Private equity	10%	10.7%	7.8%
Strategic investments	6%	6.0%	5.7%
	<u>100%</u>		

***Discount Rate***

The discount rate used to measure the total pension liability for FRS was 7.0%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because HIS is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.87% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

***Sensitivity Analysis***

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

	Current		
	1% Decrease	Discount Rate	1% Increase
City's proportionate share of the net pension liability	\$ 2,719,276	\$ 1,489,980	\$ 468,977
	HIS		
	Current		
	1% Decrease	Discount Rate	1% Increase
City's proportionate share of the net pension liability	\$ 436,185	\$ 382,974	\$ 338,620



**NOTE 13 – PENSION PLANS (CONTINUED)**

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

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

***Payable to the Pension Plans'***

At September 30, 2018, the City reported a payable of \$15,411 for the outstanding amount of contributions to the pension plan required for the month of September 2018.

***Defined Contribution Plan***

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan (FRS Investment Plan), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended September 30, 2018, totaled \$10,646.

**NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS**

***Plan Description***

The City has established the Retirees' Health Insurance Other Postemployment Benefits (OPEB) Plan (Plan), a single employer plan. Pursuant to the provisions of Section 112.0801, Florida Statutes, employees who retire from the City and eligible dependents, may continue to participate in the group insurance plan. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. The City subsidizes the premium rates paid by the retirees by allowing them to participate in the plan at blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the Plan on average than those of active employees. The City currently has 32 total active employees eligible to receive these benefits. No stand-alone report is issued for the Plan.

***Eligibility***

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

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

**Benefits Provided**

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

**Total OPEB Liability**

The City's total OPEB liability of \$530,443 was measured as of September 30, 2018 based on an actuarial valuation dated October 1, 2017.

**Actuarial Assumptions and Other Inputs**

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

- Discount rate: 3.64% per annum
- Salary increase: 3.00% per annum
- Healthcare cost trend rates: 8% for the 2017/18 fiscal year graded down by .5% per year to 5% for the 2023/24 and later fiscal years
- Age-related morbidity: 3.5% for each year of age
- Implied subsidy: \$700 per individual assumed at age 62 for 2017/18 fiscal year; the implied subsidy is assumed to disappear at age 65
- Retirement: For general employees hired prior to July 1, 2011, 62 with six years of service or any age with 30 years of service; for general employees hired on and after July 1, 2011, 65 with eight years of service or any age with 33 year of service; firefighters and police officers hired prior to July 1, 2011, 55 with six years of service or any age with 25 years of service; for firefighters and police officers hired on and after July 1, 2011, 60 with eight years of service or any age with 30 years of service
- Mortality basis: Sex-distinct rates set forth in the RP-2000 Combined Mortality (general employees) or RP-2000 Blue Collar Mortality Table (firefighters and police officer), both with full generational improvements in mortality using Scale BB
- Healthcare cost trend rate: Medical 8.00% graded uniformly down to 5.00% over 10 years
- Annual retiree contribution – medical plan: \$8,993 (retiree), \$8,993 (spouse) and \$17,986 family
- Other decrements: Assumed employment termination is based on the Scale 155 table; assumed disability is based on the Wyatt 1985 Disability Study (Class 1 for general employees and Class 4 for firefighters and police officers).
- Coverage election: 50% of eligible employees are assumed to elect medical coverage upon retirement or disability; of those electing medical coverage, 80% of males and 60% of females are also assumed to cover spouses
- Spouses and dependents: Husbands are assumed to be three years older than wives; retirees are not assumed to have any dependent children
- COBRA: Future healthcare coverage provided solely pursuant to COBRA was not included in the OPEB valuation

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

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

- Contribution requirement: Retirees must contribute 100% of the applicable health insurance premium charged by the carrier; there are no minimum required employer contributions
- Changes: No assumptions were changed since the prior measurement date

**Discount Rate**

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

**Changes in the Total OPEB Plan Liability**

Balance at September 30, 2017	\$ 459,402
Changes for the year:	
Service cost	66,675
Interest	18,887
Differences between expected and actual experience	-
Changes of assumptions or other inputs	-
Benefit payments	(14,521)
Net change in OPEB liability	71,041
Total OPEB liability at September 30, 2018	\$ 530,443

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

The following table presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.64 percent) or 1 percentage point higher (4.64 percent) than the current rate:

	<b>1 % Decrease</b>	<b>Discount Rate</b>	<b>1 % Increase</b>
Net OPEB Liability	\$ 584,307	\$ 530,443	\$ 483,263

The following table presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (7 percent decreasing to 4 percent) or 1 percentage point higher (9 percent decreasing to 6 percent) than the current healthcare cost trend rates:

	<b>1 % Decrease</b>	<b>Discount Rate</b>	<b>1 % Increase</b>
Net OPEB Liability	\$ 466,433	\$ 530,443	\$ 608,304

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

The City determined it would not be practical to determine the amount of all applicable deferred inflows of resources and deferred outflows of resources related to OPEB. As such, the only amounts to potentially

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

report as deferred outflows would be for amounts paid by the City for OPEB as the benefits come due, if any, subsequent to the measurement date of the beginning total OPEB liability but before the beginning of the government's fiscal year. As the measurement date was September 30, 2018, there were no deferred outflows of resources to be reported.

**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 these risks of loss. Settled claims have not exceeded this coverage in the past three fiscal years. See note 18.

**NOTE 16 – PRONOUNCEMENTS ISSUED, BUT NOT YET ADOPTED**

The following standards have been issued that may have an effect on the City but management has not yet determined the effect these statements will have on the City's financial statements.

GASB Statement No. 84, *Fiduciary Activities*, was issued with the objective of improving guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this statement are effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 87, *Leases*, increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, was issued with the objective to improvement the information that is disclosed in the notes to government financial statements related to debt. The requirements of this statement are effective for reporting periods beginning after June 15, 2018.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, was issued to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simply accounting for interest cost incurred before the end of a construction period. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

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

**NOTE 16 – PRONOUNCEMENTS ISSUED, BUT NOT YET ADOPTED (CONTINUED)**

GASB Statement No. 90, *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61*, was issued to improvement to consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for reporting periods beginning after December 15, 2018.

**NOTE 17 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT ADJUSTMENT**

During the current year, the City adopted a new GASB Pronouncement, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 requires the City to recognize a liability and operating statement activities related to changes in the OPEB Plan. As a result of this change, beginning net position has been restated as follows.

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Net position, as originally reported at September 30, 2017	\$ 2,929,760	\$ 7,054,843
Restatement adjustment		
OPEB Liability (measurement date of September 30, 2018)	11,170	3,897
<b>Net position, as restated at September 30, 2017</b>	<b>\$ 2,940,930</b>	<b>\$ 7,058,740</b>

**NOTE 18 – SUBSEQUENT EVENTS**

On October 10, 2018 the eye of hurricane Michael, a category 5 hurricane, passed over Bay County, Florida, causing devastating destruction and property damage to buildings and businesses throughout the area. It is estimated that 75% of Bay County’s trees were destroyed. There was minor structural and water damage to City Hall and the Community Center building. The Public Works building, Police Department building and Library sustained substantial structural and water damage. Water meters could not be read due to debris covering meters and the ground throughout the City. From September 12 through October 9, 2018, water usage had to be estimated and bills were sent with no penalties assessed for late payment. Debris was cleared enough to read meters beginning November 2, 2018. Only the base rate was charged for 30 days. Approximately 350 utility accounts have been closed (about 15% of all accounts) since the storm. A documentation consultant has been hired to assess the City’s damages. Three buildings have been demolished; the concession stand, storage house, and sign shop, with another storage building scheduled to be demolished. Approximately \$1,281,000 has been spent by the City on storm related expenses as of June 27, 2019. The City signed an agreement for a \$5,000,000 line of credit with a local bank to cover debris hauling costs in anticipation of FEMA and State reimbursements. At the time of issuance of these financial statements the full impact of the damages and their effects on the City’s financial statements have not been determined.

## **Required Supplementary Information**

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

**September 30, 2018**

**Total OPEB liability**

Service cost	\$	66,675
Interest		18,887
Changes in benefit terms		-
Differences between expected and actual experience		-
Changes in assumptions		-
Benefit (payments) refunds		(14,521)
<hr/>		
Net change in OPEB liability		71,041
<hr/>		
Total OPEB liability - beginning		459,402
<hr/>		
Total OPEB liability - ending (a)	\$	530,443

**Plan fiduciary net position**

Contributions - employer	\$	-
Contributions - employee		-
Net investment income		-
Benefit payments/refunds		-
Administrative expenses		-
<hr/>		
Net change in plan fiduciary net position		-
Plan fiduciary net position - beginning		-
<hr/>		
Plan fiduciary net position - ending (b)	\$	-
<hr/>		
Net OPEB liability - ending (a) - (b)	\$	530,443

Plan fiduciary net position as a percentage of the total OPEB liability 0%

Covered-employee payroll \$ 1,055,517

Net OPEB liability as a percentage of covered-employee payroll 50.25%

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

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

**September 30, 2018**

Contractually required contribution	\$	-
Contributions in relation to the contractually required contribution		-
<hr/>		
<u>Contribution deficiency/(excess)</u>	<u>\$</u>	<u>-</u>
<hr/>		
City's covered-employee payroll	\$	1,055,517
Contributions as a percentage of covered-employee payroll		0%

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



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

<b>June 30,</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013 *</b>	<b>2012 *</b>	<b>2011 *</b>	<b>2010 *</b>	<b>2009 *</b>
City's proportion of the net pension liability	0.0049467%	0.0051836%	0.0052695%	0.0051447%	0.0051900%	N/A	N/A	N/A	N/A	N/A
City's proportionate share of the net pension liability	\$ 1,489,980	\$ 1,533,799	\$ 1,330,553	\$ 664,505	\$ 316,667	N/A	N/A	N/A	N/A	N/A
City's covered payroll	1,099,859	1,091,149	1,053,271	1,022,746	1,131,435	N/A	N/A	N/A	N/A	N/A
City's proportionate share of the net pension liability as a percentage of the City's covered payroll	135.47%	140.57%	126.33%	64.97%	27.99%	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.89%	84.88%	92.00%	96.09%	N/A	N/A	N/A	N/A	N/A

\* Disclosures for 2009 through 2013 are N/A because comparable information is not available at this time.

See independent auditors' report

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

<b>Year ended September 30,</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013 *</b>	<b>2012 *</b>	<b>2011 *</b>	<b>2010 *</b>	<b>2009 *</b>
Contractually required contribution	\$ 139,264	\$ 130,950	\$ 130,365	\$ 122,941	\$ 118,115	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(139,264)	(130,950)	(130,365)	(122,941)	(118,115)	N/A	N/A	N/A	N/A	N/A
<b>Contribution deficiency/(excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
City's covered payroll	\$ 1,081,476	\$ 1,102,551	\$ 1,075,508	\$ 997,344	\$ 1,035,869					
Contributions as a percentage of covered payroll	12.88%	11.88%	12.12%	12.33%	11.40%	N/A	N/A	N/A	N/A	N/A

\* Disclosures for 2009 through 2013 are N/A because comparable information is not available at this time.

See independent auditors' report

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

<b>June 30,</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013 *</b>	<b>2012 *</b>	<b>2011 *</b>	<b>2010 *</b>	<b>2009 *</b>
City's proportion of the net pension liability	0.0036184%	0.0035538%	0.0035856%	0.0035935%	0.0037438%	N/A	N/A	N/A	N/A	N/A
City's proportionate share of the net pension liability	\$ 382,974	\$ 379,991	\$ 417,887	\$ 336,480	\$ 350,054	N/A	N/A	N/A	N/A	N/A
City's covered payroll	1,099,859	1,091,149	1,053,271	1,022,746	1,131,435	N/A	N/A	N/A	N/A	N/A
City's proportionate share of the net pension liability as a percentage of the City's covered payroll	34.82%	34.82%	39.68%	32.90%	30.94%	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	2.15%	1.64%	0.97%	0.50%	0.99%	N/A	N/A	N/A	N/A	N/A

\* Disclosures for 2009 through 2013 are N/A because comparable information is not available at this time.

See independent auditors' report

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

<b>Year ended September 30,</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013 *</b>	<b>2012 *</b>	<b>2011 *</b>	<b>2010 *</b>	<b>2009 *</b>
Contractually required contribution	\$ 17,953	\$ 18,302	\$ 17,853	\$ 13,543	\$ 12,592	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(17,953)	(18,302)	(17,853)	(13,543)	(12,592)	N/A	N/A	N/A	N/A	N/A
<b>Contribution deficiency/(excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
City's covered payroll	\$ 1,081,476	\$ 1,102,551	\$ 1,075,508	\$ 997,344	\$ 1,035,869					
Contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.36%	1.22%	N/A	N/A	N/A	N/A	N/A

\* Disclosures for 2009 through 2013 are N/A because comparable information is not available at this time.

See independent auditors' report

## **Compliance Section**



**INDEPENDENT AUDITORS’ MANAGEMENT LETTER**

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

***Report on the Financial Statements***

We have audited the financial statements of the City of Parker, Florida (City), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated June 27, 2019.

***Auditors’ Responsibility***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Chapter 10.550, Rules of the Auditor General.

***Other Reporting Requirements***

We have issued our Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors’ Report on Compliance for Each Major State Project and on Internal Control Over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants’ Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedules, which are dated June 27, 2019 should be considered in conjunction with this management letter.

***Prior Audit Findings***

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

***Prior Year Findings and Recommendations***

Tabulation of Uncorrected Audit Findings		
2017-2018 Fiscal Year Finding No.	2016-2017 Fiscal Year Finding No.	2015-2016 Fiscal Year Finding No.
2018-001	2017-001	2016-001
2018-002	2017-002	2016-002

### ***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 basic financial statements. The City is incorporated under the provisions of the State of Florida (Laws of Florida, 1951, CH. 27685, Sec. 5). There is one component unit of the reporting entity as defined in publications cited in Rule 10.553. The Parker Community Redevelopment Agency is operated by the City. The Agency was established on May 25, 2004 by City Resolution 2004-05-350 pursuant to Florida Statute 163.387.

### ***Financial Condition and Management***

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

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

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

### ***Additional Matters***

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

### ***Purpose of This Letter***

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

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

Certified Public Accountants  
Panama City Beach, Florida  
June 27, 2019

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Parker, Florida as of and for the year ended September 30, 2018, and the related notes to basic financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 27, 2019.

***Internal Control over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified the following deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses; 2018-001 and 2018-002.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions



of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***City's Responses to Findings***

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

***Purpose of This Report***

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

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

Certified Public Accountants  
Panama City Beach, Florida  
June 27, 2019



## INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined the City of Parker, Florida's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2018. Management of the City is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

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

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

In our opinion, the City complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2018.

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

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

Certified Public Accountants  
Panama City Beach, Florida  
June 27, 2019

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

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

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

We have audited the City of Parker, Florida's compliance with the types of compliance requirements described in the Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of the City's major state projects for the year ended September 30, 2018. The City's major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

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

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

**Opinion on Each Major State Project**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended September 30, 2018.

## Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Chapter 10.550, Florida State Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

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

Certified Public Accountants  
Panama City Beach, Florida  
June 27, 2019

**City of Parker, Florida**  
**Schedule of Expenditures of State Financial Assistance**  
**Year Ended September 30, 2018**

<b>State Projects</b>	<b>CSFA Number</b>	<b>Contract/ Grant Number</b>	<b>Passed Through to Subrecipients</b>	<b>Expenditures</b>
Florida Department of Environmental Protection				
Wastewater treatment facility construction (loan)	37.077	WW030711	\$ -	\$ 862,375
Total Florida Department of Environmental Protection			-	862,375
Total expenditures of state financial assistance			\$ -	\$ 862,375
Transfer of funds from federal awards program (CFDA number 66.458)				\$ 310,926
Current year expenditures of state financial assistance				862,375
Wastewater treatment facility construction (loan) - balance September 30, 2018				\$ 1,173,301

**Notes to schedule**

The schedule of expenditures of state financial assistance was prepared on the modified accrual basis of accounting. This method is consistent with preparation of the City's financial statements.

During the year ended September 30, 2018 federal grant CFDA number 66.458 was closed out and replaced with state grant CSFA number 37.077. Federal awards in the amount of \$310,926 expended during the year ended September 30, 2018 were transferred to the state loan program.

City of Parker, Florida  
 Schedule of Findings and Questioned Costs  
 Year Ended September 30, 2018

**Section I - Summary of Auditors' Results**

Financial Statements

Type of auditors' report issued	Unmodified	
Internal control over financial reporting		
Material weakness(es) identified?	<u> X </u> yes	___ no
Significant deficiency(ies) identified not considered to be material weaknesses?	___ yes	<u> X </u> none reported
Noncompliance material to financial statements noted?	___ yes	<u> X </u> no

State Projects

Internal control over major programs		
Material weakness(es) identified?	___ yes	<u> X </u> no
Significant deficiency(ies) identified not considered to be material weaknesses?	___ yes	<u> X </u> none reported
Type of auditors' report issued on compliance for major programs	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Chapter 10.557 for local government entities?	___ yes	<u> X </u> none reported

Identification of major programs

<u>CSFA Number</u>	<u>State Project</u>
37.077	Wastewater Treatment Facility Construction

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

(Continued)

**City of Parker, Florida**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended September 30, 2018**

**Section II - Financial Statement Findings**

**2018-001 (Prior years 2017-001 and 2016-001) (Initially reported in 2007) Significant Audit Adjustments**

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

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

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

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

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

Views of responsible officials and planned corrective action: It is not considered economically feasible for the City to invest in the additional resources that would be required for us to provide the auditors with accounting records that require no proposed audit adjustments. In addition, because this finding includes our auditors proposing adjusting journal entries needed to convert our books from fund level modified accrual basis to the full accrual basis for the government-wide presentation required by GASB Statement No. 34, proposed audit adjusting entries will continue to be necessary. We strive to maintain the City's books in a manner that minimizes the number of proposed adjusting journal entries necessary.

**2018-002 (Prior years 2017-002 and 2016-002) (Initially reported in 2009) Lack of Segregation of Duties**

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

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

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

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

**City of Parker, Florida**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended September 30, 2018**

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

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

**Section III - State Projects Findings**

There were no findings.

**Section IV - Other Issues**

No summary schedule of prior audit findings is included because there were no prior audit findings related to state projects.