

CITY OF COLEMAN, TEXAS

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S
REPORT

YEAR ENDED

SEPTEMBER 30, 2023



Roberts & McGee CPA

CITY OF COLEMAN, TEXAS

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Coleman, Texas:

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Coleman, Texas, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Coleman, Texas, as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Responsibility for the Audit or 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 judgement 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 judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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 judgement, 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 our 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 pension related schedules on pages 4-9 and 42-47 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

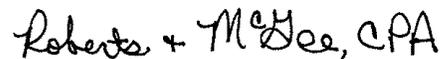
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Coleman, Texas' basic financial statements. The other supplementary schedules on pages 48-55 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2024, on our consideration of City of Coleman, Texas' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Coleman, Texas' internal control over financial reporting and compliance.


Roberts & McGee, CPA

Abilene, Texas
March 21, 2024

THE CITY OF COLEMAN, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2023

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

Financial Highlights

Government-Wide Financial Statements

- The assets of the City of Coleman exceeded its liabilities at the close of the most recent fiscal year by \$14,174,054 (*net position*). Of this amount, \$4,220,33 (*unrestricted*) may be used to meet the government's ongoing obligations to citizens. \$9,041,268 of the City's equity is invested in capital assets, net of related debt; and \$912,453 of the City's equity is restricted.
- The City's total assets and deferred outflows increased by \$1,370,600 during the 2023 fiscal year and total liabilities and deferred liabilities decreased by \$724,005.
- The net position (*equity*) of the City increased by \$650,316 during the 2023 fiscal year.

Fund Financial Statements

- As of the close of the current fiscal year, the City of Coleman's General Fund reported an ending unassigned fund balance of \$1,431,911. The total fund balance in the general fund increased \$8,633 from current year operations. \$1,458,237 was transferred during the year to the General Fund from the Proprietary Funds.
- In the Utility Funds, the net position reflects \$2,991,243 of unrestricted equity, which is an increase of \$357,154 for the current year.

Overview of the Financial Statements

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

Government-Wide Financial Statements

The *statement of net position* presents information on all of the City of Coleman's assets and liabilities, with the difference between the two 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 of Coleman 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).

The government-wide financial statements reflect functions of the City of Coleman that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the City of Coleman include general administration, public safety, public service, streets, culture and recreation, health and inspection, cemetery, and environmental.

The government-wide financial statements can be found on pages 10-11 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Coleman, like other state and local governments, uses fund accounting

THE CITY OF COLEMAN, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2023

to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Coleman 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 on 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 revenue, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Coleman maintains two governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund, and the law enforcement fund, which is considered to be a non-major fund.

The governmental fund financial statements can be found on pages 12-16 of this report.

The City of Coleman adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the budget on pages 42 and 43.

Proprietary funds. When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements, but it provides more detail and additional information, such as cash flows, for the proprietary funds. The proprietary fund financial statements can be found on pages 17-19 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-41 of this report.

Other information. Other schedules in connection with the general fund accounts and the component units are presented immediately following the required supplementary information. These schedules can be found on pages 48-55 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 of Coleman, assets exceeded liabilities by \$14,174,054 at the close of the most recent fiscal year.

\$9,041,268 of the City of Coleman's net position (64 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), net of related debt. The City of Coleman uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

THE CITY OF COLEMAN, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023

The City of Coleman's Net Position

	Governmental Activities		Business-type Activities	
	2023	2022	2023	2022
Current assets	\$ 3,786,621	\$ 4,142,063	\$ 5,157,066	\$ 5,250,005
Capital assets	2,256,722	1,560,384	19,462,188	20,115,884
Total Assets	6,043,343	5,702,447	24,619,254	25,365,889
Deferred outflows of resources	1,338,633	369,640	1,115,323	307,977
Total assets and deferred outflows of resources	7,381,976	6,072,087	25,734,577	25,673,866
Current liabilities	294,365	405,770	1,374,873	1,494,995
Long-term liabilities	1,958,212	742,955	13,244,125	12,641,363
Total Liabilities	2,252,577	1,148,725	14,618,998	14,136,358
Deferred inflows of resources	1,446,469	2,088,917	624,455	844,494
Total liabilities and deferred inflows of resources	3,699,046	3,237,642	15,243,453	14,980,852
Net investment in capital assets	1,862,272	1,069,624	7,178,996	7,383,997
Restricted	591,568	973,368	320,885	674,928
Unrestricted	1,229,090	791,453	2,991,243	2,634,089
Total Net Position	\$ 3,682,930	\$ 2,834,445	\$ 10,491,124	\$ 10,693,014

THE CITY OF COLEMAN, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023

The City of Coleman's Changes in Net Position

	Governmental Activities		Business-type Activities	
	2023	2022	2023	2022
Revenues:				
Program Revenues:				
Charges for services	\$ 422,962	\$ 443,915	\$ 8,556,503	\$ 8,504,978
Capital grants & contributions	579,342	183,690	151,911	65,529
Operating grants & contributions	64,934	186,660		
General Revenues				
Property taxes	682,199	618,787		
Sales and use taxes	1,561,621	1,454,231		
Franchise taxes	88,094	99,620	35,390	38,554
Occupancy tax	42,123	47,301		
Investment earnings	6,799	1,676	91,329	14,927
Miscellaneous income	821,577	602,355	111,442	116,435
Transfers	1,258,930	1,161,935	(1,258,930)	(1,161,935)
Total Revenues	5,528,580	4,800,170	7,687,645	7,578,488
Expenses				
General administration	1,191,980	1,156,521		
Public safety	1,984,799	1,451,332		
Streets	503,533	468,021		
Public service	233,377	148,823		
Culture and recreation	451,611	413,593		
Health and inspection	29,101	21,660		
Cemetery	158,579	152,913		
Environmental	101,260	29,397		
Utility			6,827,784	6,096,091
Municipal airport			259,466	228,957
Sanitation			802,285	790,683
Interest	22,134	23,231		
Other				
Total expenses	4,676,374	3,865,491	7,889,535	7,115,731
Change in net position	852,206	934,679	(201,890)	462,757
Beginning Net Position	2,834,445	1,830,154	10,693,014	10,247,934
Prior period adjustments	(3,721)	69,612	(17,677)	(17,677)
Ending Net Position	\$ 3,682,930	\$ 2,834,445	\$ 10,491,124	\$ 10,693,014

FINANCIAL ANALYSIS OF THE GOVERNMENTS FUNDS

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

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

THE CITY OF COLEMAN, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023

financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Coleman's governmental General Fund reported an ending fund balance of \$2,235,802. \$1,431,911 of this balance is unassigned and available for spending at the City's discretion. This represents approximately 4 months of operating equity based on 2023 current expenditures.

Fund Budgetary Highlights

The original budget for the General Fund reflected an excess of revenue over expenditures of \$25,279. The budget was amended to reflect an excess revenue over expenditures of \$2,746. The actual expenditures were \$492,196 less than the amended budgeted amounts, and actual revenues were \$214,829 more than was budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The City of Coleman's investment in capital assets for its governmental activities amounted to \$2,256,722 (net of accumulated depreciation), and the investment in capital assets for its business-type activities amounted to \$19,462,188 (net of accumulated depreciation) as of September 30, 2023. This investment in capital assets includes land, buildings, improvements, infrastructure, and equipment.

The City of Coleman's Capital Assets
(net of depreciation)

	Governmental Activities	
	2023	2022
Land	\$ 103,730	\$ 103,730
Construction in progress	192,107	192,107
Buildings and improvements	759,847	629,901
Furniture and equipment	3,211,745	3,161,643
Infrastructure	3,370,925	2,684,374
Right of use assets	294,740	241,196
Subscription assets	70,953	
Accumulated depreciation	(5,747,325)	(5,452,567)
Total	\$ 2,256,722	\$ 1,560,384
	Business-type Activities	
	2023	2022
Land	\$ 347,068	\$ 344,998
Construction in progress	203,015	43,607
Buildings and improvements	1,755,400	1,662,800
Furniture and equipment	3,945,311	3,906,526
Infrastructure	34,188,006	34,144,863
Right of use assets	175,905	175,905
Accumulated depreciation	(21,152,517)	(20,162,815)
Total	\$ 19,462,188	\$ 20,115,884

Additional information on the City of Coleman's capital assets can be found in Note 5 on pages 29 through 31 of this report.

THE CITY OF COLEMAN, TEXAS

**MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

Debt Administration

The City of Coleman has long term debt in the form of bonds, notes payable, subscription liabilities and right of use liabilities. As of September 30, 2023, the City had long term liabilities as follows:

Governmental Activities:	
Notes payable	\$ 307,154
Right of use liabilities	61,484
Subscription liabilities	25,812
Business-type Activities:	
Notes payable	\$ 880,378
Bonds payable	11,371,504
Right of use liabilities	31,310

Additional information on the City of Coleman’s long-term debt can be found in Note 6 on pages 31 through 35 of this report.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The City and the component units of the City are working to bring new businesses into the City of Coleman. By bringing in new business, revenue of the City is increased through sales tax and property tax.

- The City of Coleman adopted a 2023 property tax rate effective for its 2024 fiscal year of \$0.470729 per \$100 property valuation. This is composed of the maintenance and operations rate of \$0.279864 and the interest and sinking rate of \$0.190865 per \$100 property valuation.
- These indicators were taken into account when adopting the general fund budget for fiscal year 2024. The general fund budget reflects a surplus of \$27,639 with \$4,957,004 of general fund revenue and \$4,929,635 of general fund expenses.

Requests for Information

This financial report is designed to provide a general overview of the City of Coleman’s finances for 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 City Secretary, City of Coleman, 200 West Live Oak, Coleman, Texas 76834.

BASIC FINANCIAL STATEMENTS

CITY OF COLEMAN, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 2,316,397	\$ 1,994,188	\$ 4,310,585	\$ 1,494,030
Restricted cash and cash equivalents	424,571	364,091	788,662	
Investments		1,946,740	1,946,740	182,108
Restricted investments	151,648		151,648	
Receivables:				
Taxes, net	227,066		227,066	141,136
Accounts, net	12,951	752,265	765,216	
Other receivables	53,181	100,589	153,770	
Notes receivable				549,906
Internal balances	807	(807)		
Prepaid expenses	600,000		600,000	
Non-depreciable capital assets	295,837	550,083	845,920	220,931
Depreciable capital assets, net	1,960,885	18,912,105	20,872,990	181,781
TOTAL ASSETS	6,043,343	24,619,254	30,662,597	2,769,892
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pension	1,338,633	1,115,323	2,453,956	
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	7,381,976	25,734,577	33,116,553	2,769,892
LIABILITIES				
Accounts payable and accrued expenses	136,824	491,909	628,733	17,275
Utility deposits		376,092	376,092	
Long term liabilities:				
Due within one year	157,541	506,872	664,413	27,391
Due after one year:				
Compensated absences	57,289	29,713	87,002	
Landfill closure liability		51,668	51,668	
Loans and certificates payable	236,909	11,776,320	12,013,229	371,188
Net pension liability	1,664,014	1,386,424	3,050,438	
TOTAL LIABILITIES	2,252,577	14,618,998	16,871,575	415,854
DEFERRED INFLOWS OF RESOURCES				
Unearned grant revenue	979,743	235,587	1,215,330	
Deferred inflows - pension	466,726	388,868	855,594	
TOTAL DEFERRED INFLOWS OF RESOURCES	1,446,469	624,455	2,070,924	
NET POSITION				
Net investment in capital assets	1,862,272	7,178,996	9,041,268	402,712
Restricted	591,568	320,885	912,453	
Unrestricted	1,229,090	2,991,243	4,220,333	1,951,326
TOTAL NET POSITION	\$ 3,682,930	\$ 10,491,124	\$ 14,174,054	\$ 2,354,038

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

CITY OF COLEMAN, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION PRIMARY GOVERNMENT			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
PRIMARY GOVERNMENT:								
Governmental activities:								
General administration	\$ 1,191,980	\$ 122,138	\$ 46,519	\$ 532,492	\$ (490,832)		\$ (490,832)	
Public safety	1,984,799	20,072	10,940		(1,953,787)		(1,953,787)	
Public service	233,377	52,052	7,075		(174,250)		(174,250)	
Culture and recreation	451,611	40,996	400	46,850	(363,365)		(363,365)	
Health and inspection	29,101				(29,101)		(29,101)	
Cemetery	158,579	42,950			(115,629)		(115,629)	
Environment	101,260				(101,260)		(101,260)	
Streets	503,533	144,754			(358,779)		(358,779)	
Interest	22,134				(22,134)		(22,134)	
Total governmental activities	4,676,374	422,962	64,934	579,342	(3,609,137)		(3,609,137)	
Business-type activities:								
Utility	6,827,784	7,659,050		92,843		924,109	924,109	
Municipal airport	259,466	68,453		59,068		(131,945)	(131,945)	
Sanitation	802,285	829,000				26,715	26,715	
Total business-type activities	7,889,535	8,556,503		151,911		818,879	818,879	
TOTAL PRIMARY GOVERNMENT	\$ 12,565,909	\$ 8,979,465	\$ 64,934	\$ 731,253	(3,609,137)	818,879	(2,790,258)	
Component units:								
Economic Development Corp	\$ 259,109	\$ 26,800	\$	\$				(232,309)
Coleman Community Coalition	173,540							(173,540)
Total component units	\$ 432,649	\$ 26,800	\$	\$				(405,849)
GENERAL REVENUES:								
Taxes:								
Property taxes					682,199		682,199	
Sales and use taxes					1,561,621		1,561,621	770,703
Franchise taxes					88,094	35,390	123,484	
Hotel/motel taxes					42,123		42,123	
Investment income					6,799	91,329	98,128	8,498
Miscellaneous income					821,577	111,442	933,019	86,169
Transfers					1,258,930	(1,258,930)		
Total general revenues					4,461,343	(1,020,769)	3,440,574	865,370
Change in net position					852,206	(201,890)	650,316	459,521
Net position - beginning, adjusted					2,830,724	10,693,014	13,523,738	1,894,517
Net position - ending					\$ 3,682,930	\$ 10,491,124	\$ 14,174,054	\$ 2,354,038

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

CITY OF COLEMAN, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	General Fund	American Rescue Plan Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,328,072	\$ 988,325	\$	\$ 2,316,397
Receivables:				
Accounts, net	3,142		9,809	12,951
Property tax, net	61,700			61,700
Sales tax	141,136			141,136
Occupancy tax			10,651	10,651
Franchise tax	13,579			13,579
Grants	45,713			45,713
Due from component units	7,468			7,468
Due from other funds	(240)	1,047		807
Prepaid expenses	600,000			600,000
Restricted Assets:				
Cash and cash equivalents	52,243		372,328	424,571
Investments	151,648			151,648
TOTAL ASSETS	<u>\$ 2,404,461</u>	<u>989,372</u>	<u>\$ 392,788</u>	<u>\$ 3,786,621</u>
LIABILITIES:				
Accounts payable and accrued expenses	\$ 122,713	9,000	\$ 5,111	\$ 136,824
Due to others				
Total Liabilities	<u>122,713</u>	<u>9,000</u>	<u>5,111</u>	<u>136,824</u>
DERERRED INFLOWS OF RESOURCES:				
Deferred revenue	45,946	979,743		1,025,689
Total liabilities and deferred inflows of resources	<u>168,659</u>	<u>988,743</u>	<u>5,111</u>	<u>1,162,513</u>
FUND BALANCE:				
Nonspendable	600,000			600,000
Unassigned	1,431,911	629		1,432,540
Restricted	203,891		387,677	591,568
Total Fund Balance	<u>2,235,802</u>	<u>629</u>	<u>387,677</u>	<u>2,624,108</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,404,461</u>	<u>\$ 989,372</u>	<u>\$ 392,788</u>	<u>\$ 3,786,621</u>

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

CITY OF COLEMAN, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
 SEPTEMBER 30, 2023

Total Fund Balances - Governmental Funds	\$	2,624,108
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. At the beginning of the year, the cost of these assets was \$7,137,448 and the accumulated depreciation was \$5,491,722. The net effect of the beginning balances for capital assets (net of depreciation) in the governmental activities is an increase to net position.		1,645,726
Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. There were current year capital asset purchases of \$950,450 in the governmental funds. Net book value of assets disposed during the year was \$71,495.		878,955
Depreciation expense is not reflected in the governmental funds, but is recorded in the government-wide financial statements as an expense and an increase to accumulated depreciation. The net effect of the current year depreciation expense of \$267,959 is to decrease net position.		(267,959)
Long term debt is not due and payable in the current period and, therefore, it is not reported in governmental funds. The net effect of recognizing long term debt in the governmental activities is a decrease to net position of \$394,540		(394,450)
Compensated absences are reported in the government wide statements but are not recorded in the fund financial statements.		(57,289)
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the governmental funds. Deferred revenue of \$45,946 is recognized in the government-wide financial statements. This results in an increase in net position.		45,946
Included on the government-wide financial statements is the recognition of the City's proportionate share of the net pension liability of \$1,664,014, a deferred outflow of resources of \$1,338,633, and a deferred inflow of resources of \$466,726. The net effect is to decrease net position.		<u>(792,107)</u>
Net Position of Governmental Activities	\$	<u><u>3,682,930</u></u>

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

CITY OF COLEMAN, TEXAS
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2023

	General Fund	American Rescue Plan Fund	Nonmajor Governmental	Total Governmental Funds
REVENUE:				
Taxes:				
Property tax	\$ 428,874	\$	\$ 251,817	\$ 680,691
Sales tax	1,541,406			1,541,406
Franchise tax	88,094			88,094
Occupancy tax			42,123	42,123
Alcohol beverage tax	20,215			20,215
Licenses & permits	15,197			15,197
Grants	561,378	81,388	1,509	644,275
Fines and forfeitures	69,414			69,414
Investment income	5,770	629	400	6,799
General service fees	254,040			254,040
Internal franchise fees	254,040			254,040
Rental revenue	25,144			25,144
Street repair fee			144,754	144,754
Charges for services	193,597			193,597
Donations	3,924		2,775	6,699
Miscellaneous Income	329,287			329,287
Total Revenue	3,790,380	82,017	443,378	4,315,775
EXPENDITURES:				
Current:				
General government	1,020,141		31,541	1,051,682
Public safety				
Other	115,201			115,201
Police department	1,107,941		-	1,107,941
Fire department	631,583		1,446	633,029
Public service				
Animal control	108,319			108,319
Municipal court	106,667			106,667
Health and sanitation	10,911			10,911
Cultural and recreation				
Library	179,591			179,591
Parks	173,830			173,830
City park pool	52,695			52,695
Health and inspection				
City inspection	29,101			29,101
Environmental	90,369			90,369
Cemetery	137,233			137,233
Streets	281,486		144,546	426,032
EDC	110,179			110,179
Debt service:				
Principal retired	140,969			140,969
Interest	17,180			17,180
Capital outlay	950,450			950,450
Total Expenditures	5,263,846	82,017	177,533	5,441,379

CITY OF COLEMAN, TEXAS
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS - continued
YEAR ENDED SEPTEMBER 30, 2023

	General Fund	American Rescue Plan Fund	Nonmajor Governmental	Total Governmental Funds
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(1,473,466)	82,017	265,845	(1,125,604)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	23,862			23,862
Transfers in (out)	<u>1,458,237</u>	<u>(81,388)</u>	<u>(117,919)</u>	<u>1,258,930</u>
Total other financing sources (uses)	<u>1,482,099</u>	<u>(81,388)</u>	<u>(117,919)</u>	<u>1,282,792</u>
CHANGE IN FUND BALANCE	8,633	629	147,926	157,188
FUND BALANCE AT BEGINNING OF YEAR	<u>2,227,169</u>	<u> </u>	<u>239,751</u>	<u>2,466,920</u>
FUND BALANCE AT END OF YEAR	<u>\$ 2,235,802</u>	<u>\$ 629</u>	<u>\$ 387,677</u>	<u>\$ 2,624,108</u>

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

CITY OF COLEMAN, TEXAS
RECONCILIATION OF STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2023

Net Change in Fund Balances - Governmental Funds	\$	157,188
Amounts reported for governmental activities in the statement of activities are different because:		
Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The current year capital asset purchases net of disposals in the General Fund were \$878,955.		878,955
Depreciation expense is not reflected in the governmental funds, but is recorded in the government-wide financial statements as an expense and an increase to accumulated depreciation. The net effect of the current year depreciation expense of \$267,959 is to decrease net position.		(267,959)
The issuance of long term debt provides current financial resources to governmental funds, while repayment of the principal of long term debt consumes the current financial resources of governmental funds. The net effect of recognizing current issuance and payments on long term debt in the government-wide financial statements is a net increase to net position of \$185,373.		185,373
Changes in compensated absences are shown in the statement of activities but are not included in the fund financial statements		(2,228)
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the governmental funds. The current year adjustment to revenue recognized in the government-wide financial statements is \$1,508. This results in a decrease in net position.		1,508
Certain expenditures for pension that are recorded to the fund financial statements must be recorded as deferred outflows of resources. The City's share of the unrecognized deferred inflows and outflows for TMRS as of the measurement date must be amortized and the City's proportionate share of the pension expense must be recognized. These cause the change in net position to decrease in the amount of \$100,631.		<u>(100,631)</u>
Change in Net Position of Governmental Activities	\$	<u><u>852,206</u></u>

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

CITY OF COLEMAN, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023

	Utility Fund	Airport Fund	Sanitation Fund	Total Proprietary
ASSETS:				
Current Assets:				
Cash and cash equivalents	\$ 1,646,734	\$ 111,321	\$ 236,133	\$ 1,994,188
Investments	1,689,660	257,080		1,946,740
Accounts receivable, net	695,351		56,914	752,265
Other receivables	64,013	36,576		100,589
Restricted cash and cash equivalents	320,885		43,206	364,091
Total Current Assets	4,416,643	404,977	336,253	5,157,873
Noncurrent Assets:				
Capital assets:				
Land	225,481	100,000	21,587	347,068
Construction in progress	185,111	17,904		203,015
Buildings and improvements	210,954	2,938,466		3,149,420
Infrastructure	35,468,142		21,247	35,489,389
Machinery and equipment	78,852	983,600	187,456	1,249,908
Right of use assets	175,905			175,905
Less: Accumulated depreciation	(18,768,922)	(2,174,892)	(208,703)	(21,152,517)
Total Noncurrent Assets	17,575,523	1,865,078	21,587	19,462,188
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pension	1,115,323			1,115,323
Total Assets and Deferred Outflows of Resources	23,107,489	2,270,055	357,840	25,735,384
LIABILITIES:				
Accounts payable and accrued expenses	388,161	1,662	51,600	441,423
Due to other funds	807	-	-	807
Accrued interest	50,486			50,486
Utility deposits	376,092			376,092
Right of use liabilities	31,310			31,310
Notes payable	119,562		-	119,562
Certificates of obligation	356,000			356,000
Total current	1,322,418	1,662	51,600	1,375,680
Long term liabilities:				
Compensated absences	29,713		-	29,713
Landfill closure liability			51,668	51,668
Notes payable	760,816		-	760,816
Certificates of obligation	11,015,504			11,015,504
Net pension liability	1,386,424			1,386,424
Total Liabilities	14,514,875	1,662	103,268	14,619,805
DEFERRED INFLOWS OF RESOURCES				
Unearned grant revenue		235,587		235,587
Deferred inflows - pension	388,868			388,868
Total Deferred Inflows of Resources	388,868	235,587		624,455
NET POSITION:				
Net investment in capital assets	5,292,331	1,865,078	21,587	7,178,996
Restricted	320,885			320,885
Unrestricted	2,590,530	167,728	232,985	2,991,243
Total Net Position	\$ 8,203,746	\$ 2,032,806	\$ 254,572	\$ 10,491,124

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

CITY OF COLEMAN, TEXAS
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN
NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Utility Fund	Municipal Airport Fund	Sanitation Fund	Total Proprietary Funds
OPERATING REVENUE:				
Water Sales	\$ 2,315,029	\$	\$	\$ 2,315,029
Sewer charges	706,442			706,442
Electric sales	4,547,312			4,547,312
Sanitation charges			829,000	829,000
Gas & oil sales		68,453		68,453
Utilities transfer fee	21,993			21,993
Franchise fee			35,390	35,390
Penalties on utility service	68,274			68,274
Rental income		15,820		15,820
Other income	61,199	1,199	13,424	75,822
Total Operating Revenue	<u>7,720,249</u>	<u>85,472</u>	<u>877,814</u>	<u>8,683,535</u>
OPERATING EXPENSES:				
Utility department				
Utility office and shop	178,006			178,006
Electricity acquisition and distribution	3,209,860			3,209,860
Water production and distribution	1,650,112			1,650,112
Lake Coleman	99,718			99,718
Sewer collection and treatment	584,802			584,802
Utility administration	919,091			919,091
Municipal airport		259,466		259,466
Sanitation			802,285	802,285
Total Operating Expenses	<u>6,641,589</u>	<u>259,466</u>	<u>802,285</u>	<u>7,703,340</u>
Operating Income	<u>1,078,660</u>	<u>(173,994)</u>	<u>75,529</u>	<u>980,195</u>
NON-OPERATING REVENUE (EXPENSES)				
Interest income	79,418	11,476	435	91,329
Interest expense	(185,989)		(206)	(186,195)
Gain (loss) on sale of assets	19,800			19,800
Grant income	92,843	59,068		151,911
Total Non-operating	<u>6,072</u>	<u>70,544</u>	<u>229</u>	<u>76,845</u>
NET INCOME BEFORE OPERATING TRANSFERS	1,084,732	(103,450)	75,758	1,057,040
OPERATING TRANSFERS				
Transfers in (out)	(1,200,080)	7,150	(66,000)	(1,258,930)
Total Operating Transfers	<u>(1,200,080)</u>	<u>7,150</u>	<u>(66,000)</u>	<u>(1,258,930)</u>
CHANGE IN NET POSITION	(115,348)	(96,300)	9,758	(201,890)
NET POSITION - BEGINNING OF YEAR	8,319,094	2,129,106	244,814	10,693,014
NET POSITION - END OF YEAR	<u>\$ 8,203,746</u>	<u>\$ 2,032,806</u>	<u>\$ 254,572</u>	<u>\$ 10,491,124</u>

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

CITY OF COLEMAN, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Utility Fund	Municipal Airport Fund	Sanitation Fund	Total Proprietary Funds
Cash flows from operating activities:				
Receipts from customers	\$ 7,522,243	\$ 142,947	\$ 828,286	\$ 8,493,476
Receipts from other operation functions	151,466	17,019	48,814	217,299
Payments to suppliers	(1,959,893)	(76,323)	(567,154)	(2,603,370)
Payments to employees and related taxes and benefits	(2,092,003)		(71,117)	(2,163,120)
Payments to others	(1,751,603)	(68,709)	(167,048)	(1,987,360)
Net cash provided (used) by operating activities	<u>1,870,210</u>	<u>14,934</u>	<u>71,781</u>	<u>1,956,925</u>
Cash flows from noncapital financing activities:				
Operating transfers in/out	(1,728,792)	7,150	(66,000)	(1,787,642)
Grant proceeds	28,830			28,830
Net cash provided (used) by noncapital financing activities	<u>(1,699,962)</u>	<u>7,150</u>	<u>(66,000)</u>	<u>(1,758,812)</u>
Cash flows from capital and related financing activities:				
Principal payments on long-term debt	(505,426)		(5,269)	(510,695)
Interest payments on long-term debt	(179,669)		(206)	(179,875)
Proceeds from sale of assets	19,800			19,800
Acquisition and construction of capital assets	(336,006)	-	-	(336,006)
Capital grant proceeds	-	52,559		52,559
Net cash provided (used) by capital and related financing activities	<u>(939,301)</u>	<u>52,559</u>	<u>(5,475)</u>	<u>(892,217)</u>
Cash flows from investing activities:				
Interest income	79,418	11,476	435	91,329
Distributions from investments	(74,838)			(74,838)
Purchase of investments		(11,386)		(11,386)
Net cash provided (used) by investing activities	<u>4,580</u>	<u>90</u>	<u>435</u>	<u>5,105</u>
Net increase (decrease) in cash and cash equivalents	<u>(764,473)</u>	<u>74,733</u>	<u>741</u>	<u>(688,999)</u>
Cash and cash equivalents at beginning of year	<u>2,732,092</u>	<u>36,588</u>	<u>278,598</u>	<u>3,047,278</u>
Cash and cash equivalents at end of year	<u>\$ 1,967,619</u>	<u>\$ 111,321</u>	<u>\$ 279,339</u>	<u>\$ 2,358,279</u>
Cash and cash equivalents	\$ 1,646,734	\$ 111,321	\$ 236,133	\$ 1,994,188
Restricted cash and cash equivalents	320,885	-	43,206	364,091
Total Cash and cash equivalents	<u>\$ 1,967,619</u>	<u>\$ 111,321</u>	<u>\$ 279,339</u>	<u>\$ 2,358,279</u>
Reconciliation of operating income to net cash				
Provided (used) by operating activities:				
Operating income	\$ 1,078,660	\$ (173,994)	\$ 75,529	\$ 980,195
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	875,317	114,385	-	989,702
Adjustment to landfill post closure liability			2,460	2,460
(Increase) Decrease in accounts receivable	(52,891)	74,494	(714)	20,889
(Increase) Decrease in prepaid expenses	-	-		-
Increase (Decrease) in accounts payable	(114,243)	49	(5,494)	(119,688)
Increase (Decrease) in payroll accruals	(6,828)		-	(6,828)
Increase (Decrease) in pension liability	83,844			83,844
Increase (Decrease) in customer deposits	6,351			6,351
Net cash provided (used) by operating activities	<u>1,870,210</u>	<u>14,934</u>	<u>71,781</u>	<u>\$ 1,956,925</u>

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

CITY OF COLEMAN, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Coleman, Texas have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to city units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

REPORTING ENTITY

The City of Coleman, Texas is a general law municipality governed by an elected Mayor and City Council. The City's major operations include the following basic services: public safety (police, fire, dispatch), public service (animal control, municipal court, health, and sanitation), cultural and recreation (library, park, city pool), health and inspection, cemetery, highways and streets, water, sewer, solid waste, electric, and general administrative services.

In conformity with U.S. generally accepted accounting principles, the City has considered all potential component units. The basic criterion is the governing body's ability to exercise oversight responsibility which includes financial interdependency, selection of governing authority, the designation of management, and accountability for fiscal matters.

Discretely Presented Component Units

The City has oversight responsibility for the Coleman Economic Development Corporation and the Coleman Community Coalition Type B Economic Development Corporation. The City is financially accountable for these component units since the City Council appoints a majority of their boards, and the City is able to impose its will on the entities. The audited financial information of the discretely presented component units is presented in a separate column in the City's financial statements to emphasize that they are legally separate from the City. The discretely presented component units also provide separately issued audited financial statements.

The Coleman Economic Development Corporation (Corporation) is a non-profit corporation established and governed by the Texas Development Corporation Act of 1979, as amended, Chapter 505 of the Local Government Code. The purpose of the Corporation is to promote economic development within the City, to promote and encourage employment and the public welfare of, for, and on behalf of the City, to develop projects allowed under Chapter 505 of the Act, including without limitation, new and existing industrial and manufacturing concerns, parks, auditoriums, open space improvements, athletic and exhibition facilities, and other related improvements, and for maintenance and operating cost of the publicly owned and operated projects by developing, implementing, providing and financing projects under the Act. These activities are funded by sales tax collected within the City limits of the City of Coleman. During the year, the Corporation was governed by a seven-member board of directors who were appointed by the City Council.

The Coleman Community Coalition Type B Economic Development Corporation (Coalition) is a non-profit corporation established and governed by the Texas Development Corporation Act of 1979, as amended, Chapter 505 of the Local Government Code. The purpose of the Coalition is to promote economic development within the City, to promote and encourage employment and the public welfare of, for, and on behalf of the City, to develop projects allowed under Chapter 505 of the Act, including without limitation, new and existing industrial and manufacturing concerns, parks, auditoriums, open space improvements, athletic and exhibition facilities, and other related improvements, and for maintenance and operating cost of the publicly owned and operated projects by developing, implementing, providing and financing projects under the Act. These activities are funded by sales tax collected within the City limits of the City of Coleman. During the year, the Corporation was governed by a seven-member board of directors who were appointed by the City Council.

CITY OF COLEMAN, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1: *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued*

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements

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

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

Fund Financial Statements

Separate financial statements are provided for governmental and proprietary funds. An emphasis of the fund financial statements is placed on major governmental and proprietary funds. Major individual governmental and proprietary 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 are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds, and issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Because different measurement focuses and bases of accounting are used in the government-wide statements of net position and governmental fund statements, amounts reported as restricted fund balances in the governmental funds may be different from amounts reported as restricted net position in the statement of net position.

CITY OF COLEMAN, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Property taxes, sales taxes, franchise taxes, hotel/motel taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Fund Types and Major Funds

Governmental Funds

The City reports the following major governmental funds:

The general fund is the government's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

The American Rescue Plan Fund was established to report the grant revenues and expenses from the American Rescue Plan Grant.

The City also reports the nonmajor governmental special revenue funds to account for various revenues and expenses restricted or committed to certain purposes. The non-major funds include law enforcement, occupancy tax, court technology and security, street improvement and cemetery improvement funds.

Proprietary Funds

The City reports the following major enterprise funds:

The utility fund accounts for the operation of the water distribution system, the sewer and the electric services for the City. The utility fund is financed and operated in a manner similar to private business enterprises where the intent of the government body is that the costs of providing services to the general public on a continuing basis will be financed or recovered primarily through user charges.

The municipal airport fund accounts for revenues and expenses associated with the operations of the City owned airport.

The sanitation fund accounts for revenues and expenses associated with the operations of the City's sanitation department.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed. Within unrestricted resources, committed would be considered spent first, followed by assigned, and then unassigned amounts.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

CITY OF COLEMAN, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenue. Likewise, general revenues include all taxes.

Budgetary Control

Formal budgetary accounting is employed for all required governmental fund types and is presented on the modified accrual basis of accounting consistent with generally accepted accounting principles. The City Manager submits an annual budget to the City Council in accordance with the City Charter. The budget is presented to the City Council for review, and public hearings are held to address priorities and the allocations of resources. In August, the City Council adopts the annual fiscal year budget for the City's operating funds. Once approved, the City Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations. Annual appropriations lapse at fiscal year-end. The operating budgets of the City were amended during the fiscal year.

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by sources. Expenditures are budgeted by department and class. Budget revisions at the class level are subject to review by the City Council.

Excess of Expenditures over Appropriations

During fiscal year 2023 in the general fund, expenditures exceeded the amended budget in several departments; however, funds were available to cover all unbudgeted expenditures with current year revenue and unrestricted fund balance. General fund expenses were less than budgeted amounts by \$492,196 and general fund revenues were more than budgeted amounts by \$214,829. The City's overall revenues over expenditures compared to the amended budget reflected a favorable variance of \$707,025.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reported period. Actual results could differ from those estimates.

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity

Cash and Cash Equivalents

For purposes of the statement of cash flows, all cash and highly liquid investments are considered to be cash equivalents if they have an initial maturity of three months or less when purchased.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (the current portion of interfund loans) or "advances to/from other funds" (the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

CITY OF COLEMAN, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

All trade and tax receivables are shown net of an allowance for uncollectibles.

Restricted Assets

Certain governmental fund assets are classified as restricted on the balance sheet and statement of net position because their use is limited by legal or contractual requirements and terms of trust agreements. These include funds restricted for debt service and improvements.

Also, certain other resources set aside for debt repayment and other purposes, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants and contract agreements. These include assets for bond debt service.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for the proprietary fund. In the governmental fund financial statements, capital assets are recorded as expenditures. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Capital assets are stated at historical cost or estimated cost if actual historical cost is not available. The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the lives is not capitalized.

Capital assets in the government-wide statements and the proprietary fund statements are depreciated on the straight-line method over the estimated useful lives of the respective assets. Depreciation of all exhaustible capital assets is charged as an expense against operations. The estimated useful lives of fixed assets are as follows:

Buildings and Improvements	20 - 50 years
Infrastructure	20 - 40 years
Equipment	3 - 10 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has deferred outflows of resources for the difference between projected and actual earnings for its pension plan and contributions to these plans after the measurement date, but before the end of the fiscal year.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has deferred inflows of resources for the differences between expected and actual experience related to the pension plan. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

CITY OF COLEMAN, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1: *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued*

On the governmental fund financial statements, in addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources are reported in the governmental funds and proprietary funds for unavailable revenues from property taxes and grant receipts.

Compensated Absences

Full time, permanent employees are granted vacation benefits in varying amounts to specified maximums. The estimated liabilities include required salary-related payments. Compensated absences are reported as accrued in the government-wide, proprietary, and component unit financial statements. Governmental funds report only matured compensated absences payable to currently terminating employees.

Long-term Obligations

In the government-wide, proprietary, and component unit financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premium and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premiums or discounts and deferred amounts on refunding. Issuance costs are reported as expenditures in the period incurred.

The governmental fund financial statements recognize the proceeds for debt and premiums as other financing sources of the current period. Issuance costs are reported as debt service expenditures.

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 Texas Municipal Retirement System (TMRS) and addition to/deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at their fair value.

Fund Balance Classifications

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City has \$600,000 in nonspendable funds for the year ended September 30, 2023.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the revenue note and restricted through debt covenants. Federal or state funds are restricted for use only for a specific use. The City has \$591,568 restricted funds at September 30, 2023.

CITY OF COLEMAN, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1: *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued*

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the City Council’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the Council delegating this responsibility to management through the budgetary process. The City has no assigned funds for the year ended September 30, 2023.

Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

The City would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

NOTE 2: *DEPOSITS AND INVESTMENTS*

The City’s funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City’s agent bank approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank’s dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

Cash Deposits

The City’s cash deposits were entirely covered by FDIC insurance or pledged collateral held by the City’s bank in the City’s name at September 30, 2023.

The Coleman Economic Development Corporation and the Coleman Community Coalition Type B Economic Development Corporation were fully collateralized at September 30, 2023.

Investments

The City is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, and maturity and the quality and capability of investment management; and include a list of the types of authorized investments in which the investing equity’s funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

The Public Funds Investment Act (Act) requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the City adhered to the requirements of the Act. Additionally, investment practices of the City were in accordance with local policies.

CITY OF COLEMAN, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 2: DEPOSITS AND INVESTMENTS - continued

The Act determines the types of investments which are allowable for the City. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposits, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds.

The City's investments at September 30, 2023 are as follows:

	<u>Reported Amount and Fair Value</u>
Governmental Activities	
Certificates of Deposit	\$ <u>151,648</u>
Total Governmental Activities	<u>151,648</u>
Business-type Activities	
Certificates of Deposit	100,000
TexPool	<u>1,846,740</u>
	<u>1,946,740</u>
Total Investments	\$ <u><u>2,098,388</u></u>

Custodial credit risk – deposits. Deposits in financial institutions are carried at cost which approximates fair value. At September 30, 2023, the City had cash and cash investments, which represents cash on hand, demand deposits and savings accounts at federally insured local banks. At September 30, 2023, the City's deposits were fully secured by federal depository insurance and pledged securities held by the City's agent in the City's name.

Statutes authorize the City to invest in obligations of the U.S. Treasury or the State of Texas, certain repurchase agreements, common trust funds, certificates of deposit that are guaranteed or insured by the Federal Deposit Insurance Corporation, and other investments specifically authorized by Chapter 2256 Public Funds Investment Act (PFIA) and Chapter 2257 Collateral for Public Funds of the Texas Government Code. The City is in compliance with the requirements of the PFIA.

Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in an active market for identical assets; level 2 inputs are significant other observable inputs or quoted prices in markets that are not active; and level 3 inputs are significant unobservable inputs. Because the investments are restricted by policy and state law to active secondary markets, the market approach is being used for valuation. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or a group of assets and liabilities.

The exit or fair market prices used for these fair market valuations of the portfolio are all level 1 and represent unadjusted quoted prices in active markets for identical assets and liabilities that have been accessed at the measurement date.

CITY OF COLEMAN, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 3: ACCOUNTS RECEIVABLE

Governmental Activities

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of tax bill and are delinquent if not paid before February 1 of the year following the year in which tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period. The tax rate to finance general governmental services and to service the debt for the year ended September 30, 2023 was \$.460006 per \$100 valuation (.284127 for maintenance and operations and .175879 for debt service).

Allowances for uncollectible taxes receivable within the General Fund are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

In the governmental fund financial statements, property tax receivable is recorded in the General Fund. At fiscal year-end, the receivable represents delinquent taxes. If the receivables are not paid within 60 days of year-end, they are recorded as deferred revenue.

Receivables included in governmental activities are as follows:

Property tax receivable	\$	90,269
Less: Allowance for uncollectible taxes		<u>(28,569)</u>
Property tax receivable, net		61,700
Sales tax receivable		141,136
Occupancy tax receivable		10,651
Franchise tax receivable		13,579
Street improvement fee		9,809
Grant receivable		45,713
Due from other governments		7,468
Accounts receivable		<u>3,142</u>
	\$	<u>293,198</u>

Business-Type Activities

Accounts receivables in the proprietary funds include amounts due from customers primarily for utility and sanitation services. An allowance has been recorded to estimate the uncollectible receivables at year end. The accounts receivables in the Utility Fund and the Sanitation Fund total \$695,351 (net of an allowance of \$25,021) and \$56,914 (net of an allowance of \$2,058), respectively.

CITY OF COLEMAN, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 4: RESTRICTED ASSETS

The amounts reported as restricted assets of the governmental activities and business-type activities are comprised of assets held by trustee and depository banks for the following restricted purposes:

	Cash and Cash	
	Equivalents	Investments
Governmental Activities:		
Deposits held for debt service	\$ 127,965	\$
Deposits held for acquisition and perpetual care	10,922	150,000
Deposits held for public safety	26,868	
Deposits held for tourism	54,746	1,648
Deposits held for street improvement	151,827	
Unspent grant proceeds	52,243	
Total Governmental Activities	\$ 424,571	\$ 151,648
 Business-Type Activities:		
Deposits held for debt service	\$ 320,885	\$
Deposits held for landfill trust	43,206	
	\$ 364,091	\$

NOTE 5: CAPITAL ASSETS

A summary of changes in governmental capital assets is as follows:

<u>Government Activities:</u>	Balance September 30, 2022	Additions/ Completions	Retirements/ Adjustments	Balance September 30, 2023
Capital assets, not being depreciated:				
Land	\$ 103,730	\$	\$	\$ 103,730
Construction in progress	192,107			192,107
Total capital assets, not being depreciated	295,837	-	-	295,837
Capital assets being depreciated:				
Buildings and improvements	690,198	82,005	(12,356)	759,847
Furniture and equipment	3,101,346	181,894	(71,495)	3,211,745
Right of use assets	294,740			294,740
Subscription asset	70,953			70,953
Infrastructure	2,684,374	686,551		3,370,925
Total assets being depreciated	6,841,611	950,450	(83,851)	7,708,210
Less accumulated depreciation for:				
Buildings and improvements	(431,882)	(26,975)	12,356	(446,501)
Furniture and equipment	(2,359,975)	(147,070)		(2,507,045)
Right of use assets	(160,829)	(71,008)		(231,837)
Subscription asset	(20,415)			(20,415)
Infrastructure	(2,518,621)	(22,906)		(2,541,527)
Total accumulated depreciation	(5,491,722)	(267,959)	12,356	(5,747,325)
Total capital assets being depreciated, net	1,349,889	682,491	(71,495)	1,960,885
Governmental activities capital assets, net	\$ 1,645,726	\$ 682,491	\$ (71,495)	\$ 2,256,722

CITY OF COLEMAN, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 5: CAPITAL ASSETS - continued

A summary of changes in business-type capital assets is as follows:

<u>Business-type activities:</u>	Balance September 30, 2022	Additions/ Completions	Retirements/ Adjustments	Balance September 30, 2023
Capital assets, not being depreciated:				
Land	\$ 344,998	\$ 2,070	\$ -	\$ 347,068
Construction in progress	43,607	159,408	-	203,015
Total capital assets, not being depreciated	<u>388,605</u>	<u>161,478</u>	<u>-</u>	<u>550,083</u>
Capital assets being depreciated:				
Buildings and improvements	1,662,800	92,600	-	1,755,400
Machinery and equipment	3,906,526	38,785	-	3,945,311
Right of use assets	175,906	-	-	175,906
Infrastructure	34,144,862	43,143	-	34,188,005
Total assets being depreciated	<u>39,890,094</u>	<u>174,528</u>	<u>-</u>	<u>40,064,622</u>
Less accumulated depreciation for:				
Buildings and improvements	(596,559)	(57,183)	-	(653,742)
Machinery and equipment	(2,788,081)	(154,441)	-	(2,942,522)
Right of use assets	(103,426)	(43,976)	-	(147,402)
Infrastructure	(16,674,749)	(734,102)	-	(17,408,851)
Total accumulated depreciation	<u>(20,162,815)</u>	<u>(989,702)</u>	<u>-</u>	<u>(21,152,517)</u>
Total capital assets being depreciated, net	<u>19,727,279</u>	<u>(815,174)</u>	<u>-</u>	<u>18,912,105</u>
Business-type activities capital assets, net	<u>\$ 20,115,884</u>	<u>\$ (653,696)</u>	<u>\$ -</u>	<u>\$ 19,462,188</u>

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

Governmental activities:

General government	\$ 55,794
Fire	18,659
Public safety	95,104
Streets	47,386
Culture and recreation	35,360
Cemetery	15,656
	<u>\$ 267,959</u>

Business-type activities:

Utility shop	\$ 13,410
Sewer collection and treatment	62,182
Lake Coleman	13,116
Electricity acquisition and distributions	371,701
Municipal airport	114,385
Water production and distribution	414,908
	<u>\$ 989,702</u>

CITY OF COLEMAN, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 5: CAPITAL ASSETS - continued

A summary of changes in City of Coleman, Texas component unit's capital assets is as follows:

<u>Component Units Combined</u>	Balance September 30, 2022	Additions/ Completions	Retirements/ Adjustments	Balance September 30, 2023
Capital assets, not being depreciated:				
Land	\$ 220,931	\$ _____	\$ _____	\$ 220,931
Total capital assets, not being depreciated	<u>220,931</u>	<u>_____</u>	<u>_____</u>	<u>220,931</u>
Capital assets being depreciated:				
Buildings and improvements	399,480			399,480
Signs and Equipment	<u>109,178</u>			<u>109,178</u>
Total assets being depreciated	<u>508,658</u>	<u>_____</u>	<u>_____</u>	<u>508,658</u>
Less accumulated depreciation for:				
Buildings and improvements	(209,339)	(14,186)		(223,525)
Furniture and Equipment	<u>(97,809)</u>	<u>(5,543)</u>		<u>(103,352)</u>
Total accumulated depreciation	<u>(307,148)</u>	<u>(19,729)</u>		<u>(326,877)</u>
Total capital assets being depreciated, net	<u>201,510</u>	<u>(19,729)</u>		<u>181,781</u>
Component Unit capital assets, net	<u>\$ 422,441</u>	<u>\$ (19,729)</u>	<u>\$ _____</u>	<u>\$ 402,712</u>

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

Economic Development Corporation	\$ 14,734
Community Coalition	<u>4,995</u>
 Total Depreciation	 <u>\$ 19,729</u>

NOTE 6: LONG TERM DEBT

Governmental Activities

In March 2016, the City entered into a note agreement with Government Capital Financing to purchase a brush chipper for the sanitation fund and two police cars for the general fund in the amount of \$121,613. The interest rate is 3.61% and two payments per year of \$9,974, including interest, are due from the City for 14 total payments. This note was paid off during the year ended September 30, 2023.

In August 2017, the City entered into a note agreement with Government Capital Financing to purchase a Pelican street sweeper in the amount of \$208,540. The interest rate is 3.996% and semi-annual payments of \$12,722, including interest, are due from the City through July 31, 2027. The balance at September 30, 2023 is \$92,931.

In March 2020, the City entered into a note agreement with Government Capital Financing to purchase a front end loader for the streets department in the amount of \$90,910. The interest rate is 3.3344% and calls for a yearly payment of \$10,845, including interest through March 2030. The balance for this note at September 30, 2023 is \$66,702.

In December 2020, the City entered into a note agreement with Government Capital Financing to purchase police vehicles in the amount of \$250,000. The interest rate is 2.998% and calls for a yearly payment of \$39,686, including interest through September 2027. The balance for this note at September 30, 2023 is \$147,522.

CITY OF COLEMAN, TEXAS

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 6: LONG TERM DEBT - continued

The City entered into a lease agreement with Enterprise Fleet during the year ended September 30, 2021. The general fund leased a total of 7 vehicles for a total amount of \$241,196. The lease calls for monthly lease payments for 48 months. The payments begin when the vehicles are delivered. The balance of the right of use liabilities for the governmental activities at year end is \$61,483.

The City entered into two subscription based technology agreements in the years ended September 30, 2018 and September 30, 2021. The two agreements call for yearly payments giving the city the right to utilize the software. The balance of the two subscription liabilities at September 30, 2023 totaled \$25,812.

Business-Type Activities

In January 2008, the City was approved for Tax and Utility System Surplus Revenue Certificates of Obligation, Series 2008, in the amount of \$5,024,000 from the Drinking Water State Revolving Fund administered by the Texas Water Development Board. The release of funds is required to occur through multiple installments. The funds will include an additional \$885,000 in Loan Forgiveness through the DWSRT Disadvantaged Program. The bonds are 0% interest. A bond discount of \$269,149 resulted in the imputed interest at 5.25%. The bond discount at 9/30/2023 is \$148,496, and the balance of the outstanding certificates of obligation at 9/30/2023 is \$2,645,000.

In March 2016, the City entered into a note agreement with Government Capital Financing to purchase a brush chipper for the sanitation fund and two police cars for the general fund in the amount of \$121,613. The interest rate is 3.61% and two payments per year of \$9,974, including interest, are due from the City for 14 total payments. This note was paid off during the year ended September 30, 2023.

In April 2019, the City entered into loan agreements with the US Department of Agriculture – Rural Utilities Services to provide funding for the City of Coleman’s water treatment plant improvements in the amount of \$9,600,000. The USDA Rural Development loan is secured by the City of Coleman Series 2019 and 2019A revenue certificates of obligation. The Series 2019, in the amount of \$8,000,000, is at a fixed interest rate of 1.375%, and the Series 2019A, in the amount of \$1,600,000, is at a fixed interest rate of 2.125%. Annual payments of principal and interest are due through April of 2059. The balance at 09/30/2023 is \$8,875,000.

In March 2020, the City entered into a note agreement with Government Capital Financing to purchase several pieces of heavy equipment for the Utility Funds in the amount of \$1,125,002. The interest rate is 3.3344% and calls for a yearly payment of \$134,210, including interest through March 2030. The balance for this note at 09/30/2023 is \$825,434.

In October 2019, the City entered into a note agreement with Caterpillar Financial Services to purchase a backhoe loader in the amount of \$87,800. The interest rate is 3.84998% and calls for a monthly payments of \$1,237 beginning October 2020. The balance for this note (including accrued interest) at 09/30/2023 is \$54,944.

The City entered into a lease agreement with Enterprise Fleet during the year ended September 30, 2021. The utility fund leased a total of 5 vehicles for a total amount of \$175,905. The lease calls for monthly lease payments for 48 months. The payments begin when the vehicles are delivered. The balance of the right of use liabilities for the governmental activities at year end is \$31,310.

CITY OF COLEMAN, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 6: LONG TERM DEBT - continued

A schedule of the City's transaction in the long-term debt for the year ended September 30, 2023 is as follows:

	Balance at 09/30/2022	Additions	Retirements	Balance at 09/30/2023
Primary Government:				
<i>Governmental Activities:</i>				
Notes Payable	\$ 384,919	\$	\$ (77,764)	\$ 307,155
Right of use liabilities	138,622		(77,139)	61,483
Subscription liability	56,282		(30,470)	25,812
Compensated Absences	55,061	2,228		57,289
	634,884	2,228	(185,373)	451,739
 <i>Business-Type Activities:</i>				
Notes Payable	\$ 1,001,271	\$	\$ (120,893)	\$ 880,378
Bonds Payable	11,873,000		(353,000)	11,520,000
Premium on Bonds	(157,777)		9,281	(148,496)
Right of use liabilities	77,394		(46,084)	31,310
Landfill Closure and Post Closure	49,208	2,460		51,668
Compensated Absences	36,542		(6,829)	29,713
	12,879,638	2,460	(517,525)	12,364,573
 Total Primary Government	 13,514,522	 4,688	 (702,898)	 12,816,312

The annual aggregate maturities for the governmental and business-type activities at September 30, 2023:

	Principal	Interest	Total
Long Term Bonds:			
<i>Business-type activities:</i>			
2024	\$ 356,000	\$ 133,418	\$ 489,418
2025	354,000	130,505	484,505
2026	356,000	127,683	483,683
2027	360,000	124,854	484,854
2028	363,000	122,130	485,130
2029-2033	1,859,000	564,750	2,423,750
2034-2038	1,941,000	485,458	2,426,458
2039-2043	1,373,000	399,294	1,772,294
2044-2048	1,305,000	305,816	1,610,816
2049-2053	1,409,000	204,331	1,613,331
2054-2058	1,524,000	94,384	1,618,384
2059	320,000	4,865	324,865
	\$ 11,520,000	\$ 2,697,488	\$ 14,217,488

CITY OF COLEMAN, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 6: LONG TERM DEBT - continued

		<u>Principal</u>		<u>Interest</u>		<u>Total</u>
Notes Payable:						
<i>Governmental Activities:</i>						
2024	\$	65,815	\$	10,161	\$	75,976
2025		68,045		7,930		75,975
2026		70,353		5,622		75,975
2027		72,467		3,508		75,975
2028		9,826		1,019		10,845
2029-2030		20,649		1,042		21,691
	\$	<u>307,155</u>	\$	<u>29,282</u>	\$	<u>336,437</u>
 <i>Business-type activities:</i>						
2024	\$	119,562	\$	29,490	\$	149,052
2025		123,635		25,419		149,054
2026		127,846		21,206		149,052
2027		132,203		16,851		149,054
2028		121,599		12,611		134,210
2029-2030		255,532		12,888		268,420
	\$	<u>880,377</u>	\$	<u>118,465</u>	\$	<u>998,842</u>
 Right of Use Liabilities						
<i>Governmental Activities:</i>						
2024	\$	51,807	\$	1,935	\$	53,742
2025		9,676		532		10,208
	\$	<u>61,483</u>	\$	<u>2,467</u>	\$	<u>63,950</u>
 <i>Business-type activities:</i>						
2024	\$	31,310	\$	664	\$	31,974
2025						-
	\$	<u>31,310</u>	\$	<u>664</u>	\$	<u>31,974</u>
Total Primary Government	\$	<u>12,800,325</u>	\$	<u>2,848,366</u>	\$	<u>15,648,691</u>

Component Unit: Governmental Activities

In May 2020, the Coleman Economic Development Corporation entered into a note agreement with Government Capital Financing to fund incentive payments to replace the lights at the community baseball fields in the amount of \$475,000. Principal and interest in the amount of \$41,099 is due annually for fifteen years. The interest rate is 3.439%. The outstanding balance as of 09/30/2023 is \$398,579.

CITY OF COLEMAN, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 6: LONG TERM DEBT - continued

The annual aggregate maturities for the component unit governmental type activities at September 30, 2023 are as follows:

	Principal	Interest	Total
Notes Payable:			
<i>Component Unit: Governmental Activities:</i>			
2024	\$ 27,391	\$ 13,708	\$ 41,099
2025	28,333	12,766	41,099
2026	29,308	11,791	41,099
2027	30,316	10,783	41,099
2028	31,358	9,740	41,098
2029-2033	173,728	31,767	205,495
2034-2035	78,145	4,053	82,198
	\$ 398,579	\$ 94,608	\$ 493,187

NOTE 7: RISK FINANCING

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; and errors or omissions. The City has purchased commercial insurance to insure against these losses. There were no significant reductions in coverage in the past year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

NOTE 8: COMMITMENTS AND CONTINGENCIES

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Such audits could result in requests for reimbursement by the grantor agencies for expenses disallowed under terms and conditions specified in the grant agreement.

NOTE 9: BALANCES AND TRANSFERS/PAYMENTS WITHIN THE REPORTING ENTITY

Interfund Receivables and Payables

Generally, outstanding balances between funds reported as “due to/due from other funds” include outstanding loans from other funds for operating expenses. Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are described as “due to/due from other funds” (i.e., the current portion of interfund loans).

The following schedule reports receivables and payables at year-end:

Funds with Due From	Funds with Due to		Amount
General	Utility	\$	806
American Rescue Plan	General		1,047

CITY OF COLEMAN, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 9: BALANCES AND TRANSFERS/PAYMENTS WITHIN THE REPORTING ENTITY - continued

Interfund Transfers

The following schedule reports transfers between funds:

Transfers Out	Transfers In	Amount	Purpose
Utility	General	\$ 1,547,237	Budgeted transfer
Sanitation	General	36,000	Dedicated Funds
Sanitation	Utility	30,000	Dedicated Funds
American Rescue Plan	Utility	81,388	Dedicated Funds
Debt Service	Utility	242,919	Debt service
General	Street Maintenance	125,000	Restricted Funds
Utility	Airport	7,150	Dedicated Funds

NOTE 10: PENSION PLAN

A. Plan Description

The City of Coleman participates as one of 895 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS’s defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

All eligible employees of the City are required to participate in TMRS.

B. Benefits Provided

TMRS provides retirement, disability and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee’s contributions with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member’s deposits and interests.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City for the plan years 2022 and 2023 were as follows:

Employee deposit rate:	7.0%
Employer deposit rate (2022/2023)	17.49%/17.80%
Matching ratio (City to employee):	2 to 1
Years required for vesting:	5 years
Service retirement eligibility (expressed as age/years of service)	60/5, 0/25
Updated service credit	100% Repeating, Transfers
Annuity increase (to retirees)	50% of CPI Repeating

CITY OF COLEMAN, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 10: PENSION PLAN - continued

Employees covered by benefit terms

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	67
Inactive employees entitled to but not yet receiving benefits	47
Active employees	<u>54</u>
Total	168

C. Contributions

The contribution rates for employees in the TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each City is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability

Employees for the City of Coleman were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Coleman were 17.49% and 17.80% in calendar years 2022 and 2023 respectively. The City's contributions to TMRS for the year ended September 30, 2023 were \$505,738, and were equal to the required contributions.

D. Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation.

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with 4-year set-forward for males and a 3-year set forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

CITY OF COLEMAN, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 10: PENSION PLAN – continued

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2015 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APR's) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the are between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	7.7%
Core Fixed Income	6.0%	4.9%
Non-Core Fixed Income	20.0%	8.7%
Other public and private markets	12.0%	8.1%
Real Estate	12.0%	5.8%
Hedge Funds	5.0%	6.9%
Private Equity	10.0%	11.8%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Sensitivity of the Net Pension Liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability	\$ 5,306,470	\$ 3,050,438	\$1,177,673

CITY OF COLEMAN, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 10: PENSION PLAN - continued

Changes in the Net Pension Liability	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance as 12/31/2021	\$ 17,646,527	\$17,026,716	\$ 619,811
Changes for the year:			
Service cost	417,450		417,450
Interest	1,172,645		1,172,645
Change of benefit terms			
Difference between expected and actual experience	218,229		218,229
Changes of assumptions			
Contributions – employer		440,514	(440,514)
Contributions – employee		176,352	(176,352)
Net Investment Income		(1,241,248)	1,241,248
Benefit Payments, including refunds of employee contributions	(965,460)	(965,460)	
Administrative expense		(10,755)	10,755
Other changes		12,834	(12,834)
Net Changes	842,864	(1,587,763)	2,430,627
Balance 12/31/2022	\$ 18,489,391	\$ 15,438,953	\$ 3,050,438

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

E. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2023, the City recognized pension expense (benefit) of \$690,100.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 147,637	\$ 0
Changes in actuarial assumptions		
Difference between projected and actual investment earnings	1,912,440	855,594
Contributions subsequent to the measurement date	393,879	
Total	\$ 2,453,956	\$ 855,594

\$393,879 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

CITY OF COLEMAN, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 10: PENSION PLAN – continued

Year Ended December 31:	
2023	\$ 153,417
2024	289,248
2025	283,711
2026	478,107
2027	0
Thereafter	0
Total	\$ 1,207,483

NOTE 11: HEALTH CARE COVERAGE

During the year ended September 30, 2023 employees of the City were covered by a health insurance plan (the Plan). The City paid 100% of the employee premiums, and employees, at their option, can authorize payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The plan was authorized by Article 3.51 of the Texas Insurance Code.

NOTE 12: CLOSURE AND POST-CLOSURE CARE COSTS

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these landfill closure and post-closure costs as an operating expense in each period based on landfill capacity used. The \$51,668 reported as a landfill closure and post-closure liability at September 30, 2023 represents the cumulative amount accrued to date. This amount is based on estimates of what it would cost to perform all closure and post-closure care in 2023. The total estimated closure and post-closure costs were determined by the City’s engineering consultants and are adjusted annually by an inflation factor. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The City has applied for an amended permit to a Type IV landfill for the original landfill site. A second landfill site currently in use has the capacity for an estimated seventy-five years’ volume. The City is required by state and federal laws and regulations to provide annual assurance that financial resources will be available to provide for closure, post-closure care, and remediation or containment of environmental hazards. The City remains in compliance with all closure requirements and there are no unfunded closure costs as of September 30, 2023.

NOTE 13: PRIOR PERIOD ADJUSTMENTS

In the governmental activities, the beginning net position was adjusted to recognize the subscription asset and liability as the City implemented Governmental Accounting Standards Board Statement No. 96, *Subscription Based Information Technology Arrangements (SBITA’s)*. GASB No. 96 establishes uniform accounting and financial reporting for SBITA’s, improves the comparability of government’s financial statements, and enhances the understandability, reliability, relevance, and consistency of information about SBITA’s. The new standard records a subscription asset and a subscription liability for all SBITA’s that are greater than 12 months and meet the standards outlined in GASB No. 96.

CITY OF COLEMAN, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 13: PRIOR PERIOD ADJUSTMENTS - continued

The following summary shows the changes in the statement of financial position accounts at October 1, 2022:

	Originally Reported	Restated Balances	Net Adjustment
Governmental Activities - Net Position:			
Right of Use Assets	\$ 241,196	\$ 294,740	\$ 53,544
Accumulated Amortization on right of use assets	(142,089)	(160,829)	(18,740)
Right of Use Liability	(105,841)	(138,622)	(32,781)
Subscription Asset	-	70,953	70,953
Accumulated Amortization on subscription asset	-	(20,415)	(20,415)
Subscription Liability	-	(56,282)	(56,282)
Net Change in Governmental Activities	\$ (6,734)	\$ (10,455)	\$ (3,721)

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF COLEMAN, TEXAS
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUE:				
Taxes:				
Property tax	\$ 409,336	\$ 421,854	\$ 428,874	\$ 7,020
Sales tax	950,000	1,545,000	1,541,406	(3,594)
Franchise tax	90,000	90,000	88,094	(1,906)
Alcohol beverage tax	15,000	19,000	20,215	1,215
Total taxes	<u>1,464,336</u>	<u>2,075,854</u>	<u>2,078,589</u>	<u>2,735</u>
Licenses & permits	15,000	14,000	15,197	1,197
Intergovernmental	994,000	607,805	561,378	(46,427)
Fines and forfeitures	76,650	100,350	69,414	(30,936)
Investment income	2,220	3,870	5,770	1,900
General service fees	258,307	260,707	254,040	(6,667)
Internal franchise fees	258,307	260,707	254,040	(6,667)
Rental revenue	25,244	25,144	25,144	-
Charges for services	902,571	202,344	193,597	(8,747)
Donations	300	475	3,924	3,449
Miscellaneous Income	12,650	24,295	329,287	304,992
Total Revenue	<u>4,009,585</u>	<u>3,575,551</u>	<u>3,790,380</u>	<u>214,829</u>
EXPENDITURES:				
Current:				
General government	728,756	1,049,978	1,020,141	29,837
Public safety			-	-
Other	107,950	114,450	115,201	(751)
Police department	1,011,833	1,114,973	1,107,941	7,032
Fire department	536,929	668,972	631,583	37,389
Public service			-	-
Animal control	140,397	157,932	108,319	49,613
Municipal court	98,756	104,630	106,667	(2,037)
Health and sanitation	12,070	11,120	10,911	209
Cultural and recreation			-	-
Library	210,863	257,936	179,591	78,345
Parks	622,400	166,305	173,830	(7,525)
City park pool	135,744	51,159	52,695	(1,536)
Health and inspection			-	-
City inspection	45,850	47,325	29,101	18,224
Environmental	82,721	84,470	90,369	(5,899)
Cemetery	166,488	148,264	137,233	11,031
Streets	347,846	284,386	281,486	2,900
EDC	112,312	110,808	110,179	629
Total Current Expenditures	<u>4,360,915</u>	<u>4,372,708</u>	<u>4,155,247</u>	<u>217,461</u>
Capital outlay	1,025,000	1,221,663	950,450	271,213
Debt service:				-
Principal retired	143,628	143,671	140,969	2,702
Interest	18,000	18,000	17,180	820
Total Expenditures	<u>5,547,543</u>	<u>5,756,042</u>	<u>5,263,846</u>	<u>492,196</u>

CITY OF COLEMAN, TEXAS
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND - continued
YEAR ENDED SEPTEMBER 30, 2022

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	\$ (1,537,958)	\$ (2,180,491)	\$ (1,473,466)	\$ 707,025
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term debt	-	-		-
Proceeds from sale of assets	15,000	25,000	23,862	(1,138)
Transfers in (out)	<u>1,548,237</u>	<u>2,158,237</u>	<u>1,458,237</u>	<u>(700,000)</u>
Total other financing sources (uses)	<u>1,563,237</u>	<u>2,183,237</u>	<u>1,482,099</u>	<u>(701,138)</u>
CHANGE IN FUND BALANCE	25,279	2,746	8,633	5,887
FUND BALANCE AT BEGINNING OF Y.	2,227,169	2,227,169	2,227,169	-
FUND BALANCE AT END OF YEAR	<u><u>\$ 2,252,448</u></u>	<u><u>\$ 2,229,915</u></u>	<u><u>\$ 2,235,802</u></u>	<u><u>\$ 5,887</u></u>

CITY OF COLEMAN, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Years (will ultimately be displayed)
YEARS ENDED DECEMBER 31

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total Pension Liability				
Service cost	\$ 323,904	\$ 377,525	\$ 417,201	\$ 431,194
Interest (on the Total Pension Liability)	888,783	924,126	917,852	963,026
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(150,669)	(642,470)	(74,352)	130,771
Change of Assumptions	-	265,483	-	-
Benefit payments, including refunds	<u>(611,161)</u>	<u>(556,701)</u>	<u>(540,307)</u>	<u>(656,599)</u>
Net Change in Total Pension Liability	450,857	367,963	720,394	868,392
Total Pension Liability - Beginning	<u>12,840,535</u>	<u>13,291,392</u>	<u>13,659,355</u>	<u>14,379,749</u>
Total Pension Liability - Ending (a)	<u>\$ 13,291,392</u>	<u>\$ 13,659,355</u>	<u>\$ 14,379,749</u>	<u>\$ 15,248,141</u>
 Plan Fiduciary Net Position				
Contributions - Employer	415,577	\$ 466,754	\$ 469,352	\$ 458,907
Contributions - Employee	157,466	175,944	184,134	191,645
Net Investment Income	589,342	16,004	738,919	1,632,467
Benefit payments, including refunds	(611,161)	(556,701)	(540,307)	(656,599)
Administrative Expense	(6,153)	(9,748)	(8,349)	(8,462)
Other	<u>(506)</u>	<u>(482)</u>	<u>(450)</u>	<u>(429)</u>
Net Change in Plan Fiduciary Net Position	544,565	91,771	843,299	1,617,529
Plan Fiduciary Net Position - Beginning	<u>10,301,892</u>	<u>10,846,457</u>	<u>10,938,228</u>	<u>11,781,527</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 10,846,457</u>	<u>\$ 10,938,228</u>	<u>\$ 11,781,527</u>	<u>\$ 13,399,056</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 2,444,935</u>	<u>\$ 2,721,127</u>	<u>\$ 2,598,222</u>	<u>\$ 1,849,085</u>
 Plan Fiduciary Net Position as a Percentage of				
Total Pension Liability	81.61%	80.08%	81.93%	87.87%
 Covered Employee Payroll	\$ 2,249,513	\$ 2,513,483	\$ 2,625,558	\$ 2,662,668
 Net Pension Liability as a Percentage of Covered				
Employee Payroll	108.69%	108.26%	98.96%	69.44%

CITY OF COLEMAN, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Years (will ultimately be displayed)
YEARS ENDED DECEMBER 31

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total Pension Liability				
Service cost	\$ 443,500	\$ 442,536	\$ 434,227	\$ 404,530
Interest (on the Total Pension Liability)	1,017,027	1,060,310	1,089,826	1,130,157
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(47,718)	(175,952)	93,976	99,199
Change of Assumptions	-	(39,664)	-	-
Benefit payments, including refunds	<u>(805,660)</u>	<u>(736,534)</u>	<u>(955,051)</u>	<u>(1,056,323)</u>
Net Change in Total Pension Liability	607,149	550,696	662,978	577,563
Total Pension Liability - Beginning	<u>15,248,141</u>	<u>15,855,290</u>	<u>16,405,986</u>	<u>17,068,964</u>
Total Pension Liability - Ending (a)	<u>\$ 15,855,290</u>	<u>\$ 16,405,986</u>	<u>\$ 17,068,964</u>	<u>\$ 17,646,527</u>
 Plan Fiduciary Net Position				
Contributions - Employer	\$ 457,439	\$ 449,983	\$ 441,015	\$ 415,322
Contributions - Employee	194,274	190,397	182,778	171,827
Net Investment Income	(401,280)	1,982,760	1,115,788	2,017,423
Benefit payments, including refunds	(805,660)	(736,534)	(955,051)	(1,056,323)
Administrative Expense	(7,757)	(11,213)	(7,225)	(9,342)
Other	<u>(406)</u>	<u>(337)</u>	<u>(283)</u>	<u>65</u>
Net Change in Plan Fiduciary Net Position	(563,390)	1,875,056	777,022	1,538,972
Plan Fiduciary Net Position - Beginning	<u>13,399,056</u>	<u>12,835,666</u>	<u>14,710,722</u>	<u>15,487,744</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 12,835,666</u>	<u>\$ 14,710,722</u>	<u>\$ 15,487,744</u>	<u>\$ 17,026,716</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 3,019,624</u>	<u>\$ 1,695,264</u>	<u>\$ 1,581,220</u>	<u>\$ 619,811</u>
 Plan Fiduciary Net Position as a Percentage of				
Total Pension Liability	80.96%	89.67%	90.74%	96.49%
 Covered Employee Payroll	\$ 2,775,341	\$ 2,719,953	\$ 2,611,107	\$ 2,454,675
 Net Pension Liability as a Percentage of Covered				
Employee Payroll	108.80%	62.33%	60.56%	25.25%

CITY OF COLEMAN, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Years (will ultimately be displayed)
YEARS ENDED DECEMBER 31

	2022
Total Pension Liability	
Service cost	\$ 417,450
Interest (on the Total Pension Liability)	1,172,645
Changes of benefit terms	-
Difference between expected and actual experience	218,229
Change of Assumptions	-
Benefit payments, including refunds	<u>(965,460)</u>
Net Change in Total Pension Liability	842,864
Total Pension Liability - Beginning	<u>17,646,527</u>
Total Pension Liability - Ending (a)	<u><u>\$ 18,489,391</u></u>
 Plan Fiduciary Net Position	
Contributions - Employer	\$ 440,514
Contributions - Employee	176,352
Net Investment Income	(1,241,248)
Benefit payments, including refunds	(965,460)
Administrative Expense	(10,755)
Other	<u>12,834</u>
Net Change in Plan Fiduciary Net Position	(1,587,763)
Plan Fiduciary Net Position - Beginning	<u>17,026,716</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 15,438,953</u></u>
Net Pension Liability - Ending (a)-(b)	<u><u>\$ 3,050,438</u></u>
 Plan Fiduciary Net Position as a Percentage of	
Total Pension Liability	83.50%
 Covered Employee Payroll	\$ 2,519,312
 Net Pension Liability as a Percentage of Covered	
Employee Payroll	121.08%

CITY OF COLEMAN, TEXAS
SCHEDULE OF CONTRIBUTIONS
Last 10 Years (will ultimately be displayed)
YEARS ENDED SEPTEMBER 30

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Actuarially Determined Contribution	\$ 393,556	\$ 446,857	\$ 453,772	\$ 455,732	\$ 469,702	\$ 454,415	\$ 436,329	\$ 428,521	\$ 441,932	\$ 505,738
Contributions in relation to the actuarially determined contribution	<u>393,556</u>	<u>446,857</u>	<u>453,772</u>	<u>455,732</u>	<u>469,702</u>	<u>454,415</u>	<u>436,329</u>	<u>428,521</u>	<u>441,932</u>	<u>505,738</u>
Contributions deficiency (excess)	\$ <u>-</u>									
Covered employee payroll	\$ <u>2,192,839</u>	\$ <u>2,409,604</u>	\$ <u>2,525,286</u>	\$ <u>2,673,271</u>	\$ <u>2,866,320</u>	\$ <u>2,760,552</u>	\$ <u>2,598,601</u>	\$ <u>2,533,958</u>	\$ <u>2,548,569</u>	\$ <u>2,853,366</u>
Contributions as a percentage of covered payroll	17.95%	18.54%	17.97%	17.05%	16.39%	16.46%	16.79%	16.91%	17.34%	17.72%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Notes Actuarially determined contribution rates are calculated as of December 31st and become effective in January, 13 months later

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	24 Years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed market: 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.
Other Information:	
Notes	There were no benefit changes during the year.

OTHER SUPPLEMENTARY INFORMATION

CITY OF COLEMAN, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	Law Enforcement	Lake Coleman LE	Debt Service	Occupancy Tax	Police Forfeiture
ASSETS					
Cash and cash equivalents	\$	\$	\$	\$	\$
Receivables:					
Accounts receivable, net					
Occupancy tax				10,651	
Restricted Assets:					
Cash and cash equivalents	3,658	5,456	127,965	54,746	2,719
Investments					
Total Assets	<u>\$ 3,658</u>	<u>\$ 5,456</u>	<u>\$ 127,965</u>	<u>\$ 65,397</u>	<u>\$ 2,719</u>
LIABILITIES:					
Accounts payable	\$	\$	\$	\$ 3,665	\$
Due to other governmental entities	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,665</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes					
Total Liabilities and Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,665</u>	<u>-</u>
FUND BALANCE:					
Nonspendable					
Unassigned					-
Restricted	<u>3,658</u>	<u>5,456</u>	<u>127,965</u>	<u>61,732</u>	<u>2,719</u>
Total Fund Balance	<u>3,658</u>	<u>5,456</u>	<u>127,965</u>	<u>61,732</u>	<u>2,719</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 3,658</u>	<u>\$ 5,456</u>	<u>\$ 127,965</u>	<u>\$ 65,397</u>	<u>\$ 2,719</u>

CITY OF COLEMAN, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	Police Seizure	Court Technology	Court Security	Truancy Prevention	Jury Fund
ASSETS					
Cash and cash equivalents	\$	\$	\$	\$	\$
Receivables:					
Accounts receivable, net					
Occupancy tax					
Restricted Assets:					
Cash and cash equivalents	833	2,855	3,775	966	19
Investments					
Total Assets	<u>\$ 833</u>	<u>\$ 2,855</u>	<u>\$ 3,775</u>	<u>\$ 966</u>	<u>\$ 19</u>
LIABILITIES:					
Accounts payable	\$	\$	\$	\$	\$
Due to other governmental entities					
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes					
Total Liabilities and Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE:					
Nonspendable					
Unassigned		-	-	-	-
Restricted	833	2,855	3,775	966	19
Total Fund Balance	<u>833</u>	<u>2,855</u>	<u>3,775</u>	<u>966</u>	<u>19</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>833</u>	<u>\$ 2,855</u>	<u>\$ 3,775</u>	<u>\$ 966</u>	<u>\$ 19</u>

CITY OF COLEMAN, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	Street Improvement	Cemetery Beautification	Fire Prevention	Cemetery Funds	Total Non-Major Governmental
ASSETS					
Cash and cash equivalents	\$	\$	\$	\$	\$ -
Receivables:					-
Accounts receivable, net	9,809				9,809
Occupancy tax					10,651
Restricted Assets:					
Cash and cash equivalents	151,827	6,388	6,587	4,534	372,328
Investments					-
Total Assets	<u>\$ 161,636</u>	<u>\$ 6,388</u>	<u>\$ 6,587</u>	<u>\$ 4,534</u>	<u>\$ 392,788</u>
LIABILITIES:					
Accounts payable	\$	\$	\$ 1,446	\$	\$ 5,111
Due to other governmental entities					-
Total Liabilities	<u>-</u>	<u>-</u>	<u>1,446</u>	<u>-</u>	<u>5,111</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes					-
Total Liabilities and Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>1,446</u>	<u>-</u>	<u>5,111</u>
FUND BALANCE:					
Nonspendable					-
Unassigned	-	-	-	-	-
Restricted	<u>161,636</u>	<u>6,388</u>	<u>5,141</u>	<u>4,534</u>	<u>387,677</u>
Total Fund Balance	<u>161,636</u>	<u>6,388</u>	<u>5,141</u>	<u>4,534</u>	<u>387,677</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 161,636</u>	<u>\$ 6,388</u>	<u>\$ 6,587</u>	<u>\$ 4,534</u>	<u>\$ 392,788</u>

CITY OF COLEMAN, TEXAS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	Law Enforcement	Lake Coleman LE	Debt Service	Occupancy Tax	Police Forfeiture
REVENUES					
Taxes:					
Property tax	\$	\$	\$ 251,817	\$	\$
Occupancy tax				42,123	
Grants	944	565			
Fines and forfeitures					
Investment income	3	5	232	53	3
Street repair fee					
Donations					
Miscellaneous revenue		-			
Total Revenues	<u>947</u>	<u>570</u>	<u>252,049</u>	<u>42,176</u>	<u>3</u>
EXPENDITURES					
Current:					
General government		-	-	31,541	
Public safety					
Police department	-				
Fire department					
Cemetery					
Streets					
Total Current Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,541</u>	<u>-</u>
Capital Outlay					
Debt Service:					
Principal					
Interest					
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,541</u>	<u>-</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	947	570	252,049	10,635	3
OTHER FINANCING SOURCES (USES)					
Transfers in (Out)		-	(242,919)		
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(242,919)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	947	570	9,130	10,635	3
Fund Balance at beginning of year	2,711	4,886	118,835	51,097	2,716
Adjustment to beginning fund balance					
Fund Balance at end of year	<u>\$ 3,658</u>	<u>\$ 5,456</u>	<u>\$ 127,965</u>	<u>\$ 61,732</u>	<u>\$ 2,719</u>

CITY OF COLEMAN, TEXAS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	Police Seizure	Court Technology	Court Security	Truancy Prevention	Jury Fund
REVENUES					
Taxes:					
Property tax	\$	\$	\$	\$	\$
Occupancy tax					
Grants					
Fines and forfeitures			-		
Investment income	1	3	4	1	
Street repair fee					
Donations					
Miscellaneous revenue		-			
Total Revenues	<u>1</u>	<u>3</u>	<u>4</u>	<u>1</u>	<u>-</u>
EXPENDITURES					
Current:					
General government					
Public safety					
Police department					
Fire department					
Cemetery					
Streets					
Total Current Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital Outlay					
Debt Service:					
Principal					
Interest					
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	1	3	4	1	-
OTHER FINANCING SOURCES (USES)					
Transfers in (Out)					
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	1	3	4	1	-
Fund Balance at beginning of year	832	2,852	3,771	965	19
Adjustment to beginning fund balance					
Fund Balance at end of year	<u>833</u>	<u>\$ 2,855</u>	<u>\$ 3,775</u>	<u>\$ 966</u>	<u>\$ 19</u>

CITY OF COLEMAN, TEXAS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	Street Improvement	Cemetery Beautification	Fire Prevention	Cemetery Fund	Total Non-Major Governmental
REVENUES					
Taxes:					
Property tax	\$	\$	\$	\$	\$ 251,817
Occupancy tax					42,123
Grants					1,509
Fines and forfeitures					-
Investment income	79	6	5	5	400
Street repair fee	144,754				144,754
Donations			2,775		2,775
Miscellaneous revenue					-
Total Revenues	<u>144,833</u>	<u>6</u>	<u>2,780</u>	<u>5</u>	<u>443,378</u>
EXPENDITURES					
Current:					
General government					31,541
Public safety					
Police department					-
Fire department			1,446		1,446
Cemetery					-
Streets	144,546				144,546
Total Current Expenditures	<u>144,546</u>	<u>-</u>	<u>1,446</u>	<u>-</u>	<u>177,533</u>
Capital Outlay					-
Debt Service:					
Principal					-
Interest					-
Total Expenditures	<u>144,546</u>	<u>-</u>	<u>1,446</u>	<u>-</u>	<u>177,533</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	287	6	1,334	5	265,845
OTHER FINANCING SOURCES (USES)					
Transfers in (Out)	125,000				(117,919)
Total Other Financing Sources (Uses)	<u>125,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(117,919)</u>
Net Change in Fund Balance	125,287	6	1,334	5	147,926
Fund Balance at beginning of year	36,349	6,382	3,807	4,529	239,751
Adjustment to beginning fund balance					-
Fund Balance at end of year	<u>\$ 161,636</u>	<u>\$ 6,388</u>	<u>\$ 5,141</u>	<u>\$ 4,534</u>	<u>\$ 387,677</u>

CITY OF COLEMAN, TEXAS
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
SEPTEMBER 30, 2023

	Coleman Economic Development Corp	Coleman Community Coalition	Total Component Units
ASSETS:			
Cash and cash equivalents	\$ 685,132	\$ 808,898	\$ 1,494,030
Investments	129,550	52,558	182,108
Sales tax receivable	70,568	70,568	141,136
Accounts receivable			
Note receivable	274,953	274,953	549,906
Due from other fund	(3,332)	3,332	
Non-depreciable capital assets	220,931		220,931
Depreciable capital assets, net	<u>175,406</u>	<u>6,375</u>	<u>181,781</u>
TOTAL ASSETS	<u>1,553,208</u>	<u>1,216,684</u>	<u>2,769,892</u>
LIABILITIES:			
Accounts payable	9,383	7,892	17,275
Long term liabilities:			
Due within one year	27,391		27,391
Due after one year:			
Notes payable	<u>371,188</u>		<u>371,188</u>
TOTAL LIABILITIES	<u>407,962</u>	<u>7,892</u>	<u>415,854</u>
NET POSITION:			
Net investment in capital assets	396,337	6,375	402,712
Unrestricted	<u>748,909</u>	<u>1,202,417</u>	<u>1,951,326</u>
TOTAL NET POSITION	<u>\$ 1,145,246</u>	<u>\$ 1,208,792</u>	<u>\$ 2,354,038</u>

CITY OF COLEMAN, TEXAS
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
YEAR ENDED SEPTEMBER 30, 2023

	Coleman Economic Development Corp	Coleman Community Coalition	Total Component Units
REVENUE:			
Sales tax revenue	\$ 385,351	\$ 385,352	\$ 770,703
Rental income	26,800		26,800
Miscellaneous income	84,510	1,659	86,169
Investment income	1,424	7,074	8,498
Total Revenue	<u>498,085</u>	<u>394,085</u>	<u>892,170</u>
OPERATING EXPENSES:			
Accounting fees	10,549	10,420	20,969
Advertising, marketing and promotion	21,545	21,460	43,005
Depreciation expense	14,734	4,995	19,729
Dues and subscriptions	3,048	3,241	6,289
Grants, projects and incentives	111,946	63,402	175,348
Insurance	16,052		16,052
Interest expense	14,618		14,618
Legal fees	2,690	7,552	10,242
Meals	621	777	1,398
Miscellaneous expense	341		341
Office expenses	1,049	179	1,228
Property taxes			
Rent, parking, and utilities	5,248	3,750	8,998
Repairs and maintenance	617	800	1,417
Salaries, taxes and benefits	54,940	54,940	109,880
Supplies		329	329
Telephone and internet		583	583
Travel and seminars	1,111	1,112	2,223
Total Operating Expenses	<u>259,109</u>	<u>173,540</u>	<u>432,649</u>
CHANGE IN NET POSITION	238,976	220,545	459,521
Transfers between entities	20,549	(20,549)	
NET POSITION AT BEGINNING OF YEAR	<u>885,721</u>	<u>1,008,796</u>	<u>1,894,517</u>
NET POSITION AT END OF YEAR	<u>\$ 1,145,246</u>	<u>\$ 1,208,792</u>	<u>\$ 2,354,038</u>

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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, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Coleman, Texas as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 21, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Coleman, Texas' 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 our opinions on the effectiveness of City of Coleman, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Roberts + McGee, CPA

Roberts & McGee, CPA

Abilene, Texas
March 21, 2024