

CITY OF ARCHER, FLORIDA  
ANNUAL FINANCIAL REPORT  
September 30, 2010

CITY OF ARCHER, FLORIDA  
 ANNUAL FINANCIAL REPORT  
 September 30, 2010  
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CITY OF ARCHER, FLORIDA

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## INTRODUCTORY SECTION

CITY OF ARCHER, FLORIDA  
LIST OF PRINCIPAL OFFICIALS  
September 30, 2010

MAYOR	Roberta Lopez
VICE-MAYOR	Laurie Costello
COMMISSIONERS	Marjorie Zander Frank Ogborn Blanch Parker
CITY MANAGER	John Glanzer
ATTORNEY	Allan H. Kaye

FINANCIAL SECTION



**Powell & Jones**  
Certified Public Accountants

Richard C. Powell, Jr., CPA  
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The Honorable Mayor  
and City Commission  
City of Archer, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the major funds, and the aggregate remaining fund information of City of Archer, Florida, (City) as of and for the fiscal year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Archer, Florida's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the major funds, and the aggregate remaining fund information of the City of Archer, Florida, as of September 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 24, 2011, on our consideration of the City of Archer, Florida's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The budgetary comparison information presented for the governmental funds is not a required part of the basic financial statements of the City, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The management's discussion and analysis on pages 8 through 12, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis, and is not a required part of the basic financial statements of the City of Archer, Florida. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

POWELL & JONES  
Certified Public Accountants  
June 24, 2011

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 Assets 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 have long been reported capital assets and long-term liabilities. Also, governmental 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's has two major governmental funds which are presented in separate columns. A budgetary comparison is presented for each of the governmental funds. Statements for the City's proprietary fund follows the governmental funds and include net assets, revenue, expenses and changes in net assets, 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 Assets follows:

Net Assets at September 30, 2010 and 2009

	Governmental	Business-type	Total Government	
	Activities	Activities	2010	2009
<b>Assets</b>				
Cash and investments	\$ 617,205	\$ 323,596	\$ 940,801	\$ 726,825
Other current assets	42,782	290,473	333,255	305,689
Noncurrent assets	-	33,443	33,443	26,043
Capital assets	1,503,234	719,114	2,222,348	2,273,816
<b>Total assets</b>	<b>2,163,221</b>	<b>1,366,626</b>	<b>3,529,847</b>	<b>3,332,373</b>
<b>Liabilities</b>				
Current liabilities	340,082	37,395	377,477	323,533
Long term liabilities	231,787	-	231,787	265,142
<b>Total liabilities</b>	<b>571,869</b>	<b>37,395</b>	<b>609,264</b>	<b>588,675</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	1,238,127	719,114	1,957,241	1,976,454
Restricted - community center	85,161	-	85,161	38,697
Unrestricted	268,064	610,117	878,181	728,547
<b>Total net assets</b>	<b>\$1,591,352</b>	<b>\$1,329,231</b>	<b>\$2,920,583</b>	<b>\$2,743,698</b>

67% of the City's net assets reflect 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 balance of unrestricted net assets of (\$878,181) may be used to meet the City's ongoing obligations to citizens and creditors.

The following schedule provides a summary of the changes in net assets. The increase during the year for Governmental Activities net assets is due primarily to operating revenues exceeding operating expenses.

A condensed version of the Statement of Activities follows:

Change in Net Assets  
For the Fiscal Years ended September 30, 2010 and 2009

	Governmental Activities	Business-type Activities	Total Government	
			2010	2009
Revenues				
Program revenues				
Charges for services	\$ 21,195	\$ 341,350	\$ 362,545	\$349,679
Grants and contributions	112,800	-	112,800	85,238
General revenues				
Taxes	426,077	-	426,077	340,487
Franchise fees	135,836	-	135,836	118,940
Licenses and permits	4,012	-	4,012	2,350
State shared revenues	57,771	-	57,771	119,690
Interest and other	5,483	3,907	9,390	264,372
Fines	2,379	-	2,379	5,059
Total revenues	<u>765,553</u>	<u>345,257</u>	<u>1,110,810</u>	<u>\$1,285,815</u>
Expenses				
General government	363,794	-	363,794	389,150
Public safety	16,208	-	16,208	17,220
Physical environment	6,456	127,821	134,277	132,467
Transportation	136,140	-	136,140	154,289
Culture/recreation	82,198	-	82,198	90,298
Interest on long-term debt	15,797	-	15,797	19,014
Water	-	185,511	185,511	198,008
Total expenses	<u>620,593</u>	<u>313,332</u>	<u>933,925</u>	<u>1,000,446</u>
Change in net assets	144,960	31,925	176,885	285,369
Transfers	5,177	(5,177)	-	-
	<u>150,137</u>	<u>26,748</u>	<u>176,885</u>	<u>285,369</u>
Beginning net assets	<u>1,441,215</u>	<u>1,302,483</u>	<u>2,743,698</u>	<u>2,458,329</u>
Ending net assets	<u>\$1,591,352</u>	<u>\$1,329,231</u>	<u>\$2,920,583</u>	<u>2,743,698</u>

Governmental activities:

Taxes provide 56% of the revenues for Governmental Activities, while grants and contributions provide 15%, and state shared revenues provide 8%. Most of the Governmental Activities resources are spent for General Government (59%), Recreation (13%), and Transportation (22%).

Business-type activities:

Business-type activities increased the City's net assets by \$31,925. Key elements of this increase are as follows:

- Operating revenues increased by 8%, due to solid waste activities.
- Expenses likewise decreased by 4% due to water activities.

## Budgetary Highlights

At the end of the year, there were several General Fund departments with budget shortfalls due to unexpected events. In total, the General Fund's expenditures were \$42,832 less than budgeted, and revenues were (\$31,023) more than budgeted.

## Capital Assets and Debt Administration

### Capital Assets

At September 30, 2010, the City had \$2.2 million invested in capital assets, including buildings, streets, water facilities, and park and recreation facilities. This amount represents a net increase (additions, deductions, and depreciation) of \$29,689 or 1% less than last year.

#### Capital Assets at September 30, 2010 and 2009

	Governmental		Business-type		Totals	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
Land	\$ 176,931	\$ 176,931	\$ -	\$ -	\$ 176,931	\$ 176,931
Buildings and improvements	1,113,268	1,113,268	694,364	694,364	1,807,632	1,807,632
Construction in progress	553,777	512,726	543,115	543,115	1,096,892	1,055,841
Equipment	672,323	672,323	35,644	35,644	707,967	707,967
Subtotal	2,516,299	2,475,248	1,273,123	1,273,123	3,789,422	3,748,371
Accumulated depreciation	(1,013,065)	(946,908)	(554,009)	(527,647)	(1,567,074)	(1,474,555)
Capital assets, net	<u>\$ 1,503,234</u>	<u>\$ 1,528,340</u>	<u>\$ 719,114</u>	<u>\$ 745,476</u>	<u>\$ 2,222,348</u>	<u>\$ 2,273,816</u>

### Debt Outstanding

At year-end, the City had \$265,895 in debt outstanding versus \$299,367 last year, a decrease of \$33,472.

#### Debt Outstanding at September 30, 2010 and 2009

	Total Government	
	2010	2009
Bank loans	\$ 265,107	\$ 297,362
Compensated absences	788	2,005
Total	<u>\$ 265,895</u>	<u>\$ 299,367</u>

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

## OTHER FINANCIAL INFORMATION

### Economic Factors and Rates

- The current estimated unemployment rate for the City was 7.1%, which is higher than the prior year.
- The estimated population for the City in 2010 was 1,188 and is estimated to be approximately the same in 2011.
- The City's ad valorem tax rate for 2010 was 5 mills, which is higher 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: [citymanager@cityofarcher.com](mailto:citymanager@cityofarcher.com).

## Basic Financial Statements

CITY OF ARCHER, FLORIDA  
STATEMENT OF NET ASSETS  
September 30, 2010

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 617,205	\$ 323,596	\$ 940,801
Accounts receivable - net	13,236	22,565	35,801
Due from other funds	-	262,033	262,033
Due from other governmental units	23,841	-	23,841
Inventories	-	3,973	3,973
Prepaid expenses	5,705	1,902	7,607
Total current assets	<u>659,987</u>	<u>614,069</u>	<u>1,274,056</u>
Noncurrent assets			
Restricted assets			
Cash	-	33,443	33,443
Total restricted assets	<u>-</u>	<u>33,443</u>	<u>33,443</u>
Capital assets - net	<u>1,503,234</u>	<u>719,114</u>	<u>2,222,348</u>
Total assets	<u>\$ 2,163,221</u>	<u>\$ 1,366,626</u>	<u>\$ 3,529,847</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES</b>			
Current liabilities (payable from current assets):			
Accounts payable	\$ 33,177	\$ -	\$ 33,177
Accrued liabilities	10,764	4,282	15,046
Due to other funds	262,033	-	262,033
Notes payable, current	33,320	-	33,320
Accrued compensated absences	788	-	788
Total current liabilities (payable from current assets)	<u>340,082</u>	<u>4,282</u>	<u>344,364</u>
Current liabilities payable from restricted assets			
Deposits	-	33,113	33,113
Total current liabilities payable from restricted assets	<u>-</u>	<u>33,113</u>	<u>33,113</u>
Noncurrent liabilities			
Notes payable	<u>231,787</u>	<u>-</u>	<u>231,787</u>
Total noncurrent liabilities	<u>231,787</u>	<u>-</u>	<u>231,787</u>
Total liabilities	<u>571,869</u>	<u>37,395</u>	<u>609,264</u>

See notes to financial statements.

CITY OF ARCHER, FLORIDA  
STATEMENT OF NET ASSETS  
September 30, 2010

	Governmental Activities	Business-type Activities	Total
NET ASSETS			
Invested in capital assets net of related debt	\$ 1,238,127	\$ 719,114	\$ 1,957,241
Restricted for community center	85,161	-	85,161
Unrestricted	268,064	610,117	878,181
Total net assets	<u>1,591,352</u>	<u>1,329,231</u>	<u>2,920,583</u>
Total liabilities and net assets	<u>\$ 2,163,221</u>	<u>\$ 1,366,626</u>	<u>\$ 3,529,847</u>

CITY OF ARCHER, FLORIDA  
STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended September 30, 2010

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<u>Functions/Programs</u>							
Governmental activities							
General government	\$ 363,794	\$ -	\$ -	\$ -	\$ (363,794)	\$ -	\$ (363,794)
Public safety	16,208	7,496	-	-	(8,712)	-	(8,712)
Physical environment	6,456	7,500	-	-	1,044	-	1,044
Transportation	136,140	-	-	-	(136,140)	-	(136,140)
Culture/recreation	82,198	6,199	34,254	78,546	36,801	-	36,801
Interest on long-term debt	15,797	-	-	-	(15,797)	-	(15,797)
Total governmental activities	<u>620,593</u>	<u>21,195</u>	<u>34,254</u>	<u>78,546</u>	<u>(486,598)</u>	<u>-</u>	<u>(486,598)</u>
Business-type activities							
Water	185,511	174,267	-	-	-	(11,244)	(11,244)
Garbage and solid waste	127,821	167,083	-	-	-	39,262	39,262
Total business-type activities	<u>313,332</u>	<u>341,350</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,018</u>	<u>28,018</u>
Total Government	<u>\$ 933,925</u>	<u>\$ 362,545</u>	<u>\$ 34,254</u>	<u>\$ 78,546</u>	<u>(486,598)</u>	<u>28,018</u>	<u>(458,580)</u>
		General revenues					
					160,858	-	160,858
					58,869	-	58,869
					69,149	-	69,149
					102,432	-	102,432
					56,687	-	56,687
					79,149	-	79,149
					34,769	-	34,769
					4,012	-	4,012
					57,771	-	57,771
					1,411	-	1,411
					2,379	-	2,379
					1,818	3,907	5,725
					2,254	-	2,254
					<u>631,558</u>	<u>3,907</u>	<u>635,465</u>
					144,960	31,925	176,885
					5,177	(5,177)	-
					1,441,215	1,302,483	2,743,698
					<u>\$ 1,591,352</u>	<u>\$ 1,329,231</u>	<u>\$ 2,920,583</u>

See notes to financial statements.

CITY OF ARCHER, FLORIDA  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
September 30, 2010

	General Fund	Special Revenue Fund Wild Spaces/ Public Places	Capital Projects Fund Archer Community Center Auditorium	Total Governmental Funds
<b>ASSETS</b>				
Current assets				
Cash	\$ 430,899	\$ 101,145	\$ 85,161	\$ 617,205
Accounts receivable, net	13,236	-	-	13,236
Due from other funds	286	6,652	-	6,938
Due from other governmental units	17,189	-	6,652	23,841
Prepaid insurance	5,705	-	-	5,705
<b>Total assets</b>	<b>\$ 467,315</b>	<b>\$ 107,797</b>	<b>\$ 91,813</b>	<b>\$ 666,925</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	\$ 33,177	\$ -	\$ -	\$ 33,177
Due to other funds	262,033	-	6,938	268,971
Accrued liabilities	10,764	-	-	10,764
<b>Total liabilities</b>	<b>305,974</b>	<b>-</b>	<b>6,938</b>	<b>312,912</b>
<b>FUND BALANCES</b>				
Unreserved	161,341	107,797	84,875	354,013
<b>Total fund balance</b>	<b>161,341</b>	<b>107,797</b>	<b>84,875</b>	<b>354,013</b>
<b>Total liabilities and fund balance</b>	<b>\$ 467,315</b>	<b>\$ 107,797</b>	<b>\$ 91,813</b>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,503,234
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(265,895)
<b>Net Assets of Governmental Activities</b>	<b>\$ 1,591,352</b>

CITY OF ARCHER, FLORIDA  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
For the Fiscal Year Ended September 30, 2010

	General Fund	Special Revenue Fund Wild Spaces/ Public Places	Capital Projects Fund Archer Community Center Auditorium	Total Governmental Funds
<b>Revenues</b>				
Property taxes	\$ 160,858	\$ -	\$ -	\$ 160,858
Nonproperty taxes	273,037	-	-	273,037
Licenses and permits	4,012	-	-	4,012
Intergovernmental revenues	150,894	69,149	48,296	268,339
Charges for services	21,195	-	-	21,195
Fines and forfeitures	2,379	-	-	2,379
Investment earnings	1,628	-	190	1,818
Miscellaneous revenues	3,665	-	30,250	33,915
<b>Total revenues</b>	<b>617,668</b>	<b>69,149</b>	<b>78,736</b>	<b>765,553</b>
<b>Expenditures</b>				
Current:				
General government	330,609	-	-	330,609
Public safety	330	-	-	330
Physical environment	6,456	-	-	6,456
Transportation	124,232	-	-	124,232
Culture/recreation	64,184	6,800	7,245	78,229
Debt service:				
Principal	32,255	-	-	32,255
Interest	15,797	-	-	15,797
Capital outlay				
Culture/recreation	-	-	41,051	41,051
<b>Total expenditures</b>	<b>573,863</b>	<b>6,800</b>	<b>48,296</b>	<b>628,959</b>
Excess of revenues over (under) expenditures	43,805	62,349	30,440	136,594
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers in	5,177	-	-	5,177
<b>Total other financing sources (uses)</b>	<b>5,177</b>	<b>-</b>	<b>-</b>	<b>5,177</b>
Net change in fund balance	48,982	62,349	30,440	141,771
Fund balances at beginning of year	112,359	45,448	54,435	212,242
<b>Fund balances at end of year</b>	<b>\$ 161,341</b>	<b>\$ 107,797</b>	<b>\$ 84,875</b>	<b>\$ 354,013</b>

See notes to financial statements.

CITY OF ARCHER, FLORIDA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Fiscal Year Ended September 30, 2010

Net change in fund balances - total governmental funds		\$	141,771
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense			
Expenditures for capital assets	\$	41,051	
Less current year depreciation		<u>(66,157)</u>	(25,106)
Repayment of notes are expenditures in the governmental funds, but the repayment reduced long-term liabilities in the statement of net assets			
Note principal payments			32,255
Some expenses reported in the statement of activities fo not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds			
Net decrease in compensated absences			<u>1,217</u>
Change in net assets of governmental activities		\$	<u><u>150,137</u></u>

CITY OF ARCHER, FLORIDA

PROPRIETARY FUNDS  
STATEMENT OF NET ASSETS

September 30, 2010

	Water Fund	Solid Waste Fund	Total Proprietary Funds
<b>ASSETS</b>			
Current assets			
Cash	\$ 323,596	\$ -	\$ 323,596
Accounts receivable	12,845	12,228	25,073
Allowance for doubtful accounts	(1,285)	(1,223)	(2,508)
Due from the General Fund	179,966	82,067	262,033
Inventory	3,973	-	3,973
Prepaid expenses	1,902	-	1,902
Total current assets	<u>520,997</u>	<u>93,072</u>	<u>614,069</u>
Noncurrent assets			
Restricted assets			
Cash	33,443	-	33,443
Total restricted assets	<u>33,443</u>	<u>-</u>	<u>33,443</u>
Fixed assets			
Improvements other than buildings	713,708	-	713,708
Equipment	16,301	-	16,301
Construction in progress	543,114	-	543,114
Accumulated depreciation	(554,009)	-	(554,009)
Total fixed assets	<u>719,114</u>	<u>-</u>	<u>719,114</u>
Total assets	<u>\$ 1,273,554</u>	<u>\$ 93,072</u>	<u>\$ 1,366,626</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES</b>			
Current liabilities			
Accrued liabilities	\$ 4,282	\$ -	\$ 4,282
Total current liabilities	<u>4,282</u>	<u>-</u>	<u>4,282</u>
Noncurrent liabilities			
Current liabilities payable from restricted assets			
Deposits	33,113	-	33,113
Total current liabilities payable from restricted assets	<u>33,113</u>	<u>-</u>	<u>33,113</u>
Total liabilities	<u>37,395</u>	<u>-</u>	<u>37,395</u>

CITY OF ARCHER, FLORIDA

PROPRIETARY FUNDS  
STATEMENT OF NET ASSETS

September 30, 2010

	Water Fund	Solid Waste Fund	Total Proprietary Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
NET ASSETS			
Invested in capital assets net of related debt	\$ 719,114	\$ -	\$ 719,114
Unrestricted	517,045	93,072	610,117
Total net assets	<u>1,236,159</u>	<u>93,072</u>	<u>1,329,231</u>
Total liabilities and net assets	<u>\$ 1,273,554</u>	<u>\$ 93,072</u>	<u>\$ 1,366,626</u>

CITY OF ARCHER, FLORIDA

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS

For the Fiscal Year Ended September 30, 2010

	Water Fund	Solid Waste Fund	Total Proprietary Funds
Operating Revenues			
Physical environment			
Water utility revenue			
Water sales	\$ 174,091	\$ -	\$ 174,091
Connection fees	176	-	176
Total water utility revenue	<u>174,267</u>	<u>-</u>	<u>174,267</u>
Solid Waste revenue			
Sanitation fees	-	167,083	167,083
Total solid waste revenues	<u>-</u>	<u>167,083</u>	<u>167,083</u>
Total operating revenues	<u>174,267</u>	<u>167,083</u>	<u>341,350</u>
Operating Expenses			
Water utility services			
Personal services			
Regular salaries	66,341	-	66,341
FICA	4,953	-	4,953
Retirement	3,014	-	3,014
Life and health insurance	424	-	424
Worker's compensation	2,271	-	2,271
Total personal services	<u>77,003</u>	<u>-</u>	<u>77,003</u>
Operating expenses			
Professional services	36,353	-	36,353
Accounting and auditing	6,500	-	6,500
Uniforms	285	-	285
Chemicals	1,066	-	1,066
Depreciation	26,362	-	26,362
Utility services	12,602	-	12,602
Insurance	6,257	-	6,257
Repair and maintenance	4,152	-	4,152
Other current charges and obligations	3,699	-	3,699
Office supplies	3,942	-	3,942
Operating supplies	3,241	-	3,241
Vehicle supplies	4,049	-	4,049
Total operating expenses	<u>108,508</u>	<u>-</u>	<u>108,508</u>
Total water utility services	<u>185,511</u>	<u>-</u>	<u>185,511</u>

CITY OF ARCHER, FLORIDA

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS

For the Fiscal Year Ended September 30, 2010

	Water Fund	Solid Waste Fund	Total Proprietary Funds
Solid waste services			
Contracted services	\$ -	\$ 127,821	\$ 127,821
Total solid waste services	-	127,821	127,821
Total operating expenses	185,511	127,821	313,332
Operating income (loss)	(11,244)	39,262	28,018
NONOPERATING REVENUES			
Interest	3,907	-	3,907
Total nonoperating revenues	3,907	-	3,907
Income (loss) before operating transfers	(7,337)	39,262	31,925
Operating transfers			
Interfund transfer out	(5,177)	-	(5,177)
Total operating transfers	(5,177)	-	(5,177)
Net income (loss)	(12,514)	39,262	26,748
Net assets, beginning of year	1,248,673	53,810	1,302,483
Net assets, end of year	\$ 1,236,159	\$ 93,072	\$ 1,329,231

CITY OF ARCHER, FLORIDA

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

For the Fiscal Year Ended September 30, 2010

	Business Type Activities Enterprise Funds		Totals
	Water Fund	Solid Waste Fund	
Cash flows from operating activities:			
Cash received from customers	\$ 175,305	\$ 127,821	\$ 303,126
Cash paid to employees	(66,341)	-	(66,341)
Cash paid for employee benefits	(10,662)	-	(10,662)
Cash paid to suppliers	(81,554)	(127,821)	(209,375)
Interfund repayments	(4,170)	-	(4,170)
Net cash provided by operating activities	<u>12,578</u>	<u>-</u>	<u>12,578</u>
Cash flows from capital and related financing activities:			
Interfund transfers	(5,177)	-	(5,177)
Net cash provided by capital and related financing transfers	<u>(5,177)</u>	<u>-</u>	<u>(5,177)</u>
Cash flows from investing activities			
Interest revenue	3,907	-	3,907
Net cash provided by investing activities	<u>3,907</u>	<u>-</u>	<u>3,907</u>
Net increase in cash	11,308	-	11,308
Cash, beginning of year	345,731	-	345,731
Cash, end of year	<u>357,039</u>	<u>-</u>	<u>357,039</u>
Reported as:			
Cash	323,596	-	323,596
Restricted cash	33,443	-	33,443
Total cash and cash equivalents, end of year	<u>\$ 357,039</u>	<u>\$ -</u>	<u>\$ 357,039</u>

CITY OF ARCHER, FLORIDA

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

For the Fiscal Year Ended September 30, 2010

	Business Type Activities Enterprise Funds		Totals
	Water Fund	Solid Waste Fund	
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ (11,244)	\$ 39,262	\$ 28,018
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	26,362	-	26,362
Changes in net assets - decrease (increase) and liabilities increase (decrease)			
Accounts receivable	1,268	1,208	2,476
Due to/from other funds	(4,170)	(40,470)	(44,640)
Inventories	176	-	176
Prepaid expenses	51	-	51
Accounts payable and accrued expenses	365	-	365
Customer deposits	(230)	-	(230)
Net cash provided by operating activities	<u>\$ 12,578</u>	<u>\$ -</u>	<u>\$ 12,578</u>

CITY OF ARCHER, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

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 an other 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 assets. 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.

Wild Spaces/Public Places Fund - The Wild Spaces/Public Places Fund is being utilized by the City to account for the receipts and disbursements of this special sales tax revenues received annually by the City.

Archer Community Center Auditorium Fund – This capital projects fund was established during the current year to account for the financial activities related to the Community Center project.

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. This fund was established during the current year.

3. Non-current Governmental Assets/Liabilities:

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

D. Assets, Liabilities and Net Assets 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, 2010, 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, 2010, there were \$2,508 in amounts exceeding 180 days which was the recorded 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, 2010.

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. Any receivables in excess of 180 days would comprise the trade accounts receivable allowance for doubtful accounts.

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. Restricted Assets - Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The “revenue bond current debt service” account is used to segregate resources accumulated for debt service payments over the next twelve months. The “revenue bond reserve” account is used to report resources set aside to make up potential future deficiencies in the revenue bond current debt service account, and to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements. The cash proceeds of enterprise fund customer deposits are also shown as restricted assets.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

7. 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.
8. 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 estimated fair market value at the date of donations.

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

9. 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 did not have any capitalized interest.
10. Deferred Revenues - Deferred revenues reported in government-wide financial statements represent unearned revenues. The deferred revenues will be recognized as revenue in the

fiscal year they are earned in accordance with the accrual basis of accounting. Deferred revenues represent unearned revenues which are measurable but not available and, in accordance with the modified accrual basis of accounting, are reported as deferred revenues.

11. **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 funds are maintained separately and represent a reconciling item between the fund and government-wide presentation.

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

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

“Total fund balances” of the City’s governmental funds differs from “net assets” of governmental activities reported in the statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets 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 assets included those capital assets among the assets of the City as a whole.

Cost of capital assets	\$ 2,516,299
Accumulated depreciation	<u>(1,013,065)</u>
	<u>\$ 1,503,234</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 assets. Balances at September 30, 2010 were:

Compensated absences	\$ (788)
Notes payable	<u>(265,107)</u>
	<u>\$ (265,895)</u>

Elimination of interfund receivables/payables

Interfund receivables and payables in the amount of \$6,938 between governmental funds must be eliminated for the statement of net assets.

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 Assets

	Total Governmental Funds	Capital Related Items	Long-Term Debt Transactions/ Eliminations	Statement of Net Assets
<b>ASSETS</b>				
Cash and cash equivalents	\$ 617,205	\$ -	\$ -	\$ 617,205
Accounts receivable	13,236	-	-	13,236
Due from other funds	6,938	-	(6,938)	-
Due from other governmental units	23,841	-	-	23,841
Prepaid insurance	5,705	-	-	5,705
Capital assets - net	-	1,503,234	-	1,503,234
<b>Total assets</b>	<b><u>\$ 666,925</u></b>	<b><u>\$ 1,503,234</u></b>	<b><u>\$ (6,938)</u></b>	<b><u>\$ 2,163,221</u></b>
<b>LIABILITIES AND FUND EQUITY</b>				
Current liabilities:				
Accounts payable	\$ 33,177	\$ -	\$ -	\$ 33,177
Accrued liabilities	10,764	-	-	10,764
Due to other funds	268,971	-	(6,938)	262,033
Notes payable	-	-	265,107	265,107
Accrued compensated absences	-	-	788	788
<b>Total liabilities</b>	<b><u>312,912</u></b>	<b><u>-</u></b>	<b><u>258,957</u></b>	<b><u>571,869</u></b>
<b>Fund balance/net assets</b>	<b><u>354,013</u></b>	<b><u>1,503,234</u></b>	<b><u>(265,895)</u></b>	<b><u>1,591,352</u></b>
<b>Total liabilities and fund balances/net assets</b>	<b><u>\$ 666,925</u></b>	<b><u>\$ 1,503,234</u></b>	<b><u>\$ (6,938)</u></b>	<b><u>\$ 2,163,221</u></b>

B. Explanation of Differences Between Governmental Fund Operating Statements and the Statement of Activities

The "net change in fund balances" for governmental funds (\$141,771) differs from the "change in net assets" for governmental activities \$150,137 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 is 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 assets decrease by the amount of depreciation expense charges for the year.

Capital outlay	\$ 41,051
Depreciation expense	<u>(66,157)</u>
Difference	<u>\$ (25,106)</u>

Long-term debt transactions

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 assets and do not result in an expense in the statement of activities.

Debt principal payments made	<u>\$ 32,255</u>
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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 decrease in compensated absences	<u>\$ 1,217</u>
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CITY OF ARCHER, FLORIDA

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

B. Explanation of Difference Between Government Fund Operating Statements and the Statement of Activities

	Total Governmental Funds	Capital Related Items	Long-Term Debt Transactions/ Eliminations	Statement of Activities
<b>REVENUES</b>				
Taxes	\$ 433,895	\$ -	\$ -	\$ 433,895
Licenses and permits	4,012	-	-	4,012
Intergovernmental	268,339	-	-	268,339
Charges for services	21,195	-	-	21,195
Fines and forfeitures	2,379	-	-	2,379
Miscellaneous	35,733	-	-	35,733
Total revenues	<u>765,553</u>	<u>-</u>	<u>-</u>	<u>765,553</u>
<b>EXPENDITURES</b>				
Current expenditures				
General government	330,609	34,402	(1,217)	363,794
Public safety	330	15,878	-	16,208
Physical environment	6,456	-	-	6,456
Transportation	124,232	11,908	-	136,140
Culture/recreation	78,229	3,969	-	82,198
Capital outlay				
Culture/recreation	41,051	(41,051)	-	-
Debt service				
Principal	32,255	-	(32,255)	-
Interest	15,797	-	-	15,797
Total expenditures	<u>628,959</u>	<u>25,106</u>	<u>(33,472)</u>	<u>620,593</u>
Excess of revenues over (under) expenditures	<u>136,594</u>	<u>(25,106)</u>	<u>33,472</u>	<u>144,960</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	5,177	-	-	5,177
Total other financing sources (uses)	<u>5,177</u>	<u>-</u>	<u>-</u>	<u>5,177</u>
Net change in fund balance	141,771	(25,106)	33,472	150,137
Fund balance at beginning of year	212,242	1,528,340	(299,367)	1,441,215
Fund balance at end of year	<u>\$ 354,013</u>	<u>\$ 1,503,234</u>	<u>\$ (265,895)</u>	<u>\$ 1,591,352</u>

### NOTE 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. The City had no investments as of September 30, 2010.

### 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 2009-2010 fiscal year were levied in October 2009. 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, 2010, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental activities:</u>				
Capital assets:				
Land	\$ 176,931	\$ -	\$ -	\$ 176,931
Construction in progress	512,726	41,051	-	553,777
Building and improvements	1,113,268	-	-	1,113,268
Equipment	672,323	-	-	672,323
Total capital assets	2,475,248	41,051	-	2,516,299
Less accumulated depreciation	(946,908)	(66,157)	-	(1,013,065)
Governmental activities capital assets, net	<u>\$ 1,528,340</u>	<u>\$ (25,106)</u>	<u>\$ -</u>	<u>\$ 1,503,234</u>
<u>Business-type activities:</u>				
Capital assets:				
Construction in progress	\$ 543,115	\$ -	\$ -	\$ 543,115
Buildings and improvements	694,364	-	-	694,364
Equipment	35,644	-	-	35,644
Total capital assets	1,273,123	-	-	1,273,123
Less accumulated depreciation	(527,647)	(26,362)	-	(554,009)
Business-type activities capital assets, net	<u>\$ 745,476</u>	<u>\$ (26,362)</u>	<u>\$ -</u>	<u>\$ 719,114</u>

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

Governmental activities:	
General government	\$ 34,402
Public safety	15,878
Highway and street	11,908
Culture/recreation	3,969
Total depreciation expense - governmental activities	<u>\$ 66,157</u>
Business -type activities:	
Total depreciation expense - business-type activities	<u>\$ 26,362</u>

NOTE 7. INTERFUND RECEIVABLES/PAYABLES

The following is a schedule of interfund receivables and payables at September 30, 2010.

Fund	Receivable	Payable
General	\$ 286	\$ 262,033
Community Center	-	6,938
Wild Spaces/Public Places	6,652	-
Water	180,424	-
Solid waste	82,067	-
CDBG	-	458
	<u>\$ 269,429</u>	<u>\$ 269,429</u>

NOTE 8. RECEIVABLE AND PAYABLE BALANCES

Receivables

Receivables at September 30, 2010, were as follows:

	<u>Accounts</u>	<u>Due from Other Governmental Units</u>	<u>Total Receivables</u>
Governmental activities:			
General	\$ 13,236	\$ 17,189	\$ 30,425
Community Center	-	6,652	6,652
Business-type activities:			
Water	11,560	-	11,560
Solid waste	11,005	-	11,005
	<u>\$ 35,801</u>	<u>\$ 23,841</u>	<u>\$ 59,642</u>

Based upon collection history, the City has included a reserve for doubtful accounts for its Water and Solid Waste Fund accounts receivable of \$2,508.

<u>Fund</u>	<u>Allowance for Doubtful Accounts</u>
Water	\$ 1,285
Solid waste	1,223
	<u>\$ 2,508</u>

Payables

Payables at September 30, 2010, were as follows:

	<u>Vendors</u>
Governmental activities:	
General	<u>\$ 33,177</u>

INTERFUND TRANSFERS

Interfund transfers for the year ended September 30, 2010, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 5,177	\$ -
Water	-	5,177
Total	<u>\$ 5,177</u>	<u>\$ 5,177</u>

NOTE 9. GENERAL LONG-TERM DEBT

A summary of the City's long-term debt outstanding at September 30, 2010, is as follows:

Governmental activities

Note Payable – Building

On March 8, 2000, the City incurred debt in the amount of \$413,000 bearing a fixed interest of 5.47% for the specific purpose of building a fire station. This loan is payable in 240 monthly installments of \$2,854 including interest. The note is secured by a pledge of non-ad valorem revenues.

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>
2011	20,764	13,481	34,245
2012	21,911	12,334	34,245
2013	23,194	11,051	34,245
2014	24,514	9,731	34,245
2015	25,910	8,335	34,245
2016 - 2020	<u>136,258</u>	<u>17,948</u>	<u>154,206</u>
Total	<u>\$ 252,551</u>	<u>\$ 72,880</u>	<u>\$ 325,431</u>

Loan payable – Equipment

On August 14, 2006 the City entered into a loan with Perkins State Bank in the amount of \$59,509 for the purchase of public works-related equipment. The loan is payable in 19 quarterly installments of \$3,452 including interest at 5.83%. The note is collateralized by a pledge of water utility system revenues and local option gas tax receipts.

Debt service requirements to maturity are as follows:

<u>Fiscal Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	<u>\$ 12,556</u>	<u>\$ 391</u>	<u>\$ 12,947</u>
Total	<u>\$ 12,556</u>	<u>\$ 391</u>	<u>\$ 12,947</u>

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, 2010:

	<u>Balance October 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance September 30, 2010</u>
Loan payable - Bank of America	\$ 272,187	\$ -	\$ (19,636)	\$ 252,551
Loan payable - Perkins State Bank	25,175	-	(12,619)	12,556
Compensated absences	<u>2,005</u>	<u>6,871</u>	<u>(8,088)</u>	<u>788</u>
	<u>\$ 299,367</u>	<u>\$ 6,871</u>	<u>\$ (40,343)</u>	<u>\$ 265,895</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. PENSION PLAN

The City has adopted a simplified employee pension plan (a defined contribution plan) for employees with three or more years of service. Eligible salaries were \$124,542, \$89,768, and \$192,748 of total payroll of \$261,936, \$280,559, and \$270,080, for the years ended September 30, 2010, 2009, and 2008, respectively. The City contributes 5% of the eligible salaries, which amounted to \$7,314, \$4,488, and \$9,244, for the years ended September 30, 2010, 2009 and 2008 respectively. For each of the years ended September 30, 2010, 2009, and 2008, no amount was contributed by the eligible employees to the plan.

#### NOTE 12. 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.

Required Supplementary Information

CITY OF ARCHER, FLORIDA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Fiscal Year Ended September 30, 2010

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Taxes				
Ad valorem taxes	\$ 154,347	\$ 154,347	\$ 160,858	\$ 6,511
Non property taxes				
Local option gas tax/alternative fuel	102,153	102,153	102,432	279
Utility tax				
Electricity	62,400	62,400	79,149	16,749
Water	13,750	13,750	-	(13,750)
Franchise fees				
Electricity	45,000	45,000	51,174	6,174
Propane gas	4,000	4,000	5,513	1,513
Communications service tax	25,196	25,196	34,769	9,573
	<u>252,499</u>	<u>252,499</u>	<u>273,037</u>	<u>20,538</u>
Total taxes	<u>406,846</u>	<u>406,846</u>	<u>433,895</u>	<u>27,049</u>
Licenses and permits				
Occupational licenses	1,000	1,000	1,879	879
Building permits	250	250	225	(25)
Zoning permits	2,000	2,000	1,908	(92)
Total licenses and permits	<u>3,250</u>	<u>3,250</u>	<u>4,012</u>	<u>762</u>
Intergovernmental				
State shared revenues				
General government				
State revenue sharing	56,632	56,632	56,657	25
Mobile home licenses	2,250	2,250	1,114	(1,136)
Alcoholic beverage licenses	750	750	-	(750)
Local government half-cent sales tax	58,198	58,198	58,869	671
Local grants				
Alachua County Recreation grant	34,254	34,254	34,254	-
Total intergovernmental	<u>152,084</u>	<u>152,084</u>	<u>150,894</u>	<u>(1,190)</u>
Charges for services				
Physical environment				
Cemetary fees	4,000	4,000	7,500	3,500
Public safety				
FDOT lighting agreement	4,665	4,665	7,496	2,831
Recreation/culture				
Registration	5,000	5,000	2,691	(2,309)
Other recreation fees	-	-	3,508	3,508
Total charges for services	<u>13,665</u>	<u>13,665</u>	<u>21,195</u>	<u>7,530</u>

See notes to financial statements.

CITY OF ARCHER, FLORIDA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Fiscal Year Ended September 30, 2010

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Fines and forfeitures				
Fines and forfeitures	\$ 4,000	\$ 4,000	\$ 2,379	\$ (1,621)
Miscellaneous				
Interest earnings				
Interest on investments	4,000	4,000	1,628	(2,372)
Rent	1,000	1,000	1,411	411
Other miscellaneous revenue	1,800	1,800	2,254	454
Total miscellaneous	<u>6,800</u>	<u>6,800</u>	<u>5,293</u>	<u>(1,507)</u>
Total revenues	<u>586,645</u>	<u>586,645</u>	<u>617,668</u>	<u>31,023</u>
Expenditures				
General government				
Legislative				
Personal services	15,318	15,318	15,464	(146)
Operating expenses	2,000	2,000	528	1,472
Total legislative	<u>17,318</u>	<u>17,318</u>	<u>15,992</u>	<u>1,326</u>
Executive				
Personal services	59,704	59,704	53,940	5,764
Total executive	<u>59,704</u>	<u>59,704</u>	<u>53,940</u>	<u>5,764</u>
Financial and administrative				
Personal services	115,707	115,707	139,288	(23,581)
Operating expenses	60,830	56,830	60,237	(3,407)
Capital outlay	1,000	1,000	-	1,000
Total financial and administrative	<u>177,537</u>	<u>173,537</u>	<u>199,525</u>	<u>(25,988)</u>
Legal counsel				
Operating expenses	32,000	32,000	24,352	7,648
Comprehensive planning				
Operating expenses	13,000	17,000	4,614	12,386
Other general government				
Operating expenses				
Contractual services	2,400	2,400	1,454	946
Insurance	9,372	9,372	3,975	5,397
Maintenance	7,800	7,800	6,065	1,735

See notes to financial statements.

CITY OF ARCHER, FLORIDA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Fiscal Year Ended September 30, 2010

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Other general government (continued)				
Professional services	\$ 11,000	\$ 11,000	\$ 12,721	\$ (1,721)
Office supplies	4,150	4,150	3,488	662
Miscellaneous	3,600	3,600	4,483	(883)
Capital outlay	4,800	4,800	-	4,800
Total other general government	<u>43,122</u>	<u>43,122</u>	<u>32,186</u>	<u>6,136</u>
Total general government	<u>342,681</u>	<u>342,681</u>	<u>330,609</u>	<u>7,272</u>
Public safety				
Fire control				
Operating expenses	-	-	330	(330)
Debt service	34,245	34,245	34,245	-
Total fire control	<u>34,245</u>	<u>34,245</u>	<u>34,575</u>	<u>(330)</u>
Total public safety	<u>34,245</u>	<u>34,245</u>	<u>34,575</u>	<u>(330)</u>
Physical environment				
Cemetery				
Operating expenses	2,400	2,400	6,456	(4,056)
Total physical environment	<u>2,400</u>	<u>2,400</u>	<u>6,456</u>	<u>(4,056)</u>
Transportation				
Streets				
Personal services	61,085	61,085	51,836	9,249
Operating expenses	103,542	103,542	72,396	31,146
Capital outlay	2,500	2,500	-	2,500
Debt service	6,904	6,904	13,807	(6,903)
Total transportation	<u>174,031</u>	<u>174,031</u>	<u>138,039</u>	<u>35,992</u>
Culture/recreation				
Parks and recreation				
Personal services	11,803	11,803	10,283	1,520
Operating expenses	56,335	56,335	53,901	2,434
Total culture/recreation	<u>68,138</u>	<u>68,138</u>	<u>64,184</u>	<u>3,954</u>
Total expenditures	<u>621,495</u>	<u>621,495</u>	<u>573,863</u>	<u>42,832</u>
Excess of revenues over (under) expenditures	<u>(34,850)</u>	<u>(34,850)</u>	<u>43,805</u>	<u>78,655</u>
Other Financing Sources (Uses)				
Interfund transfers in	34,850	34,850	5,177	(29,673)
Total other financing sources (uses)	<u>34,850</u>	<u>34,850</u>	<u>5,177</u>	<u>(29,673)</u>

See notes to financial statements.

CITY OF ARCHER, FLORIDA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Fiscal Year Ended September 30, 2010

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Net change in fund balance	\$ -	\$ -	\$ 48,982	\$ 48,982
Fund balance, beginning of year	<u>112,359</u>	<u>112,359</u>	<u>112,359</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 112,359</u></u>	<u><u>\$ 112,359</u></u>	<u><u>\$ 161,341</u></u>	<u><u>\$ 48,982</u></u>

CITY OF ARCHER, FLORIDA  
WILD SPACES/PUBLIC PLACES FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Fiscal Year Ended September 30, 2010

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental			
Discretionary sales tax	\$ 62,000	\$ 69,149	\$ 7,149
Total revenues	<u>62,000</u>	<u>69,149</u>	<u>7,149</u>
Expenditures			
Current:			
Culture/recreation	62,000	6,800	55,200
Excess of revenues over expenditures	-	62,349	62,349
Fund balance, beginning of year	45,448	45,448	-
Fund balance, end of year	<u>\$ 45,448</u>	<u>\$ 107,797</u>	<u>\$ 62,349</u>

CITY OF ARCHER, FLORIDA  
 ARCHER COMMUNITY CENTER AUDITORIUM FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL

For the Fiscal Year Ended September 30, 2010

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Intergovernmental			
Culture/recreation			
Historic grant	\$ 238,000	\$ 48,296	\$ (189,704)
Total Intergovernmental	<u>238,000</u>	<u>48,296</u>	<u>(189,704)</u>
Miscellaneous			
Interest earnings	-	190	190
Contributions	20,000	30,250	10,250
Total miscellaneous	<u>20,000</u>	<u>30,440</u>	<u>10,440</u>
Total revenues	<u>258,000</u>	<u>78,736</u>	<u>(179,264)</u>
<b>EXPENDITURES</b>			
Culture/recreation			
Operating expenses			
Professional services	-	6,800	(6,800)
Other current charges	-	445	(445)
Capital outlay	258,000	41,051	216,949
Total culture/recreation	<u>258,000</u>	<u>48,296</u>	<u>209,704</u>
Total expenditures	<u>258,000</u>	<u>48,296</u>	<u>209,704</u>
Excess of revenues over expenditures	<u>-</u>	<u>30,440</u>	<u>30,440</u>
Fund balance, beginning of year	<u>54,435</u>	<u>54,435</u>	<u>-</u>
Fund balance, end of year	<u>\$ 54,435</u>	<u>\$ 84,875</u>	<u>\$ 30,440</u>

See notes to financial statements.

COMPLIANCE SECTION

CITY OF ARCHER, FLORIDA

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

For the Fiscal Year Ended September 30, 2010

<u>GRANTOR/PROGRAM TITLE</u>	<u>CFDA #/ CSFA #</u>	<u>Contract Award Number</u>	<u>Amount</u>	<u>Reported in Prior Years</u>	<u>Deferred Revenue 10/01/09</u>	<u>Revenue Received or Receivable</u>	<u>Expenditures</u>	<u>Deferred Revenue 09/30/10</u>
State Financial Assistance Non-major programs Department of State Acquisition, Restoration of Historic Properties	45.032	S1016	\$ 50,000	\$ -	\$ -	\$ 48,296	\$ 48,296	\$ -
Total State Financial Assistance			<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,296</u>	<u>\$ 48,296</u>	<u>\$ -</u>

See notes to schedule of expenditures of state financial assistance.

CITY OF ARCHER, FLORIDA

Notes to Schedule of Expenditures of State Financial Assistance

For the Fiscal Year Ended September 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and presentation of the Schedule of Expenditures of State Financial Assistance of the City of Archer, Florida (the "City") have been designed to conform to generally accepted accounting principles as applicable to governmental units, including the reporting and compliance requirements of the Audits of States, Local Governments, and Non-Profit Organizations and Office of Management and Budget Circular A-133.

A. Reporting Entity

This reporting entity consists of the City of Archer, Florida. The City includes a Schedule of Expenditures of State Financial Assistance in the Compliance Section 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 modified accrual basis of accounting is followed in the Schedule of Expenditures of State Financial Assistance. Under the modified accrual basis, revenues are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

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

We have audited the basic financial statements of the City of Archer, Florida, as of and for the year ended September 30, 2010, and have issued our report thereon dated June 24, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting – Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be a significant deficiency.

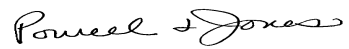
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

However, we noted certain matters that we reported to management of the City of Archer, Florida in a separate letter dated June 24, 2011 on pages 52 – 53.

This report is intended solely for the information and use of management and the City Commission, the Auditor General of the State of Florida, and federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Powell & Jones".

POWELL & JONES  
Certified Public Accountants  
June 24, 2011

## MANAGEMENT LETTER

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, for the year ended September 30, 2010, 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

#### Cash Receipts

From our audit of selected cash receipts in the prior and current years, we found several instances where cash was deposited in excess of one week from being received. To increase internal control and security of cash receipts, we recommended that deposits be made daily, if feasible, and always be the end of the work week.

During the current year we found improvement in this finding, but still found several recreation-related receipts that were deposited several weeks after being received. We again make our recommendation to promptly deposit all receipts.

All other prior year findings were substantially corrected or implemented during the current year.

### CURRENT YEAR FINDINGS

There were no additional reportable findings in the current year.

### AUDITOR GENERAL COMPLIANCE MATTERS

Annual Local Government Financial Report - The Financial Report filed with the Department of Financial Services pursuant to Section 218.32(1)(a), *Florida Statutes*, is in agreement with the accompanying financial statements of the City of Archer, Florida, for the fiscal year ended September 30, 2010.

Investment of Public Funds - The City complied with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the fiscal year.

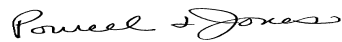
Financial Condition Assessment - As required by the *Rules of the Auditor General* (Sections 10.554(7)(c) and 10.556(7)), we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part in representations made by management and the review of financial information they provided.

Financial Emergency Status - Nothing came to our attention that caused us to believe that the City had met any of the conditions described in Section 218.503(1), *Florida Statutes*, that might result in a financial emergency.

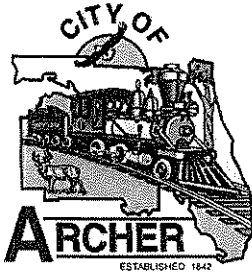
Our audit did not disclose any further items that would be required to be reported under the *Rules of the Auditor General*, Chapter 10.554(1)(f).

#### CONCLUSION

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



POWELL & JONES  
Certified Public Accountants  
June 24, 2011



# CITY OF ARCHER

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Mayor: Frank Ogborn  
Vice-Mayor: Marjorie Zander  
Commissioner: Gabe Green  
Commissioner: Blanch Parker  
Commissioner: Roberta Lopez

July 5, 2011

City Manager  
John Glanzer

**RE:** Response to Management Letter required by the Rules Of the Auditor General for the State of Florida for the Fiscal Year ending September 30, 2010

Honorable Mayor and City Commission,

I have received a copy of the Management Letter from the City's auditor Richard C. Powell, CPA. And I offer the following responses to his firm's findings.

**CURRENT YEAR FINDINGS:** There were no additional reportable findings in the current year.

**PRIOR YEAR FINDINGS:**

Cash Receipts. Last year city staff instituted an internal policy to make cash deposits on a daily basis. All City employees or any individual who is responsible for collecting and handling cash receipts taken in conjunction with an activity or function directly overseen or operated by the City, will be required to deposit cash receipts on a daily basis, or at the first feasible opportunity. While the auditor found improvement in this area, there were several instances in the recreation area where cash receipts were turned in over a week late. Staff will redouble their efforts to work with the volunteers of the recreation program to be vigilant to the necessity of receipts being turned in a timely manner.

Sincerely

John Glanzer, City Manager

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Tel: (352)495-2880 Fax (352)495-2445