

**CITY OF ARCHER, FLORIDA**  
**ANNUAL FINANCIAL REPORT**  
**September 30, 2022**

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ANNUAL FINANCIAL REPORT  
September 30, 2022**

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**FINANCIAL REPORT**  
**September 30, 2022**

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## **INTRODUCTORY SECTION**

**CITY OF ARCHER, FLORIDA**  
**LIST OF PRINCIPAL OFFICIALS**  
September 30, 2022

**MAYOR**

Iris Bailey

**VICE-MAYOR**

Joan White

**COMMISSIONERS**

Wade Wheeler

Fletcher Hope

Melanie Wells

**CITY MANAGER**

Charles Hammond

**ATTORNEY**

S. Scott Walker

**DEPUTY CITY CLERK**

Deanna Alltop

## **FINANCIAL SECTION**



**Powell and Jones CPA**

1359 S.W. Main Blvd.  
Lake City, FL 32025  
Phone 386.755.4200  
Fax 386.719.5504

## **INDEPENDENT AUDITOR'S REPORT**

To the City Commission  
City of Archer  
Archer, Florida

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Archer, Florida (the "City"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

### **Responsibilities of Management for the Financial Statements**

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, 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

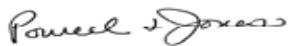
#### **Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis, as required by Chapter 10.550, *Rules of the State of Florida Office of the Auditor General*, and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards and state financial assistance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2023, 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  
June 28, 2023

**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 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 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, 2022 and 2021**

	Governmental	Business-type	Total Government	
	Activities	Activities	2022	2021
<b>Assets</b>				
Cash and investments	\$ 407,342	\$ 299,356	\$ 706,698	\$ 732,937
Other current assets	227,625	94,842	322,467	75,613
Noncurrent assets	-	54,480	54,480	54,480
Capital assets, net	1,667,996	2,582,813	4,250,809	4,134,794
Deferred outflows	186,644	72,584	259,228	273,244
Total assets	2,489,607	3,104,075	5,593,682	5,271,068
<b>Liabilities</b>				
Current liabilities	114,913	282,231	397,144	135,100
Long term liabilities	441,704	164,656	606,360	288,617
Deferred Inflows	24,048	9,352	33,400	354,356
Total liabilities	580,665	456,238	1,036,903	778,073
<b>Net Position</b>				
Net invested in capital assets	1,667,996	2,582,813	4,250,809	4,068,604
Unrestricted	240,946	65,023	305,969	424,392
Total net position	\$ 1,908,942	\$ 2,647,836	\$ 4,556,778	\$ 4,492,996

93% of the City's net position 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 position of \$305,969 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 position. The increase during the year in net position is due primarily to large grant activities throughout the year.

A condensed version of the Statement of Activities follows:

**Change in Net Position**  
For the Fiscal Years Ended September 30, 2022 and 2021

	Governmental Activities	Business-type Activities	Total Government	
			2022	2021
<b>Revenues</b>				
Program revenues				
Charges for services	\$ 40,085	\$ 427,132	\$ 467,217	\$415,121
Grants and contributions	891,241	54,966	946,207	462,638
General revenues				
Taxes	557,664	-	557,664	554,689
Franchise fees	83,789	-	83,789	96,638
Licenses and permits	5,920	-	5,920	4,130
Intergovernmental	156,379	-	156,379	496,429
Fines and forfeitures	1,619	-	1,619	2,350
Interest and other	-	-	-	1
Total revenues	<u>1,736,697</u>	<u>482,098</u>	<u>2,218,795</u>	<u>\$2,031,996</u>
<b>Expenses</b>				
General government	935,069	-	935,069	637,154
Public safety	99	-	99	3,507
Physical environment	12,798	-	12,798	7,999
Transportation	311,709	-	311,709	337,558
Culture/recreation	291,861	-	291,861	135,408
Interest on long-term debt	1,046	-	1,046	2,757
Water/sewer, solid waste	-	602,431	602,431	577,490
Total expenses	<u>1,552,582</u>	<u>602,431</u>	<u>2,155,013</u>	<u>1,701,872</u>
Change in net position	184,115	(120,333)	63,782	330,124
Beginning net position	<u>1,724,827</u>	<u>2,768,169</u>	<u>4,492,996</u>	<u>4,162,872</u>
Ending net position	<u>\$ 1,908,942</u>	<u>\$ 2,647,836</u>	<u>\$ 4,556,778</u>	<u>\$ 4,492,996</u>

**Governmental activities:**

Taxes provide 32% of the revenues for Governmental Activities, while franchise fees provide 5%, and intergovernmental revenues provide 9%. Most of the Governmental Activities resources are spent for General Government (60%), Recreation (20%), and Transportation (20%).

**Business-type activities:**

Business-type activities decreased the City's net position by \$120,333. Key elements of this decrease are as follows:

- An increase in depreciation and grant related expenses and a decrease in water and sewer service revenue.

## Budgetary Highlights

In total, the General Fund's expenditures were \$117,851 less than budgeted, and revenues were \$80,265 less than budgeted.

## Capital Assets and Debt Administration

At September 30, 2022, the City had \$4.2 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 \$116,017 or 3% more than last year.

### Capital Assets at September 30, 2022 and 2021

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Land	\$ 176,931	\$ 176,931	\$ 589,419	\$ 589,419	\$ 766,350	\$ 766,350
Construction in progress	-	-	1,446,458	1,446,458	1,446,458	1,446,458
Buildings and improvements	2,219,378	2,219,378	-	-	2,219,378	2,219,378
Improvements other than Buildings	259,804	238,777	1,357,708	1,301,468	1,617,512	1,540,245
Equipment	775,515	626,878	81,358	79,129	856,873	706,007
Subtotal	3,431,628	3,261,964	3,474,943	3,416,474	6,906,571	6,678,438
Accumulated depreciation	(1,763,632)	(1,676,058)	(892,128)	(867,586)	(2,655,760)	(2,543,644)
Capital assets, net	<u>\$ 1,667,996</u>	<u>\$ 1,585,906</u>	<u>\$ 2,582,815</u>	<u>\$ 2,548,888</u>	<u>\$ 4,250,811</u>	<u>\$ 4,134,794</u>

## DEBT OUTSTANDING

At year-end, the City had \$693,261 in debt outstanding vs. \$337,087 last year, an increase of \$356,174. This increase was primarily due to the increase of the net pension liability.

### Debt Outstanding at September 30, 2022 and 2021

	Total Government	
	2022	2021
Loans	\$ 44,808	\$ 66,190
Compensated absences	14,938	16,758
Net pension liability	633,515	254,139
Total	<u>\$ 693,261</u>	<u>\$ 337,087</u>

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

## OTHER FINANCIAL INFORMATION

### Economic Factors and Rates

- The current estimated unemployment rate for the City was 4.0%, which is equal to the prior year.
- The estimated population for the City in 2022 was 1,148 and is estimated to be approximately the same in 2023.
- The City's ad valorem tax rate for 2022 was 5.5451 mills, which is .001% less 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 POSITION**  
September 30, 2022

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 407,342	\$ 299,356	\$ 706,698
Accounts receivable, net	17,696	51,416	69,112
Internal balances	209,929	(209,929)	-
Due from other governmental units	-	34,966	34,966
Inventories	-	7,960	7,960
Other assets	-	500	500
Total current assets	634,967	184,269	819,236
Noncurrent assets			
Restricted assets			
Cash	-	54,480	54,480
Total restricted assets	-	54,480	54,480
Capital assets - net	1,667,996	2,582,813	4,250,809
Total assets	2,302,963	2,821,562	5,124,525
<b>DEFERRED OUTFLOWS</b>	186,644	72,584	259,228
<b>LIABILITIES</b>			
Current liabilities (payable from current assets):			
Accounts payable	38,340	8,897	47,237
Accrued liabilities	7,968	4,638	12,606
Compensated absences	937	557	1,494
Notes payable, current	22,055	-	22,055
Net pension liability	45,613	17,738	63,352
Total current liabilities (payable from current assets)	114,913	31,830	146,743
Current liabilities (payable from restricted assets)			
Deposits	-	40,471	40,471
Total current liabilities (payable from restricted assets)	-	40,471	40,471
Noncurrent liabilities			
Compensated absences	8,433	5,010	13,443
Notes payable, net of current	22,753	-	22,753
Net pension liability	410,518	159,646	570,164
Total noncurrent liabilities	441,704	164,656	606,360
Total liabilities	556,617	236,957	793,574
<b>DEFERRED INFLOWS</b>	24,048	9,352	33,400
<b>NET POSITION</b>			
Net investment in capital assets	1,623,188	2,582,813	4,206,001
Unrestricted	285,754	65,023	350,777
Total net position	\$ 1,908,942	\$ 2,647,836	\$ 4,556,778

See notes to financial statements



**CITY OF ARCHER, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended September 30, 2022

		Program Revenues			Net (Expense) Revenue and Changes in Net position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<u>Functions/Programs</u>	<u>Expenses</u>						
<b>Governmental activities</b>							
General government	\$ 935,069	\$ -	\$ -	\$877,817	\$ (57,252)	\$ -	\$ (57,252)
Public safety	99	-	-	-	(99)	-	(99)
Physical environment	12,798	-	-	-	(12,798)	-	(12,798)
Transportation	311,709	17,540	-	-	(294,169)	-	(294,169)
Culture/recreation	291,861	22,545	13,424	-	(255,892)	-	(255,892)
Interest on long-term debt	1,046	-	-	-	(1,046)	-	(1,046)
<b>Total governmental activities</b>	<b>1,552,582</b>	<b>40,085</b>	<b>13,424</b>	<b>877,817</b>	<b>(621,256)</b>	<b>-</b>	<b>(621,256)</b>
<b>Business-type activities</b>							
Water	468,747	306,032	-	-	-	(162,715)	(162,715)
Sewer	33,310	-	-	54,966	-	21,656	21,656
Garbage and solid waste	100,374	131,325	-	-	-	30,951	30,951
<b>Total business-type activities</b>	<b>602,431</b>	<b>427,132</b>	<b>-</b>	<b>54,966</b>	<b>-</b>	<b>(120,333)</b>	<b>(120,333)</b>
<b>Total Government</b>	<b>\$ 2,155,013</b>	<b>\$ 467,217</b>	<b>\$ 13,424</b>	<b>\$932,783</b>	<b>(621,256)</b>	<b>(120,333)</b>	<b>(741,589)</b>
<b>General revenues</b>							
					255,111	-	255,111
Property taxes					173,542	-	173,542
Fuel tax					83,789	-	83,789
Franchise fees					93,322	-	93,322
Utility services tax					35,689	-	35,689
Communications surtax					5,920	-	5,920
Licenses and permits					156,379	-	156,379
Intergovernmental					1,619	-	1,619
Fines and forfeitures							
<b>Total general revenues</b>					<b>805,371</b>	<b>-</b>	<b>805,371</b>
<b>Change in net position</b>					<b>184,115</b>	<b>(120,333)</b>	<b>63,782</b>
<b>Net position at beginning of year</b>					<b>1,724,827</b>	<b>2,768,169</b>	<b>4,492,996</b>
<b>Net position at end of year</b>					<b>\$ 1,908,942</b>	<b>\$ 2,647,836</b>	<b>\$ 4,556,778</b>

See notes to financial statements

**CITY OF ARCHER, FLORIDA**  
**GOVERNMENTAL FUND**  
**BALANCE SHEET**  
September 30, 2022

	<u>General Fund</u>
<b>ASSETS</b>	
Cash	\$ 407,342
Accounts receivable, net	17,696
Due from other funds	209,929
Total assets	<u>634,967</u>
<b>LIABILITIES</b>	
Accounts payable	38,340
Accrued liabilities	7,968
Total liabilities	<u>46,308</u>
<b>FUND BALANCE</b>	
Unassigned	588,659
Total fund balance	<u>588,659</u>
Total liabilities and fund balance	<u>\$ 634,967</u>
 Total fund balance reported above	 588,659
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.	1,667,996
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	186,644
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	(24,048)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(510,309)
Net Position of Governmental Activities	<u>\$ 1,908,942</u>

**CITY OF ARCHER, FLORIDA**  
**GOVERNMENTAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
For the Fiscal Year Ended September 30, 2022

	<u>General Fund</u>
<b>Revenues</b>	
Property taxes	\$ 255,111
Nonproperty taxes	302,553
Licenses and permits	5,920
Intergovernmental revenues	1,034,196
Franchise fees	83,789
Charges for services	40,085
Fines and forfeitures	1,619
Miscellaneous revenues	13,424
Total revenues	<u>1,736,697</u>
<b>Expenditures</b>	
Current	
General government	996,656
Public safety	99
Physical environment	12,798
Transportation	309,058
Culture/recreation	255,230
Debt service	
Principal	21,382
Interest	1,046
Total expenditures	<u>1,596,269</u>
Net change in fund balance	140,428
Fund balance at beginning of year	448,231
Fund balance at end of year	<u><u>\$ 588,659</u></u>

**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, 2022**

Net change in fund balances - governmental fund		\$ 140,428
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	169,664	
Less current year depreciation	<u>(87,575)</u>	82,090
Activities related to notes are receipts or expenditures in the governmental funds, but the receipt or repayments change long term liabilities in the statement of net assets		
Note principal payments	<u>21,382</u>	21,382
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	2,429	
Net change in pension liability	<u>(280,778)</u>	(278,349)
Recognition of certain obligations related to prior and future periods are not recognized in governmental funds		
Net change in deferred Inflows	220,457	
Net change in deferred outflows	<u>(1,894)</u>	218,563
Change in net position of governmental activities		<u><u>\$ 184,114</u></u>

**CITY OF ARCHER, FLORIDA**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
**September 30, 2022**

	Water Fund	Solid Waste Fund	Total Proprietary Funds
<b>ASSETS</b>			
Current assets			
Cash	\$ 299,356	\$ -	\$ 299,356
Accounts receivable, net	33,686	17,730	51,416
Due from other governmental units	34,966		34,966
Due from the other funds	-	222,333	222,333
Inventory	7,960	-	7,960
Security deposits	500	-	500
Total current assets	<u>376,468</u>	<u>240,063</u>	<u>616,531</u>
Noncurrent assets			
Restricted assets			
Cash	54,480	-	54,480
Capital assets, net	<u>2,582,813</u>	<u>-</u>	<u>2,582,813</u>
Total assets	<u>3,013,761</u>	<u>240,063</u>	<u>3,253,824</u>
<b>DEFERRED OUTFLOWS</b>	<u>48,319</u>	<u>24,265</u>	<u>72,584</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	8,897	-	8,897
Accrued liabilities	4,638	-	4,638
Due to other funds	432,262	-	432,262
Compensated absences	557	-	557
Net pension liability	<u>12,417</u>	<u>5,322</u>	<u>17,738</u>
Total current liabilities	<u>458,771</u>	<u>5,322</u>	<u>464,093</u>
Current liabilities payable from restricted assets			
Deposits	<u>40,471</u>	<u>-</u>	<u>40,471</u>
Noncurrent liabilities			
Compensated absences	5,010	-	5,010
Net pension liability	<u>111,752</u>	<u>47,894</u>	<u>159,646</u>
Total noncurrent liabilities	<u>116,762</u>	<u>47,894</u>	<u>164,656</u>
Total liabilities	<u>616,004</u>	<u>53,215</u>	<u>669,219</u>
<b>DEFERRED INFLOWS</b>	<u>6,226</u>	<u>3,126</u>	<u>9,352</u>
<b>NET POSITION</b>			
Net investment in capital assets	2,582,813	-	2,582,813
Unrestricted	<u>(142,962)</u>	<u>207,986</u>	<u>65,024</u>
Total net position	<u>2,439,851</u>	<u>207,986</u>	<u>2,647,837</u>
Total liabilities and net position	<u>\$ 3,055,855</u>	<u>\$ 261,201</u>	<u>\$ 3,317,056</u>

**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, 2022

	Water Fund	Solid Waste Fund	Total Proprietary Funds
<b>Operating Revenues</b>			
Physical environment			
Water utility revenue			
Water sales	\$ 297,637	\$ -	\$ 297,637
Connection fees and penalties	8,040	-	8,040
Miscellaneous revenue	355	-	355
Total water utility revenue	<u>306,032</u>	<u>-</u>	<u>306,032</u>
Solid Waste revenue			
Sanitation fees	-	131,325	131,325
Total solid waste revenues	<u>-</u>	<u>131,325</u>	<u>131,325</u>
Total operating revenues	<u>306,032</u>	<u>131,325</u>	<u>437,357</u>
<b>Operating Expenses</b>			
Water utility services:			
Personnel services	287,407	-	287,407
Operating expenses	156,798	-	156,798
Depreciation expense	24,542	-	24,542
Total water utility services	<u>468,747</u>	<u>-</u>	<u>468,747</u>
Sewer utility services:			
Operating expenses	-	33,310	33,310
Solid waste services:			
Contracted services	-	100,374	100,374
Total operating expenses	<u>468,747</u>	<u>133,684</u>	<u>602,431</u>
Operating gain (loss)	<u>(162,715)</u>	<u>(2,359)</u>	<u>(165,074)</u>
<b>NONOPERATING REVENUES/(EXPENSES)</b>			
Grant revenue	54,966	-	54,966
Miscellaneous non - operating loss	(10,225)	-	(10,225)
Total nonoperating revenues	<u>44,741</u>	<u>-</u>	<u>44,741</u>
Change in net position	(117,974)	(2,358)	(120,332)
Net position at beginning of year	2,557,825	210,344	2,768,169
Net position at end of year	<u>\$ 2,439,851</u>	<u>\$ 207,986</u>	<u>\$ 2,647,837</u>

**See notes to the financial statements**

**CITY OF ARCHER, FLORIDA**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
For the Fiscal Year Ended September 30, 2022

	Business Type Activities Enterprise Funds		Total Proprietary Funds
	Water Fund	Solid Waste Fund	
Cash flows from operating activities:			
Cash received from customers, including deposits	\$ 301,413	\$ 127,269	\$ 428,682
Cash paid to employees	(257,396)	-	(257,396)
Cash paid to suppliers	(165,604)	(136,353)	(301,957)
Net cash (used for) provided by operating activities	<u>(121,587)</u>	<u>(9,084)</u>	<u>(130,671)</u>
Cash flows from non-capital related financing activities			
Transfers from other funds	200,846	9,084	209,930
Net cash provided by non-capital related financing activities	<u>200,846</u>	<u>9,084</u>	<u>209,930</u>
Cash flows from capital and related financing activities:			
Other miscellaneous expenses	(10,225)	-	(10,225)
Acquisition and construction of capital assets	(58,470)	-	(58,470)
Grant contributions	20,000	-	20,000
Net cash used for capital and related financing transfers	<u>(48,695)</u>	<u>-</u>	<u>(38,470)</u>
Net change in cash	30,564	-	30,564
Cash at beginning of year	323,272	-	323,272
Cash at end of year	<u>\$ 353,836</u>	<u>\$ -</u>	<u>\$ 353,836</u>
Reported as:			
Cash	299,356	-	299,356
Restricted cash	54,480	-	54,480
	<u>\$ 353,836</u>	<u>\$ -</u>	<u>\$ 353,836</u>

**CITY OF ARCHER, FLORIDA**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
For the Fiscal Year Ended September 30, 2022

	Water Fund	Solid Waste Fund	Total Proprietary Funds
Reconciliation of operating gain (loss) to net cash (used for) provided by operating activities:			
Operating gain (loss)	\$ (162,715)	\$ (2,358)	\$ (165,073)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation	24,542	-	24,542
Changes in net assets decrease (increase) and liabilities increase (decrease)			
Accounts receivable	(7,668)	(4,057)	(11,725)
Prepaid expenses	5,067	-	5,067
Accounts payable	403	-	403
Accrued liabilities	2,234	-	2,234
Compensated absences	609	-	609
Customer deposits	3,048	-	3,048
Deferred outflows	8,070	4,052	12,122
Deferred inflows	(66,901)	(33,597)	(100,498)
Change in net pension liability	71,724	26,876	98,600
Net cash (used for) provided by operating activities	<u>\$ (121,587)</u>	<u>\$ (9,084)</u>	<u>\$ (130,671)</u>



**CITY OF ARCHER, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2022

**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, 2022, there were \$40,180 in amounts exceeding 61+ 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, 2022.

**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. 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, 2022, 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, 2022, 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, 2022, fund balances are composed of the following:

	<u>General Fund</u>
Unassigned	<u>\$ 588,659</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, 2022, net position balances are composed of the following:

	<u>Amount</u>
Net investment in capital assets	\$ 2,544,425
Unrestricted	223,744
	<u>\$ 2,768,169</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 \$558,659 differs from “net position” of governmental activities \$1,908,942 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	\$ 3,431,628
Accumulated depreciation	(1,763,632)
	<u>\$ 1,667,996</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. Balances at September 30, 2022 were:

Notes payable	\$ (44,808)
Compensated absences	(9,371)
Deferred inflows	(24,048)
Deferred outflows	186,644
Net pension liability	(456,131)
	<u>\$ (347,714)</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	\$ 407,342	\$ -	\$ -	\$ -	\$ 407,342
Accounts receivable	17,696	-	-	-	17,696
Due from other funds	209,929	-	-	-	209,929
Capital assets - net	-	1,667,996	-	-	1,667,996
Total assets	<u>\$ 634,967</u>	<u>\$ 1,667,996</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,302,963</u>
<b>DEFERRED OUTFLOWS</b>	<u>-</u>	<u>-</u>	<u>186,644</u>	<u>-</u>	<u>186,644</u>
<b>LIABILITIES AND FUND BALANCE/NET POSITION</b>					
Liabilities:					
Accounts payable	\$ 38,340	\$ -	\$ -	\$ -	\$ 38,340
Accrued liabilities	7,968	-	-	-	7,968
Notes payable	-	-	-	44,808	44,808
Compensated absences	-	-	-	9,370	9,370
Net pension liability	-	-	-	456,131	456,131
Total liabilities	<u>46,308</u>	<u>-</u>	<u>-</u>	<u>510,309</u>	<u>556,617</u>
<b>DEFERRED INFLOWS</b>	<u>-</u>	<u>-</u>	<u>24,048</u>	<u>-</u>	<u>24,048</u>
Fund balance/net position	<u>\$ 588,659</u>	<u>\$ 1,667,996</u>	<u>\$ 162,596</u>	<u>\$ (510,309)</u>	<u>\$ 1,908,942</u>

**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 \$140,428 differs from the “change in net position” for governmental activities \$184,115 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	\$ 169,664
Depreciation expense	(87,574)
Difference	<u>\$ 82,090</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 increase in deferred outflows	\$ 220,458
Net decrease in deferred inflows	(1,894)
	<u>\$ 218,564</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 decrease in compensated absences	\$ 2,429
Net change in pension liabilities	(280,778)
Debt principal payments made	21,382
	<u>\$ (256,967)</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	\$ 557,664	\$ -	\$ -	\$ -	\$ 557,664
Licenses and permits	5,920	-	-	-	5,920
Intergovernmental	1,034,196	-	-	-	1,034,196
Franchise fees	83,789	-	-	-	83,789
Charges for services	40,085	-	-	-	40,085
Fines and forfeitures	1,619	-	-	-	1,619
Miscellaneous	13,424	-	-	-	13,424
Total revenues	<u>1,736,697</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,736,697</u>
<b>EXPENDITURES</b>					
Current expenditures					
General government	996,656	(121,907)	(220,458)	280,778	935,069
Public safety	99	-	-	-	99
Physical environment	12,798	-	-	-	12,798
Transportation	309,058	3,186	1,894	(2,429)	311,709
Culture/recreation	255,230	36,631	-	-	291,861
Debt service					
Principal	21,382	-	-	(21,382)	-
Interest	1,046	-	-	-	1,046
Total expenditures	<u>1,596,269</u>	<u>(82,090)</u>	<u>(218,564)</u>	<u>256,967</u>	<u>1,552,582</u>
Net change in fund balance/net position	<u>140,428</u>	<u>82,090</u>	<u>218,564</u>	<u>(256,967)</u>	<u>184,115</u>
Fund balance/net position at beginning of year	<u>448,231</u>	<u>1,585,906</u>	<u>(55,968)</u>	<u>(253,342)</u>	<u>1,724,827</u>
Fund balance/net position at end of year	<u>\$ 588,659</u>	<u>\$ 1,667,996</u>	<u>\$ 162,596</u>	<u>\$ (510,309)</u>	<u>\$ 1,908,942</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, 2022.

### **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 2021-2022 fiscal year were levied in October 2021. 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, 2022, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental activities:</b>				
Capital assets:				
Non-depreciable capital assets not being depreciated:				
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	-	-	2,219,378
Improvements other than buildings	238,777	21,027	-	259,804
Equipment	626,878	148,637	-	775,515
Total depreciable capital assets	<u>3,085,033</u>	<u>169,664</u>	<u>-</u>	<u>3,254,697</u>
Less accumulated depreciation:				
Building and improvements	(1,203,605)	(74,058)	-	(1,277,663)
Improvements other than buildings	(60,995)	(4,923)	-	(65,918)
Equipment	(411,458)	(8,593)	-	(420,051)
Total accumulated depreciation	<u>(1,676,058)</u>	<u>(87,574)</u>	<u>-</u>	<u>(1,763,632)</u>
Total depreciable capital assets, net	<u>1,408,975</u>	<u>82,090</u>	<u>-</u>	<u>1,491,065</u>
Governmental activities capital assets, net	<u>\$ 1,585,906</u>	<u>\$ 82,090</u>	<u>\$ -</u>	<u>\$ 1,667,996</u>
<b>Business-type activities:</b>				
Capital assets:				
Land	\$ 589,419	\$ -	\$ -	\$ 589,419
Construction in progress	1,446,458	-	-	1,446,458
Total non-depreciable capital assets	<u>2,035,877</u>	<u>-</u>	<u>-</u>	<u>2,035,877</u>
Depreciable capital assets:				
Buildings and improvements	1,301,468	56,240	-	1,357,708
Equipment	79,129	2,229	-	81,358
Total depreciable capital assets	<u>1,380,597</u>	<u>58,469</u>	<u>-</u>	<u>1,439,066</u>
Less accumulated depreciation:				
Buildings and improvements	(816,498)	(22,832)	-	(839,330)
Equipment	(22,371)	(1,710)	-	(24,081)
Vehicles	(28,717)	-	-	(28,717)
Total accumulated depreciation	<u>(867,586)</u>	<u>(24,542)</u>	<u>-</u>	<u>(892,128)</u>
Total depreciable capital assets, net	<u>513,011</u>	<u>33,927</u>	<u>-</u>	<u>465,580</u>
Business-type activities capital assets, net	<u>\$ 2,548,887</u>	<u>\$ 33,927</u>	<u>\$ -</u>	<u>\$ 2,582,815</u>

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

Governmental activities:	
General government	\$ 47,757
Highway and street	3,186
Culture/recreation	36,631
Total depreciation expense - governmental activities	<u>\$ 87,574</u>
Business-type activities:	
Water and waste-water	\$ 24,542
Total depreciation expense - business-type activities	<u>\$ 24,542</u>

**NOTE 7. INTERFUND RECEIVABLES/PAYABLES**

The following is a schedule of interfund receivables and payables at September 30, 2022.

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General	\$ 209,929	\$ -
Water	-	432,262
Solid Waste	222,333	-
	<u>\$ 432,262</u>	<u>\$ 432,262</u>

**NOTE 8. RECEIVABLE AND PAYABLE BALANCES**

Receivables at September 30, 2022, were as follows:

	<u>Accounts</u>	<u>Due from other governmental units</u>	<u>Total Receivables</u>
Governmental activities :			
General	\$ 17,696	\$ -	\$ 17,696
Business-type activities :			
Water	33,686	34,966	68,652
Solid waste	17,730	-	17,730
	<u>\$ 69,112</u>	<u>\$ 34,966</u>	<u>\$ 104,078</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, 2022, were as follows:

	Vendors
Governmental activities :	
General	<u>\$ 38,341</u>
Business activities :	
Water	<u>\$ 8,897</u>

## NOTE 9. GENERAL LONG-TERM DEBT

A summary of the City's long-term debt outstanding at September 30, 2022 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 is 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 September 30,	Principal	Interest	Total
2023	22,055	1,418	23,473
2024	22,754	720	23,474
Total	<u>\$ 44,808</u>	<u>\$ 2,138</u>	<u>\$ 46,947</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, 2022:

	Balance on October 1, 2021	Increase	Decrease	Balance on September 30 2022	Due within one year
Bank loan	\$ 66,190	\$ -	21,382	\$ 44,808	\$ 22,055
Compensated absences	11,800	-	2,429	9,370	937
Net pension liability	175,352	280,778	-	456,131	45,613
	<u>\$ 253,342</u>	<u>\$ 280,778</u>	<u>\$ 23,811</u>	<u>\$ 510,309</u>	<u>\$ 68,605</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, 2022:

	Balance on October 1, 2021	Increase	Decrease	Balance on September 30 2022	Due within one year
Compensated absences	\$ 4,958	\$ 609	\$ -	\$ 5,567	\$ 557
Net pension liability	78,786	98,568	-	177,384	17,738
	<u>\$ 83,744</u>	<u>\$ 99,177</u>	<u>\$ -</u>	<u>\$ 182,951</u>	<u>\$ 18,295</u>

## NOTE 11. 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.

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus was characterized as a pandemic. As a result, uncertainty's have arisen that may have significant negative impacts on the operating activities and results of the City. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effect on the financial markets, and (v) the effects on the economy overall, all of which is uncertain.

## 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.

## NOTE 13. 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, 2021 through June 30, 2022 and from July 1, 2022 through September 30, 2022, respectively, were as follows:

Class	October 1, 2021 - June 30, 2022	July 1 2022 - September 30, 2022
Regular Class	10.82%	11.91%
Special Risk Class	25.89%	27.83%
Special Risk Class Administrative Support	37.76%	38.65%
County Elected Officers	51.42%	57.00%
Senior Management Class	29.01%	31.57%
Deferred Retirement Option Program (DROP)	18.34%	18.60%

The City's contributions, including employee contributions, to the Pension Plan totaled \$68,620 for the fiscal year ended September 30, 2022.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – At September 30, 2022, the City reported a liability of \$490,305 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of July 1, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The City's proportionate share of the net pension liability was based on the City's 2021-22 fiscal year contributions relative to the 2020-21 fiscal year contributions of all participating members. At June 30, 2022, the City's proportionate share was .001447715 percent, which was an increase of 13.89 percent from its proportionate share measured as of June 30, 2021.

For the fiscal year ended September 30, 2022, the City recognized pension expense of \$53,865. 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	\$ 23,287	\$ -
Changes in assumptions	60,383	-
Net difference between projected and actual earnings on Pension Plan investments	32,375	-
Changes in proportion and differences between City Pension Plan contributions and proportionate share of contributions	71,766	10,615
City Pension Plan contributions subsequent to the measurement date	12,196	-
Total	<u>\$ 200,007</u>	<u>\$ 10,615</u>

The deferred outflows of resources related to the Pension Plan, totaling \$12,196 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, 2022. 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
2023	\$ 42,852
2024	16,170
2025	(14,471)
2026	125,912
2027	6,733
Thereafter	-
	<u>\$ 177,196</u>

**Actuarial Assumptions** – The total pension liability in the July 1, 2021 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:

<b>Asset Class</b>	<b>Target Allocation*</b>	<b>Annual Arithmetic Return</b>	<b>Compound Annual (Geometric) Return</b>	<b>Standard Deviation</b>
Cash	1.00%	2.00%	2.00%	1.10%
Fixed Income	19.80%	4.40%	4.40%	3.20%
Global equity	64.00%	8.80%	7.30%	17.80%
Real estate	10.30%	7.40%	6.30%	15.70%
Private equity	11.10%	12.00%	8.90%	26.30%
Strategic Investments	3.90%	6.20%	5.90%	7.80%
	<b>100.0%</b>			
<b>Assumed Inflation - Mean</b>			<b>2.40%</b>	<b>1.30%</b>

\*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:

	<b>1% Decrease 5.70%</b>	<b>Current Discount Rate 6.70%</b>	<b>1% Increase 7.70%</b>
City's proportionate share of the net pension liability	\$ 847,949	\$ 490,305	\$ 191,272

**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, 2022, the City had no payable for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2022.

## **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, 2022, 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, 2022, the HIS contribution for the period October 1, 2021 through June 30, 2022 and from July 1, 2022 through September 30, 2022 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 \$20,043 for the fiscal year ended September 30, 2022.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – At September 30, 2022, the City reported a liability of \$143,210 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The City's proportionate share of the net pension liability was based on the City's 2020-21 fiscal year contributions relative to the 2020-21 fiscal year contributions of all participating members. At June 30, 2022, the City's proportionate share was .001352105 percent, which was an increase of 4.46% percent from its proportionate share measured as of June 30, 2021.

For the fiscal year ended September 30, 2022, the City recognized pension expense of \$18,574. In addition the City reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,347	\$ 631
Changes in assumptions	8,209	22,154
Net difference between projected and actual earnings on HIS Plan investments	207	-
Changes in proportion and differences between City HIS Plan contributions and proportionate share of contributions	44,537	-
City HIS Plan contributions subsequent to the measurement date	1,921	-
Total	<u>\$ 59,221</u>	<u>\$ 22,785</u>

The deferred outflows of resources related to the HIS Plan, totaling \$1,921 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Amount
2023	\$ (74,225)
2024	(40,026)
2025	(18,301)
2026	88,088
2027	65,880
Thereafter	13,101
	<u>\$ 34,515</u>

**Actuarial Assumptions** – The total pension liability in the July 1, 2022, 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	3.54%

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

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 September 30, 2018.

**Discount Rate** - The discount rate used to measure the total pension liability was 3.54%. 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 3.54%, 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 (2.54%) or one percentage point higher (4.54%) than the current rate:

1% Decrease		Current	1% Increase	
2.54%		Discount Rate	4.54%	
3.54%				
\$	163,844	\$	143,210	\$ 126,136

**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, 2022, the City had no payable outstanding for contributions to the HIS Plan required for the fiscal year ended September 30, 2022.

### **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 2021-22 fiscal year, as established by Section 121.72, *Florida Statutes*, are based on a percentage of gross compensation, by class, as follows: Regular class 9.30%, Special Risk Administrative Support class 10.95%, Special Risk class 17.00%, Senior Management Service class 10.67% and City Elected Officers class 14.34%.

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, 2022, 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, 2022.

#### **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, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Final Budget Positive (Negative)
<b>Revenues</b>				
<b>Taxes</b>				
Ad valorem taxes	\$ 255,111	255,111	\$ 255,111	\$ -
Non property taxes				
Local option gas tax/alternative fuel	173,542	173,542	173,542	-
Utility tax				
Electricity	77,266	77,266	77,266	-
Water	21,821	21,821	11,622	(10,199)
Propane	4,434	4,434	4,434	-
Franchise fees				
Garbage	16,675	16,675	16,675	-
Electricity	53,744	53,744	67,114	-
Communications service tax	35,689	35,689	35,689	-
	<u>383,171</u>	<u>383,171</u>	<u>386,342</u>	<u>(10,199)</u>
<b>Total taxes</b>	<b>638,282</b>	<b>638,282</b>	<b>641,453</b>	<b>(10,199)</b>
<b>Licenses and permits</b>				
Occupational licenses	210	210	-	(210)
Building and zoning permits	5,920	5,920	5,920	-
<b>Total licenses and permits</b>	<b>6,130</b>	<b>6,130</b>	<b>5,920</b>	<b>(210)</b>
<b>Intergovernmental</b>				
Federal shared revenues				
General government				
Federal grants	962,923	962,923	786,773	(176,150)
State shared revenues				
General government				
State grants	-	-	91,044	91,044
State revenue sharing	67,911	67,911	67,911	-
Mobile home licenses	1,373	1,373	1,373	-
Alcoholic beverage licenses	965	965	965	-
Local government half-cent sales tax	86,130	86,130	86,130	-
<b>Total intergovernmental</b>	<b>1,119,301</b>	<b>1,119,301</b>	<b>1,034,196</b>	<b>(85,106)</b>
<b>Charges for services</b>				
Transportation				
FDOT lighting agreement	17,540	17,540	17,540	-
Recreation/culture				
Rent	14,405	14,405	14,405	-
Other	6,262	6,262	8,140	1,878
<b>Total charges for services</b>	<b>38,207</b>	<b>38,207</b>	<b>40,085</b>	<b>1,879</b>
<b>Fines and forfeitures</b>				
Fines and forfeitures	1,619	1,619	1,619	-
	<u>1,619</u>	<u>1,619</u>	<u>1,619</u>	<u>-</u>

See notes to budgetary comparison schedule

**CITY OF ARCHER, FLORIDA**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE BUDGET AND ACTUAL**  
**For the Fiscal Year Ended September 30, 2022**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Miscellaneous				
Donations and contributions	\$ 13,424	\$ 13,424	\$ 13,424	\$ -
Other miscellaneous revenue	-	-	-	-
Total miscellaneous	<u>13,424</u>	<u>13,424</u>	<u>13,424</u>	<u>0</u>
Total revenues	<u>1,816,962</u>	<u>1,816,962</u>	<u>1,736,697</u>	<u>(80,265)</u>
Expenditures				
General government				
Legislative				
Personnel services	47,511	47,511	45,601	1,910
Operating expenses	51,723	51,723	51,115	608
Total legislative	<u>99,233</u>	<u>99,233</u>	<u>96,716</u>	<u>2,517</u>
Executive				
Personnel services	76,690	76,690	50,723	25,967
Total executive	<u>76,690</u>	<u>76,690</u>	<u>50,723</u>	<u>25,967</u>
Financial and administrative				
Personnel services	118,600	118,600	95,474	23,126
Operating expenses	79,806	79,806	89,573	(9,767)
Total financial and administrative	<u>198,405</u>	<u>198,405</u>	<u>185,047</u>	<u>13,358</u>
Legal counsel				
Operating expenses	42,154	42,154	42,154	-
Comprehensive planning				
Operating expenses	9,335	9,335	9,335	-
Other general government				
Operating expenses	681,420	681,420	612,681	68,739
Transfer to water and sewer fund	-	-	-	-
Total other general government	<u>681,420</u>	<u>681,420</u>	<u>612,681</u>	<u>68,739</u>
Total general government	<u>1,107,237</u>	<u>1,107,237</u>	<u>996,656</u>	<u>110,581</u>
Public safety				
Law enforcement				
Operating expenses	99	99	99	-
Total public safety	<u>99</u>	<u>99</u>	<u>99</u>	<u>-</u>

See notes to budgetary comparison schedule

**CITY OF ARCHER, FLORIDA**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE BUDGET AND ACTUAL**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended September 30, 2022**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Physical environment				
Cemetery				
Operating expenses	\$ 12,798	\$ 12,798	\$ 12,798	\$ -
Total physical environment	12,798	12,798	12,798	-
Transportation				
Streets				
Personnel services	148,938	148,938	141,695	7,243
Operating expenses	159,466	159,466	167,363	(7,897)
Capital outlay	7,897	7,897	-	7,897
Debt service	11,737	11,737	22,428	(10,691)
Total transportation	328,039	328,039	331,486	(3,447)
Parks and recreation				
Operating expenses	265,948	265,948	255,230	10,718
Total culture/recreation	265,948	265,948	255,230	10,718
State grant aids	-	-	-	-
Total expenditures	1,714,120	1,714,120	1,596,269	117,851
Excess of revenues over (under) expenditures	102,842	102,842	140,428	37,586
Net change in fund balance	102,842	102,842	140,428	37,586
Fund balance at beginning of year	745,431	745,431	448,231	297,200
Fund balance at end of year	\$ 848,273	848,273	\$ 588,659	\$ 259,614

See notes to budgetary comparison schedule

**CITY OF ARCHER, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**SEPTEMBER 30, 2022**

**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**

	2022	2021	2020	2019	2018	2017
City's proportion of the FRS net pension liability (asset)	0.001317739%	0.001262488%	0.001164217%	0.001016069%	0.001156569%	0.000826829%
City's proportionate share of the FRS net pension liability (asset)	\$ 490,305	\$ 95,367	\$ 504,589	\$ 349,920	\$ 348,365	\$ 244,570
City's proportion of the HIS net pension liability (asset)	0.001352105%	0.001294319%	0.001259200%	0.001018268%	0.001002534%	0.000719512%
City's proportionate share of the HIS net pension liability (asset)	143,210	158,768	153,746	113,934	106,109	76,934
City's proportionate share of the total net pension liability (asset)	\$ 633,515	\$ 254,135	\$ 658,335	\$ 463,854	\$ 454,474	\$ 321,504
City's covered-employee payroll	\$ 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	171.70%	61.76%	147.32%	119.21%	141.88%	97.76%
Plan fiduciary net position as a percentage of the total pension liability	79.09%	91.09%	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.

See notes to schedule of proportionate share of net pension liability

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

	2022	2021	2020	2019	2018	2017
City's proportion of the FRS net pension liability (asset)	0.001317739%	0.001262488%	0.001164217%	0.001016069%	0.001156569%	0.000826829%
City's proportionate share of the FRS net pension liability (asset)	\$ 490,305	\$ 95,367	\$ 504,589	\$ 349,920	\$ 348,365	\$ 244,570
City's proportion of the HIS net pension liability (asset)	0.001352105%	0.001294319%	0.001259200%	0.001018268%	0.001002534%	0.000719512%
City's proportionate share of the HIS net pension liability (asset)	143,210	158,768	153,746	113,934	106,109	76,934
City's proportionate share of the total net pension liability (asset)	<u>\$ 633,515</u>	<u>\$ 254,135</u>	<u>\$ 658,335</u>	<u>\$ 463,854</u>	<u>\$ 454,474</u>	<u>\$ 321,504</u>
City's covered-employee payroll	\$ 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	171.70%	61.76%	147.32%	119.21%	141.88%	97.76%
Plan fiduciary net position as a percentage of the total pension liability	79.09%	91.09%	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.

See notes to pension schedule

**CITY OF ARCHER, FLORIDA**  
**NOTES TO PENSION SCHEDULES**  
**FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM**  
**For the Fiscal Year End September 30, 2022**

**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, 2022, are shown below (in thousands):

	FRS	HIS
Total pension liability	\$ 217,434,441,000	\$ 11,126,965,688
Plan fiduciary net position	(180,226,404,807)	(535,368,479)
Net pension liability	<u>\$ 37,208,036,193</u>	<u>\$ 10,591,597,209</u>
Plan fiduciary net position as a percentage of the total pension liability	82.89%	4.81%

The total pension liability for each plan was determined by the plans' actuary and reported in the plans' valuations dated July 1, 2022. 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, 2022. 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, and 2022 respectively, for employers that were members of the FRS and HIS during those fiscal years. For fiscal year 2022, 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 3.54% 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 2022:

- FRS: The long-term expected rate of return was decreased from 6.80% to 6.70%.
- HIS: The demographic assumptions for the Special Risk class were updated to reflect plan changes due to HB5007, HB689, and SB838.
- HIS: The election assumption for vested terminated members was updated from 20% to 50% to reflect recent experience.
- HIS: The municipal bonds rate used to determine total pension liability was increased from 2.16 to 3.54%.

## **SINGLE AUDIT SECTION**

**CITY OF ARCHER, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**For the Fiscal Year Ended September 30, 2022**

GRANTOR/PROGRAM TITLE	CSFA/FAIN/CFDA #	Contract Award Number	Sub Agreement 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	55.215	A1037	A21037	\$ 400,000	\$ 165,034	\$ 126,010
<i>Passed through the Suwannee Rive Water Management District</i>						
Archer Public Supply Efficiencies Grant		WS003	21/22-092	20,000	-	20,000
Total state financial assistance				<u>420,000</u>	<u>165,034</u>	<u>146,010</u>
<b>Federal Awards</b>						
<i>U.S. Housing and Urban Development Agency, passed through</i>						
Florida Department of Economic Opportunity						
Unspecified Site Strategy for Housing Related Activity's	14.228	H2403		650,000	155,080	486,762
<i>U.S. Department of Treasury, passed through</i>						
Florida Division of Emergency Management						
Coronavirus State and Local Fiscal Recovery Funds	21.027	Y5007	FL0008	600,022	300,011	300,011
Total federal financial assistance				<u>1,250,022</u>	<u>455,091</u>	<u>786,773</u>
Total financial assistance				<u>\$ 1,670,022</u>	<u>\$ 620,125</u>	<u>\$ 932,783</u>

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, 2022**

**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, 2022.

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

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

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

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

We have audited City of Archer, Florida's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Archer, Florida's major federal programs for the year ended September 30, 2022. City of Archer, Florida's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Archer, Florida complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022

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

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

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

***Responsibilities of Management for Compliance***

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Archer, Florida's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Archer, Florida's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Archer, Florida's internal control over compliance. Accordingly, no such opinion is expressed.

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

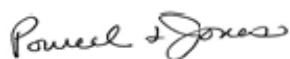
#### **Report on Internal Control over Compliance**

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

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

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

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



**Powell and Jones CPA**  
Lake City, Florida  
May 29, 2023

## Section 1. Summary of Auditor's Results

### Financial statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified	No
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted	No

### Federal Awards

Internal control over major programs:	
Material weakness identified	No
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 200.518(b) of the <i>Uniform Guidance</i>	No
Identification of major programs:	

#### FAIN

#### Name of Program or Cluster

14.228

Department of Economic Opportunity  
Unspecified Site Strategy for Housing

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee	No
<b>Financial Statement Findings</b>	None
<b>Federal Awards Findings and Questioned Costs</b>	None

**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 which comprise the statement of financial position as of September 30, 2022, 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 May 29, 2023.

**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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify the following deficiency in internal control that we consider to be a significant deficiency.

**2012-1**

**Financial Statement Preparation**

A system of internal control over financial reporting includes controls over financial statement preparation, including footnote disclosures. While your auditor can assist with the preparation of your financial statements and related footnotes, the financial statements are the responsibility of management. A deficiency in internal control exists when the Organization does not have the expertise necessary to prevent, detect, and correct misstatements. A deficiency in internal control exists because where the City is not capable of drafting the financial statements and all required



footnote disclosures in accordance with generally accepted accounting principles. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures.

#### **MANAGEMENT'S RESPONSE**

***We agree with this finding. We are a very small government and have used our available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports prepared generally on the cash basis. We likewise have confidence in our audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. The City Commission reviews the annual financial reports and have the opportunity to ask the auditor any questions regarding the report prior to its formal presentation. The report is formally presented by the auditor at a scheduled meeting of the City Commission.***

***At this time, we do not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements. We thus accept this required disclosure finding and will continue to monitor this situation in the future.***

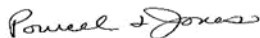
This response was not subjected to the auditing procedures applied in the audit and thus we express no opinion on it.

#### **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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### **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  
May 29, 2023

## **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, for the year ended September 30, 2022, 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**

There were no reportable findings in the prior year applicable to the management letter.

### **CURRENT YEAR FINDINGS**

There were no reportable findings in the current year applicable to the management letter.

### **AUDITOR GENERAL COMPLIANCE MATTERS**

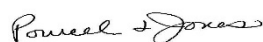
**Financial Condition Assessment** - As required by the Rules of the Auditor General (Sections 10.554(1)(i)5.a. and 10.556(8), we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part in representations made by management and the review of financial information they provided.

**Financial Emergency Status** - We determined that the City had not met any of the conditions described in Section 218.503(1)(a), 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 10.550.

### **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  
May 29, 2023

## INDEPENDENT ACCOUNTANT'S REPORT

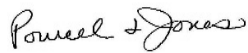
To the Honorable Mayor and  
Members of the City Commission  
City of Archer, Florida

We have examined the City of Archer, Florida's 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, 2022.

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  
May 29, 2023

## **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 for the year ended September 30, 2022. 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 of Archer, Florida are described Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2022. 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 of Archer, Florida'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 no significant difficulties in dealing with management in performing and completing our audit.

#### ***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 no such misstatements identified during our audit.

#### ***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, 2023.

#### ***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*

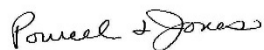
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses 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  
May 29, 2023