

**CITY OF COLEMAN, FLORIDA**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

**CITY OF COLEMAN FLORIDA  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

**TABLE OF CONTENTS**

City Council and Principal City Officials .....	1
Independent Auditor’s Report.....	2
Management’s Discussion and Analysis.....	6
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide Financial Statements:	
Statement of Net Position .....	14
Statement of Activities.....	15
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	16
Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Funds.....	17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	19
Statement of Net Position – Proprietary Fund .....	20
Statement of Revenues, Expenditures, and Changes in Net Position – Proprietary Fund .....	21
Statement of Cash Flows – Proprietary Fund .....	22
Notes to Basic Financial Statements.....	23
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary Comparison Schedule – General Fund.....	42
Budgetary Comparison Schedule – Gasoline Tax Road Fund.....	43
Budgetary Comparison Schedule – CRA Fund .....	44
Notes to Budgetary Comparison Schedules.....	45
Florida Retirement System and Health Insurance Subsidy	
Schedule of the City’s Proportionate Share of the Net Pension Liability.....	46
Schedule of the City’s Contributions .....	47
<b>OTHER SUPPLEMENTARY INFORMATION</b>	
Balance Sheet – Nonmajor Governmental Funds .....	48
Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	49
<b>COMPLIANCE SECTION</b>	
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 <i>Government Auditing Standards</i> .....	50
Schedule of Findings.....	52
Independent Accountant’s Report on Compliance with the Requirements of Section 218.415 Florida Statutes .....	53
Independent Auditor’s Management Letter Required by Chapter 10.550, Rules of the State of Florida, Office of the Auditor General .....	54
Corrective Action Plan.....	57

**CITY OF COLEMAN, FLORIDA  
CITY COUNCIL AND PRINCIPAL CITY OFFICIALS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

**MAYOR PRO TEM**

Charles Felton

**CITY COUNCIL**

Charles Felton (President)  
James Sears (Vice President)  
Mary R. Stone  
Sonia Shearer  
Ke'Marein Williams

**CITY ATTORNEY**

W. Scott Wynn

**INDEPENDENT AUDITOR’S REPORT**

To the Honorable Mayor and City Council  
City of Coleman, Florida

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

**Qualified and Unmodified Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Coleman, Florida (the “City”), as of and for the year ended September 30, 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.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Business-type Activities	Qualified
General Fund	Unmodified
Gasoline Tax Road Fund	Unmodified
CRA Fund	Unmodified
CDBG-CV Fund	Unmodified
Water Utility Fund	Qualified
Sanitation Fund	Qualified
Aggregate Remaining Fund Information	Unmodified

Qualified Opinions on the Governmental Activities, Business-type Activities, Water Utility Fund, and Sanitation Fund

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the water utility fund, and the sanitation fund of the City, as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on the General Fund, Gasoline Tax Road Fund, CRA Fund, CDBG-CV Fund, and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund, gasoline tax road fund, CRA fund, CDBG-CV fund, and the aggregate remaining fund information of the City as of September 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Basis for Qualified and Unmodified Opinions**

We conducted our audit 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 qualified and unmodified audit opinions.

Matter Giving Rise to the Qualified Opinions on the Governmental Activities, Business-type Activities, Water Utility Fund, and Sanitation Fund

As discussed in Note 7 to the financial statements, the City has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Accounting principles generally accepted in the United States of America require recording of an obligation for postemployment benefits other than pensions, which would increase liabilities, decrease net position, and change the expenses in governmental activities, business-type activities, water utility fund, and sanitation fund. The effects of this departure from accounting principles generally accepted in the United States of America on the governmental activities, business-type activities, water utility fund, and sanitation fund has not been determined.

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

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

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

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

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

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

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

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and other required supplementary information 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.

Management has omitted the schedule of changes in the City's total OPEB liability and related ratios that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial

statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 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.

*Moran & Smith LLP*  
Moran & Smith LLP  
Tallahassee, Florida  
June 8, 2026

**CITY OF COLEMAN, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

As management of the City of Coleman, Florida (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2025.

**Financial Highlights**

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$5,179,914 (net position). Of this amount, \$505,776 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- During the fiscal year the City's total net position increased by \$328,516; and the unrestricted net position increased by \$179,751.
- The Water Utility Fund incurred an operating loss of \$(82,407); however, a significant factor contributing to this loss is depreciation expense of \$114,653 (a noncash expense).
- The City has a net pension liability of \$91,551, a decrease of \$64,344 from the prior year.
- Under an interlocal agreement, the City paid \$133,903 to the Sumter County Sheriff's Department to provide police protection.
- The millage rate in fiscal year 2024 was 3.4037 mills, generating \$99,024 in ad valorem taxes. The millage rate in fiscal year 2025 was 3.2500 mills generating \$106,540 in ad valorem taxes.
- During the fiscal year 2025, the City received donated capital assets from Sumter County with an estimated total fair market value of \$31,125.

**Overview of the Financial Statements**

This discussion and analysis are 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 required supplementary information and other supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements**

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

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

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

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

**CITY OF COLEMAN, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

The government-wide financial statements can be found on pages 14 through 15 of this report.

**Fund Financial Statements**

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

**Governmental Funds**

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

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

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

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

The basic governmental fund financial statements can be found on pages 16 through 19 of this report.

**Proprietary Funds**

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

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

The basic proprietary fund financial statements can be found on pages 20 through 22 of this report.

**CITY OF COLEMAN, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 through 41 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City. Required supplementary information can be found on pages 42 through 47 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. In the case of the City, assets exceeded liabilities by \$5,179,914 at the close of the most recent fiscal year.

**City of Coleman, Florida's Net Position  
Governmental Activities**

	2025	2024	Increase (Decrease)
<b>Assets</b>			
Current Assets	\$ 649,841	\$ 1,355,860	\$ (706,019)
Noncurrent Assets	932,225	-	932,225
Capital Assets	1,474,784	993,188	481,596
<b>Total Assets</b>	<b>3,056,850</b>	<b>2,349,048</b>	<b>707,802</b>
<b>Deferred Outflows of Resources</b>			
Deferred Outflows Related to Pensions	15,335	15,508	(173)
<b>Liabilities</b>			
Current Liabilities	334,820	50,446	284,374
Noncurrent Liabilities	89,251	143,572	(54,321)
<b>Total Liabilities</b>	<b>424,071</b>	<b>194,018</b>	<b>230,053</b>
<b>Deferred Inflows of Resources</b>			
Deferred Inflows Related to Pensions	54,737	19,338	35,399
<b>Net Position</b>			
Net Investment in Capital Assets	1,474,784	990,054	484,730
Restricted	782,436	971,801	(189,365)
Unrestricted	336,157	189,345	146,812
<b>Total Net Position</b>	<b>\$ 2,593,377</b>	<b>\$ 2,151,200</b>	<b>\$ 442,177</b>

**CITY OF COLEMAN, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

<b>Business-type Activities</b>			
	2025	2024	Increase (Decrease)
<b>Assets</b>			
Current Assets	\$ 207,062	\$ 207,772	\$ (710)
Noncurrent Assets	298,970	297,023	1,947
Capital Assets	2,497,017	2,601,096	(104,079)
<b>Total Assets</b>	<b>3,003,049</b>	<b>3,105,891</b>	<b>(102,842)</b>
<b>Deferred Outflows of Resources</b>			
Deferred Outflows Related to Pensions	2,767	18,547	(15,780)
<b>Liabilities</b>			
Current Liabilities	72,457	50,399	22,058
Noncurrent Liabilities	336,947	390,214	(53,267)
<b>Total Liabilities</b>	<b>409,404</b>	<b>440,613</b>	<b>(31,209)</b>
<b>Deferred Inflows of Resources</b>			
Deferred Inflows Related to Pensions	9,875	16,926	(7,051)
<b>Net Position</b>			
Net Investment in Capital Assets	2,152,317	2,233,296	(80,979)
Restricted	264,601	296,923	(32,322)
Unrestricted	169,619	136,680	32,939
<b>Total Net Position</b>	<b>\$ 2,586,537</b>	<b>\$ 2,666,899</b>	<b>\$ (80,362)</b>

By far the largest portion of the City's net position (\$3,627,101 or 70%) reflects its investment in capital assets (e.g., land, buildings and improvements, infrastructure, vehicles, and equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (\$1,047,037 or 20%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$505,776 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in total net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

**CITY OF COLEMAN, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

**City of Coleman, Florida's Changes in Net Position**

<b>Governmental Activities</b>			
	2025	2024	Increase (Decrease)
<b>Revenues:</b>			
Program Revenues:			
Charges for Services	\$ 18,175	\$ 8,214	\$ 9,961
Operating Grants and Contributions	-	-	-
Capital Grants and Contributions	602,174	168,982	433,192
General Revenues:			
Property Taxes	167,583	157,474	10,109
Franchise and Utility Taxes	141,138	115,973	25,165
Discretionary Surtax	110,988	113,369	(2,381)
Sales Tax	53,496	56,194	(2,698)
Local Option Gas Tax	26,899	26,208	691
Communications Service Tax	21,084	22,054	(970)
Other State Shared Revenues	46,690	46,779	(89)
Interest Income	5,943	5,419	524
Miscellaneous Income	3,516	1,008	2,508
Total Revenues	1,197,686	721,674	476,012
<b>Expenses:</b>			
General Government	354,984	281,106	73,878
Transportation	150,848	108,392	42,456
Public Safety	144,660	137,495	7,165
Physical Environment	40,362	54,038	(13,676)
Culture and Recreation	97,787	118,040	(20,253)
Interest on Long-Term Debt	167	-	167
Total Expenses	788,808	699,071	89,737
<b>Change in Net Position Before Transfers</b>	408,878	22,603	386,275
<b>Transfers In (Out)</b>	-	(96,044)	96,044
<b>Change in Net Position</b>	408,878	(73,441)	482,319
<b>Net Position, Beginning of Year,</b>			
<b>Previously Reported</b>	2,151,200	2,224,641	(73,441)
<b>Restatement</b>	33,299	-	33,299
<b>Net Position, Beginning of Year, Restated</b>	2,184,499	2,224,641	(40,142)
<b>Net Position, End of Year</b>	\$ 2,593,377	\$ 2,151,200	\$ 442,177

**CITY OF COLEMAN, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

<b>Business-type Activities</b>			
	2025	2024	Increase (Decrease)
<b>Revenues:</b>			
Program Revenues:			
Charges for Services	\$ 408,600	\$ 416,430	\$ (7,830)
General Revenues:			
Interest Income	2,507	2,075	432
Total Revenues	411,107	418,505	(7,398)
<b>Expenses:</b>			
Water Utility	369,322	340,624	28,698
Sanitation	122,147	126,666	(4,519)
Total Expenses	491,469	467,290	24,179
<b>Change in Net Position Before Transfers</b>	(80,362)	(48,785)	(31,577)
<b>Transfers In (Out)</b>	-	96,044	(96,044)
<b>Change in Net Position</b>	(80,362)	47,259	(127,621)
<b>Net Position, Beginning of Year</b>	2,666,899	2,619,640	47,259
<b>Net Position, End of Year</b>	\$ 2,586,537	\$ 2,666,899	\$ (80,362)

**Governmental Activities**

Governmental activities increased the City's net position by \$408,878 in the most recent fiscal year. The key element of this change was an increase in capital grants and contributions of \$433,192 from the prior fiscal year.

**Business-type Activities**

In the most recent fiscal year, business-type activities decreased the City's net position by \$(80,362). Depreciation expense (a non-cash item) of \$114,653 is a significant component of this loss.

**Financial Analysis of the Government's Funds**

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

**Governmental Funds**

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

The City's total revenues for governmental funds increased by \$444,885, primarily due to an increase in capital grants. Total expenditures for governmental funds increased by \$482,955, primarily due to grant funded capital outlay. As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,251,144.

**CITY OF COLEMAN, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$306,726. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned fund balance represents 48% of total General Fund expenditures.

**Proprietary Funds**

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

The total decrease in net position for all enterprise funds was \$(80,362). The Water Utility Fund incurred an operating loss of \$(82,407) compared to the prior year operating loss of \$(42,794). The decrease from the prior year is due to a decrease in impact fee operating revenue, combined with an increase in operating expenses. Depreciation, a non-cash expense, accounted for 33% of total operating expenses. The City will continue to work on means to ensure the Water Utility Fund does not operate at a loss, as well as working to ensure it meets the bond covenant required ratio of 1.1.

The Sanitation Fund experienced an increase of \$17,839 in net position compared to the prior year increase of \$11,339. The increase is due to a combination of minor increases in operating revenue and decreases in operating expenses.

**General Fund Budgetary Highlights**

The City did not amend its budget during the current year. The City underspent the annual budget.

The actual revenues in the General Fund were \$287,927 less than the budget due to the City receiving fewer grant funds than anticipated. Total actual expenditures in the General Fund were \$269,110 less than the budget due to having fewer grant related capital outlay expenditures than anticipated.

**Capital Asset and Debt Administration**

**Capital Assets**

The City's total investment in capital assets for its governmental and business-type activities as of September 30, 2025, amounted to \$3,971,801 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, water utility systems, vehicles, machinery and equipment, park facilities, and roads.

The City previously leased a tractor which was purchased at the end of the lease and transferred from right-of-use lease assets to capital assets. Additionally, the City received donated capital assets from Sumter County which included a vehicle and street maintenance equipment, with an estimated total fair market value of \$31,125. Total expenditures for capital assets were \$550,493 for governmental activities and \$10,575 for business-type activities.

Major capital asset additions in the current fiscal year include construction in progress related to improvements to the City's parks. The park improvement projects are being funded by capital grants.

Additional information on the City's capital assets can be found in Note 5 of this report.

**Long-term Debt**

At the end of the current fiscal year, the City had a balance of \$344,700 outstanding on its water revenue bond.

**CITY OF COLEMAN, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Additional information on the City's long-term debt can be found in Note 6 of this report.

**Economic Factors and Next Year's Budgets and Rates**

The following factors were considered in preparing the City's budget for the 2025-2026 fiscal year:

- For the fiscal year ending September 30, 2026, the millage rate will be 3.2500 mills, which is equal to the roll-back rate.
- The City is raising its water rates by 2.23% effective October 1, 2025 in accordance with the price index increase for Water & Wastewater Utilities established by the Florida Public Service Commission.
- The City is raising its solid waste collection fee by 2.22% to \$35.44 per month from \$34.67.
- The City was awarded a Small Cities Community Development Block Grant (CDBG-CV) in the amount of \$1,772,500 in June of 2021. The purpose of the grant is the improvement of the City's three parks. The City was also awarded two Florida Recreation Development Assistance Program Grants (FRDAP) for improvement of the J.L Rowe and Dunklin Riser Parks in the amount of \$200,000 each. These projects are included in construction in progress as of September 30, 2025, and are expected to be completed in the next fiscal year.

**Requests for Information**

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

**CITY OF COLEMAN, FLORIDA**  
**BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**CITY OF COLEMAN, FLORIDA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2025**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 337,526	\$ 120,838	\$ 458,364
Certificates of Deposit	12,500	-	12,500
Accounts Receivable, Net	-	59,343	59,343
Taxes Receivable	10,507	-	10,507
Due from Other Governments	298,386	-	298,386
Internal Balances	(26,881)	26,881	-
Prepaid Expenses	17,803	-	17,803
Noncurrent Assets:			
Deposits	-	500	500
Unbilled Grant Reimbursements	114,820	-	114,820
Restricted Assets:			
Cash and Cash Equivalents	670,278	174,757	845,035
Certificates of Deposit	147,127	123,713	270,840
Capital Assets:			
Capital Assets, Not Being Depreciated	1,089,523	-	1,089,523
Capital Assets, Being Depreciated, Net	385,261	2,497,017	2,882,278
<b>Total Assets</b>	<b>3,056,850</b>	<b>3,003,049</b>	<b>6,059,899</b>
<b>Deferred Outflows of Resources</b>			
Deferred Outflows Related to Pensions	15,335	2,767	18,102
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable and Accrued Expenses	324,847	12,411	337,258
Liabilities Payable from Restricted Assets:			
Accrued Interest Payable	-	1,026	1,026
Customer Deposits	6,075	33,869	39,944
Water Revenue Bond, Current Portion	-	24,300	24,300
Accrued Compensated Absences, Current Portion	3,898	851	4,749
Noncurrent Liabilities:			
Accrued Compensated Absences	11,693	2,554	14,247
Water Revenue Bond	-	320,400	320,400
Net Pension Liability	77,558	13,993	91,551
<b>Total Liabilities</b>	<b>424,071</b>	<b>409,404</b>	<b>833,475</b>
<b>Deferred Inflows of Resources</b>			
Deferred Inflows Related to Pensions	54,737	9,875	64,612
<b>Net Position</b>			
Net Investment in Capital Assets	1,474,784	2,152,317	3,627,101
Restricted for:			
Law Enforcement	2,334	-	2,334
Road Projects	169,432	-	169,432
Community Redevelopment Area	591,925	-	591,925
Cemetery	18,745	-	18,745
Debt Service	-	264,601	264,601
Unrestricted	336,157	169,619	505,776
<b>Total Net Position</b>	<b>\$ 2,593,377</b>	<b>\$ 2,586,537</b>	<b>\$ 5,179,914</b>

See accompanying notes to basic financial statements.

**CITY OF COLEMAN, FLORIDA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary Government:</b>							
<b>Governmental Activities:</b>							
General Government	\$ 354,984	\$ 6,805	\$ -	\$ -	\$ (348,179)	\$ -	\$ (348,179)
Transportation	150,848	6,688	-	31,125	(113,035)	-	(113,035)
Public Safety	144,660	632	-	-	(144,028)	-	(144,028)
Physical Environment	40,362	4,050	-	4,968	(31,344)	-	(31,344)
Culture and Recreation	97,787	-	-	566,081	468,294	-	468,294
Interest on Long-Term Debt	167	-	-	-	(167)	-	(167)
<b>Total Governmental Activities</b>	<b>788,808</b>	<b>18,175</b>	<b>-</b>	<b>602,174</b>	<b>(168,459)</b>	<b>-</b>	<b>(168,459)</b>
<b>Business-type Activities</b>							
Water Utility	369,322	268,621	-	-	-	(100,701)	(100,701)
Sanitation	122,147	139,979	-	-	-	17,832	17,832
<b>Total Business-type Activities</b>	<b>491,469</b>	<b>408,600</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(82,869)</b>	<b>(82,869)</b>
<b>Total Primary Government</b>	<b>\$ 1,280,277</b>	<b>\$ 426,775</b>	<b>\$ -</b>	<b>\$ 602,174</b>	<b>(168,459)</b>	<b>(82,869)</b>	<b>(251,328)</b>
<b>General Revenues:</b>							
Taxes:							
Property Taxes					167,583	-	167,583
Franchise and Utility Taxes					141,138	-	141,138
Discretionary Surtax					110,988	-	110,988
Sales Tax					53,496	-	53,496
Local Option Gas Tax					26,899	-	26,899
Communications Service Tax					21,084	-	21,084
Other State Shared Revenues					46,690	-	46,690
Interest Income					5,943	2,507	8,450
Miscellaneous Income					3,516	-	3,516
<b>Total General Revenues</b>					<b>577,337</b>	<b>2,507</b>	<b>579,844</b>
<b>Change in Net Position</b>					<b>408,878</b>	<b>(80,362)</b>	<b>328,516</b>
<b>Net Position, Beginning of Year, Previously Reported</b>					<b>2,151,200</b>	<b>2,666,899</b>	<b>4,818,099</b>
<b>Restatement</b>					<b>33,299</b>	<b>-</b>	<b>33,299</b>
<b>Net Position, Beginning of Year, Restated</b>					<b>2,184,499</b>	<b>2,666,899</b>	<b>4,851,398</b>
<b>Net Position, End of Year</b>					<b>\$ 2,593,377</b>	<b>\$ 2,586,537</b>	<b>\$ 5,179,914</b>

See accompanying notes to basic financial statements.

**CITY OF COLEMAN, FLORIDA**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2025**

	<b>General Fund</b>	<b>Gasoline Tax Road Fund</b>	<b>CRA Fund</b>	<b>CDBG-CV Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>						
Cash and Cash Equivalents	\$ 200,550	\$ -	\$ -	\$ 250	\$ 136,726	\$ 337,526
Certificates of Deposit	12,500	-	-	-	-	12,500
Taxes Receivable	10,507	-	-	-	-	10,507
Due from Other Governments	19,592	5,110	-	273,684	-	298,386
Due from Other Funds	128,869	-	101,346	-	9,175	239,390
Unbilled Grant Reimbursements	114,820	-	-	-	-	114,820
Prepaid Expenses	17,803	-	-	-	-	17,803
Restricted Assets:						
Cash and Cash Equivalents	2,334	156,869	490,774	-	20,301	670,278
Certificates of Deposit	-	109,869	-	-	37,258	147,127
<b>Total Assets</b>	<b><u>506,975</u></b>	<b><u>271,848</u></b>	<b><u>592,120</u></b>	<b><u>273,934</u></b>	<b><u>203,460</u></b>	<b><u>1,848,337</u></b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts Payable and Accrued Expenses	42,185	8,285	195	273,684	498	324,847
Due to Other Funds	137,402	94,131	-	1,745	32,993	266,271
Customer Deposits	525	-	-	-	5,550	6,075
<b>Total Liabilities</b>	<b><u>180,112</u></b>	<b><u>102,416</u></b>	<b><u>195</u></b>	<b><u>275,429</u></b>	<b><u>39,041</u></b>	<b><u>597,193</u></b>
<b>Fund Balances</b>						
Nonspendable	17,803	-	-	-	-	17,803
Restricted	2,334	169,432	591,925	-	18,745	782,436
Assigned	-	-	-	-	145,674	145,674
Unassigned	306,726	-	-	(1,495)	-	305,231
<b>Total Fund Balances</b>	<b><u>326,863</u></b>	<b><u>169,432</u></b>	<b><u>591,925</u></b>	<b><u>(1,495)</u></b>	<b><u>164,419</u></b>	<b><u>1,251,144</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 506,975</u></b>	<b><u>\$ 271,848</u></b>	<b><u>\$ 592,120</u></b>	<b><u>\$ 273,934</u></b>	<b><u>\$ 203,460</u></b>	<b><u>\$ 1,848,337</u></b>

See accompanying notes to basic financial statements.

**CITY OF COLEMAN, FLORIDA  
RECONCILIATION OF THE BALANCE SHEET TO THE  
STATEMENT OF NET POSITION – GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2025**

**Total Fund Balances of Governmental Funds** \$ 1,251,144

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. 1,474,784

Long term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds. (15,591)

Net pension liability and related deferred inflows/outflows are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Deferred Outflows Related to Pensions	15,335	
Net Pension Liability	(77,558)	
Deferred Inflows Related to Pensions	<u>(54,737)</u>	(116,960)

**Total Net Position of Governmental Activities** \$ 2,593,377

See accompanying notes to basic financial statements.

**CITY OF COLEMAN, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES – GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	General Fund	Gasoline Tax Road Fund	CRA Fund	CDBG-CV Fund	Previously Reported as Major Funds		Non-Major Governmental Funds	Total Governmental Funds
					2018 CDBG Fund	ARPA Fund		
<b>Revenues</b>								
Taxes	\$ 433,246	\$ 26,899	\$ 61,043	\$ -			\$ -	\$ 521,188
Intergovernmental	132,494	8,136	-	472,141			4,968	617,739
Licenses and Permits	1,855	-	-	-			-	1,855
Fines and Forfeitures	632	-	-	-			-	632
Charges for Services	4,950	6,688	-	-			4,050	15,688
Interest Income	460	4,798	52	-			633	5,943
Miscellaneous Income	2,990	-	-	-			525	3,515
<b>Total Revenues</b>	<u>576,627</u>	<u>46,521</u>	<u>61,095</u>	<u>472,141</u>			<u>10,176</u>	<u>1,166,560</u>
<b>Expenditures</b>								
Current:								
General Government	347,172	-	-	-			-	347,172
Transportation	-	138,254	-	-			-	138,254
Public Safety	142,884	-	-	-			-	142,884
Physical Environment	-	-	1,535	-			6,171	7,706
Culture and Recreation	41,059	-	-	16,304			-	57,363
Capital Outlay	93,940	-	-	456,553			-	550,493
Debt Service:								
Principal	10,091	-	-	-			-	10,091
Interest	167	-	-	-			-	167
<b>Total Expenditures</b>	<u>635,313</u>	<u>138,254</u>	<u>1,535</u>	<u>472,857</u>			<u>6,171</u>	<u>1,254,130</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(58,686)</u>	<u>(91,733)</u>	<u>59,560</u>	<u>(716)</u>			<u>4,005</u>	<u>(87,570)</u>
<b>Other Financing Sources (Uses)</b>								
Transfers In	-	-	-	-			4,825	4,825
Transfers (Out)	-	-	-	-			(4,825)	(4,825)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>			<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>(58,686)</u>	<u>(91,733)</u>	<u>59,560</u>	<u>(716)</u>			<u>4,005</u>	<u>(87,570)</u>
<b>Fund Balances, Beginning of Year, Previously Reported</b>	364,669	261,165	532,365	(13,198)	(143)	140,849	19,708	1,305,415
<b>Change from Major Fund to Non-Major Fund</b>	-	-	-	-	143	(140,849)	140,706	-
<b>Restatement</b>	20,880	-	-	12,419			-	33,299
<b>Fund Balances, Beginning of Year, Restated</b>	<u>385,549</u>	<u>261,165</u>	<u>532,365</u>	<u>(779)</u>	<u>-</u>	<u>-</u>	<u>160,414</u>	<u>1,338,714</u>
<b>Fund Balances, End of Year</b>	<u>\$ 326,863</u>	<u>\$ 169,432</u>	<u>\$ 591,925</u>	<u>\$ (1,495)</u>			<u>\$ 164,419</u>	<u>\$ 1,251,144</u>

See accompanying notes to basic financial statements.

**CITY OF COLEMAN, FLORIDA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS 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 Balances - Total Governmental Funds	\$ (87,570)
--------------------------------------------------------	-------------

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the net amount of the expenditures for capital assets and depreciation expense in the current period:

Capital Outlay	550,493	
Depreciation Expense	<u>(96,888)</u>	453,605

Donated capital assets do not provide current financial resources to governmental funds and therefore are not reported as revenues in the governmental funds. However, in the Statement of Activities, the fair market value of the donated assets are reported as capital contributions.	31,125
-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------

Amortization expense related to right-of-use lease assets does not require the use of current financial resources and therefore is not reported as an expenditure in the governmental funds.	(3,134)
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------

The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds.	
Payment on Lease Liability	10,091
Change in Accrued Compensated Absences	(15,590)

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 funds.

This includes changes in:		
Net Pension Liability	55,923	
Deferred Outflows Related to Pensions	(173)	
Deferred Inflows Related to Pensions	<u>(35,399)</u>	20,351

<b>Change in Net Position of Governmental Activities</b>	<u><u>\$ 408,878</u></u>
----------------------------------------------------------	--------------------------

See accompanying notes to basic financial statements.

**CITY OF COLEMAN, FLORIDA**  
**STATEMENT OF NET POSITION – PROPRIETARY FUND**  
**SEPTEMBER 30, 2025**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Water Utility</b>	<b>Sanitation</b>	<b>Total</b>
	<b>Fund</b>	<b>Fund</b>	
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 67,492	\$ 53,346	\$ 120,838
Accounts Receivable, Net	45,248	14,095	59,343
Due from Other Funds	72,617	-	72,617
<b>Total Current Assets</b>	<b>185,357</b>	<b>67,441</b>	<b>252,798</b>
<b>Noncurrent Assets</b>			
Deposits	-	500	500
Restricted Assets:			
Cash and Cash Equivalents	174,757	-	174,757
Certificates of Deposit	123,713	-	123,713
Capital Assets, Being Depreciated, Net	2,497,017	-	2,497,017
<b>Total Noncurrent Assets</b>	<b>2,795,487</b>	<b>500</b>	<b>2,795,987</b>
<b>Total Assets</b>	<b>2,980,844</b>	<b>67,941</b>	<b>3,048,785</b>
<b>Deferred Outflows of Resources</b>			
Deferred Outflows Related to Pensions	1,479	1,288	2,767
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable and Accrued Expenses	11,382	1,029	12,411
Due to Other Funds	9,175	36,561	45,736
Liabilities Payable from Restricted Assets:			
Accrued Interest Payable	1,026	-	1,026
Customer Deposits	33,869	-	33,869
Water Revenue Bond, Current Portion	24,300	-	24,300
Accrued Compensated Absences, Current Portion	445	406	851
<b>Total Current Liabilities</b>	<b>80,197</b>	<b>37,996</b>	<b>118,193</b>
<b>Noncurrent Liabilities</b>			
Accrued Compensated Absences	1,335	1,219	2,554
Water Revenue Bond	320,400	-	320,400
Net Pension Liability	7,482	6,511	13,993
<b>Total Noncurrent Liabilities</b>	<b>329,217</b>	<b>7,730</b>	<b>336,947</b>
<b>Total Liabilities</b>	<b>409,414</b>	<b>45,726</b>	<b>455,140</b>
<b>Deferred Inflows of Resources</b>			
Deferred Inflows Related to Pensions	5,280	4,595	9,875
<b>Net Position</b>			
Net Investment in Capital Assets	2,152,317	-	2,152,317
Restricted for Debt Service	264,601	-	264,601
Unrestricted	150,711	18,908	169,619
<b>Total Net Position</b>	<b>\$ 2,567,629</b>	<b>\$ 18,908</b>	<b>\$ 2,586,537</b>

See accompanying notes to basic financial statements.

**CITY OF COLEMAN, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET POSITION – PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Water Utility</b>	<b>Sanitation</b>	<b>Total</b>
	<b>Fund</b>	<b>Fund</b>	
<b>Operating Revenues</b>			
Charges for Services	\$ 268,621	\$ 139,979	\$ 408,600
<b>Total Operating Revenues</b>	<u>268,621</u>	<u>139,979</u>	<u>408,600</u>
<b>Operating Expenses</b>			
Salaries	10,017	8,716	18,733
Payroll Taxes	776	645	1,421
Employee Benefits	14,700	(7,417)	7,283
Landfill Fees	-	524	524
Office Supplies and Expenses	3,620	2,705	6,325
Operating Supplies	20,989	625	21,614
Insurance	20,018	2,220	22,238
Professional Services	10,759	6,768	17,527
Repairs and Maintenance	12,348	126	12,474
Utilities	10,642	-	10,642
Contract Services	123,667	103,103	226,770
Bad Debt	8,839	4,132	12,971
Depreciation	114,653	-	114,653
<b>Total Operating Expenses</b>	<u>351,028</u>	<u>122,147</u>	<u>473,175</u>
<b>Operating Income (Loss)</b>	<u>(82,407)</u>	<u>17,832</u>	<u>(64,575)</u>
<b>Nonoperating Revenues (Expenses)</b>			
Interest Income	2,500	7	2,507
Interest Expense	(18,294)	-	(18,294)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(15,794)</u>	<u>7</u>	<u>(15,787)</u>
<b>Change in Net Position</b>	(98,201)	17,839	(80,362)
<b>Net Position, Beginning of Year</b>	<u>2,665,830</u>	<u>1,069</u>	<u>2,666,899</u>
<b>Net Position, End of Year</b>	<u>\$ 2,567,629</u>	<u>\$ 18,908</u>	<u>\$ 2,586,537</u>

See accompanying notes to basic financial statements.

**CITY OF COLEMAN, FLORIDA**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Water Utility Fund</b>	<b>Sanitation Fund</b>	<b>Total</b>
<b>Cash Flows from Operating Activities</b>			
Receipts from Customers	\$ 264,641	\$ 140,415	\$ 405,056
Payments to Suppliers	(203,829)	(160,033)	(363,862)
Payments to Employees	(25,621)	(1,659)	(27,280)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>35,191</b>	<b>(21,277)</b>	<b>13,914</b>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Purchase of Capital Assets	(10,575)	-	(10,575)
Principal Payments on Water Revenue Bond	(23,100)	-	(23,100)
Interest Paid	(18,390)	-	(18,390)
<b>Net Cash (Used in) Capital and Related Financing Activities</b>	<b>(52,065)</b>	<b>-</b>	<b>(52,065)</b>
<b>Cash Flows from Investing Activities</b>			
Interest Income	935	7	942
<b>Net Cash Provided by Investing Activities</b>	<b>935</b>	<b>7</b>	<b>942</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(15,939)</b>	<b>(21,270)</b>	<b>(37,209)</b>
<b>Cash and Cash Equivalents, Beginning of Year, Previously Reported</b>	<b>380,335</b>	<b>74,616</b>	<b>454,951</b>
<b>Certificates of Deposit Reclassified from Cash and Cash Equivalents</b>	<b>(122,147)</b>	<b>-</b>	<b>(122,147)</b>
<b>Cash and Cash Equivalents, Beginning of Year, Restated</b>	<b>258,188</b>	<b>74,616</b>	<b>332,804</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 242,249</b>	<b>\$ 53,346</b>	<b>\$ 295,595</b>
<b>Cash and Cash Equivalents Classified As:</b>			
Unrestricted	\$ 67,492	\$ 53,346	\$ 120,838
Restricted	174,757	-	174,757
<b>Total Cash and Cash Equivalents</b>	<b>\$ 242,249</b>	<b>\$ 53,346</b>	<b>\$ 295,595</b>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u></b>			
<b>Cash Flows from Operating Activities</b>			
Operating Income (Loss)	\$ (82,407)	\$ 17,832	\$ (64,575)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation	114,653	-	114,653
(Increase) Decrease in Accounts Receivable, Net	(3,980)	436	(3,544)
(Increase) Decrease in Due from Other Funds	(13,220)	-	(13,220)
(Increase) Decrease in Deferred Outflow of Resources	(1,479)	17,259	15,780
Increase (Decrease) in Accounts Payable and Accrued Expenses	(2,493)	436	(2,057)
Increase (Decrease) in Due to Other Funds	9,175	(29,291)	(20,116)
Increase (Decrease) in Accrued Compensated Absences	(128)	285	157
Increase (Decrease) in Customer Deposits	2,308	-	2,308
Increase (Decrease) in Net Pension Liability	7,482	(15,903)	(8,421)
Increase (Decrease) in Deferred Inflow of Resources	5,280	(12,331)	(7,051)
Total Adjustments	117,598	(39,109)	78,489
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ 35,191</b>	<b>\$ (21,277)</b>	<b>\$ 13,914</b>

See accompanying notes to basic financial statements.

**CITY OF COLEMAN, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**CITY OF COLEMAN, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**Note 1 – Summary of Significant Accounting Policies**

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

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

**Reporting Entity**

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

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

**Blended Component Unit**

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

**Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the City. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

**CITY OF COLEMAN, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**Note 1 – Summary of Significant Accounting Policies (Continued)**

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Franchise and utility taxes, grants, other intergovernmental revenues, charges for services, and interest income associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when the City receives cash. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, certain expenditures relating to future periods, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

The City reports the following major governmental funds:

- General Fund – The general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- Gasoline Tax Road Fund – A special revenue fund that accounts for the City's share of local option gas tax, and state revenue sharing fuel tax and the expenditures made for the maintenance and improvement of the City's roads.
- CRA Fund – A special revenue fund that accounts for the City's Community Redevelopment Area (a blended component unit) and is used to provide rehabilitation, conservation, or redevelopment of such areas as are necessary in the interest of public health, safety, or welfare of the residents of the City.
- CDBG-CV Fund – A capital projects fund used to account for the receipt of CDBG Cares grant funding for improvements at the J.L. Rowe, Dunklin/Riser, and Shady Brooks Parks.

The City reports the following major proprietary funds:

- Water Utility Fund – An enterprise fund used to account for the operation of the City's potable water system.

**CITY OF COLEMAN, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**Note 1 – Summary of Significant Accounting Policies (Continued)**

- Sanitation Fund – An enterprise fund used to account for the revenues and expenses associated with garbage and solid waste collection and disposal.

The City reports the following non-major governmental funds:

- 2018 CDBG Fund – A capital projects fund used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.
- ARPA Fund – A capital projects fund used to account for the receipt of American Rescue Plan Act funds and the proceeds to be used primarily for the construction of infrastructure at the City’s water treatment plant.
- Municipal Cemetery Fund – A special revenue fund used to account for the revenues and expenditures associated with the City’s cemetery.

The City has no non-major proprietary funds.

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

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds.

While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

**Budgetary Information – Budgetary Basis of Accounting**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. The appropriated budget is prepared by fund, function, and department. The City's management may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

**CITY OF COLEMAN, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**Note 1 – Summary of Significant Accounting Policies (Continued)**

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

**Deposits and Investments**

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in direct obligations of the U.S. Treasury, Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, SEC registered money market funds with the highest credit quality rating, and savings and CD accounts in state-certified public depositories.

The City invests in the State Board of Administration Fund. These are considered as cash equivalents in these financial statements.

The City's investments include certificates of deposit with original maturities of twelve months from the date of acquisition. Certificates of deposit are recorded at amortized cost which approximates fair value.

**Accounts Receivable**

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

**Unbilled Grant Reimbursements**

Unbilled grant reimbursements represent qualified expenditures incurred on cost reimbursement grants for which formal reimbursement requests have not yet been submitted. The City believes these costs will be fully reimbursed under the applicable grants upon submission of reimbursement requests.

**Prepaid Expenses**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both government-wide and fund financial statements. The cost of prepaid expenses are recorded as expenditures/expenses when consumed rather than when purchased.

**Capital Assets**

Capital assets, which include buildings, improvements other than buildings, equipment and furniture, vehicles, infrastructure assets (i.e., roads, streets and sidewalks, curbs and gutters, water distribution system and drainage systems), and construction in progress are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. For financial reporting purposes, capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at cost when purchased. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal

**CITY OF COLEMAN, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**Note 1 – Summary of Significant Accounting Policies (Continued)**

maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

Assets	Years
Buildings and Improvements	5 - 40
Machinery and Equipment	3 - 15
Vehicles	3 - 7
Infrastructure	20
Water Distribution System	40
Water Treatment Plant	20 - 40
Water Well	50

**Compensated Absences**

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

**Net Position Flow Assumption**

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**Fund Balance Flow Assumptions**

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**Use of Estimates**

The preparation of financial statements in accordance with the modified accrual or accrual basis of accounting described in the previous paragraphs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets or liabilities at

**CITY OF COLEMAN, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**Note 1 – Summary of Significant Accounting Policies (Continued)**

the date of the financial statements and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**Deferred Outflows/Inflows of Resources**

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

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

**Pensions**

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

**Fund Balances**

Fund balances of the governmental funds are classified as follows:

- **Nonspendable**—Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.
- **Restricted**—Amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.
- **Committed**—Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action by the City's highest level of decision-making authority. The City Council addresses these commitments through formal action prior to the City's fiscal year end.
- **Assigned**—Amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Assignments can be made by the City Council.
- **Unassigned**—All amounts not included in other spendable classifications.

**Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

**CITY OF COLEMAN, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**Note 1 – Summary of Significant Accounting Policies (Continued)**

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council (the "Council") is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The Council may also assign general fund balance as it does when appropriating general fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**Property Taxes**

Property taxes are billed and collected for the City by the County Tax Collector according to Florida Statute under the following calendar:

Lien Date:	January 1
Levy Date:	October 1
Due Date:	November 1
Delinquency Date:	April 1, of the following year

**Reclassification**

Certain prior year amounts have been reclassified to conform to the current year presentation and note disclosures.

**Implementation of New Accounting Standards**

During the year ended September 30, 2025, the City adopted GASB Statement No. 101, *Compensated Absences*. The standard aligns the recognition and measurement guidance for compensated absences under a unified model and amends certain previously required disclosures. Adoption did not have a material effect on the City's financial statements.

During the year ended September 30, 2025, the City adopted GASB Statement No. 102, *Certain Risk Disclosures*. The standard addresses disclosures regarding risks related to a government's vulnerabilities due to certain concentrations or constraints. Adoption did not have a material effect on the City's financial statements.

**CITY OF COLEMAN, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**Note 2 – Cash and Cash Equivalents and Investments in Certificates of Deposit**

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

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

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

The Florida PRIME is an external investment pool that meets all of the necessary criteria to elect to measure all of the investments in the Florida PRIME at amortized cost. Therefore, the City's investment in Florida PRIME is reported at amortized cost. The fair value of the position in the pool is equal to the value of the pool's shares. The Florida PRIME is rated by Standard and Poor's and is currently rated AAAM. The weighted average days to maturity (WAM) at September 30, 2025 is 47 days, and the weighted average life (WAL) is 73 days. Next interest rate reset dates are used in the calculation of the WAM. The Florida PRIME did not participate in a securities lending program in the year ended September 30, 2025, nor was it exposed to any foreign currency risk. The SBA provides separate financial statements for the Florida PRIME (unaudited) as of and for the period ending June 30, which can be obtained at [www.sbafla.com/prime/home.aspx](http://www.sbafla.com/prime/home.aspx). It does not issue financial statements as of and for the period ending September 30. At September 30, 2025, there were no redemption fees, maximum transaction amounts, or any other requirements that limit a participant's daily access to 100% of their account balance. With regard to liquidity fees, the SBA has the authority to impose penalties for early withdrawal, but has not made any required disclosures relating to these fees. The SBA also has the authority to limit contributions or withdrawals for up to 48 hours in the event of an occurrence or event that has a material impact on the liquidity of the Florida PRIME. No such limitation took place during the year ended September 30, 2025.

As of September 30, 2025, financial instruments that potentially expose the City to concentration of credit risk, as defined by U.S. generally accepted accounting principles, consisted of cash and cash equivalent accounts and certificates of deposit in high quality financial institutions. All of the City's deposits are insured by FDIC, a state depository insurance fund or a multiple financial institution collateral pool.

**CITY OF COLEMAN, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**Note 2 – Cash and Cash Equivalents and Investments in Certificates of Deposit (Continued)**

Cash and cash equivalents and certificates of deposit at September 30, 2025 consisted of the following:

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Cash and Cash Equivalents			
Current Assets:			
Demand Deposits	\$ 182,074	\$ 63,412	\$ 245,486
Money Market Funds	147,378	57,426	204,804
SBA Florida PRIME	<u>8,074</u>	<u>-</u>	<u>8,074</u>
Total Current Assets	<u>337,526</u>	<u>120,838</u>	<u>458,364</u>
Restricted Assets:			
Demand Deposits	17,391	-	17,391
Money Market Funds	599,941	154,457	754,398
SBA Florida PRIME	<u>52,946</u>	<u>20,300</u>	<u>73,246</u>
Total Restricted Assets	<u>670,278</u>	<u>174,757</u>	<u>845,035</u>
Total Cash and Cash Equivalents	<u>\$ 1,007,804</u>	<u>\$ 295,595</u>	<u>\$ 1,303,399</u>
Certificates of Deposit			
Current Assets	\$ 12,500	\$ -	\$ 12,500
Restricted Assets	<u>147,127</u>	<u>123,713</u>	<u>270,840</u>
Total Certificates of Deposit	<u>\$ 159,627</u>	<u>\$ 123,713</u>	<u>\$ 283,340</u>

**Note 3 – Receivables**

Receivables as of September 30, 2025, are as follows:

	<u>General</u> <u>Fund</u>	<u>Gasoline</u> <u>Tax Road</u> <u>Fund</u>	<u>CDBG-CV</u> <u>Fund</u>	<u>Water</u> <u>Utility</u> <u>Fund</u>	<u>Sanitation</u> <u>Fund</u>	<u>Total</u>
Gross Accounts Receivable	\$ -	\$ -	\$ -	\$ 125,687	\$ 58,727	\$ 184,414
Less: Allowance for Doubtful Accounts	<u>-</u>	<u>-</u>	<u>-</u>	<u>(80,439)</u>	<u>(44,632)</u>	<u>(125,071)</u>
Accounts Receivable, Net	-	-	-	45,248	14,095	59,343
Taxes Receivable	10,507	-	-	-	-	10,507
Due from Other Governments	19,592	5,110	273,684	-	-	298,386
Unbilled Grant Reimbursements	<u>114,820</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>114,820</u>
Total Receivables	<u>\$ 144,919</u>	<u>\$ 5,110</u>	<u>\$ 273,684</u>	<u>\$ 45,248</u>	<u>\$ 14,095</u>	<u>\$ 483,056</u>

**CITY OF COLEMAN, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**Note 4 – Interfund Transfers, Loans, and Advances**

Interfund receivables and payables at September 30, 2025 consist of the following:

	<b>Interfund Receivable</b>	<b>(Interfund Payable)</b>	<b>Total</b>
<b><u>General Fund</u></b>			
Due from Gasoline Tax Road Fund	\$ 94,131	\$ -	\$ 94,131
Due from Municipal Cemetery Fund	32,766	-	32,766
Due from 2018 CDBG Fund	227	-	227
Due from CDBG-CV Fund	1,745	-	1,745
Due to Water Utility Fund	-	(36,056)	(36,056)
Due to CRA Fund	-	(101,346)	(101,346)
<b><u>Gasoline Tax Road Fund</u></b>			
Due to General Fund	-	(94,131)	(94,131)
<b><u>CRA Fund</u></b>			
Due from General Fund	101,346	-	101,346
<b><u>CDBG-CV Fund</u></b>			
Due to General Fund	-	(1,745)	(1,745)
<b><u>2018 CDBG Fund</u></b>			
Due to General Fund	-	(227)	(227)
<b><u>ARPA Fund</u></b>			
Due from Water Fund	9,175	-	9,175
<b><u>Municipal Cemetery Fund</u></b>			
Due to General Fund	-	(32,766)	(32,766)
<b><u>Water Utility Fund</u></b>			
Due from General Fund	36,056	-	36,056
Due from Sanitation Fund	36,561	-	36,561
Due to ARPA Fund	-	(9,175)	(9,175)
<b><u>Sanitation Fund</u></b>			
Due to Water Utility Fund	-	(36,561)	(36,561)
	<u>\$ 312,007</u>	<u>\$ (312,007)</u>	<u>\$ -</u>

The outstanding balances between funds result mainly from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur and when payments between funds are made. Transfers are used to move revenues between funds to reflect the activities of the fund within the primary government. The primary government accounts for activities such as budgetary authorizations, subsidies or matching funds for various grant programs, and reimbursements to the general fund for services provided to other funds.

For the year ended, September 30, 2025, individual fund transfers to and from other funds for the primary government were comprised of a \$4,825 transfer from the 2018 CDBG Fund to the ARPA fund.

**CITY OF COLEMAN, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**Note 5 – Capital Assets**

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

	<b>Balance</b>				<b>Balance</b>
	<b>9/30/2024</b>	<b>Additions</b>	<b>Reductions</b>	<b>Transfers</b>	<b>9/30/2025</b>
<b><u>Governmental Activities</u></b>					
Capital Assets, Not Being Depreciated:					
Land	\$ 378,749	\$ -	\$ -	\$ -	\$ 378,749
Construction in Progress	160,281	550,493	-	-	710,774
Total Capital Assets, Not Being Depreciated	<u>539,030</u>	<u>550,493</u>	<u>-</u>	<u>-</u>	<u>1,089,523</u>
Capital Assets, Being Depreciated:					
Buildings	153,685	-	-	-	153,685
Improvements	1,557,390	-	-	-	1,557,390
Machinery and Equipment	112,861	24,500	-	46,900	184,261
Vehicles	27,144	6,625	-	-	33,769
Infrastructure	1,034,194	-	-	-	1,034,194
Total Capital Assets, Being Depreciated	<u>2,885,274</u>	<u>31,125</u>	<u>-</u>	<u>46,900</u>	<u>2,963,299</u>
Less Accumulated Depreciation for:					
Buildings	(152,653)	(1,032)	-	-	(153,685)
Improvements	(1,357,620)	(45,182)	-	-	(1,402,802)
Machinery and Equipment	(82,069)	(6,228)	-	(46,900)	(135,197)
Vehicles	(24,787)	(2,871)	-	-	(27,658)
Infrastructure	(817,121)	(41,575)	-	-	(858,696)
Total Accumulated Depreciation	<u>(2,434,250)</u>	<u>(96,888)</u>	<u>-</u>	<u>(46,900)</u>	<u>(2,578,038)</u>
Total Capital Assets, Being Depreciated, Net	<u>451,024</u>	<u>(65,763)</u>	<u>-</u>	<u>-</u>	<u>385,261</u>
Right-of-Use Lease Assets, Being Amortized:					
Tractor	46,900	-	-	(46,900)	-
Less Accumulated Amortization	(43,766)	(3,134)	-	46,900	-
Total Right-of-Use Lease Assets, Being Amortized, Net	<u>3,134</u>	<u>(3,134)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Governmental Capital Assets, Net</b>	<b><u>\$ 993,188</u></b>	<b><u>\$ 481,596</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,474,784</u></b>
<b><u>Business-type Activities</u></b>					
Capital Assets, Being Depreciated:					
Machinery and Equipment	\$ 30,639	\$ 10,575	\$ -	\$ -	41,214
Water Distribution System	1,529,648	-	-	-	1,529,648
Water Treatment Plant	2,823,588	-	-	-	2,823,588
Water Well	58,906	-	-	-	58,906
Total Capital Assets, Being Depreciated	<u>4,442,781</u>	<u>10,575</u>	<u>-</u>	<u>-</u>	<u>4,453,356</u>
Less Accumulated Depreciation for:					
Machinery and Equipment	(26,040)	(2,065)	-	-	(28,105)
Water Distribution System	(770,631)	(40,077)	-	-	(810,708)
Water Treatment Plant	(1,017,243)	(71,315)	-	-	(1,088,558)
Water Well	(27,771)	(1,196)	-	-	(28,967)
Total Accumulated Depreciation	<u>(1,841,685)</u>	<u>(114,653)</u>	<u>-</u>	<u>-</u>	<u>(1,956,338)</u>
Total Capital Assets, Being Depreciated, Net	<u>2,601,096</u>	<u>(104,078)</u>	<u>-</u>	<u>-</u>	<u>2,497,018</u>
<b>Total Business-type Capital Assets, Net</b>	<b><u>\$ 2,601,096</u></b>	<b><u>\$(104,078)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,497,018</u></b>

**CITY OF COLEMAN, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**Note 5 – Capital Assets (Continued)**

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General Government	\$ 9,438
Transportation	12,594
Public Safety	1,776
Physical Environment	32,656
Culture and Recreation	40,424
<b>Total Depreciation Expense</b>	<b><u>\$ 96,888</u></b>
Business-type Activities:	
Water Utility	\$ 114,653
<b>Total Depreciation Expense</b>	<b><u>\$ 114,653</u></b>

Amortization expense was charged to functions/programs as follows:

Governmental Activities:	
General Government	\$ 3,134
<b>Total Amortization Expense</b>	<b><u>\$ 3,134</u></b>

**Note 6 – Long-Term Liabilities**

Long-term liability activity for the year ended September 30, 2025, was as follows:

	<b>Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance</b>	<b>Due Within</b>
	<b>9/30/2024</b>	<b></b>	<b></b>	<b>9/30/2025</b>	<b>One Year</b>
<b>Governmental Activities:</b>					
Lease Liability	\$ 10,091	\$ -	\$ (10,091)	\$ -	\$ -
Accrued Compensated Absences	12,311	3,280	-	15,591	3,898
Net Pension Liability	133,481	-	(55,923)	77,558	-
<b>Total Long-Term Liabilities</b>	<b><u>\$ 155,883</u></b>	<b><u>\$ 3,280</u></b>	<b><u>\$ (66,014)</u></b>	<b><u>\$ 93,149</u></b>	<b><u>\$ 3,898</u></b>
<b>Business-Type Activities:</b>					
Water Revenue Bond	\$ 367,800	\$ -	\$ (23,100)	\$ 344,700	\$ 24,300
Accrued Compensated Absences	3,248	157	-	3,405	851
Net Pension Liability	22,414	-	(8,421)	13,993	-
<b>Total Long-Term Liabilities</b>	<b><u>\$ 393,462</u></b>	<b><u>\$ 157</u></b>	<b><u>\$ (31,521)</u></b>	<b><u>\$ 362,098</u></b>	<b><u>\$ 25,151</u></b>

**Water Revenue Bond**

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

**CITY OF COLEMAN, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**Note 6 – Long-Term Liabilities (Continued)**

The Water Revenue Bond does not constitute the City’s general indebtedness but are payable solely from and are collateralized by the net revenues derived from the water utility system.

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

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

Water Revenue Bond debt service requirements to maturity are as follows:

<b>Year Ending September 30,</b>	<b>Water Revenue Bond</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ 24,300	\$ 17,235	\$ 41,535
2027	25,500	16,020	41,520
2028	26,800	14,745	41,545
2029	28,100	13,405	41,505
2030	29,500	12,000	41,500
2031 - 2035	171,000	36,350	207,350
2036	39,500	1,975	41,475
	<b>\$ 344,700</b>	<b>\$ 111,730</b>	<b>\$ 456,430</b>

**Note 7 – Other Postemployment Benefits**

The City has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities, note disclosures, and required supplementary information.

**Note 8 – Florida Retirement System**

**Plan Description – Defined Benefit Plans**

The City participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability and death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report may be obtained by writing to the Division of Retirement, PO Box 9000, Tallahassee, Florida, 32315-9000 or by calling (844) 377-1888.

**CITY OF COLEMAN, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**Note 8 – Florida Retirement System (Continued)**

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

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

**Benefits Provided**

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

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.

**Defined Contribution Plan**

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan (FRS Investment Plan), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class.

**Contributions**

The City is required to contribute at an actuarially determined rate. The contribution requirements of plan members and the City are established and may be amended by the Florida Legislature. Employees are required to contribute 3% of their salary to the FRS. The City's contribution rates for the year ended September 30, 2025 were as follows:

**CITY OF COLEMAN, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**Note 8 – Florida Retirement System (Continued)**

	Year Ended June 30, 2025		Year Ended June 30, 2026	
	FRS (2)	HIS	FRS (2)	HIS
Regular Class	13.63%	1.66%	11.57%	1.66%
Elected City Officers	58.68%	1.66%	56.62%	1.66%
Senior Management	34.52%	1.66%	32.46%	1.66%
DROP Plan Participants	21.13%	1.66%	19.13%	1.66%
Reemployment Retiree	(1)	(0)	(1)	(0)

(1) Contribution rates are dependent upon retirement class in which reemployed.

(2) The rates include the normal cost and unfunded actuarial liability contributions, but do not include the fee of 0.06% for administration of the FRS Investment Plan and provision of education tools.

The City’s contributions for the year ended September 30, 2025, were \$9,807 to FRS and \$2,829 to HIS.

**Pension Liabilities and Pension Expense**

In its financial statements for the year ended September 30, 2025, the City reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2025, and the total pension liabilities used to calculate the net pension liability were determined by actuarial valuation date July 1, 2025. The City’s proportions of the net pension liabilities were based on the City’s share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS	HIS
Net Pension Liability	\$ 50,976	\$ 40,575
Proportion at:		
Current Measurement Date	0.000164251%	0.000316557%
Prior Measurement Date	0.000246599%	0.000403299%
Pension Expense (Benefit)	\$ (4,779)	\$ (3,227)

**Deferred Outflows/Inflows of Resources Related to Pensions**

At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**CITY OF COLEMAN, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**Note 8 – Florida Retirement System (Continued)**

	FRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
	Difference between expected and actual experience	\$ 5,445
Changes of assumptions	5,920	-
Net difference between projected and actual earnings on Pension Plan Investments	-	(8,511)
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,477	(32,210)
Employer contributions subsequent to the measurement date	2,547	-
<b>Total</b>	<b>\$ 15,389</b>	<b>\$ (40,721)</b>

	HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
	Difference between expected and actual experience	\$ 242
Changes of assumptions	359	(9,814)
Net difference between projected and actual earnings on Pension Plan Investments	-	(34)
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,415	(13,979)
Employer contributions subsequent to the measurement date	697	-
<b>Total</b>	<b>\$ 2,713</b>	<b>\$ (23,891)</b>

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2026. Other pension related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Measurement period ending June 30,	FRS	HIS
2026	\$ (1,183)	\$ (5,101)
2027	(11,627)	(5,038)
2028	(9,261)	(4,729)
2029	(5,808)	(4,042)
2030	-	(2,967)
Thereafter	-	-
<b>Total</b>	<b>\$ (27,879)</b>	<b>\$ (21,877)</b>

**CITY OF COLEMAN, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**Note 8 – Florida Retirement System (Continued)**

**Actuarial Assumptions**

The total pension liability for each of the defined benefit plans, measured as of June 30, 2025, was determined by an actuarial valuation dated July 1, 2025, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Salary Increase	3.50% Average, Including Inflation	3.50%
Discount Rate	6.70%	5.20%
Long-term Expected Rate of Return, Net of Investment Income	6.70%	N/A
Municipal Bond	N/A	5.20%

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

For both plans, the actuarial assumptions used in the valuation date July 1, 2025 were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2023.

The following changes in actuarial assumptions occurred in 2025:

- FRS: The long-term expected rate of return remained at 6.70% and the active member mortality assumption was updated.
- HIS: The municipal rate used to determine total pension liability was increased from 3.93% to 5.20%.
- The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. For FRS, the table below summarizes the target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class.

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.2%	3.2%	1.1%
Fixed Income	29.0%	5.5%	5.4%	4.0%
Global Equity	45.0%	8.5%	6.9%	18.3%
Real Estate (Property)	12.0%	8.4%	7.1%	16.8%
Private Equity	11.0%	12.4%	8.8%	28.4%
Strategic Investments	2.0%	6.5%	6.1%	8.7%
Total	100.00%			

Assumed Inflation - Mean	2.4%	1.5%
--------------------------	------	------

(1) As outlined in the Pension Plan's investment policy

**CITY OF COLEMAN, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**Note 8 – Florida Retirement System (Continued)**

**Discount Rate**

The discount rate used to measure the total pension liability for FRS was 6.70%. FRS’ fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because HIS is essentially funded on a pay-as-you-go basis, a municipal bond rate of 5.20% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

**Sensitivity Analysis**

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

	FRS		
	Current		
	1% Decrease	Discount Rate	1% Increase
Employer's proportionate share of the net pension liability	\$ 100,039	\$ 50,976	\$ 9,842
	HIS		
	Current		
	1% Decrease	Discount Rate	1% Increase
Employer's proportionate share of the net pension liability	\$ 45,754	\$ 40,575	\$ 36,230

**Pension Plans’ Fiduciary Net Position**

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

**Note 9 – Risk Management**

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

**Note 10 – Litigation**

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

**CITY OF COLEMAN, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**Note 11 – Commitments**

The City had several uncompleted construction contracts at September 30, 2025 related to park improvement projects. The remaining commitment on these construction contracts was approximately \$1,317,668. Capital grants will be used to fund these commitments as work is performed/completed.

The City has an interlocal agreement with the Sumter County Sheriff's Department to provide police protection. The current agreement covers the five-year period from October 1, 2024, to September 30, 2029. Cancellation by either party may be made provided notification is made eighteen months prior to the requested termination date. The City paid \$133,903 for such services during the year.

**Note 12 – Contingent Liabilities**

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

**Note 13 – Change in Reporting Entity**

During the year ended September 30, 2025, several funds that were previously reported as major funds did not meet the quantitative threshold for major fund reporting as outlined in GASB Statement No. 34, paragraph 76, and were reclassified to nonmajor funds.

**Note 14 – Restatement**

The City determined that beginning fund balance for the general fund and CDBG-CV fund were understated by \$20,880 and \$12,419, respectively, due to understating grants receivable and grant revenue at September 30, 2024. The restatement increased the change in fund balance and net position of the general and CDBG-CV funds for the prior year and had no impact on the current year change in fund balances and net position.

**Note 15 – Subsequent Events**

Subsequent events were reviewed through June 8, 2026, which is the date the financial statements were available to be issued.

**CITY OF COLEMAN, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2025**

**CITY OF COLEMAN, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
<b>Revenues</b>				
Taxes	\$ 419,262	\$ 419,262	\$ 433,246	\$ 13,984
Intergovernmental	437,930	437,930	132,494	(305,436)
Licenses and Permits	1,750	1,750	1,855	105
Fines and Forfeitures	910	910	632	(278)
Charges for Services	3,262	3,262	4,950	1,688
Interest Income	1,270	1,270	460	(810)
Miscellaneous Income	170	170	2,990	2,820
<b>Total Revenues</b>	<u>864,554</u>	<u>864,554</u>	<u>576,627</u>	<u>(287,927)</u>
<b>Expenditures</b>				
Current:				
General Government	195,467	195,467	347,172	(151,705)
Public Safety	140,047	140,047	142,884	(2,837)
Physical Environment	138,994	138,994	-	138,994
Culture and Recreation	29,915	29,915	41,059	(11,144)
Capital Outlay	400,000	400,000	93,940	306,060
Debt Service:				
Principal	-	-	10,091	(10,091)
Interest	-	-	167	(167)
<b>Total Expenditures</b>	<u>904,423</u>	<u>904,423</u>	<u>635,313</u>	<u>269,110</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<u>(39,869)</u>	<u>(39,869)</u>	<u>(58,686)</u>	<u>(18,817)</u>
<b>Net Change in Fund Balances</b>	<u>(39,869)</u>	<u>(39,869)</u>	<u>(58,686)</u>	<u>(18,817)</u>
<b>Fund Balances, Beginning of Year,</b>				
<b>Previously Reported</b>	150,000	150,000	364,669	214,669
<b>Restatement</b>	<u>-</u>	<u>-</u>	<u>20,880</u>	<u>20,880</u>
<b>Fund Balances, Beginning of Year,</b>				
<b>Restated</b>	150,000	150,000	385,549	235,549
<b>Fund Balances, End of Year</b>	<u>\$ 110,131</u>	<u>\$ 110,131</u>	<u>\$ 326,863</u>	<u>\$ 216,732</u>

**CITY OF COLEMAN, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE – GASOLINE TAX ROAD FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Taxes	\$ 22,500	\$ 22,500	\$ 26,899	\$ 4,399
Intergovernmental	8,305	8,305	8,136	(169)
Charges for Services	-	-	6,688	6,688
Interest Income	4,000	4,000	4,798	798
<b>Total Revenues</b>	<u>34,805</u>	<u>34,805</u>	<u>46,521</u>	<u>11,716</u>
<b>Expenditures</b>				
Current:				
Transportation	132,133	132,133	138,254	(6,121)
<b>Total Expenditures</b>	<u>132,133</u>	<u>132,133</u>	<u>138,254</u>	<u>(6,121)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(97,328)</u>	<u>(97,328)</u>	<u>(91,733)</u>	<u>5,595</u>
<b>Net Change in Fund Balances</b>	(97,328)	(97,328)	(91,733)	5,595
<b>Fund Balances, Beginning of Year</b>	<u>215,700</u>	<u>215,700</u>	<u>261,165</u>	<u>45,465</u>
<b>Fund Balances, End of Year</b>	<u>\$ 118,372</u>	<u>\$ 118,372</u>	<u>\$ 169,432</u>	<u>\$ 51,060</u>

**CITY OF COLEMAN, FLORIDA  
BUDGETARY COMPARISON SCHEDULE – CRA FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance With Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>Revenues</b>				
Taxes	\$ 58,000	\$ 58,000	\$ 61,043	\$ 3,043
Interest Income	50	50	52	2
<b>Total Revenues</b>	<u>58,050</u>	<u>58,050</u>	<u>61,095</u>	<u>3,045</u>
<b>Expenditures</b>				
Current:				
Physical Environment	6,275	6,275	1,535	4,740
Capital Outlay	10,000	10,000	-	10,000
<b>Total Expenditures</b>	<u>16,275</u>	<u>16,275</u>	<u>1,535</u>	<u>14,740</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>41,775</u>	<u>41,775</u>	<u>59,560</u>	<u>17,785</u>
<b>Net Change in Fund Balances</b>	41,775	41,775	59,560	17,785
<b>Fund Balances, Beginning of Year</b>	<u>500,000</u>	<u>500,000</u>	<u>532,365</u>	<u>32,365</u>
<b>Fund Balances, End of Year</b>	<u>\$ 541,775</u>	<u>\$ 541,775</u>	<u>\$ 591,925</u>	<u>\$ 50,150</u>

**CITY OF COLEMAN, FLORIDA**  
**NOTES TO BUDGETARY COMPARISON SCHEDULES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

**Note 1 – Budgetary Information**

An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the funds. All annual appropriations lapse at fiscal year-end.

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

1. Prior to October 1, the department heads are consulted by the City Council regarding proposed operating budgets for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Budget workshops are held and public hearings are conducted to obtain citizen comments.
3. Prior to October 1, the budget is legally enacted through passage of a resolution. The resolution restricts expenditures at the function level within a fund.
4. Any transfers of budgeted amounts between departments within any fund, and any revisions that alter the total expenditures of any fund must be approved by the City Council.
5. Formal budgetary integration is employed as a management control device during the year for the funds. The legal level of budgetary control is the fund level.
6. The budget for the funds is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

**Note 2 – Excess of Expenditures over Appropriations**

For the year ended September 30, 2025, expenditures exceeded appropriations in the Gasoline Tax Road Fund by \$6,121. All over-expenditures were funded by greater than anticipated revenues in that fund.

**CITY OF COLEMAN, FLORIDA**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**LAST 10 FISCAL YEARS AS OF SEPTEMBER 30**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Florida Retirement System (FRS)</b>										
Proportion of the net pension liability (asset)	0.000253319%	0.000246599%	0.000254096%	0.000316260%	0.000346825%	0.000308347%	0.000319584%	0.000385092%	0.000298716%	0.000250567%
Proportionate share of the net pension liability (asset)	\$ 50,976	\$ 95,396	\$ 101,249	\$ 117,674	\$ 26,199	\$ 133,642	\$ 110,060	\$ 115,992	\$ 88,358	\$ 63,268
Covered-employee payroll	\$ 137,015	\$ 175,510	\$ 155,979	\$ 144,884	\$ 162,769	\$ 140,358	\$ 140,488	\$ 148,421	\$ 138,349	\$ 127,719
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	37.20%	54.35%	64.91%	81.22%	16.10%	95.22%	78.34%	78.15%	63.87%	49.54%
Plan fiduciary net position as a percentage of the total pension liability	87.26%	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%
<b>Health Insurance Subsidy Program (HIS)</b>										
Proportion of the net pension liability (asset)	0.000316557%	0.040329900%	0.000395336%	0.000421328%	0.000414008%	0.000405840%	0.000424245%	0.000540374%	0.000412214%	0.000432659%
Proportionate share of the net pension liability (asset)	\$ 40,575	\$ 60,499	\$ 62,785	\$ 44,625	\$ 50,784	\$ 49,553	\$ 47,469	\$ 57,194	\$ 44,076	\$ 50,425
Covered-employee payroll	\$ 137,015	\$ 177,510	\$ 155,979	\$ 144,884	\$ 162,769	\$ 140,358	\$ 140,488	\$ 148,421	\$ 138,349	\$ 127,719
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	29.61%	34.08%	40.25%	30.80%	31.20%	35.30%	33.79%	38.53%	31.86%	39.48%
Plan fiduciary net position as a percentage of the total pension liability	6.36%	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%

Note 1: GASB 68 requires information for 10 years.

**CITY OF COLEMAN, FLORIDA  
SCHEDULE OF THE CITY'S CONTRIBUTIONS  
LAST 10 FISCAL YEARS AS OF SEPTEMBER 30**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Florida Retirement System (FRS)</b>										
Contractually required contribution	\$ 9,807	\$ 19,797	\$ 16,714	\$ 13,923	\$ 15,475	\$ 12,134	\$ 10,719	\$ 10,746	\$ 9,472	\$ 7,281
Contributions in relation to the contractually required contribution	(9,807)	(19,797)	(16,714)	(13,923)	(15,475)	(12,134)	(10,719)	(10,746)	(9,472)	(7,281)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 137,015	\$ 175,510	\$ 155,979	\$ 144,884	\$ 162,769	\$ 140,358	\$ 140,488	\$ 148,421	\$ 138,349	\$ 127,719
Contributions as a percentage of covered-employee payroll	7.16%	11.28%	10.72%	9.61%	9.51%	8.65%	7.63%	7.24%	6.85%	5.70%
<b>Health Insurance Subsidy Program (HIS)</b>										
Contractually required contribution	\$ 2,829	\$ 2,745	\$ 2,330	\$ 2,255	\$ 3,080	\$ 2,415	\$ 2,613	\$ 2,703	\$ 2,512	\$ 2,063
Contributions in relation to the contractually required contribution	(2,829)	(2,745)	(2,330)	(2,255)	(3,080)	(2,415)	(2,613)	(2,703)	(2,512)	(2,063)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 137,015	\$ 175,510	\$ 155,979	\$ 144,884	\$ 162,769	\$ 140,358	\$ 140,488	\$ 148,421	\$ 138,349	\$ 127,719
Contributions as a percentage of covered-employee payroll	2.06%	1.56%	1.49%	1.56%	1.89%	1.72%	1.86%	1.82%	1.82%	1.62%

Note 1: GASB 68 requires information for 10 years.

**CITY OF COLEMAN, FLORIDA**  
**OTHER SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2025**

**CITY OF COLEMAN, FLORIDA**  
**BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2025**

	<b>2018</b>		<b>Municipal</b>	<b>Total</b>
	<b>CDBG</b>	<b>ARPA</b>	<b>Cemetery</b>	<b>Non-Major</b>
	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Governmental</b>
				<b>Funds</b>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 227	\$ 136,499	\$ -	\$ 136,726
Due from Other Funds	-	9,175	-	9,175
Restricted Assets:				
Cash and Cash Equivalents	-	-	20,301	20,301
Certificates of Deposit	-	-	37,258	37,258
<b>Total Assets</b>	<u>227</u>	<u>145,674</u>	<u>57,559</u>	<u>203,460</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable and Accrued Expenses	-	-	498	498
Due to Other Funds	227	-	32,766	32,993
Customer Deposits	-	-	5,550	5,550
<b>Total Liabilities</b>	<u>227</u>	<u>-</u>	<u>38,814</u>	<u>39,041</u>
<b>Fund Balances</b>				
Restricted	-	-	18,745	18,745
Assigned	-	145,674	-	145,674
<b>Total Fund Balances</b>	<u>-</u>	<u>145,674</u>	<u>18,745</u>	<u>164,419</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 227</u>	<u>\$ 145,674</u>	<u>\$ 57,559</u>	<u>\$ 203,460</u>

**CITY OF COLEMAN, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2025**

	<b>2018 CDBG Fund</b>	<b>ARPA Fund</b>	<b>Municipal Cemetery Fund</b>	<b>Total Non-Major Governmental Funds</b>
<b>Revenues</b>				
Intergovernmental	\$ 4,968	\$ -	\$ -	\$ 4,968
Charges for Services	-	-	4,050	4,050
Interest Income	-	-	633	633
Miscellaneous Income	-	-	525	525
<b>Total Revenues</b>	<u>4,968</u>	<u>-</u>	<u>5,208</u>	<u>10,176</u>
<b>Expenditures</b>				
Current:				
Physical Environment			6,171	6,171
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>6,171</u>	<u>6,171</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>4,968</u>	<u>-</u>	<u>(963)</u>	<u>4,005</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	4,825	-	4,825
Transfers (Out)	(4,825)	-	-	(4,825)
<b>Total Other Financing Sources (Uses)</b>	<u>(4,825)</u>	<u>4,825</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	143	4,825	(963)	4,005
<b>Fund Balances, Beginning of Year, Previously Reported</b>	-	-	19,708	19,708
<b>Change from Major Fund to Non-Major Fund</b>	(143)	140,849	-	140,706
<b>Fund Balances, Beginning of Year, Restated</b>	(143)	140,849	19,708	160,414
<b>Fund Balances, End of Year</b>	<u>\$ -</u>	<u>\$ 145,674</u>	<u>\$ 18,745</u>	<u>\$ 164,419</u>

**CITY OF COLEMAN, FLORIDA**

**COMPLIANCE SECTION**

**SEPTEMBER 30, 2025**

### 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 Council  
City of Coleman, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Coleman, Florida (the "City"), as of and for the year ended September 30, 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 June 8, 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as item 2025-001 that we consider to be a significant deficiency.

#### Report on Compliance and Other Matters

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

no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **City of Coleman, Florida's Response to Findings**

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

### **Purpose of This Report**

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

*Moran & Smith LLP*

Moran & Smith LLP  
Tallahassee, Florida  
June 8, 2026

**CITY OF COLEMAN, FLORIDA  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

**2025-001: Segregation of Duties (Repeated Finding from the Prior Year)**

**Criteria:** It is important for an entity to segregate the authorization of transactions, recording of transactions, and custody of the related assets. Independent performance of each of these functions reduces the opportunity for any one person to be in a position both to perpetrate and to conceal errors or irregularities in the normal course of his or her duties.

**Condition:** The limited number of employees precludes ideal segregation of duties.

**Cause:** Budget constraints.

**Effect:** The failure to maintain separation of these functions subjects the City to the risk that material misstatements due to error or fraud may occur and not be detected by employees in a timely manner during the performance of their assigned tasks.

**Recommendation:** We recommend that in the absence of the ability to hire additional employees, alternative procedures, including additional oversight with regard to certain functions, be performed regularly to mitigate the risk caused by this deficiency in internal controls.

**Classification:** Significant Deficiency

**Management's Response:** See corrective action plan at pg. 57.

**INDEPENDENT ACCOUNTANT’S REPORT ON COMPLIANCE WITH THE  
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES –  
INVESTMENT OF PUBLIC FUNDS**

To the Honorable Mayor and City Council  
City of Coleman, Florida

We have examined the City of Coleman, Florida’s (the “City”) compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2025. Management is responsible for the City’s compliance with those 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 the City’s compliance with those 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 engagement.

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

In our opinion, the City complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2025.

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

*Moran & Smith LLP*  
Moran & Smith LLP  
Tallahassee, Florida  
June 8, 2026

**INDEPENDENT AUDITOR’S MANAGEMENT LETTER REQUIRED  
BY CHAPTER 10.550, RULES OF THE STATE OF FLORIDA,  
OFFICE OF THE AUDITOR GENERAL**

To the Honorable Mayor and City Council  
City of Coleman, Florida

**Report on the Financial Statements**

We have audited the financial statements of the City of Coleman, Florida (the “City”), as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated June 8, 2026.

Because the City’s management has not acquired an actuarial valuation to determine the amount of its OPEB (Other Postemployment Benefits) liability and has not presented such liability as of September 30, 2025 in its financial statements as required by accounting principles generally accepted in the United States of America, we have issued a qualified opinion on the Governmental Activities, Business-type Activities, Water Utility Fund and Sanitation Fund. The impact of such departure from generally accepted accounting principles would affect the deferred inflows, liabilities, deferred outflows, net position, and expenses in the Governmental Activities, Business-type Activities, Water Utility Fund and Sanitation Fund.

**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 the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant’s Report 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, which are dated June 8, 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. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. However, additional actions are still needed in order to clear these findings.

<b>Tabulation of Uncorrected Audit Findings</b>		
<b>Current Year Finding No.</b>	<b>2023-24 FY Finding No.</b>	<b>2022-23 FY Finding No.</b>
2025-001	2024-2	2023-2
N/A	2024-1	2023-1

## **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 Note 1 of the notes to financial statements.

## **Financial Condition and Management**

Section 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 of Coleman, Florida met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the City of Coleman, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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 of Coleman, Florida. It is management's responsibility to monitor the City of Coleman, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by the same.

Section 10.554(1)(i)2., Rules of the Auditor General, require that we communicate any recommendations to improve financial management. Our recommendations are included in our report on internal control dated June 8, 2026.

## **Property Assessed Clean Energy (PACE) Programs**

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, the City of Coleman, Florida is required to provide a statement as to whether a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did/did not operate within the City of Coleman, Florida's geographical boundaries during the fiscal year under audit. During the fiscal year ended September 30, 2025, a PACE program did not operate within the City's geographical boundaries.

## **Special District Component Units**

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7., Rules of the Auditor General, the City of Coleman, Florida Community Redevelopment Agency ("CRA") reported:

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as 0.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 1.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$0.

- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$97,802
- e. Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as \$0.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as presented on pg. 44 of this report.

### **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 did not note any such findings.

### **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 Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*Moran & Smith LLP*

Moran & Smith LLP  
Tallahassee, Florida  
June 8, 2026

# CITY OF COLEMAN

June 8, 2026

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

RE: Annual Financial Report – September 30, 2025

Dear Ms. Norman:

With reference to the above report, I offer the following statement as Mayor Pro Tem of the City of Coleman:

1. 2025-001: Segregation of Duties:

As stated in the past, it has been the City's policy for the Mayor (or Mayor Pro Tem) to inspect each invoice and all bills are listed for approval by the City Council. Each check requires two signatures. The Financial Manager lists the bills for approval of payment by the City Council and prepares checks to be signed by authorized signers. With the absence of the Mayor, authorized check signers are the City Council President/Mayor Pro Tem, City Council Vice President, and two other Council Members. The Financial Manager is not an authorized check signer. In an attempt to have more segregation of duties, the Public Services Director does perform the function of primary cashier for utility customers and makes deposits for the utility funds and the CDBG fund. The Public Services Director also prepares payroll checks. We will continue to provide management review and supervision as well as oversight by the City Council to address this inherent weakness in internal control for small cities like us.

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

Sincerely,



Charles Felton  
City Council President/Mayor Pro Tem