# CITY OF COLEMAN, FLORIDA

## Annual Financial Report

## September 30, 2023

**(With Independent Auditors' Report Thereon)**

## INTRODUCTORY SECTION

This section contains the following subsections:

- List of City Council and Principal City Officials
- Table of Contents

**CITY OF COLEMAN, FLORIDA**

**ANNUAL FINANCIAL REPORT**
**AND AUDITORS' REPORT**

**SEPTEMBER 30, 2023**

**CITY COUNCIL AND OFFICIALS**

| | | |
|---|---|---|
| Milton Hill | - | Mayor |
| Toshi McCants | - | Council Member & Chairperson |
| Charles Felton | - | Council Member & Vice Chairman |
| Mary Bigham | - | Council Member |
| James Sears | - | Council Member |
| Marjorie Graham | - | Council Member |
| Brenda Smith | - | City Attorney |

**AUDITOR**
Holland & Reilly
Certified Public Accountants

**CITY OF COLEMAN, FLORIDA**

ANNUAL FINANCIAL REPORT AND AUDITORS' REPORT
YEAR ENDED SEPTEMBER 30, 2023

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**FINANCIAL SECTION**

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- REPORT OF INDEPENDENT AUDITORS
- MANAGEMENT'S DISCUSSION AND ANALYSIS
- BASIC FINANCIAL STATEMENTS
- REQUIRED SUPPLEMENTARY INFORMATION
- INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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CERTIFIED FRAUD EXAMINERS

# INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Coleman, Florida

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Coleman, Florida (the City), as of and for the year ended September 30, 2023 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, each major fund, and the aggregate remaining fund information of the City of Coleman, Florida as of September 30, 2023, and the respective changes in its net position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' 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.

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

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

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, schedule of proportionate share of net pension liability – Florida Retirement System and Health Insurance Subsidy Program, and schedule of pension contributions – Florida Retirement System and Health Insurance Subsidy Program on pages 4 to 9 and 38 through 45, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards* Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Coleman's basic financial statements. The individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Orlando, Florida
May 13, 2024

Holland & Reilly

# CITY OF COLEMAN, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended September 30, 2023

As management of the City of Coleman, Florida (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2023.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $4,844,281 (net position). Of this amount, $362,309 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- During the fiscal year the City's total net position increased by $160,752; and the unrestricted net position decreased by $30,948.
- The City Water Utility Fund incurred an operating loss of ($56,984); however, it met the rate covenant required ratio of 1.1 (1.30).
- The City has a net pension liability of $164,034, an increase of $1,735 from the prior year.
- Under an interlocal agreement, the City paid $115,990 to the Sumter County Sheriff's Department to provide police protection. See Note 11.
- The City implemented ad valorem taxes for the first time in fiscal year 2017. The millage rate in fiscal year 2022 was 3.7831, generating $84,088 in ad valorem taxes. The millage rate in fiscal year 2023 was 3.4207 generating $92,430 in ad-valorem taxes.
- The City expended significant grant funds from two sources relating to the construction of infrastructure in the Water Utility Fund. The City expended $219,385 from the American Rescue Plan Act grant (ARPA Fund), and $392,841 from the Community Development Block Grant (2018 CDBG Fund), including $25,000 from the General Fund.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements *The government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

*The statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

*The statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the City include general government, transportation, public safety, physical environment, and culture and recreation. The business type activities of the City include water and solid waste collection/sanitation.

The Government-wide financial statements can be found on pages 11 and 12 of this report.

Fund financial statements A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into two categories: governmental funds and proprietary funds.

*Governmental Funds. Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balance of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and two special revenue funds, Gasoline Tax Road Fund and Community Redevelopment Area Fund, all of which are identified as major funds. The City has another special revenue fund - Municipal Cemetery Fund, which is a non-major fund, and three capital project funds – 2018 CDBG Fund and the ARPA Fund, which are major funds, and the CDBG-CV fund, which is a non-major fund.

The City adopts an annual appropriated budget for its General Fund and special revenue funds. A budgetary comparison statement has been provided for the General Fund, Gasoline Tax Road Fund, and Community Redevelopment Area Fund (a blended component unit), which are required supplementary information, and the Municipal Cemetery Fund, which is supplementary information, to demonstrate compliance with their budgets.

The basic governmental fund financial statements can be found on pages 13 and 14 of this report.

*Proprietary funds.* The City maintains two different types of proprietary, or enterprise, funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its Water Utility Fund and Sanitation Fund (Solid Waste Collection).

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Utility Fund and the Sanitation Fund (Solid Waste Collection).

The basic proprietary fund financial statements can be found on pages 15 through 17 of this report.

Notes to the financial statements The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18 through 35 of this report.

Government-wide Financial Analysis

Statement of Net Position
September 30, 2023 and 2022

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Current assets | $ 1,497,551 | 1,742,074 | 180,066 | 178,096 | 1,677,617 | 1,920,170 |
| Noncurrent assets | - | - | 267,544 | 266,662 | 267,544 | 266,662 |
| Capital and leased assets | 930,726 | 996,654 | 2,629,456 | 2,174,156 | 3,560,182 | 3,170,810 |
| Deferred outflows of resources | 18,497 | 32,013 | 18,711 | 20,911 | 37,208 | 52,924 |
| Total | 2,446,774 | 2,770,741 | 3,095,777 | 2,639,825 | 5,542,551 | 5,410,566 |
| Current liabilities | 46,592 | 62,656 | 46,580 | 44,428 | 93,172 | 107,084 |
| Noncurrent liabilities | 156,315 | 159,403 | 412,637 | 433,394 | 568,952 | 592,797 |
| Deferred inflows of resources | 19,226 | 11,494 | 16,920 | 15,662 | 36,146 | 27,156 |
| Total liabilities | 222,133 | 233,553 | 476,137 | 493,484 | 698,270 | 727,037 |
| Net position: | | | | | | |
| Net investment in capital assets | 920,823 | 979,982 | 2,239,656 | 1,763,356 | 3,160,479 | 2,743,338 |
| Restricted for law enforcement | 17,714 | 17,714 | - | - | 17,714 | 17,714 |
| Restricted for road projects | 332,934 | 400,675 | - | - | 332,934 | 400,675 |
| Restricted for community redevelopment area | 474,745 | 408,076 | - | - | 474,745 | 408,076 |
| Restricted for ARPA | 236,893 | 456,278 | - | - | 236,893 | 456,278 |
| Restricted for cemetery | 23,077 | 27,999 | - | - | 23,077 | 27,999 |
| Restricted for debt service/renewal | - | - | 236,130 | 236,192 | 236,130 | 236,192 |
| Unrestricted | 218,455 | 246,464 | 143,854 | 146,793 | 362,309 | 393,257 |
| Total net position, restated | $ 2,224,641 | 2,537,188 | 2,619,640 | 2,146,341 | 4,844,281 | 4,683,529 |

$3,160,479, or 65%, of the City's net position is reflected in investment in capital assets (e.g., land, buildings improvements, infrastructure, vehicles and equipment), less any outstanding related debt used to acquire those assets. The City uses these 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.

$1,321,493, or 27% of the City’s net position represents resources that are subject to external restrictions on how they may be used, primarily for road projects. Unrestricted net position ($362,309, or 8%) may be used to meet the City's ongoing obligations to citizens and creditors.

At September 30, 2023, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

Government-wide Financial Analysis - continued

Changes in Net Position
For the years ended September 30, 2023 and 2022

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Revenues: | | | | | | |
| Program revenues | | | | | | |
| Charges for services | $ 6,039 | 11,717 | 366,458 | 328,750 | 372,497 | 340,467 |
| Operating grants and contributions | 18,000 | 6,000 | - | - | 18,000 | 6,000 |
| Capital grants and contributions | 386,375 | 18,513 | - | - | 386,375 | 18,513 |
| Total program revenues | 410,414 | 36,230 | 366,458 | 328,750 | 776,872 | 364,980 |
| General revenues | | | | | | |
| Ad valorem taxes | 92,430 | 84,088 | - | - | 92,430 | 84,088 |
| Franchise and utility taxes | 111,659 | 108,767 | - | - | 111,659 | 108,767 |
| Motor fuel taxes | 37,933 | 38,953 | - | - | 37,933 | 38,953 |
| Sales tax | 176,795 | 185,125 | - | - | 176,795 | 185,125 |
| Intergovernmental revenues | 128,857 | 578,545 | - | - | 128,857 | 578,545 |
| Investment earnings | 3,083 | 800 | 1,073 | 282 | 4,156 | 1,082 |
| Miscellaneous revenue | 369 | 2,063 | - | - | 369 | 2,063 |
| Gain (loss) on asset disposition | 105 | 7,821 | (50,140) | 10,640 | (50,035) | 18,461 |
| Transfers | (612,226) | (18,513) | 612,226 | 18,513 | - | - |
| Total general revenues | (60,995) | 987,649 | 563,159 | 29,435 | 502,164 | 1,017,084 |
| Total revenues | 349,419 | 1,023,879 | 929,617 | 358,185 | 1,279,036 | 1,382,064 |
| Expenses: | | | | | | |
| General government | 273,546 | 255,689 | - | - | 273,546 | 255,689 |
| Transportation | 100,510 | 93,600 | - | - | 100,510 | 93,600 |
| Public safety | 124,332 | 118,647 | - | - | 124,332 | 118,647 |
| Physical environment | 84,904 | 65,365 | - | - | 84,904 | 65,365 |
| Culture and recreation | 78,674 | 83,895 | - | - | 78,674 | 83,895 |
| Water utility | - | - | 316,015 | 308,105 | 316,015 | 308,105 |
| Sanitation | - | - | 140,303 | 132,390 | 140,303 | 132,390 |
| Total expenses | 661,966 | 617,196 | 456,318 | 440,495 | 1,118,284 | 1,057,691 |
| Increase (decrease) in net position | (312,547) | 406,683 | 473,299 | (82,310) | 160,752 | 324,373 |
| Net position - beginning, restated | 2,537,188 | 2,130,505 | 2,146,341 | 2,228,651 | 4,683,529 | 4,359,156 |
| Net position - ending | $ 2,224,641 | 2,537,188 | 2,619,640 | 2,146,341 | 4,844,281 | 4,683,529 |

During this fiscal year, the City's net position increased by $160,752, or 3.4%, primarily due to the 2018 CDBG Fund revenue offset by losses in the Governmental activities. The transfers from the Governmental activities helped to offset the operating losses from the Business-Type activities, of which depreciation (a non-cash item) is a significant component.

Relevant Financial Policies – The City's management has reviewed GASB Statement No. 45, "Accounting and Reporting for Postemployment Benefits Other than Pensions" and has made the determination that there are no applicable post-employment benefits and therefore no liability exists.

Fund Financial Statements

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental Funds*. The focus of the City of Coleman, Florida's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Coleman, Florida's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Fund Financial Statements - continued

The City's total revenues for governmental funds decreased from $1,023,879 to $961,645 prior to transferring $612,226 to the Water Utility Fund for construction of infrastructure (replacement of the ground water well).

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $1,450,959.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was $350,242. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned fund balance represents 82% or approximately 10 months of total General Fund expenditures.

*Proprietary funds*. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The total increase in net position for all enterprise funds was $473,299. The Water Utility Fund incurred an operating loss of ($56,984) compared to the prior year ($73,439) operating loss primarily due to an increase in charges for services revenue. Depreciation, a non-cash expense, accounted for 39% of total operating expenses. This is the sixteenth consecutive year in which the Water Utility Fund generated a net operating loss. Overall, the Water Utility Fund experienced an increase in net position of $485,716 primarily due to the $612,226 transfers in from the governmental funds for infrastructure construction. In the current year the Water Utility Fund met the rate covenant required by the bond ordinances. In the prior eight years, the City also met the rate covenant test. The City increased the water rates by an average of 12% effective April 1, 2012**.** In accordance with the water rate ordinance, water base rates were also increased effective October 1 of each year as follows: 2013 (1.63%), 2014 (1.41%), 2015 (1.57%), 2016 (1.29%), 2017 (1.51%), 2018 (1.76%), 2019 (2.36%), 2020 (1.76%), 2021 (1.17%) and 4.53% on October 1, 2022, based on the price index increase for Water & Wastewater Utilities established by the Florida Public Service Commission. The City will continue to work on means to ensure the Water Utility Fund does not operate at a loss, as well as working to ensure it meets the bond covenant required ratio of 1.1.

The Sanitation Fund experienced a decrease of ($12,417) in net position compared to the prior year decrease of ($9,003) and is primarily due to the City contracting with a private company to provide garbage/trash pick-ups.

General Fund Budgetary Highlights

The following information is presented to assist the reader in comparing actual results with budgetary amounts.

- Total actual revenues in the General Fund were less than the budget by $200,245, due to budgeted grants that were not realized this year. Total actual expenditures in the General Fund were less than the budget by $187,676, primarily due to same reason – no expenditures for grants were made as no grants were received.

Capital and Leased Assets and Debt Administration

- Capital Assets - The City's total investment in capital and leased assets for its governmental and business-type activities as of September 30, 2023, amounted to $3,560,182 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings and improvements, vehicles, water utility system, drainage system, machinery and equipment, and park facilities. The leased asset is for a tractor. Total expenditures for capital assets were $32,886 in the governmental activities and $620,577 in the business-type activities.

  The Water Utility Bonds were reduced by $21,000 and interest incurred totaled $20,452.

Economic Factors and Next Year's Budgets and Rates

- By Ordinance 2016-3, the City has implemented ad valorem tax assessments. For the fiscal year ending September 30, 2024, the millage rate will be 3.4037 mills, which is equal to the roll-back rate.

- The City is raising its Water Rates by 7.07% effective October 1, 2023 in accordance with the price index increase for Water & Wastewater Utilities established by the Florida Public Service Commission.

- The City is outsourcing the solid waste collection as of October 1, 2021 to Hook Company; and the City raised the Solid Waste Collection fee by 7.07% (same as Water Rate increase) to $33.58 per month from $31.36.

- The contract price for Interlocal Service Agreement for Law Enforcement is increased to $123,173 for the fiscal year 2023-2024.

- The City was awarded for a Small Cities Community Development Block-Grant – Coronavirus (CDBG-CV) in the amount of $1,772,500.00 in June 2021. The purpose of the grant is the improvement to the City's three parks. Procurements for the engineering and the grant administration were both approved as of September 30, 2023. The City was also awarded FRDAP (Florida Recreation Development Assistance Program) for J.L Rowe Park and for Dunklin/Riser Park for $200,000 each. At September 30, 2023, the agreements have not been executed.

- The City signed an American Rescue Plan Act Coronavirus Local Fiscal Recovery Fund Agreement for $456,278 in August 2021. The City has used a portion of this fund for a ground storage water tank, which is in construction in progress at September 30, 2023. The City expects to have the construction of this tank finished in F/Y 2023/2024. The City has budgeted to spend the remaining funds for road improvement projects in FY 2023/2024.

Request for Information

This financial report is designed to provide a general overview of the City of Coleman, Florida's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the management staff of the City of Coleman, Florida.

## BASIC FINANCIAL STATEMENTS

- Government-wide Financial Statements
- Fund Financial Statements

**CITY OF COLEMAN, FLORIDA**
**Statement of Net Position**
September 30, 2023

| | Primary Government | | |
|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total |
| **Assets** | | | |
| Current assets: | | | |
| Cash and cash equivalents | $ 1,383,524 | 181,121 | 1,564,645 |
| Taxes receivable | 11,505 | - | 11,505 |
| Accounts receivable, net | - | 50,942 | 50,942 |
| Prepaid expenses | 15,497 | 500 | 15,997 |
| Internal balances | 52,497 | (52,497) | - |
| Due from other governments | 34,528 | - | 34,528 |
| Total current assets | 1,497,551 | 180,066 | 1,677,617 |
| Noncurrent assets: | | | |
| Restricted assets | | | |
| Cash and cash equivalents | - | 267,544 | 267,544 |
| Capital assets, not being depreciated | 384,649 | 618,826 | 1,003,475 |
| Capital assets, net of accumulated depreciation | 536,174 | 2,010,630 | 2,546,804 |
| Leased equipment, net of accumulated amortization | 9,903 | - | 9,903 |
| Total noncurrent assets | 930,726 | 2,897,000 | 3,827,726 |
| Total assets and other debits | 2,428,277 | 3,077,066 | 5,505,343 |
| Deferred outflows of resources | 18,497 | 18,711 | 37,208 |
| Total assets and deferred outflows of resources | $ 2,446,774 | 3,095,777 | 5,542,551 |
| **Liabilities** | | | |
| Current liabilities: | | | |
| Accounts payable | 39,323 | 11,018 | 50,341 |
| Accrued liabilities | 7,269 | 3,744 | 11,013 |
| Liabilities payable from restricted assets | - | 31,818 | 31,818 |
| Total current liabilities | 46,592 | 46,580 | 93,172 |
| Noncurrent liabilities: | | | |
| Due within one year: | | | |
| Bonds payable | - | 22,000 | 22,000 |
| Lease liability | 5,027 | - | 5,027 |
| Due in more than one year: | | | |
| Bonds payable | - | 367,800 | 367,800 |
| Lease liability | 10,091 | - | 10,091 |
| Net pension liability - proportionate share | 141,197 | 22,837 | 164,034 |
| Total noncurrent liabilities | 156,315 | 412,637 | 568,952 |
| Total liabilities | 202,907 | 459,217 | 662,124 |
| Deferred inflows of resources | 19,226 | 16,920 | 36,146 |
| Total liabilities and deferred inflows of resources | 222,133 | 476,137 | 698,270 |
| **Net Position** | | | |
| Net investment in capital assets | 920,823 | 2,239,656 | 3,160,479 |
| Restricted for: | | | |
| Law enforcement | 17,714 | - | 17,714 |
| Road projects | 332,934 | - | 332,934 |
| Community redevelopment area | 474,745 | - | 474,745 |
| ARPA | 236,893 | - | 236,893 |
| Cemetery | 23,077 | - | 23,077 |
| Debt service and renewal and replacement | - | 236,130 | 236,130 |
| Unrestricted | 218,455 | 143,854 | 362,309 |
| Total net position | 2,224,641 | 2,619,640 | 4,844,281 |
| Total liabilities, deferred inflows of resources, and net position | $ 2,446,774 | 3,095,777 | 5,542,551 |

The notes to the financial statements are an integral part of this statement.

**CITY OF COLEMAN, FLORIDA**
**Statement of Activities**
For the year ended September 30, 2023

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities | Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-type Activities | Net (Expense) Revenue and Changes in Net Position: Primary Government: Total |
|---|---|---|---|---|---|---|---|
| Governmental Activities: | | | | | | | |
| General government | $ 273,546 | 4,621 | - | - | (268,925) | - | (268,925) |
| Transportation | 100,510 | - | - | - | (100,510) | - | (100,510) |
| Public safety | 124,332 | 1,418 | - | - | (122,914) | - | (122,914) |
| Physical environment | 84,904 | - | 18,000 | 386,375 | 319,471 | - | 319,471 |
| Culture and recreation | 78,674 | - | - | - | (78,674) | - | (78,674) |
| Total governmental activities | 661,966 | 6,039 | 18,000 | 386,375 | (251,552) | - | (251,552) |
| Business-type Activities: | | | | | | | |
| Water utility | 316,015 | 238,579 | - | - | - | (77,436) | (77,436) |
| Sanitation | 140,303 | 127,879 | - | - | - | (12,424) | (12,424) |
| Total business-type activities | 456,318 | 366,458 | - | - | - | (89,860) | (89,860) |
| **Total primary government** | **$ 1,118,284** | **372,497** | **18,000** | **386,375** | **(251,552)** | **(89,860)** | **(341,412)** |
| **General Revenues:** | | | | | | | |
| Ad valorem taxes | | | | | 92,430 | - | 92,430 |
| Franchise and utility taxes | | | | | 111,659 | - | 111,659 |
| Motor fuel taxes | | | | | 37,933 | - | 37,933 |
| Sales tax | | | | | 176,795 | - | 176,795 |
| Intergovernmental revenues | | | | | 128,857 | - | 128,857 |
| Interest earnings | | | | | 3,083 | 1,073 | 4,156 |
| Gain (loss) on disposition of capital assets | | | | | 105 | (50,140) | (50,035) |
| Miscellaneous revenue | | | | | 369 | - | 369 |
| Transfers | | | | | (612,226) | 612,226 | - |
| Total general revenues and transfers | | | | | (60,995) | 563,159 | 502,164 |
| Change in net position | | | | | (312,547) | 473,299 | 160,752 |
| Net Position - Beginning | | | | | 2,537,188 | 2,146,341 | 4,683,529 |
| **Net Position - Ending** | | | | | **$ 2,224,641** | **2,619,640** | **4,844,281** |

The notes to the financial statements are an integral part of this statement.

**CITY OF COLEMAN, FLORIDA**
**Balance Sheet**
**Governmental Funds**
September 30, 2023

| | General Fund | Gasoline Tax Road | Community Redevelopment Area | 2018 CDBG Fund | ARPA Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Cash and cash equivalents | $ 277,857 | 340,384 | 475,829 | 89 | 236,893 | 52,472 | 1,383,524 |
| Taxes receivable | 11,505 | - | - | - | ` | - | 11,505 |
| Grants receivable | - | - | - | - | - | - | - |
| Prepaid items | 15,497 | - | - | - | - | - | 15,497 |
| Due from other funds | 84,225 | - | - | - | - | - | 84,225 |
| Due from other government units | 31,730 | 2,798 | - | - | - | - | 34,528 |
| Total assets | $ 420,814 | 343,182 | 475,829 | 89 | 236,893 | 52,472 | 1,529,279 |
| **Liabilities and fund balances** | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | 34,812 | 4,216 | 195 | - | - | 100 | 39,323 |
| Accrued liabilities | 2,549 | 420 | - | - | - | 4,300 | 7,269 |
| Due to other funds | - | 5,612 | 889 | 232 | - | 24,995 | 31,728 |
| Total liabilities | 37,361 | 10,248 | 1,084 | 232 | - | 29,395 | 78,320 |
| Fund balances: | | | | | | | |
| Nonspendable: | 15,497 | - | - | - | - | - | 15,497 |
| Spendable: | | | | | | | |
| Restricted | 17,714 | 332,934 | - | - | 236,893 | - | 587,541 |
| Committed | - | - | 474,745 | - | - | 23,077 | 497,822 |
| Unassigned | 350,242 | - | - | (143) | - | - | 350,099 |
| Total fund balances | 383,453 | 332,934 | 474,745 | (143) | 236,893 | 23,077 | 1,450,959 |
| Total liabilities and fund balances | $ 420,814 | 343,182 | 475,829 | 89 | 236,893 | 52,472 | 1,529,279 |

| | | |
|---|---|---|
| Total Fund Balances | | $ 1,450,959 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | |
| Governmental capital assets | 3,262,833 | |
| Less: accumulated depreciation | (2,342,010) | 920,823 |
| The net effect of recording the leased equipment and related lease liability per GASB Statement 87 | | |
| Leased equipment, net of acculated amortization | 9,903 | |
| Lease liability | (15,118) | (5,215) |
| Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds | | |
| Deferred outflows of resources related to pensions | | 18,497 |
| Deferred inflows of resources related to pensions | | (19,226) |
| Net pension liability obligations are not due and payable in the current period and, therefore, are not reported in the funds. | | (141,197) |
| Net Position of Governmental Activities | | $ 2,224,641 |

The notes to the financial statements are an integral part of this statement.

**CITY OF COLEMAN, FLORIDA**
**Statement of Revenues, Expenditures and Changes in Fund Balances**
**Governmental Funds**
For the year ended September 30, 2023

| | General | Gasoline Tax Road | Community Redevelopment Area | 2018 CDBG Fund | ARPA Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|---|
| **Revenues** | | | | | | | |
| Intergovernmental | $ 215,747 | 37,933 | 67,796 | 386,375 | - | - | 707,851 |
| Taxes | 226,231 | - | - | - | - | - | 226,231 |
| Licenses and permits | 2,288 | - | - | - | - | - | 2,288 |
| Fines and forfeits | 1,418 | - | - | - | - | - | 1,418 |
| Charges for services | 2,300 | - | - | - | - | - | 2,300 |
| Investment earnings | 376 | 2,460 | 43 | - | - | 204 | 3,083 |
| Miscellaneous | 219 | - | - | - | - | 150 | 369 |
| Total revenues | 448,579 | 40,393 | 67,839 | 386,375 | - | 354 | 943,540 |
| **Expenditures** | | | | | | | |
| Current: | | | | | | | |
| General government | 248,505 | - | - | - | - | - | 248,505 |
| Transportation | - | 95,295 | - | - | - | - | 95,295 |
| Public safety | 123,838 | - | - | - | - | - | 123,838 |
| Physical environment | - | - | 1,170 | 18,143 | - | 5,276 | 24,589 |
| Culture and recreation | 34,765 | - | - | - | - | - | 34,765 |
| Capital outlay | 20,047 | 12,839 | - | - | - | - | 32,886 |
| Total expenditures | 427,155 | 108,134 | 1,170 | 18,143 | - | 5,276 | 559,878 |
| Excess of revenues over (under) expenditures | 21,424 | (67,741) | 66,669 | 368,232 | - | (4,922) | 383,662 |
| **Other financing sources (uses):** | | | | | | | |
| Transfers in | - | - | - | 25,000 | - | - | 25,000 |
| Transfers (out) | (25,000) | - | - | (392,841) | (219,385) | - | (637,226) |
| Sale of capital assets | 105 | - | - | | - | - | 105 |
| Total other financing sources (uses) | (24,895) | - | - | (367,841) | (219,385) | - | (612,121) |
| Excess of revenues and other financing sources (uses) over (under) expenditures | (3,471) | (67,741) | 66,669 | 391 | (219,385) | (4,922) | (228,459) |
| **Fund balance** | | | | | | | |
| Beginning of year | 386,924 | 400,675 | 408,076 | (534) | 456,278 | 27,999 | 1,679,418 |
| End of year | $ 383,453 | 332,934 | 474,745 | (143) | 236,893 | 23,077 | 1,450,959 |

| | | |
|---|---|---|
| Amounts reported for governmental activities in the Statement of Activities are different because: | | |
| Net change in fund balance - total governmental funds | | (228,459) |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is depreciated over their estimated useful lives | | |
| Expenditures for capital assets | 32,886 | |
| Less: current year depreciation | (92,085) | (59,199) |
| The net effect of recording the leased equipment and related lease liability per GASB Statement 87 | | (5,215) |
| The net effect of transactions involving capital assets, such as sales, auctions, dispositions or other activity | | 3,066 |
| Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. | | (22,740) |
| Change in Net Position of Governmental Activities | | $ (312,547) |

The notes to the financial statements are an integral part of this statement.

**CITY OF COLEMAN, FLORIDA**
**Statement of Net Position**
**Proprietary Funds**
September 30, 2023

| | Business-type Activities - Enterprise Funds | | |
|---|---|---|---|
| | Water Utility Fund | Sanitation Fund | Total |
| **Assets** | | | |
| Current assets: | | | |
| Cash and cash equivalents | $ 110,196 | 70,925 | 181,121 |
| Customer accounts receivable, net | 38,511 | 12,431 | 50,942 |
| Prepaid expenses | - | 500 | 500 |
| Due from other funds | 17,922 | - | 17,922 |
| Total current assets | 166,629 | 83,856 | 250,485 |
| Noncurrent assets: | | | |
| Restricted assets: | | | |
| Cash and cash equivalents | 267,544 | - | 267,544 |
| Total restricted assets | 267,544 | - | 267,544 |
| Capital assets, net of accumulated depreciation | 2,629,456 | - | 2,629,456 |
| Total noncurrent assets | 2,897,000 | - | 2,897,000 |
| Total assets | 3,063,629 | 83,856 | 3,147,485 |
| Deferred outflows of resources | - | 18,711 | 18,711 |
| Total assets and deferred outflows of resources | $ 3,063,629 | 102,567 | 3,166,196 |
| **Liabilities and net position** | | | |
| Current liabilities: | | | |
| Accounts payable | 10,352 | 666 | 11,018 |
| Accrued liabilities | 1,749 | 1,995 | 3,744 |
| Due to other funds | - | 70,419 | 70,419 |
| Total current liabilities | 12,101 | 73,080 | 85,181 |
| Current liabilities (payable from restricted assets): | | | |
| Accrued interest payable | 1,214 | - | 1,214 |
| Customer deposits | 30,604 | - | 30,604 |
| Bonds payable | 22,000 | - | 22,000 |
| Total current liabilities (payable from restricted assets) | 53,818 | - | 53,818 |
| Noncurrent liabilities: | | | |
| Revenue bonds | 367,800 | - | 367,800 |
| Net pension liability - proportionate share | - | 22,837 | 22,837 |
| Total noncurrent liabilities | 367,800 | 22,837 | 390,637 |
| Total liabilities | 433,719 | 95,917 | 529,636 |
| Deferred inflows of resources | - | 16,920 | 16,920 |
| Total liabilities and deferred inflows of resources | 433,719 | 112,837 | 546,556 |
| Net position: | | | |
| Net investment in capital assets | 2,239,656 | - | 2,239,656 |
| Restricted for debt service and renewal and replacement | 236,130 | - | 236,130 |
| Unrestricted | 154,124 | (10,270) | 143,854 |
| Total net position | 2,629,910 | (10,270) | 2,619,640 |
| Total liabilities, deferred inflows of resources, and net position | $ 3,063,629 | 102,567 | 3,166,196 |

The notes to the financial statements are an integral part of this statement.

**CITY OF COLEMAN, FLORIDA**
**Statement of Revenues, Expenses, and Changes in Fund Net Position**
**Proprietary Funds**
For the year ended September 30, 2023

| | Business-type Activities - Enterprise Funds | | |
|---|---|---|---|
| | Water Utility Fund | Sanitation Fund | Total |
| **Operating revenues** | | | |
| Charges for sales/services | $ 230,270 | 122,639 | 352,909 |
| Late charges | 5,240 | 5,240 | 10,480 |
| Tap fees | 3,069 | - | 3,069 |
| Total operating revenues | 238,579 | 127,879 | 366,458 |
| **Operating expenses** | | | |
| Salaries | 12,606 | 20,962 | 33,568 |
| Payroll taxes | 982 | 1,586 | 2,568 |
| Employee benefits | 3,685 | 9,686 | 13,371 |
| Landfill fees | - | 2,134 | 2,134 |
| Office supplies and expense | 3,331 | 3,340 | 6,671 |
| Operating supplies | 14,999 | 314 | 15,313 |
| Insurance | 10,662 | 1,757 | 12,419 |
| Professional services | 11,078 | 6,981 | 18,059 |
| Repairs and maintenance | 7,640 | 230 | 7,870 |
| Utilities | 7,997 | - | 7,997 |
| Contract services | 107,445 | 92,113 | 199,558 |
| Bad debts | - | 1,200 | 1,200 |
| Depreciation | 115,138 | - | 115,138 |
| Total operating expenses | 295,563 | 140,303 | 435,866 |
| Operating loss | (56,984) | (12,424) | (69,408) |
| **Nonoperating revenues (expenses)** | | | |
| Investment earnings | 1,066 | 7 | 1,073 |
| Loss on capital asset disposition | (50,140) | - | (50,140) |
| Transfers in | 612,226 | - | 612,226 |
| Interest expense | (20,452) | - | (20,452) |
| Total nonoperating revenues (expenses) | 542,700 | 7 | 542,707 |
| Change in net position | 485,716 | (12,417) | 473,299 |
| Total net position - beginning | 2,144,194 | 2,147 | 2,146,341 |
| Total net position - ending | $ 2,629,910 | (10,270) | 2,619,640 |

The notes to the financial statements are an integral part of this statement.

**CITY OF COLEMAN, FLORIDA**
**Statement of Cash Flows**
**Proprietary Funds**
For the year ended September 30, 2023

| | Business-type Activities - Enterprise Funds | | |
|---|---|---|---|
| | Water Utility Fund | Sanitation Fund | Total |
| **Cash flows from operating activities:** | | | |
| Receipts from customers and users | $ 255,826 | 144,758 | 400,584 |
| Payments to suppliers | (167,576) | (117,366) | (284,942) |
| Payments to employees | (12,606) | (20,962) | (33,568) |
| Net cash provided by operating activities | 75,644 | 6,430 | 82,074 |
| **Cash flows from noncapital financing activities:** | - | - | - |
| **Cash flows from capital and related financing activities:** | | | |
| Payment on revenue bonds | (21,000) | - | (21,000) |
| Purchase of capital assets | (8,352) | - | (8,352) |
| Interest paid | (20,452) | - | (20,452) |
| Net cash provided by (used in) capital and related financing activities | (49,804) | - | (49,804) |
| **Cash flows from investing activities:** | | | |
| Investment income | 1,066 | 7 | 1,073 |
| Net cash provided by investing activities | 1,066 | 7 | 1,073 |
| **Net increase (decrease) in cash** | 26,906 | 6,437 | 33,343 |
| **Cash and cash equivalents, beginning of year** | 350,834 | 64,488 | 415,322 |
| **Cash and cash equivalents, end of year** | $ 377,740 | 70,925 | 448,665 |
| **Cash and cash equivalents classified as:** | | | |
| Current assets | 110,196 | 70,925 | 181,121 |
| Restricted assets | 267,544 | - | 267,544 |
| | $ 377,740 | 70,925 | 448,665 |
| **Reconciliation of operating (loss) to net cash provided by operating activities:** | | | |
| Operating loss | (56,984) | (12,424) | (69,408) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | |
| Depreciation | 115,138 | - | 115,138 |
| Bad debts | - | 1,200 | 1,200 |
| Changes in assets and liabilities: | | | |
| Decrease in accounts receivable | 6,675 | 1,512 | 8,187 |
| Decrease in receivable, other | 11,027 | - | 11,027 |
| Increase in due from other funds | (1,890) | - | (1,890) |
| Decrease in deferred outflows of resources | - | 2,200 | 2,200 |
| Increase (decrease) in accounts payable | 477 | (146) | 331 |
| Increase (decrease) in accrued liabilities | (147) | 620 | 473 |
| Increase in due to other funds | - | 11,967 | 11,967 |
| Decrease in accrued interest payable | (87) | - | (87) |
| Increase in customer deposits | 1,435 | - | 1,435 |
| Inrease in net pension liability | - | 243 | 243 |
| Increase in deferred inflows of resources | - | 1,258 | 1,258 |
| Totals | 132,628 | 18,854 | 151,482 |
| Net cash provided by operating activities | $ 75,644 | 6,430 | 82,074 |

The notes to the financial statements are an integral part of this statement.

## 1. Summary of Significant Accounting Polices

The City of Coleman, Florida, ("the City") is a political subdivision of the State of Florida, located in Sumter County. The City was incorporated under the Laws of Florida 10429 in 1925 and operates under the council form of government.

The accounting policies of the City of Coleman, Florida conform to U.S. generally accepted accounting principles as applicable to governments as established by the Governmental Accounting Standards Board (GASB). The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

### A. Reporting Entity

The City is a municipal corporation with a five-member council, plus the mayor. The chairman acts as the presiding officer of the council, with the vice-chairman serving in the chairman's absence.

The City provides the following services as authorized by its charter: public safety - police, street, culture - recreation, public improvements, planning and zoning, and general administrative services. In addition, the City operates two enterprise funds: water utility service and sanitation service.

In evaluating the City as a reporting entity, management has addressed all potential component units that may or may not fall within the City's oversight and control, and thus, be included in the City's financial statements. Blended component units, although legally separate entities, are in substance part of the City's operations and, as a result, considered to be financially accountable. One such component unit is the City's Community Redevelopment Area (CRA). In August 2003, the City passed an ordinance creating a dependent special district, the Coleman Community Redevelopment Area. The purpose of the CRA is to provide rehabilitation, conservation or redevelopment, or a combination thereof, of such areas as are necessary in the interest of public health, safety or welfare of the residents of the City. The governing boards of the CRA are substantially the same as that of the City. The CRA is blended into the City's primary government although retaining a separate legal identity. Separate financial statements are not prepared for this component unit.

### B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. 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.

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

B. Government-Wide and Fund Financial Statements - continued

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

Franchise and utility taxes, state revenue sharing, charges for services, and investment earnings associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

The City reports the following major governmental funds:

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.

Special Revenue Funds
The Gasoline Tax Road Fund accounts for the City's share of local option gas tax, and state revenue sharing fuel tax and the expenditures made for the maintenance and improvement of the City's roads.

The Community Redevelopment Area (CRA) Fund (a blended component unit) is used to provide rehabilitation, conservation, or redevelopment of such areas as are necessary in the interest of public health, safety, or welfare of the residents of the City.

Capital Project Funds
The 2018 Community Development Block Grant (CDBG) Fund is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

The ARPA Fund is used to account for the receipt of American Resource Plan Act funds and the proceeds to be used primarily for the construction of infrastructure at the City’s water treatment plant.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation - continued

The City reports the following major proprietary funds:

The Water Utility Fund is used to account for the operation of a City potable water system.

The Sanitation Fund is used to account for the revenues and expenses associated with garbage and solid waste collection and disposal.

The City reports the following non-major governmental funds:

Special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The non-major special revenue fund of the City is the Municipal Cemetery Fund.

The CDBG-CV Fund is a Capital Projects Fund that will be uses to account for the receipt of CDBG Cares grant funding for improvements at the J.L. Rowe, Dunklin/Riser, and Shady Brooks Parks.

The City has no non-major proprietary funds.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the City's enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Liabilities, and Net Position or Equity

1) Cash and Cash Equivalents - The enterprise funds consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

2) Investments - Investments are reported at fair value. The City invests in the State Board of Administration Fund (see Note 4).

3) Accounts Receivable - The Water Utility Fund operating revenues are generally recognized on the basis of billings rendered monthly. Revenues for services delivered during the last month of the applicable reporting period are accrued pro rata based on the meter readings for the applicable consumption taken in the following month. Sanitation Fund billings are rendered monthly for the billing month's services.

4) Capital Assets - Capital assets, which include buildings, improvements other than buildings, equipment and furniture, vehicles, infrastructure assets (i.e., roads, streets and sidewalks, curbs and gutters, water distribution system and drainage systems), and construction in progress are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than $1,000 and an estimated useful life in excess of two years. Such assets are recorded at cost when purchased. Contributed capital assets are capitalized at their acquisition value at the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

D. Assets, Liabilities, and Net Position or Equity – continued

Major outlays for capital assets and improvements are capitalized as projects are constructed. Effective with the implementation of GASB Statement 89 – *Accounting for Interest Cost Incurred Before the End of a Construction Period*, interest costs incurred during construction are no longer capitalized, but rather expensed. There were no such activities during the year ended September 30, 2023.

Depreciation is provided using the straight-line method over the estimated useful lives of the various classes of depreciable assets. The estimated useful lives of the various classes of depreciable assets are as follows:

| Years | Classification |
|---|---|
| 5-7 | Equipment and furniture |
| 3-10 | Vehicles (including heavy equipment) |
| 5-30 | Building and improvements |
| 40 | Water distribution system and treatment plant |
| 50 | Water well |
| 20 | System infrastructure |

5) Property Taxes - Under Florida law, the assessment of all properties and the collection of all county, municipal, and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the state regulating tax assessment are also designed to assure a consistent property valuation method statewide. State statutes permit municipalities to levy property taxes at a rate of up to ten (10) mills. The millage rate assessed by the City for the fiscal year ended September 30, 2023 was 3.4207

The property tax calendar is as follows:

- All property is assessed according to its fair market value on January 1 of each year.
- Property Appraiser prepares the assessment roll as of January 1 of each year, and then submits this preliminary roll for approval by the State and notifies each taxing city of their respective valuation by July 1 of the assessment year.
- City Council holds two required public hearings, adopts a budget for the coming fiscal year, and adopts an ad valorem tax millage rate by September 30 of the assessment year.
- Property Appraiser certifies the assessment roll, and all real and tangible personal property taxes are due and payable November 1 (levy date) of the assessment year.
- A Notice of Taxes is mailed to each property owner on the assessment roll by November 1 of the assessment year. Taxes may be paid November 1 (year of assessment) through March 31 (following year of assessment) with the following applicable discounts:

| Month | Discount |
|---|---|
| November | 4% |
| December | 3% |
| January | 2% |
| February | 1% |
| March | 0% |

D. Assets, Liabilities, and Net Position or Equity – continued

- All unpaid taxes on real and tangible personal property become delinquent on April 1 of the year immediately following year of assessment.
- A list of unpaid tangible personal property taxes and a list of unpaid real property taxes are advertised in April/May of the year immediately following year of assessment.
- Tax certificates are sold on all real properties with unpaid real property taxes on June 1 (lien date) of the year immediately following the year of assessment.

6) Compensated Absences - Accumulated unpaid vacation and sick pay benefits are determined at the end of each accounting period and adjusted to current salary costs. The liability is to be reported when incurred.

7) Deferred Outflows/Inflows of Resources - In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that is applicable to a future reporting period. The City's deferred outflows of resources is related to various actuarial assumption changes and valuations related to the City's portion of the Florida Retirement System Pension Plan (FRS) and Retiree Health Insurance Subsidy Program (HIS) annual valuations.

   In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that is applicable to a future period. The City's deferred inflows of resources is related to various actuarial assumption changes and valuations related to the City's portion of the FRS and HIS annual valuations.

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

9) Estimates - The preparation of financial statements in accordance with the modified accrual or accrual basis of accounting described in the previous paragraphs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets or liabilities at the date of the financial statements and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

10) Fund Balances - In accordance with GASB 54, the City is required to report fund balance amounts in five classifications – non-spendable, and the spendable categories of restricted, committed, assigned, and unassigned, as follows:

    Non-spendable - includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual requirements.

    Restricted - amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.

D. Assets, Liabilities, and Net Position or Equity – continued

Committed - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action by the City's highest level of decision-making authority. The City Council addresses these commitments through formal board action prior to the City's fiscal year end.

Assigned - amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Assignments can be made by the City Council.

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above-mentioned categories. Unassigned fund balances may also include negative fund balances for any other governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The City uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts.

**2. Reconciliation of Government-Wide and Fund Financial Statements**

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position:

The governmental fund balance sheet includes reconciliation between fund balances – total governmental funds and net position of governmental activities as reported in the government-wide statement of net position.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between the net change in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities.

**3. Stewardship, Compliance, and Accountability**

A. Budgets and Budgetary Accounting

The City Council employs the following procedures in establishing the budgetary data reflected in the financial statements:

1) Prior to October 1, the department heads are consulted by the City Council regarding proposed operating budgets for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them.

2) Budget workshops are held and public hearings are conducted to obtain citizen comments.

3) Prior to October 1, the budget is legally enacted through passage of a resolution. The resolution restricts expenditures at the function level within a fund.

**3. Stewardship, Compliance, and Accountability – continued**

4) Any transfers of budgeted amounts between departments within any fund, and any revisions that alter the total expenditures of any fund must be approved by the Council.

5) Formal budgetary integration is employed as a management control device during the year for the General Fund, special revenue funds, and enterprise funds.

6) Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

7) Budgeted amounts presented agree with the 2022-2023 adopted budget.

**4. Cash and Cash Equivalents and Investments**

Florida Statutes provide for risk sharing collateral pools by banks and savings and loan associations. These collateral pools collateralize local government deposits with the participating depositories. The City's demand deposits, certificates of deposits, and money market accounts are placed in such authorized depositories. Demand deposits, certificates of deposit, and money market accounts are insured by federal depository insurance up to $250,000 of the aggregate account balances for each entity. Amounts in excess of $250,000 are fully insured by U.S. Government securities held in the Public Deposit Security Trust Fund maintained and monitored by the Treasurer of the State of Florida. The City's demand deposits, certificates of deposit, and money market accounts are carried at cost that is equivalent to fair value.

Florida Statutes also authorize the City to invest in the State Board of Administration Fund (SBA). The SBA is an investment pool administered by the State of Florida. Investments held in the SBA consist of short-term federal agency obligations, treasury bills, repurchase agreements and commercial paper. The City invests primarily in money market accounts, certificates of deposit, and the SBA.

The SBA has established the Florida PRIME whereby participants own a share of the respective pool and not the underlying securities.

The Florida PRIME (formerly known as Pool or Fund A) is an external investment pool that meets all of the necessary criteria to elect to measure all of the investments in the Florida PRIME at amortized cost. Therefore, the City’s investment in Florida PRIME is reported at amortized cost. The fair value of the position in the pool is equal to the value of the pool’s shares. The Florida PRIME is rated by Standard and Poor’s and is currently rated AAAm. The weighted average days to maturity (WAM) at September 30, 2023 is 35 days, and the weighted average life (WAL) is 75 days. Next interest rate reset dates are used in the calculation of the WAM.

The Florida PRIME did not participate in a securities lending program in the year ended September 30, 2023, nor was it exposed to any foreign currency risk. The SBA provides separate financial statements for the Florida PRIME (unaudited) as of and for the period ending June 30 which can be obtained at www.sbafla.com/prime/home.aspx. It does not issue financial statements as of and for the period ending September 30.

At September 30, 2023, there were no redemption fees or maximum transfer amounts, or any other requirements that serve to limit a participant’s daily access to 100% of their account balance. With regard to liquidity fees, the SBA has the authority to impose penalties for early withdrawal, but has not made any required disclosures relating to these fees. The SBA also has the authority to limit contributions or withdrawals for up to 48 hours in the event of an occurrence or event that has a material impact on the liquidity of the Florida PRIME. No such limitation took place during the year ended September 30, 2023.

## 4. Cash and Cash Equivalents and Investments - Continued

As of September 30, 2023, financial instruments that potentially expose the City to concentration of credit risk, as defined by U.S. generally accepted accounting principles, consisted of cash and cash equivalent accounts in high quality financial institutions. All of the City's deposits are insured by FDIC, a state depository insurance fund or a multiple financial institution collateral pool.

Cash and cash equivalents at September 30, 2023 consisted of the following:

| | General Fund | Other Governmental Funds | Enterprise Funds | Total All Funds |
|---|---|---|---|---|
| Cash and cash equivalents: | | | | |
| Current assets: | | | | |
| Demand deposits | $ 110,710 | 250,339 | 101,714 | 462,763 |
| Certificates of deposit | 12,500 | 251,668 | | 264,168 |
| Money market funds | 147,348 | 555,800 | 79,407 | 782,555 |
| State Board of Administration - PRIME | 7,299 | 47,860 | - | 55,159 |
| Total current assets | 277,857 | 1,105,667 | 181,121 | 1,564,645 |
| Restricted assets: | | | | |
| Certificates of deposit | - | - | 121,149 | 121,149 |
| Money market funds | - | - | 128,044 | 128,044 |
| State Board of Administration - PRIME | - | - | 18,351 | 18,351 |
| Total restricted assets | - | - | 267,544 | 267,544 |
| Total cash and cash equivalents | $ 277,857 | 1,105,667 | 448,665 | 1,832,189 |

## 5. Receivables

Receivables at September 30, 2023 consist of the following:

| | General Fund | Gasoline Tax Road | Water Fund | Sanitation Fund | Total |
|---|---|---|---|---|---|
| Receivables: | | | | | |
| Franchise and utility taxes | $ 11,505 | - | - | - | 11,505 |
| Intergovernmental | 31,730 | 2,798 | - | - | 34,528 |
| Customer accounts | - | - | 108,111 | 52,331 | 160,442 |
| | 43,235 | 2,798 | 108,111 | 52,331 | 206,475 |
| Less allowance for doubtful accounts | - | - | (69,600) | (39,900) | (109,500) |
| | $ 43,235 | 2,798 | 38,511 | 12,431 | 96,975 |

## 6. Capital Assets

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

| | Beginning balance | Increases | Decreases | Transfer | Ending balance |
|---|---|---|---|---|---|
| **Governmental activities:** | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | $ 378,749 | - | - | - | 378,749 |
| Construction in progress | - | 5,900 | - | - | 5,900 |
| Total capital assets, not being depreciated | 378,749 | 5,900 | - | - | 384,649 |
| Capital assets, being depreciated: | | | | | |
| Building | 153,685 | - | - | - | 153,685 |
| Improvements | 1,544,670 | 12,720 | - | - | 1,557,390 |
| Equipment | 91,505 | 14,266 | - | - | 105,771 |
| Vehicles | 27,144 | - | - | - | 27,144 |
| Infrastructure | 1,034,194 | - | - | - | 1,034,194 |
| Total capital assets being depreciated | 2,851,198 | 26,986 | - | - | 2,878,184 |
| Less accumulated depreciation for: | | | | | |
| Buildings | (150,589) | (1,032) | - | - | (151,621) |
| Improvements | (1,270,917) | (42,285) | - | - | (1,313,202) |
| Equipment | (70,514) | (5,625) | - | - | (76,139) |
| Vehicles | (21,773) | (1,247) | - | - | (23,020) |
| Infrastructure | (736,172) | (41,856) | - | - | (778,028) |
| Total accumulated depreciation | (2,249,965) | (92,045) | - | - | (2,342,010) |
| Total capital assets, being depreciated, net | 601,233 | (65,059) | - | - | 536,174 |
| Governmental activities capital assets, net | $ 979,982 | (59,159) | - | - | 920,823 |
| **Business-type activities:** | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Construction in progress | 6,600 | 612,226 | - | - | 618,826 |
| Capital assets being depreciated: | | | | | |
| Vehicles | - | - | - | - | - |
| Equipment | 29,139 | - | - | - | 29,139 |
| Water distribution system | 1,529,648 | - | - | - | 1,529,648 |
| Water treatment plant | 2,242,425 | - | (133,707) | - | 2,108,718 |
| Water well | 50,555 | 8,351 | - | - | 58,906 |
| Total capital assets being depreciated | 3,858,367 | 8,351 | (133,707) | - | 3,726,411 |
| Less accumulated depreciation for: | | | | | |
| Vehicles | - | - | - | - | - |
| Equipment | (22,773) | (1,462) | - | - | (24,235) |
| Water distribution system | (694,147) | (38,242) | - | - | (732,389) |
| Water treatment plant | (941,847) | (74,270) | 83,567 | - | (932,550) |
| Water well | (25,443) | (1,164) | - | - | (26,607) |
| Total accumulated depreciation | (1,684,210) | (115,138) | 83,567 | - | (1,715,781) |
| Total capital assets, being depreciated, net | 2,174,157 | (106,787) | (50,140) | - | 2,010,630 |
| Business-type activities capital assets, net | $ 2,180,757 | 505,439 | (50,140) | - | 2,629,456 |

**6. Capital Assets – continued**

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

| | |
|---|---|
| Governmental activities: | |
| General government | $ 2,301 |
| Public safety | 494 |
| Physical environment | 45,341 |
| Culture and recreation | 43,909 |
| Total depreciation expense - governmental activities | $ 92,045 |
| Business-type activities: | |
| Water utility | 115,138 |
| Sanitation | - |
| | $ 115,138 |

**7. Individual Fund Disclosures**

Interfund receivables and payables at September 30, 2023 consist of the following:

| | Due from other funds | Due to other funds |
|---|---|---|
| Major Funds: | | |
| General Fund | $ 84,225 | - |
| Gasoline Tax Road Fund | - | 5,612 |
| Community Redevelopment Area | - | 889 |
| 2018 CDBG Fund | - | 232 |
| Water Utility Fund | 17,922 | - |
| Sanitation Fund | - | 70,419 |
| Nonmajor Governmental Funds: | | |
| Cemetery Fund | - | 24,745 |
| CDBG-CV Fund | - | 250 |
| | $ 102,147 | 102,147 |

The outstanding balances between funds result mainly from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur and when payments between funds are made.

Interfund transfer s totaling $612,226 between the Government Activities and the Business-type Activities represents funds from the 2018 CDBG and ARPA Funds to the Water Utility Fund for improvements to the water treatment plant.

Actual expenditures exceeded budgeted expenditures in the Municipal Cemetery Fund by $1,501.

The 2018 CDBG Fund has a deficit fund balance of ($143) at September 30, 2023.

## 8. Long-term Debt

### Enterprise Fund – Water Utility Fund Bond Issue

In January 1997, the U.S. Department of Agriculture (U.S.D.A.), Rural Utilities Service, provided funding in the aggregate principal amount of $700,000, issued as a Water Revenue Bond, Series 1996, 5% interest, with maturity in 40 years. The funds provided partial financing for a municipal water system. Additional funding from a grant of $587,776 from Rural Utilities Service supplemented the costs to construct the municipal water system.

The water revenue bonds do not constitute a general indebtedness of the City, but are payable solely from and are collateralized by the net revenues derived from the water utility system.

The water bond ordinance provides for the creation and establishment of the following funds and accounts in order of priority of monthly revenue transfers:

A. Revenue account – Deposit all gross revenues of the system.

B. Operation and maintenance account – Deposit a sufficient sum to pay the costs of operation and maintenance for the next ensuing month.

C. Interest accounts – Deposit 1/12 of the interest becoming due on the next annual interest payment.

D. Principal account – Deposit 1/12 of the principal becoming due on the next annual maturity date for the bonds.

E. Bond amortization account – Deposit equal monthly amounts sufficient to pay the bond amortization installment due in such year.

F. Reserve account – Deposit equal monthly payments such that the "maximum annual debt service requirement" ($41,545) will be on deposit by the end of the tenth bond year.

G. Renewal and replacement account – Deposit 1/12 of 10% of the gross revenues of the system for the previous fiscal year until the balance is equal to 5% of the value of the fixed assets of the system.

The City is obligated by bond covenant to charge and collect rates and charges in each year which will be sufficient to pay all costs of operation and maintenance, plus 110% of the bond debt service requirements due in such fiscal years, as well as funding a debt service reserve fund as required by the bond covenants.

Under terms of the water revenue bonds, upon any default as specified in the bond documents (failure in the observance or performance of any of the applicable covenants of the issuing ordinance, as listed above, or failure to pay amounts when due), the owner of the bonds may protect and enforce any and all rights, including the right to the appointment of a receiver, and may enforce and compel the performance of all duties required. Placing a lien on the system or any other real or tangible personal property of the City shall not be granted as a remedy of the default.

**8. Long-term Debt - continued**

**Enterprise Fund – Water Utility Fund Bond Issue**

Revenue bond debt service requirements to maturity are as follows:

| Fiscal year ending September 30, | Principal | Interest | Total |
|---|---|---|---|
| 2024 | 22,000 | 19,490 | 41,490 |
| 2025 | 23,100 | 18,390 | 41,490 |
| 2026 | 24,300 | 17,235 | 41,535 |
| 2027 | 25,500 | 16,020 | 41,520 |
| 2028 | 26,800 | 14,745 | 41,545 |
| 2029-2033 | 155,200 | 52,255 | 207,455 |
| 2034-2036 | 112,900 | 11,475 | 124,375 |
| | $ 389,800 | 149,610 | 539,410 |

Changes in long-term obligations

| | Beginning balance | Additions | Reductions | Ending balance |
|---|---|---|---|---|
| **Business type activities:** | | | | |
| Water revenue bond | $ 410,800 | - | (21,000) | 389,800 |
| Net pension liability | 22,594 | 243 | - | 22,837 |
| Total | $ 433,394 | 243 | (21,000) | 412,637 |
| **Governmental activities:** | | | | |
| Net pension liability | $ 139,705 | 1,492 | - | 141,197 |

**9. Pension Plans**

***Defined Benefit Plans***

The City participated in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report may be obtained by writing to the Division of Retirement, PO Box 9000, Tallahassee, Florida, 32315-9000 or by calling (850) 488-6491.

**9. Pension Plans - continued**

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

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

*Benefits Provided*

FRS members are eligible for retirement after vesting, which occurs at 6 years (8 years after July 1, 2011) of creditable service for regular members. Normal retirement age is attained at the earlier of 30 years of creditable service regardless of age or retirement at age 62 with at least 6 years of creditable service. Early retirement may be taken anytime; however, there is a 5 percent benefit reduction for each year prior to normal retirement age. Members are also eligible for in-line-of duty or regular disability benefits if permanently disabled and unable to work. Benefits are computed on the basis of age, average final compensation and service credit.

Chapter 2023-193, Laws of Florida, increased the level of monthly benefits this year. Eligible retirees and beneficiaries now receive monthly HIS payments equal to the number of years of service credited at retirement multiplied by $7.50. The minimum payment is $45 and the maximum payment is $225 per month, pursuant to Section 112.363, Florida Statutes.

*Contributions*

The City is required to contribute at an actuarially determined rate. The contribution requirements of plan members and the City are established and may be amended by the Florida Legislature. Employees are required to contribute 3% of their salary to the FRS. The City's contribution rates during the year ended September 30, 2023, were as follows:

| | FRS | HIS | Total |
|---|---|---|---|
| Regular Employees | 10.25-11.91% | 1.66% | 11.91-13.57% |
| Special Risk Employees | 26.17-31.01% | 1.66% | 27.83-32.67% |
| DROP Employees | 16.94-19.47% | 1.66% | 18.60-21.13% |
| Retired Employees | 4.23-5.12% | 1.66% | 5.89-6.78% |

The City's contributions for the year ended September 30, 2023 were $16,714 to the FRS and $2,330 to the HIS, totaling $19,044.

**9. Pension Plans - continued**

*Pension Liabilities and Pension Expense*

At September 30, 2023, the City reported a liability for its proportionate shares of the net pension liabilities. The net pension liability for the FRS Pension Plan was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated July 1, 2023. The HIS program was measured as of June 30, 2022, and the most recent actuarial valuation was prepared as of July 1, 2022. The HIS actuarial valuation is updated annually. The City's proportions of the net pension liabilities were based on the City's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

| | FRS | HIS | Total |
|---|---|---|---|
| Net pension liability at September 30, 2023 | $ 101,249 | $ 62,785 | $ 164,034 |
| Proportion at: | | | |
| September 30, 2022 | 0.00000316260 | 0.00000421328 | |
| September 31, 2023 | 0.00000254096 | 0.00000395336 | |
| Pension expense (benefit), year ended September 30, 2023 | $ 39,570 | $ 5,915 | $ 45,485 |

*Deferred Outflows/Inflows of Resources Related to Pensions*

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | FRS | | HIS | |
|---|---|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | $ 9,506 | | 919 | (147) |
| Changes of assumptions | 6,600 | | 1,651 | (5,440) |
| Net difference between projected and actual earnings on pension plan investments | 4,228 | | 32 | |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 6,659 | (23,471) | 3,219 | (7,089) |
| City contributions subsequent to the measurement date | 3,619 | | 777 | |
| Total | $30,612 | $ (23,471) | $ 6,598 | $ (12,676) |

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense will be recognized as follows:

**9. Pension Plans - continued**

| Year ending September 30, | FRS Expense | HIS Expense |
|---|---|---|
| 2024 | $ 480 | $ (1,198) |
| 2025 | ( 190) | ( 726) |
| 2026 | 2,880 | (1,208) |
| 2027 | 274 | (2,370) |
| 2028 | 78 | (1,255) |
| Thereafter | - | ( 98) |
| Total | $ 3,522 | $ (6,855) |

*Actuarial Assumptions*

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation as of June 30, 2023, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

| | FRS | HIS |
|---|---|---|
| Inflation | 2.40% | 2.40% |
| Payroll growth | 3.25% | 3.25% |
| Investment rate of return | 6.70% | N/A |

Mortality assumptions for both plans were based on the Generational RP-2000 with Projections Scale BB tables.

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 actuarial valuation for the HIS Program was July 1, 2023. The most recent experience study for the FRS Pension Plan was completed in 2019 for the period July 1, 2013, through June 30, 2018. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for this 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 following changes in actuarial assumptions occurred in 2023:

HIS: The discount rate was modified to reflect the change in the value of the municipal bond index between GASB measurement dates.

HIS: Chapter 2023-193, Laws of Florida (Senate Bill 7024), increased the level of monthly benefits from $5 times years of service to $7.50, with an increased minimum of $45 and maximum of $225. The change applies to all years of service for both members currently receiving benefits and members not yet receiving benefits.

To develop an analytical basis for the selection of the long-term expected rate of return assumption, the FRS Actuarial Assumptions Conference reviewed long-term assumptions developed by both the FRS actuary's capital market assumptions team and by a capital market assumptions team from consultants to the State Board of Administration. The table below summarizes the key assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes as follows:

**9. Pension Plans – continued**

| Asset Class | Target Allocation | Annual Arithmetic Return | Compound Annual (Geometric) Return |
|---|---|---|---|
| Cash | 1.0% | 2.9% | 2.9% |
| Fixed income | 19.8% | 4.5% | 4.4% |
| Global equity | 54.0% | 8.7% | 7.1% |
| Real estate (property) | 10.3% | 7.6% | 6.6% |
| Private equity | 11.1% | 11.9% | 8.8% |
| Strategic investments | 3.8% | 6.3% | 6.1% |
| | 100.0% | | |
| Assumed inflation rate | | | 2.4% |

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption.

*Discount rate*

The discount rate used to measure the total pension liability for FRS was 6.70%. FRS' 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. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

*Sensitivity Analysis*

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

| | FRS | | | HIS | | |
|---|---|---|---|---|---|---|
| | Current Discount | | | Current Discount | | |
| | 1% Decrease (5.70%) | Rate (6.70%) | 1% Increase (7.70%) | 1% Decrease (2.65%) | Rate (3.65%) | 1% Increase (4.65%) |
| City's proportionate share of the net pension liability | $172,954 | $101,249 | $41,259 | $71,628 | $62,785 | $55,455 |

*Pension Plans' Fiduciary Net Position*

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

*Payables to the Pension Plans*

As of September 30, 2023, the City had no outstanding payable to the plans for regular employee and employer contributions that were legally required to be paid to the plans but not remitted prior to the end of the year.

## 10. Leased Equipment and Lease Liability

The City entered into a tractor lease on April 11, 2018, which ran through April 11, 2021, when it was renewed through April 11, 2025. The original lease called for annual payments of $7,692. The renewal lease calls for annual payments of $6,430. Amortization of the leased equipment will be over the life of the lease. The City implemented GASB Statement 87 (Leases) on October 1, 2021. The cumulative effect of this implementation on the beginning net position is not material. As of September 30, 2022, the leased equipment, accumulated amortization and lease liability are as follows:

| | September 30, 2022 | September 30, 2023 |
|---|---|---|
| Leased equipment | $ 46,900 | $ 46,900 |
| Accumulated amortization | 30,228 | 36,997 |
| Leased equipment, net | $ 16,675 | $ 9,903 |
| Lease liability | $ 23,871 | $ 15,118 |

Amortization expense for the year ended September 30, 2023 was $6,769.

Future payments relating to the lease liability are as follows:

| Year Ending September 30, | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $ 5,027 | $ 1,403 | $ 6,430 |
| 2025 | 10,091 | 912 | 11,003 |
| | $ 15,118 | $ 2,315 | $ 17,433 |

The remaining balance of $4,573 will be a lump-sum payment at the conclusion of the lease on April 11, 2025.

## 11. Commitments and Contingencies

A. Litigation – During the ordinary course of its operations, the City is party to various claims, legal actions and complaints. Some of these matters are covered by the City's insurance program. While the ultimate effect of litigation cannot be ascertained at this time, management believes, based on the advice of legal counsel, that there will be no material effect on the City's financial position and/or that the City has sufficient insurance coverage to cover any claims.

B. Risk management – The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has obtained insurance from commercial underwriters for all the aforementioned risks except workers' compensation. For workers' compensation, the City has joined with other local governments in the State participating in the Florida League of Cities Municipal Self-Insurance Program (Program), a public entity risk pool currently operating as a common risk management and insurance program. The interlocal agreement with the Program provides that the Program will be self-sustaining through member premiums and will reinsure through commercial companies. There have been no significant reductions in insurance coverage from the prior year. No settlements have exceeded the City's insurance coverage for each of the past three fiscal years.

**11. Commitments and Plans – continued**

C. Grants – The federal financial assistance awards are subject to audit and adjustment by the grantor agencies. Such audits could result in a request for reimbursement for disallowed expenditures under the terms and conditions of the contract. The amount of expenditures which may be disallowed by the grantor agencies cannot be determined at this time although the City expects such amounts, if any, not to be material.

D. Police Protection Agreement – The City dissolved its Police Department and entered into an interlocal agreement with the Sumter County Sherriff's Department to provide police protection. The agreement covered the five-year period from October 1, 2014 to September 30, 2019. That agreement was renewed and covers the five-year period from October 1, 2019 to September 30, 2024. Cancellation by either party may be made provided notification is made eighteen months prior to the requested termination date. The City paid $115,990 for such services during the year.

**12. Subsequent Events**

Management has evaluated subsequent events through May 13, 2024, the date which the financial statements were available to be issued.

**13. New Accounting Standards**

The Governmental Accounting Standards Board (GASB) issued several pronouncements that are effective for these financial statements. These are:

GASB Statement 91 – Conduit Debt Obligations
GASB Statement 94 – Public-Private Partnerships (PPPs)
GASB Statement 96 – Subscription-Based Information Technology Arrangements (SBITAs)
GASB Statement 99 – Omnibus 2022 (Leases, PPPs and SBITAs)

Management has ascertained that none of these professional pronouncements effective for this year had any discernable impact on the City.

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## REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedules

- General Fund
- Gasoline Tax, Roads Fund
- Community Redevelopment Area Fund

**CITY OF COLEMAN, FLORIDA**
**General Fund**
**Budgetary Comparison Schedule**
For the year ended September 30, 2023

| | Budgeted Amounts Original and Final | Actual | Variance with Final Budget - Positive (Negative) |
|---|---|---|---|
| **Revenues** | | | |
| Intergovernmental revenues: | | | |
| State revenue sharing | $ 36,561 | 38,820 | 2,259 |
| Alcoholic beverage license | 98 | 98 | - |
| Mobile home licenses | 90 | 34 | (56) |
| Half-cent government sales tax | 58,000 | 61,212 | 3,212 |
| Local government infrastructure surtax | 114,000 | 115,583 | 1,583 |
| Grants | 200,000 | - | (200,000) |
| Total intergovernmental revenues | 408,749 | 215,747 | (193,002) |
| Taxes: | | | |
| Communications services tax | 23,911 | 22,143 | (1,768) |
| Ad valorem taxes | 93,064 | 92,430 | (634) |
| Franchise fees | 47,035 | 46,255 | (780) |
| Utility service taxes | 58,370 | 65,403 | 7,033 |
| Total taxes | 222,380 | 226,231 | 3,851 |
| Licenses and permits: | | | |
| Business tax receipt | 2,500 | 2,288 | (212) |
| Total licenses and permits | 2,500 | 2,288 | (212) |
| Fines and forfeits: | | | |
| Court fines | 850 | 1,418 | 568 |
| Total fines and forfeitures | 850 | 1,418 | 568 |
| Miscellaneous revenues: | | | |
| Investment earnings | 200 | 376 | 176 |
| Rents | 14,000 | 2,300 | (11,700) |
| Other | 250 | 219 | (31) |
| Gain on sale of equiment | 0 | 105 | 105 |
| Total miscellaneous revenues | 14,450 | 3,000 | (11,450) |
| Total revenues | $ 648,929 | 448,684 | (200,245) |

(Continued)

**CITY OF COLEMAN, FLORIDA**
**General Fund**
**Budgetary Comparison Schedule**
For the year ended September 30, 2023

| | Budgeted Amounts Original and Final | Actual | Variance with Final Budget - Positive (Negative) |
|---|---|---|---|
| **Expenditures:** | | | |
| General government: | | | |
| Legislative: | | | |
| Personal services | $ 16,349 | 16,022 | 327 |
| Executive: | | | |
| Personal services | 24,246 | 19,722 | 4,524 |
| Financial and administrative: | | | |
| Personal services | 51,305 | 56,457 | (5,152) |
| Operating expenditures | 50,640 | 57,164 | (6,524) |
| Capital outlay | 1,500 | - | 1,500 |
| Total financial and administrative | 103,445 | 113,621 | (10,176) |
| Other governmental servces: | | | |
| Personal services | 84,752 | 61,170 | 23,582 |
| Operating expenditures | 21,045 | 24,301 | (3,256) |
| Capital outlay | 1,650 | 1,427 | 223 |
| Total other governmental services | 107,447 | 86,898 | 20,549 |
| Legal counsel: | | | |
| Operating expenditures | 13,365 | 13,365 | - |
| Comprehensive planning: | | | |
| Personal services | 1,866 | 304 | 1,562 |
| Total compehensive planning | 1,866 | 304 | 1,562 |
| Total general government | 266,718 | 249,932 | 16,786 |
| Public safety: | | | |
| Law enforcement: | | | |
| Operating expenditures | 118,648 | 123,838 | (5,190) |
| Capital outlay | - | 18,620 | (18,620) |
| Total law enforcement | 118,648 | 142,458 | (23,810) |
| Total public safety | 118,648 | 142,458 | (23,810) |

(Continued)

**CITY OF COLEMAN, FLORIDA**
**General Fund**
**Budgetary Comparison Schedule**
For the year ended September 30, 2023

| | Budgeted Amounts Original and Final | Actual | Variance with Final Budget - Positive (Negative) |
|---|---|---|---|
| Culture and recreation: | | | |
| Community hall: | | | |
| Operating expenditures | $ 9,585 | 10,947 | (1,362) |
| Parks and recreation: | | | |
| Personal services | 9,100 | 4,002 | 5,098 |
| Operating expenditures | 10,780 | 19,343 | (8,563) |
| Capital outlay | 200,000 | - | 200,000 |
| Total parks and recreation | 219,880 | 23,345 | 196,535 |
| Other recreation: | | | |
| Operating expenditures | - | 473 | (473) |
| Total culture and recreation | 229,465 | 34,765 | 194,700 |
| Total expenditures | 614,831 | 427,155 | 187,676 |
| Excess of revenues over expenditures | 34,098 | 21,529 | (12,569) |
| **Other financing sources(uses):** | | | |
| Transfers out | (25,000) | (25,000) | - |
| Total other financing sources (uses) | (25,000) | (25,000) | - |
| Excess of revenues and other financing sources (uses) over expenditures | 9,098 | (3,471) | (12,569) |
| **Fund balance** | | | |
| Beginning of year | - | 386,924 | 386,924 |
| End of year | $ 9,098 | 383,453 | 374,355 |

**CITY OF COLEMAN, FLORIDA**
**Gasoline Tax, Roads Special Revenue Fund**
**Budgetary Comparison Schedule**
For the year ended September 30, 2023

| | Budgeted Amounts Original and Final | Actual | Variance with Final Budget- Positive (Negative) |
|---|---|---|---|
| **Revenues** | | | |
| Intergovernmental: | | | |
| Local option gas tax | $ 31,521 | 29,707 | (1,814) |
| State revenue sharing, fuel tax | 9,203 | 8,226 | (977) |
| Total intergovernmental | 40,724 | 37,933 | (2,791) |
| Investment earnings | 1,330 | 2,460 | 1,130 |
| Total revenues | 42,054 | 40,393 | (1,661) |
| **Expenditures** | | | |
| Current | | | |
| Transportation: | | | |
| Personal services | 37,341 | 45,145 | (7,804) |
| Operating expenditures | 45,515 | 50,150 | (4,635) |
| Capital outlay | | | |
| Highways and streets | 59,800 | 12,839 | 46,961 |
| Total expenditures | 142,656 | 108,134 | 34,522 |
| Excess of expenditures over revenues | (100,602) | (67,741) | 32,861 |
| **Fund balance** | | | |
| Beginning of year | - | 400,675 | 400,675 |
| End of year | $ (100,602) | 332,934 | 433,536 |

**CITY OF COLEMAN, FLORIDA**
**Community Redevelopment Area Special Revenue Fund**
**Budgetary Comparison Schedule**
For the year ended September 30, 2023

| | Budgeted Amounts Original and Final | Actual | Variance with Final Budget- Positive (Negative) |
|---|---|---|---|
| **Revenues** | | | |
| Intergovernmental | $ 60,000 | 67,796 | 7,796 |
| Investment earnings | 36 | 43 | 7 |
| Total revenues | 60,036 | 67,839 | 7,803 |
| **Expenditures** | | | |
| Physical environment: | | | |
| Operating expenditures | 5,924 | 1,170 | 4,754 |
| Capital outlay | 60,000 | - | 60,000 |
| Total expenditures | 65,924 | 1,170 | 64,754 |
| Excess of revenues over (under) expenditures | (5,888) | 66,669 | 72,557 |
| **Fund balance** | | | |
| Beginning of year | - | 408,076 | 408,076 |
| End of year | $ (5,888) | 474,745 | 480,633 |

**CITY OF COLEMAN, FLORIDA**
**Notes to Required Supplementary Information**
**September 30, 2023**

## 1. Summary of Significant Budget Policies

The City Council annually adopts budgets for the General Fund and Special Revenue Funds. All appropriations are legally controlled at the function level for the General Fund and Special Revenue Funds. On September 26, 2022 the City Council approved the original adopted budget.

The budgets are integrated into the accounting system, and the budgetary data, as presented in the financial statements for all funds with annual budgets, compare the expenditures with the budget. All budgets are presented on the modified accrual basis of accounting. Accordingly, the accompanying Budgetary Comparison Schedules for the General and Special Revenue Funds present actual expenditures in accordance with U.S. generally accepted accounting principles on a basis consistent with the legally adopted budgets as amended. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

## 2. Excess of Expenditures over Appropriations

The City had no Funds in the Required Supplemental Information with actual expenditures exceeding budgeted expenditures.

**CITY OF COLEMAN FLORIDA**

**Schedule of the Proportionate Share of Net Pension Liability**

**Florida Retirement System**

Last Ten Fiscal Years*

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| City's proportion of the net pension liability | 0.000254096% | 0.000316260% | 0.000346825% | 0.000308347% | 0.000319584% | 0.000385092% | 0.000298716% | 0.000250567% | 0.000305321% | 0.000527316% |
| City's proportionate share of the net pension liability | $ 101,249 | 117,674 | 26,199 | 133,642 | 110,060 | 115,992 | 88,358 | 63,268 | 39,425 | 32,174 |
| City's covered-employee payroll | $ 155,979 | 144,884 | 162,769 | 140,358 | 140,488 | 148,421 | 138,349 | 127,719 | 121,212 | 148,761 |
| City's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 64.91% | 81.22% | 16.10% | 95.22% | 78.34% | 78.15% | 63.87% | 49.54% | 32.53% | 21.63% |
| Plan fiduciary net position as a percentage of the total pension liability | 82.38% | 82.89% | 96.40% | 78.85% | 82.61% | 84.26% | 83.89% | 84.88% | 92.00% | 96.09% |

**Health Insurance Subsidy Program**

Last Ten Fiscal Years*

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| City's proportion of the net pension liability | 0.000365336% | 0.000421328% | 0.000414008% | 0.000405840% | 0.000424245% | 0.000540374% | 0.000412214% | 0.000432659% | 0.000412125% | 0.000502305% |
| City's proportionate share of the net pension liability | $ 62,785 | 44,625 | 50,785 | 49,553 | 47,469 | 57,194 | 44,076 | 50,425 | 42,030 | 46,967 |
| City's covered-employee payroll | $ 155,979 | 144,884 | 162,769 | 140,358 | 140,488 | 148,421 | 138,349 | 127,719 | 121,212 | 148,761 |
| City's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 40.25% | 30.80% | 31.20% | 35.30% | 33.79% | 38.53% | 31.86% | 39.48% | 34.67% | 31.57% |
| Plan fiduciary net position as a percentage of the total pension liability | 4.12% | 4.81% | 3.56% | 3.00% | 2.63% | 2.15% | 1.64% | 0.97% | 0.50% | 0.99% |

** The amounts presented for each fiscal year were determined as of June 30*

**CITY OF COLEMAN, FLORIDA**
**Schedule of the Pension Contributions**

**Florida Retirement System**
Last Ten Fiscal Years*

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually required contributions | $ 16,714 | 13,923 | 15,475 | 12,134 | 10,719 | 10,746 | 9,472 | 7,281 | 6,862 | 11,877 |
| Contributions in relation to the contractually required contribution | (16,714) | (13,923) | (15,475) | (12,134) | (10,719) | (10,746) | (9,472) | (7,281) | (6,862) | (11,877) |
| Contribution deficiency (excess) | $ - | - | - | - | - | - | - | - | - | - |
| City's covered-employee payroll | $ 155,979 | 144,884 | 162,769 | 140,358 | 140,488 | 148,421 | 138,349 | 127,719 | 121,212 | 148,761 |
| Contributions as a percentage of covered-employee payroll | 10.72% | 9.61% | 9.51% | 8.65% | 7.63% | 7.24% | 6.85% | 5.70% | 5.66% | 7.98% |

**Health Insurance Subsidy Program**
Last Ten Fiscal Years*

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually required contributions | $ 2,330 | 2,255 | 3,080 | 2,415 | 2,613 | 2,703 | 2,512 | 2,063 | 2,034 | 2,462 |
| Contributions in relation to the contractually required contribution | (2,330) | (2,255) | (3,080) | (2,415) | (2,613) | (2,703) | (2,512) | (2,063) | (2,034) | (2,462) |
| Contribution deficiency (excess) | $ - | - | - | - | - | - | - | - | - | - |
| City's covered-employee payroll | $ 155,979 | 144,884 | 162,769 | 140,358 | 140,488 | 148,421 | 138,349 | 127,719 | 121,212 | 148,761 |
| Contributions as a percentage of covered-employee payroll | 1.49% | 1.56% | 1.89% | 1.72% | 1.86% | 1.82% | 1.82% | 1.62% | 1.68% | 1.66% |

** The amounts presented for each fiscal year were determined as of June 30*

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# INDIVIDUAL FUND STATEMENTS AND SCHEDULES

**CITY OF COLEMAN, FLORIDA**
**NONMAJOR GOVERNMENTAL FUND**
**September 30, 2023**
**Special Revenue and Capital Projects Funds**

Special revenue funds account for revenues from specific taxes or other earmarked revenue sources that, by law, are designated to finance particular functions or activities of government. The City has the following non-major special revenue fund.

**Municipal Cemetery Fund**

To account for the revenues received for cemetery lot sales at Adamsville Cemetery and expenditures related thereto.

Capital projects funds account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets.

**CDBG-CV Fund**

The CDBG-CV Fund is a Capital Projects Fund that will be uses to account for the receipt of CDBG Cares grant funding for improvements at the J.L. Rowe, Dunklin/Riser, and Shady Brooks Parks.

**CITY OF COLEMAN, FLORIDA**
**Balance Sheet**
**Nonmajor Governmental Funds**
September 30, 2023

| | Special Revenue Fund | Capital Project Fund | Total |
|---|---|---|---|
| | Municipal Cemetery | CDBG-CV | |
| **Assets** | | | |
| Cash | $ 52,222 | 250 | 52,472 |
| Total asssets | $ 52,222 | 250 | 52,472 |
| **Liabilities and fund balances** | | | |
| Liabilities: | | | |
| Accounts payable | 100 | - | 100 |
| Accrued liabilities | 4,300 | - | 4,300 |
| Due to other funds | 24,745 | 250 | 24,995 |
| Total liabilities | 29,145 | 250 | 29,395 |
| Fund balances: | | | |
| Committed for: | | | |
| Cemetery | 23,077 | - | 23,077 |
| Total fund balances | 23,077 | - | 23,077 |
| Total liabilities and fund balances | $ 52,222 | 250 | 52,472 |

**CITY OF COLEMAN, FLORIDA**
**Statement of Revenues, Expenditures, and**
**Changes in Fund Balance**
**Nonmajor Governmental Funds**
For the year ended September 30, 2023

| | Special Revenue Fund | Capital Project Fund | Total |
|---|---|---|---|
| | Municipal Cemetery | CDBG-CV | |
| **Revenues** | | | |
| Sales, cemetery lots | $ - | - | - |
| Investment earnings | 204 | - | 204 |
| Miscellaneous | 150 | - | 150 |
| Total revenues | 354 | - | 354 |
| **Expenditures** | | | |
| Physical environment: | | | |
| Operating expenditures | 5,276 | - | 5,276 |
| Total expenditures | 5,276 | - | 5,276 |
| Excess of expenditures over revenues | (4,922) | - | |
| **Fund balance** | | | |
| Beginning of year | 27,999 | - | 27,999 |
| End of year | $ 23,077 | - | 23,077 |

**CITY OF COLEMAN, FLORIDA**
**Municipal Cemetery Special Revenue Fund**
**Budgetary Comparison Schedule**
For the year ended September 30, 2023

| | Budgeted Amounts Original and Final | Actual | Variance with Final Budget-Positive (Negative) |
|---|---|---|---|
| **Revenues** | | | |
| Sales, cemetery lots | $ 1,050 | - | (1,050) |
| Investment earnings | 135 | 204 | 69 |
| Miscellaneous | - | 150 | 150 |
| Total revenues | 1,185 | 354 | (831) |
| **Expenditures** | | | |
| Physical environment: | | | |
| Operating expenditures | 3,775 | 5,276 | (1,501) |
| Total expenditures | 3,775 | 5,276 | (1,501) |
| Excess of expenditures over revenues | (2,590) | (4,922) | (2,332) |
| **Fund balance** | | | |
| Beginning of year | - | 27,999 | 27,999 |
| End of year | $ (2,590) | 23,077 | 25,667 |

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## STATUTORY SECTION

This section demonstrates compliance with
*Government Auditing Standards* and the
Rules of the Auditor General 10.550

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ASSOCIATION OF
CERTIFIED FRAUD EXAMINERS

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

Honorable Mayor and City Council
City of Coleman, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Coleman, Florida, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 13, 2024.

## Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for determining the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 City'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 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 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. We identified certain deficiencies in internal control described in the accompanying management letter on page 57 as items No. 2023-1 and 2023-2 that we consider to be significant deficiencies.

**Report on Compliance and Other Matters**

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

**City's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying management letter on page 57. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Holland & Reilly

May 13, 2024
Orlando, Florida

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## INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH FLORIDA STATUTES 218.415 – INVESTMENTS OF PUBLIC FUNDS

Honorable Mayor and City Council
City of Coleman

We have examined the City of Coleman's (the City) compliance with Section 218.415, Florida Statutes during the fiscal year ended September 30, 2023. City 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

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

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

Holland & Reilly

Orlando, Florida
May 13, 2024

## AUDITORS' COMMENTS – CURRENT YEAR
## (MANAGEMENT LETTER)

### Significant Deficiencies

### 2023-1 Improve Knowledge of Internal Control Over Financial Reporting

Professional Standards (AU-C 265, formerly Statement on Auditing Standard (SAS) No. 115) – *Communicating Internal Control Related Matters Identified in an Audit* addresses various control deficiencies in the design or operation of internal control and now requires the auditor to communicate such deficiencies in writing. One of those controls addresses "the person responsible for the accounting and reporting function lacks the skills and knowledge to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements". We believe that this situation still exists at the City of Coleman for the year ended September 30, 2023.

We bring this condition to your attention in accordance with professional standards, but we recognize that it requires your assessment of a cost-effective solution. Alternative solutions might include training accounting staff, hiring additional staff or engaging outside consultants or obtaining assistance from knowledgeable volunteers to prepare financial statements in accordance with generally accepted accounting principles. We understand the City has determined it is in its best interest to continue to outsource this task to its independent auditors.

### 2023-2 Lack of Segregation of Duties

The small size of the City's accounting staff precludes certain internal controls and the segregation of duties afforded by a larger staff. The Financial and Operations Manager performs all of the accounting tasks. She receives invoices, approves them for payment, prepares checks, mails out the checks, prepares bank reconciliations, and posts activity into the general ledger and the utility system computer package. The lack of segregation of duties increases the potential for error.

We recommend that the City implement any practical controls to overcome this inherent weakness in internal control. We noted that the Financial and Operations Manager is not an authorized check signer, which we believe is an excellent policy. We also noted that another person is the primary cashier for utility customer payments, and makes bank deposits. We continue to recommend that management and the City Council remain closely involved in the financial affairs of the City to provide oversight and independent review functions.

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

| Prior Year Comment | | Status |
|---|---|---|
| | Significant Deficiency | |
| **2022-1** | Improve knowledge of internal control over financial reporting | Some improvement shown. See Comment No. 2023-1 in current year. |
| **2022-2** | Lack of segregation of duties | Continued improvement. See Comment No. 2023-2 in current year. |

Comments 2023-1 and 2023-2 have each been reported in the prior two audit reports.

## OTHER MATTERS REQUIRED BY THE RULES OF THE AUDITOR GENERAL

In accordance with the Rules of the Auditor General of the State of Florida, the following is noted:

1. The auditors applied financial condition assessment procedures per Auditor General Rule 10.556(8). It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by the same.

2. Based on our audit procedures performed, the City did not meet any of the conditions described in Florida Statutes Section 218.503 (1).

   However, because of the losses incurred in the water fund in recent years, the City has faced deteriorating financial conditions. The City's water fund operations in each of the past thirteen years were as follows:

| | Operating Income (Loss) | Investment Earnings | Interest Expense | Decrease in Net Position | | Rate Covenant Ratio |
|---|---|---|---|---|---|---|
| 2011 | $ (24,214) | $ 1,994 | $ (29,371) | $ (51,591) | A | 0.72 |
| 2012 | (27,179) | 2,139 | (29,194) | (53,179) | B | 1.26 |
| 2013 | (23,898) | 970 | (28,576) | (53,607) | | 1.24 |
| 2014 | (41,218) | (115) | (27,929) | (105,099) | C | 0.80 |
| 2015 | (29,206) | 781 | (26,111) | (55,317) | | 1.31 |
| 2016 | (32,886) | 233 | (26,538) | (58,200) | | 1.24 |
| 2017 | (36,641) | 416 | (25,790) | (61,586) | | 1.16 |
| 2018 | (65,790) | 694 | (25,007) | (84,814) | D | 1.11 |
| 2019 | (87,616) | 1,609 | (24,183) | (112,111) | E | 1.18 |
| 2020 | (52,256) | 1,225 | (23,320) | (74,313) | F | 1.24 |
| 2021 | (97,080) | 286 | (22,411) | (47,321) | G | 1.79 |
| 2022 | (73,439) | 276 | (21,457) | (73,307) | | 1.19 |
| 2023 | (56,984) | 1,066 | (20,452) | (76,370) | H | 1.30 |

A Absent the $358,500 CDBG grant for capital improvements.
B Absent the $233,050 Energy grant for capital improvements.
C Absent the $494,462 transfer from the CDBG 2012 Fund related to the CDBG grant funding.
D Absent the $414,944 capital contributions of water utilities from Sumter County and the $23,820 transfer in from the General Fund
E Absent the $74,979 from FEMA and the state for hurricane damage reimbursements.
F Absent the $6,427 from FEMA and the state for hurricane damage reimbursements.
G Excludes $71,884 in extraordinary expenses related to solar panel damage caused by a hurricane.
H Absent the $612,226 transfer in from other funds and the $50,140 loss on demolition of the well.

It should be noted that depreciation expense (a non-cash item) of the water plant and equipment is a significant component of the expense for the Water Utility Fund. For the year ended September 30, 2023, depreciation expense was 39% of total operating expenses.

We have pointed out this declining trend to the City in the prior audit reports. We understand the City raised its water rates by an average of 12%, effective April 1, 2012 and October 1 for each of the following years: 1.63% (2013), 1.41% (2014), 1.57% (2015), 1.29% (2016), 1.51% (2017), 1.76% (2018), 2.36% (2019), 1.76% (2020), 1.17% (2021) and 4.53% (2022) which provided for increased revenues. The water rates will increase again by 7.07% effective October 1, 2023. The City did not meet the rate covenant test in fiscal years ended September 30, 2011 and 2014. The City did meet the rate covenant ratio in the years ended September 30, 2015 through 2023. We strongly recommend the City continue to take the steps necessary to reverse these deteriorating financial conditions in the Water Utility Fund in order to be in compliance with its bond covenants.

## OTHER MATTERS REQUIRED BY THE RULES OF THE AUDITOR GENERAL

In accordance with the Rules of the Auditor General of the State of Florida, the following is noted (continued):

3. Per Auditor General Rule 10.554(1)(i)6, dependent special districts are required to present specific information by management. The following information is presented by management and the auditor provides no assurance on this information relative to the CRA Fund.

    a. Total number of district employees compensated in the last pay period of the City's fiscal year being reported - no employees.
    b. Total number of independent contractors to whom compensation was paid in the last month of the City's fiscal year being reported – one
    c. All compensation earned or awarded to employees, whether paid or accrued, regardless of contingency - $0
    d. All compensation earned or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency - $889
    e. Each construction contract with a total cost of at least $65,000 approved by the City that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project – The City has no construction contracts of at least $65,000.
    f. A budget variance report has been presented as required – see page 42.

Milton Hill
Mayor

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Coleman, FL 33521

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# CITY OF COLEMAN

May 13, 2024

Ms. Sherrill F. Norman, CPA
Auditor General
State of Florida Office of Auditor General
Claude Denson Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

RE: Annual Financial Report – September 30, 2023

Dear Ms. Norman:

With reference to the above report, I offer the following statement as the Chief Executive Officer of the City of Coleman:

1. 2023-1 Improve Knowledge of Internal Control Over Financial Reporting:
   The evaluation for the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP) has determined that it is in the City's best interests to outsource this task to our independent auditors, who are highly skilled in the preparation of governmental financial reports. We believe other options would be cost prohibitive to a small city like Coleman. We still continue to review the financial statement draft, to have significant input into the management discussion and analysis and other pertinent sections and to ensure our auditors are independent of our internal control system.

2. 2023-2 Lack of Segregation of Duties:
   We will continue to provide management review and supervision as well as oversight by the City Council to address this inherent weakness in internal control for small cities like us. As stated in the past, it has been the City's policy for the Mayor to inspect each invoice and the bills are listed for approval by the City Council. Currently there are four authorized check signers; and each check requires two signatures. Financial and Operations Manager lists the bills for approval of payments by the City Council and writes checks; but no checks are signed by her. Public Services Director does perform the function of primary cashier for utility customers and makes deposits for the utility funds and CDBG fund. She also plays an important role in utility billings.

If you have any question, please feel free to contact us.

Sincerely,

Milton Hill

Milton Hill, Mayor

MH/aat

Council Seat 1: Rebecca Backus
Council Seat 2: Sonia Shearer
Council Seat 3: James Sears
Council Seat 4: Charles Felton
Council Seat 5: Toshi V McCants