CITY OF ANNA MARIA, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

TABLE OF CONTENTS

TABLE OF CONTENTS – CONTINUED

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Commission
City of Anna Maria, Florida

Report on the Audit of the Financial Statements

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

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

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

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule, and required pension schedules, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included with the basic financial statements. The other information comprises the impact fee affidavit, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2026 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

CS+L CPAs

CS&L CPAs P.A.

May 26, 2026
Bradenton, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Anna Maria, 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, 2025. Readers should consider the information presented here in conjunction with the basic financial statements.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $17,207,157 (n*et position*). U*nrestricted net position* of $2,281,934 may be used to meet the City's ongoing obligation to citizens and creditors in accordance with the City's fiscal policies. The City has $4,032,211 of unspent debt proceeds to be utilized for hurricane related costs.

- The City's total net position decreased by $1,250,590.

- As of the end of the current fiscal year, the City's governmental fund reported ending fund balance of $6,991,851 an increase of $2,297,412 in comparison with the prior year. The City has $4,032,211 of restricted fund balance for unspent debt proceeds to be utilized for hurricane related costs. The amount of general fund balance available for spending at the City's discretion (unassigned fund balance) is $2,926,974.

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 required 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, deferred inflows and liabilities, with the net difference 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 City'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 (e.g., uncollected revenues).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by ad valorem taxes, impact fees and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The City is engaged in only governmental activities.

The government-wide financial statements can be found on pages 10 and 11 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. The City has only governmental funds.

Governmental funds. Governmental funds focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. These funds are reported using the modified accrual method of accounting and the current financial resources focus. As a result long-term assets and liabilities are not included. The City uses a General fund. The General Fund is the general operating fund. All general tax revenues are accounted for in this fund. From this fund all general operating expenditures, capital and debt services expenditures are paid.

A reconciliation to facilitate the comparison between the governmental fund financial statements and the government-wide financial statements is presented.

The City adopts an annual budget for its general fund. A budgetary comparison schedule has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 12 to 15 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 begin on page 16 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows exceeded liabilities and deferred inflows by $17,207,157 at the close of the most recent fiscal year.

A large portion of the City's net position, $14,925,223 reflects its net investment in capital assets (e.g., land, buildings, infrastructure, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens within the boundaries of the City; consequently, these assets are *not* available for future spending. The City also had significant assets in cash and investments at year-end. Investments are held in qualified Public Depositories, or the State Local Government Surplus Trust Fund as allowed by Florida Statutes.

The following table presents a condensed statement of net position as of September 30, 2025, with comparative totals for September 30, 2024.

	Governmental Activities	
	2025	2024
Current and other assets	$ 7,642,923	$ 6,028,821
Right-to-use subscription asset, net of accumulated amortization	129,578	-
Capital assets	15,259,566	14,849,264
Total Assets	23,032,067	20,878,085
Deferred outflows of pension resources	263,651	223,723
Long-term liabilities outstanding	5,370,483	1,432,064
Other liabilities	431,038	954,172
Total Liabilities	5,801,521	2,386,236
Deferred inflows of pension earnings	287,040	249,384
Net investment of capital assets	14,925,223	14,281,256
Restricted	-	53,646
Unrestricted	2,281,934	4,131,286
Total Net Position	$ 17,207,157	$ 18,466,188

The City's net position decreased $1,250,590 during the current fiscal year. Revenues decreased by $221,139 mainly due to decreased taxes and insurance proceeds, offset by increases in charges for services and grants. Expenses decreased $518,131 mainly due to general government and public works activity offset by an increase in public safety costs.

The following table provides a summary of the City's operations for the year ended September 30, 2025 with comparative totals for the year ended September 30, 2024.

Changes in Net Position – Governmental Activities

	2025	2024
Revenues:		
Program revenues:		
Charges for services	$ 2,635,787	$ 2,437,186
Capital grants and contributions	1,080,276	737,513
	3,716,063	3,174,699
General revenues:		
Ad valorem taxes	3,662,288	4,053,758
Franchise fees	298,509	350,016
Impact fees	87,921	113,539
Communication service tax	107,013	110,185
Stormwater fees	284,103	277,625
State revenue sharing	45,112	42,246
Discretionary tax	111,938	100,467
Sales tax	100,112	91,246
Other taxes	174,322	185,745
Interest income	149,667	219,003
Miscellaneous	210,716	450,374
Total general revenues	5,231,701	5,994,204
Total Revenues	8,947,764	9,168,903
Expenses:		
General government	1,524,353	1,716,298
Public works/building department	6,480,755	7,044,323
Code enforcement	633,317	588,567
Public safety	1,543,943	1,354,681
Interest	15,986	12,616
Total expenses	**10,198,354**	**10,716,485**
Increase (decrease) in net position	**(1,250,590)**	**(1,547,582)**
Net position – Beginning, as restated	18,457,747	20,013,770
Net position – Ending	$ 17,207,157	$ 18,466,188

Beginning net position was restated as of October 1, 2024 due the adoption of GASB Statement No. 101, *Compensated Absences* as discussed in Note 1 (L) of the financial statements.

Financial Analysis of the City's Funds

The City utilizes only one Governmental Fund which is the General Fund.

Governmental fund. The focus of the City's *governmental fund* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City'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.

As of the end of the current fiscal year, the City's general fund reported an ending fund balance of $6,991,851, an increase of $2,297,412 in comparison with the prior year. Of this total $32,666 is nonspendable for prepaid expenses, $4,032,211 is restricted for unspent debt proceeds for hurricane related costs, and $2,926,974 is *unassigned fund balance*, which is available for spending at the City's discretion.

As a measure of the general fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Unassigned fund balance represents 27% of general fund expenditures.

The fund balance of the City's general fund increased by $2,297,412 during the current fiscal year. The significant reasons for the increase are as follows:

- Total revenues increased $319,247 from the prior year. This was due primarily due to an increase in grants, and license and permits, net of decrease in ad valorem and insurance proceeds. The City also had $4,039,000 of debt proceeds including as other financing sources during the year.

- Total expenditures increased $3,514,213. All departmental expenditures increased except for general government department. The City incurred significant capital outlay costs due to costs associated with hurricane cleanup and restoration.

General Fund Budgetary Highlights

The City's general fund budget was not amended during the year. Original and final budgeted revenues, excluding the use of reserves were $14,405,516. Original and final budgeted expenditures were $17,805,841. Actual revenues were less than budgeted revenues by $5,297,576, mainly due to grants. Actual expenditures were $6,963,102 less than final budgeted expenditures due mainly to less capital outlay and operating costs than anticipated.

The General Fund budget is presented as required supplementary information on page 32.

Capital Assets

The City's investment in capital assets amounts to $15,259,566 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, infrastructure, machinery and equipment, and construction in progress. The City's investment in capital assets for the current fiscal year increased by $410,302; this was comprised of $1,076,815 of capital additions, $155,575 loss on disposals, and $510,938 of depreciation expense.

Capital Assets - continued

The following is a condensed schedule of capital assets.

	Governmental Activities 2025	Governmental Activities 2024
Land	$ 2,836,020	$ 2,836,020
Construction in progress	506,365	65,973
Buildings and improvements	9,337,879	9,530,894
Infrastructure	2,441,035	2,416,377
Machinery and equipment	138,267	-
Total (net of depreciation)	$ 15,259,566	$ 14,849,264

See Note 3 of this report for additional information on the City's capital assets.

Long-Term Obligations

The City has existing debt of $4,423,861. The City paid down principal on debt in the amount of $183,147 during the year. The City issued new debt in the amount of $4,039,000 during 2025. Also included in long-term obligations are the City's net pension liability of $809,552, subscription liability of $79,060, and accrued compensated absences of $58,010.

See Note 6 for additional information on the City's long-term debt.

Economic Factors and Next Year's Budgets and Rates

The operating results of the City for the year ended September 30, 2025 were impacted by significant unbudgeted expenses incurred as a result of Hurricanes Helene and Milton. In addition, the City has not been reimbursed from other government agencies, mainly FEMA, for a majority of the expenses incurred. At September 30, 2025, the City has approximately $3.2 million of expenses that have not been reimbursed. The City anticipates reimbursements will be received for a majority of the expenses incurred.

The operating budget of the City for the year ending September 30, 2026 includes $28,255,000 in revenues and expenditures and was approved by the City Commission. This budget includes a millage rate of 1.65, the same as was in place for the year ended September 30, 2025. The budget anticipates reimbursement of outstanding expenditures incurred as a result of the hurricanes that were not received as of September 30, 2025. In addition, revenues were budgeted from other government agencies for reimbursement of expenditures expected to be incurred during the year ending September 30, 2026 for infrastructure repairs as a result of the hurricanes.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City at, City of Anna Maria, Florida, P.O. Box 779, 10005 Gulf Drive, Anna Maria, Florida 34216.

CITY OF ANNA MARIA, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and cash equivalents	$ 1,320,216
Investments	1,910,582
Due from other governments	268,596
Prepaid items	32,666
Other receivables	78,652
Restricted assets:	
Restricted:	
Cash - unspent debt proceeds	4,032,211
Right-to-use subscription asset, net of accumulated amortization	129,578
Capital assets:	
Land	2,836,020
Construction in progress	506,365
Other capital assets, net of depreciation	11,917,181
Total Assets	23,032,067
Deferred Outflows of Resources	
Deferred outflows of pension resources	263,651
LIABILITIES	
Accounts payable	93,108
Accrued expenses	40,605
Unearned revenue	297,325
Non current liabilities	
Due within one year	205,848
Due in more than one year	5,164,635
Total Liabilities	5,801,521
Deferred Inflows of Resources	
Deferred inflows of pension earnings	287,040
	287,040
NET POSITION	
Net investment in capital assets	14,925,223
Unrestricted	2,281,934
TOTAL NET POSITION	$ 17,207,157

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

CITY OF ANNA MARIA, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Change In Net Position Total
Governmental Activities:					
General Government	$1,524,353	$ 591,798	$ –	$ –	$ (932,555)
Public Works/Building Department	6,480,755	1,391,806	–	1,080,276	(4,008,673)
Code Enforcement	633,317	652,183	–	–	18,866
Public Safety	1,543,943	–	–	–	(1,543,943)
Interest	15,986	–	–	–	(15,986)
Total Governmental Activities	10,198,354	2,635,787	–	1,080,276	(6,482,291)

General Revenues:	
Ad Valorem taxes	3,662,288
Franchise fees	298,509
Impact fees	87,921
Communication service tax	107,013
Stormwater utility fee	284,103
Revenue sharing - State	45,112
Discretionary tax	111,938
Sales tax	100,112
Other taxes	174,322
Interest income	149,667
Miscellaneous	210,716
Total general revenues	5,231,701
Change in Net Position	(1,250,590)
Net Position - Beginning, as originally stated	18,466,188
Change in accounting principle (Note 1)	(8,441)
Net Position - Beginning, as restated	18,457,747
Net Position - Ending	$ 17,207,157

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

CITY OF ANNA MARIA, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUND
SEPTEMBER 30, 2025

	General Fund
ASSETS	
Cash and cash equivalents	$ 1,320,216
Investments	1,910,582
Cash restricted – unspent debt proceeds	4,032,211
Due from other governments	268,596
Prepaid items	32,666
Other receivables	78,652
TOTAL ASSETS	$ 7,642,923
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	
Liabilities:	
Accounts payable	$ 93,108
Accrued expenses	40,605
Unearned revenue	297,325
TOTAL LIABILITIES	431,038
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	220,034
TOTAL DEFERRED INFLOWS OF RESOURCES	220,034
Fund Balances:	
Nonspendable	32,666
Spendable:	
Restricted – unspent debt proceeds	4,032,211
Unassigned	2,926,974
TOTAL FUND BALANCE	6,991,851
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 7,642,923

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

CITY OF ANNA MARIA, FLORIDA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

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

Fund Balance - Governmental Fund	$ 6,991,851
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental fund.	15,259,566
The subscription right-to-use asset used in governmental activities is not financial resources and, therefore, is not reported in the general fund.	129,578
Deferred outflows of pension resources are not recognized in the governmental fund, however, they are recorded in the statement of net position under full accrual accounting.	263,651
Deferred inflows of pension earnings are not recognized in the governmental fund, however, they are recorded in the statement of net position under full accrual accounting.	(287,040)
Governmental funds follow the modified accrual basis and revenues are recognized when they become both measurable and available. Revenues received after 60 days are not deemed available. This has no impact on net position in the government-wide financial statements.	220,034
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	(5,370,483)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 17,207,157

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

CITY OF ANNA MARIA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	GENERAL FUND
REVENUES	
Ad valorem taxes	$ 3,662,288
State revenue and other taxes	538,497
Impact fees	87,921
Franchise fees	298,509
Stormwater utility fees	284,103
Licenses and permits	1,983,625
Grants	1,240,452
Fines	652,162
Interest	149,667
Other sources	210,716
Total Revenues	9,107,940
EXPENDITURES	
General government:	
Personal services	712,085
Operating	713,049
Capital outlay	156,138
Total General Government	1,581,272
Public works/building department:	
Personal services	1,442,249
Operating	794,772
Capital outlay	4,728,580
Total Public Works	6,965,601
Code Enforcement:	
Personal services	414,214
Operating	129,395
Capital outlay	98,864
Total Code Enforcement	642,473
Public safety	1,543,943
Debt service:	
Principal	183,147
Interest	9,197
Total Debt Service	192,344
Total Expenditures	10,925,633
Excess of Revenues Over/(Under) Expenditures	(1,817,693)
Other Financing Sources (Uses)	
Proceeds from debt borrowing	4,039,000
Debt issuance costs	(6,789)
Subscription-based information technology agreement	82,894
Total Other Financing Sources (Uses)	4,115,105
NET CHANGE IN FUND BALANCE	2,297,412
FUND BALANCE, October 1, 2024	4,694,439
FUND BALANCE, September 30, 2025	$ 6,991,851

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

CITY OF ANNA MARIA, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balance - total governmental fund	$ 2,297,412
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which additions exceed depreciation expense and loss on disposal of assets.	410,302
In the statement of activities, the subscription right-to-use asset agreement is amortized over its life. However, right-to-use assets are not reported in the general fund.	
Subscription right-to-use asset addition	139,731
Amortization of subscription right-to-use asset	(10,153)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position.	
Subscription liability addition	(82,894)
Principal payments on subscription liability	3,834
Amount of debt principal payments reported as an expenditure in the fund statements, but considered a reduction of a liability in the government-wide statements, and, therefore, not included as an expense item in the statement of activities.	183,147
Proceeds from issuance of debt provides current financial resources at the governmental fund level. However, the transaction has no effect on net position.	(4,039,000)
Some revenues and expenses in the statement of activities that do not provide current financial resources as they do not meet the criteria and are not reported in the governmental fund. This amount represents the change in:	
Unavailable revenue	(160,176)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental fund. This amount represents the change in:	
Compensated absences	(49,569)
Net pension liability	54,504
Deferred outflows of pension resources	39,928
Deferred inflows of pension earnings	(37,656)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ (1,250,590)

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies followed by the City of Anna Maria, Florida (the "City"):

A. REPORTING ENTITY - The City was created with the power to exercise all necessary municipal services. The present charter has been revised periodically and currently provides for an elected Mayor and a five-member commission. The following services are authorized by the present charter: public safety, streets and roads, sanitation, health and social service, culture/recreation, public improvements, planning and zoning, and general administrative services. No potential component units exist.

The City's official title is the City of Anna Maria. The City was established in 1923 under the Laws of Florida Chapter 9675 and operates under a charter, which was last revised in February of 1978 and amended in 1994 and 2003. The legal authority for the City is in Chapter 165 of the Florida Statutes.

B. BASIS OF PRESENTATION - The City's basic financial statements include government-wide (which reports the City as a whole) and fund financial statements (which report only on the General Fund). The basic financial statements present only governmental activities, as the City conducts no business type activities.

BASIS OF ACCOUNTING: BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE STATEMENTS - The government-wide financial statements (Statement of Net Position and Statement of Activities) are prepared using the economic resources measurement focus and the accrual basis of accounting.

The City has no interfund activity. The City's net position is reported in three parts (as applicable): net investment in capital assets; restricted net position, and unrestricted net position. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges for services including licenses and permits, fines and other related revenues 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 instead as general revenues.

BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS - The City's accounts are organized on the basis of funds, which are self-balancing set of accounts that comprise its assets, liabilities, reserves, fund balance, revenues and expenditures. The City utilizes governmental funds, which follow the modified accrual basis of accounting. Under this method, revenues are recorded when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. BASIS OF PRESENTATION - CONTINUED

The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a fund liability is incurred. The City reports the following governmental fund, which is a major fund.

GOVERNMENTAL FUND

GENERAL FUND - The General Fund is the general operating fund of the City. All general tax revenues are accounted for in this Fund. From the Fund are paid the general operating expenditures, capital expenditures and debt service expenditures of the City. Impact fees collected on new construction are also accounted for in this fund. These revenues can only be used for acquisition, construction or purchase of assets required to provide services performed by the city.

C. CAPITAL ASSETS - Capital assets, which include property, buildings, improvements, equipment and infrastructure assets are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life of longer than one year. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal repair and maintenance that do not add to the value of the asset or extend the useful life of the asset are expensed as incurred. The City has elected to report general infrastructure assets on a prospective basis only.

Such assets of the City are depreciated on a straight-line basis over the following estimated useful lives:

Asset	Years
Building	40
Infrastructure	15 - 40
Improvements	20
Vehicles	5
Furniture, fixtures and equipment	5 - 10

D. LONG-TERM OBLIGATIONS - The City's long-term debt, is recorded in the government-wide financial statements. In the fund financial statements, long-term obligations are not reported as they are not due to be paid from current financial resources. Debt issuance costs are expensed as incurred in the government-wide financial statements.

E. BUDGETARY INFORMATION - Annual budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Expenditures should not exceed total appropriations. All annual appropriations lapse at fiscal year end. Budget amendments are approved by the City Commission.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

F. PROPERTY TAXES – Property taxes become due and payable on November 1st of each year. The County tax collector remits the City's portion as such revenues are received. The City collects nearly all of its tax revenue during the period from November 1 through April 1, at which time the property taxes become delinquent. The key dates in the property tax cycle are as follows:

Assessment roll validated	July 1
Millage resolution approved	September 30
Beginning of fiscal year for which taxes have been levied	October 1
Tax bills rendered and due	November 1
Property taxes payable:	
Maximum discount	November 30
Delinquent	April 1
Tax certificates sold	May 31

Property taxes are recognized as revenue in the fiscal year for which the taxes have been levied to the extent they result in current receivables. Under the system outlined above, no material amount of taxes is receivable after the end of the fiscal year.

G. ESTIMATES – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows, deferred outflows, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. COMPENSATED ABSENCES – It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick pay is accrued when incurred in the government wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured or are payable from current financial resources. Compensated absences are liquidated out of the general fund.

I. FUND BALANCE – The City follows Governmental Accounting Standards Board (GASB) Statement No. 54. This statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54, are Nonspendable and Spendable. Spendable is then further classified as Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund Balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

I. FUND BALANCE – CONTINUED

In accordance with GASB Statement 54, the City classified governmental fund balances as follows:

Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Spendable Fund Balance:

Restricted – includes amounts that can be spent only for specific purposes because of State or Federal laws or enabling legislation, or which are externally restricted by providers, such as creditors or grantors.

Committed – includes amounts that can be spent only for specific purposes that are approved by a formal action of the City Commissioners through a resolution or the budget process.

Assigned – includes amounts designated for a specific purpose by the City Commissioners through a resolution or the budget process, which are neither restricted or committed.

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

The City uses restricted amounts first when both restricted and unrestricted fund balance is available, unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made. The City does not have a formal minimum fund balance policy.

	Fund
Non Spendable – Prepaid items	$ 32,666
Spendable:	
Restricted – unspent debt proceeds	4,032,211
Unassigned	2,926,974
Total Fund Balances	$ 6,991,851

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

J. INTERFUND RECEIVABLES/PAYABLES - The City has no interfund receivables or payables.

K. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES - In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. One item qualifies for reporting in this category. A deferred outflow of pension resources is reflected in the government-wide statement of net position.

In addition to liabilities, the statement of net position and governmental fund balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. A deferred inflow of pension earnings is reported in the government-wide statement of net position, and a deferred inflow of resources for unavailable revenue is reported in the governmental fund balance sheet.

L. ADOPTION OF A NEW ACCOUNTING STANDARD - Effective October 1, 2024, the CIty adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* (GASB 101). GASB 101 updates the recognition and measurement guidance for compensated absences, including vacation, sick leave, and other paid leave benefits. Under GASB 101, liabilities for compensated absences are recognized when the benefits are both attributable to services already rendered and are expected to be paid, and emphasizes whether leave accumulates and whether it is more likely than not to be used or paid out.

The adoption of GASB 101 required the restatement of beginning balances of the governmental activities and compensated absences as of October 1, 2024 as follows:

Statement of Financial Position:	
Compensated absences - as originally stated	$ -
Change in accounting principle - GASB 101	8,441
Compensated absences - as restated	$ 8,441
Statement of Activities:	
Net position - as originally stated	$ 18,466,188
Change in accounting principle - GASB 101	(8,441)
Net position - as restated	$ 18,457,747

NOTE 2 - CASH AND INVESTMENTS

The City's investment policies are governed by Florida Statutes in addition to its own investment policies. City monies are authorized to be invested in the following:

- Local Government Surplus Funds Trust Fund (LGSF) or any intergovernmental investment pool authorized through the Florida Interlocal Cooperation Act.
- S.E.C. registered money market funds with the highest credit quality rating from a certified qualified public depository.
- Direct obligations of the U.S. Treasury.
- Interest bearing time deposits or savings accounts in State Certified Qualified Public Depositories as defined in Section 280.02 Florida Statutes.

City bank accounts are with banking institutions that post collateral as required by state statutes (Qualified Public Depositories). The City's policy minimizes credit risk by limiting investments to the safest types. The City's policy minimizes interest rate risk by structuring investments to meet cash requirements for ongoing operations and investing operating funds in shorter term investments.

Local Government Surplus Trust Funds Investment Pool

The City has investments with the State Board of Administration Florida PRIME Fund (Florida PRIME), which are administered by the Florida State Board of Administration (SBA). The City's investments in the Pool are through shares owned in the fund and not the underlying investments. The Florida PRIME is considered a 2a7-like pool and recognized at amortized cost. The account balance in the Florida PRIME approximates its fair value. The Florida PRIME investments are subject to overnight withdrawal. There is a risk of loss of interest on the investments if there are changes in the underlying indexed base.

Interest Rate Risks

The City does not have a specific policy concerning interest rate risk. The City primarily invests in certificates of deposit and other insured deposits and similar investment pools as a means of managing fair value losses arising from increasing interest rates. The Florida PRIME dollar weighted average days to maturity (WAM) is 47 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of Florida PRIME at September 30, 2025 is 73 days.

Credit Risk and Foreign Currency Risk

Credit risk is the possibility that an issuer of a fixed income security held by the Florida PRIME will default on the security by failing to pay interest or principal when due. If an issuer defaults, the Florida PRIME will lose money.

Florida PRIME invests in top-tier, money market assets of the highest quality and has a Standard and Poors rating of AAAm.

Florida PRIME was not exposed to any foreign currency risk during the period from October 1, 2024 through September 30, 2025.

NOTE 2 - CASH AND INVESTMENTS - CONTINUED

Limitations or Restrictions on Qualifying External Investments at Amortized Cost

With regards to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states that "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days."

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. Through September 30, 2025, no such disclosure has been made.

As of September 30, 2025, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

At September 30, 2025, the City had investments in the Florida PRIME in the amount of $1,910,582. For further information regarding the Local Government Surplus Trust Funds Investment Pool, readers should refer to the financial statements and disclosures of the Florida State Board of Administration Local Government Surplus Funds Trust Fund Investment Pool.

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2025 was:

	Beginning Balance	Increases	Decreases	Reclass	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	$ 2,836,020	$ -0-	$ -0-	$ -0-	$ 2,836,020
Construction in Process	65,973	663,526	-0-	(223,134)	506,365
Total capital assets, not being depreciated	2,901,993	663,526	-0-	(223,134)	3,342,385
Capital assets being depreciated:					
Buildings and improvements	10,416,014	38,059	174,308	-0-	10,279,765
Infrastructure	4,107,166	78,427	259,615	223,134	4,149,112
Machinery and equipment	423,789	296,803	259,487	-0-	461,105
Total capital assets being depreciated	14,946,969	413,289	693,410	223,134	14,889,982
Less accumulated depreciation for:					
Buildings and improvements	885,120	185,378	128,612	-0-	941,886
Infrastructure	1,690,789	272,785	255,497	-0-	1,708,077
Machinery and equipment	423,789	52,775	153,726	-0-	322,838
Total accumulated depreciation	2,999,698	510,938	537,835	-0-	2,972,801
Total capital assets, being depreciated, net	11,947,271	(97,649)	155,575	223,134	11,917,181
Governmental activities capital assets, net	$14,894,264	$ 565,877	$ 155,575	$ -0-	$15,259,566

Depreciation expense was allocated $42,664 to general government and $468,274 to public works.

The City has recognized right-to-use subscription assets. Right-to-use subscription asset activity for the fiscal year ended September 30, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Subscription asset				
IT Subscriptions	$ -	$ 139,731	$ -	$ 139,731
Less accumulated amortization for:				
IT Subscriptions	-	(10,153)	-	(10,153)
Total right-to-use subscription asset, net	$ -	$ 129,578	$ -	$ 129,578

NOTE 4 - RECONCILIATION OF GOVERNMENT - WIDE AND FUND FINANCIAL STATEMENTS

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 reconciliation between the net changes in fund balances - total governmental fund as reported in the statement of revenues, expenditures and changes in fund balances, and the changes in net position as reported in the statement of activities is included on page 15 of the basic financial statements. One line in that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The detail is shown below:

Capital outlay as additions	$ 1,076,815
Loss on disposals	(155,575)
Depreciation expense	(510,938)
	$ 410,302

NOTE 5 - RETIREMENT PLAN

Plan Description

Employees of the City are provided with pensions through the Florida Retirement System which is administered by the Florida Department of Management Services, Division of Retirement. The State of Florida issues a publicly available annual comprehensive financial report that can be obtained at http://myfloridacfo.com/transparency/state-financial-reports/FL-ACFR.

Under this system, there are two defined benefit pension plans: The Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program:

- 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 Retiree Health Insurance Subsidy Program (HIS) is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes.

Benefits Provided

The FRS provides retirees a lifetime pension benefit with joint and survivor payment options. Benefits under FRS are computed on the basis of age and/or years of service, average final compensation and service credit. Credit for each year of service is expressed as a percentage of the average final compensation.

NOTE 5 – RETIREMENT PLAN – CONTINUED

If first employed prior to July 1, 2011: Normal retirement age for "regular" employees is 62 or 30 years of service and vesting occurs after 6 years of creditable service. Normal retirement age for "special risk" employees is 55 or 25 years of service and vesting occurs after 6 years of creditable service. The average final compensation is the average of the five highest fiscal years' earnings.

If first employed on or after July 1, 2011: Normal retirement age for "regular" employees is 65 or 33 years of service and vesting occurs after 8 years of creditable service. Normal retirement age for "special risk" employees is 60 or 30 years of service and vesting occurs after 8 years of creditable service. The average final compensation is the average of the eight highest fiscal years' earnings.

The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Under the HIS Plan, the benefit is a monthly payment to assist retirees in paying their health insurance costs. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by $7.50. The minimum payment is $45 and the maximum payment is $225 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree must provide proof of eligible health insurance coverage, which can include Medicare.

Contributions Required and Made

Per Chapter 121, Florida Statutes, contribution requirements of the active employees and the participating employers are established and may be amended by the Florida Department of Management Services, Division of Retirement. Effective July 1, 2011, both employee and employers of the FRS are required to make contributions to establish service credit for work performed in a regularly established position. The Florida Legislature established a uniform contribution rate system for the FRS. The uniform rates are based on the class an employee is placed into which requires employees to contribute 3% and employers to contribute a specified percentage based on class. The City's contractually required contribution rate for the year ended September 30, 2025, ranged from 13.63% – 14.03% for regular employees and was 58.68% – 54.57% for elected officials of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the City were $174,117 for the year ended September 30, 2025.

The HIS Program is funded by required contributions of 2.00% and is included in the contribution rates noted above.

NOTE 5 – RETIREMENT PLAN – CONTINUED

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2025, the City reported a liability of $809,552 for its proportionate share of the net pension liability which includes both FRS and HIS. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2025 for FRS, and July 1, 2024 for HIS. The City's proportion of the net pension liability was based on a long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2025, the City's proportion was .001587959% for FRS and .002471064% for HIS.

For the year ended September 30, 2025, the City recognized pension expense of $70,250. At September 30, 2025, 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
Difference between expected and actual experience	$ 52,639	$ -0-	$ 1,891	$ (502)
Changes in assumptions	57,230	-0-	2,803	(76,608)
Net difference between projected and actual earnings on pension plan investments	-0-	(82,282)	-0-	(264)
Changes in proportion and differences between contributions and proportionate share of contributions	93,430	(83,768)	22,614	(43,616)
City contributions subsequent to the June 30, 2025 measurement date	27,630	-0-	5,414	-0-
	$ 230,929	$(166,050)	$ 32,722	$ (120,990)

Total deferred outflows were $263,651 and total deferred inflows were $287,040. $27,630 (FRS) and $5,414 (HIS) were reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:	FRS	HIS
2026	$ 8,977	$ (16,159)
2027	8,977	(16,159)
2028	8,977	(16,159)
2029	8,977	(16,159)
2030	8,977	(16,159)
Thereafter	(7,636)	(12,885)
	$ 37,249	$ (93,682)

NOTE 5 - RETIREMENT PLAN – CONTINUED

Actuarial Assumptions

The total pension liability in the July 1, 2025 actuarial valuation for FRS and July 1, 2024 for HIS (June 30, 2025 measurement date for both) was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 %
Salary increases	3.50 %, including inflation
Investment rate of return	6.70 %, including inflation at 2.40%

Mortality assumptions were based on PUB-2010 base table, projected generationally with Scale MP-2021 for FRS. HIS mortality assumptions were based on the Generational PUB-2010 with Projection Scale MP-2021. The actuarial assumptions used in the June 30, 2025 FRS valuation were based on the results of an actuarial experience study performed for the period July 1, 2018 – June 30, 2023. Because the HIS is funded on a pay-as-you-go basis, no experience study has been completed for that Plan, but were based on certain results of the most recent experience study for the FRS Plan.

The long-term expected rate of return on pension plan investments consists of two building block components: 1) an inferred real (in excess of inflation) return of 4.20%; and 2) a long-term average annual inflation assumption of 2.40% as adopted in October 2025 by the FRS Actuarial Assumptions Conference. The table below shows the assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Annual Arithmetic Return
Cash	1.00%	3.2%
Fixed income	29.00%	5.5%
Global equity	45.00%	8.5%
Real estate	12.00%	8.4%
Private equity	11.00%	12.4%
Strategic investments	2.00%	6.5%

Discount Rate

The discount rate used to measure the total FRS pension liability was 6.70%. The FRS rate remained unchanged in the most recent actuarial study. The HIS rate used was 5.20%. The HIS rate increased from 3.93% in the most recent actuarial study. The HIS rate is based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index.

NOTE 5 - RETIREMENT PLAN - CONTINUED

Discount Rate - Continued

The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following changes in actuarial assumptions occurred in 2025, all related to HIS:

- All demographic assumptions and methods were reviewed as part of the 2024 Experience Study. Changes were adopted by the 2024 FRS Actuarial Assumption Conference during its meetings in October 2024.

- The assumption changes were updated to reflect recent and anticipated future experience of HIS plan participants. Changes were adopted by the 2025 FRS Actuarial Assumption Conference during its October 2025 meeting.

- The discount rate was modified to reflect the change in value of the municipal bond index between GASB measurement dates. The previous rate was 3.93%.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate for FRS and HIS

The following presents the City's proportionate share of the FRS net pension liability calculated using the discount rate of 6.70%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Discount Rate (6.70%)	1% Increase
City's proportionate share of the FRS net pension liability	$ 967,162	$ 492,825	$ 95,148

The following presents the City's proportionate share of the HIS net pension liability calculated using the discount rate of 5.20%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percent-point lower or 1-percentage- point higher than the current rate:

	1% Decrease	Discount Rate (5.20%)	1% Increase
City's proportionate share of the HIS net pension liability	$ 357,161	$ 316,727	$ 282,816

NOTE 5 - RETIREMENT PLAN - CONTINUED

Pension Plan Fiduciary Net Position

The City's proportion of net position has been determined on the same basis of each Plan. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of Florida annual comprehensive financial report.

Defined Contribution Plan

The City offers its employees an optional deferred compensation plan in accordance with Internal Revenue Code section 457. Employees elect to participate or not. The City does not contribute to the plan. All assets and income of the plan are held in trust for the exclusive benefit of the participants within individual accounts owned by the participants. Accordingly, the assets and liabilities of the plan are not reported within the City's financial statements.

NOTE 6 - LONG-TERM LIABILITIES

Governmental Activities

On August 22, 2016, the City refinanced the remaining balance of the 2011 revenue bonds with a $2,411,746 Public Improvement Revenue Note, Series 2016. The note bears interest of 1.90%, with monthly installments of principal and interest commencing on September 22, 2016. The note matures December 22, 2030. The note is secured by pledged revenues including certain franchise fees, half-cent sales taxes and communication services taxes.

On September 30, 2025, the City entered into a Public Improvement Revenue Note, Series 2025 in the amount of $4,039,000 to finance the construction, design, permitting, acquisition, reconstruction and equipping of various hurricane-related capital projects, as well as debt issuance costs. The note bears interest of 4.75% with monthly interest only payments through September 22, 2028, and then monthly installments of principal and interest commencing October 22, 2028. The note matures September 22, 2040. The note is secured by pledged revenues including certain franchise fees, half-cent sales taxes and communication services taxes. To the extent the City receives reimbursements from FEMA, insurance proceeds, or any other grants related to the 2025 hurricane project, the City will prepay the note within thirty (30) days of receipt.

Total annual debt service requirements for all long-term debt in the governmental activities as of September 30, 2025 are as follows:

Year ending September 30:	Principal	Interest	Total
2026	$ 175,621	$ 204,312	$ 379,933
2027	178,988	205,210	384,198
2028	206,340	199,009	405,349
2029	244,736	422,942	667,678
2030	256,618	166,324	422,942
2031-2035	1,482,508	632,203	2,114,711
2036-2040	1,879,050	235,660	2,114,710
Total	$ 4,423,861	$ 2,065,660	$ 6,489,521

NOTE 6 - LONG-TERM DEBT - CONTINUED

Governmental Activities - Continued

Long-term liabilities changed as follows for the year ended September 30, 2025:

	Beginning Balance	Restatement of Beginning Balance	Additions	Reductions	Ending Balance	Due Within One-Year
2016 Refunding Note	$ 568,008	$ -	$ -	$ (183,147)	$ 384,861	$ 175,621
2025 Revenue Note	-	-	4,039,000	-	4,039,000	-
Total Direct Borrowing	568,008	-	4,039,000	(183,147)	4,423,861	175,621
Subscription Liability	-	-	82,894	(3,834)	79,060	15,724
Compensated Absences	-	8,441	49,569 *	-	58,010	14,503
Net pension Liability	864,056	-	458,647	(513,151)	809,552	-
Governmental activity Long-term liabilities	$ 1,432,064	$ 8,441	$ 4,630,110	$ (700,132)	$ 5,370,483	$ 205,848

* The change in compensated absences is presented as a net change.

Events of default may occur if the City fails to make a principal or interest payment when due; the City defaults on the punctual performance of any other covenants, conditions or agreements and provisions within the note and such default continues for thirty (30) days; any representation or warranty of the City contained in the agreement or any certificate or other closing document proves to be untrue in any material respect; any proceedings are instituted with the consent or acquiescence of the City for the purpose of effecting a compromise between the City and its creditors; the City admits in writing its inability to pay its debts generally as they become due, or files a petition in bankruptcy or makes an assignment for the benefit of its creditors, declares a financial emergency or consents to the appointment of a receiver or trustee for itself; the City is adjudged insolvent by a court or is adjudged bankrupt on a petition of bankruptcy filed against the City; any court assumes custody or control of the City; and the City shall immediately notify the note holder of an event of default.

An event of default may subject the City to certain finance-related consequences such as: upon the occurrence and during the continuance of an Event of Default, the Note shall bear interest at the Default Rates and all payments made on the Note during any such period shall be applied first to interest and then to principal. Upon the occurrence and during the continuance of an Event of Default, the Noteholder may proceed to protect and enforce its rights under the laws of the State of Florida or under this Agreement by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, as the Noteholder shall deem most effective to protect and enforce such rights. Without limiting the generality of the foregoing, the Noteholder shall have the right to bring a mandamus action to require the City to perform its obligations under the Agreements. Acceleration of the payments due on the Notes shall not be a remedy hereunder. The City shall reimburse Holder and its agents for all reasonable legal and collection costs to exercise its remedies or collect its payments in the case of an Event of Default. The Holder shall never have the right to compel the exercise of the ad valorem taxing power of the City to pay the Note or the interest thereon.

NOTE 7 - SUBSCRIPTION-BASED INFORMATION TECHNOLOGY AGREEMENTS

Effective June 1, 2025, the City entered into a subscription-based information technology agreement for cloud-based services in the amount of $82,894. The subscription agreement required monthly payments of $1,550. The agreement ends May 30, 2030. The interest is based on the five year treasury rate of 4.00%.

Effective July 1, 2025, the City entered into a subscription-based information technology agreement for stormwater software in the amount of $56,837. The subscription agreement required an upfront payment of $50,234. The agreement ends June 30, 2028. The interest is based on the three year treasury rate of 3.75%.

Future minimum payments for the subscription agreements are as follows:

September 30,	Principal	Interest	Total
2026	$ 15,724	$ 2,876	$ 18,600
2027	16,364	2,236	18,600
2028	17,031	1,569	18,600
2029	17,725	875	18,600
2030	12,216	184	12,400
TOTAL	$ 79,060	$ 7,740	$ 86,800

Interest of $1,079 relates to the subscriptions and is reported in the statement of activities. The subscriptions expense for the year ended September 30, 2025 was as follows:

Subscription expense	
Amortization expense by class of underlying asset	
IT subscriptions	$10,153
Total amortization expense	10,153
Interest on subscription liability	1,079
Total subscription expense	$11,232

NOTE 8 - 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; and natural disasters for which the City carries commercial insurance. There has been no significant reduction in insurance coverage from the prior year, and there have been no settlements or claims in excess of coverage.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

From time to time the City is involved in litigation with various parties. The outcome of any matters cannot be determined at this time. The City's insurance carrier has assigned legal counsel, and it is expected in the event of any unfavorable outcome, that any claim will be addressed by the City's insurance carrier. However, it is at least reasonably possible that additional liabilities could result in a future period.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ANNA MARIA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
NON-GAAP BUDGET BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
REVENUES				
Ad valorem taxes	$ 3,855,638	$ 3,855,638	$ 3,662,288	$ (193,350)
State shared revenue and other taxes	748,528	748,528	538,497	(210,031)
Impact fees	110,000	110,000	87,921	(22,079)
Franchise fees	165,000	165,000	298,509	133,509
Stormwater utility fee	388,000	388,000	284,103	(103,897)
Licenses and permits	1,628,000	1,628,000	1,983,625	355,625
Grants	6,742,290	6,742,290	1,240,452	(5,501,838)
Fines and forfeitures	342,000	342,000	652,162	310,162
Interest	237,000	237,000	149,667	(87,333)
Other sources	189,060	189,060	210,716	21,656
Total Revenues	14,405,516	14,405,516	9,107,940	(5,297,576)
EXPENDITURES				
General government				
Personal services	479,680	479,680	712,085	(232,405)
Operating	1,609,093	1,609,093	713,049	896,044
Capital outlay	-	-	73,244	(73,244)
Public Works/Building				
Personal services	1,091,667	1,091,667	1,442,249	(350,582)
Operating	5,529,175	5,529,175	794,772	4,734,403
Capital outlay	6,571,389	6,571,389	4,728,580	1,842,809
Code Enforcement				
Personal services	321,979	321,979	414,214	(92,235)
Operating	401,692	401,692	129,395	272,297
Capital outlay	63,000	63,000	98,864	(35,864)
Public Safety				
Operating	1,545,822	1,545,822	1,543,943	1,879
Debt Service	192,344	192,344	192,344	-
Total Expenditures	17,805,841	17,805,841	10,842,739	6,963,102
NET CHANGE IN FUND BALANCE	(3,400,325)	(3,400,325)	(1,734,799)	1,665,526
FUND BALANCE, Beginning	4,694,439	4,694,439	4,694,439	-
FUND BALANCE, Ending	$ 1,294,114	$ 1,294,114	$ 2,959,640	$ 1,665,526

Note 1-Budget Basis
The general fund budget is presented on a basis consistent with U.S. generally accepted accounting principles.

Note 2-Reconciliation of NON-GAAP Budgetary Basis to GAAP (Modified Accrual) Basis
The City did not budget for debt proceeds or subscription-based information technology agreements.

	GAAP BASIS	BUDGET BASIS ADJUSTMENT	BUDGET BASIS
General government-capital outlay	$ (156,138)	$ 82,894	$ (73,244)
Other Financing Sources			
Proceeds from financing	$ 4,039,000	$ (4,039,000)	$ -
Debt issuance costs	$ (6,789)	$ 6,789	$ -
Subscription-based information technology agreement	$ 82,894	$ (82,894)	$ -
Net Change in Fund Balance	$ 2,297,412	$ (4,032,211)	$ (1,734,799)

CITY OF ANNA MARIA, FLORIDA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY - FRS
LAST TEN YEARS

FLORIDA RETIREMENT SYSTEM (FRS)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
City's proportion of the net pension liability	0.001258397%	0.001459582%	0.001579931%	0.001350031%	0.001427044%	0.001735125%	0.001779722%	0.001569558%	0.001277715%	0.001587959%
City's proportionate share of the net pension liability	$ 317,746	$ 431,735	$ 475,883	$ 464,932	$ 618,515	$ 131,081	$ 662,200	$ 625,419	$ 494,280	$ 492,825
City's covered-employee payroll	$ 545,165	$ 627,108	$ 726,477	$ 700,173	$ 871,365	$ 977,267	$ 1,021,207	$ 1,055,863	$ 1,032,123	$ 1,150,104
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	58.28%	68.85%	65.51%	66.40%	70.98%	13.41%	64.84%	59.23%	47.89%	42.85%
Plan fiduciary net position as a percentage of total pension liability	84.88%	83.89%	84.26%	82.61%	78.85%	96.40%	82.89%	82.38%	82.70%	87.26%

CITY OF ANNA MARIA, FLORIDA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - HIS
LAST TEN YEARS

RETIREE HEALTH INSURANCE SUBSIDY PROGRAM (HIS)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
City's proportion of the net pension liability	0.001708915%	0.001954387%	0.002223888%	0.002047333%	0.002485238%	0.002730120%	0.002696325%	0.002831927%	0.002465014%	0.002471064%
City's proportionate share of the net pension liability	$ 199,167	$ 208,972	$ 235,379	$ 229,076	$ 303,443	$ 334,890	$ 285,584	$ 449,748	$ 369,776	$ 316,727
City's covered-employee payroll	$ 545,165	$ 627,108	$ 726,477	$ 700,173	$ 871,365	$ 977,267	$ 1,021,207	$ 1,055,863	$ 1,032,123	$ 1,150,104
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	36.53%	33.32%	32.40%	32.72%	34.82%	34.27%	27.97%	42.60%	35.83%	27.54%
Plan fiduciary net position as a percentage of total pension liability	97.00%	1.64%	2.15%	2.63%	3.00%	3.56%	4.81%	4.12%	4.80%	6.36%

CITY OF ANNA MARIA, FLORIDA
SCHEDULE OF THE CITY'S CONTRIBUTIONS - FRS
LAST TEN YEARS

FLORIDA RETIREMENT SYSTEM (FRS)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually required contribution	$ 30,688	$ 37,997	$ 45,027	$ 41,861	$ 47,414	$ 66,101	$ 75,944	$ 75,506	$ 72,352	$ 94,812
Contributions in relation to the contractually required contribution	30,688	37,997	45,027	41,861	47,414	66,101	75,944	75,506	72,352	94,812
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered-employee payroll	$ 545,165	$ 627,108	$ 726,477	$ 700,173	$ 871,365	$ 977,267	$ 1,021,207	$ 1,055,863	$ 1,032,123	$ 1,150,104
Contributions as a percentage of covered employee payroll	5.63%	6.06%	6.20%	5.98%	5.44%	6.76%	7.44%	7.15%	7.01%	8.24%

CITY OF ANNA MARIA, FLORIDA
SCHEDULE OF THE CITY'S CONTRIBUTIONS - HIS
LAST TEN YEARS

RETIREE HEALTH INSURANCE SUBSIDY PROGRAM (HIS)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually required contribution	$ 8,759	$ 10,343	$ 12,060	$ 11,369	$ 14,321	$ 16,048	$ 16,315	$ 18,629	$ 20,870	$ 22,085
Contributions in relation to the contractually required contribution	8,759	10,343	12,060	11,369	14,321	16,048	16,315	18,629	20,870	22,085
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered-employee payroll	$ 545,165	$ 627,108	$ 726,477	$ 700,173	$ 871,365	$ 977,267	$ 1,021,207	$ 1,055,863	$ 1,032,123	$ 1,150,104
Contributions as a percentage of covered employee payroll	1.61%	1.65%	1.66%	1.62%	1.64%	1.64%	1.60%	1.76%	2.02%	1.92%

ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial assumptions for both defined benefit plans (FRS and HIS) are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. This HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed for the period July 1, 2018, through June 30, 2023. 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 total pension liability for the FRS and HIS plan was determined by an actuarial valuation as of July 1, 2025 for FRS and July 1, 2024 for HIS. Both plans used the individual entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth for both plans is assumed at 3.50%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.70%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 5.20% was used to determine the total pension liability for the program. Mortality assumptions for the FRS plan was based on the PUB-2010 base table, projected generationally with Scale MP-2021, and mortality assumptions for the HIS program were based on the Generational PUB-2010 with Projection Scale MP-2021.

The following changes in actuarial assumptions occurred in 2025 for HIS:

- All demographic assumptions and methods were reviewed as part of the 2024 Experience Study. Changes were adopted by the 2024 FRS Actuarial Assumption Conference during its meetings in October 2024.

- The assumption changes were updated to reflect recent and anticipated future experience of HIS program participants. Changes were adopted by the 2025 FRS Actuarial Assumption Conference during its October 2025 meeting.

- The discount rate was modified to reflect the change in the value of the municipal bond index between GASB measurement dates. The previous rate was 3.93%.

<u>OTHER REPORTS</u>

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

To the Honorable Mayor and City Commission
City of Anna Maria, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the City of Anna Maria, Florida (the "City"), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 26, 2026.

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 designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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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*.

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.

CS+L CPAs

CS&L CPAs, P.A.

May 26, 2026
Bradenton, Florida

MANAGEMENT LETTER

To the Honorable Mayor and City Commission
City of Anna Maria, Florida

Report on the Financial Statements

We have audited the financial statements of City of Anna Maria, Florida (the "City") as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated May 26, 2026.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards;* Schedule of Findings; and Independent Accountant's Report on Investment Compliance on an examination conducted in accordance with *AICPA Professional Standards,* AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated May 26, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. Finding 2025-01 is a continuation of Finding 2024-01 and Finding 2023-01 from the two preceding audit reports. Finding 2025-02 is a continuation of Finding 2024-02 from the preceding audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes to the financial statements.

Financial Condition and Management

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

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we noted Findings/comments 2025-01, 2025-02, and 2025-03, which are included in the Schedule of Findings.

Property Assessed Clean Energy (PACE) Programs

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

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or fraud, waste, or abuse, that has occurred, or is likely to have occurred, that has an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we noted Finding 2025-03, which should be considered in conjunction with this management letter.

Purpose of this Letter

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

CS+L CPAs

CS&L CPAs P.A.

May 26, 2026
Bradenton, Florida

2025-01 Overtime Policy

Criteria: Per the City policy provided, exempt employee overtime hours must be approved in advance by the Mayor. City records should document all amounts being paid pursuant to City policy.

Condition: During our testing of payroll, we noted that overtime hours for exempt employees were not approved in advance by the Mayor. We also noted that not all timesheets and records were available for inspection.

Cause: City employees did not follow established policy regarding overtime hours. The City did not maintain timesheet records in various instances in order to support all amounts being paid for payroll.

Effect: City employees being paid for overtime due to hours reported impact the City's budget. Employees working additional hours due to staffing issues, or performing multiple jobs, might result in overlapping duties, which could result in a lack of separation of duties. Payroll, including overtime paid, which do not have appropriate time records do not support the amounts being paid.

Recommendation: The City should review its policies and ensure all are appropriate, and ensure all payroll records are on file. During the year ended September 30, 2025, the City amended its policies to prohibit overtime for exempt employees, unless in a declared emergency and approved by the mayor in advance.

2025-02 Year-end Adjustments

Criteria: Internal controls over financial reporting should ensure limited adjustments are posted in order to report financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

Condition: During the audit, various adjustments were necessary to properly reflect the financial statements in accordance with GAAP.

Cause: Due to turnover in the City's accounting department, various adjustments were required during the audit process.

Effect: Adjustments were necessary to properly reflect the financial statements in accordance with GAAP.

Recommendation: The City should ensure to establish appropriate internal control over financial reporting, which includes reconciling balance sheet accounts on a regular basis, and implementing a review process by someone independent of the preparer. All differences should be investigated immediately for possible correction. The City has now separated the City Clerk and Treasurer positions, and added additional controls and resources, which should assist in the process. We also recommend that the City separate authorized signers from accounting functions.

2025-03 **Credit Card Policy**

Criteria: The City's credit card policy provides that authorized credit card users must provide supporting receipts for all City issued credit card charges, and the use of the City credit card must be used for City authorized business purchases only, which excludes personal items among others.

Condition: The City has informed us that upon its internal review of credit card statements, various purchases were identified that did not have supporting receipts, and that certain purchases do not appear to be City authorized business purchases. During the audit process, we reviewed a selection of credit card statements and noted supporting receipts were not retained for all credit card charges, and that certain purchases did not appear to be for authorized City use.

Cause: The City did not follow internal controls and policies that provide for proper review and approval and documentation of all credit card purchases.

Effect: City policy on the use of credit cards appears to not have been followed. Certain purchases are not supported by a business receipt, and there may be purchases included that are not for authorized City business.

Recommendation: The City should review its internal controls and policies to ensure all are appropriate. The City should also follow established policies, ensure appropriate record retention and review processes are put in place, and ensure proper approval and review processes are in place. The City revised its credit card policy in May of 2025, and has enforced appropriate review, approval and documentation processes over credit card purchases.

City of Anna Maria

June 16, 2026

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

RE: CITY OF ANNA MARIA, FLORIDA MANAGEMENT'S RESPONSE TO AUDIT FINDINGS FOR THE YEAR ENDED SEPTEMBER 30, 2025

Dear Auditor General,

The City of Anna Maria respectfully submits the following responses to the audit findings and recommendations identified in the Schedule of Findings for the fiscal year ended September 30, 2025. Management has reviewed each finding in detail and concurs with the auditor's observations. The City is committed to maintaining strong internal controls, ensuring compliance with all policies and procedures, and continuously improving financial management practices, especially in light of the significant operational challenges posed by Hurricanes Helene and Milton during the fiscal year.

Finding 2025-01 – Overtime Policy Criteria: City policy requires advance approval by the Mayor for exempt employee overtime hours, with proper documentation of all payroll amounts. **Condition:** Overtime hours for exempt employees were not always pre-approved, and some timesheets/records were not maintained.

Management's Response: Management agrees with this finding. In July 2025, the City amended its personnel policies to clearly identify when exempt employees may be eligible for overtime and the approval process for granting overtime. This change was implemented to address the issues noted and to strengthen controls over payroll expenditures.

To further correct the condition and prevent recurrence, the City has:

- Implemented standardized timesheet requirements for all employees, including exempt staff.
- Centralized record retention procedures to ensure all supporting documentation is maintained and readily available for review.
- Provided additional training to department heads and administrative staff on the updated overtime policy and documentation requirements.

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Corrective action has been substantially completed as of the date of this response. The City Clerk and/or City Treasurer will monitor compliance on an ongoing basis. Responsible official: City Clerk and/or City Treasurer.

__Finding 2025-02 – Year-end Adjustments Criteria:__ Strong internal controls over financial reporting should minimize the need for significant audit adjustments to ensure financial statements are presented in accordance with GAAP. **Condition:** Various year-end adjustments were required due to turnover in the accounting department.

Management's Response: Management agrees with this finding. The adjustments were primarily the result of staff turnover in the finance function during a period of extraordinary workload caused by hurricane recovery efforts (including approximately $3.2 million in unreimbursed expenses at year-end and significant capital outlays funded by $4,039,000 in new debt proceeds).

To address this finding and strengthen internal controls, the City has already implemented the following:

- Separation of the City Clerk and Treasurer positions to provide additional oversight and segregation of duties.
- The hiring of a new City Treasurer in February 2026 who is a certified public accountant and has prior experience serving as a treasurer for another municipality in the State of Florida.
- Reconciliation procedures for all balance sheet accounts performed on a regular basis with independent review by someone other than the preparer.
- Additional staffing resources and training to support the finance function.
- Implementation of a new accounting ERP system that by default requires multi-level approvals before requisitions and invoices can be processed.

The City is implementing separation of authorized signers from day-to-day accounting functions where practicable. These measures are expected to significantly reduce the need for audit adjustments in future periods. Responsible official: City Treasurer.

__Finding 2025-03 – Credit Card Policy Criteria:__ The City's credit card policy requires supporting receipts for all charges and restricts use to authorized City business purchases only. **Condition:** Certain credit card charges lacked supporting documentation, and some purchases did not appear to be for authorized City business.

Management's Response: Management agrees with this finding. Upon the City's own internal review of credit card statements, the same issues were identified, prompting immediate action.

In May 2025, the City revised its credit card policy and has since enforced stricter review, approval, and documentation processes. Key improvements include:

- Mandatory submission and retention of itemized receipts for every transaction.
- Pre-approval requirements for all credit card use.
- Monthly detailed review of statements by the City Clerk/Treasurer (or designee) with follow-up on any questionable items.

- Institution of new policies regarding those rare situations when purchased items are picked-up at a store
- Implementation of new policies prohibiting the delivery of purchases to personal addresses.
- Prohibition on personal purchases and immediate reimbursement requirements where exceptions occur.

These enhanced controls are now fully operational and have been communicated to all authorized cardholders. Responsible official: City Treasurer.

Management appreciates the auditors' recommendations and views this process as an opportunity to further strengthen the City's financial operations. Despite the operational disruptions from the 2024 hurricanes and prior staff turnover, the City's overall financial position remains solid, with governmental fund balance increasing by $2,297,412 to $6,991,851 (including $4,032,211 restricted for unspent debt proceeds) and total net position of $17,207,157 as of September 30, 2025. We remain committed to timely reimbursement pursuits (primarily FEMA) and sound fiscal stewardship.

We believe the corrective actions described above fully address the findings. The City will provide updates on implementation status in future reporting as required.

Respectfully submitted,

Mark Short

Mark Short,
Mayor, City of Anna Maria

INDEPENDENT ACCOUNTANT'S REPORT ON INVESTMENT COMPLIANCE

To the Honorable Mayor and City Commission
City of Anna Maria, Florida

We have examined the City of Anna Maria, Florida's (the "City") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2025. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements 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.

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

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

In our opinion, the City complied in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds for the year ended September 30, 2025.

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

CS+L CPAs

CS&L CPAs P.A.

May 26, 2026
Bradenton, Florida

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SARASOTA 1515 Ringling Boulevard, Suite 900 Sarasota, FL 34236 ph 941.954.4040
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IMPACT FEE AFFIDAVIT

City of Anna Maria

IMPACT FEE AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared Mark Short, who being duly sworn, deposes and says on oath that:

1. I am the Mayor of the City of Anna Maria which is a local government entity of the State of Florida;

2. The governing body of the City of Anna Maria adopted Ordinance No, 20-871 implementing an impact fee or authorized the City of Anna Maria to receive and expend proceeds of an impact fee implemented by Raftelis; and

3. The City of Anna Maria has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

Mark Short

Mark Short,
Mayor

STATE OF FLORIDA
COUNTY OF MANATEE
SWORN TO AN SUBSCRIBED before me this 30 day of March, 2026.

Notary Public State of Florida
Barbara Jeffries
My Commission HH 445970
Expires 9/20/2027

Barbara Jeffries
NOTARY PUBLIC
Print Name Barbara Jeffries

Personally known ✓ or produced identification ____________

Type of identification produced: ____________________
My Commission Expires: 9/20/2027

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