

**CITY OF ARCHER, FLORIDA**  
**ANNUAL FINANCIAL REPORT**  
**For the Fiscal Year Ended September 30, 2023**

CITY OF ARCHER, FLORIDA  
ANNUAL FINANCIAL REPORT  
For the Fiscal Year Ended September 30, 2023

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FINANCIAL REPORT  
For the Fiscal Year Ended September 30, 2023

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## FINANCIAL SECTION



**INDEPENDENT AUDITOR'S REPORT**

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

**Qualified Opinion**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Archer, Florida, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City Archer, Florida's basic financial statements as listed in the table of contents.

In our opinion, except for the possible effects of the matters discussed in the Basis for Qualified Opinion section of our report, the respective financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, and each major fund, of the City of Archer, Florida, as of September 30, 2023, 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 Qualified and Unmodified Opinions**

We conducted our audit of the financial statements of the governmental activities, the business-type activities, and each major fund, in accordance with auditing standards generally accepted in the United States of America. 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 of Archer, Florida, 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 qualified opinion.

**Matter Giving Rise to Qualified Opinion on the Financial Statements**

There were potentially fraudulent errors related to payroll, accounting errors that resulted in the posting of expenses to incorrect funds and departments, and a lack of justification for the allocation of expenses. The amount by which these errors and misclassifications would affect the financial statements has not been determined.

**Responsibilities of Management for the Financial Statements**

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

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

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of proportionate share of net pension liability, and schedule of contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in

accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance

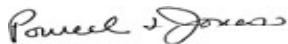
#### Other Information

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2024, on our consideration of the City of Archer's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Archer's internal control over financial reporting and compliance.



Powell and Jones CPA  
Lake City, Florida  
November 5, 2024

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

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

**Report Layout**

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

***Basic Financial Statements***

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



**City as a Whole**  
**Government-wide Financial Statements**  
A condensed version of the Statement of Net Position follows:  
**Net Position at September 30, 2023 and 2022**

	Governmental	Business-type	Total Government	
	Activities	Activities	2023	2022
<b>Assets</b>				
Cash and investments	\$ 126,528	\$ 187,219	\$ 313,747	\$ 706,698
Other current assets	364,172	167,809	531,981	322,467
Noncurrent assets	-	54,430	54,430	54,480
Capital assets, net	1,697,870	2,772,735	4,470,605	4,250,809
Deferred outflows	135,057	52,523	187,580	259,228
<b>Total assets</b>	<b>2,323,627</b>	<b>3,234,716</b>	<b>5,558,343</b>	<b>5,593,682</b>
<b>Liabilities</b>				
Current liabilities	84,103	632,689	716,792	397,144
Long term liabilities	510,640	196,621	707,261	606,360
Deferred Inflows	43,099	16,761	59,860	33,400
<b>Total liabilities</b>	<b>637,841</b>	<b>846,071</b>	<b>1,483,912</b>	<b>1,036,904</b>
<b>Net Position</b>				
Net invested in capital assets	1,697,870	2,772,735	4,470,605	4,250,809
Restricted	633,265	-	633,265	574,760
Unrestricted	(645,349)	(384,090)	(1,029,439)	(268,791)
<b>Total net position</b>	<b>\$ 1,685,786</b>	<b>\$ 2,388,645</b>	<b>\$ 4,074,431</b>	<b>\$ 4,556,778</b>

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

The City has negative unrestricted net position due to improperly spent restricted funds and the net pension liability from its participation in the Florida Retirement System. The pension deficit is expected to be funded by increased contribution rates to the retirement plan and is not a cash expense that will be paid out of this fund. The net effect of the pension plan on net position is \$559,232. Eliminating the impact of the pension plan the City's unrestricted net position would result in a deficit of \$470,207 which is primary due to improperly spent restricted funds.

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

A condensed version of the Statement of Activities follows:

**Change in Net Position  
For the Fiscal Years Ended September 30, 2023 and 2022**

	Governmental Activities	Business-type Activities	Total Government	
			2023	2022
<b>Revenues</b>				
Program revenues				
Charges for services	\$ 56,447	\$ 389,824	\$ 446,271	\$467,217
Grants and contributions	115,073	108,119	223,192	946,207
General revenues				
Taxes	629,643	-	629,643	557,664
Franchise fees	120,313	-	120,313	83,789
Licenses and permits	4,162	-	4,162	5,920
Intergovernmental	149,922	-	149,922	156,379
Fines and forfeitures	3,833	-	3,833	1,619
Interest and other	19,495	(13,397)	6,098	-
Interfund transfers	110,210	(110,210)	-	-
<b>Total revenues</b>	<b>1,209,098</b>	<b>374,336</b>	<b>1,583,434</b>	<b>\$2,218,795</b>
<b>Expenses</b>				
General government	885,777	-	885,777	935,069
Public safety	-	-	-	99
Physical environment	15,526	-	15,526	12,798
Transportation	380,365	-	380,365	311,709
Culture/recreation	149,878	-	149,878	291,861
Interest on long-term debt	707	-	707	1,046
Water/sewer, solid waste	-	633,528	633,528	602,431
<b>Total expenses</b>	<b>1,432,254</b>	<b>633,528</b>	<b>2,065,782</b>	<b>2,155,013</b>
<b>Change in net position</b>	<b>(223,156)</b>	<b>(259,192)</b>	<b>(482,348)</b>	<b>63,782</b>
<b>Beginning net position</b>	<b>1,908,942</b>	<b>2,647,837</b>	<b>4,556,779</b>	<b>4,492,996</b>
<b>Ending net position</b>	<b>\$ 1,685,786</b>	<b>\$ 2,388,645</b>	<b>\$ 4,074,431</b>	<b>\$ 4,556,778</b>

Governmental activities:

Taxes provide 52% of the revenues for Governmental Activities, while franchise fees provide 10%, and intergovernmental revenues provide 10%. Most of the Governmental Activities resources are spent for General Government (62%), Recreation (10%), and Transportation (27%).

Business-type activities:

Business-type activities decreased the City's net position by \$259,192. Key elements of this decrease are as follows:

- An increase in depreciation, increases in utility expenses, and a decrease in water and sewer service revenue.

## Budgetary Highlights

In total, the General Fund's expenditures were \$311,257 more than budgeted, and revenues were \$43,520 more than budgeted.

## Capital Assets and Debt Administration

At September 30, 2023, the City had \$4.47 million invested in capital assets, including buildings, streets, water system infrastructure, and park and recreation facilities. This amount represents a net increase of \$219,796 or 3% more than last year.

### Capital Assets at September 30, 2023 and 2022

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Land	\$ 176,931	\$ 176,931	\$ 589,419	\$ 589,419	\$ 766,350	\$ 766,350
Construction in progress	-	-	751,661	1,446,458	751,661	1,446,458
Buildings and improvements	2,254,925	2,219,378	-	-	2,254,925	2,219,378
Improvements other than Buildings	259,804	259,804	2,267,911	1,357,708	2,527,715	1,617,512
Equipment	866,063	775,515	81,358	81,358	947,421	856,873
Subtotal	3,557,723	3,431,628	3,690,349	3,474,943	7,248,072	6,906,571
Accumulated depreciation	(1,859,853)	(1,763,632)	(917,612)	(892,128)	(2,777,465)	(2,655,760)
Capital assets, Net	\$ 1,697,870	\$ 1,667,996	\$ 2,772,737	\$ 2,582,815	\$ 4,470,607	\$ 4,250,811

## DEBT OUTSTANDING

At year-end, the City had \$732,271 in debt outstanding vs. \$693,261 last year, an increase of \$39,010. This increase was primarily due to the increase of the net pension liability.

### Debt Outstanding at September 30, 2023 and 2022

	Total Government	
	2023	2022
Loans	\$ 22,754	\$ 44,808
Compensated absences	22,565	14,938
Net pension liability	686,952	633,515
Total	\$ 732,271	\$ 693,261

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

## OTHER FINANCIAL INFORMATION

### Economic Factors and Rates

- The current estimated unemployment rate for the City was 4.0%, which is equal to the prior year.
- The estimated population for the City in 2022 was 1,140 and is estimated to be approximately the same in 2023.
- The City's ad valorem tax rate for 2023 was 5.5203 mills, which is .05% more than the prior year.

## **Financial Contact**

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

## Basic Financial Statements

**CITY OF ARCHER, FLORIDA**  
**STATEMENT OF NET POSITION**  
September 30, 2023

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 126,528	\$ 187,219	\$ 313,747
Accounts receivable, net	16,379	51,230	67,609
Internal balances	347,793	(347,793)	-
Due from other governmental units	-	108,119	108,119
Inventories	-	7,960	7,960
Other assets	-	500	500
Total current assets	<u>490,700</u>	<u>7,235</u>	<u>497,935</u>
Restricted assets			
Cash and cash equivalents - meter deposits	-	54,430	54,430
Noncurrent assets			
Capital assets - net	<u>1,697,870</u>	<u>2,772,735</u>	<u>4,470,605</u>
Total assets	<u>2,188,570</u>	<u>2,834,400</u>	<u>5,022,970</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
	<u>135,057</u>	<u>52,523</u>	<u>187,580</u>
<b>LIABILITIES</b>			
Current liabilities (payable from current assets):			
Accounts payable	25,067	233,306	258,373
Accrued liabilities	34,500	7,250	41,750
Compensated absences, current portion	1,782	475	2,257
Notes payable, current portion	22,754	-	22,754
Total current liabilities (payable from current assets)	<u>84,103</u>	<u>241,031</u>	<u>325,134</u>
Current liabilities (payable from restricted assets)			
Meter deposits	-	43,865	43,865
Total current liabilities (payable from restricted assets)	<u>-</u>	<u>43,865</u>	<u>43,865</u>
Noncurrent liabilities			
Compensated absences, net of current portion	16,034	4,275	20,309
Net pension liability	494,606	192,346	686,952
Total noncurrent liabilities	<u>510,640</u>	<u>196,621</u>	<u>707,261</u>
Total liabilities	<u>594,742</u>	<u>481,517</u>	<u>1,076,259</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
	<u>43,099</u>	<u>16,761</u>	<u>59,860</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,697,870	2,772,735	4,470,605
Restricted for:			
Transportation	516,375	-	516,375
Infrastructure	1,984	-	1,984
Culture / recreation	114,906	-	114,906
Unrestricted	(645,349)	(384,090)	(1,029,439)
Total net position	<u>\$ 1,685,786</u>	<u>\$ 2,388,645</u>	<u>\$ 4,074,431</u>

See notes to financial statements.

**CITY OF ARCHER, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended September 30, 2023

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	\$ 885,777	\$ -	\$ -	\$ 46,000	\$ (839,777)	\$ -	\$ (839,777)
Physical environment	15,526	-	-	-	(15,526)	-	(15,526)
Transportation	380,365	18,718	-	-	(361,647)	-	(361,647)
Culture/recreation	149,878	37,729	-	69,073	(43,076)	-	(43,076)
Interest on long-term debt	707	-	-	-	(707)	-	(707)
<b>Total governmental activities</b>	<b>1,432,254</b>	<b>56,447</b>	<b>-</b>	<b>115,073</b>	<b>(1,260,734)</b>	<b>-</b>	<b>(1,260,734)</b>
Business-type activities							
Water	528,277	261,531	-	108,119	-	(158,627)	(158,627)
Garbage and solid waste	105,251	128,293	-	-	-	23,042	23,042
<b>Total business-type activities</b>	<b>633,528</b>	<b>389,824</b>	<b>-</b>	<b>108,119</b>	<b>-</b>	<b>(135,585)</b>	<b>(135,585)</b>
<b>Total Government</b>	<b>\$ 2,065,782</b>	<b>\$ 446,271</b>	<b>\$ -</b>	<b>\$ 223,192</b>	<b>(1,260,734)</b>	<b>(135,585)</b>	<b>(1,396,319)</b>
General revenues							
Property taxes					253,856	-	253,856
Fuel tax					200,114	-	200,114
Franchise fees					120,313	-	120,313
Utility services tax					130,429	-	130,429
Communications surtax					45,244	-	45,244
Licenses and permits					4,162	-	4,162
Intergovernmental					149,922	-	149,922
Fines and forfeitures					3,833	-	3,833
Interest and other					-	(13,397)	(13,397)
Miscellaneous					19,495	-	19,495
<b>Total general revenues</b>					<b>927,368</b>	<b>(13,397)</b>	<b>913,971</b>
Interfund transfers					110,210	(110,210)	-
Change in net position					(223,156)	(259,192)	(482,348)
Net position at beginning of year					1,908,942	2,647,837	4,556,779
Net position at end of year					<b>\$ 1,685,786</b>	<b>\$ 2,388,645</b>	<b>\$ 4,074,431</b>

See notes to the financial statements

**CITY OF ARCHER, FLORIDA  
GOVERNMENTAL FUND  
BALANCE SHEET  
September 30, 2023**

	General Fund
<b>ASSETS</b>	
Cash	\$ 126,528
Accounts receivable, net	16,379
Due from other funds	347,793
Total assets	490,700
<b>LIABILITIES</b>	
Accounts payable	25,067
Accrued liabilities	34,500
Total liabilities	59,567
<b>FUND BALANCE</b>	
Restricted for:	
Transportation	516,375
Infrastructure	1,984
Culture / recreation	114,906
Unassigned	(202,132)
Total fund balance	431,133
Total liabilities and fund balance	\$ 490,700
Total fund balance reported above	431,133
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,697,870
Deferred outflows of resources represent a consumption of fund equity that will be reported as an outflow of resources in a future period and therefore are not reported in the governmental funds	135,057
Deferred inflows of resources represent an acquisition of fund equity that will be recognized as an inflow of resources in a future period and therefore are not reported in the governmental funds	(43,099)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(535,175)
Net Position of Governmental Activities	\$ 1,685,786

See notes to the financial statements



**CITY OF ARCHER, FLORIDA  
GOVERNMENTAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
For the Fiscal Year Ended September 30, 2023**

	<b>General Fund</b>
<b>Revenues</b>	
Property taxes	\$ 253,856
Other taxes	375,786
Licenses and permits	4,162
Intergovernmental revenues	264,995
Franchise fees	120,314
Charges for services	56,447
Fines and forfeitures	3,833
Miscellaneous revenues	19,495
<b>Total revenues</b>	<b>1,098,888</b>
<b>Expenditures</b>	
Current	
General government	693,541
Physical environment	15,526
Transportation	375,611
Culture/recreation	133,090
Capital outlay	126,095
Debt service	
Principal	22,054
Interest	707
<b>Total expenditures</b>	<b>1,366,624</b>
 Excess of revenues over (under) expenditures	 <b>(267,736)</b>
 <b>Other financing sources (uses)</b>	
Transfers in	110,210
<b>Total other financing sources (uses)</b>	<b>110,210</b>
 <b>Net change in fund balance</b>	 <b>(157,526)</b>
<b>Fund balance, beginning of year</b>	<b>588,659</b>
<b>Fund balance, end of year</b>	<b>\$ 431,133</b>

See notes to the financial statements

**CITY OF ARCHER, FLORIDA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended September 30, 2023**

Net change in fund balance		\$ (157,526)
Amounts reported for governmental activities in the statement of activities are different because :		
Governmental funds report capital outlay in expenditures However in the statement of activities, the cost of those assets is allocated over their estimated useful life as depreciation expense		
Expenditures for capital assets	126,095	
Less current year depreciation	<u>(96,222)</u>	29,874
Activities related to notes are receipts/expenditures in the governmental funds, but the receipt/repayments change long term liabilities in the statement of net position		
Note principal payments	<u>22,054</u>	22,054
Some expenses reported in the statement of activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds		
Net change in compensated absences	(8,445)	
Net change in pension liability	<u>(38,475)</u>	(46,920)
Recognition of certain obligations related to prior and future periods are not recognized in governmental funds		
Net decrease in deferred inflows / outflows	<u>(70,638)</u>	<u>(70,638)</u>
Change in net position of governmental activities		<u>\$ (223,156)</u>

See notes to the financial statements

**CITY OF ARCHER, FLORIDA**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
For the Fiscal Year Ended September 30, 2023

	Water Fund	Solid Waste Fund	Total Proprietary Funds
<b>ASSETS</b>			
Current assets			
Cash	\$ -	\$ 187,219	\$ 187,219
Accounts receivable, net	33,499	17,731	51,230
Due from other governmental units	108,119	-	108,119
Internal balances	(85,867)	85,867	-
Inventory	7,960	-	7,960
Security deposits	500	-	500
<b>Total current assets</b>	<b>64,211</b>	<b>290,817</b>	<b>355,028</b>
Restricted assets			
Cash and cash equivalents - meter deposits	54,430	-	54,430
<b>Total restricted assets</b>	<b>54,430</b>	<b>-</b>	<b>54,430</b>
Noncurrent assets			
Capital assets			
Nondepreciable capital assets	1,341,080	-	1,341,080
Depreciable capital assets, net	1,431,655	-	1,431,655
<b>Total capital assets</b>	<b>2,772,735</b>	<b>-</b>	<b>2,772,735</b>
<b>Total assets</b>	<b>2,891,376</b>	<b>290,817</b>	<b>3,182,193</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>40,371</b>	<b>12,152</b>	<b>52,523</b>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	233,306	-	233,306
Accrued liabilities	7,250	-	7,250
Due to other funds	347,793	-	347,793
Compensated absences, current portion	475	-	475
<b>Total current liabilities</b>	<b>588,824</b>	<b>-</b>	<b>588,824</b>
Current liabilities (payable from restricted assets)			
Meter deposits	29,629	14,236	43,865
Noncurrent liabilities			
Compensated absences, net of current portion	4,275	-	4,275
Net pension liability	134,642	57,704	192,346
<b>Total noncurrent liabilities</b>	<b>138,917</b>	<b>57,704</b>	<b>196,621</b>
<b>Total liabilities</b>	<b>757,370</b>	<b>71,940</b>	<b>829,310</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>16,761</b>	<b>-</b>	<b>16,761</b>
<b>NET POSITION</b>			
Net investment in capital assets	2,772,735	-	2,772,735
Unrestricted	(615,119)	231,029	(384,090)
<b>Total net position</b>	<b>\$ 2,157,616</b>	<b>\$ 231,029</b>	<b>\$ 2,388,645</b>

See notes to the financial statements

CITY OF ARCHER, FLORIDA  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 For the Fiscal Year Ended September 30, 2023

	Water Fund	Solid Waste Fund	Total Proprietary Funds
<b>Operating revenues</b>			
Physical environment			
Water utility revenue			
Water sales	\$ 244,912	\$ -	\$ 244,912
Connection fees and penalties	3,935	-	3,935
Miscellaneous revenue	12,683	-	12,683
Total water utility revenue	<u>261,530</u>	<u>-</u>	<u>261,530</u>
Solid waste revenue			
Sanitation fees	-	128,293	128,293
Total solid waste revenues	<u>-</u>	<u>128,293</u>	<u>128,293</u>
Total operating revenues	<u>261,530</u>	<u>128,293</u>	<u>389,823</u>
<b>Operating expenses</b>			
Water utility services:			
Personnel services	279,561	-	279,561
Operating expenses	223,232	-	223,232
Depreciation expense	25,484	-	25,484
Total water utility services	<u>528,277</u>	<u>-</u>	<u>528,277</u>
Solid waste services:			
Contracted services	-	105,251	105,251
Total operating expenses	<u>528,277</u>	<u>105,251</u>	<u>633,528</u>
Operating gain (loss)	<u>(266,747)</u>	<u>23,042</u>	<u>(243,705)</u>
<b>Nonoperating revenues / (expenses)</b>			
Grant revenue	108,119	-	108,119
Interest expense	(13,397)	-	(13,397)
Transfers to general fund	(110,210)	-	(110,210)
Total nonoperating revenues	<u>(15,488)</u>	<u>-</u>	<u>(15,488)</u>
<b>Change in net position</b>	<u>(282,235)</u>	<u>23,043</u>	<u>(259,192)</u>
<b>Net position at beginning of year</b>	<u>2,439,851</u>	<u>207,986</u>	<u>2,647,837</u>
<b>Net position at end of year</b>	<u>\$ 2,157,616</u>	<u>\$ 231,029</u>	<u>\$ 2,388,645</u>

See notes to the financial statements

**CITY OF ARCHER, FLORIDA  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 For the Fiscal Year Ended September 30, 2023**

	Water Fund	Solid Waste Fund	Totals
<b>Cash flows from operating activities:</b>			
Cash received from customers, including deposits	\$ 250,875	\$ 128,292	\$ 379,167
Cash paid to employees	1,176	-	1,176
Cash paid to suppliers	(248,810)	(77,540)	(326,350)
<b>Net cash provided (used) by operating activities</b>	<u>3,241</u>	<u>50,752</u>	<u>53,993</u>
<b>Cash flows from non-capital related financing activities</b>			
Transfers (to) from other funds	(194,679)	222,333	27,654
<b>Net cash provided (used) by non-capital related financing activities</b>	<u>(194,679)</u>	<u>222,333</u>	<u>27,654</u>
<b>Cash flows from capital and related financing activities:</b>			
Acquisition and construction of capital assets	(215,406)	-	(215,406)
Grant contributions	34,966	-	34,966
Interest expense	(13,397)	-	(13,397)
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(193,837)</u>	<u>-</u>	<u>(193,837)</u>
<b>Net change in cash</b>	(385,275)	273,085	(112,190)
<b>Cash at beginning of year</b>	353,836	-	353,836
<b>Cash at end of year</b>	<u>\$ (31,439)</u>	<u>\$ 273,085</u>	<u>\$ 241,646</u>
<b>Reported as:</b>			
Cash and cash equivalents	-	187,219	187,219
Restricted cash and cash equivalents - meter deposits	54,430	-	54,430
	<u>\$ 54,430</u>	<u>\$ 187,219</u>	<u>\$ 241,649</u>

Continued on next page

See notes to financial statements

**CITY OF ARCHER, FLORIDA  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 (CONTINUED)  
 For the Fiscal Year Ended September 30, 2023**

	Water Fund	Solid Waste Fund	Totals
Reconciliation of operating gain (loss) to net cash (used for) provided by operating activities:			
Operating gain (loss)	\$ (266,747)	\$ 23,043	\$ (243,704)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation	25,484	-	25,484
Changes in assets, liabilities, and deferred inflows/outflows of resources			
Accounts receivable	187	(2)	185
Accounts payable	224,408	-	224,408
Accrued liabilities	2,612	-	2,612
Compensated absences	(817)	-	(817)
Customer deposits	(10,842)	-	(10,842)
Deferred outflows	7,948	12,113	20,061
Deferred inflows	10,535	11,110	21,645
Change in net pension liability	10,473	4,488	14,961
Net cash (used for) provided by operating activities	<u>\$ 3,241</u>	<u>\$ 50,752</u>	<u>\$ 53,993</u>

See notes to financial statements

CITY OF ARCHER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2023

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

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

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

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

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

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

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

## **1. Government-wide Financial Statements**

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

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

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

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

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

## **2. Fund Financial Statements**

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

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

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



are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Franchise fees, licenses, sales taxes, gas taxes, operating and capital grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the City.

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

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

Non-current portions of other long-term receivables are offset by fund balance reserve accounts. Because of their spending measurement focus, expenditure recognition for governmental fund types exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

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

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

**1. Governmental Major Funds:**

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

**2. Proprietary Major Funds:**

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

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

**D. Assets, Liabilities and Net Position or Equity**

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

**2. Cash Equivalents** - For purposes of the statement of cash flows, the City considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents. As of September 30, 2022, the City's cash consisted solely of checking accounts and money market accounts; it has no cash equivalents.

**3. Allowance for Doubtful Accounts** - The City provides an allowance for Enterprise Fund accounts receivable that may become uncollectible. At September 30, 2023, there was \$40,180 in the allowance for doubtful accounts. No other allowances for doubtful accounts are maintained since other fund accounts receivable are considered collectible as reported at September 30, 2023.

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

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

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

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

**7. Capital Assets** - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, bridges, right-of-ways, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of one year. Except for roads and

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

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

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

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

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

8. Capitalization of Interest - Interest related to borrowings are capitalized during the construction period. These costs are netted against applicable interest earnings on construction fund investments. During the current period, the City incurred \$0 in capitalized interest.
9. Unearned Revenues - Unearned revenues reported in government-wide financial statements represent revenues received but not earned. The unearned revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Unearned revenues represent unearned revenues which are measurable but not available and, in accordance with the modified accrual basis of accounting, are reported as unearned revenues.
10. Accrued Compensated Absences - The City accrues accumulated unpaid vacation and sick leave when earned by the employee. The current portion is the amount estimated to be used in the following year. The non-current portion is the amount estimated to be used in subsequent fiscal years. Both the current and non-current estimated accrued compensated absences amounts for governmental and proprietary funds are maintained separately and represent a reconciling item between the fund and government-wide presentation.
11. Prepaid Items - Significant payment made to vendors for goods or services that will benefit periods beyond September 30, 2023, are recorded as prepaid items.
12. Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on pensions in the government-wide statement of net position. Deferred outflows on pensions are recorded when actual earnings on pension plan investments exceed projected earnings and are amortized to pension expense using a systematic and rational method over a closed five-year period. Deferred outflows on pensions also include the difference between expected and actual experience with regard to economic or demographic factors; changes of

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

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

### 13. Fund Balances

#### A. Governmental Funds

As of September 30, 2023, fund balances of the governmental funds are classified as follows:

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

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

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

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

**Unassigned** – all other spendable amounts.

As of September 30, 2023, fund balances are composed of the following:

	<u>General Fund</u>
Transportation - 5 Cent Gas Tax	\$ 516,375
Infrastructure - 1/2 Cent Discretionary Sales Surtax	1,984
Culture/Recreation - 1/2 Cent Discretionary Sales Surtax	114,906
Unassigned	<u>(202,132)</u>
Total Fund Balance	<u>\$ 431,133</u>

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

#### B. Proprietary Funds

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

As of September 30, 2023, net position balances are composed of the following:

	<u>Amount</u>
Net investment in capital assets	\$ 2,772,735
Unrestricted	<u>(383,377)</u>
	<u>\$ 2,389,358</u>

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

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

“Total fund balances” of the City’s governmental funds \$431,133 differs from “net position” of governmental activities \$1,685,786 reported in the statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental funds balance sheet.

##### Capital related items

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

Cost of capital assets	\$ 3,557,723
Accumulated depreciation	<u>(1,859,853)</u>
	<u>\$ 1,697,870</u>

**Long-term debt transactions**

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

Notes payable	\$	(22,754)
Compensated absences		(17,815)
Net pension liability		(494,606)
	\$	<u>(535,175)</u>

**Deferred outflows/inflows of resources**

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

Deferred inflows	\$	(43,099)
Deferred outflows		135,057
	\$	<u>91,958</u>

CITY OF ARCHER, FLORIDA

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

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

	Total Governmental Funds	Capital Related Items	Deferred Inflows/Outflows	Long-Term Debt Transactions	Statement of Net Position
<b>ASSETS</b>					
Cash and cash equivalents	\$ 126,528	\$ -	\$ -	\$ -	\$ 126,528
Accounts receivable	16,379	-	-	-	16,379
Due from other funds	347,793	-	-	-	347,793
Capital assets - net	-	1,697,870	-	-	1,697,870
<b>Total assets</b>	<b>\$ 490,700</b>	<b>\$ 1,697,870</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,188,570</b>
<b>DEFERRED OUTFLOWS</b>					
	-	-	135,057	-	135,057
<b>LIABILITIES AND FUND BALANCE/NET POSITION</b>					
Liabilities:					
Accounts payable	\$ 25,067	\$ -	\$ -	\$ -	\$ 25,067
Accrued liabilities	34,500	-	-	-	34,500
Notes payable	-	-	-	22,754	22,754
Compensated absences	-	-	-	17,815	17,815
Net pension liability	-	-	-	494,606	494,606
<b>Total liabilities</b>	<b>59,567</b>	<b>-</b>	<b>-</b>	<b>535,175</b>	<b>594,742</b>
<b>DEFERRED INFLOWS</b>					
	-	-	43,099	-	43,099
Fund balance/net position	431,133	1,697,870	91,958	(535,175)	1,685,786
<b>Total liabilities and fund balances/net position</b>	<b>\$ 490,700</b>	<b>\$ 1,697,870</b>	<b>\$ 91,958</b>	<b>\$ -</b>	<b>\$ 2,280,528</b>

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

The “net change in fund balances” for governmental funds (\$157,526) differs from the “change in net position” for governmental activities (\$223,156) reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

**Capital related items**

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

Capital outlay	\$ 126,095
Depreciation expense	(96,221)
Difference	<u>\$ 29,874</u>

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

Taking on long-term notes are recorded as revenues in governmental funds, and thus have the effect of increasing fund balance because financial resources have been received. However, the receipt of funds increases liabilities in the Statement of Activities.

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

Net decrease in deferred outflows	\$ (51,586)
Net decrease in deferred inflows	(19,052)
	<u>\$ (70,638)</u>

Some expenses reported in the statement of activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.

Net increase in compensated absences	\$ (8,445)
Net change in pension liabilities	(38,475)
Debt principal payments made	22,054
	<u>\$ (24,866)</u>



**CITY OF ARCHER, FLORIDA**

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

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

	Total Governmental Funds	Capital Related Items	Deferred Inflows/Outflows	Long-Term Debt Transactions	Statement of Activities
<b>REVENUES</b>					
Taxes	\$ 629,642	\$ -	\$ -	\$ -	\$ 629,642
Licenses and permits	4,162	-	-	-	4,162
Intergovernmental	264,995	-	-	-	264,995
Franchise fees	120,314	-	-	-	120,314
Charges for services	56,447	-	-	-	56,447
Fines and forfeitures	3,833	-	-	-	3,833
Miscellaneous	19,495	-	-	-	19,495
<b>Total revenues</b>	<b>1,098,888</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,098,888</b>
<b>EXPENDITURES</b>					
<b>Current expenditures</b>					
General government	693,541	74,678	70,638	46,920	885,777
Physical environment	15,526	-	-	-	15,526
Transportation	375,611	4,754	-	-	380,365
Culture/recreation	133,090	16,788	-	-	149,878
Capital outlay	126,095	(126,095)	-	-	-
<b>Debt service</b>					
Principal	22,054	-	-	(22,054)	-
Interest	707	-	-	-	707
<b>Total expenditures</b>	<b>1,366,624</b>	<b>(29,874)</b>	<b>70,638</b>	<b>24,866</b>	<b>1,432,254</b>
Excess of revenues over (under) expenditures	(267,736)	29,874	(70,638)	(24,866)	(333,366)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	110,210	-	-	-	110,210
Total other financing sources (uses)	110,210	-	-	-	110,210
Net change in fund balance	(157,526)	29,874	(70,638)	(24,866)	(223,156)
Fund balance/net position at beginning of year	588,659	1,667,996	162,596	(510,309)	1,908,942
Fund balance/net position at end of year	<u>\$ 431,133</u>	<u>\$ 1,697,870</u>	<u>\$ 91,958</u>	<u>\$ (535,175)</u>	<u>\$ 1,685,786</u>

### 3. LEGAL COMPLIANCE–BUDGETS

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

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

#### NOTE 4. DEPOSITS AND INVESTMENTS

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

Investments. Under state law, the City is allowed to invest surplus funds in guaranteed obligations of the U.S. government, interest bearing accounts of financial institutions which are legally secured, and the Local Government Surplus Funds Trust Fund and other similar funds. The City had no investments as of September 30, 2023.

#### NOTE 5. PROPERTY TAX REVENUES

Taxable values for all property are established as of January 1, which is the date of lien, for the fiscal year starting October 1. Property tax revenues recognized for the 2022-2023 fiscal year were levied in October 2022. All taxes are due and payable on November 1 or as soon as the assessment roll is certified and delivered to the Tax Collector. Discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. Taxes paid in March are without discount. All unpaid taxes become delinquent as of April 1. Virtually all unpaid taxes are collected via the sale of tax certificates on or prior to June 1; therefore, there were no material taxes receivable at fiscal year-end.

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2023, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental activities</b>				
Capital assets:				
Non-depreciable capital assets:				
Land	\$ 176,931	\$ -	\$ -	\$ 176,931
Total non-depreciable capital assets	<u>176,931</u>	<u>-</u>	<u>-</u>	<u>176,931</u>
Depreciable capital assets:				
Building and improvements	2,219,378	35,547	-	2,254,925
Improvements other than buildings	259,804	-	-	259,804
Equipment	775,515	90,548	-	866,063
Total depreciable capital assets	<u>3,254,697</u>	<u>126,095</u>	<u>-</u>	<u>3,380,792</u>
Less accumulated depreciation				
Building and improvements	(1,277,663)	(74,678)	-	(1,352,341)
Improvements other than buildings	(65,918)	(4,754)	-	(70,672)
Equipment	(420,051)	(16,788)	-	(436,839)
Total accumulated depreciation	<u>(1,763,632)</u>	<u>(96,221)</u>	<u>-</u>	<u>(1,859,853)</u>
Total depreciable capital assets, net	<u>1,491,065</u>	<u>29,874</u>	<u>-</u>	<u>1,520,939</u>
Governmental activities capital assets, net	<u>\$ 1,667,996</u>	<u>\$ 29,874</u>	<u>\$ -</u>	<u>\$ 1,697,870</u>
<b>Business-type activities:</b>				
Capital assets:				
Non-depreciable capital assets:				
Land	\$ 589,419	\$ -	\$ -	\$ 589,419
Construction in progress	1,446,458	215,406	910,203	751,661
Total non-depreciable capital assets	<u>2,035,877</u>	<u>215,406</u>	<u>910,203</u>	<u>1,341,080</u>
Depreciable capital assets:				
Buildings and improvements	1,357,708	910,203	-	2,267,911
Equipment	81,358	-	-	81,358
Total depreciable capital assets	<u>1,439,066</u>	<u>910,203</u>	<u>-</u>	<u>2,349,269</u>
Less accumulated depreciation				
Buildings and improvements	(839,330)	(22,523)	-	(861,853)
Equipment	(24,081)	(1,452)	-	(25,533)
Vehicles	(28,717)	(1,509)	-	(30,226)
Total accumulated depreciation	<u>(892,128)</u>	<u>(25,484)</u>	<u>-</u>	<u>(917,612)</u>
Total depreciable capital assets, net	<u>465,580</u>	<u>884,719</u>	<u>-</u>	<u>1,350,299</u>
Business-type activities capital assets, net	<u>\$ 2,582,815</u>	<u>\$ 1,100,125</u>	<u>\$ -</u>	<u>\$ 2,772,737</u>

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

Governmental activities:	
General government	\$ 74,678
Highway and street	4,754
Culture/recreation	16,788
Total depreciation expense - governmental activities	<u>\$ 96,221</u>
Business -type activities:	<u>\$ 25,484</u>
Total depreciation expense - business-type activities	<u>\$ 25,484</u>

**NOTE 7. INTERFUND RECEIVABLES/PAYABLES**

The following is a schedule of interfund receivables and payables at September 30, 2023.

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General	\$ 347,793	\$ -
Water	-	347,793
	<u>\$ 347,793</u>	<u>\$ 347,793</u>

**NOTE 8. RECEIVABLE AND PAYABLE BALANCES**

Receivables at September 30, 2023, were as follows:

	<u>Accounts</u>	<u>Due from other governmental units</u>	<u>Total Receivables</u>
<b>Governmental activities :</b>			
General	\$ 16,379	\$ -	\$ 16,379
<b>Business-type activities :</b>			
Water	34,212	108,119	142,331
Solid waste	17,731	-	17,731
	<u>\$ 68,322</u>	<u>\$ 108,119</u>	<u>\$ 176,441</u>

Based upon collection history, the City has included a reserve for doubtful accounts for its Water and Solid Waste Fund accounts receivable of \$11,692.

<u>Fund</u>	<u>Allowance for doubtful</u>
Water	\$ 7,645
Solid Waste	4,047
	<u>\$ 11,692</u>

**Payables**

Payables at September 30, 2023, were as follows:

	<u>Vendors</u>
Governmental activities :	
General	\$ 25,067
Business activities :	
Water	\$ 233,306

**NOTE 9. GENERAL LONG-TERM DEBT**

A summary of the City's long-term debt outstanding at September 30, 2023 is as follows:

Governmental activities:

Note Payable – Equipment Financed by Ameris Bank

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

Debt service requirements to maturity including interest are as follows:

Fiscal Year Ended <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	22,754	720	23,474
Total	\$ 22,753	\$ 720	\$ 23,474

Summary of changes in governmental activities long-term liabilities:

The following summarizes the changes in the City's governmental long-term liabilities during the year ended September 30, 2023:

	Balance on <u>October 1, 2022</u>	<u>Increase</u>	<u>Decrease</u>	Balance on <u>September 30, 2023</u>	Due within <u>one year</u>
Bank loan	\$ 44,808	\$ -	22,054	\$ 22,754	\$ 22,754
Compensated absences	9,370	8,445	-	17,815	1,782
Net pension liability	456,131	38,475	-	494,606	49,461
	<u>\$ 510,309</u>	<u>\$ 46,920</u>	<u>\$ 22,054</u>	<u>\$ 535,175</u>	<u>\$ 73,996</u>

Business-type Activities:

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

The following summarizes the changes in the City's business activities long-term liabilities during

the period ended September 30, 2023:

	Balance on October 1, 2022	Increase	Decrease	Balance on September 30 2023	Due within one year
Compensated absences	\$ 5,567	\$ -	\$ 817	\$ 4,750	\$ 475
Net pension liability	177,384	14,962	-	192,346	19,235
	<u>\$ 182,951</u>	<u>\$ 14,962</u>	<u>\$ 817</u>	<u>\$ 197,096</u>	<u>\$ 19,710</u>

**NOTE 10. CONTINGENT LIABILITIES**

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

**NOTE 11. RISK MANAGEMENT**

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

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

**Florida Retirement System**

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

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

## Pension Plan

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

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

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

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

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

**Contributions** – Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of

each year. The employer contribution rates by job class for the periods from October 1, 2022 through June 30, 2023 and from July 1, 2023 through September 30, 2023, respectively, were as follows: Regular—11.91% and 13.57%; Special Risk Administrative Support—38.65% and 39.82%; Special Risk—27.83% and 32.67%; Senior Management Service—31.70% and 34.52%; Elected Officers—57.00% and 58.68%; and DROP participants—18.60% and 21.13%. These employer contribution rates include 1.66% and 1.66% HIS Plan subsidy for the periods October 1, 2022, through June 30, 2023, and from July 1, 2023 through September 30, 2023, respectively.

The City’s contributions, including employee contributions, to the Pension Plan totaled \$69,997 for the fiscal year ended September 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2023, the City reported a liability of \$466,407 for its proportionate share of the Pension Plan’s net pension liability. The net pension liability was measured as of July 1, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The City’s proportionate share of the net pension liability was based on the City’s 2022-23 fiscal year contributions relative to the 2021-22 fiscal year contributions of all participating members. At June 30, 2023, the City’s proportionate share was .001317739% percent, which was an decrease of 11.17% percent from its proportionate share measured as of June 30, 2022.

For the fiscal year ended September 30, 2023, the City recognized pension expense of \$58,865. In addition the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 43,792	\$ -
Changes in assumptions	30,404	-
Net difference between projected and actual earnings on Pension Plan investments	19,478	-
Changes in proportion and differences between City Pension Plan contributions and proportionate share of contributions	40,028	40,120
City Pension Plan contributions subsequent to the measurement date	<u>13,335</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 147,037</u></b>	<b><u>\$ 40,120</u></b>

The deferred outflows of resources related to the Pension Plan, totaling \$40,120 resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:



Fiscal Year Ending September 30	Amount
2024	\$ 12,754
2025	(5,053)
2026	76,530
2027	7,270
2028	2,081
Thereafter	-
	<u>\$ 93,582</u>

**Actuarial Assumptions** – The total pension liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumption, applied to all period included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Investment rate of return	6.70%, net of pension plan investment expense, including inflation
Discount note	6.70%

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

The actuarial assumptions used in the July 1, 2022, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

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

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

Asset Class	Target Allocation *	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	2.10%	2.10%	1.10%
Fixed income	20.00%	3.80%	3.70%	3.30%
Global equity	54.20%	8.20%	6.70%	17.80%
Real estate	10.30%	7.10%	6.20%	13.80%
Private equity	10.80%	11.70%	8.50%	26.40%
Strategic investments	3.70%	5.70%	5.40%	8.40%
	<u>100.00%</u>			
Assumed Inflation - Mean			2.40%	1.20%

\*As outlined in the Pension Plan's Investment Policy

**Discount Rate** - The discount rate used to measure the total pension liability was 6.70%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

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

	1% Decrease 5.70%	Current Discount Rate 6.70%	1% Increase 7.70%
City's proportionate share of the net pension liability	\$ 796,718	\$ 466,407	\$ 190,062

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

**Payables to the Pension Plan** - At September 30, 2023, the City had no payable for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2023

**HIS Plan**

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

**Benefits Provided** - For the fiscal year ended September 30, 2023, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

**Contributions** - The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2023, the HIS contribution for the period October 1, 2022 through June 30, 2023 and from July 1, 2023 through September 30, 2023 was 1.66% and 1.66%, respectively. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contribution are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The City's contributions to the HIS Plan totaled \$33,097 for the fiscal year ended September 30, 2023.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – At September 30, 2023, the City reported a liability of \$220,543 for its proportionate share of the HIS Plan’s net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The City’s proportionate share of the net pension liability was based on the City’s 2021-22 fiscal year contributions relative to the 2021-22 fiscal year contributions of all participating members. At June 30, 2023, the City’s proportionate share was .001352105 percent, which was an increase of 2.70% percent from its proportionate share measured as of June 30, 2022.

For the fiscal year ended September 30, 2023, the City recognized pension expense of \$92,967. In addition the City reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,228	\$ 630
Changes in assumptions	5,798	19,110
Net difference between projected and actual earnings on HIS Plan investments	114	-
Changes in proportion and differences between City HIS Plan contributions and proportionate share of contributions	28,760	-
City HIS Plan contributions subsequent to the measurement date	2,643	-
<b>Total</b>	<b><u>\$ 40,543</u></b>	<b><u>\$ 19,740</u></b>

The deferred outflows of resources related to the HIS Plan, totaling \$19,740 resulting from City contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

<u>Fiscal Year Ending September 30</u>	<u>Amount</u>
2023	\$ 3,173
2024	1,924
2025	3,201
2026	6,278
2027	3,326
Thereafter	258
	<b><u>\$ 18,160</u></b>

**Actuarial Assumptions** – The total pension liability in the July 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Municipal bond rate	3.65%

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

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

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

**Sensitivity of the City’s Proportionate Share of the Net Position Liability to Changes in the Discount Rate** - The following represents the City’s proportionate share of the net pension liability calculated using the discount rate of 3.65%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower 2.65% or one percentage point higher 4.65% than the current rate:

	1% Decrease 2.65%	Current Discount Rate 3.65%	1% Increase 4.65%
The net pension liability	\$ 251,605	\$ 220,543	\$ 194,795

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

**Payables to the Pension Plan** - At September 30, 2023, the City had no payable outstanding for contributions to the HIS Plan required for the fiscal year ended September 30, 2023.

**Investment Plan**

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected City Officers, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2022-23 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 6.30%, Special Risk

Administrative Support class 7.95%, Special Risk class 14.0%, Senior Management Service class 7.67% and City Elected Officers class 11.34%.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2023, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

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

The City did not have any participants in the Investment Plan for the fiscal year ended September 30, 2023.

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

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

Due to the fact that there were no retirees participating in the plan during the year and it is anticipated that this situation will continue in the future due to the fact that most employees work until they are eligible for Medicare benefits, management had determined that the City’s OPEB obligation at year end would be of a de minimis amount. Management will monitor this situation in the future and take appropriate steps to properly comply with this GASB Statement.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF ARCHER, FLORIDA  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
For the Fiscal Year Ended September 30, 2023**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Final Budget Positive (Negative)
<b>Revenues</b>				
<b>Taxes</b>				
Ad valorem taxes	\$ 258,017	\$ 258,017	\$ 253,856	\$ (4,161)
Other taxes				
Local option gas tax/alternative fuel	197,400	197,400	200,114	2,714
Utility tax				
Electricity	85,000	85,000	99,051	14,051
Water	-	-	27,102	27,102
Propane	5,200	5,200	4,275	(925)
Franchise fees				
Garbage	16,000	16,000	15,412	(588)
Electricity	75,000	75,000	104,902	29,902
Communications service tax	57,000	57,000	45,244	(11,756)
	<u>435,600</u>	<u>435,600</u>	<u>496,100</u>	<u>60,500</u>
<b>Total taxes</b>	<u>693,617</u>	<u>693,617</u>	<u>749,956</u>	<u>56,339</u>
<b>Licenses and permits</b>				
Occupational licenses	5,500	5,500	3,287	(2,213)
Building and zoning permits	6,080	6,080	875	(5,205)
<b>Total licenses and permits</b>	<u>11,580</u>	<u>11,580</u>	<u>4,162</u>	<u>(7,418)</u>
<b>Intergovernmental</b>				
State shared revenues				
General government				
State grants	-	-	115,073	115,073
State revenue sharing	65,000	65,000	66,604	1,604
Mobile home licenses	2,020	2,020	1,689	(331)
Alcoholic beverage licenses	1,000	1,000	965	(35)
Local government half-cent sales tax	74,000	74,000	80,664	6,664
<b>Total intergovernmental</b>	<u>142,020</u>	<u>142,020</u>	<u>264,995</u>	<u>122,975</u>
<b>Charges for services</b>				
Transportation				
FDOT lighting agreement	17,000	17,000	18,718	1,718
Recreation/culture				
Rent	13,750	13,750	14,686	936
Other	155,500	155,500	23,043	(132,457)
<b>Total charges for services</b>	<u>186,250</u>	<u>186,250</u>	<u>56,447</u>	<u>(129,803)</u>
<b>Fines and forfeitures</b>				
Fines and forfeitures	7,500	7,500	3,833	(3,667)
	<u>7,500</u>	<u>7,500</u>	<u>3,833</u>	<u>(3,667)</u>

Continued on next page

See notes to budgetary comparison schedule

**CITY OF ARCHER, FLORIDA  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE (CONTINUED)  
For the Fiscal Year Ended September 30, 2023**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Miscellaneous				
Donations and contributions	\$ 14,400	\$ 14,400	\$ -	\$ (14,400)
Other miscellaneous revenue	-	-	19,495	19,495
Total miscellaneous	<u>14,400</u>	<u>14,400</u>	<u>19,495</u>	<u>5,095</u>
Total revenues	<u>1,055,367</u>	<u>1,055,367</u>	<u>1,098,888</u>	<u>43,521</u>
Expenditures				
General government				
Legislative				
Personnel services	47,679	47,679	49,332	(1,653)
Operating expenses	26,000	26,000	51,353	(25,353)
Total legislative	<u>73,679</u>	<u>73,679</u>	<u>100,685</u>	<u>(27,006)</u>
Executive				
Personnel services	73,788	73,788	134,060	(60,272)
Total executive	<u>73,788</u>	<u>73,788</u>	<u>134,060</u>	<u>(60,272)</u>
Financial and administrative				
Personnel services	122,133	122,133	137,575	(15,442)
Operating expenses	90,000	90,000	78,231	11,769
Capital outlay	-	-	45,267	(45,267)
Total financial and administrative	<u>212,133</u>	<u>212,133</u>	<u>261,073</u>	<u>(48,940)</u>
Legal counsel				
Operating expenses	46,000	46,000	46,384	(384)
Comprehensive planning				
Operating expenses	8,400	8,400	8,300	100
Other general government				
Operating expenses	142,500	142,500	188,306	(45,806)
Total other general government	<u>142,500</u>	<u>142,500</u>	<u>188,306</u>	<u>(45,806)</u>
Total general government	<u>556,500</u>	<u>556,500</u>	<u>738,808</u>	<u>(182,308)</u>

Continued on next page

See notes to budgetary comparison schedule



**CITY OF ARCHER, FLORIDA  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE (CONTINUED)  
For the Fiscal Year Ended September 30, 2023**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Physical environment				
Cemetery				
Operating expenses	\$ 16,925	\$ 16,925	\$ 15,526	\$ 1,399
Total physical environment	<u>16,925</u>	<u>16,925</u>	<u>15,526</u>	<u>1,399</u>
Transportation				
Streets				
Personnel services	127,751	127,751	226,095	(98,344)
Operating expenses	194,500	194,500	149,516	44,984
Capital outlay	5,000	5,000	65,408	(60,408)
Debt service	11,737	11,737	22,761	(11,024)
Total transportation	<u>338,988</u>	<u>338,988</u>	<u>463,780</u>	<u>(124,792)</u>
Culture/recreation				
Parks and recreation				
Operating expenses	142,954	142,954	133,090	9,864
Capital outlay	-	-	15,420	(15,420)
Total culture/recreation	<u>142,954</u>	<u>142,954</u>	<u>148,510</u>	<u>(5,556)</u>
Total expenditures	<u>1,055,367</u>	<u>1,055,367</u>	<u>1,366,624</u>	<u>(311,257)</u>
Excess of revenues over (under) expenditures	-	-	(267,736)	(267,736)
Other Financing Sources (Uses)				
Transfers in	-	-	110,210	110,210
Total other financing sources (uses)	-	-	<u>110,210</u>	<u>110,210</u>
Net change in fund balance	-	-	(157,526)	(157,526)
Fund balance at beginning of year	<u>588,659</u>	<u>588,659</u>	<u>588,659</u>	-
Fund balance at end of year	<u>\$ 588,659</u>	<u>\$ 588,659</u>	<u>\$ 431,133</u>	<u>\$ (157,526)</u>

See notes to budgetary comparison schedule

CITY OF ARCHER, FLORIDA  
NOTES TO BUDGETARY COMPARISON  
SCHEDULE  
SEPTEMBER 30, 2023

I. Stewardship, Compliance, and Accountability

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

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

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

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

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

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

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

	2023	2022	2021	2020	2019	2018	2017
City's proportion of the FRS net pension liability (asset)	0.001170499%	0.001317739%	0.001262488%	0.001164217%	0.001016069%	0.001156569%	0.000826829%
City's proportionate share of the FRS net pension liability (asset)	\$ 466,407	\$ 490,305	\$ 490,305	\$ 504,589	\$ 349,920	\$ 348,365	\$ 244,570
City's proportion of the HIS net pension liability (asset)	0.001388638%	0.001352105%	0.001294319%	0.001259200%	0.001018268%	0.001002534%	0.000719512%
City's proportionate share of the HIS net pension liability (asset)	220,543	143,210	143,210	153,746	113,934	106,109	76,934
City's proportionate share of the total net pension liability (asset)	<u>\$ 686,950</u>	<u>\$ 633,515</u>	<u>\$ 633,515</u>	<u>\$ 658,335</u>	<u>\$ 463,854</u>	<u>\$ 454,474</u>	<u>\$ 321,504</u>
City's covered-employee payroll	\$ 368,969	\$ 368,969	\$ 411,457	\$ 446,874	\$ 389,115	\$ 320,324	\$ 328,856
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	186.18%	171.70%	153.97%	147.32%	119.21%	141.88%	97.76%
Plan fiduciary net position as a percentage of the total pension liability	77.04%	79.09%	79.09%	74.46%	78.22%	79.86%	79.00%

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

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

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

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

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

CITY OF ARCHER, FLORIDA  
NOTES TO PENSION SCHEDULES  
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM  
For the Fiscal Year End September 30, 2023

**Net Pension Liability**

The components of the collective net pension liability of the participating employers for each defined benefit plan for the measurement date of September 30, 2023, are shown below (in thousands):

	FRS	HIS
Total pension liability	\$ 226,204,201,000	\$ 16,563,148,691
Plan fiduciary net position	(186,357,365,968)	(681,814,936)
	\$ 39,846,835,032	\$ 15,881,333,755

Plan fiduciary net position as a percentage of the total pension liability	82.38%	4.12%
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The total pension liability for each plan was determined by the plans' actuary and reported in the plans' valuations dated July 1, 2023. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements. Update procedures were not used.

The HIS actuarial valuation was prepared as of July 1, 2023. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the Plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements.

**Basis for Allocation**

The employer's proportionate share reported in the pension allocation schedules was calculated using accrued retirement contributions related to the reporting periods included in the System's fiscal years ending June 30, 2017, 2018, 2019, 2020, 2021, 2022, and 2023 respectively, for employers that were members of the FRS and HIS during those fiscal years. For fiscal year 2023, in addition to contributions from employers the required accrued contributions for the Division (paid on behalf of the Division's employees who administer the Plans) were allocated to each employer on a proportionate basis. The Division administers the Plans, and therefore, cannot allocate a portion of the liability to itself. Although GASB 68 encourages the use of the employers' projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is acceptable. The aggregate employer contribution amounts for each fiscal year agree to the employer contribution amounts reported in the system's CAFR for that fiscal year.

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

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

### Actuarial Methods and Assumptions

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

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both Plans is assumed at 2.40%. Payroll growth, including inflation, for both Plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.70%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 2.16% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both Plans were based on the Generational RP-2000 with Projection Scale BB tables (refer to the valuation reports for more information – See Additional Financial and Actuarial Information).

The following changes in actuarial assumptions occurred in 2023:

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

## **OTHER INFORMATION**

**CITY OF ARCHER, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
For the Fiscal Year Ended September 30, 2023

GRANTOR/PROGRAM TITLE	ALN/CSFA #	Contract Award Number	Amount	Reported in Prior Years	Current Year Expenditures
<b>State Financial Assistance</b>					
<i>Florida Department of Environmental Protection</i>					
Wilson Robinson Park Improvements	37.017	A1037	\$ 200,000	\$ 130,927	\$ 69,073
<i>Florida Department of Economic Opportunity</i>					
Growth Management Implimentation	40.024	P0470	46,000	-	46,000
<b>Total state financial assistance</b>			<u>246,000</u>	<u>130,927</u>	<u>115,073</u>
<i>U.S. Department of Treasury, passed through Florida Department of Environmental Protection</i>					
City of Archer Waste Water Project	21.027	WG019	5,850,000	-	108,119
<b>Total federal financial assistance</b>			<u>5,850,000</u>	<u>-</u>	<u>108,119</u>
<b>Total federal awards and state financial assistance</b>			<u>\$ 5,850,000</u>	<u>\$ 130,927</u>	<u>\$ 223,191</u>

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

See notes to schedule of expenditures of federal awards and state financial assistance.



**CITY OF ARCHER, FLORIDA**  
**Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance**  
**For the Fiscal Year Ended September 30, 2023**

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

The accompanying policies and presentation of the Schedule of Expenditures of Federal Awards and State Financial Assistance of the City of Archer have been designed to conform to generally accepted accounting principles as applicable to governments, including the reporting and compliance requirements of the Audits of States, Local Governments, and Non-Profit Cities and Chapter 10.550, *Rules of the Auditor General of Florida*.

**A. Reporting Entity**

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

**B. Basis of Accounting**

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

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

**C. Subrecipients**

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

**D. Indirect Cost Rate**

The City did not elect to use the de minimis indirect cost rate for the fiscal year ended September 30, 2023.

**OTHER REPORTS AND LETTERS**



## Powell and Jones CPA

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

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

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

We 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 City of Archer (the City) which comprise the statement of financial position as of September 30, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 11, 2024.

### Internal Control Over Financial Reporting

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

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

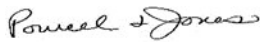
Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. During our audit we identified material weakness and significant deficiencies which are listed in the schedule of findings.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether The City of Archer's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. During our audit we identified instances of noncompliance which are listed in the schedule of findings.

### Purpose of this Report

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



Powell and Jones CPA  
Lake City, Florida  
November 11, 2024



# Powell and Jones CPA

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

## MANAGEMENT LETTER

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

In planning and performing our audit of the financial statements of the City of Archer, Florida, (the City) for the year ended September 30, 2023, we considered the City's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

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

### PRIOR YEAR FINDINGS

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

Tabulation of Uncorrected Audit Findings		
Current Year Finding No.	2021-2022 FY Finding No.	2020-21 FY Finding No.
2012-1	2012-1	2012-1

### AUDITOR GENERAL COMPLIANCE MATTERS

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

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

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

In the General fund there was a deficit in unrestricted fund balance of \$202,132 and we also found there had been a trend of decreasing cash balances as well as an increase in unreimbursed expenses paid for in the general fund on behalf of the enterprise fund resulting in a large balance owed to the other fund as shown below:

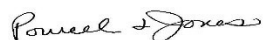
	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>
Excess of revenues over (under) expenditures	(268,352)	140,428	22,656
Cash balance	126,528	407,342	464,145
Due from other funds	347,793	209,929	6,343

**Financial Emergency Status** – We determined that the City has met the conditions described in Section 218.503(1)(a), Florida Statutes resulting in a financial emergency. The City has a deficit unrestricted fund balance of \$202,132 in the general fund due to expending restricted balances to meet ongoing operating needs. In addition, the City had two months of outstanding payroll taxes that were unpaid as of fiscal year end September 30, 2023. Payroll taxes from the end of the audit period through this report’s issuance date were also unpaid, and it is our understanding that the City is unable to pay these taxes and related penalties and interest.

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

**CONCLUSION**

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



**Powell and Jones CPA  
Lake City, Florida  
November 11, 2024**



## Powell and Jones CPA

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

### INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the City of Archer, Florida's (the City) compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2022. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

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

Powell and Jones CPA  
Lake City, Florida  
November 11, 2024



## Powell and Jones CPA

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

### Communication with Those Charged with Governance

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

We have audited the financial statements of the City of Archer, Florida (the City) for the year ended September 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2023. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

##### *Difficulties Encountered in Performing the Audit*

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

##### *Corrected and Uncorrected Misstatements*

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



### ***Disagreements with Management***

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

### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated April 15, 2024.

### ***Management Consultations with Other Independent Accountants***

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

### ***Other Audit Findings or Issues***

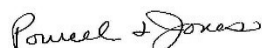
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses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

### **Other Information in Documents Containing Audited Financial Statements**

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

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

Very truly yours,



Powell and Jones CPA  
Lake City, Florida  
November 11, 2024



## **Schedule of Findings**

### **FINDINGS FOR MATERIAL WEAKNESSES**

#### **2023-01**

##### **Bank reconciliations**

During our audit we found that bank reconciliations were not being completed in a timely manner. This required adjustments to be made to various cash account balances in the Cities financial records in order to correct outstanding/non-existent balances. Just before beginning the audit the City Finance Director completed bank reconciliations for the entire year under audit. Due to the timing of our audit this meant that over a year of data was unreconciled before we began our audit.

Delayed bank reconciliations create the possibility that fraud and errors may go undetected for substantial periods of time and can cause inaccuracies in financial reporting.

This issue was caused by a lack of oversight of the accounting department and the lack of proper review and approval of bank reconciliations.

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

#### **2023-02**

##### **Payroll taxes**

The City is a semiweekly depositor with the IRS which means that they are required to pay taxes after each pay period. During our audit we found that these deposits were not being made during the final two months of the fiscal year, resulting in a \$27,265 tax liability on the city's books at year-end. We also found that this nonpayment continued up to the issuance of this report and that payroll tax returns for this period were also unfiled.

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

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

We recommend that tax payments be made after every payroll and that these payments be made through QuickBooks with automatic payments being setup if possible. We also recommend that the City Manager being provided with financial reporting on a monthly basis and that they document their review of this reporting.

### 2023-03

#### Grant Tracking and Timing

During our audit we found that grant revenues which had been requested for reimbursement were not recognized as revenue in the correct period. We also found that the Department of Environmental Protection (DEP) Wastewater grant which has a local match requirement was planned to be covered by a DEP State Revolving Fund grant, but this grant funding was not formally awarded until May of 2024.

This strained the City's cash flows as the City had to front over \$100,000 in grant expenses as of year end. The inaccuracies cause a mismatch of revenues and expenses creating year over year comparability issues with the financial statements.

This issue was caused by the City's absence of controls related to grant tracking and cash management, as well as a lack of communication with the engineers responsible for submitting reimbursements for program expenditures.

We recommend that the City begin using spreadsheets to track grant-related expenditures and reimbursements to keep track of timing with the goal of more effectively managing cash flows and minimizing interest payments on interim financing. We also recommend increased communication with the City Engineer regarding the timing and process of receiving grant reimbursements. Finally, we recommend securing matching grant funding before beginning grant work if feasible.

### 2023-04

#### Year-end cutoff

During our audit we found that multiple bills which should have been posted into the fiscal year were incorrectly posted to the subsequent year. We also found that bills were not being entered into QuickBooks in a timely fashion.

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

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

We recommend that all bills be entered into Quick-books immediately upon receipt and that they be dated for the date of service or invoice date. implementing improved tracking and documentation procedures within the accounts payable process to enhance record accuracy, support audit readiness, and promote financial accountability.

## 2023-05

### Water account adjustments

During our audit we found multiple adjustments of significant amounts to utility customer accounts. These write-offs were not made with adequate documentation and written approval.

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

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

We recommend that the City develop and implement formal policies and procedures for write-offs, including criteria for uncollectible accounts, required documentation, authorization levels, and regular management reviews to ensure compliance and enhanced financial integrity.

## 2023-06

### Segregation of duties

During our audit we identified a lack of segregation of duties related to the cash deposit and disbursement processes. Employees who made deposits and paid bills were also the ones who would enter the transactions into the accounting and utility billing software.

The lack of segregation of duties increases the risk that errors and fraud could occur undetected.

Segregation of duties involves dividing responsibilities among different personnel so that no individual has control over all aspects of a financial transaction. Without this separation, the City is exposed to increased risks of undetected misstatements or misuse of funds.

We recommend implementing a clear segregation of duties policy within financial operations to strengthen internal controls, enhance oversight, and ensure the integrity of financial processes.

## 2023-07

### Recording of utility usage

During our audit we found that utility accounts were left unpaid for long stretches of time along with some customers being billed the monthly minimum due to malfunctioning meters or improper reading of meters.

These issues hinder the City's ability accurately bill certain accounts and has resulted in revenue loss.

This was caused by a lack of policies and procedures related to account cutoff, improper maintenance of water meters, and a lack of training on the technology available to the City for collecting and recording meter readings.

We recommend that policies and procedures be established relating to account cutoffs, and billing adjustments, that collection efforts be made on delinquent accounts, that staff learn to utilize the electronic meter reading technology available to the City, and that malfunctioning meters be replaced.

## 2023-08

### Internal balances, transfers, and payments made in incorrect funds

During our audit we found that enterprise fund expenses were being improperly paid out of the general fund, that correcting entries to post these expenses into the enterprise fund were not made, that repayment by the enterprise fund had not been made, and that internal balances between the funds and transfers between the funds had not been properly reconciled and that utility taxes were not being paid to the general fund.

Failure to make transfers between the funds, to pay utility taxes, and to repay internal balances has caused a large balance to be owed between the funds. Additionally posting expenditures in the incorrect fund obscures the true financial performance of each fund and may contribute to budgetary noncompliance.

This was caused by the finance director's failure to run separate check batches for each of the funds, and to regularly review and pay balances owed between the funds.

We recommend that separate check batches be run for the expenses of each of the funds. If an expense is shared between the funds and is required to be allocated, then either two checks should be cut, or immediate repayment be made to the paying fund. We also recommend implementing routine reconciliation of internal balances and transfers and establishing procedures to ensure timely payment of utility taxes and settlement of balances between the funds.

## 2023-09

### Improper tracking of employee paid time-off balances

During our audit we reviewed employee paid time-off balances and recalculated the earned and used balances for accuracy. We discovered that year end balances were not being tracked accurately during the fiscal year. The former city manager was given various vacation payouts during the year for 266 hours totaling over \$12,000 for the 2023 fiscal year. These payouts were the only recorded use of vacation time for this individual and his recorded remaining vacation balance, after the payouts, eclipsed his possible calculated remaining balance by over 150 hours. This individual was not required to submit any written documentation for time off used and no such documentation could be provided from the City's records.

This failure to track sick and vacation balances allowed the former City manager to receive much larger leave payouts than was appropriate. This also may have resulted in other City employees using sick and vacation time off without it being appropriately reported or tracked.

This lack of tracking of paid time off balances was caused by the apparent failure of the City Manager to fill out leave sheets, inadequate internal controls relating to the approval of paid time off, and the absence of review and reconciliation of leave balances by the finance director. During the fiscal year the City also switched accounting software but did not accurately transfer paid time-off balances from their prior software causing additional inaccuracies.

We recommend better controls and accountability regarding the usage of paid time-off. The finance director must also take a more active role in reviewing and recalculating leave balances on a regular basis to ensure their accuracy.

## 2023-10

### Overpayments to former City manager

During our audit we found that vacation, holiday, and sick pay were not properly set up in the payroll software for salaried employees. We also found that the former City manager was improperly paid one extra pay period during the fiscal year when a leave payout was made. This payroll and leave payout occurred on May 15<sup>th</sup> and was not a regularly scheduled payroll.

This caused the former City manager to be overpaid \$2,980.50 for duplicate holiday pay, \$3,055.76 for duplicate sick pay, and \$4,040.00 due to the extra payroll, totaling \$10,076.26 for the fiscal year.

This was the result of improper review of payroll setup, improper review of payroll submissions, and may have resulted from potential fraud.

We recommend that payroll setup be reviewed in detail to ensure proper setup and that routine payrolls be compared with prior periods or expected amounts to help eliminate errors.

## **FINDINGS FOR SIGNIFICANT DEFICIENCIES**

### 2012-1

#### Financial Statement Preparation

During our audit we found that a deficiency in internal control exists because the City is not capable of drafting the financial statements in accordance with generally accepted accounting principles.

This requires the auditors to prepare the financial statements, and while we can assist with the preparation of your financial statements, they are ultimately the responsibility of management.

The City does not have a staff or contract accountant who has the ability to prepare the financial statements in accordance with generally accepted accounting principles, though it does have staff who possess suitable skill, knowledge, and experience to oversee services an auditor provides in assisting with financial statement preparation as this requires a lower level of technical knowledge than the competence required to prepare the financial statements.

We recommend hiring a finance person, whether in-house or contractually based, who is qualified to prepare the financial statements of the City. We understand that even with a qualified person on staff it may continue to be more efficient for the City to continue using its auditors to prepare these financial statements in future years.

### 2023-11

#### Internal controls over fuel

During our audit we found that internal controls over fuel were not properly designed or operating as intended. We found that the fuel log forms had numerous mathematical inaccuracies and inconsistencies in the data recorded, the miles per gallon on the vehicles was not being calculated, that there was no documentation of review or approval of the forms, and that there were unsubstantiated allegations of minor fuel theft.

This lack of internal controls means that fuel theft could happen undetected.

These issues were caused by employees not being held accountable for filling out the fuel logs correctly, and the fact that the fuel logs that were not being used to calculate miles per gallon on the vehicles so that abuse could be detected.

We recommend the following actions to correct this finding. First, that management design separate tracking sheets for each fuel type. Second, that a process be designed by which the miles per gallon for each vehicle is calculated and documented as reviewed on a routine basis at least monthly. Third, a motion activated camera be installed at the fuel pumps so that any drops in miles per gallon can be immediately investigated by reviewing the camera footage that corresponds to the vehicle fuel-up date and time.

#### 2023-12

##### Utility payments being posted to accounting software on a cash basis instead of accrual basis

During our audit we found that utility payments were posted to the accounting software on a cash basis rather than on an accrual basis. We also found inaccuracies in the reconciliation of deposits during the last two months of the fiscal year.

Recording revenue on the cash basis of accounting can cause inaccuracies in financial reporting and lack of comparability between fiscal years. The inaccuracies in the posting of deposits in the last two months of the year caused revenue to be misstated.

These issues were caused by a failure to routinely post and reconcile activity occurring in the utility billing system into the City's accounting software in a manner consistent with the accrual basis of accounting. These errors began after the implementation of the new utility billing software.

We recommend posting charges from the billing software on at least a monthly basis as a revenue and receivable. Then as cash payments are received, the City should reduce the receivable. Actual cash receipts need to be reconciled to the billing software at least monthly. On an annual basis, the City would reflect the amount that was truly anticipated to be received through estimating an allowance for uncollectible accounts and adjusting annual revenues accordingly.

#### 2023-13

##### Potential water system leakage and inefficiency

During our audit we reviewed 10 months of water plant operating reports and estimate line loss (leakage) of approximately 24% while national averages are around 16%.

This loss creates excess costs for treating and pumping water for the enterprise fund. If these losses resulted from unmetered water usage it could mean substantial revenue loss.

While the cause of the loss was not determined, common reasons for such losses are unidentified leaks, aging pipes which may need to be replaced in the future, or water theft.

We recommend conducting a thorough analysis of the water infrastructure, implementing loss detection measures if feasible, and enhancing monitoring to help identify the source of the unaccounted for water loss.

#### 2023-14

##### General Care of Financial Records

During our audit we found that there were widespread deficiencies in the financial management and accounting processes of the local government. These deficiencies include delays in recording transactions, inadequate reconciliation of accounts, and inconsistent application of accounting standards and policies.

This resulted in several financial deficiencies in multiple areas such as delayed preparation of financial statements, unreconciled differences in key accounts such as cash, receivables, and payables, and inconsistency in financial reporting.

The deficiencies appear to stem from inadequate staffing, lack of training, and an absence of formalized policies and procedures governing the accounting processes.

We recommend developing and implementing documented policies and procedures for key accounting processes, including transaction recording, account reconciliations, and financial statement preparation, strengthening internal controls to ensure timely and accurate processing of transactions and periodic reconciliation of accounts, and establishing routine reviews of financial management practices to ensure adherence to established policies and procedures and identify areas for improvement.

## **FINDINGS FOR NONCOMPLIANCE**

### **2023-15**

#### **Budgetary Noncompliance**

During our audit we found that expenditures greatly exceeded the appropriated budget and therefore the City did not comply with Florida Statute 166.241(2) which states that “An officer of a municipal government may not expend or contract for expenditures in any fiscal year except pursuant to the adopted budget.”

This also resulted in City running substantial deficits.

This budgetary noncompliance was caused by excessive spending and inaccurate or incomplete accounting records with which to compare expenditures with the budget.

We recommend that the budget be entered into the accounting software and that reports be run regularly to compare actual expenditures against the budget and that any expenditures that would exceed budget be paused until a budget amendment can be made. We also recommend that the budget be amended at least annually to match actual results.

### **2023-16**

#### **Restricted Fund Balances**

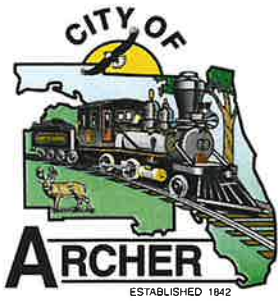
During our audit we found that restricted cash balances were not being segregated from operating cash balances. We also found that the related restricted fund balances were not being tracked in the accounting software and that other off-book tracking methods either were not being completed or were not accurately completed.

This was caused by a lack of segregation of restricted funds and a lack of review of these balances.

This caused the City to have a deficit unrestricted fund balance in the general fund and to be out of compliance with Florida Statutes due to the expenditure of restricted funds on operating expenses.

We recommend that the City keep receipts of restricted funds in a separate bank account to ensure they are not inappropriately spent and that tracking spreadsheets be completed and reviewed by the City manager at least quarterly.





# CITY OF ARCHER

**Mayor:** Iris Bailey  
**Vice-Mayor:** Kathy Penny

**Commissioners**

Fletcher Hope  
Joan White  
Marilyn Green

**Interim City Manager**

Deanna Alltop

December 12, 2024

Auditor General's Office  
Local Government Audits/342  
Claude Pepper Building, Room 401  
111 West Madison Street Tallahassee, FL 32399-1450

Re: City of Archer FY22-23 10.550 Report

Dear Sir or Madam,

Pursuant to Auditor General Rule 10.558(1), please find a written statement of explanation and corrective actions related to disclosures noted in internal control over financial reporting and the management letter required by Chapter 10.550.

Recommendations to improve the local governmental entity's financial management accounting procedures and internal controls:

**Finding 2012-01: Financial Statement Preparation**

*Management Response:*

We agree with this finding. To address this, the City is evaluating the cost-effectiveness of hiring a part-time contracted Finance Director to provide financial oversight and assist with preparing financial statements in compliance with GAAP. This contracted role would complement our current staff's capabilities and provide additional expertise to ensure that our financial statements are prepared in compliance with GAAP standards. Additionally, even if we engage a contracted Finance Director, we may continue to utilize the auditors for the preparation of financial statements in future years, as this may remain a more efficient option for the City. The City is committed to exploring this option and anticipates making a decision on the matter by March 1, 2025.

**16870 SW 134<sup>TH</sup> AVE., P.O. BOX 39 - ARCHER, FLORIDA 32618-0039**  
**Tel: (352)495-2880 Fax (352)495-2445**

**Finding 2023-01: Bank Reconciliations***Management Response:*

We agree with the finding. To address the issue of untimely bank reconciliations, the city will implement a procedure to complete monthly bank reconciliations within four weeks of receiving bank statements. Additionally, a secondary review and approval process will be established, wherein the City Manager will review and sign off on each reconciliation to ensure accuracy and timeliness. The city has begun correcting this issue.

**Finding 2023-02: Payroll Taxes***Management Response:*

We agree with the finding. The city has contacted the IRS to develop a repayment plan and is identifying areas within its budget to repay these taxes. The city is now making its payroll tax liability payments in a timely fashion and properly reporting its 941's. Monthly financial reports will be prepared and reviewed by the City Manager, with documented evidence of the review. The city has begun correcting this issue.

**Finding 2023-03: Grant Tracking and Timing***Management Response:*

We agree with the finding. The city and its consultants will develop comprehensive spreadsheets to monitor grant-related expenditures and reimbursements, aiming to improve cash flow management. Regular meetings will be scheduled with the City Engineer to discuss the timing and process of grant reimbursements. Efforts will be made to secure matching grant funding before initiating grant-related projects. These actions will commence by March 1, 2025.

**Finding 2023-04: Year-End Cutoff***Management Response:*

We agree with the finding. All invoices will be entered into QuickBooks immediately upon receipt, using the date of service or invoice date to ensure accurate financial reporting. The city will implement improved tracking and documentation procedures within the accounts payable process to enhance record accuracy and support audit readiness. The city has already begun enforcing invoice approvals and a new organization system for accounting records. The city has already begun correcting this issue.

**Finding 2023-05: Water Account Adjustments***Management Response:*

We agree with the finding. The City will develop and implement formal policies and procedures for utility account write-offs, including criteria for uncollectible accounts, required documentation, authorization levels, and regular management reviews. The city will complete this implementation by April 1, 2025.

**Finding 2023-06: Segregation of Duties***Management Response:*

16870 SW 134<sup>TH</sup> AVE., P.O.. BOX 39 - ARCHER, FLORIDA 32618-0039

Tel: (352)495-2880

Fax (352)495-2445

We agree with the finding. Given our limited staff, achieving ideal segregation of duties is challenging. However, we will implement compensating controls, such as cross-training employees and having independent reviews of transactions by the City Manager, to mitigate risks. These measures will be in place by February 15, 2025.

**Finding 2023-07: Recording of Utility Usage**

*Management Response:*

We agree with the finding. Policies and procedures will be established for account cutoffs and billing adjustments. The city will initiate collection efforts on delinquent accounts and ensure staff are trained to utilize electronic meter reading technology. Malfunctioning meters will be replaced. The City Manager will oversee these actions, effective by March 15, 2025.

**Finding 2023-08: Internal Balances, Transfers, and Payments Made in Incorrect Funds**

*Management Response:*

We agree with the finding. The bookkeeper will ensure that separate check batches are run for each fund's expenses. For shared expenses, either two checks will be issued, or immediate repayment will be made to the paying fund. Routine reconciliation of internal balances and transfers will be conducted, and procedures will be established to ensure timely payment of utility taxes and settlement of balances between funds. These practices will begin by February 1, 2025.

**Finding 2023-09: Improper Tracking of Employee Paid Time-Off Balances**

*Management Response:*

We agree with the finding. The city will implement a system to accurately track sick and vacation balances. All employees, including the City Manager, will be required to submit written documentation for time off used. Regular reviews and reconciliations of leave balances will be conducted to ensure accuracy. The city is attempting to recoup these funds. This system will be operational by March 1, 2025.

**Finding 2023-10: Overpayments to Former City Manager**

*Management Response:*

We agree with the finding. The bookkeeper will review and correct the payroll setup to ensure proper configuration for salaried employees. Routine payrolls will be compared with prior periods to identify and eliminate errors. Any overpayments identified will be addressed promptly. The city is attempting to recoup these funds. These corrective actions have already begun.

**Finding 2023-11: Internal Controls Over Fuel**

*Management Response:*

We agree with the finding. Management will design separate tracking sheets for each fuel type and implement a process to calculate and review the miles per gallon (MPG) for each vehicle monthly. A motion-activated camera will be installed at the fuel pumps to

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monitor activity, providing an additional layer of oversight. These measures will be implemented by April 1, 2025, under the supervision of the Public Works Director.

**Finding 2023-12: Utility Payments Being Posted on a Cash Basis Instead of Accrual Basis**

*Management Response:*

We agree with the finding. We attribute a portion of this issue to the failed conversion to a new software system. The city intends to correct and complete the conversion which will help address this issue. Until then, the bookkeeper will ensure that utility charges are posted to the accounting software on an accrual basis at least monthly, with receivables and corresponding revenues recorded. As cash payments are received, the receivables will be reduced. Deposits will be reconciled monthly to ensure consistency with billing records. By the end of each fiscal year, uncollectible accounts will be estimated, and revenues will be adjusted accordingly. These practices will begin by February 15, 2025.

**Finding 2023-13: Potential Water System Leakage and Inefficiency**

*Management Response:*

We agree with the finding. The City will conduct a thorough analysis of its water infrastructure, including a leak detection survey and evaluation of pipe conditions. Monitoring efforts will be enhanced to identify and address sources of water loss. Aging pipes and equipment will be prioritized for replacement as funding permits. These measures will begin by June 1, 2025, with oversight from the Public Works Director.

**Finding 2023-14: General Care of Financial Records**

*Management Response:*

We agree with the finding. The bookkeeper will develop and implement documented policies and procedures for key accounting processes, including transaction recording, account reconciliations, and financial statement preparation. Staff training will be enhanced to improve proficiency in accounting practices. Routine internal reviews will be conducted to ensure adherence to policies and timely reconciliation of accounts. The city has already begun taking action to address this issue.

**Finding 2023-15: Budgetary Noncompliance**

*Management Response:*

We agree with the finding. The City will enter its approved budget into the accounting software and run regular reports comparing actual expenditures to budgeted amounts. Any expenditures that could exceed the budget will require City Commission approval through a formal budget amendment process. Budget amendments will be scheduled at least annually to align with actual financial results. These actions have already occurred.

**Finding 2023-16 Restricted Fund Balances**

*Management Response:*

We agree with the finding regarding the lack of segregation and tracking of restricted cash balances. We recognize the importance of maintaining compliance with Florida Statutes and ensuring that restricted funds are used appropriately. To address this issue,

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the City will establish a separate bank account for restricted funds to ensure these receipts are clearly segregated from operating cash balances. Tracking spreadsheets will be developed and maintained to accurately monitor restricted fund balances. These spreadsheets will be submitted to the City Manager for quarterly review and approval. The City is committed to implementing these corrective actions by March 1, 2025.

The City of Archer will assign specific responsibilities to the City Manager and bookkeeper to ensure each corrective action is carried out effectively and on time. Quarterly progress reports will be presented to the City Manager and City Commission to ensure accountability and transparency in addressing these audit findings.

Through these actions, the City is committed to improving financial management practices, strengthening internal controls, and ensuring compliance with applicable regulations.

Please do not hesitate to contact me with any questions or need any additional information.



Deanna Alltop  
Interim City Manager  
Archer, FL

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