

CITY OF ARCHER, FLORIDA
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2024

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FINANCIAL SECTION



Powell and Jones CPA

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the City Commission
City of Archer, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Archer, Florida, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City Archer, Florida's basic financial statements as listed in the table of contents.

We do not express an opinion on the financial statements of the City referred to above. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

Basis for Opinions

Our responsibility is to conduct an audit of the City of Archer, Florida's financial statements in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* and Comptroller General of the United States. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are required to be independent of the City of Archer, Florida and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

Basis for Disclaimer of Opinion

During our audit we found that the reconciliation between the City's water and solid waste revenues recorded in its accounting software and its utility billing software had material variances. We also found that there were miscellaneous expenses which in aggregate were material to the financial statements, which we could not obtain supporting documentation from the City. Finally, there were material grant related expenditures and reimbursements for which the City was unable to provide any supporting documentation. Because of the significance of these matters, we were unable to obtain sufficient appropriate audit evidence to support the completeness and accuracy of the City's financial statements. Consequently, we do not express an opinion on the financial statements.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

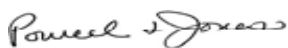
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the proprietary fund schedule of net position by function, the proprietary fund schedule of revenues, expenses, and changes in net position by function, and the schedule of expenditures of federal awards and state financial assistance but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2026, on our consideration of the City of Archer's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Archer's internal control over financial reporting and compliance.



Powell and Jones CPA
Lake City, Florida
January 16, 2026



**CITY OF ARCHER, FLORIDA
Management's Discussion and Analysis**

This discussion and analysis is intended to be an easily readable analysis of the City of Archer (City) financial activities based on currently known facts, decisions or conditions. This analysis focuses on current year activities and should be read in conjunction with the financial statements that follow.

Report Layout

The City has implemented Governmental Accounting Standards Board (GASB) Statement 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. This statement requires governmental entities to report finances in accordance with specific guidelines. Among those guidelines are the components of this section dealing with management's discussion and analysis. Besides this Management's Discussion and Analysis (MD&A), the report consists of government-wide statements, fund financial statements, notes to the financial statements, and supplementary information. The first several statements are highly condensed and present a government-wide view of the City's finances. Within this view, all City operations are categorized and reported as either governmental or business-type activities. Governmental activities include basic services such as public works, parks and recreation, and general governmental administration. The City's water service is reported as a business-type activity. These government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the City.

Basic Financial Statements

- The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snap-shot view of the assets the City owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. Governmental activities reflect capital assets including infrastructure and long-term liabilities. Business-type activities also report capital assets and long-term liabilities. Both governmental and business-type activities are reported on the accrual basis of accounting.
- The Statement of Activities focuses gross and net costs of the City's programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
- Fund financial statements focus separately on governmental and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. The City has one major governmental fund, its General Fund. A budgetary comparison is presented for the General Fund. Statements for the City's proprietary fund follows the governmental fund and include net position, revenue, expenses and changes in net position, and cash flows.

- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the City's financial condition. The MD&A is intended to explain the significant changes in financial position and differences in operation between the current and prior years.

City as a Whole
Government-wide Financial Statements
A condensed version of the Statement of Net Position follows:
Net Position at September 30, 2024 and 2023

	Governmental	Business-type	Total Government	
	Activities	Activities	2024	2023
Assets				
Cash and investments	\$ 272,904	\$ 95,957	\$ 368,861	\$ 313,747
Other current assets	276,650	344,371	621,021	531,981
Restricted assets	-	54,430	54,430	54,430
Capital assets, net	1,598,649	3,397,664	4,996,313	4,470,605
Total assets	2,148,203	3,892,422	6,040,625	5,370,763
Deferred Outflows	115,485	44,910	160,395	187,580
Liabilities				
Current liabilities	252,214	589,074	841,288	716,792
Long term liabilities	465,103	1,002,434	1,467,537	707,261
Total liabilities	717,317	1,591,508	2,308,825	1,424,052
Deferred Inflows	76,911	29,910	106,821	59,860
Net Position				
Net invested in capital assets	1,598,649	3,642,106	5,240,755	4,470,605
Restricted	(256,310)	-	(256,310)	633,265
Unrestricted	127,121	(1,326,192)	(1,199,071)	(1,029,439)
Total net position	\$ 1,469,460	\$ 2,315,914	\$ 3,785,374	\$ 4,074,431

The largest portion of the City's net position is its investment in capital assets (land, buildings, infrastructure, and equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City has negative unrestricted net position due to improperly spent restricted funds, net pension liability from its participation in the Florida Retirement System, and acquisition of assets for ongoing capital projects. The pension deficit is expected to be funded by increased contribution rates to the retirement plan and is not a cash expense. The net effect of the pension plan on net position is \$568,615. Eliminating the impact of the pension plan the City's unrestricted net position would result in a deficit of \$1,263,120 which is primary due to improperly spent restricted funds and acquisition of assets for ongoing capital projects.

The following schedule provides a summary of the changes in net position. The decrease during the year of the net position is due primarily to poor fiscal management and lack of accountability to the budget throughout the year.

A condensed version of the Statement of Activities follows:

Change in Net Position
For the Fiscal Years Ended September 30, 2024 and 2023

	Governmental Activities	Business-type Activities	Total Government	
			2024	2023
Revenues				
Program revenues				
Charges for services	\$ 49,549	\$ 455,001	\$ 504,550	\$446,271
Grants and contributions	26,977	361,869	388,846	223,192
General revenues				
Taxes	645,948	-	645,948	629,643
Franchise fees	81,844	-	81,844	120,313
Licenses and permits	5,063	-	5,063	4,162
Intergovernmental	146,189	-	146,189	149,922
Fines and forfeitures	897	-	897	3,833
Interest and other	16,926	-	16,926	6,098
Interfund transfers	205,282	(205,282)	-	-
Total revenues	1,178,675	611,588	1,790,263	\$1,583,434
Expenses				
General government	802,064	-	802,064	885,777
Public safety	-	-	-	-
Physical environment	9,670	-	9,670	15,526
Transportation	422,277	-	422,277	380,365
Culture/recreation	160,262	-	160,262	149,878
Interest on long-term debt	728	-	728	707
Water/sewer, solid waste	-	684,319	684,319	633,528
Total expenses	1,395,001	684,319	2,079,320	2,065,782
Change in net position	(216,326)	(72,731)	(289,057)	(482,348)
Beginning net position	1,685,786	2,388,645	4,074,431	4,556,779
Ending net position	\$ 1,469,460	\$ 2,315,914	\$ 3,785,374	\$ 4,074,431

Governmental activities:

Taxes provide 55% of the revenues for Governmental Activities, while franchise fees provide 7%, and intergovernmental revenues provide 12%. Most of the Governmental Activities resources are spent for General Government (57%), Recreation (11%), and Transportation (30%).

Business-type activities:

Business-type activities decreased the City's net position by \$72,731. This is an improvement of \$186,461 from the prior year decrease of \$259,192. Operating income only increased \$14,386 year over year. Key elements of this change are as follows:

- The increase in profitability is primarily attributed to the increase in capital grant revenues, which increased \$253,750.

Budgetary Highlights

In total, the General Fund's expenditures were \$94,678 more than budgeted, and revenues were \$37,212 less than budgeted.

Capital Assets and Debt Administration

At September 30, 2024, the City had \$5.2 million invested in capital assets, including buildings, streets, water system infrastructure, and park and recreation facilities. This amount represents a net increase of \$770,149 or 17% more than last year.

Capital Assets at September 30, 2024 and 2023

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Land	\$ 176,931	\$ 176,931	\$ 589,419	\$ 589,419	\$ 766,350	\$ 766,350
Construction in progress	-	-	1,645,106	751,661	1,645,106	751,661
Buildings and improvements	2,254,925	2,254,925	-	-	2,254,925	2,254,925
Improvements other than Buildings	259,804	259,804	2,267,911	2,267,911	2,527,715	2,527,715
Equipment	910,238	866,063	113,205	81,358	1,023,443	947,421
Subtotal	3,601,898	3,557,723	4,615,641	3,690,349	8,217,539	7,248,072
Accumulated depreciation	(2,003,249)	(1,859,853)	(973,534)	(917,612)	(2,976,783)	(2,777,465)
Capital assets, Net	<u>\$ 1,598,649</u>	<u>\$ 1,697,870</u>	<u>\$ 3,642,107</u>	<u>\$ 2,772,737</u>	<u>\$ 5,240,756</u>	<u>\$ 4,470,607</u>

DEBT OUTSTANDING

At year-end, the City had \$1,470,134 in debt outstanding compared to \$732,271 last year, an increase of \$737,863. This increase was primarily due to drawdowns on a line of credit that occurred during the fiscal year.

Debt Outstanding at September 30, 2024 and 2023

	Total Government	
	2024	2023
Line of credit	\$ 821,975	\$ 22,754
Compensated absences	25,970	22,565
Net pension liability	622,189	686,952
Total	<u>\$ 1,470,134</u>	<u>\$ 732,271</u>

More detailed information on the City long-term liabilities is presented in the notes to the financial statements.

OTHER FINANCIAL INFORMATION

Economic Factors and Rates

- The current estimated unemployment rate for the City was 4.0%, which is equal to the prior year.
- The estimated population for the City in 2024 was 1,140 and is estimated to be approximately the same in 2023.
- The City's ad valorem tax rate for 2024 was 5.5479 mills, which represents an increase of approximately .4% mills from the prior fiscal year.

Financial Contact

The City's financial statements are designed to present users (citizens, taxpayers, customers, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, please contact the City Manager at P.O. Box 39, Archer, Florida 32618, or may be e-mailed to: dalltop@cityofarcher.com.

Basic Financial Statements

CITY OF ARCHER, FLORIDA
STATEMENT OF NET POSITION
September 30, 2024

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 272,904	\$ 95,957	\$ 368,861
Accounts receivable, net	32,208	71,002	103,210
Internal balances	244,442	(244,442)	-
Due from other governmental units	-	264,706	264,706
Inventories	-	7,960	7,960
Other assets	-	703	703
Total current assets	<u>549,554</u>	<u>195,886</u>	<u>745,440</u>
Restricted assets			
Cash and cash equivalents - meter deposits	-	54,430	54,430
Noncurrent assets			
Capital assets - net	1,598,649	3,642,106	5,240,755
Total assets	<u>2,148,203</u>	<u>3,892,422</u>	<u>6,040,625</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	115,485	44,910	160,395
LIABILITIES			
Current liabilities			
Accounts payable	37,459	528,183	565,642
Accrued liabilities	212,852	16,574	229,426
Compensated absences, current portion	1,903	694	2,597
Payable from restricted assets			
Meter deposits	-	43,623	43,623
Total current liabilities	<u>252,214</u>	<u>589,074</u>	<u>841,288</u>
Noncurrent liabilities			
Compensated absences, net of current portion	17,126	6,247	23,373
Line of credit	-	821,975	821,975
Net pension liability	447,977	174,212	622,189
Total noncurrent liabilities	<u>465,103</u>	<u>1,002,434</u>	<u>1,467,537</u>
Total liabilities	<u>717,317</u>	<u>1,591,508</u>	<u>2,308,825</u>
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	76,911	29,910	106,821
NET POSITION			
Net investment in capital assets	1,598,649	3,642,106	5,240,755
Restricted for:			
Transportation	(399,577)	-	(399,577)
Culture / recreation	143,267	-	143,267
Unrestricted	127,121	(1,326,192)	(1,199,071)
Total net position	<u>\$ 1,469,460</u>	<u>\$ 2,315,914</u>	<u>\$ 3,785,374</u>

See notes to financial statements.

**CITY OF ARCHER, FLORIDA
GOVERNMENTAL FUND
BALANCE SHEET**

September 30, 2024

	General Fund
ASSETS	
Cash	\$ 272,904
Accounts receivable	32,208
Due from other funds	244,442
Total assets	549,554
LIABILITIES	
Accounts payable	37,459
Accrued liabilities	212,852
Total liabilities	250,311
FUND BALANCE	
Restricted for:	
Transportation	549,858
Infrastructure	54,349
Culture / recreation	143,267
Unassigned	(448,231)
Total fund balance	299,243
Total liabilities and fund balance	\$ 549,554
Total fund balance reported above	299,243
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.	1,598,649
Deferred outflows of resources represent a consumption of fund equity that will be reported as an outflow of resources in a future period and therefore are not reported in the governmental funds	115,485
Deferred inflows of resources represent an acquisition of fund equity that will be recognized as an inflow of resources in a future period and therefore are not reported in the governmental funds	(76,911)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(467,006)
Net Position of Governmental Activities	\$ 1,469,460

See notes to the financial statement

**CITY OF ARCHER, FLORIDA
GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended September 30, 2024**

	General Fund
Revenues	
Property taxes	\$ 283,493
Other taxes	362,455
Licenses and permits	5,063
Intergovernmental revenues	173,166
Franchise fees	81,844
Charges for services	49,549
Fines and forfeitures	897
Miscellaneous revenues	16,926
Total revenues	973,393
Expenditures	
Current	
General government	713,346
Physical environment	9,670
Transportation	413,372
Culture/recreation	106,520
Capital outlay	44,175
Debt service	
Principal	22,754
Interest	728
Total expenditures	1,310,565
Excess of revenues over (under) expenditures	(337,172)
Other financing sources (uses)	
Transfers in	205,282
Total other financing sources (uses)	205,282
Net change in fund balance	(131,890)
Fund balance, beginning of year	431,133
Fund balance, end of year	\$ 299,243

See notes to the financial statements

CITY OF ARCHER, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2024

Net change in fund balance		\$ (131,890)
Amounts reported for governmental activities in the statement of activities are different because :		
Governmental funds report capital outlay in expenditures However in the statement of activities, the cost of those assets is allocated over their estimated useful life as depreciation expense		
Expenditures for capital assets	44,175	
Less current year depreciation	<u>(143,396)</u>	(99,221)
Activities related to notes are receipts/expenditures in the governmental funds, but the receipt/repayments change long term liabilities in the statement of net position		
Note principal payments	<u>22,754</u>	22,754
Some expenses reported in the statement of activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds		
Net change in compensated absences	(1,214)	
Net change in pension liability	<u>46,629</u>	45,415
Recognition of certain obligations related to prior and future periods are not recognized in governmental funds		
Net decrease in deferred inflows / outflows	<u>(53,384)</u>	<u>(53,384)</u>
Change in net position of governmental activities		<u>\$ (216,326)</u>

See notes to the financial statements

CITY OF ARCHER, FLORIDA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
For the Fiscal Year Ended September 30, 2024

	Water Fund	Solid Waste Fund	Total Proprietary Funds
ASSETS			
Current assets			
Cash	\$ -	95,957	\$ 95,957
Accounts receivable, net	55,182	15,820	71,002
Due from other governmental units	264,706	-	264,706
Due from other funds	-	129,368	129,368
Inventory	7,960	-	7,960
Security deposits	703	-	703
Total current assets	328,551	241,145	569,696
Restricted assets			
Cash and cash equivalents - meter deposits	54,430	-	54,430
Total restricted assets	54,430	-	54,430
Noncurrent assets			
Capital assets			
Nondepreciable capital assets	2,234,525	-	2,234,525
Depreciable capital assets, net	1,407,581	-	1,407,581
Total capital assets	3,642,106	-	3,642,106
Total assets	4,025,087	241,145	4,266,232
DEFERRED OUTFLOWS OF RESOURCES			
	44,910	-	44,910
LIABILITIES			
Current liabilities			
Accounts payable	528,183	-	528,183
Accrued liabilities	16,574	-	16,574
Due to other funds	373,810	-	373,810
Compensated absences, current portion	694	-	694
Net pension liability	17,421	-	17,421
Payable from restricted assets			
Meter deposits	43,623	-	43,623
Total current liabilities	980,305	-	980,305
Noncurrent liabilities			
Compensated absences, net of current portion	6,247	-	6,247
Line of credit	821,975	-	821,975
Net pension liability	156,791	-	156,791
Total noncurrent liabilities	985,013	-	985,013
Total liabilities	1,965,318	-	1,965,318
DEFERRED INFLOWS OF RESOURCES			
	29,910	-	29,910
NET POSITION			
Net investment in capital assets	3,642,106	-	3,642,106
Unrestricted	(1,567,337)	241,145	(1,326,192)
Total net position	\$ 2,074,769	\$ 241,145	\$ 2,315,914

See notes to the financial statements

**CITY OF ARCHER, FLORIDA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 For the Fiscal Year Ended September 30, 2024**

	Water Fund	Solid Waste Fund	Total Proprietary Funds
Operating revenues			
Physical environment			
Water utility revenue			
Water sales	\$ 268,526	\$ -	\$ 268,526
Connection fees and penalties	60	-	60
Miscellaneous revenue	61,686	-	61,686
Total water utility revenue	<u>330,272</u>	<u>-</u>	<u>330,272</u>
Solid waste revenue			
Sanitation fees	-	124,728	124,728
Total solid waste revenues	<u>-</u>	<u>124,728</u>	<u>124,728</u>
Total operating revenues	<u>330,272</u>	<u>124,728</u>	<u>455,000</u>
Operating expenses			
Water utility services:			
Personnel services	258,277	-	258,277
Operating expenses	255,507	-	255,507
Depreciation expense	55,922	-	55,922
Total water utility services	<u>569,706</u>	<u>-</u>	<u>569,706</u>
Solid waste services:			
Contracted services	-	114,613	114,613
Total operating expenses	<u>569,706</u>	<u>114,613</u>	<u>684,319</u>
Operating gain (loss)	<u>(239,434)</u>	<u>10,115</u>	<u>(229,319)</u>
Nonoperating revenues / (expenses)			
Grant revenue	361,869	-	361,869
Transfers to general fund	(205,282)	-	(205,282)
Total nonoperating revenues / (expenses)	<u>156,587</u>	<u>-</u>	<u>156,587</u>
Change in net position	(82,847)	10,116	(72,731)
Net position at beginning of year	<u>2,157,616</u>	<u>231,029</u>	<u>2,388,645</u>
Net position at end of year	<u>\$ 2,074,769</u>	<u>\$ 241,145</u>	<u>\$ 2,315,914</u>

See notes to the financial statements

**CITY OF ARCHER, FLORIDA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 For the Fiscal Year Ended September 30, 2024**

	Water Fund	Solid Waste Fund	Totals
Cash flows from operating activities:			
Cash received from customers, including deposits	\$ 322,585	\$ 112,404	\$ 434,989
Cash paid to suppliers	(255,713)	(160,165)	(415,878)
Cash paid to employees	(198,582)	-	(198,582)
Net cash provided (used) by operating activities	<u>(131,710)</u>	<u>(47,761)</u>	<u>(179,471)</u>
Cash flows from non-capital related financing activities:			
Transfers (to) from other funds	(265,132)	(43,501)	(308,633)
Net cash provided (used) by non-capital related financing activities	<u>(265,132)</u>	<u>(43,501)</u>	<u>(308,633)</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(630,415)	-	(630,415)
Grant contributions	205,282	-	205,282
Acquisition of long term debt	821,975	-	821,975
Net cash provided (used) by capital and related financing activities	<u>396,842</u>	<u>-</u>	<u>396,842</u>
Net change in cash	-	(91,262)	(91,262)
Cash at beginning of year	<u>54,430</u>	<u>187,219</u>	<u>241,649</u>
Cash at end of year	<u>\$ 54,430</u>	<u>\$ 95,957</u>	<u>\$ 150,387</u>
Reported as:			
Cash and cash equivalents	-	95,957	95,957
Restricted cash and cash equivalents - meter deposits	54,430	-	54,430
	<u>\$ 54,430</u>	<u>\$ 95,957</u>	<u>\$ 150,387</u>

Continued on next page

See notes to financial statements

**CITY OF ARCHER, FLORIDA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 (CONTINUED)
 For the Fiscal Year Ended September 30, 2024**

	<u>Water Fund</u>	<u>Solid Waste Fund</u>	<u>Totals</u>
Reconciliation of operating gain (loss) to net cash provided (used) by operating activities:			
Operating gain (loss)	\$ (239,434)	\$ 10,116	\$ (229,318)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation	55,922	-	55,922
Changes in assets, liabilities, and deferred inflows/outflows of resources			
Accounts receivable	(21,681)	1,911	(19,770)
Accrued liabilities	9,324	-	9,324
Compensated absences	2,191	-	2,191
Customer deposits	13,788	(14,236)	(448)
Deferred outflows	(4,539)	12,152	7,613
Deferred inflows	13,149	-	13,149
Change in net pension liability	39,570	(57,704)	(18,134)
Net cash provided (used) by operating activities	<u>\$ (131,710)</u>	<u>\$ (47,761)</u>	<u>\$ (179,471)</u>

See notes to financial statements

CITY OF ARCHER, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Archer (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting principles. Pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989, are not applied in the preparation of the financial statements of the proprietary fund type in accordance with GASB Statement 20. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

In June, 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement 34-Basic Financial Statement and Management's Discussion and Analysis – for State and Local Governments. As provided by GASB 34, the City has elected not to report retroactive infrastructure improvements in its financial statements due to the fact that its annual revenues are less than ten million. The City has implemented all other applicable provisions of this Statement.

A. Reporting Entity - The City of Archer, Florida is a municipality created pursuant to provisions of Chapter 165, *Florida Statutes*, and specifically Chapter 6732, *Laws of Florida*. It is governed by a five member City Commission, all individually elected, who select from among themselves one member to serve as Mayor. It is controlled by the Florida Constitution and various Florida Statutes, as well as its own local charter, ordinances and policies.

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, management determined that no potential component units existed which should be included within the reporting entity.

B. Measurement Focus and Basis of Accounting - The basic financial statements of the City are comprised of the following:

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

1. 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 City. 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. Likewise, the primary government is reported separately from any legally separate component unit for which the primary government is financially accountable.

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

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

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. As applicable, the City also chooses to eliminate the indirect costs between governmental activities to avoid the "doubling up" effect.

2. Fund Financial Statements

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

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

Governmental Funds - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they

are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual 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 measure of "available spendable resources." Governmental funds operating statements present increases (revenue 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.

Any non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus.

Non-current portions of other long-term receivables are offset by fund balance reserve accounts. Because of their spending measurement focus, expenditure recognition for governmental fund types exclude 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 were 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. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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 and services are delivered. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position. The City applies all GASB pronouncements as well as all FASB Statements and Interpretations, APB Opinions and Accounting Research Bulletins, issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies, taxes, and investment earnings, result from nonexchange transactions or ancillary activities.

Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as 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.

C. Basis of Accounting - GASB Statement 34 sets forth minimum criteria (percentage of the assets,

liabilities, revenues or expenditures, expenses of either fund category and the governmental and enterprise combined) for the determination of major funds. The City has used GASB 34 minimum criteria for major fund determination. The City has three major funds as follows:

1. Governmental Major Funds:

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

2. Proprietary Major Funds:

Water Fund - This enterprise fund accounts for the revenues, expenses, assets, and liabilities associated with the City operated water services.

Solid Waste Fund - This enterprise fund accounts for the financial activities of the City's solid waste management services.

D. Assets, Liabilities and Net Position or Equity

1. Cash and Investments - Cash includes amounts in demand deposits as well as short-term money market investment accounts. Investments, consisting of certificates of deposit, are stated at cost which approximates market value. All such deposits and investments are insured and collateralized as required by state law.

2. Cash Equivalents - For purposes of the statement of cash flows, the City considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents. As of September 30, 2024, the City's cash consisted solely of checking accounts and money market accounts; it has no cash equivalents.

3. Allowance for Doubtful Accounts - The City provides an allowance for Enterprise Fund accounts receivable that may become uncollectible. At September 30, 2024, there was \$41,513 in the allowance for doubtful accounts. No other allowances for doubtful accounts are maintained since other fund accounts receivable are considered collectible as reported at September 30, 2024.

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

All receivables are shown net of an allowance for doubtful accounts. The allowance is estimated by management based on historical collection rates.

5. Inventories - Inventories are valued at cost, which approximates market, using the "first-in, first-out" method of accounting. Supplies inventories of certain governmental funds are recorded as expenditures when consumed rather than when purchased.

6. Encumbrances - Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not utilized by the City.

7. Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, bridges, right-of-ways, 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 \$1,000 or more and an estimated useful life in excess of one year. Except for roads and

bridges constructed prior to October 1, 1981, assets are recorded at historical cost. Roads and bridges constructed prior to October 1, 1981 are generally not reported. Donated capital assets are recorded at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

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

Property, plant, and equipment of the City, as well as of component units, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Building and improvements	15 - 40
Machinery and equipment	3 - 20
Street and related infrastructure	20 - 40

8. Capitalization of Interest - Interest related to borrowings are capitalized during the construction period. These costs are netted against applicable interest earnings on construction fund investments. During the current period, the City incurred \$0 in capitalized interest.
9. Unearned Revenues - Unearned revenues reported in government-wide financial statements represent revenues received but not earned. The unearned revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Unearned revenues represent unearned revenues which are measurable but not available and, in accordance with the modified accrual basis of accounting, are reported as unearned revenues.
10. Accrued Compensated Absences - The City accrues accumulated unpaid vacation and sick leave when earned by the employee. The current portion is the amount estimated to be used in the following year. The non-current portion is the amount estimated to be used in subsequent fiscal years. Both the current and non-current estimated accrued compensated absences amounts for governmental and proprietary funds are maintained separately and represent a reconciling item between the fund and government-wide presentation.
11. Prepaid Items - Significant payment made to vendors for goods or services that will benefit periods beyond September 30, 2024, are recorded as prepaid items.
12. Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on pensions in the government-wide statement of net position. Deferred outflows on pensions are recorded when actual earnings on pension plan investments exceed projected earnings and are amortized to pension expense using a systematic and rational method over a closed five-year period. Deferred outflows on pensions also include the difference between expected and actual experience with regard to economic or demographic factors; changes of

assumptions about future economic, demographic, or other input factors; or changes in the City's proportionate share of net pension liability. These are amortized over the average expected remaining service lives of all employees that are provided with pensions through each pension plan. Contributions to pension plans made subsequent to the measurement date are also deferred and reduce net pension liability in the subsequent year.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which is related to pensions. Deferred inflows on pension plan investments exceed actual earnings and are amortized to pension expense using a systematic and rational method over a closed five-year period. Deferred inflows on pensions also include the difference between expected and actual experience with regard to economic or demographic factors; changes of assumptions about future economic, demographic, or other input factors; or changes in the City's proportionate share of net pension liability. These are amortized over the average expected remaining service lives of all employees that are provided with pensions through each pension plan.

13. Fund Balances

A. Governmental Funds

As of September 30, 2024, fund balances of the governmental funds are classified as follows:

Non-spendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Commission. The Commission is the highest level of decision making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Commission.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the City's adopted policy, only the Commission may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

As of September 30, 2024, fund balances are composed of the following:

	<u>General Fund</u>
Transportation - 5 Cent Gas Tax	\$ 549,858
Infrastructure - 1/2 Cent Discretionary Sales Surtax	54,349
Culture/Recreation - 1/2 Cent Discretionary Sales Surtax	143,267
Unassigned	<u>(448,231)</u>
Total Fund Balance	<u>\$ 299,243</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spend first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Commission has provided otherwise in its commitment or assignment actions.

B. Proprietary Funds

Restrictions of equity show amounts that are not appropriated for expenditure or are legally restricted for specific uses.

As of September 30, 2024, net position balances are composed of the following:

	<u>Amount</u>
Net investment in capital assets	\$ 3,642,106
Unrestricted	<u>(1,326,192)</u>
	<u>\$ 2,315,914</u>

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

A. Explanation of Differences Between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Position.

“Total fund balances” of the City’s governmental funds \$299,243 differs from “net position” of governmental activities \$1,469,460 reported in the statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental funds balance sheet.

Capital related items

When capital assets (property, plant, equipment) that are to be used in governmental activities are purchased or constructed, the cost of these assets are reported as expenditures in governmental funds. However, the statement of net position included those capital assets among the assets of the City as a whole.

Cost of capital assets	\$ 3,601,898
Accumulated depreciation	<u>(2,003,249)</u>
	<u>\$ 1,598,649</u>

Long-term debt transactions

Long-term liabilities to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the statement of net position.

Compensated absences	\$	(19,029)
Net pension liability		<u>(447,977)</u>
	\$	<u>(467,006)</u>

Deferred outflows/inflows of resources

Deferred outflows of resources represent a consumption of net position in a future period while deferred inflows of resources represent an acquisition of net position in a future period and accordingly, are not reported in the governmental fund statements. However, the statement of net position includes the deferred outflows/inflows of resources.

Deferred inflows	\$	(76,911)
Deferred outflows		<u>115,485</u>
	\$	<u>38,574</u>

CITY OF ARCHER, FLORIDA

Note 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS.

A. Explanation of Differences Between Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

	Total Governmental Funds	Capital Related Items	Deferred Inflows/Outflows	Long-Term Debt Transactions	Statement of Net Position
ASSETS					
Cash and cash equivalents	\$ 272,904	\$ -	\$ -	\$ -	\$ 272,904
Accounts receivable	32,208	-	-	-	32,208
Due from other funds	244,442	-	-	-	244,442
Capital assets - net	-	1,598,649	-	-	1,598,649
Total assets	\$ 549,554	\$ 1,598,649	\$ -	\$ -	\$ 2,148,203
DEFERRED OUTFLOWS					
	-	-	115,485	-	115,485
LIABILITIES AND FUND BALANCE/NET POSITION					
Liabilities:					
Accounts payable	\$ 37,459	\$ -	\$ -	\$ -	\$ 37,459
Accrued liabilities	212,852	-	-	-	212,852
Compensated absences	-	-	-	19,029	19,029
Net pension liability	-	-	-	447,977	447,977
Total liabilities	250,311	-	-	467,006	717,317
DEFERRED INFLOWS					
	-	-	76,911	-	76,911
Fund balance/net position	299,243	1,598,649	38,574	(467,006)	1,469,460
Total liabilities and fund balances/net position	\$ 549,554	\$ 1,598,649	\$ 38,574	\$ -	\$ 2,186,777

B. Explanation of Differences Between Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance

The “net change in fund balances” for governmental funds (\$131,891) differs from the “change in net position” for governmental activities (\$216,327) reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Capital related items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balances decrease by the amount of financial resources expended, whereas net position decreases by the amount of depreciation expense charged for the year.

Capital outlay	\$ 44,175
Depreciation expense	(143,396)
Difference	<u>\$ (99,221)</u>

Long-Term debt transactions

Repayments of debt principal are reported as an expenditure in the governmental funds and, thus, have the effect of reducing the fund balance because current financial resources have been used. However, the principal payments reduce the liabilities in the statement of net position and do not result in an expense in the statement of activities.

Issuance of long-term notes are recorded as revenues in governmental funds, and thus have the effect of increasing fund balance because financial resources have been received. However, the receipt of funds increases liabilities in the Statement of Activities and therefore is not recognized as revenue.

Net increase in compensated absences	\$ (1,214)
Net change in pension liabilities	46,629
Debt principal payments made	22,754
	<u>\$ 68,169</u>

Deferred inflows / outflows of resources

Recognition of certain obligations related to prior and subsequent periods are not recognized in governmental funds.

Net decrease in deferred outflows	\$ (19,573)
Net decrease in deferred inflows	(33,812)
	<u>\$ (53,384)</u>

CITY OF ARCHER, FLORIDA

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

B. Explanation of Difference Between Government Fund Statement of Revenues, Expenditures and Changes in Fund Balance

	Total Governmental Funds	Capital Related Items	Deferred Inflows/Outflows	Long-Term Debt Transactions	Statement of Activities
REVENUES					
Taxes	\$ 645,948	\$ -	\$ -	\$ -	\$ 645,948
Licenses and permits	5,063	-	-	-	5,063
Intergovernmental	173,166	-	-	-	173,166
Franchise fees	81,844	-	-	-	81,844
Charges for services	49,549	-	-	-	49,549
Fines and forfeitures	897	-	-	-	897
Miscellaneous	16,926	-	-	-	16,926
Total revenues	973,393	-	-	-	973,393
EXPENDITURES					
Current expenditures					
General government	713,346	80,749	53,384	(45,415)	802,064
Physical environment	9,670	-	-	-	9,670
Transportation	413,372	8,905	-	-	422,277
Culture/recreation	106,520	53,742	-	-	160,262
Capital outlay	44,175	(44,175)	-	-	-
Debt service					
Principal	22,754	-	-	(22,754)	-
Interest	728	-	-	-	728
Total expenditures	1,310,565	99,221	53,384	(68,169)	1,395,001
Excess of revenues over (under) expenditures	(337,172)	(99,221)	(53,384)	68,169	(421,608)
OTHER FINANCING SOURCES (USES)					
Transfers in	205,282	-	-	-	205,282
Total other financing sources (uses)	205,282	-	-	-	205,282
Net change in fund balance	(131,890)	(99,221)	(53,384)	68,169	(216,326)
Fund balance/net position at beginning of year	431,133	1,697,870	91,958	(535,175)	1,685,786
Fund balance/net position at end of year	\$ 299,243	\$ 1,598,649	\$ 38,574	\$ (467,006)	\$ 1,469,460

3. LEGAL COMPLIANCE–BUDGETS

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 1, the City Manager develops a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to September 30, the budget is legally enacted by the City Commission through passage of an ordinance.
4. Any revision that alters the total expenditures of any fund or transfers budgeted amounts between departments within any fund must be approved by the City Commission.
5. Budgets for all City funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the City Commission. Individual amendments were not material in relation to the original appropriations which were amended.

NOTE 4. DEPOSITS AND INVESTMENTS

Deposits. The bank balances of the City deposits were fully insured by federal depository insurance or pledged collateral under state law.

Investments. Under state law, the City is allowed to invest surplus funds in guaranteed obligations of the U.S. government, interest bearing accounts of financial institutions which are legally secured, and the Local Government Surplus Funds Trust Fund and other similar funds. The City had no investments as of September 30, 2024.

NOTE 5. PROPERTY TAX REVENUES

Taxable values for all property are established as of January 1, which is the date of lien, for the fiscal year starting October 1. Property tax revenues recognized for the 2023-2024 fiscal year were levied in October 2023. All taxes are due and payable on November 1 or as soon as the assessment roll is certified and delivered to the Tax Collector. Discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. Taxes paid in March are without discount. All unpaid taxes become delinquent as of April 1. Virtually all unpaid taxes are collected via the sale of tax certificates on or prior to June 1; therefore, there were no material taxes receivable at fiscal year-end.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2024, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities				
Capital assets:				
Non-depreciable capital assets:				
Land	\$ 176,931	\$ -	\$ -	\$ 176,931
Total non-depreciable capital assets	<u>176,931</u>	<u>-</u>	<u>-</u>	<u>176,931</u>
Depreciable capital assets:				
Building and improvements	2,254,925	-	-	2,254,925
Improvements other than buildings	259,804	-	-	259,804
Equipment	866,063	44,175	-	910,238
Total depreciable capital assets	<u>3,380,792</u>	<u>44,175</u>	<u>-</u>	<u>3,424,967</u>
Less accumulated depreciation				
Building and improvements	(1,352,341)	(80,749)	-	(1,433,090)
Improvements other than buildings	(70,672)	(8,905)	-	(79,577)
Equipment	(436,839)	(53,742)	-	(490,581)
Total accumulated depreciation	<u>(1,859,853)</u>	<u>(143,396)</u>	<u>-</u>	<u>(2,003,249)</u>
Total depreciable capital assets, net	<u>1,520,939</u>	<u>(99,221)</u>	<u>-</u>	<u>1,421,718</u>
Governmental activities capital assets, net	<u>\$ 1,697,870</u>	<u>\$ (99,221)</u>	<u>\$ -</u>	<u>\$ 1,598,649</u>
Business-type activities:				
Capital assets:				
Non-depreciable capital assets:				
Land	\$ 589,419	\$ -	\$ -	\$ 589,419
Construction in progress	751,661	893,445	-	1,645,106
Total non-depreciable capital assets	<u>1,341,080</u>	<u>893,445</u>	<u>-</u>	<u>2,234,525</u>
Depreciable capital assets:				
Buildings and improvements	2,267,911	-	-	2,267,911
Equipment	81,358	31,847	-	113,205
Total depreciable capital assets	<u>2,349,269</u>	<u>31,847</u>	<u>-</u>	<u>2,381,116</u>
Less accumulated depreciation				
Buildings and improvements	(861,853)	(50,378)	-	(912,231)
Equipment	(25,533)	(5,544)	-	(31,077)
Vehicles	(30,226)	-	-	(30,226)
Total accumulated depreciation	<u>(917,612)</u>	<u>(55,922)</u>	<u>-</u>	<u>(973,534)</u>
Total depreciable capital assets, net	<u>1,431,657</u>	<u>(24,075)</u>	<u>-</u>	<u>1,407,582</u>
Business-type activities capital assets, net	<u>\$ 2,772,737</u>	<u>\$ 869,370</u>	<u>\$ -</u>	<u>\$ 3,642,107</u>

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

Governmental activities:	
General government	\$ 80,749
Highway and street	8,905
Culture/recreation	53,742
Total depreciation expense - governmental activities	<u>\$ 143,396</u>
Business -type activities:	
Water	\$ 55,922
Total depreciation expense - business-type activities	<u>\$ 55,922</u>

NOTE 7. INTERFUND RECEIVABLES/PAYABLES

The following is a schedule of interfund receivables and payables at September 30, 2024.

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General	\$ 244,442	\$ -
Water	-	373,810
Solid Waste	129,368	-
	<u>\$ 373,810</u>	<u>\$ 373,810</u>

NOTE 8. RECEIVABLE AND PAYABLE BALANCES

Receivables at September 30, 2024, were as follows:

	<u>Accounts</u>	<u>Due from other governmental units</u>	<u>Total Receivables</u>
Governmental activities :			
General	\$ 32,208	\$ -	\$ 32,208
Business-type activities :			
Water	55,182	264,706	319,888
Solid waste	15,820	-	15,820
	<u>\$ 103,210</u>	<u>\$ 264,706</u>	<u>\$ 367,916</u>

Based upon collection history, the City has included a reserve for doubtful accounts for its Water and Solid Waste Fund accounts receivable of \$41,514.

<u>Fund</u>	<u>Allowance for doubtful accounts</u>
Water	\$ 34,563
Solid Waste	6,951
	<u>\$ 41,514</u>

Payables

Payables at September 30, 2024, were as follows:

	<u>Vendors</u>
Governmental activities :	
General	<u>\$ 37,459</u>
Business-type activities :	
Water	<u>\$ 528,183</u>

NOTE 9. GENERAL LONG-TERM DEBT

A summary of the City’s long-term debt outstanding at September 30, 2024 is as follows:

Governmental activities:

Note Payable – Equipment Financed by Ameris Bank

On January 14th, 2020, the City incurred debt in the amount of \$86,908 bearing the fixed interest rate of 3.12% for the purpose of acquiring additional capital equipment. This loan has four annual principal payments of \$23,474 including interest. The first payment was due to be paid on January 14th, 2021. Payments are being made from general revenues and Archer has no pledge of collateral. In the event of default, the loan holder has the right to take any actions necessary to collect the amount due. The full balance of this loan was paid off during the fiscal year.

Summary of changes in governmental activities long-term liabilities:

The following summarizes the changes in the City’s governmental long-term liabilities during the year ended September 30, 2024:

	<u>Balance on October 1, 2023</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance on September 30, 2024</u>	<u>Due within one year</u>
Bank loan	\$ 22,754	\$ -	22,754	\$ -	\$ -
Compensated absences	17,815	1,214	-	19,029	1,903
Net pension liability	494,606	-	46,629	447,977	44,798
	<u>\$ 535,175</u>	<u>\$ 1,214</u>	<u>\$ 69,383</u>	<u>\$ 467,006</u>	<u>\$ 46,701</u>

Business-type Activities:

Line of Credit – Ameris Bank

On December 14, 2023, the City of Archer, Florida entered into a revolving credit agreement with Ameris Bank authorizing borrowings up to \$1,500,000. The line of credit is evidenced by a Revenue Note, Series 2023, maturing on December 13, 2026. The note bears interest at a variable rate based on the 30-day average Secured Overnight Financing Rate (SOFR) plus an applicable margin. At December 14, 2023, the interest rate was 5.42 percent. The note is payable solely from and secured by legally available non-ad valorem revenues of the City, including utility revenues, franchise fees, communications services taxes, local option gas taxes, and sales tax revenues. The note does not constitute a general obligation or pledge of ad valorem taxing power of the City. Proceeds of the line of credit are being used to finance a portion of project costs and related issuance expenses.

Summary of Changes in Business-type Activities Long-term Liabilities

The following summarizes the changes in the City's business activities long-term liabilities during the period ended September 30, 2024:

	Balance on October 1, 2023	Increase	Decrease	Balance on September 30 2024	Due within one year
Compensated absences	\$ 4,750	\$ 2,191	\$ -	\$ 6,941	\$ 694
Bank Loan - Line of credit	-	821,975	-	821,975	-
Net pension liability	192,346	-	18,134	174,212	17,421
	<u>\$ 197,096</u>	<u>\$ 824,166</u>	<u>\$ 18,134</u>	<u>\$ 1,003,128</u>	<u>\$ 18,115</u>

NOTE 10. CONTINGENT LIABILITIES

Amounts received or receivable from other grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

NOTE 11. RISK MANAGEMENT

The City is exposed to various risks of loss related to theft of, damage to and destruction of assets; and injury or death on the job of all employees. These risks are primarily covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial or workers' compensation insurance coverage for the past three years. There has been no reduction in insurance coverage from the previous year.

NOTE 12. COST-SHARING MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS – FLORIDA RETIREMENT SYSTEM PENSION PLAN AND THE RETIREMENT HEALTH INSURANCE SUBSIDY PROGRAM

Florida Retirement System

General Information - All of the City's employees participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, *Florida Statutes*, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan ("Pension Plan") and the Retiree Health Insurance Subsidy ("HIS Plan"). Under Section 121.4501, *Florida Statutes*, the FRS also provides a defined contribution plan ("Investment Plan") alternative to the FRS Pension Plan, which is administered by the State Board of Administration ("SBA"). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, *Florida Statutes*, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the Web site: www.dms.myflorida.com/workforce_operations/retirement/publications.

Pension Plan

Plan Description – The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (“DROP”) for eligible employees.

Benefits Provided - Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers’ class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers’ class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

As provided in Section 121.101, *Florida Statutes*, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions – Effective July 1, 2011, all enrolled members of the Florida Retirement System (FRS), other than DROP participants, are required to contribute three percent of their salary to the FRS. In

addition to member contributions, the City of Archer, as an FRS participating employer, is required to make contributions to the FRS based on statewide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2023 through June 30, 2024 and from July 1, 2024 through September 30, 2024, respectively, were as follows: Regular—13.57% and 13.63%; Special Risk Administrative Support—39.82% and 39.82%; Special Risk—32.67% and 32.79%; Senior Management Service—34.52% and 34.52%; County, City, Special District Elected Officers—58.68% and 58.68%; and DROP participants—21.13% and 21.13%. These employer contribution rates include 2.00% and 2.00% HIS Plan subsidy for the periods October 1, 2023 through June 30, 2024 and July 1, 2024 through September 30, 2024, respectively.

The City's contributions, including employee contributions, to the Pension Plan totaled \$84,916 for the fiscal year ended September 30, 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2024, the City reported a liability of \$413,364 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of July 1, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The City's proportionate share of the net pension liability was based on the City's 2023-24 fiscal year contributions relative to the 2022-23 fiscal year contributions of all participating members. At June 30, 2024, the City's proportionate share was .001068545% percent, which was an decrease of 8.71% percent from its proportionate share measured as of June 30, 2023.

For the fiscal year September 30, 2024, the City recognized pension expense of \$799. In addition the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 41,761	\$ -
Changes in assumptions	56,655	-
Net difference between projected and actual earnings on Pension Plan investments	-	27,474
Changes in proportion and differences between City Pension Plan contributions and proportionate share of contributions	21,811	54,147
City Pension Plan contributions subsequent to the measurement date	14,469	-
Total	<u>\$ 134,696</u>	<u>\$ 81,621</u>

The deferred outflows of resources related to the Pension Plan, totaling \$81,621 resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Amount
2025	\$ (3,420)
2026	37,150
2027	2,708
2028	128
2029	2,039
Thereafter	-
	<u>\$ 38,605</u>

Actuarial Assumptions – The total pension liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumption, applied to all period included in the measurement:

Inflation	3.50%
Salary increases	3.50%, average, including inflation
Investment rate of return	6.70%, net of pension plan investment expense, including inflation
Discount note	6.70%

Mortality rates were based on the PUB-2010 base table generational mortality using the generational specific MP 2018 mortality impairment projection scales.

The actuarial assumptions used in the July 1, 2024, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes

shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation*	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.3%	3.3%	1.1%
Fixed income	29.0%	5.7%	5.6%	3.9%
Global equity	45.0%	8.6%	7.0%	18.2%
Real estate	12.0%	8.1%	6.8%	16.6%
Private equity	11.0%	12.4%	8.8%	28.4%
Strategic investments	2.0%	6.6%	6.2%	8.7%
	<u>100.0%</u>			
Assumed Inflation - Mean			2.4%	1.5%

*As outlined in the Pension Plan's investment policy

Discount Rate - The discount rate used to measure the total pension liability was 6.70%. The Pension Plan's 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 calculation the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 6.70%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.70%) or one percentage point higher (7.70%) than the current rate:

	1% Decrease 5.70%	Discount Rate 6.70%	1% Increase 7.70%
City's proportionate share of the net pension liability	\$ 727,322	\$ 413,364	\$ 173,507

Pension Plan Fiduciary Net Position - Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan - At September 30, 2024, the City had no payable for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2024.

HIS Plan

Plan Description - The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, *Florida Statutes*, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided - For the fiscal year ended September 30, 2024, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions - The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2024, the HIS contribution for the period October 1, 2023 through June 30, 2024 and from July 1, 2024 through September 30, 2024 was 1.66% and 1.66%, respectively. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contribution are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The City's contributions to the HIS Plan totaled \$42,898 for the fiscal year ended September 30, 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of

Resources Related to Pensions – At September 30, 2024, the City reported a liability of \$208,822 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The City's proportionate share of the net pension liability was based on the City's 2023-24 fiscal year contributions relative to the 2023-24 fiscal year contributions of all participating members. At June 30, 2024, the City's proportionate share was .001392054 percent, which was an increase of 0.25% percent from its proportionate share measured as of June 30, 2024.

For the fiscal year ended September 30, 2024, the City recognized pension expense of \$8,583. In addition the City reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,016	\$ 401
Changes in assumptions	3,696	24,722
Net difference between projected and actual earnings on HIS Plan investments	-	76
Changes in proportion and differences between City HIS Plan contributions and proportionate share of contributions	17,193	-
City HIS Plan contributions subsequent to the measurement date	2,793	-
Total	\$ 25,698	\$ 25,199

The deferred outflows of resources related to the HIS Plan, totaling \$2,793 resulting from City contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Amount
2025	\$ 372
2026	459
2027	669
2028	468
2029	255
Thereafter	71
	\$ 2,294

Actuarial Assumptions – The total pension liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.25%, average, including inflation
Municipal bond rate	3.93%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

Mortality rates were based on the PUB-2010 Base Table generational mortality using the gender specific MP-2018 mortality improvement projection scale.

Discount Rate - The discount rate used to measure the total pension liability was 3.65%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 3.93%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower 2.93% or one percentage point higher 4.93% than the current rate:

	1% Decrease 2.93%	Current Discount Rate 3.93%	1% Increase 4.93%
The net pension liability	\$ 252,214	\$ 208,822	\$ 195,266

Pension Plan Fiduciary Net Position - Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan - At September 30, 2024, the City had no payable outstanding for contributions to the HIS Plan required for the fiscal year ended September 30, 2024.

Investment Plan

The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected City

Officers, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2023-24 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 6.30%, Special Risk Administrative Support class 7.95%, Special Risk class 14.0%, Senior Management Service class 7.67% and City Elected Officers class 11.34%.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2024, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The City did not have any participants in the Investment Plan for the fiscal year ended September 30, 2024.

NOTE 14. OTHER POST-EMPLOYMENT BENEFITS PLAN (OPEB)

The City is legally required to include any retirees for whom it provides health insurance coverage in the same insurance pool as its active employees, whether the premiums are paid by the City or the retiree. Participating retirees are considered to receive a secondary benefit known as an "implicit rate subsidy." This benefit relates to the assumption that the retirees are receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the City's younger and statistically healthier active employees. GASB Statements 45 and 74 require governments to report this cost and related liability in its financial statements.

Due to the fact that there were no retirees participating in the plan during the year and it is anticipated that this situation will continue in the future due to the fact that most employees work until they are eligible for Medicare benefits, management had determined that the City's OPEB

obligation at year end would be of a de minimis amount. Management will monitor this situation in the future and take appropriate steps to properly comply with this GASB Statement.

NOTE 15. SUBSEQUENT EVENTS

On September 9, 2025, subsequent to year end, the City discovered that approximately \$14,500 of cash receipts that should have been deposited into the City's bank accounts were missing. The City reported the matter to law enforcement, and the responsible employee was arrested on a charge of grand theft. Management is evaluating the impact of this matter on the financial statements and internal control procedures. The City is considering enhancements to its cash handling and deposit controls to prevent similar occurrences in the future.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF ARCHER, FLORIDA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Fiscal Year Ended September 30, 2024**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Taxes				
Ad valorem taxes	\$ 274,000	\$ 274,000	\$ 283,493	\$ 9,493
Other taxes				
Local option gas tax/alternative fuel	262,000	262,000	226,041	(35,959)
Utility tax				
Electricity	90,000	90,000	84,951	(5,049)
Propane	6,000	6,000	1,179	(4,821)
Franchise fees				
Garbage	17,000	17,000	8,685	(8,315)
Electricity	75,000	75,000	73,159	(1,841)
Communications service tax	72,000	72,000	50,284	(21,716)
	<u>522,000</u>	<u>522,000</u>	<u>444,299</u>	<u>(77,701)</u>
Total taxes	<u>796,000</u>	<u>796,000</u>	<u>727,792</u>	<u>(68,208)</u>
Licenses and permits				
Occupational licenses	1,000	1,000	3,388	2,388
Building and zoning permits	6,500	6,500	1,675	(4,825)
Total licenses and permits	<u>7,500</u>	<u>7,500</u>	<u>5,063</u>	<u>(2,437)</u>
Intergovernmental				
State shared revenues				
General government				
State grants	-	-	16,977	16,977
State revenue sharing	75,000	75,000	65,430	(9,570)
Mobile home licenses	2,500	2,500	1,788	(712)
Alcoholic beverage licenses	1,000	1,000	989	(11)
Local government half-cent sales tax	90,000	90,000	77,982	(12,018)
Local Grants	-	-	10,000	10,000
Total intergovernmental	<u>168,500</u>	<u>168,500</u>	<u>173,166</u>	<u>4,666</u>
Charges for services				
Transportation				
FDOT lighting agreement	19,000	19,000	20,089	1,089
Recreation/culture				
Rent	23,000	23,000	2,005	(20,995)
Other	32,500	32,500	27,455	(5,045)
Total charges for services	<u>74,500</u>	<u>74,500</u>	<u>49,549</u>	<u>(24,951)</u>
Fines and forfeitures				
Fines and forfeitures	12,500	12,500	897	(11,603)
	<u>12,500</u>	<u>12,500</u>	<u>897</u>	<u>(11,603)</u>

Continued on next page

See notes to budgetary comparison schedule

**CITY OF ARCHER, FLORIDA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
For the Fiscal Year Ended September 30, 2024**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Miscellaneous				
Donations and contributions	\$ 9,550	\$ 9,550	\$ 10,000	\$ 450
Other miscellaneous revenue	-	-	6,926	6,926
Total miscellaneous	<u>9,550</u>	<u>9,550</u>	<u>16,926</u>	<u>7,376</u>
Total revenues	<u>1,068,550</u>	<u>1,068,550</u>	<u>973,393</u>	<u>(95,157)</u>
Expenditures				
General government				
Legislative				
Personnel services	38,117	38,117	47,380	(9,263)
Operating expenses	61,883	61,883	60,107	1,776
Total legislative	<u>100,000</u>	<u>100,000</u>	<u>107,487</u>	<u>(7,487)</u>
Executive				
Personnel services	82,720	82,720	167,654	(84,934)
Total executive	<u>82,720</u>	<u>82,720</u>	<u>167,654</u>	<u>(84,934)</u>
Financial and administrative				
Personnel services	118,500	118,500	192,759	(74,259)
Operating expenses	100,000	100,000	70,677	29,323
Capital outlay	-	-	1,392	(1,392)
Total financial and administrative	<u>218,500</u>	<u>218,500</u>	<u>264,828</u>	<u>(46,328)</u>
Legal counsel				
Operating expenses	60,000	60,000	56,165	3,835
Comprehensive planning				
Operating expenses	9,000	9,000	26,602	(17,602)
Other general government				
Operating expenses	106,000	106,000	92,002	13,998
Total other general government	<u>106,000</u>	<u>106,000</u>	<u>92,002</u>	<u>13,998</u>
Total general government	<u>576,220</u>	<u>576,220</u>	<u>714,738</u>	<u>(138,518)</u>

Continued on next page

See notes to budgetary comparison schedule

**CITY OF ARCHER, FLORIDA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
For the Fiscal Year Ended September 30, 2024**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Physical environment				
Cemetery				
Operating expenses	\$ 18,894	\$ 18,894	\$ 9,670	\$ 9,224
Total physical environment	<u>18,894</u>	<u>18,894</u>	<u>9,670</u>	<u>9,224</u>
Transportation				
Streets				
Personnel services	150,248	150,248	252,735	(102,487)
Operating expenses	143,006	143,006	160,637	(17,631)
Capital outlay	2,500	2,500	3,389	(889)
Debt service	11,737	11,737	23,482	(11,745)
Total transportation	<u>307,491</u>	<u>307,491</u>	<u>440,243</u>	<u>(132,752)</u>
Culture/recreation				
Parks and recreation				
Operating expenses	108,000	108,000	106,520	1,480
Capital outlay	-	-	39,394	(39,394)
Total culture/recreation	<u>108,000</u>	<u>108,000</u>	<u>145,914</u>	<u>(37,914)</u>
Total expenditures	<u>1,010,605</u>	<u>1,010,605</u>	<u>1,310,565</u>	<u>(299,960)</u>
Excess of revenues over (under) expenditures	<u>57,945</u>	<u>57,945</u>	<u>(337,172)</u>	<u>(395,117)</u>
Other Financing Sources (Uses)				
Transfers in	-	-	205,282	205,282
Transfers out	(57,945)	(57,945)	-	57,945
Total other financing sources (uses)	<u>(57,945)</u>	<u>(57,945)</u>	<u>205,282</u>	<u>263,227</u>
Net change in fund balance	-	-	(131,890)	(131,890)
Fund balance at beginning of year	<u>431,133</u>	<u>431,133</u>	<u>431,133</u>	<u>-</u>
Fund balance at end of year	<u>\$ 431,133</u>	<u>\$ 431,133</u>	<u>\$ 299,243</u>	<u>\$ (131,890)</u>

See notes to budgetary comparison schedule

CITY OF ARCHER, FLORIDA
NOTES TO BUDGETARY COMPARISON
SCHEDULE

September 30, 2024

Stewardship, Compliance, and Accountability

- A. **Budgetary information.** The City, in establishing its budgetary data reflected in the financial statements follows the procedures set out in Chapters 166 and 200, *Florida Statutes*. The City prepares a tentative budget, which is used by the City at a public workshop to prepare the budgets for the coming year. Public hearings are conducted to obtain taxpayer comments. Subsequently, these budgets are legally adopted through the passage of a resolution at an advertised public session. Such actions are recorded in the City's minutes.

The budget is adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America (GAAP). The only exception to the GAAP basis is the Enterprise Fund, where depreciation is not budgeted for capital assets, while capital outlay expenditures are budgeted and are reclassified into fixed assets. These are then eliminated from the results of operations for financial reporting purposes in the Enterprise Fund. Estimated beginning fund balances are considered in the budgetary process, but are not included in the financial statements as budgeted revenues.

The annual budget serves as the legal authorization for expenditures. All budget amendments, which change the legally adopted total appropriation for a fund, are approved by the City Commission.

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

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 1, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted in August and September to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.
4. The legal level of budgetary control is the department level; however, the City Commission may, by formal motion, transfer appropriations between departments and may use surplus revenues not appropriated in the budget for any municipal purpose.
5. Budgets are prepared in accordance with accounting principles generally accepted in the United States of America for governmental fund types.

**CITY OF ARCHER, FLORIDA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM
LAST 10 FISCAL YEARS ***

	2024	2023	2022	2021	2020	2019	2018	2017
City's proportion of the FRS net pension liability (asset)	0.001068547%	0.001170499%	0.001317739%	0.001262488%	0.001164217%	0.001016069%	0.001156569%	0.000826829%
City's proportionate share of the FRS net pension liability (asset)	\$ 413,364	\$ 466,407	\$ 490,305	\$ 490,305	\$ 504,589	\$ 349,920	\$ 348,365	\$ 244,570
City's proportion of the HIS net pension liability (asset)	0.001392055%	0.001388638%	0.001352105%	0.001294319%	0.001259200%	0.001018268%	0.001002534%	0.000719512%
City's proportionate share of the HIS net pension liability (asset)	208,822	220,543	143,210	143,210	153,746	113,934	106,109	76,934
City's proportionate share of the total net pension liability (asset)	<u>\$ 622,186</u>	<u>\$ 686,950</u>	<u>\$ 633,515</u>	<u>\$ 633,515</u>	<u>\$ 658,335</u>	<u>\$ 463,854</u>	<u>\$ 454,474</u>	<u>\$ 321,504</u>
City's covered-employee payroll	\$ 583,011	\$ 368,969	\$ 368,969	\$ 411,457	\$ 446,874	\$ 389,115	\$ 320,324	\$ 328,856
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	106.72%	168.63%	171.70%	153.97%	147.32%	119.21%	141.88%	97.76%
Plan fiduciary net position as a percentage of the total pension liability	78.79%	77.04%	79.09%	79.09%	74.46%	78.22%	79.86%	79.00%

Note 1) The amounts presented for each year were determined as of the June 30 year end of the Florida Retirement System

*GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, only those years for which information is available is presented.

**CITY OF ARCHER, FLORIDA
SCHEDULE OF CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM
LAST 10 FISCAL YEARS***

	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required FRS contribution	\$ 84,916	\$ 81,537	\$ 80,764	\$ 73,497	\$ 66,997	\$ 50,179	\$ 39,501	\$ 39,501
Contractually required HIS contribution	42,898	38,554	23,590	11,626	12,567	9,005	6,988	6,988
Total Contractually Required Contributions	127,814	120,091	104,354	85,123	79,564	59,184	46,489	46,489
Contributions in relation to the contractually required contribution	(127,814)	(120,091)	(104,354)	(85,123)	(79,564)	(59,184)	(46,489)	(46,489)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 583,011	\$ 368,969	\$ 368,969	\$ 411,457	\$ 446,874	\$ 389,115	\$ 328,856	\$ 328,856
Contributions as a percentage of covered-employee payroll	21.92%	32.55%	28.28%	20.69%	17.80%	15.21%	14.14%	14.14%

*GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, only those years for which information is available is presented.

CITY OF ARCHER, FLORIDA
NOTES TO PENSION SCHEDULES
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM
For the Fiscal Year End September 30, 2024

Net Pension Liability

The components of the collective net pension liability of the participating employers for each defined benefit plan for the measurement date of September 30, 2024, are shown below (in thousands):

	FRS	HIS
Total pension liability	\$ 237,370,289,000	\$ 15,757,751,902
Plan fiduciary net position	(198,685,586,034)	(756,775,056)
	\$ 38,684,702,966	\$ 15,000,976,846

Plan fiduciary net position as a percentage of the total pension liability	83.70%	4.80%
---	--------	-------

The total pension liability for each plan was determined by the plans' actuary and reported in the plans' valuations dated July 1, 2024. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements. Update procedures were not used.

The HIS actuarial valuation was prepared as of July 1, 2024. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the Plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements.

Basis for Allocation

The employer's proportionate share reported in the pension allocation schedules was calculated using accrued retirement contributions related to the reporting periods included in the System's fiscal years ending June 30, 2024 respectively, for employers that were members of the FRS and HIS during those fiscal years. For fiscal year 2024, in addition to contributions from employers the required accrued contributions for the Division (paid on behalf of the Division's employees who administer the Plans) were allocated to each employer on a proportionate basis. The Division administers the Plans, and therefore, cannot allocate a portion of the liability to itself. Although GASB 68 encourages the use of the employers' projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is acceptable. The aggregate employer contribution amounts for each fiscal year agree to the employer contribution amounts reported in the system's CAFR for that fiscal year.

The proportion calculated based on contributions for each of the fiscal years presented in the pension allocation schedules was applied to the net pension liability and other pension amounts applicable for that fiscal year to determine each employer's proportionate share of the liability, deferred outflows of resources, deferred inflow of resources and associated pension expense.

For the purposes of the pension allocation schedules, pension amounts are allocated to reporting

employers. The pension amounts of participating employers whose payrolls are reported and contributions are remitted by another entity are included in the reporting employer's amounts and will be allocated to the participating employer by the reporting employer.

Actuarial Methods and Assumptions

Actuarial assumptions for both cost-sharing defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2014 for the period July 1, 2008 through June 30, 2013. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both Plans is assumed at 2.40%. Payroll growth, including inflation, for both Plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.70%. The Plan's 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 the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 2.16% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both Plans were based on the Generational RP-2000 with Projection Scale BB tables (refer to the valuation reports for more information – See Additional Financial and Actuarial Information).

The following changes in actuarial assumptions occurred in 2024:

- **HIS:** The municipal bonds rate used to determine total pension liability was increased from 3.54% to 3.65%.

OTHER INFORMATION

CITY OF ARCHER, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For the Fiscal Year Ended September 30, 2024

GRANTOR/PROGRAM TITLE	ALN/CSFA #	Contract Award Number	Award Amount	Expenditures
State Financial Assistance				
<i>U.S. Department of Treasury, passed through</i>				
Florida Department of Environmental Protection				
Improvements to Wastewater or Stormwater Infrastructure.				
	37.077	WW010320	\$ 987,254	\$ 260,039
Total state financial assistance			<u>987,254</u>	<u>260,039</u>
Federal Awards				
<i>U.S. Department of Treasury, passed through</i>				
Florida Department of Environmental Protection				
Coronavirus State and Local Fiscal Recovery Funds - Waste Water Project				
	21.027	WG019	5,850,000	84,853
Department of State				
Coronavirus State and Local Fiscal Recovery Funds - Holly Hills Community Center				
	21.027	3A139	500,000	16,977
Total Federal Awards			<u>6,350,000</u>	<u>101,830</u>
Total federal awards and state financial assistance			<u>\$ 7,337,254</u>	<u>\$ 361,869</u>

See notes to Scheule of Expenditure of Federal Awards and State Financial Assistance

CITY OF ARCHER, FLORIDA
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended September 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance includes the federal and state award activity of Archer, Florida and is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and Chapter 10.550, Rules of the State of Florida, Office of the Auditor General.

A. Reporting Entity

The reporting entity consists of the City of Archer. The City includes a Schedule of Expenditures of Federal Awards and State Financial Assistance for the purpose of additional analysis.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting related to the timing of the measurements made, regardless of the measurement focus.

The accrual basis of accounting is followed in the Schedule of Expenditures of Federal Awards and State Financial Assistance. Under the accrual basis, revenues are recognized when they become earned. Expenses generally are recorded when a liability is incurred.

C. Subrecipients

The Schedule of Expenditures of Federal Awards and State Financial Assistance is required to identify amounts passed through to subrecipients of grant funding. The City did not have any subrecipients of grant funding in the current year.

D. Indirect Cost Rate

The City did not elect to use the de minimis indirect cost rate for the fiscal year ended September 30, 2024.

OTHER REPORTS AND LETTERS



Powell and Jones CPA

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

To the Honorable Mayor and
Members of the City Commission
City of Archer, Florida

We were engaged to 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 (*Government Auditing Standards*), the financial statements of the governmental activities and the business-type activities of the City of Archer, Florida as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Archer Florida's basic financial statements, and have issued our report thereon dated January 12, 2026. Our report disclaims an opinion on such financial statements because we were unable to obtain sufficient appropriate audit evidence to support the completeness and accuracy of the City's financial statements.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of City of Archer's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Finding as items 2024-001, 2024-002, 2024-003, 2024-004, 2024-005, 2024-006, 2024-007, 2024-008, 2024-009, and 2024-010 to be material weaknesses.

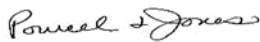
A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items 2024-011, 2024-012, 2024-013, 2024-014, and 2024-015, to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The City of Archer's financial statements are free of 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. During our audit we identified instances of noncompliance which are listed in the schedule of findings as items 2024-016 and 2024-017.

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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Powell and Jones CPA
Lake City, Florida
January 16, 202



Powell and Jones CPA

1359 S.W. Main Blvd.
Lake City, FL 32025
Phone 386.755.4200

MANAGEMENT LETTER

To the Honorable Mayor and
Members of the City Commission
City of Archer, Florida

In planning and performing our audit of the financial statements of the City of Archer, Florida, (the City) for the year ended September 30, 2024, we considered the City's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

This letter furnishes the following information required by Chapter 10.550, Rules of the Auditor General, and other compliance matters.

PRIOR YEAR FINDINGS

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

Tabulation of Uncorrected Audit Findings			
Current Year Finding No.	2022-2023 FY Finding No.	2021-2022 FY Finding No.	2020-21 FY Finding No.
2024-001	2023-012		
2024-003	2023-001		
2024-005	2023-002		
2024-006	2023-004		
2024-007	2023-006		
2024-008	2023-007		
2024-009	2023-008		
2024-010	2023-009		
2024-011	2012-01	2012-01	2012-01
2024-012	2023-011		
2024-013	2023-013		
2024-014	2023-014		
2024-015	2023-005		
2024-016	2023-015		
2024-017	2023-016		

AUDITOR GENERAL COMPLIANCE MATTERS

Financial Condition Assessment - As required by the Rules of the Auditor General (Sections 10.554(1)(i)5.a. and 10.556(8)), we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part in representations made by management and the review of financial information they provided. The City has a deteriorating financial condition due to cashflow issues caused by financial mismanagement and recurring and growing losses in both the enterprise and general funds as demonstrated in the following tables.

In the Enterprise fund we found there has been a trend of increasing operating losses in the past three years as shown below:

	<u>9/30/2024</u>	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>
Operating income/(loss)	(229,319)	(259,192)	(120,332)	(187,825)
Unrestricted net position	(1,567,337)	(384,090)	65,024	219,282
Cash balance	150,387	241,646	353,836	323,272
Change in cash	(91,259)	(112,190)	30,564	(64,001)

In the General fund there was a deficit in unrestricted fund balance of \$448,231 and we also found there had been a trend of decreasing cash balances as well as unreimbursed expenses paid for in the general fund on behalf of the enterprise fund resulting in a large balance owed to the other fund as shown below:

	<u>9/30/2024</u>	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>
Excess of revenues over (under) expenditures	(337,173)	(268,352)	140,428	22,656
Cash balance	272,904	126,528	407,342	464,145
Due from other funds	244,442	347,793	209,929	6,343

Financial Emergency Status - We determined that the City has met the conditions described in Section 218.503(1)(a), Florida Statutes resulting in a financial emergency. The City has a deficit unassigned fund balance of \$448,231 in the general fund due to expending restricted balances to meet ongoing operating needs. In addition, the City had 14 months of outstanding payroll taxes that were unpaid as of fiscal year end September 30, 2024. As of the date of issuance of this report the City has fully paid off their outstanding payroll tax balance to the IRS.

Property Assessed Clean Energy Programs (PACE) - As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, the Town did not have a property assessed clean energy (PACE) program that finances qualifying improvements authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, operated within the City's geographical boundaries during the fiscal year under audit.

Our audit did not disclose any further items that would be required to be reported under the Rules of the Auditor General, Chapter 10.550.

CONCLUSION

Again, we very much enjoyed the challenges and experiences associated with this year's audit of the City. We look forward to working with you to ensure continued fiscal progress of the City's operations.

Powell & Jones

**Powell and Jones CPA
Lake City, Florida
January 16, 2026**



Powell and Jones CPA

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INDEPENDENT ACCOUNTANT'S REPORT

To the Honorable Mayor and
Members of the City Commission
City of Archer, Florida

We have examined the City of Archer, Florida's (the City) compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2024. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2024.

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

Powell and Jones CPA
Lake City, Florida
January 16, 2026



Powell and Jones CPA

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Communication with Those Charged with Governance

Honorable Mayor and
Members of the City Commission
City of Archer, Florida

We have audited the financial statements of the City of Archer, Florida (the City) for the year ended September 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2024. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no sensitive estimates affecting the City's financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no sensitive disclosures affecting the financial statements.

Difficulties Encountered in Performing the Audit

We encountered significant difficulties planning and performing this audit. We experienced delays in receiving essential report resulting in the need to reschedule and delay fieldwork. We also were provided with inaccurate reports requiring us to recommend significant adjustments to the financial records. Additionally, we ran into issues with the availability of staff and management during the audit due to turnover and sickness.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were significant misstatements that had to be corrected during our audit. A listing of adjustments has been provided to the City Manager.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 16, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

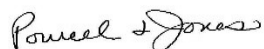
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the City Commission and management of the City of Archer, Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Powell and Jones CPA
Lake City, Florida
January 16, 2026



Schedule of Findings

FINDINGS FOR MATERIAL WEAKNESSES

2024-001 - Utility Revenue Recognition, Recording, and Reconciliation Deficiencies

Condition: During our audit, we identified significant deficiencies in the recording and reconciliation of water and solid waste utility revenue. Revenue recorded in the Water Fund general ledger could not be supported by bank activity or deposit reports from the utility billing system (Edmunds). We also noted instances where utility revenue was double-entered in the accounting system and deposits were recorded to a closed bank account. In addition, utility revenue and related activity were recorded on a cash basis rather than on an accrual basis, and deposits were not consistently reconciled to bank activity and supporting records.

Criteria: Utility revenue should be recorded on the accrual basis, recognizing amounts billed as revenue and receivables when earned. Revenue should be posted only once, deposited into active bank accounts, and reconciled monthly between the utility billing system, general ledger, and bank records to ensure completeness, accuracy, and proper accounting control.

Cause: These issues appear to have resulted from inadequate internal controls over utility revenue recognition, recording, and reconciliation, particularly following the implementation of the new utility billing software. Specifically, there was a lack of routine posting of billing activity to the accounting system on an accrual basis, insufficient monthly reconciliations between the billing system, general ledger, and bank activity, and inadequate review procedures to identify duplicate postings, unreconciled deposits, and deposits recorded to inactive or closed accounts.

Effect: As a result, utility revenue, cash, and receivable balances may have been materially misstated, and cash activity may not have been accurately reflected. These deficiencies increase the risk that errors or irregularities could go undetected and impair the reliability of the Water Fund's financial reporting and management's ability to effectively monitor and account for utility collections.

Recommendation: We recommend that the City implement formal procedures to ensure that all water and solid waste utility revenue is recorded on an accrual basis and reconciled monthly between the utility billing system, the accounting system, and bank records. Revenue entries should be reviewed for accuracy prior to posting, duplicate entries should be identified and eliminated, and deposits should be recorded only to active bank accounts. In addition, management should investigate and reconcile activity from the affected periods to ensure balances are accurate and to determine whether any errors or irregularities occurred.

2024-002 - Miscellaneous expenses

Condition: During our audit, we noted that miscellaneous expenses which were material to our audit in aggregate were recorded in the general ledger without descriptions, and supporting documentation for these transactions could not be located by City staff.

Criteria: All expenditures should be properly documented with adequate descriptions, invoices, or supporting records to verify the validity, purpose, and amount of the transaction, in accordance with accounting standards and internal control requirements.

Cause: This condition resulted from inadequate controls over disbursement documentation and transaction coding, including failure to require supporting invoices/receipts and adequate descriptions prior to posting, and insufficient supervisory review to ensure expenditures are properly authorized, supported, and classified.

Effect: As a result, the City cannot adequately substantiate the validity, purpose, or accuracy of certain expenditures, which increases the risk of misstated expenses, unauthorized or improper payments, and noncompliance with documentation and accountability requirements, and limits transparency over the use of public funds.

Recommendation: We recommend that the City Manager implement and maintain formal review procedures to ensure that all expenditures are supported by adequate documentation and appropriate descriptions prior to payment. These procedures should include a documented review of all payments before disbursement to verify the accuracy and validity of amounts posted. In addition, the City Manager should perform and document a monthly review of the general ledger to ensure transactions are accurately posted and reasonable in nature. At least quarterly, the City Manager should also verify that supporting documentation is maintained in a complete and organized manner. These processes should be documented and consistently applied to strengthen internal controls, improve accountability, and facilitate audit review.

2024-003 - Bank Reconciliation Discrepancies & Timeliness

Condition: The General Fund bank account reconciliation at year-end did not agree with the trial balance by over \$100,000, and no reconciliation or general ledger adjustments were provided to explain the difference. We also found that there were multiple reconciliations that were not completed within 30 days of month end. Bank accounts were also left unreconciled as of the fiscal year end but with extensive review we were able to adjust the reconciliation to agree with the client provided trial balance.

Criteria: Bank account balances should be reconciled regularly to ensure accuracy and completeness of financial reporting.

Cause: Inadequate reconciliation procedures to identify and resolve differences between the general ledger and bank statements in a timely manner.

Effect: Failure to reconcile bank accounts accurately and in a timely manner increases the risk of misstated financial statements, unrecognized errors, or potential misappropriation of funds, and reduces confidence in the City's financial reporting.

Recommendation: We recommend bank reconciliations should be completed within 30 days of month end and approved in writing by the City Manager, with any discrepancies investigated and resolved in a timely manner.

2024-004 - Off-book Accounts and Transactions

Condition: During our audit we found that the City's line of credit and two associated bank accounts were not recorded in the City's accounting system. Revenues and capital expenses associated with these drawdowns and the payment of Kimley-Horn invoices, totaling more than \$600,000, were not recorded in the City's general ledger. Because the bank account through which these transactions

were processed was also not recorded in the general ledger, all related activity was excluded from the City's accounting records in their entirety.

Criteria: Generally accepted accounting principles and sound financial management practices require that all bank balances, debt, and related activity belonging to an entity be recorded in its general ledger/accounting software to ensure the accuracy and completeness of the financial records.

Cause: The condition resulted from inadequate internal controls and procedures over the recording of new bank accounts, line of credit activity, and related expenditures, as well as a lack of sufficient oversight to ensure that all financial transactions were properly recorded in the general ledger.

Effect: The identified transactions were initially omitted from the general ledger and trial balance for the 2024 fiscal year, resulting in misstatements to the City's cash, long-term debt, and capital asset balances. These misstatements were corrected during the audit; however, had they not been identified and adjusted, they would have resulted in material misstatements to the City's financial statements and adversely affected the reliability of the City's financial reporting.

Recommendation: We recommend that the City require all its accounts and balances be reflected in its general ledger whether the City directly manages the funds or not. Additionally, procedures should be established for the opening of all new accounts to ensure they are added to the general ledger immediately upon creation and subject to the same reconciliation and internal control processes regardless of purpose.

2024-005 - Delinquent Payroll taxes

Condition: The City is a semiweekly depositor with the IRS and is required to remit payroll taxes after each pay period. During our audit, we found that these deposits were not made during the whole of the fiscal year, resulting in an unpaid tax liability of \$177,803 at year-end.

Criteria: Semiweekly depositors are required to remit payroll taxes within the IRS-prescribed timelines after each payroll. Payroll tax returns must also be filed timely to avoid penalties and ensure compliance with federal regulations.

Cause: This was caused by a failure to set up and make payments through the payroll software and a lack of review of routine financial reporting by management, which would have revealed the growing tax liability balance.

Effect: The late payment of these taxes and late filing of returns will result in interest and penalties and require additional staff time to bring the City back into compliance. As of the issuance of this report, the City is unable to pay this tax balance, and the City has requested and received an installment agreement with the IRS with additional interest being accrued on the balance until it is paid off.

Recommendation: We recommend that payroll tax deposits be made after every payroll and processed directly through QuickBooks, with automatic payments enabled if possible. Management should receive monthly financial reports that include payroll tax liability balances and should document their review to ensure timely payment and compliance.

2024-006 - Year-end cutoff

Condition: During our audit, we found that multiple bills that belonged in the fiscal year were incorrectly posted to the subsequent year. We also noted that bills were not being entered into QuickBooks in a timely manner, with several invoices recorded based on the data entry date or payment date rather than the service or invoice date.

Criteria: Expenditures should be recorded in the period in which the related goods or services are received, and invoices should be entered promptly upon receipt to ensure proper year-end cutoff and accurate financial reporting.

Cause: This issue was caused by bills being held onto until funds were available for payment and bills being entered into QuickBooks with their data entry date or pay date as opposed to the date of service or invoice date as applicable.

Effect: This caused year-end cutoff to be improperly observed and made tracking the outstanding obligations of the city extremely difficult.

Recommendation: All bills should be entered into QuickBooks immediately upon receipt and recorded using the service date or invoice date. The City should implement consistent tracking and documentation procedures within the accounts payable process to ensure timely entry, accurate cutoff, and improved financial accountability.

2024-007 - Segregation of duties

Condition: During our audit, we noted a lack of segregation of duties in the cash deposit and disbursement processes. Employees responsible for preparing deposits and paying bills were also entering the same transactions into the accounting system and utility billing software.

Criteria: Segregation of duties requires dividing responsibilities so that no employee controls all stages of a financial transaction, including authorization, custody of assets, and recordkeeping. Adequate separation reduces the risk of errors and fraud.

Cause: Limited staffing and absence of a formal segregation of duties policy resulted in employees performing multiple incompatible financial functions.

Effect: The lack of segregation increases the risk that errors, irregularities, or fraudulent activity may occur and remain undetected, potentially leading to financial loss or misstated financial information. Subsequent to year end fraud was committed by a member of the accounting department due to the lack of segregation of duties and the due diligence that accompanies effective controls.

Recommendation: The City should implement a segregation of duties policy to ensure that transaction entry, custody of cash, and authorization functions are assigned to different individuals. When full segregation is not possible, management should implement compensating controls such as timely and independent documented review of deposits, disbursements, and reconciliations.

2024-008 - Recording of utility usage

Condition: During our audit, we noted that certain utility accounts remained unpaid for extended periods, and some customers were billed only the minimum monthly charge due to malfunctioning meters or inaccurate meter readings.

Criteria: Utility billing should reflect actual usage, and accounts should be monitored regularly to ensure timely collection, accurate billing, and proper functioning of metering equipment.

Cause: These issues were the result of a lack of policies and procedures for account cutoff, inadequate maintenance of water meters, and insufficient staff training on the meter-reading technology available to the City.

Effect: Failure to properly monitor and bill accounts reduces the accuracy of utility revenues and receivables account balances and has resulted in revenue loss for the City. It also impairs the City's ability to track delinquent accounts and enforce collection procedures.

Recommendation: The City should establish written policies and procedures for account cutoff and billing adjustments, ensure consistent collection efforts on delinquent accounts, provide staff training on electronic meter-reading systems, and replace malfunctioning meters to ensure accurate and timely billing.

2024-009 - Internal balances, transfers, and payments made in incorrect funds

Condition: During our audit, we found that enterprise fund expenses were being paid out of the general fund, correcting entries to allocate these expenses were not made, repayment by the enterprise fund had not occurred, internal balances and interfund transfers were not properly reconciled, and utility taxes were not being paid to the general fund.

Criteria: Expenditures should be recorded in the proper fund, interfund transfers and internal balances should be reconciled regularly, and utility taxes should be remitted timely to the general fund to ensure accurate fund accounting and financial reporting.

Cause: These issues resulted from the Account Specialist failing to run separate check batches for each fund and not regularly reviewing and paying balances owed between funds.

Effect: Failure to properly allocate expenses, reconcile internal balances, and pay utility taxes distorts the financial performance of each fund, creates a large outstanding balance between funds, and may contribute to budgetary noncompliance.

Recommendation: The City should run separate check batches for each fund. For shared expenses, the City should either issue separate checks or ensure immediate repayment to the paying fund. Routine reconciliation of internal balances and transfers should be implemented, and procedures established to ensure timely payment of utility taxes and settlement of balances between funds.

2024-010 - Improper tracking of employee paid time-off balances

Condition: During our audit, we reviewed employee paid time-off (PTO) balances and recalculated earned and used balances. We found that year-end PTO balances were not accurately tracked during the fiscal year. Balances were not adjusted in the payroll software to the correct balances or prior year audited amounts.

Criteria: Employee leave balances should be accurately tracked and documented throughout the fiscal year. Payouts should not exceed earned balances, and internal controls should ensure proper recording and approval of leave.

Cause: This issue was caused by inadequate internal controls over PTO approvals, absence of review and reconciliation of leave balances by the Account Specialist, and inaccurate transfer of leave balances during the switch to a new accounting software.

Effect: Failure to properly track PTO increases the risk that employees may use leave without proper documentation or reporting, leading to potential financial loss and inaccurate employee leave records.

Recommendation: We recommend that the City implement formal procedures to strengthen controls over paid time off (PTO) usage and tracking. The City should adjust employee leave balances to the audited amounts to ensure accuracy going forward. Employees should be required to submit written leave requests to the City Manager for approval, and all approved requests should be retained in the employee's personnel file. Prior to each payroll submission, the City Manager should review employee timesheets and PTO recorded on those timesheets to ensure that leave is only recorded when a corresponding approved leave request is on file. In addition, the City Manager should review leave balances each payroll period to verify that accruals are calculated correctly and that leave balances remain accurate and properly supported.

FINDINGS FOR SIGNIFICANT DEFICIENCIES

2024-011 - Financial Statement Preparation

Condition: During our audit, we identified a deficiency in internal control because the City's staff are not capable of preparing financial statements in accordance with generally accepted accounting principles (GAAP).

Criteria: Management is responsible for the preparation of the financial statements in accordance with GAAP. Internal controls should include sufficient staff expertise to ensure that financial statements can be prepared accurately and completely.

Cause: The City does not have in-house or contracted staff qualified to prepare GAAP-compliant financial statements. While current staff possess the skills to oversee auditor-prepared financial statements they do not have the technical knowledge required to prepare them independently.

Effect: Because the City cannot prepare GAAP-compliant financial statements, the auditors are required to draft the financial statements. This increases reliance on external services and limits internal control over financial reporting.

Recommendation: We recommend that the City hire a qualified finance professional, either in-house or contractually, capable of preparing GAAP-compliant financial statements. Even with such a hire, it may remain efficient for the City to engage auditors to assist with financial statement preparation in future years, but management oversight and review should remain robust.

2024-012 - Internal controls over fuel

Condition: During our audit, we noted that internal controls over fuel usage were not properly designed or operating effectively. Fuel log forms contained mathematical errors and inconsistencies, miles per gallon for vehicles were not calculated, and there was no documentation of review or approval. Additionally, there were unsubstantiated allegations of minor fuel theft.

Criteria: Internal controls over fuel should ensure accurate recording of fuel usage, regular calculation and review of vehicle efficiency, and documentation of supervisory review to detect and prevent misuse or theft.

Cause: These issues resulted from employees not being held accountable for accurate completion of fuel logs and the absence of procedures to calculate and monitor vehicle miles per gallon.

Effect: Without proper controls, fuel theft or misuse could occur undetected, and the City lacks reliable data on fuel consumption for operational or budgeting purposes.

Recommendation: We recommend that management implement the following controls:

1. Design separate tracking sheets for each fuel type.
2. Establish a process to calculate miles per gallon for each vehicle and document monthly supervisory review.
3. Install a motion-activated camera at the fuel pumps to investigate any unusual fuel usage identified through MPG monitoring.

2024-013 - Potential water system leakage and inefficiency

Condition: During our audit, the City was unable to produce copies of the water plant operating reports, and our prior year analysis of 10 months reports showed water line loss at approximately 24%, which exceeds the national average of around 16%.

Criteria: Water utilities should monitor and manage system losses to ensure operational efficiency, minimize costs, and protect revenue. Excessive unaccounted-for water should be investigated and addressed.

Cause: While the specific cause was not determined, common contributors to line loss include unidentified leaks, aging pipes that may require replacement, or potential unmetered water usage or theft.

Effect: Excessive line loss increases the costs of treating and pumping water and may result in significant revenue loss if losses are due to unmetered consumption or theft.

Recommendation: We recommend conducting a thorough analysis of the water infrastructure to identify sources of loss, implementing loss detection measures where feasible, and enhancing monitoring and reporting to help detect and reduce unaccounted-for water.

2024-014 - General Care of Financial Records

Condition: During our audit, we identified widespread deficiencies in the City's financial management and accounting processes. These deficiencies include delays in recording transactions, inadequate reconciliation of accounts, lack of organization resulting in the City's inability to produce required audit documentation, and inconsistent application of accounting policies and standards.

Criteria: Local governments should maintain timely and accurate accounting processes, including proper transaction recording, periodic account reconciliations, and consistent application of accounting policies, to ensure reliable financial reporting.

Cause: The deficiencies result from inadequate staffing, lack of training, and absence of formalized policies and procedures governing accounting processes.

Effect: These deficiencies have led to delayed preparation of financial statements, unreconciled differences in key accounts such as cash, receivables, and payables, and inconsistencies in financial reporting, increasing the risk of misstatement and operational inefficiencies.

Recommendation: We recommend the City develop and implement documented policies and procedures for key accounting processes, including transaction recording, account reconciliations, filing of financial records, and financial statement preparation. The City should strengthen internal controls to ensure timely and accurate processing of transactions, implement periodic account reconciliations, and establish routine reviews of financial management practices to ensure adherence to policies and identify areas for improvement.

2024-015 - Water account adjustments

Condition: During our audit, we identified multiple adjustments and write-offs to utility customer accounts that were processed without adequate documentation or written approval. Supporting records were incomplete or missing in several instances.

Criteria: Adjustments and write-offs to customer accounts should be supported by proper documentation, reviewed for accuracy, and approved by authorized personnel in accordance with established policies and procedures.

Cause: These issues were caused by the absence of formal policies or procedures relating to this process.

Effect: This lack of oversight increases the risk of unauthorized or inappropriate write-offs, leading to potential financial losses and inaccuracies in the City's financial reporting.

Recommendation: The City should develop and implement formal policies and procedures for write-offs, including clear criteria for determining uncollectible accounts, required documentation, authorization levels, and periodic management review to ensure compliance and maintain financial integrity.

FINDINGS FOR NONCOMPLIANCE

2024-016 - Budgetary Noncompliance

Condition: During our audit, we found that expenditures significantly exceeded the appropriated budget, resulting in noncompliance with Florida Statute 166.241(2), which states that "An officer of a municipal government may not expend or contract for expenditures in any fiscal year except pursuant to the adopted budget." The City also incurred substantial deficits as a result.

Criteria: Municipalities are required by the State to operate within the limits of their adopted budget and ensure that expenditures do not exceed appropriations. Proper budget monitoring and reporting are necessary to comply with Florida law and maintain fiscal responsibility.

Cause: Budgetary noncompliance resulted from excessive spending and inaccurate or incomplete accounting records, which prevented management from effectively comparing expenditures to the approved budget.

Effect: Exceeding budgetary appropriations exposes the City to statutory noncompliance, creates financial instability, and increases the risk of deficits, and mismanagement of resources.

Recommendation: We recommend entering the adopted budget into the accounting software and running regular reports to compare actual expenditures to budgeted amounts. Expenditures that would exceed budgeted appropriations should be paused until a formal budget amendment is approved. Additionally, the budget should be amended at least annually to reflect actual results.

2024-017 - Restricted Fund Balances

Condition: During our audit, we found that restricted cash balances were not segregated from operating cash balances. Additionally, related restricted fund balances were not tracked in the accounting software, and off-book tracking methods were either incomplete or inaccurate.

Criteria: Restricted funds must be segregated and accurately tracked to ensure they are used only for their intended purposes, in accordance with applicable laws and accounting standards.

Cause: These issues resulted from a lack of segregation of restricted funds and insufficient review of restricted fund balances.

Effect: The lack of segregation and tracking caused a deficit in the general fund's unrestricted balance and resulted in noncompliance with Florida statutes due to the potential expenditure of restricted funds for operating expenses.

Recommendation: We recommend maintaining restricted funds in a separate bank account to prevent inappropriate use. Tracking spreadsheets should be completed and reviewed by the City Manager at least quarterly to ensure restricted balances are accurately monitored.

Schedule of Prior Audit Findings

FINDINGS FOR MATERIAL WEAKNESSES

2023-01 - Bank reconciliations

Condition: During our audit we found that bank reconciliations were not being completed in a timely manner. This required adjustments to various cash account balances in the City's records to correct outstanding or non-existent items. Immediately before the audit, the City Account Specialist completed bank reconciliations for the entire year under audit, meaning over a year of activity was unreconciled prior to the start of the audit.

Recommendation: We recommend that monthly bank reconciliations be completed within two weeks of receiving the bank statements. We also recommend that a secondary signoff be completed on each bank reconciliation to ensure it is completed within the appropriate window.

Current Year Status: This finding was not corrected in the current year. Additionally, there were large discrepancies in the current year reconciliations. This finding was repeated as 2024-003.

2023-02 - Payroll taxes

Condition: The City is a semiweekly depositor with the IRS and is required to remit payroll taxes after each pay period. During our audit, we found that these deposits were not made during the final two months of the fiscal year, resulting in an unpaid tax liability of \$27,265 at year-end. This nonpayment continued through the issuance of this report, and payroll tax returns for the same period were also unfiled.

Recommendation: We recommend that payroll tax deposits be made after every payroll and processed directly through QuickBooks, with automatic payments enabled if possible. Management should receive monthly financial reports that include payroll tax liability balances and should document their review to ensure timely payment and compliance.

Current Year Status: This finding was not corrected in the current year. As of present all delinquent payroll taxes have been paid in full. This finding was repeated as 2024-005.

2023-03 - Grant Tracking and Timing

Condition: Grant revenues requested for reimbursement were not recorded in the correct period during the audit year. In addition, the DEP Wastewater Grant's local match requirement was planned to be covered by a DEP State Revolving Fund grant; however, that funding was not formally awarded until May 2024. As a result, the City had to front over \$100,000 in project costs at year-end.

Recommendation: The City should maintain a grant tracking spreadsheet to monitor expenditures, reimbursement requests, and timing. Communication with the City Engineer should be increased to ensure timely submission of reimbursement documentation. When feasible, the City should also secure matching funding before beginning grant-funded projects to avoid unnecessary cash flow strain.

Current Year Status: This finding was not applicable to the current year.

2023-04 - Year-end cutoff

Condition: During our audit, we found that multiple bills that belonged in the fiscal year were incorrectly posted to the subsequent year. We also noted that bills were not being entered into QuickBooks in a timely manner, with several invoices recorded based on the data entry date or payment date rather than the service or invoice date.

Recommendation: All bills should be entered into QuickBooks immediately upon receipt and recorded using the service date or invoice date. The City should implement consistent tracking and documentation procedures within the accounts payable process to ensure timely entry, accurate cutoff, and improved financial accountability.

Current Year Status: This finding was not corrected in the current year. This finding was repeated as 2024-006.

2023-05 - Water account adjustments

Condition: During our audit, we identified multiple significant adjustments and write-offs to utility customer accounts that were processed without adequate documentation or written approval. Supporting records were incomplete or missing in several instances.

Recommendation: The City should develop and implement formal policies and procedures for write-offs, including clear criteria for determining uncollectible accounts, required documentation, authorization levels, and periodic management review to ensure compliance and maintain financial integrity.

Current Year Status: This finding was not corrected in the current year. This finding was repeated as 2024-015.

2023-06 - Segregation of duties

Condition: During our audit, we noted a lack of segregation of duties in the cash deposit and disbursement processes. Employees responsible for preparing deposits and paying bills were also entering the same transactions into the accounting system and utility billing software.

Recommendation: The City should implement a segregation of duties policy to ensure that transaction entry, custody of cash, and authorization functions are assigned to different individuals. When full segregation is not possible, management should implement compensating controls such as independent review of deposits, disbursements, and reconciliations.

Current Year Status: This finding was not corrected in the current year. This finding was repeated as 2024-007.

2023-07 - Recording of utility usage

Condition: During our audit, we noted that certain utility accounts remained unpaid for extended periods, and some customers were billed only the minimum monthly charge due to malfunctioning meters or inaccurate meter readings.

Recommendation: The City should establish written policies and procedures for account cutoff and billing adjustments, ensure consistent collection efforts on delinquent accounts, provide staff training on electronic meter-reading systems, and replace malfunctioning meters to ensure accurate and timely billing.

Current Year Status: This finding was not corrected in the current year. This finding was repeated as 2024-008.

2023-08 - Internal balances, transfers, and payments made in incorrect funds

Condition: During our audit, we found that enterprise fund expenses were being paid out of the general fund, correcting entries to allocate these expenses were not made, repayment by the enterprise fund had not occurred, internal balances and interfund transfers were not properly reconciled, and utility taxes were not being paid to the general fund.

Recommendation: The City should run separate check batches for each fund. For shared expenses, either issue separate checks or ensure immediate repayment to the paying fund. Routine reconciliation of internal balances and transfers should be implemented, and procedures established to ensure timely payment of utility taxes and settlement of balances between funds.

Current Year Status: This finding was not corrected in the current year. This finding was repeated as 2024-009.

2023-09 - Improper tracking of employee paid time-off balances

Condition: During our audit, we reviewed employee paid time-off (PTO) balances and recalculated earned and used balances. We found that year-end PTO balances were not accurately tracked during the fiscal year. The former City Manager received various vacation payouts totaling 266 hours (over \$12,000) for FY 2023. These payouts were the only recorded usage of vacation time, yet the recorded remaining balance exceeded the calculated possible balance by over 150 hours. No written documentation of leave usage was submitted or available in City records.

Recommendation: The City should implement stronger controls and accountability for PTO usage. The Account Specialist should review and recalculate leave balances regularly to ensure accuracy. Written documentation of all leave taken should be required, and leave payouts should be verified against earned balances before approval.

Current Year Status: This finding was not corrected in the current year. This finding was repeated as 2024-010.

2023-10 - Overpayments to former City manager

Condition: During our audit, we found that vacation, holiday, and sick pay were not properly configured in the payroll software for salaried employees. Additionally, the former City Manager received an improper extra payroll on May 15, which coincided with a leave payout outside the normal payroll schedule.

Recommendation: The City should review and verify payroll setup in detail to ensure accurate configuration of leave and pay. Routine payroll amounts should be compared with prior periods and expected amounts to detect and prevent errors. Additional supervisory review and approval should be implemented for all leave payouts and off-cycle payrolls.

Current Year Status: This finding was not applicable to the current year.

FINDINGS FOR SIGNIFICANT DEFICIENCIES

2012-1 - Financial Statement Preparation

Condition: During our audit, we identified a deficiency in internal control because the City is not capable of preparing financial statements in accordance with generally accepted accounting principles (GAAP).

Recommendation: We recommend that the City hire a qualified finance professional, either in-house or contractually, capable of preparing GAAP-compliant financial statements. Even with such a hire, it may remain efficient for the City to engage auditors to assist with financial statement preparation in future years, but management oversight and review should remain robust.

Current Year Status: This finding was not corrected in the current year. This finding was repeated as 2024-011.

2023-11 - Internal controls over fuel

Condition: During our audit, we noted that internal controls over fuel usage were not properly designed or operating effectively. Fuel log forms contained mathematical errors and inconsistencies, miles per gallon for vehicles were not calculated, and there was no documentation of review or approval. Additionally, there were unsubstantiated allegations of minor fuel theft.

Recommendation: We recommend that management implement the following controls:

4. Design separate tracking sheets for each fuel type.
5. Establish a process to calculate miles per gallon for each vehicle and document monthly supervisory review.
6. Install a motion-activated camera at the fuel pumps to investigate any unusual fuel usage identified through MPG monitoring.

Current Year Status: This finding was not corrected in the current year. This finding was repeated as 2024-012.

2023-12 - Utility payments being posted to accounting software on a cash basis instead of accrual basis

Condition: During our audit, we found that utility payments were recorded in the accounting software on a cash basis rather than on an accrual basis. In addition, deposit reconciliations for the last two months of the fiscal year contained inaccuracies.

Recommendation: The City should post charges from the billing software at least monthly as revenue and receivables. Cash payments should then reduce the receivables, and monthly reconciliations should be performed between cash receipts and the billing system. Annually, the City should estimate an allowance for uncollectible accounts and adjust revenues accordingly to reflect amounts realistically expected to be collected.

Current Year Status: This finding was not corrected in the current year. This finding was repeated as 2024-001.

2023-13 - Potential water system leakage and inefficiency

Condition: During our audit, the City was unable to produce us copies of the water plant operating reports our prior year our analysis of 10 monthly reports showed water line loss at approximately 24%, which exceeds the national average of around 16%.

Recommendation: We recommend conducting a thorough analysis of the water infrastructure to identify sources of loss, implementing loss detection measures where feasible, and enhancing monitoring and reporting to help detect and reduce unaccounted-for water.

Current Year Status: This finding was not corrected in the current year. This finding was repeated as 2024-013.

2023-14 - General Care of Financial Records

Condition: During our audit, we identified widespread deficiencies in the City's financial management and accounting processes. These deficiencies include delays in recording transactions, inadequate reconciliation of accounts, and inconsistent application of accounting policies and standards.

Recommendation: We recommend the City develop and implement documented policies and procedures for key accounting processes, including transaction recording, account reconciliations, and financial statement preparation. The City should strengthen internal controls to ensure timely and accurate processing of transactions, implement periodic account reconciliations, and establish routine reviews of financial management practices to ensure adherence to policies and identify areas for improvement.

Current Year Status: This finding was not corrected in the current year. This finding was repeated as 2024-0014

FINDINGS FOR NONCOMPLIANCE

2023-15 - Budgetary Noncompliance

Condition: During our audit, we found that expenditures significantly exceeded the appropriated budget, resulting in noncompliance with Florida Statute 166.241(2), which states that "An officer of a municipal government may not expend or contract for expenditures in any fiscal year except pursuant to the adopted budget." The City also incurred substantial deficits as a result.

Recommendation: We recommend entering the adopted budget into the accounting software and running regular reports to compare actual expenditures to budgeted amounts. Expenditures that would exceed budgeted appropriations should be paused until a formal budget amendment is approved. Additionally, the budget should be amended at least annually to reflect actual results.

Current Year Status: This finding was not corrected in the current year. This finding was repeated as 2024-016.

2023-16 - Restricted Fund Balances

Condition: During our audit, we found that restricted cash balances were not segregated from operating cash balances. Additionally, related restricted fund balances were not tracked in the accounting software, and off-book tracking methods were either incomplete or inaccurate.

Recommendation: We recommend maintaining restricted funds in a separate bank account to prevent inappropriate use. Tracking spreadsheets should be completed and reviewed by the City Manager at least quarterly to ensure restricted balances are accurately monitored.

Current Year Status: This finding was not corrected in the current year. This finding was repeated as 2024-017.