# City of Parker, Florida

## Financial Statements

### September 30, 2025

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**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Audited Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the City of Parker, Florida (City) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City, as of September 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***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 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 management's discussion and analysis on pages 4 through 10, budgetary comparison information on pages 65 and 67, the schedule of other postemployment benefits on pages 69 and the schedules of defined benefit pension plans on pages 70 through 72, 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.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

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

Carr, Riggs & Ingram, LLC
Panama City Beach, Florida
August 19, 2026

# Management’s Discussion and Analysis

**Management's Discussion and Analysis**

As management of the City of Parker, Florida (City), we offer readers of the City's financial statements this narrative overview of the financial activities of the City for the fiscal year ended September 30, 2025. We encourage readers to consider the information presented here in conjunction with the City's financial statements.

**Financial Highlights**

- Total assets and deferred outflows of resources of the City exceeded total liabilities and deferred inflows of resources by $29,671,613 (net position). Included in this amount, is $167,843 in unrestricted net position of the governmental activities, and $7,834,108 in unrestricted net position of the business-type activities; while $9,128,117 is net investment in capital assets of the governmental activities, and $8,575,521 is net investment in capital assets of the business-type activities.

- Total net position increased by $4,483,020 during fiscal year 2025. Of this amount, an increase of $2,149,733 is attributable to governmental activities and an increase of $2,333,287 is attributable to business-type activities.

- As of September 30, 2025, the general fund's unassigned fund balance was $1,416,097.

- Governmental activities' revenues decreased 10% to $5,578,040, while expenses for governmental activities increased by 4% to $3,428,307. Business-type activities' revenues increased 37% to $4,701,436, while business-type activities' expenses increased by 1% to $2,368,149.

**Overview of the Financial Statements**

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

**Government-wide Financial Statements**

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

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

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

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

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

**Fund Financial Statements**

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

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

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

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

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

**Financial Analysis of the City**

The following schedule provides a summary of the assets, deferred outflows, liabilities, deferred inflows, and net position of the City at September 30, 2025 and 2024.

**Net Position**

| | **Governmental Activities** | | **Business-type Activities** | | **Total** | |
|---|---|---|---|---|---|---|
| *September 30,* | **2025** | **2024 (Restated)** | **2025** | **2024** | **2025** | **2024** |
| Current and other assets | **$ 6,059,088** | $ 6,262,867 | **$ 9,117,481** | $ 8,908,562 | **$ 15,176,569** | $ 15,171,429 |
| Noncurrent assets | **9,343,001** | 8,301,747 | **10,386,058** | 7,393,775 | **19,729,059** | 15,695,522 |
| Total assets | **15,402,089** | 14,564,614 | **19,503,539** | 16,302,337 | **34,905,628** | 30,866,951 |
| Deferred outflows of resources | **473,231** | 627,731 | **93,918** | 123,503 | **567,149** | 751,234 |
| Current liabilities | **345,236** | 1,402,138 | **1,242,394** | 560,075 | **1,587,630** | 1,962,213 |
| Noncurrent liabilities | **2,025,874** | 2,447,934 | **999,681** | 845,410 | **3,025,555** | 3,293,344 |
| Total liabilities | **2,371,110** | 3,850,072 | **2,242,075** | 1,405,485 | **4,613,185** | 5,255,557 |
| Deferred inflows of resources | **1,011,192** | 998,988 | **176,787** | 175,047 | **1,187,979** | 1,174,035 |
| Net investment in capital assets | **9,128,117** | 8,055,969 | **8,575,521** | 5,869,705 | **17,703,638** | 13,925,674 |
| Net position – restricted | **3,197,058** | 2,355,592 | **768,966** | 716,545 | **3,966,024** | 3,072,137 |
| Net position – unrestricted (deficit) | **167,843** | (68,276) | **7,834,108** | 8,259,058 | **8,001,951** | 8,190,782 |
| Total net position | **$ 12,493,018** | $ 10,343,285 | **$ 17,178,595** | $ 14,845,308 | **$ 29,671,613** | $ 25,188,593 |

Investment in capital assets (i.e., land, buildings, and equipment), net of related outstanding debt used to acquire those assets, represents 60% of the total net position. These capital assets are used to provide services to citizens; consequently, they are not available for future spending.

The balance of unrestricted net position may be used to help meet the City's ongoing obligations to citizens and creditors. At year-end, the balance of unrestricted net position is $8,001,951.

The following schedule provides a summary of the changes in net position for the years ended September 30, 2025 and 2024.

## Changes in Net Position

| Year Ended | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| *September 30,* | **2025** | **2024 (Restated)** | **2025** | **2024** | **2025** | **2024** |
| **Program revenues** | | | | | | |
| Charges for services | **$ 659,770** | $ 602,474 | **$ 3,256,464** | 2,981,910 | **$ 3,916,234** | $ 3,584,384 |
| Operating grants and contributions | **767,793** | 767,099 | **-** | - | **767,793** | 767,099 |
| Capital grants and contributions | **30,320** | 1,253,347 | **1,293,386** | 37,644 | **1,323,706** | 1,290,991 |
| **General revenues** | | | | | | |
| Taxes and fees | **2,462,360** | 2,144,820 | **-** | - | **2,462,360** | 2,144,820 |
| Intergovernmental | **1,407,901** | 1,428,231 | **-** | - | **1,407,901** | 1,428,231 |
| Interest | **187,252** | 16,009 | **23,776** | 28,338 | **211,028** | 44,347 |
| Transfers | **(25,228)** | (47,052) | **25,228** | 47,052 | **-** | - |
| Other | **87,872** | 55,262 | **102,582** | 334,991 | **190,454** | 390,253 |
| Total revenues | **5,578,040** | 6,220,190 | **4,701,436** | 3,429,935 | **10,279,476** | 9,650,125 |
| **Expenses** | | | | | | |
| General government | **617,510** | 643,940 | **-** | - | **617,510** | 643,940 |
| Public safety | **1,418,462** | 1,373,407 | **-** | - | **1,418,462** | 1,373,407 |
| Code enforcement | **139,124** | 91,580 | **-** | - | **139,124** | 91,580 |
| Trash | **209,637** | 219,870 | **-** | - | **209,637** | 219,870 |
| Physical environment | **5,931** | 6,552 | **-** | - | **5,931** | 6,552 |
| Highways and streets | **707,948** | 648,906 | **-** | - | **707,948** | 648,906 |
| Fleet | **54,235** | 37,910 | **-** | - | **54,235** | 37,910 |
| Parks and recreation | **275,460** | 274,773 | **-** | - | **275,460** | 274,773 |
| Utilities | **-** | - | **2,368,149** | 2,349,320 | **2,368,149** | 2,349,320 |
| Total expenses | **3,428,307** | 3,296,938 | **2,368,149** | 2,349,320 | **5,796,456** | 5,646,258 |
| Change in net position | **2,149,733** | 2,923,252 | **2,333,287** | 1,080,615 | **4,483,020** | 4,003,867 |
| Beginning net position | **10,343,285** | 7,420,033 | **14,845,308** | 13,764,693 | **25,188,593** | 21,184,726 |
| Ending net position | **$ 12,493,018** | $ 10,343,285 | **$ 17,178,595** | $ 14,845,308 | **$ 29,671,613** | $ 25,188,593 |

Governmental activities' revenues exceeded expenses by $2,149,733, while business-type activities' revenues exceeded expenses by $2,333,287. Total revenues increased by $629,351 from the previous year. Fourteen percent (14%) of the revenues of governmental activities were generated by operating grants and contributions, 25% were generated by intergovernmental revenues, and 44% were related to taxes and fees. Most of the governmental resources were expended for public safety (41%), highway and streets (21%), and general government (18%). Charges for services provided $3,256,464 (69%) of the revenue for the business-type activities.

## Financial Analysis of the City's Funds

### Governmental Fund

### General Fund

The main operating fund of the City is the general fund. As of September 30, 2025, total assets were $5,725,564, total liabilities were $467,998, and total deferred inflows of resources were $1,003,799. At the end of fiscal year 2025, unassigned fund balance of the general fund was $1,416,097 while total fund balance was a $4,253,767.

### Community Redevelopment Agency

The other major governmental fund of the City is the Community Redevelopment Agency. As of September 30, 2025, total assets were $505,002 and total liabilities were $167. At the end of fiscal year 2025, the total restricted fund balance was $504,835.

### Proprietary Fund

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

Unrestricted net position of the proprietary fund at the end of the fiscal year was $7,834,108.

The utility fund is used to account for the operations of the City's water and sewer systems.

### Capital Assets Activity

The following schedule provides a summary of the City's capital assets. The City's total investment in capital assets for both its governmental and business-type activities at September 30, 2025, was $18,470,301 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, and machinery and equipment.

**Capital Assets**
**(net of depreciation)**

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| *September 30,* | **2025** | **2024** | **2025** | **2024** | **2025** | **2024** |
| Land | **$ 906,762** | $ 906,762 | **$ 449,632** | $ 449,632 | **$ 1,356,394** | $ 1,356,394 |
| Construction in progress | **-** | 2,217,291 | **2,042,332** | 139,479 | **2,042,332** | 2,356,770 |
| Buildings | **390,623** | 399,240 | **-** | - | **390,623** | 399,240 |
| Improvements | **6,798,758** | 3,727,253 | **5,556,163** | 5,178,924 | **12,354,921** | 8,906,177 |
| Machinery and equipment | **1,194,881** | 1,038,349 | **1,127,722** | 498,616 | **2,322,603** | 1,536,965 |
| Intangible right-to-use assets | **3,428** | 5,143 | **-** | - | **3,428** | 5,143 |
| Total | **$ 9,294,452** | $ 8,294,038 | **$ 9,175,849** | $ 6,266,651 | **$ 18,470,301** | $ 14,560,689 |

Additional information on the City's capital assets can be found in note 3 of the notes to financial statements.

**Debt Management**

At the end of fiscal year 2025, the City had total outstanding debt in the amount of $766,663. This debt balance represents notes payable secured by specified revenue sources and obligations under capital leases.

**Outstanding Debt**

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| *September 30,* | **2025** | **2024** | **2025** | **2024** | **2025** | **2024** |
| Financed purchase liability | **$ 162,738** | $ 232,759 | **$ 3,597** | $ 5,463 | **$ 166,335** | $ 238,222 |
| Lease liability | **3,597** | 5,310 | **-** | - | **3,597** | 5,310 |
| Notes payable | **-** | - | **596,731** | 391,483 | **596,731** | 391,483 |
| Total | **$ 166,335** | $ 238,069 | **$ 600,328** | $ 396,946 | **$ 766,663** | $ 635,015 |

Principal repayments during the year on notes payable totaled $32,769, on financed purchase liabilities totaled $71,887, and on lease liabilities totaled $1,713. There were new proceeds on notes payable of $238,017.

More detail on the City's liabilities is presented in note 3 of the notes to financial statements.

**General Fund Budgetary Highlights**

The general fund budget was amended during the year and current year expenditures were within budgeted amounts. The general fund budget amounts exceeded the actual revenues by $435,695, primarily due to budgeted transfers not being made as originally anticipated. The general fund budgeted expenditures were more than the actual expenditures by $1,314,191 due primarily to less being spent in highways and streets for capital outlay than originally anticipated.

**Economic Factors and Next Year's Budget**

The City has been focusing on storm water, infrastructure and new development. The City generates revenue from water and sewer sales. Our population is growing due to the new homes and new businesses coming to Parker.

The City has a new Builders Source lumber yard and Avid storage complex. We are expecting a Marriott hotel that is currently under review. We are addressing storm water issues and working on a stormwater retention pond to help with flooding in the problem areas of the City. The City has paved several roads and is going to start a watermain replacement project that will cost over 6 million dollars. The City is adjacent to Tyndall Air Force Base, which is rebuilding for the "base of the future." Many airmen and their families will move into our area in the upcoming months to staff the growing air base. We expect the population to continue to grow with single family homes being built on vacant lots all over the City.

The water and sewer revenue will continue to support the operations of the City. The City Council also agreed not to increase the 3 mil ad valorem tax.

**Contacting the City's Finance Department**

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

| | Primary Government | | |
|---|---|---|---|
| *September 30, 2025* | Governmental Activities | Business-type Activities | Total |
| **Assets** | | | |
| Cash and cash equivalents | $ 4,529,596 | $ 6,109,345 | $ 10,638,941 |
| Accounts receivable, net | 359,337 | 47,332 | 406,669 |
| Leases receivable | 314,154 | - | 314,154 |
| Grants receivable | 715,387 | 633,710 | 1,349,097 |
| Due from joint venture | - | 479,929 | 479,929 |
| Inventories | 24,841 | - | 24,841 |
| Prepaid items | 115,773 | 12,804 | 128,577 |
| Investment in joint venture | - | 1,834,361 | 1,834,361 |
| Restricted assets | | | |
| Cash and cash equivalents | 48,549 | 1,210,209 | 1,258,758 |
| Capital assets | | | |
| Non-depreciable | 906,762 | 2,491,964 | 3,398,726 |
| Depreciable, net | 8,384,262 | 6,683,885 | 15,068,147 |
| Right-to-use lease assets, net | 3,428 | - | 3,428 |
| Total assets | 15,402,089 | 19,503,539 | 34,905,628 |
| **Deferred Outflows of Resources** | | | |
| Deferred outflows related to OPEB | 42,533 | 14,176 | 56,709 |
| Deferred outflows related to pension | 430,698 | 79,742 | 510,440 |
| Total deferred outflows of resources | 473,231 | 93,918 | 567,149 |
| **Liabilities** | | | |
| Current liabilities | | | |
| Accounts payable | 182,368 | 794,283 | 976,651 |
| Accrued liabilities | 63,444 | 5,519 | 68,963 |
| Unearned revenue | 99,424 | 1,349 | 100,773 |
| Customer deposits | - | 441,243 | 441,243 |

(Continued)

| | Primary Government | | |
|---|---|---|---|
| *September 30, 2025* | Governmental Activities | Business-type Activities | Total |
| Non-current liabilities | | | |
| Due within one year | | | |
| Compensated absences | $ 12,585 | $ 5,837 | $ 18,422 |
| Notes payable | - | 35,175 | 35,175 |
| Financed purchase liability | 72,244 | 1,840 | 74,084 |
| Lease liability | 1,769 | - | 1,769 |
| OPEB liability | 2,146 | - | 2,146 |
| Due in more than one year | | | |
| Compensated absences | 50,339 | 23,346 | 73,685 |
| Notes payable | - | 561,556 | 561,556 |
| Financed purchase liability | 90,494 | 1,757 | 92,251 |
| Lease liability | 1,828 | - | 1,828 |
| Net pension liability | 1,545,321 | 286,109 | 1,831,430 |
| OPEB liability | 249,148 | 84,061 | 333,209 |
| Total liabilities | 2,371,110 | 2,242,075 | 4,613,185 |
| **Deferred Inflows of Resources** | | | |
| Deferred inflows related to leases | 284,226 | - | 284,226 |
| Deferred inflows related to OPEB | 284,725 | 94,908 | 379,633 |
| Deferred inflows related to pension | 442,241 | 81,879 | 524,120 |
| Total deferred inflows of resources | 1,011,192 | 176,787 | 1,187,979 |
| **Net position** | | | |
| Net investment in capital assets | 9,128,117 | 8,575,521 | 17,703,638 |
| Restricted | | | |
| Impact fees | - | 708,500 | 708,500 |
| Debt service | - | 60,466 | 60,466 |
| Community redevelopment agency | 504,835 | - | 504,835 |
| Infrastructure taxes | 2,637,674 | - | 2,637,674 |
| Law enforcement | 54,549 | - | 54,549 |
| Unrestricted | 167,843 | 7,834,108 | 8,001,951 |
| Total net position | $ 12,493,018 | $ 17,178,595 | $ 29,671,613 |

*The accompanying notes are an integral part of these financial statements.*

*For the year Ended September 30, 2025*

| | | Program Revenues | | | Net (Expenses) Revenues and Changes in Net Position — Primary Government | | |
|---|---|---|---|---|---|---|---|
| Functions/Programs | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Primary Government | | | | | | | |
| Governmental activities | | | | | | | |
| General government | $ 617,510 | $ 37,400 | $ 132,133 | $ - | $ (447,977) | $ - | $ (447,977) |
| Public safety | 1,418,462 | 47,615 | 27,779 | - | (1,343,068) | - | (1,343,068) |
| Code enforcement | 139,124 | 113,002 | - | - | (26,122) | - | (26,122) |
| Trash | 209,637 | 435,306 | 2,805 | - | 228,474 | - | 228,474 |
| Physical environment | 5,931 | - | - | 11,933 | 6,002 | - | 6,002 |
| Highways and streets | 707,948 | 26,447 | 99 | 465,013 | (216,389) | - | (216,389) |
| Fleet | 54,235 | - | - | - | (54,235) | - | (54,235) |
| Parks and recreation | 275,460 | - | - | 158,351 | (117,109) | - | (117,109) |
| Total governmental activities | 3,428,307 | 659,770 | 162,816 | 635,297 | (1,970,424) | - | (1,970,424) |
| Business-type activities | | | | | | | |
| Utility fund | 2,368,149 | 3,256,464 | - | 1,293,386 | - | 2,181,701 | 2,181,701 |
| Total business-type activities | 2,368,149 | 3,256,464 | - | 1,293,386 | - | 2,181,701 | 2,181,701 |
| Total primary government | $ 5,796,456 | $ 3,916,234 | $ 162,816 | $ 1,928,683 | (1,970,424) | 2,181,701 | 211,277 |

(Continued)

*The accompanying notes are an integral part of these financial statements.*

| Year Ended September 30, 2025 | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| | Net (Expenses) Revenues and Changes in Net Position — Primary Government | | |
| General revenues and transfers | | | |
| Taxes | $ 2,125,682 | $ - | $ 2,125,682 |
| Franchise fees | 336,678 | - | 336,678 |
| Intergovernmental | 1,407,901 | - | 1,407,901 |
| Interest earnings | 187,252 | 23,776 | 211,028 |
| Miscellaneous | 87,872 | 102,582 | 190,454 |
| Transfers, net | (25,228) | 25,228 | - |
| Total general revenues and transfers | 4,120,157 | 151,586 | 4,271,743 |
| Change in net position | 2,149,733 | 2,333,287 | 4,483,020 |
| Net position, beginning of year as previously reported | 10,548,169 | 14,845,308 | 25,393,477 |
| Prior period adjustment | (204,884) | - | (204,884) |
| Net position, beginning of year as restated | 10,343,285 | 14,845,308 | 25,188,593 |
| Net position, end of year | $ 12,493,018 | $ 17,178,595 | $ 29,671,613 |

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*The accompanying notes are an integral part of these financial statements.*

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

| *September 30, 2025* | General Fund | Community Redevelopment Agency | Total Governmental Funds |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | $ 4,147,523 | $ 382,073 | $ 4,529,596 |
| Restricted cash and cash equivalents | 48,549 | - | 48,549 |
| Grants receivable | 715,387 | - | 715,387 |
| Accounts receivable, net | 359,337 | - | 359,337 |
| Leases receivable | 314,154 | - | 314,154 |
| Due from other funds | - | 122,929 | 122,929 |
| Inventories | 24,841 | - | 24,841 |
| Prepaid items | 115,773 | - | 115,773 |
| Total assets | 5,725,564 | 505,002 | 6,230,566 |
| **Liabilities, Deferred Inflows of Resources, and Fund Balances** | | | |
| Liabilities | | | |
| Accounts payable | $ 182,201 | $ 167 | $ 182,368 |
| Accrued expenses | 63,444 | - | 63,444 |
| Due to other funds | 122,929 | - | 122,929 |
| Unearned revenue | 99,424 | - | 99,424 |
| Total liabilities | 467,998 | 167 | 468,165 |
| Deferred inflows of resources | | | |
| Unavailable revenue - grant revenue | 719,573 | - | 719,573 |
| Unavailable revenue - lease revenue | 284,226 | - | 284,226 |
| Total deferred inflows of resources | 1,003,799 | - | 1,003,799 |
| Fund balances | | | |
| Nonspendable | | | |
| Prepaids | 115,773 | - | 115,773 |
| Inventories | 24,841 | - | 24,841 |
| Restricted | | | |
| Community redevelopment agency | - | 504,835 | 504,835 |
| Infrastructure taxes | 2,637,674 | - | 2,637,674 |
| Law enforcement | 54,549 | - | 54,549 |
| Assigned for subsequent capital purchases | 4,833 | - | 4,833 |
| Unassigned | 1,416,097 | - | 1,416,097 |
| Total fund balances | 4,253,767 | 504,835 | 4,758,602 |
| Total liabilities, deferred inflows of resources, and fund balances | $ 5,725,564 | $ 505,002 | $ 6,230,566 |

*The accompanying notes are an integral part of these financial statements.*

## City of Parker, Florida
## Reconciliation of the Balance Sheet of Governmental Fund to the Statement of Net Position

*September 30, 2025*

| | | |
|---|---|---|
| Total fund balances - governmental funds | | $ 4,758,602 |
| 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. | | |
| Governmental capital assets | $ 14,551,525 | |
| Less accumulated depreciation and amortization | (5,257,073) | 9,294,452 |
| Deferred outflow of resources related to pensions are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting. | | 430,698 |
| Deferred inflow of resources related to pensions are not recognized in governmental funds; however, they are recorded in the statement of net position under full accrual accounting. | | (442,241) |
| Deferred outflow of resources related to OPEB are not recognized in governmental funds; however, they are recorded in the statement of net position under full accrual accounting. | | 42,533 |
| Deferred inflow of resources related to OPEB are not recognized in governmental funds; however, they are recorded in the statement of net position under full accrual accounting. | | (284,725) |
| Some revenues will not be collected within 60 days or six months, depending on the revenue source, after the close of the City's fiscal year-end and are not considered as "available" revenue in the governmental funds and, therefore, are reported as deferred inflows of resources. In the statement of net position, which is on the full accrual basis, the revenue is fully recognized in the statement of activities. | | 719,573 |
| Long-term liabilities, including total OPEB liability, net pension liability and compensated absences, are not due and payable in the current period and, therefore, are not reported in the governmental funds. | | |
| Net pension liability | $ (1,545,321) | |
| Compensated absences | (62,924) | |
| OPEB liability | (251,294) | |
| Financed purchase liability | (162,738) | |
| Lease liability | (3,597) | (2,025,874) |
| Net position of governmental activities | | $ 12,493,018 |

*The accompanying notes are an integral part of these financial statements.*

| For the year ended September 30, 2025 | General Fund | Community Redevelopment Agency | Total Governmental Funds |
|---|---|---|---|
| **Revenues** | | | |
| Taxes | $ 1,732,484 | $ 393,198 | $ 2,125,682 |
| Intergovernmental | 1,407,901 | - | 1,407,901 |
| Grants | 696,922 | - | 696,922 |
| Licenses and permits | 386,473 | - | 386,473 |
| Charges for services | 448,600 | - | 448,600 |
| Fines and forfeitures | 131,869 | - | 131,869 |
| Rents | 29,506 | - | 29,506 |
| Interest | 187,115 | 137 | 187,252 |
| Contributions and donations | 27,779 | - | 27,779 |
| Miscellaneous | 87,872 | - | 87,872 |
| Total revenues | 5,136,521 | 393,335 | 5,529,856 |
| **Expenditures** | | | |
| Current | | | |
| General government | 593,375 | - | 593,375 |
| Public safety | 1,454,393 | - | 1,454,393 |
| Code enforcement | 134,583 | - | 134,583 |
| Trash | 180,917 | - | 180,917 |
| Physical environment | 5,931 | - | 5,931 |
| Highways and streets | 514,726 | - | 514,726 |
| Fleet | 45,798 | - | 45,798 |
| Parks and recreation | 128,097 | - | 128,097 |
| Capital outlay | | | |
| Public safety | 114,804 | - | 114,804 |
| Trash | 4,800 | - | 4,800 |
| Highways and streets | 1,009,804 | - | 1,009,804 |
| Physical environment | 25,228 | - | 25,228 |
| Parks and recreation | 398,170 | - | 398,170 |

(Continued)

| For the year ended September 30, 2025 | General Fund | Community Redevelopment Agency | Total Governmental Funds |
|---|---|---|---|
| Debt service | | | |
| Principal | $ 71,734 | $ - | $ 71,734 |
| Interest | 8,409 | - | 8,409 |
| Total expenditures | 4,690,769 | - | 4,690,769 |
| Excess (deficiency) of revenues over (under) expenditures | 445,752 | 393,335 | 839,087 |
| **Other Financing Sources (Uses)** | | | |
| Transfers in | 148,377 | - | 148,377 |
| Transfers out | - | (148,377) | (148,377) |
| Net other financing sources (uses) | 148,377 | (148,377) | - |
| Net changes in fund balance | 594,129 | 244,958 | 839,087 |
| Fund balance, beginning of year | 3,689,958 | 259,877 | 3,949,835 |
| Error correction | (30,320) | - | (30,320) |
| Fund balance, restated | 3,659,638 | 259,877 | 3,919,515 |
| Fund balances, end of year | $ 4,253,767 | $ 504,835 | $ 4,758,602 |

# City of Parker, Florida
# Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Fund to the Statement of Activities

| Year Ended September 30, 2025 | | |
|---|---|---|
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Net changes in fund balance - total governmental fund (page 18) | | $ 839,087 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over the estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlay exceeds depreciation and amortization in the current period. | | |
| Capital outlay | $ 1,552,806 | |
| Depreciation and amortization expense | (527,164) | 1,025,642 |
| Issuance of long-term debt is an other financing source in the governmental funds, but increases long-term liabilities in the statement of net position. Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. | | |
| Debt proceeds | - | |
| Principal Payments | 71,734 | 71,734 |
| Capital contributions of capital assets from governmental activities to proprietary funds do not require the use of current financial resources and do not impact net position. | | (25,228) |
| Some revenues will not be collected within 60 days after the close of the City's fiscal year and are not considered as "available' revenue in the governmental funds. In the statement of net position, presented on the full accrual basis, these revenues are recognized. | | 73,412 |
| Compensated absences are reported in the statement of activities when earned. As they do not require the use of current financial resources, they are not reported as expenditures on governmental funds until they have matured. This is the amount of compensated absences reported in the statement of activities in the prior year that has matured in the current year. | | 20,727 |

(Continued)

**Year Ended September 30, 2025**

| | | |
|---|---|---|
| Changes to the OPEB liability and the related deferred outflows of resources and deferred inflows of resources are reported as expenses in the statement of activities, but does not require the use of current financial resources; therefore, is not reported as an expenditure in governmental funds. | $ | (4,181) |
| Changes to the pension liability and the related deferred outflows of resources and deferred inflows of resources are reported as expenses in the statement of activities, but does not require the use of current financial resources; therefore, is not reported as an expenditure in governmental funds. | | 148,540 |
| Change in net position of governmental activities (page 14) | $ | 2,149,733 |

*The accompanying notes are an integral part of these financial statements.*

**Business-type Activities/Enterprise Fund**

| September 30, 2025 | | Utility Fund |
|---|---|---|
| **Assets** | | |
| Current assets | | |
| Cash and cash equivalents | $ | 6,109,345 |
| Accounts receivable, net | | 47,332 |
| Grants receivable | | 633,710 |
| Due from joint venture | | 479,929 |
| Prepaids | | 12,804 |
| Investment in joint venture | | 1,834,361 |
| Total unrestricted current assets | | 9,117,481 |
| Restricted current assets | | |
| Cash and cash equivalents | | 1,210,209 |
| Total current assets | | 10,327,690 |
| Noncurrent assets | | |
| Capital assets | | |
| Property, plant and equipment | | 13,971,044 |
| Less accumulated depreciation | | (4,795,195) |
| Total noncurrent assets | | 9,175,849 |
| Total assets | $ | 19,503,539 |
| **Deferred outflows of resources** | | |
| Deferred outflows related to OPEB | $ | 14,176 |
| Deferred outflows related to pensions | | 79,742 |
| Total deferred outflows of resources | $ | 93,918 |
| **Liabilities** | | |
| Current liabilities | | |
| Accounts payable | $ | 794,283 |
| Accrued expenses | | 5,519 |
| Unearned revenue | | 1,349 |
| Customer deposits | | 441,243 |
| Accrued compensated absences | | 5,837 |
| Notes payable, current portion | | 35,175 |
| Financed purchase liability, current portion | | 1,840 |
| Total current liabilities | | 1,285,246 |

(Continued)

**Business-type Activities/Enterprise Fund**

| September 30, 2025 | | Utility Fund |
|---|---|---|
| Noncurrent liabilities | | |
| Accrued compensated absences | $ | 23,346 |
| Financed purchase liability, net of current portion | | 1,757 |
| Notes payable, net of current portion | | 561,556 |
| OPEB liability | | 84,061 |
| Net pension liability | | 286,109 |
| Total noncurrent liabilities | | 956,829 |
| Total liabilities | $ | 2,242,075 |
| **Deferred inflows of resources** | | |
| Deferred inflows related to OPEB | $ | 94,908 |
| Deferred inflows related to pensions | | 81,879 |
| Total deferred inflows of resources | $ | 176,787 |
| **Net position** | | |
| Net investment in capital assets | $ | 8,575,521 |
| Restricted for | | |
| Impact fees | | 708,500 |
| Debt service | | 60,466 |
| Unrestricted | | 7,834,108 |
| Total net position | $ | 17,178,595 |

*The accompanying notes are an integral part of these financial statements.*

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

**Business-type Activities/Enterprise Fund**

| For the year ended September 30, 2025 | | **Utility Fund** |
|---|---|---|
| **Operating revenues** | | |
| Charges for services | | |
| Water and sewer charges | $ | 3,142,610 |
| Connection, reset and reactivation fees | | 35,945 |
| Late fees | | 65,177 |
| Tap fees | | 23,250 |
| Impact fees | | 50,400 |
| Other utility income | | 70,586 |
| Total operating revenues | | 3,387,968 |
| **Operating expenses** | | |
| Personnel services | | 638,334 |
| Communications | | 6,792 |
| Contractual services | | 53,370 |
| Cost of water and sewer | | 585,148 |
| Debt service charges AWT | | 200,354 |
| Depreciation | | 371,448 |
| Fuel and lubricants | | 15,779 |
| Insurance | | 121,339 |
| Office supplies | | 2,549 |
| Operating supplies | | 34,835 |
| Other current charges | | 16,386 |
| Postage | | 4,064 |
| Printing and binding | | 62 |
| Professional services | | 48,869 |
| Promotional activities | | 180 |
| Public utility services | | 41,913 |
| Rentals | | 3,501 |
| Repairs and maintenance | | 217,866 |
| Road materials and supplies | | 8,670 |
| Uniforms | | 4,097 |
| Total operating expenses | | 2,375,556 |
| Operating income | | 1,012,412 |

(Continued)

| Business-type Activities/Enterprise Fund | | |
|---|---|---|
| For the year ended September 30, 2025 | | **Utility Fund** |
| **Nonoperating Revenues (Expenses)** | | |
| Interest income | $ | 23,776 |
| Interest expense | | (3,111) |
| Gain (loss) from joint venture | | (18,404) |
| Grant revenue | | 1,293,386 |
| Total nonoperating revenues (expenses) | | 1,295,647 |
| **Income (Loss) Before Contributions and Transfers** | | 2,308,059 |
| Capital contributions | | 25,228 |
| **Change in net position** | | 2,333,287 |
| **Net position, beginning of year** | | 14,845,308 |
| **Net position, ending of year** | $ | 17,178,595 |

**Business-type Activities/Enterprise Fund**

| Year Ended September 30, 2025 | | Utility Fund |
|---|---|---|
| **Operating Activities** | | |
| Cash received from customers for sales and services | $ | 3,450,273 |
| Cash payments to employees | | (656,120) |
| Cash payments to suppliers for goods and services | | (759,169) |
| Net cash provided by operating activities | | 2,034,984 |
| **Capital and Related Financing Activities** | | |
| Acquisition of capital assets | | (3,255,418) |
| Principal paid on lease liabilities | | (1,866) |
| Proceeds from capital grants | | 672,793 |
| Proceeds from notes payable | | 238,017 |
| Principal paid on notes payable | | (32,769) |
| Interest paid on long-term debt and lease liabilities | | (3,111) |
| Net cash provided by capital and related financing activities | | (2,382,354) |
| **Investing activities** | | |
| Investment in joint venture | | 25,781 |
| Investment income | | 23,776 |
| Net cash provided by investing activities | | 49,557 |
| **Net increase in cash and cash equivalents** | | (297,813) |
| **Cash and cash equivalents, beginning of year** | | 7,617,367 |
| **Cash and cash equivalents, ending of year** | $ | 7,319,554 |
| **Cash and cash equivalents classified as** | | |
| Current assets - cash and cash equivalents | $ | 6,109,345 |
| Restricted assets - cash and cash equivalents | | 1,210,209 |
| **Total cash and cash equivalents** | $ | 7,319,554 |

(Continued)

| | | Business-type Activities/Enterprise Fund |
|---|---|---|
| **Year Ended September 30, 2025** | | **Utility Fund** |
| **Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities** | | |
| Operating income | $ | 1,012,412 |
| Adjustments to reconcile net operating income to net cash provided by operating activities | | |
| Depreciation | | 371,448 |
| Change in assets, deferred outflows, liabilities and deferred inflows (Increase) decrease in | | |
| (Increase) decrease in assets and deferred outflows | | |
| Accounts receivable, net | | 31,641 |
| Prepaids | | (10,617) |
| Due from joint venture | | (34,433) |
| Deferred outflows related to OPEB | | 2,206 |
| Deferred outflows related to pensions | | 27,379 |
| Increase (decrease) in liabilities | | |
| Accounts payable | | 650,483 |
| Accrued expenses | | 1,172 |
| Accrued compensated absences | | 8,322 |
| Customer deposits | | 30,664 |
| OPEB liability | | 8,076 |
| Net pension liability | | (65,509) |
| Deferred inflows related to OPEB | | (8,889) |
| Deferred inflows related to pensions | | 10,629 |
| Total adjustments | | 1,022,572 |
| Net cash provided (used) by operating activities | $ | 2,034,984 |
| **Noncash Capital and Related Financing Activities** | | |
| Acquisitions of assets through capital contributions from the general fund | $ | 25,228 |

*The accompanying notes are an integral part of these financial statements.*

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

The City of Parker, Florida (City), was incorporated in 1951 under the provisions of Chapter 27685, section 5, Law of Florida. is a political subdivision of the State of Florida located in Bay County. The current City Charter authorizes the following services: general government, public safety (police and fire), code enforcement, trash, highways and streets, fleet, parks and recreation, and water and sewer utilities. Education, health, and welfare are administered by other governmental entities.

***Reporting Entity***

The City is governed by an elected mayor and four-member governing council (City Council). The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City. The accounting policies of the City conform to generally accepted accounting principles (GAAP) as applied to governmental units. The more significant accounting policies used by the City are described below.

***Blended Component Units***

The Community Redevelopment Agency (CRA) was organized to finance development within the geographic boundaries of the community redevelopment area. Although legally separate, the CRA is governed by a board comprised primarily of the City's elected Council members and the services provided by the CRA create a financial benefit relationship with the City. Their financial statements are included in the City's financial statements as a special revenue fund. The CRA also issues separate financial statements. These may be obtained from the City at 1001 West Park Street, Parker, Florida 32404.

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and enterprise funds are reported as separate columns in the fund financial statements.

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

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

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

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

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

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

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

***Government-wide Financial Statements***

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

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

***Fund Financial Statements***

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

The City reports the following major governmental funds:

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

The *Community Redevelopment Fund* is used to account for tax increments revenues derived from taxable real property within the geographic boundaries of the community redevelopment area to finance development within that area.

The City reports the following major enterprise fund:

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

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

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

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

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

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

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

***Budgetary Information***

*Budgetary basis of accounting*

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

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

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

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

The General Fund includes funds that are maintained as special revenue funds for accounting purposes, but do not meet the criteria for separate reporting in the fund financial statements. Therefore, the budgetary comparison statement only includes the legally adopted budget for the General Fund. The information

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

below provides the reconciliation between the actual amounts on the budgetary basis reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund on page 62 and the actual amounts on the GAAP basis for the general fund per the statement of revenues, expenditures, and changes in fund balance - governmental funds on page 18.

| Year Ended September 30, 2025 | General Fund Budgetary Basis | GAAP to Budget Differences Over (Under) | General Fund Actual Amounts GAAP Basis |
|---|---|---|---|
| **Revenues** | | | |
| Taxes | $ 1,732,484 | $ - | $ 1,732,484 |
| Intergovernmental | 1,407,901 | - | 1,407,901 |
| Grants | - | 696,922 | 696,922 |
| Licenses and permits | 386,473 | - | 386,473 |
| Charges for services | 448,600 | - | 448,600 |
| Fines and forfeitures | 131,869 | - | 131,869 |
| Rents | 29,506 | - | 29,506 |
| Interest | 12,663 | 174,452 | 187,115 |
| Contributions and donations | 27,779 | - | 27,779 |
| Miscellaneous | 87,872 | - | 87,872 |
| Total revenues | 4,265,147 | 871,374 | 5,136,521 |
| **Expenditures** | | | |
| Current and capital outlay | | | |
| General government | 582,278 | 11,097 | 593,375 |
| Public safety | 1,569,197 | - | 1,569,197 |
| Code enforcement | 134,583 | - | 134,583 |
| Trash | 185,717 | - | 185,717 |
| Physical environment | - | 31,159 | 31,159 |
| Highways and streets | 594,480 | 930,050 | 1,524,530 |
| Fleet | 45,798 | - | 45,798 |
| Parks and recreation | 191,455 | 334,812 | 526,267 |
| Debt service | 80,143 | - | 80,143 |
| Total expenditures | 3,383,651 | 1,307,118 | 4,690,769 |
| **Excess (deficit) of revenues over (under) expenditures** | 881,496 | (435,744) | 445,752 |

(Continued)

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

| Year Ended September 30, 2025 | General Fund Budgetary Basis | GAAP to Budget Differences Over (Under) | General Fund Actual Amounts GAAP Basis |
|---|---|---|---|
| **Other financing sources (uses)** | | | |
| Transfers in | $ - | $ 148,377 | $ 148,377 |
| Total other financing sources (uses) | - | 148,377 | 148,377 |
| **Net changes in fund balance** | $ 881,496 | $ (287,367) | $ 594,129 |

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

***Cash and Cash Equivalents***

The City's highly liquid debt instruments with original maturities of three months or less are considered to be cash and cash equivalents.

***Receivables and Payables***

Allowance for doubtful accounts – Accounts receivable have been reported net of the allowance for doubtful accounts. Accounts receivable in excess of 180 days are subject to being considered as uncollectible.

Leases receivable - The City's leases receivable are measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the City may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

Unearned revenue – Unearned revenue recorded on the governmental fund balance sheet represents amounts received from grant sources before eligibility requirements are met.

***Interfund Activities and Transactions***

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" within the fund financial statements. Long-term borrowings between funds are classified as "advances to other funds" or "advances from other funds" in the fund financial statements. These amounts are eliminated in the governmental and business-type activities columns of the

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

***Interfund Activities and Transactions (continued)***

statement of net position, except for any residual balance outstanding between the governmental and business-type activities at the end of the fiscal year, which are reported in the government-wide financial statements as internal balances.

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

***Inventories and Prepaid Items***

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

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

***Restricted Assets***

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

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

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

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

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

***Capital Assets***

Capital assets, which include property, plant, equipment, infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), and right-to-use assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $3,500 and an estimated useful life in excess of one year. Donated or contributed capital assets are recorded at acquisition value at the date received.

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

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

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

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

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

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

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

***Deferred Outflows/Inflows of Resources (continued)***

recognized as employee benefit expense in future reporting years. The deferred inflows related to leases are associated with amounts owed to the City, as lessor, by entities leasing the City's capital assets.

***Compensated Absences***

The City's policy permits employees to accumulate earned but unused vacation benefits up to 240 hours, which are eligible for payment upon separation from government service. Accumulated sick leave earned is cumulative and upon resignation after ten years of service or retirement is paid out at 25% up to a maximum of 240 hours. Both unused vacation benefits and unused sick leave are eligible to be used while still employed by the City. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements to the extent that the leave is attributable to employees' services already rendered and is more likely than not to be used and paid for while employed or paid for at the end of employment. For the purpose of measuring the liability, the City assumes that leave is used on a last-in-first-out (LIFO) basis, with leave earned during the current year used before leave accumulated in prior years. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

***Long-term Obligations***

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

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

**Leases**

Lease contracts that provide the City with control of a nonfinancial asset, such as land, buildings or equipment, for a period of time in excess of twelve months are reported as a leased asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The intangible leased asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. Leased assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment.

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

***Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***Other Postemployment Benefits (OPEB) Liability***

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

***Categories and Classification of Net Position and Fund Balance***

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

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

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

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

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

***Categories and Classification of Net Position and Fund Balance (continued)***

The provisions of GASBC Section 1800, *Classification and Terminology,* specifies the following classifications:

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

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

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

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

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

***Revenues and Expenditures/Expenses***

*Program revenues* – Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

*Proprietary funds operating and nonoperating revenues and expenses* – Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utility fund is charges to

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

***Revenues and Expenditures/Expenses (continued)***

customers for sales and services. The proprietary funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

*Miscellaneous Revenue* – Miscellaneous revenue consist of various revenues including fees charged for nonrecurring services, donations, gifts, insurance proceeds, auction proceeds, and other income.

***Encumbrances***

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

***Reclassifications***

Certain items from the prior year have been reclassified in the financial statements in order to conform with the current year presentation.

***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to pension liability and OPEB liability.

***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, August 19, 2026 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

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

GASB Statement No. 101*, Compensated Absences.* The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. This Statement differs from the prior standards in that governments should recognize a liability for (1) all forms of compensated absences, not just vacation leave, sick leave, and similar types of leave; (2) leave that may be carried forward and used and paid for

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

***Recently Issued and Implemented Accounting Pronouncements (Continued)***

while still employed, in addition to leave that may be carried forward and paid for at the end of employment; (3) leave that is more likely than not (instead of probable) to be used, paid, or settled; and (4) parental leave, military leave, jury duty leave, and other types of compensated absences that depend upon the occurrence of a sporadic event that affects a relatively small proportion of employees, but not until the leave commences. The potential effect of implementing this Statement is to encompass compensated absences for which long-term liabilities previously were not recognized, including sick leave, which City policy allows to be carried forward and used and paid for while still employed but not paid for at the end of employment.

GASB Statement No. 102*, Certain Risk Disclosures.* The objective of this Statement is to provide essential information about risks related to a government's vulnerabilities due to certain concentrations (a lack of diversification related to an aspect of a significant revenue source or expense) or constraints (limitations Imposed externally or by formal action of a government's highest level of decision-making authority). A government is required to disclose information about such risks if a concentration or constraint (1) is known to the government before the financial statements are available to be issued, (2) makes the government vulnerable to the risk of a substantial impact, and (3) an event or events associated with the concentration or constraint that could cause the substantial impact has occurred, begun to occur, or is more likely than not to begin to occur within 12 months of the date the financial statements are available to be issued. There were no significant impacts of implementing this Statement.

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

GASB Statement No. 103*, Financial Reporting Model Improvements.* The objective of this Statement is to improve key components of the financial reporting blueprint to enhance its effectiveness in providing essential information and to address certain application issues. The Statement requires changes to management's discussion and analysis to make it easier to read and understand and to focus on explaining the reasons why balances and results of operation have changed. The Statement also provides more explicit definitions of operating and nonoperating revenues and expenses and changes the presentation of nonoperating revenues and expenses in the proprietary funds statement of revenues, expenses, and changes in fund net position. The new standards also (1) combine extraordinary items and special items into a single category, unusual or infrequent items, and clarify how they should be reported; (2) limits the reporting of major component unit information to the face of the government-wide financial statements, if it does not reduce their readability, or in combining financial statements following the fund financial statements; and (3) requires that budgetary comparisons be presented as required supplementary information, eliminating the option to present them as basic financial statements. The only significant impact of implementing Statement 103 was the change from displaying nonoperating revenues and expenses in a single section of the proprietary funds statement of revenues, expenses, and changes in fund net position to separately displaying noncapital subsidies from other nonoperating revenues and expenses.

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

***Recently Issued and Implemented Accounting Pronouncements (Continued)***

GASB Statement No. 104*, Disclosure of Certain Capital Assets.* The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. In addition to existing requirements regarding the level of detail with which notes to financial statements should disclose intangible right-to-use lease and subscription-based information technology arrangements (SBITA) assets, the Statement requires that (1) intangible right-to-use assets recognized by government operators in a public-public partnership should be disclosed by major class of underlying asset; (2) other types of intangible assets should be disclosed by major class; and (3) right-to-use assets should be disclosed separately from owned assets of the same type. The Statement also establishes that capital assets held for sale are those a government has decided to sell and whose sale within a year of the financial statement date is probable. Capital assets held for sale should be disclosed together with other capital assets of the same class. Governments also should disclose in notes the historical cost and accumulated depreciation (or amortization) of capital assets held for sale, as well as the carrying amount of debt for which they are pledged as collateral, by major class of asset for governmental and business-type activities. There were no significant impacts of implementing this Statement.

GASB Statement No. 105*, Subsequent Events.* The objective of this Statement is to enhance the consistency with which the standards for reporting subsequent events are applied, thereby better meeting the information needs of financial statement users. The Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued (that is, when the financial statements are complete in a form and format that complies with generally accepted accounting principles and approvals necessary for issuance have been obtained), rather than the date the financial statements are issued. The date through which subsequent events have been evaluated should be disclosed. A recognized subsequent event provides evidence of conditions that existed at the financial statement date that inform accounting estimates reported as of the financial statement date and should be reflected in those estimates. A nonrecognized subsequent event results in a significant effect (favorable or unfavorable) that is recognized or disclosed in the basic financial statements in the reporting period in which the event occurs and is one of the following: a debt-related transaction; government combination or a disposal of government operations; a change to the legally separate entities that compose the financial reporting entity; or a transaction or other event that is of such a nature that disclosure is essential to a user's analysis for making decisions or assessing accountability. Governments will be required to disclose a description of the nonrecognized event and its effect and an estimate of the amount of the effect (or the reason why an estimate t cannot be made).

The City is evaluating the requirements of the above statements and the impact on reporting.

**Note 2: ERROR CORRECTION**

The City's fiscal year 2025 financial statements reflect the correction of an error in previously issued financial statements. GASB Statement No. 100, *Accounting Changes and Error Corrections,* requires disclosure of their nature and effect on amounts reported in the financial statements.

**Note 2: ERROR CORRECTION (Continued)**

- The General Fund's grants receivable was overstated by $204,884 because expenditures were recorded as grant expenditures in excess of the approved grant budget. Of this amount, $174,564 was determined to be unavailable and should not have been recognized as grant revenue, resulting in an overstatement of unavailable grant revenue. Consequently, the General Fund's fund balance was overstated by $30,320.
- The Governmental Activities grants receivable was overstated by $204,884, resulting in an overstatement of net position by the same amount.

The following table summarizes the restatements and adjustments to the City's beginning net position and fund balance as a result of the change in accounting principle, change within the financial reporting entity, and error correction:

| | | Fund Financial Statements - Governmental |
|---|---|---|
| | | **General Fund** |
| 09/30/2024 Fund balance as previously reported | $ | 3,689,958 |
| Error correction | | |
| Overstated grants receivable | | (204,884) |
| Overstated unavailable revenue - grant revenue | | 174,564 |
| Error correction | | (30,320) |
| 09/30/2024 Fund balance as restated and adjusted | $ | 3,659,638 |

| | | Government-Wide Financial Statements |
|---|---|---|
| | | **Governmental Activities** |
| 09/30/2024 Net position as previously reported | $ | 10,548,169 |
| Error correction | | |
| Overstated grants receivable | | (204,884) |
| Error correction | | (204,884) |
| 09/30/2024 Net position as restated and adjusted | $ | 10,343,285 |

**Note 3: DETAILED NOTES ON ALL FUNDS**

***Deposits and Investments***

As of September 30, 2025 the City's bank balances are covered by federal depository insurance (FDIC). Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the City pursuant to Section 280.08, Florida Statutes.

The investment program is established in accordance with the City's investment policy, pertinent bond resolutions and Section 218.45, Florida Statutes, which allows the City to invest in the Florida State Board of Administration intergovernmental investment pool or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, direct obligations of the United States Government, obligations of the different agencies of the Federal Government, registered money market funds and accounts of state qualified public depositories.

*Investment policies* - Florida Statutes, Section 218.415, authorizes the City to invest surplus funds in the following:

- The Local Government Surplus Funds Trust Fund (State Board of Administration) or any intergovernmental investment pool authorized pursuant to the Florida Interposal Cooperation Act as provided in State of Florida Statutes section 163.01

- Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency

- Interest-bearing time deposits or savings accounts in state-certified qualified public depositories as defined in State of Florida Statutes section 280.02

- Direct obligations of the United States Treasury

Under GASBC Section I50: *Investments*, if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements. As of September 30, 2025, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the City's access to 100 percent of their account value in either external investment pool.

*Custodial credit risk* – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The financial institutions in which the City places its deposits are certified as "qualified public depositories," as required under the Florida Security for Public Deposits Act. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be

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

***Deposits and Investments (continued)***

able to recover the value of its investments or collateral securities that are in the possession of an outside party. At September 30, 2025, the City did not hold any deposits or investments that were considered to be a custodial credit risk.

*Interest rate risk* – Interest rate risk is the possibility that interest rates will rise and reduce the fair value of an investment. The City's investment policy limits interest rate risk by requiring that an attempt be made to match investment maturities with known cash needs and anticipated cash flow requirements. In addition, investments of current operating funds are required to have maturities of no longer than twelve months.

*Credit risk* – GASBC Section I50: *Investments* of the GASBC requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations. The City's investment policy limits investments to securities with specific ranking criteria. At September 30, 2025, the City did not hold an investments that were considered to be a credit risk.

*Concentration risk* – Section I50: *Investments* of the GASB Codification requires disclosures of investments in any one issuer that represents five percent or more of total investments, excluding investments issued or explicitly guaranteed by the U.S government, investments in mutual funds, external investments pools and other pooled investments. The City's investment policy does not address concentration risk. As September 30, 2025, the City did not hold any investments that were considered to be a concentration of credit risk.

***Accounts Receivable***

In the utility fund, operating revenues are generally recognized on the basis of cycle billings rendered monthly. If payments are not received from customers, services are shut off and deposits are applied against negative balances.

All accounts receivable are shown net of an allowance for uncollectable accounts for governmental funds. The accounts receivable and allowance for uncollectible accounts at September 30, 2025, were as follows:

| | Accounts Receivable | Allowance for Uncollectible | Net |
|---|---|---|---|
| General fund | $ 415,697 | $ (56,360) | $ 359,337 |
| Enterprise fund | 310,713 | (263,381) | 47,332 |
| Total | $ 726,410 | $ (319,741) | $ 406,669 |

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

***Capital Assets***

The following is a summary of changes in capital assets of the governmental activities during the year ended September 30, 2025:

| *For the year ended September 30, 2025* | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| **Governmental Activities** | | | | |
| Capital assets, not being depreciated | | | | |
| Land | $ 906,762 | $ - | $ - | $ 906,762 |
| Construction in progress | 2,217,291 | 1,112,166 | (3,329,457) | - |
| Capital assets, not being depreciated | 3,124,053 | 1,112,166 | (3,329,457) | 906,762 |
| Capital assets, being depreciated | | | | |
| Buildings and improvements | 1,119,052 | 36,169 | - | 1,155,221 |
| Improvements other than buildings | 5,810,470 | 3,354,802 | - | 9,165,272 |
| Machinery and equipment | 3,045,994 | 353,898 | (84,195) | 3,315,697 |
| Capital assets, being depreciated | 9,975,516 | 3,744,869 | (84,195) | 13,636,190 |
| Less accumulated depreciation for | | | | |
| Buildings and improvements | (719,812) | (44,786) | - | (764,598) |
| Improvements other than buildings | (2,083,217) | (283,297) | - | (2,366,514) |
| Machinery and equipment | (2,007,645) | (197,366) | 84,195 | (2,120,816) |
| Total accumulated depreciation | (4,810,674) | (525,449) | 84,195 | (5,251,928) |
| Total capital assets, being depreciated, net | 5,164,842 | 3,219,420 | - | 8,384,262 |
| Right-to-use lease assets, being amortized | | | | |
| Equipment | 8,573 | - | - | 8,573 |
| Right-to-use lease assets, being amortized | 8,573 | - | - | 8,573 |
| Less accumulated amortization for | | | | |
| Equipment | (3,430) | (1,715) | - | (5,145) |
| Total accumulated amortization | (3,430) | (1,715) | - | (5,145) |
| Right-to-use lease assets being amortized, net | 5,143 | (1,715) | - | 3,428 |
| Governmental activities capital | $ 8,294,038 | $ 4,329,871 | $ (3,329,457) | $ 9,294,452 |

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

***Capital Assets (Continued)***

The following is a summary of changes in capital assets of the business-type activities during the year ended September 30, 2025:

| *For the year ended September 30, 2025* | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| Capital assets, not being depreciated | | | | |
| Land | $ 449,632 | $ - | $ - | $ 449,632 |
| Construction in progress | 139,479 | 2,482,364 | (579,511) | 2,042,332 |
| Capital assets, not being depreciated | 589,111 | 2,482,364 | (579,511) | 2,491,964 |
| Capital assets, being depreciated | | | | |
| Water system | 2,555,732 | - | - | 2,555,732 |
| Sewer system | 5,949,993 | 630,011 | - | 6,580,004 |
| Machinery and equipment | 1,857,723 | 747,782 | (262,161) | 2,343,344 |
| Capital assets, being depreciated | 10,363,448 | 1,377,793 | (262,161) | 11,479,080 |
| Less accumulated depreciation for | | | | |
| Water system | (1,510,313) | (40,380) | - | (1,550,693) |
| Sewer system | (1,816,488) | (212,392) | - | (2,028,880) |
| Machinery and equipment | (1,359,107) | (118,676) | 262,161 | (1,215,622) |
| Total accumulated depreciation | (4,685,908) | (371,448) | 262,161 | (4,795,195) |
| Total capital assets being depreciated, net | 5,677,540 | 1,006,345 | - | 6,683,885 |
| Business-type activities capital assets, net | $ 6,266,651 | $ 3,488,709 | $ (579,511) | $ 9,175,849 |

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

| | |
|---|---|
| Governmental activities | |
| General government | $ 36,147 |
| Public safety | 89,880 |
| Code enforcement | 5,459 |
| Trash | 26,644 |
| Highways and streets | 210,507 |
| Fleet | 9,534 |
| Parks and recreation | 148,993 |
| Total depreciation and amortization expense – governmental activities | $ 527,164 |

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

***Capital Assets (Continued)***

Depreciation expense was allocated to the business-type functions in the statement of activities as follows:

| | | |
|---|---|---|
| Business-type activities | | |
| Water system | $ | 69,396 |
| Sewer system | | 302,052 |
| Total depreciation expense – business-type activities | $ | 371,448 |

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

*Financed Purchase Liabilities*

*Handheld Radios*

In November 2016, the City entered into a financed purchase agreement in the amount of $148,215 to finance 56 handheld radios. Payments of $16,492 including interest at 2% are due annually until maturity in November 2026. The balance was $32,021 at September 30, 2025, split between governmental activities and business-type activities based on where the radios are to be used, which is approximately 88% governmental activities and 12% business-type activities. Per the agreement, in the event of default, the company has multiple courses of remedy to include, but not limited to, declaring the unpaid principal immediately due and payable.

*2021 Ford Fire Truck*

In April 2021, the City entered into a financed purchase agreement in the amount of $110,000 to finance the purchase of a Ford F550 Chassis with light rescue apparatus. Payments of $23,014 including interest at 1.45% are due annually until maturity in June 2026. The balance was $22,685 at September 30, 2025. In the event of default, the bank has multiple courses of remedy to include, but not limited to, declaring the unpaid principal immediately due and payable.

*2023 Freightliner Trash Truck*

In June 2023, the City entered into a financed purchase agreement in the amount of $178,395 to finance the purchase of a 2023 Freightliner Truck with Peterson TL-3 Base Loader. Payments of $40,692 including interest at 4.61% are due annually until maturity in June 2028. The balance was $111,629 at September 30, 2025. In the event of default, the bank has multiple courses of remedy to include, but not limited to, declaring the unpaid principal immediately due and payable.

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

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

Debt service requirements to maturity on financed purchases at September 30, 2025 are as follows:

| *For the years ending* | Governmental activities | | Business-type activities | | Total | |
|---|---|---|---|---|---|---|
| *September 30,* | Principal | Interest | Principal | Interest | Principal | Interest |
| 2026 | $ 72,244 | $ 6,038 | $ 1,840 | $ 74 | $ 74,084 | $ 6,112 |
| 2027 | 51,595 | 3,791 | 1,757 | 37 | 53,352 | 3,828 |
| 2028 | 38,899 | 1,793 | - | - | 38,899 | 1,793 |
| Total | $ 162,738 | $ 11,622 | $ 3,597 | $ 111 | $ 166,335 | $ 11,733 |

*Notes Payable*

*State Revolving Fund Loan WW030711*

In November 2016, the City entered into an agreement with the State of Florida, Department of Environmental Protection for a $1,019,130 loan for a sewer rehabilitation project with an interest rate of 0.3% per year for 20 years. Of the $1,019,130, $301,153 was to be forgiven at the end of the project leaving a balance of $719,177 due, including $1,200 of capitalized interest. In November 2017, this agreement was annulled and replaced with a new agreement for $1,255,033, and an interest rate of 0.42% per year for 20 years. Another amendment to the agreement was completed in August 2019 which increased the loan amount to $1,455,033 with the additional $200,000 at an interest rate of 0.37% per year for 20 years. This project was finalized during fiscal year 2020 for a total of $1,308,798. Of this balance, $916,159 of the loan balance was forgiven, leaving a balance of $424,524. The loan is secured by a pledge of gross revenues from the operation of the water system after payment of the operation and maintenance expense and satisfaction of yearly payment obligation on any senior obligations. The first semi-annual payment of $12,289 was due June 15, 2020. Interest of $1367 was paid on this debt during the year ended September 30, 2025. The remaining principal on this debt as of September 30, 2025, totaled $311,552.

*State Revolving Fund Loan DW030720*

In August 2018, the City entered into an agreement with the State of Florida, Department of Environmental Protection for a $162,075 loan for a water rehabilitation project with an interest rate of 2.05% per year for 10 years. Of the $162,075, $81,037 is expected to be forgiven at the end of the project leaving a balance of $81,838, including capitalized interest of $800. The loan is secured by a pledge of gross revenues from the operation of the water system after payment of the operation and maintenance expense and satisfaction of yearly payment obligation on any senior obligations. The first semi-annual payment of $4,637 was due February 15, 2022. Interest of $1,696 was paid on this debt during the year ended September 30, 2025. The remaining principal due on this debt as of September 30, 2025, totaled $47,162.

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

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

*Notes Payable (continued)*

*State Revolving Fund Loan DW030722*

In January 2025, the City entered into an agreement with the State of Florida, Department of Environmental Protection for a $7,026,540 loan for a water rehabilitation project with an interest rate of 1.43% per year for 40 years. Of the $7,026,540, $2,809,913 is expected to be forgiven at the end of the project leaving a balance of $4,251,927, including capitalized interest of $35,300. The loan is secured by a pledge of gross revenues from the operation of the utility system (both water system and sewer system) after payment of the operation and maintenance expense and satisfaction of yearly payment obligation on any senior obligations. The first semi-annual payment of $126,651 is expected to be due August 15, 2027. No Interest was paid on this debt during the year ended September 30, 2025. The remaining principal due on this debt as of September 30, 2025, totaled $238,017.

The following is a summary of business-type activities notes payable for the year ended September 30, 2025:

| | Business-type Activities | | | |
|---|---|---|---|---|
| | State Revolving Fund Loan WW030711 | | State Revolving Fund Loan DW030720 | |
| *For the years ending September 30,* | Principal | Interest | Principal | Interest |
| 2026 | $ 20,880 | $ 1,287 | $ 14,295 | $ 849 |
| 2027 | 20,968 | 1,199 | 14,590 | 555 |
| 2028 | 21,056 | 1,111 | 14,890 | 254 |
| 2029 | 21,144 | 1,022 | 3,387 | 12 |
| 2030 | 21,233 | 933 | - | - |
| 2031-2035 | 107,513 | 3,319 | - | - |
| 2036-2040 | 98,758 | 1,040 | - | - |
| Total | 311,552 | 9,911 | 47,162 | 1,670 |
| Current portion | (20,880) | (1,287) | (14,295) | (849) |
| Payable after one year | $ 290,672 | $ 8,624 | $ 32,867 | $ 821 |

(Continued)

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

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

*Notes Payable (continued)*

| | Business-type Activities | | | |
|---|---|---|---|---|
| | State Revolving Fund Loan DW030722 | | Total | |
| *For the years ending September 30,* | Principal | Interest | Principal | Interest |
| 2026 | $ - | $ - | $ 35,175 | $ 2,136 |
| 2027 | 540 | 6,462 | 36,098 | 8,216 |
| 2028 | 10,636 | 3,368 | 46,582 | 4,733 |
| 2029 | 10,789 | 3,215 | 35,320 | 4,249 |
| 2030 | 10,944 | 3,060 | 32,177 | 3,993 |
| 2031-2035 | 57,130 | 12,889 | 164,643 | 16,208 |
| 2036-2040 | 61,362 | 8,658 | 160,120 | 9,698 |
| 2041-2045 | 65,907 | 4,112 | 65,907 | 4,112 |
| 2046-2047 | 20,709 | 298 | 20,709 | 298 |
| Total | 238,017 | 42,062 | 596,731 | 53,643 |
| Current portion | - | - | (35,175) | (2,136) |
| Payable after one year | $ 238,017 | $ 42,062 | $ 561,556 | $ 51,507 |

*Leases-Lessee*

The City has entered into a lease agreement to obtain the right-to-use a copier. The total annual rental for the copier that the City paid for the fiscal year ended Septemeber 30, 2025 was $1,860, $147 of which was considered interest expense. The lease has a 5 year term. Monthly payment amounts are $155. The remaining principal due on this lease as of September 30, 2025, totaled $3,597.

The following is a schedule of minimum future lease payments from lease agreements as of September 30:

| *For the years ending September 30,* | Principal Payments | Interest Expense | Total |
|---|---|---|---|
| 2026 | $ 1,769 | $ 91 | $ 1,860 |
| 2027 | 1,828 | 32 | 1,860 |
| Total | $ 3,597 | $ 123 | $ 3,720 |

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

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

*Leases - Lessor*

The City accounts for leases in accordance with GASBC Section L20, *Leases*. The City's operations consist of agreements for use of land. The agreements are made up of non-cancelable agreements which expire between the years 2026 and 2041. The City recognized $21,780 of lease principal revenue and $10,411 of lease interest revenue for the year ended September 30, 2025.

*Changes In long-term liabilities*

Long-term liability activity for the year ended September 30, 2025, was as follows for governemental activities:

| Governmental activities | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| Financed purchase liability | $ 232,759 | $ - | $ (70,021) | $ 162,738 | $ 72,244 |
| Lease liabilities | 5,310 | - | (1,713) | 3,597 | 1,769 |
| Net pension liability | 1,899,150 | - | (353,829) | 1,545,321 | - |
| OPEB liability | 227,064 | 24,230 | - | 251,294 | 2,146 |
| Compensated absences | 83,651 | - | (20,727) | 62,924 | 12,585 |
| Total governmental activities | $ 2,447,934 | $ 24,230 | $ (446,290) | $ 2,025,874 | $ 88,744 |

Long-term liability activity for the year ended September 30, 2025, was as follows for business-type activities:

| Business-type activities | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| Financed purchase liability | $ 5,463 | $ - | $ (1,866) | $ 3,597 | $ 1,840 |
| Notes payable from direct borrowings | 391,483 | 238,017 | (32,769) | 596,731 | 35,175 |
| Net pension liability | 351,618 | - | 65,509 | 286,109 | - |
| OPEB liability | 75,985 | 8,076 | - | 84,061 | - |
| Compensated absences | 20,861 | 8,322 | - | 29,183 | 5,837 |
| Total business-type activities | $ 845,410 | $ 254,415 | $ 30,874 | $ 999,681 | $ 42,852 |

Compensated absences, other postemployment benefits liability and the net pension liability will be liquidated in future periods primarily by the general fund for governmental activitiies. Business-type activities' compensated absences will be liquidated by the respective proprietary fund. Changes in the compensated absences liability are presented on a net basis.

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

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

Pledged Revenues

The City has revenue notes outstanding at September 30, 2025, for which revenues of the City have been pledged for repayment. Revenues pledged to repay these obligations are as follows:

| | Amount Issued | Future Principal and Interest | Current Pledged Revenue | Current Year Principal and Interest | Current Percentage of Revenue |
|---|---|---|---|---|---|
| **Business-type Activities** | | | | | |
| State Revolving Fund Loan WW030711 | | | | | |
| Maturity: 2039 | | | | | |
| 0.42% | $ 1,455,033 | $ 321,463 | $456,330 | $ 22,167 | 4.9% |
| *Purpose: To finance the cost of acquisition and construction of certain capital improvements in connection with the sewer system.* | | | | | |
| *Pledged revenue: Gross revenues from the operation of the water system after payment of the operation and maintenance expense and satisfaction of yearly payment obligations on any senior obligations.* | | | | | |
| State Revolving Fund Loan DW030720 | | | | | |
| Maturity: 2031 | | | | | |
| Interest rate: 2.05% | $ 162,075 | $48,831 | $456,330 | $ 7,555 | 1.7% |
| *Purpose: To finance the cost of acquisition and construction of certain capital improvements in connection with the water system.* | | | | | |
| *Pledged revenue: Gross revenues from the operation of the water system after payment of the operation and maintenance expense and satisfaction of yearly payment obligations on any senior obligations.* | | | | | |
| State Revolving Fund Loan DW030722 | | | | | |
| Maturity: 2047 | | | | | |
| Interest rate: 1.43% | $ 7,026,540 | $ 280,079 | $1,340,284 | $ - | 0.0% |
| *Purpose: To finance the cost of acquisition and construction of certain capital improvements in connection with the water system.* | | | | | |
| *Pledged revenue: Gross revenues from the operation of the utility system (facilities of the water system and sewer system) after payment of the operation and maintenance expense and satisfaction of yearly payment obligations on any senior obligations.* | | | | | |

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

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

The composition of interfund balances and activity for the year ended September 30, 2025 is as follows:

| | Due from other funds | Due to other funds |
|---|---|---|
| General fund | $ - | $ 122,929 |
| Community redevelopment agency | 122,929 | - |
| Total | $ 122,929 | $ 122,929 |

Interfund receivables and payables are primarily the result of funds due to the CRA for the City's portion of property taxes for the current fiscal year and amounts transferred to the City to reimbursed for expenditures related to a stormwater project partially funded by the CRA.

$25,228 was transferred during the year ended September 30, 2025 from governmental activities to business-type activities related to the purchase of certain assets from the general fund using grant funds which is recorded as a capital contribution in the Utility Fund Statement of Revenues, Expenses, and Changes in Net Position.

***Net Position Restrictions***

The following is a description of reported net position restrictions in governmental activities and business-type activities at September 30, 2025.

| | |
|---|---|
| Governmental activities | |
| Community redevelopment agency | $ 504,835 |
| Infrastructure taxes | 2,637,674 |
| Law enforcement | 54,549 |
| Total governmental activities | $ 3,197,058 |
| Business-type activities | |
| Impact fees | $ 708,500 |
| Debt service | 60,466 |
| Total business-type activities | $ 768,966 |
| Total | $ 3,966,024 |

The amount restricted as of September 30, 2025 by enabling legislation is $3,905,558.

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

***Net Position Net Investment in Capital Assets***

The composition of interfund balances and activity for the year ended September 30, 2025 is as follows: The elements of the calculation for net investment in capital assets are as follows:

| | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| Capital assets (net) | $ 9,294,452 | $ 9,175,849 | $ 18,470,301 |
| Outstanding debt related to capital assets | (166,335) | (600,328) | (766,663) |
| Net investment in capital assets | $ 9,128,117 | $ 8,575,521 | $ 17,703,638 |

**Note 4: PENSION PLANS**

***Plan Description***

The City participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature.

The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

The Florida Retirement System (FRS) Pension Plan (Plan) is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or are allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

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

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

***Benefits Provided***

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

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by $7.50. The minimum payment is $45 and the maximum payment is $225 per month, pursuant to Section 112.363, Florida Statutes.

***Contributions***

The contribution requirements of plan members and the City are established and may be amended by the Florida Legislature. Employees are required to contribute 3% of their salary to FRS unless enrolled in DROP which has no employee contribution requirement. The City's contribution rates for the year ended September 30, 2025 were as follows:

| | October 1, 2024 Through June 30, 2025 | | July 1, 2025 Through September 30, 2025 | |
|---|---|---|---|---|
| | **FRS** | **HIS** | **FRS** | **HIS** |
| Regular class | 11.63% | 2.00% | 12.03% | 2.00% |
| Special risk | 30.79% | 2.00% | 33.19% | 2.00% |
| DROP participants | 19.13% | 2.00% | 20.02% | 2.00% |

The City's contributions for the year ended September 30, 2025, were $259,326 to FRS and $31,827 to HIS.

***Pension Liabilities and Pension Expenses***

In its financial statements for the year ended September 30, 2025, the City reported a liability for its proportionate share of the net pension liability of FRS and its proportionate share of the net pension liability of HIS. The net pension liabilities were measured as of June 30, 2025. The City's proportions of the net pension liabilities were based on its share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

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

***Pension Liabilities and Pension Expenses (continued)***

| | FRS | HIS |
|---|---|---|
| Net pension liability | $ 1,372,605 | $ 458,825 |
| Proportion at: | | |
| Current measurement date | 0.004422747% | 0.003579692% |
| Prior measurement date | 0.004436177% | 0.003564076% |
| Pension expense (benefit) | $ 106,162 | $ 8,951 |

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

At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | FRS | |
|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | $ 146,609 | $ - |
| Changes of assumptions | 159,395 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 229,170 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 93,656 | 145,344 |
| Employer contributions subsequent to the measurement date | 64,961 | - |
| Total | $ 464,621 | $ 374,514 |

| | HIS | |
|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | $ 2,739 | $ 728 |
| Changes of assumptions | 4,061 | 110,978 |
| Net difference between projected and actual earnings on pension plan investments | - | 382 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 31,135 | 37,518 |
| Employer contributions subsequent to the measurement date | 7,884 | - |
| Total | $ 45,819 | $ 149,606 |

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

***Deferred Outflows/Inflows of Resources Related to Pensions (continued)***

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting year ending September 30, 2025.

Other pension related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

| Measurement period ending June 30, | FRS | HIS |
|---|---|---|
| 2026 | $ 172,335 | $ (25,744) |
| 2027 | (63,558) | (33,573) |
| 2028 | (44,566) | (27,105) |
| 2029 | (39,065) | (15,182) |
| 2030 | - | (10,067) |
| Total | $ 25,146 | $ (111,671) |

***Actuarial Assumptions***

The total pension liability for each of the defined benefit plans was measured as of June 30, 2025. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2025. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2024. The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

| | FRS | HIS |
|---|---|---|
| Inflation | 2.40% | 2.40% |
| Salary increases | 3.50% | 3.50% |
| Investment rate of return | 6.70% | N/A |
| Discount rate | 6.70% | 5.20% |

For the FRS Pension Plan, the mortality rates were based on the PUB-2010 base table varies by member category and sex; projected generationally with Scale MP-2021. The actuarial assumptions used in the July 1, 2025 valuation were based on the results of actuarial experience study for the period July 1, 2018 through June 30, 2023.

For the HIS Program, the mortality rates were based on the Generational PUB-2010 with Projection Scald MP-2021. The HIS program is funded on a pay as you go basis and no experience study has been completed for the program. Thus, the above actuarial assumptions that determine the total pension liability as of June 30, 2025 were based on certain results of an actuarial experience study of the FRS for the period of July 1, 2018 – June 30, 2023.

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

***Actuarial Assumptions (continued)***

The following changes in key actuarial assumptions occurred in 2025:

- HIS: All demographic assumptions and methods were reviewed as part of the 2024 Experience Study. Changes were adopted by the 2024 FRS Actuarial Assumption Conference during its meetings in October 2024.
- HIS: The assumption changes were updated to reflect recent and anticipated future experience of HIS program participants. Changes were adopted by the 2025 FRS Actuarial Assumption Conference during its October 2025 meeting.
- HIS: The discount rate was modified to reflect the change in the value of the municipal bond index between GASB measurement dates. The municipal bond index rate and the discount rate used to determine the total pension liability increased from 3.93% to 5.20%.
- FRS: No changes in key actuarial assumptions.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. 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, as outlined in the FRS Plan's investment policy, 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% | 3.2% | 3.2% | 1.1% |
| Fixed income | 29.0% | 5.5% | 5.4% | 4.0% |
| Global equity | 45.0% | 8.5% | 6.9% | 18.3% |
| Real estate (property) | 12.0% | 8.4% | 7.1% | 16.8% |
| Private equity | 11.0% | 12.4% | 8.8% | 28.4% |
| Strategic investments | 2.0% | 6.5% | 6.1% | 8.7% |
| | 100% | | | |

***Discount Rate***

The discount rate used to measure the total pension liability for was 6.70% for the FRS Pension Plan. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of 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 long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

***Actuarial Assumptions (continued)***

The discount rate used to measure the total pension liability was 5.20% for the HIS Program. 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 Analysis**

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

| | FRS | | |
|---|---|---|---|
| | 1% Decrease | Current Discount Rate | 1% Increase |
| City's proportionate share of the net pension liability | $ 2,693,717 | $ 1,372,605 | $ 265,005 |

| | HIS | | |
|---|---|---|---|
| | 1% Decrease | Current Discount Rate | 1% Increase |
| City's proportionate share of the net pension liability | $ 517,399 | $ 458,825 | $ 409,700 |

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

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

***Defined Contribution Plan***

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended September 30, 2025, totaled $69,025.

**Note 5: OTHER POSTEMPLOYMENT BENEFITS**

***Plan Description***

The City administers a single-employer defined benefit healthcare plan (the “Plan”) that provides medical insurance to its employees and their eligible dependents. Pursuant to Section 112.0801 Florida Statutes, the City is required to provide eligible retirees (as defined in the City’s pension plans) the opportunity to participate in this Plan at the same cost that is applicable to active employees. The City does not issue stand-alone financial statements for this Plan. All financial information related to the Plan is accounted for in the City’s basic financial statements.

***Funding Policy***

The City is funding the post employee benefits on a pay-as-you-go basis. Contribution rates for the Plan are established by City Council annually during the budget process. The City does not pay for health insurance premiums for retirees. Blended premium rates for active and retired employees combined provide an implicit subsidy for retirees because on an actual basis, their current and future claims are expected to result in higher costs to the Plan than those of active employees. The current year contributions are determined as annualized claims incurred based on the retiree age at the beginning of the fiscal year and the claims table used for liability determination offset by the annual premium paid by the retiree for such coverage. City contributions are assumed to be equal to benefits paid.

***Plan Membership***

At the valuation date October 1, 2023, OPEB membership consisted of the following:

| | |
|---|---|
| Active participants | 31 |
| Retirees and beneficiaries | - |
| Total plan members | 31 |

***Eligibility***

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

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

**Actuarial Assumptions and Other Inputs**

At the September 30, 2025 measurement date, the actuarial assumption and other inputs, applied to include the following:

| | |
|---|---|
| Salary increases | 3.00% per annum |
| Discount rate | 4.50% per annum |
| Health care cost trend rates: | |
| Initial | 7.50% |
| Ultimate | 5.00% |
| Implied subsidy | $625 per individual at age 62 and then adjusted for age |
| Retiree's share of benefit-related costs | 100.0% of projected health insurance premiums |

The discount rate used is based on the return on the S&P Municipal Bond 20-year High Grade Index as of the measurement date as published by S&P Dow Jones Indices nearest the measurement date. Eligible bonds must be rated at least AA by S&P, Aa2 by Moody's or AA by Fitch. The high-quality bond index at September 29, 2025 was 4.50%

Mortality rates were based on the sex-distinct rates set forth in the PUB-2010 Mortality Table (without income adjustments) for general and public safety employees, with full generational improvements in mortality using Scale MP-2020. MP-2020 Disabled Retiree Mortality Tables set back 4 years for males and forward 2 years for females, with no projected improvement used for disabled employees.

The actuarial assumptions used in the October 1, 2023 valuation were not based on the results of an actuarial experience study.

At September 30, 2025, the City reported a total OPEB liability of $335,355. The information has been provided as of the September 30, 2025 measurement date.

| September 30, 2025 | | |
|---|---|---|
| Service cost | $ | 38,988 |
| Interest | | 14,647 |
| Differences between expected and actual experience | | - |
| Changes in assumptions | | (11,857) |
| Changes in benefit terms | | - |
| Contributions - employer | | - |
| Benefit (payments) refunds | | (9,472) |
| Net change in OPEB liability | | 32,306 |
| Total OPEB liability, beginning of year | | 303,049 |
| Total OPEB liability, end of year | $ | 335,355 |

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

**Actuarial Assumptions and Other Inputs (Continued)**

| | | |
|---|---|---|
| Net change in OPEB liability | | 32,306 |
| Total OPEB liability, beginning of year | | 303,049 |
| Total OPEB liability, end of year | $ | 335,355 |

Changes of assumptions from the September 30, 2024 reporting to the September 30, 2025 reporting period reflect an increase in the discount rate from 4.06% per annum to 4.50% per annum.

**Sensitivity of the Net OPEB Liability**

The following table represents the City's total and net OPEB liability calculated using the discount rate of 4.06%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.06%) or one percentage point higher (5.06%) than the current rate:

| | 1 % Decrease 3.50% | Current Discount Rate 4.50% | 1 % Increase 5.50% |
|---|---|---|---|
| Net OPEB Liability | $ 368,042 | $ 335,355 | $ 306,405 |

The following table represents the City's total and net OPEB liability calculated using the health care cost trend rate of 7.50 - 5.00%, as well as what the City's net OPEB liability would be if it were calculated using a health care cost trend rate that is one percentage point lower (6.50 - 4.00%) or one percentage point higher (8.50 - 6.00%) than the current rate:

| | 1 % Decrease 6.50% - 4.0% | Current Cost Trend Rate 7.50% - 5.0% | 1 % Increase 8.50 % - 6.0% |
|---|---|---|---|
| Net OPEB Liability | $ 292,840 | $ 335,355 | $ 386,511 |

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

For the fiscal year ended September 30, 2025, the City recognized an OPEB expense of $5,572. In addition, the City reported deferred inflows of resources related to the OPEB plan from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ - | $ 258,158 |
| Changes of assumptions | 56,709 | 121,475 |
| Total | $ 56,709 | $ 379,633 |

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

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB* (continued)**

Deferred outflows of resources related to amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in other postemployment expense as follows:

| Measurement period ending September 30, | | |
|---|---|---|
| 2024 | $ | (38,590) |
| 2025 | | (38,590) |
| 2026 | | (38,590) |
| 2027 | | (38,590) |
| 2028 | | (28,969) |
| Thereafter | | (139,595) |
| Total | $ | (322,924) |

**Note 6: RISK MANAGEMENT**

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

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

The commercial insurance carried is a claims incurred policy for which the City is covered for claims originating against the City during the policy period. The amount of coverage is dependent on the date of the liability-imposing event. The City has maintained continuous coverage and does not believe it has any exposure to events which occurred prior to the year ended September 30, 2025.

**Note 7: COMMITMENTS AND CONTINGENCIES**

During the ordinary course of its operations, the City is party to various claims, legal actions, and complaints. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of counsel for the City, the liabilities which may arise from such actions would not result in losses which would exceed the liability insurance limits in effect at the time the claim arose or otherwise materially affect the financial condition of the City or results of activities.

**Note 7: COMMITMENTS AND CONTINGENCIES (Continued)**

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

**Note 8: INVESTMENT IN JOINT VENTURE**

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

The results of operations and cash flows are accounted for within the financial statements of MPAWTF. The City's interest in equity is reported within the City's utility fund. As of September 30, 2025, the City's portion of the equity in MPAWTF was $1,834,361. Complete financial statements for MPAWTF may be obtained from the operator at P.O. Box 2269, Panama City, Florida 32402.

Condensed financial statements of MPAWTF are as follows:

Statement of Net Position

| September 30, 2025 | | |
|---|---|---|
| Assets | | |
| Current assets | $ | 11,186,260 |
| Noncurrent assets | | 20,861,789 |
| Total assets | | 32,048,049 |
| Deferred outflows of resources | | |
| Deferred loss on bond refunding | | 82,142 |

(Continued)

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

Statement of Net Position

| September 30, 2025 | | |
|---|---|---|
| Liabilities | | |
| Current liabilities | $ | 5,390,315 |
| Noncurrent liabilities | | 739,613 |
| Total liabilities | | 6,129,928 |
| Net position | $ | 26,000,263 |

Statement of Activities

| For the year ended September 30, 2025 | | |
|---|---|---|
| Operating revenues | $ | 6,825,780 |
| Operating expenses | | (6,622,187) |
| Operating income (loss) | | 203,593 |
| Nonoperating revenues (expenses) | | 100,657 |
| Net income before distributions to owners | | 304,250 |
| Distributions to owners | | (180,981) |
| Change in net position | | 123,269 |
| Net position, beginning of year | | 25,876,994 |
| Net position, end of year | $ | 26,000,263 |

For the year ended September 30, 2025, the City had a loss from the joint venture in the amount of $18,404. As of September 30, 2025, the joint venture owes the City $479,929 for excess funds accumulated in the operating and repair and replacement accounts ($489,075) offset by $9,146 for the transfer of a collection system.

# Required Supplementary Information

# City of Parker, Florida
## Schedule of Revenues, Expenditures, and Changes in Fund Balance
## Budget and Actual – General Fund

| Year Ended September 30, 2025 | Budgeted Amounts Original | Budgeted Amounts Final | Actual Amounts Budgetary Basis | Variance with Final Budget |
|---|---|---|---|---|
| **Revenues** | | | | |
| Taxes | $ 1,558,754 | $ 1,600,068 | $ 1,732,484 | $ 132,416 |
| Intergovernmental | 1,277,179 | 1,277,179 | 1,407,901 | 130,722 |
| Licenses and permits | 387,479 | 387,479 | 386,473 | (1,006) |
| Charges for services | 450,674 | 450,674 | 448,600 | (2,074) |
| Fines and forfeitures | 30,000 | 30,000 | 131,869 | 101,869 |
| Rents | 32,233 | 32,233 | 29,506 | (2,727) |
| Interest | 1,000 | 1,000 | 12,663 | 11,663 |
| Contributions and donations | 2,000 | 2,000 | 27,779 | 25,779 |
| Miscellaneous | 21,500 | 271,500 | 87,872 | (183,628) |
| Total revenues | 3,760,819 | 4,052,133 | 4,265,147 | 213,014 |
| **Expenditures** | | | | |
| Current and capital outlay | | | | |
| General government | 537,550 | 537,250 | 582,278 | (45,028) |
| Public safety | 1,648,330 | 1,648,330 | 1,569,197 | 79,133 |
| Code enforcement | 196,509 | 196,509 | 134,583 | 61,926 |
| Trash | 258,861 | 258,862 | 185,717 | 73,145 |
| Highways and streets | 1,451,374 | 1,451,374 | 594,480 | 856,894 |
| Fleet | 56,060 | 56,060 | 45,798 | 10,262 |
| Parks and recreation | 468,870 | 468,870 | 191,455 | 277,415 |
| Debt service | 80,587 | 80,587 | 80,143 | 444 |
| Total expenditures | 4,698,141 | 4,697,842 | 3,383,651 | 1,314,191 |
| **Excess (deficit) of revenues over (under) expenditures** | (937,322) | (645,709) | 881,496 | 1,527,205 |
| **Other financing sources (uses)** | | | | |
| Transfers | 687,322 | 645,709 | - | (645,709) |
| Total other financing sources (uses) | 687,322 | 645,709 | - | (645,709) |
| **Net changes in fund balance** | (250,000) | - | 881,496 | 881,496 |
| **Fund balance - beginning (as restated)** | 3,659,638 | 3,659,638 | 3,659,638 | - |
| **Fund balance - ending** | $ 3,409,638 | $ 3,659,638 | $ 4,541,134 | $ 881,496 |

Notes to schedule:

The City adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

a) Prior to year end, the City prepares a proposed budget for the next succeeding fiscal year and submits it to the Council. The recommended budget includes proposed expenditures and the sources of receipts to finance them.

b) Complete copies of the proposed budget are made available for public inspection. Public hearings are conducted to obtain taxpayers' comments.

c) The budget is enacted through passage of an ordinance.

d) Approved City staff are authorized to transfer budgeted amounts between line items within a department; however, any revisions that alter the total expenditures of any department must be approved by the Council. Expenditures may not exceed legal appropriations at the department level. All appropriations lapse at year end.

e) Formal budgetary integration is employed as a management control device during the year for the General Fund and all major, special revenue funds (if any).

f) Budgets are legally adopted on a basis consistent with GAAP except for transfers, debt service, and certain intragovernment amounts.

g) The budgetary comparison schedule shown in the accompanying required supplementary information presents comparisons of the legally adopted budget, as amended, with actual results. The originally adopted budget is presented for purposes of comparison to the final, amended budget.

| Year Ended September 30, 2025 | Budgeted Amounts Original | Budgeted Amounts Final | Actual Amounts | Variance with Final Budget |
|---|---|---|---|---|
| **Revenues** | | | | |
| Taxes | | | | |
| Property taxes | $ 169,000 | $ 169,000 | $ 393,198 | $ 224,198 |
| Interest | 75 | 75 | 137 | 62 |
| Total revenues | 169,075 | 169,075 | 393,335 | 224,260 |
| **Expenditures** | | | | |
| Current and capital outlay | | | | |
| General government | 286,253 | 286,253 | - | 286,253 |
| Total expenditures | 286,253 | 286,253 | - | 286,253 |
| **Excess (deficit) of revenues over (under) expenditures** | (117,178) | (117,178) | 393,335 | 510,513 |
| **Other financing sources (uses)** | | | | |
| Transfers out | - | - | (148,377) | (148,377) |
| Total other financing sources (uses) | - | - | (148,377) | (148,377) |
| **Net changes in fund balance** | (117,178) | (117,178) | 244,958 | 362,136 |
| **Fund balance - beginning (as restated)** | 259,877 | 259,877 | 259,877 | - |
| **Fund balance - ending** | $ 142,699 | $ 142,699 | $ 504,835 | $ 362,136 |

Notes to schedule:
The City adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

a) Prior to year end, the City prepares a proposed budget for the next succeeding fiscal year and submits it to the Commission. The recommended budget includes proposed expenditures and the sources of receipts to finance them.
b) Complete copies of the proposed budget are made available for public inspection. Public hearings are conducted to obtain taxpayers' comments.
c) The budget is enacted through passage of an ordinance and becomes the basis for the millage levied by the council.
d) Approved City staff is authorized to transfer budgeted amounts between line items within a department; however, any revisions that alter the total expenditures of any department must be approved by the Commission. Expenditures may not exceed legal appropriations at the department level. All appropriations lapse at year end.
e) Formal budgetary integration is employed as a management control device during the year for the General Fund and all major, special revenue funds (if any).
f) Budgets are legally adopted on a basis consistent with GAAP except for transfers, debt service, and certain intragovernmental amounts.

g) The budgetary comparison schedule shown in the accompanying required supplementary information presents comparisons of the legally adopted budget, as amended, with actual results. The originally adopted budget is presented for purposes of comparison to the final, amended budget.

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

| Year ended September 30, | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|---|---|
| **Total OPEB liability** | | | | | | | |
| Service cost | $ 38,988 | $ 41,857 | $ 31,501 | $ 33,297 | $ 50,466 | $ 42,735 | $ 32,539 |
| Interest | 14,647 | 17,723 | 20,303 | 22,413 | 12,895 | 9,274 | 19,975 |
| Differences between expected and actual experience | - | (102,616) | (75,049) | - | - | - | (171,496) |
| Changes in assumptions | (11,857) | (47,500) | 43,563 | (94,017) | (88,966) | 56,519 | (113) |
| Benefit (payments) refunds | (9,472) | (2,147) | (13,012) | (19,471) | (16,681) | (21,253) | (10,133) |
| Net change in OPEB liability | 32,306 | (92,683) | 7,306 | (57,778) | (42,286) | 87,275 | (129,228) |
| Total OPEB liability - beginning | 303,049 | 395,732 | 388,426 | 446,204 | 488,490 | 401,215 | 530,443 |
| Total OPEB liability - ending (a) | $ 335,355 | $ 303,049 | $ 395,732 | $ 388,426 | $ 446,204 | $ 488,490 | $ 401,215 |
| **Plan fiduciary net position** | | | | | | | |
| Contributions - employer | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Contributions - employee | - | - | - | - | - | - | - |
| Net investment income | - | - | - | - | - | - | - |
| Benefit payments/refunds | - | - | - | - | - | - | - |
| Administrative expenses | - | - | - | - | - | - | - |
| Net change in plan fiduciary net position | - | - | - | - | - | - | - |
| Plan fiduciary net position - beginning | - | - | - | - | - | - | - |
| Plan fiduciary net position - ending (b) | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Net OPEB liability - ending (a) - (b) | $ 335,355 | $ 303,049 | $ 395,732 | $ 388,426 | $ 446,204 | $ 488,490 | $ 401,215 |
| Plan fiduciary net position as a percentage of OPEB liability | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| City's covered-employee payroll | $ 1,340,414 | $ 1,340,414 | $ 1,131,107 | $ 1,089,941 | $ 1,089,941 | $ 966,458 | $ 966,458 |
| Net OPEB liability as a percentage of City's covered-employee payroll | 25.02% | 22.61% | 34.99% | 35.64% | 40.94% | 50.54% | 41.51% |

**Notes to schedule:**

1) There are no assets accumulated in a trust that meet the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.
2) GASB Codification P52 requires and employer to disclose a 10-year history. However, until a full 10-year trend in complied, the information will be presented only for those years for which information is available.

## City of Parker, Florida
## Schedule of the City's Proportionate Share of the Net Pension Liability
## Last 10 Fiscal Years

| **Florida Retirement System** | **2025** | **2024** | **2023** | **2022** | **2021** | **2020** | **2019** | **2018** | **2017** | **2016** |
|---|---|---|---|---|---|---|---|---|---|---|
| City's proportion of the net pension liability (asset) | 0.0044227% | 0.0044362% | 0.0039638% | 0.0047654% | 0.0051080% | 0.0055644% | 0.0050523% | 0.0049467% | 0.0051836% | 0.0052695% |
| City's proportionate share of the net pension liability (asset) | $ 1,372,605 | $ 1,716,122 | $ 1,579,457 | $ 1,773,093 | $ 385,852 | $ 2,411,691 | $ 1,739,958 | $ 1,489,980 | $ 1,533,799 | $ 1,330,553 |
| City's covered payroll (2) | 1,632,136 | 1,508,821 | 1,334,202 | 1,383,790 | 1,429,019 | 1,351,618 | 1,276,252 | 1,181,823 | 1,132,779 | 1,106,889 |
| City's proportionate share of the net pension liability (asset) as a percentage of the City's covered payroll | 84.10% | 113.74% | 118.38% | 128.13% | 27.00% | 178.43% | 136.33% | 126.07% | 135.40% | 120.21% |
| Plan fiduciary net position as a percentage of the total pension liability | 87.26% | 83.70% | 82.38% | 82.89% | 96.40% | 78.85% | 82.61% | 84.26% | 83.89% | 84.88% |

| **Health Insurance Subsidy Program** | **2025** | **2024** | **2023** | **2022** | **2021** | **2020** | **2019** | **2018** | **2017** | **2016** |
|---|---|---|---|---|---|---|---|---|---|---|
| City's proportion of the net pension liability (asset) | 0.0035797% | 0.0035641% | 0.3354799% | 0.0037971% | 0.0040365% | 0.0040791% | 0.0038161% | 0.0036184% | 0.0035538% | 0.0035856% |
| City's proportionate share of the net pension liability (asset) | $ 458,825 | $ 534,646 | $ 532,787 | $ 402,176 | $ 495,142 | $ 498,056 | $ 426,980 | $ 382,974 | $ 379,991 | $ 417,887 |
| City's covered payroll (2) | 1,632,136 | 1,508,821 | 1,508,821 | 1,334,202 | 1,429,019 | 1,351,618 | 1,351,618 | 1,276,252 | 1,181,823 | 1,132,779 |
| City's proportionate share of the net pension liability (asset) as a percentage of the City's covered payroll | 28.11% | 35.43% | 35.31% | 30.14% | 34.65% | 36.85% | 31.59% | 30.01% | 32.15% | 36.89% |
| Plan fiduciary net position as a percentage of the total pension liability | 6.36% | 4.80% | 4.12% | 4.81% | 3.56% | 3.00% | 2.63% | 2.15% | 1.64% | 0.97% |

**Notes to schedules:**

(1) The amounts presented for each fiscal year were determined as of the measurement date, which was June 30th of the current fiscal year.

(2) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP.

## City of Parker, Florida
## Schedule of the City's Contributions
## Last 10 Fiscal Years

| **Florida Retirement System** | **2025** | **2024** | **2023** | **2022** | **2021** | **2020** | **2019** | **2018** | **2017** | **2016** |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually required contribution | $ 259,326 | $ 267,273 | $ 196,498 | $ 199,329 | $ 202,542 | $ 184,880 | $ 164,685 | $ 141,975 | $ 137,432 | $ 130,308 |
| Contributions in relation to the contractually required contribution | (259,326) | (267,273) | (196,498) | (199,329) | (202,542) | (184,880) | (164,685) | (141,975) | (137,432) | (130,308) |
| Contribution deficiency/(excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| City's covered payroll (1) | $ 1,620,180 | $ 1,560,403 | $ 1,371,995 | $ 1,341,478 | $ 1,461,250 | $ 1,380,932 | $ 1,346,084 | $ 1,176,282 | $ 1,153,174 | $ 1,117,038 |
| Contributions as a percentage of covered payroll | 16.01% | 17.13% | 14.32% | 14.86% | 13.86% | 13.39% | 12.23% | 12.07% | 11.92% | 11.67% |

| **Health Insurance Subsidy Program** | **2025** | **2024** | **2023** | **2022** | **2021** | **2020** | **2019** | **2018** | **2017** | **2016** |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually required contribution | $ 31,827 | $ 31,460 | $ 23,599 | $ 22,261 | $ 24,194 | $ 23,106 | $ 22,284 | $ 19,531 | $ 19,146 | $ 18,547 |
| Contributions in relation to the contractually required contribution | (31,827) | (31,460) | (23,599) | (22,261) | (24,194) | (23,106) | (22,284) | (19,531) | (19,146) | (18,547) |
| Contribution deficiency/(excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| City's covered payroll (1) | $ 1,620,180 | $ 1,560,403 | $ 1,371,995 | $ 1,341,478 | $ 1,461,250 | $ 1,380,932 | $ 1,346,084 | $ 1,176,282 | $ 1,153,174 | $ 1,117,038 |
| Contributions as a percentage of covered payroll | 1.96% | 2.02% | 1.72% | 1.66% | 1.66% | 1.67% | 1.66% | 1.66% | 1.66% | 1.66% |

**Notes to schedules:**

(1) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP.

# Compliance Section

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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***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of City of Parker, Florida (City), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise City's basic financial statements and have issued our report thereon dated August 19, 2026.

**Report on Internal Control over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, 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 the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002 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 and questioned costs as items 2025-004 through 2025-007 to be significant deficiencies.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2025-003.

**City's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**Purpose of This Report**

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

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

Carr, Riggs & Ingram, LLC
Panama City Beach, Florida
August 19, 2026

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited City of Parker, Florida's (City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2025. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2025.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

***Report on Internal Control over Compliance***

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Carr, Riggs & Ingram, LLC
Panama City Beach, Florida
August 19, 2026

# City of Parker, Florida
# Schedule of Expenditures of Federal Awards
# Year Ended September 30, 2025

| Federal Agency Pass-through<br>Grantor Program Title | AL<br>Number | Contract/<br>Grant Number | Expenditures | Payments to<br>Subrecipients |
|---|---|---|---|---|
| **Federal Awards** | | | | |
| **Department of Housing and Urban Development** | | | | |
| Passed through Florida Department of Economic Opportunity | | | | |
| Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii | 14.228 | M0009 | $ 501,064 | $ - |
| Total Department of Housing and Urban Development | | | 501,064 | - |
| **United States Environmental Protection Agency** | | | | |
| Passed through Florida Department of Environmental Protection | | | | |
| Drinking Water State Revolving Fund | 66.468 | DW030722 | 1,981,300 | - |
| Total Drinking Water State Revolving Fund | | | 1,981,300 | - |
| Total United States Environmental Protection Agency | | | 1,981,300 | - |
| **Department of the Treasury** | | | | |
| Coronavirus State and Local Fiscal Recovery Funds | | | | |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds | 21.027 | Y5259 | 370,986 | - |
| Total Department of the Treasury | | | 370,986 | - |

(Continued)

| **Federal Agency Pass-through Grantor Program Title** | AL Number | Contract/ Grant Number | Expenditures | Payments to Subrecipients |
|---|---|---|---|---|
| **Department of Homeland Security** | | | | |
| Passed through Florida Division of Emergency Management | | | | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | | | | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036 | Z0894 | $ 78,487 | $ - |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036 | Z2590 | 158,159 | - |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | | | 236,646 | - |
| Total Expenditures of Federal Awards | | | $ 3,089,996 | $ - |

See accompanying notes to schedule of expenditures of federal awards

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

***Basis of presentation***

The accompanying schedule of expenditures of federal awards includes the federal spending of the City of Parker, Florida (the "City") and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not represent the financial position of the City.

**Note 2: INDIRECT COST RATE**

The Uniform Guidance allows an organization to elect a 10% de minimums indirect cost rate. For the year ended September 30, 2025, the City did not elect to use this rate.

**Note 3: LOAN / LOAN GUARANTEE OUTSTANDING BALANCES**

The City did not have any federal loans or loan guarantees outstanding during the year ended September 30, 2025.

**Note 4: SUB-RECIPIENTS**

During the year ended September 30, 2025, the City had no sub-recipients.

**Note 5: NONCASH ASSISTANCE AND OTHER**

The City did not receive any noncash assistance or federally funded insurance during the year ended September 30, 2025.

**Note 6: CONTINGENCIES**

Grant monies received and disbursed by the City are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon experience, the City does not believe that such disallowance, if any, would have a material effect on the financial position of the City.

**Note 7: FEDERAL PASS-THROUGH FUNDS**

The City is also the sub-recipient of federal funds that have been subjected to testing and are reported as expenditures and listed as federal pass-through funds. Federal awards other than those indicated as pass-through are considered to be direct.

**Section I - Summary of Auditor's Results**

Financial Statements

| | |
|---|---|
| Type of auditor's report issued | Unmodified |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | Yes |
| Significant deficiency(ies) identified not considered to be material weaknesses? | Yes |
| Noncompliance material to financial statements noted? | Yes |

Federal Awards

| | |
|---|---|
| Type of auditor's report issued on compliance for major federal programs | Unmodified |
| Internal control over major programs: | |
| Material weakness(es) identified? | No |
| Significant deficiency(ies) identified not considered to be material weaknesses? | No |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |

Identification of major federal programs

| Federal Assistance Listing Number | Federal Award Program |
|---|---|
| 66.468 | Drinking Water State Revolving Fund |

| | | |
|---|---|---|
| The dollar threshold used to distinguish between Type A and Type B programs | $ | 1,000,000 |
| Auditee qualified as low-risk auditee under 2 CFR 200.520? | | No |

(Continued)

**Section II – Financial Statement Findings**

2025-001 Significant Audit Adjustments (initially reported in 2007)

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

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

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

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

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

Management Response: See attached Corrective Action Plan.

2025-002 Lack of Segregation of Duties (initially reported in 2009)

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

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

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

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

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

Management Response: See attached Corrective Action Plan.

<u>2025-003 Reporting Requirements for Grants (initially reported in 2023)</u>

Condition: The City has not timely filed the annual audit reporting package and data collection form with the Federal Audit Clearinghouse for the current year.

Criteria: As the City meets the threshold for a single audit, it is required to submit a single audit reporting package and data collection form to the Federal Audit Clearinghouse in a timely manner. To be considered timely filed, the audit package and data collection form must be submitted within thirty days after receipt of the auditor's reports or within nine months after the end of the fiscal year, whichever comes first.

Effect: The City could lose grant funding for not complying with applicable requirements.

Cause: The City did not complete the audit within 9 months of year end as required for the Data Collection Form and the State of Florida Auditor General.

Recommendation: The City should complete the audit in a timely manner to allow submission of the audit within 9 months of year end.

Management Response: See attached Corrective Action Plan

<u>2025-004 Insufficient Documentation Supporting Law Enforcement Trust Fund Revenue (initially reported in 2025)</u>

Condition: During our review of Law Enforcement Trust Fund activity (reported blended with the General Fund), we noted a deposit of $36,652 related to the disposition of evidence from previous criminal cases. The City recorded the proceeds as revenue of the Law Enforcement Trust Fund. However, City personnel were unable to provide final judgments of forfeiture, court order, or other supporting documentation demonstrating that ownership of the funds had legally transferred to the City.

Criteria: The Florida Contraband Forfeiture Act establishes procedures governing the seizure and forfeiture of contraband articles and related proceeds. Property and proceeds are not considered forfeited to the seizing agency until the applicable forfeiture process has been completed through the courts. Proceeds from forfeited property may be deposited into a municipal law enforcement trust fund only after the agency has obtained the legal authority to retain those funds. Additionally, management is responsible for maintaining sufficient documentation to support financial transactions and account balances.

Effect: Without documentation evidencing a completed forfeiture action, the City cannot demonstrate that it had a legal right to retain the funds at the time they were recognized as revenue. As a result, the financial statements may overstate Law Enforcement Trust Fund revenue and fund balance by $36,652. Additionally, the funds may represent assets that should continue to be held pending legal disposition or return to the appropriate parties.

Cause: The City did not maintain adequate procedures to ensure supporting legal documentation is obtained and retained before recording proceeds from seized property or evidence as Law Enforcement Trust Fund revenue.

Recommendation: We recommend the City establish procedures requiring the collection and retention of final forfeiture judgments, court orders, settlement agreements, or other legal documentation supporting the City's ownership of seized funds prior to recognizing such amounts as revenue. Further, the City should review the status of the questioned proceeds with legal counsel and determine whether an accounting adjustment is necessary.

Management Response: See attached Corrective Action Plan.

2025-005 Failure to Timely Transfer Tax Increment Revenues to CRA Redevelopment Trust Fund – City Allocation (initially reported in 2024)

Condition: During our review of tax increment financing (TIF) contributions to the Community Redevelopment Agency (CRA) for the current year, we noted that while the required annual contributions in accordance with Florida Statutes §163.387(2)(a) from the County was transferred to the CRA's redevelopment trust fund, it was transferred late by 4 days and the City did not transfer its statutorily required portion of the tax increment to the CRA before year end.

Criteria: Florida Statute §163.387(2)(a) requires each taxing authority within the community redevelopment area to annually appropriate and transfer its proportionate share of the tax increment to the CRA redevelopment trust fund no later than January 1 of each year.

Effect: The City's noncompliance resulted in the underfunding of the CRA's redevelopment trust fund by an estimated total of $122,929.

Cause: The failure appears to result from a lack of understanding by the City who is responsible for the CRA.

Recommendation: We recommend the City promptly calculate and transfer the missed contributions, including any applicable penalties and interest if necessary, into the CRA redevelopment trust fund. We recommend the City obtain additional training related TIF reporting and calculations and then implement controls in the future to ensure future compliance with Florida Statute §163.387.

Management Response: See attached Corrective Action Plan.

2025-006 OPEB Census Errors (initially reported in 2024)

Condition: The census information provided for the City's OPEB valuation was not accurate or complete with multiple errors being identified in information reported to the actuary for completion of the valuation.

Criteria: GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires governments to recognize their OPEB liability based on an actuarial valuation. The accuracy of the actuarial valuation is dependent on complete and accurate census data including employee demographics, compensation, service credits, and benefit eligibility information. Management is responsible for ensuring that census data provided to the actuary is complete, accurate, and properly reflects the eligible population.

Effect: Incomplete or inaccurate information being submitted to the actuaries resulted in an inaccurate OPEB valuation which caused delays in issuance as corrections were necessary for OPEB related balances to be materially correct after adjustment.

Cause: The City did not have adequate procedures in place to review and validate the accuracy and completeness of census data prior to submission to the actuary.

Recommendation: We recommend that the City establish procedures to ensure that all census data submissions are complete and accurate before being submitted to their actuaries. These procedures might include, among other things, reconciliation of census data to source documents such as payroll records and human resources files, verification that all eligible participants are included and that terminated or ineligible individuals are excluded, verification of coverage identified is consistent with insurance coverage as of the date of the valuation, and a supervisory review and sign-off on census data prior to submission.

Management Response: See attached Corrective Action Plan.

<u>2025-007 Retirement Expense Not Reviewed in a Timely Manner and Rates Not Updated Appropriately (initially reported in 2025)</u>

Condition: The City did not update the retirement contribution rates in its accounting and payroll systems in a timely manner when the State implemented new rates effective July 1, 2025. The error was not identified for several months and, once identified, the City did not perform a retrospective review to determine the impact of the error and make any necessary corrections in a timely manner.

Criteria: Effective internal control requires management to perform periodic reviews and reconciliations of retirement expense and related liabilities. Management should also review rates entered into the system to ensure transactions are recorded accurately and completely and that errors are prevented or detected and corrected in a timely manner.

Effect: As a result of the retirement rates not being updated timely and the lack of review and reconciliation procedures, retirement expense and the related retirement liability were understated by approximately $20,000 at year-end.

Cause: The City has a limited number of staff, which restricts its ability to perform timely and comprehensive reviews and reconciliations of significant account balances, including retirement-related balances.

Recommendation: We recommend that the City implement formal review and reconciliation procedures for significant account balances, including retirement-related accounts. In addition, the City should establish written procedures for updating rates and other key system inputs that affect payroll and related expenditures. Where staffing limitations exist, the City should implement appropriate compensating controls to help ensure that account balances are accurate and that errors are identified and corrected in a timely manner.

Management Response: See attached Corrective Action Plan

**Section III – Federal Award Findings and Questioned Costs**

No matters reported for the year ended September 30, 2025.

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

| Prior Year/ Current Year Finding No. | Program/Area | Brief Description | Status | Comments |
|---|---|---|---|---|
| 2024-001/ 2025-001 | Financial Statements/ Significant Audit Adjustments | Adjustments to the financial records had to be proposed by the auditors in order for the financial statements to conform to GAAP. | Not Corrected | While the City strives to improve this condition, it is not expected to be corrected within the near future due to a lack of resources. |
| 2024-002/ 2025-002 | Financial Statements/ Lack of Segregation of Duties | The City does not have proper segregation of duties in many areas due to a limited number of staff combined with needed cross-trained staff for backup of certain positions in the event of absences. | Not Corrected | While the City strives to improve this condition, it is not expected to be corrected within the near future due to a lack of resources. |
| 2024-003/ N/A | Financial Statements/ Schedule of Expenditures of Federal Awards | Inadequate design of internal control over the preparation of financial statements and the schedule of expenditures of federal awards being audited gives rise to a material weakness in internal control. | Corrected | |
| 2024-004/ 2025-005 | Financial Statements/ Failure to Timely Transfer Tax Increment Revenues to CRA Redevelopment Trust Fund – City Allocation | During our review of tax increment financing (TIF) contributions to the Community Redevelopment Agency (CRA) for the current year and the preceding two years, we noted that while the required annual contributions in accordance with Florida Statutes §163.387(2)(a) from the County were appropriately transferred to the CRA's redevelopment trust fund, the City did not calculate and transfer its statutorily required portion of the tax increment to the CRA. | Partially Corrected | While the City did contribute past amounts and calculate the amount due from the City to the CRA as of year end, it was not transferred in a timely manner. |

| | | | | |
|---|---|---|---|---|
| 2024-005/ 2025-003 | Financial Statements/Reporting Compliance for Grants | The City has not timely filed the annual audit reporting package and data collection form with the Federal Audit Clearinghouse for the current year. | Not Corrected | The City has experienced significant staff turnover which has delayed their CY reporting capabilities. The City expects to correct this in the coming year. |
| 2024-006/ 2025-006 | Financial Statements/ OPEB Census Errors | The census information provided for the City's OPEB valuation was not accurate or complete with multiple errors being identified in information reported to the actuary for completion of the valuation. | Not Corrected | The City will not complete a new valuation for OPEB until fiscal year 2026. At that time procedures will be put into place to verify census information is accurate and complete. |
| 2024-007/ N/A | Financial Statements/ Lack of Review and Reconciliation of Certain Account Activity | The City did not consistently review and reconcile impact fee revenue to expected amounts, nor did it routinely reconcile Utility Fund accounts receivable balances in the general ledger to the related subsidiary ledger. As a result, errors in recorded balances were not timely identified or corrected. | Corrected | |
| 2024-101/ N/A | Federal Awards/ Reimbursement Requests were Not Formally Approved by the City Prior to Submission | The reimbursement requests to the Florida Division of Emergency Management were prepared by the City's consultant and acknowledged as approved by them as well. In the two reimbursement requests selected for sampling, one of the requests was both submitted and acknowledged by the third party administrator. This was not a statistically valid sample. | Corrected | |

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**INDEPENDENT AUDITOR'S MANAGEMENT LETTER**

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

***Report on the Financial Statements***

We have audited the financial statements of the City of Parker, Florida (City), as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated August 19, 2026.

***Auditor's Responsibility***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

***Other Reporting Requirements***

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards;* Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated August 19, 2026, should be considered in conjunction with this management letter.

***Prior Audit Findings***

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

***Prior Year Findings and Recommendations***

| Tabulation of Uncorrected Audit Findings | | |
|---|---|---|
| **2024-2025 Fiscal Year Finding No.** | **2023-2024 Fiscal Year Finding No.** | **2022-2023 Fiscal Year Finding No.** |
| 2025-001 | 2024-001 | 2023-001 |
| 2025-002 | 2024-002 | 2023-002 |
| 2025-005 | 2024-004 | N/A |
| 2025-003 | 2024-005 | 2023-006 |
| 2025-006 | 2024-006 | N/A |

***Official Title and Legal Authority***

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

***Financial Condition and Management***

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

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

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

***Property Assessed Clean Energy (PACE) Programs***

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, a statement as to whether a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did/did not operate within the City's geographical boundaries during the fiscal year under audit. A PACE program did not operate within the City's geographical boundaries during the fiscal year under audit.

***Special District Component Units***

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

***Specific Information***

The required reporting items in accordance with Section 218.39(3)(c), Florida Statutes for the Community Redevelopment Agency of the City of Parker (the CRA) have been reported in the separately-issued financial statements of the CRA.

***Additional Matters***

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

**Purpose of This Letter**

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

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

Carr, Riggs & Ingram, LLC
Panama City Beach, Florida
August 19, 2026

Carr, Riggs & Ingram, L.L.C.
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**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES**

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

We have examined the City of Parker, Florida's (City) compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2025. Management of the City is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

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

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

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

In our opinion, the City complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies,* for the year ended September 30, 2025.

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

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

Carr, Riggs & Ingram, LLC
Panama City Beach, Florida
August 19, 2026

# CITY OF PARKER

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


August 19, 2026

City of Parker
Management's Corrective Action Plan
For the Fiscal Year Ended September 30, 2025

Financial Statement Finding Number: 2025-001 Significant Audit Adjustments

Planned Corrective Action: The City has contracted with a third-party accountant to help alleviate some of audit adjustments needed. We strive to maintain the City's books in a manner that minimizes the number of proposed adjusting journal entries necessary. With the recent change in staff skill set, the ending of Hurricane Michael grant processing, we anticipate being able to greatly reduce audit adjustments in the future, but do not anticipate completely eliminating audit adjustments due to limited staff and resources available to the City.

Anticipated Completion Date: 09/30/2027

Responsible Contact Person: Kimberly Dalton, Bookkeeper

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August 19, 2026

City of Parker
Management's Corrective Action Plan
For the Fiscal Year Ended September 30, 2025

Financial Statement Finding Number: 2025-002 Lack of Segregation of Duties

Planned Corrective Action: This finding relates to areas that may never be fully resolved due to the limited staff and resources available to the City. Management does not believe the investment required to eliminate this finding would provide substantial benefit to the City. We are continually looking for opportunities to implement mitigating controls. We are currently working on procedural manuals to help define duties and segregate responsibilities. Monthly financial activity such as journal entries, significant account balances, bank reconciliation, bank statements and check images are currently being reviewed for reasonableness by the newly hired third-party accountant who is helping with training of staff to help increase knowledge in these areas.

Anticipated Completion Date: 09/30/2027

Responsible Contact Person: Rachelle Stanley, City Clerk

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August 19, 2026

City of Parker
Management's Corrective Action Plan
For the Fiscal Year Ended September 30, 2025

Financial Statement Finding Number: 2025-003 Reporting Requirements for Grants

Planned Corrective Action: The City is continuing its efforts to improve the timing of completion of the audit.

Anticipated Completion Date: 09/30/2027

Responsible Contact Person: Rachelle Stanley, City Clerk

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August 19, 2026

City of Parker
Management's Corrective Action Plan
For the Fiscal Year Ended September 30, 2025

Financial Statement Finding Number: 2025-004 Insufficient Documentation Supporting Law Enforcement Trust Fund Revenue

Planned Corrective Action: Procedures will be strengthened surrounding the review, documentation, and retention of records supporting forfeiture proceeds. Management will also evaluate the legal status of the identified funds and make any necessary accounting adjustments.

Anticipated Completion Date: 09/30/2027

Responsible Contact Person: Rachelle Stanley, City Clerk

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August 19, 2026

City of Parker
Management's Corrective Action Plan
For the Fiscal Year Ended September 30, 2025

Financial Statement Finding Number: 2025-005 Failure to Timely Transfer Tax Increment Revenues to CRA Redevelopment Trust Fund – City Allocation

Planned Corrective Action: Procedures to ensure full compliance with statutory requirements regarding the annual calculation and timely transfer of tax increment revenues to the CRA have been established. The annual City TIF contribution will be incorporated into the budget process to ensure the scheduled transfer is made by January 1st of each fiscal year.

Anticipated Completion Date: 09/30/2027

Responsible Contact Person: Rachelle Stanley, City Clerk

CITY OF PARKER

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August 19, 2026

City of Parker
Management's Corrective Action Plan
For the Fiscal Year Ended September 30, 2025

Financial Statement Finding Number: 2025-006 OPEB Census Errors

Planned Corrective Action: The City notes this finding stems from census data errors originating in prior fiscal year. Because OPEB reports are based on multi-year actuarial valuations, this finding will persist in the annual audit report until a new full actuarial valuation is performed using corrected data. The City is aware of the importance of maintaining accurate participant census data for OPEB. The City will update its procedures to include a more detailed review of census data before providing the information to their actuaries.

Anticipated Completion Date: 09/30/2027

Responsible Contact Person: Rachelle Stanley, City Clerk

CITY OF PARKER

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August 19, 2026

City of Parker
Management's Corrective Action Plan
For the Fiscal Year Ended September 30, 2025

Financial Statement Finding Number: 2025-007 Retirement Expense Not Reviewed in a Timely Manner and Rates Not Updated Appropriately

Planned Corrective Action: The retirement contribution rates have been updated during fiscal year 2026. Although the contribution rates in the City's internal payroll system were not updated in a timely manner, the actual contribution amounts remitted to the retirement system for each employee were accurate and correct. Actual contribution amounts were calculated directly through the retirement system's portal based on reported employee salary data, ensuring the retirement accounts were properly funded. Management will reconcile the monthly retirement contribution calculated per the retirement portal to the internal payroll system calculation and make accounting adjustments when necessary. To help prevent similar issues in the future, the City will strengthen its procedures by implementing a formal review process to verify that all externally mandated payroll and benefit rate changes are communicated, updated, and independently reviewed prior to their effective dates. Management expects these procedures to be fully implemented during the current fiscal year.

Anticipated Completion Date: 09/30/2027

Responsible Contact Person: Rachelle Stanely, City Clerk