

CITY OF CALLAWAY, FLORIDA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2023

PREPARED BY:
CITY OF CALLAWAY FINANCE DEPARTMENT

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ANNUAL COMPREHENSIVE FINANCIAL REPORT
SEPTEMBER 30, 2023

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CITY OF CALLAWAY

CITY HALL

6601 EAST HIGHWAY 22

CALLAWAY, FL 32404

PHONE: 850-871-6000

WWW.CITYOFCALLAWAY.COM

MAYOR

PAMN HENDERSON

COMMISSIONERS

SCOTT DAVIS, WARD I

DAVID GRIGGS, WARD II

BOB PELLETIER, WARD III

KENNETH AYERS, WARD IV

March 25, 2024

Honorable Mayor
City Commissioners
Citizens of the City of Callaway, Florida

We are pleased to present to you and the citizens of the City of Callaway, the accompanying Annual Comprehensive Financial Report (ACFR) of the City of Callaway (the “City”) for the fiscal year ended September 30, 2023 which is hereby submitted. This report was prepared by the Director of Finance with assistance from the finance staff and other departments. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the enclosed data is accurate in all material aspects and is presented in a manner designed to fairly set forth the financial position and the results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City’s financial activities have been included.

General Information

The City has prepared its financial statements to meet the requirements of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments (GASB 34). GASB 34 established a reporting model that the City has reported in five parts:

1. Management’s Discussion and Analysis; a narrative report providing significant information about the City and how the City’s financial position has changed from September 30, 2022, to September 30, 2023 and the reasons for the change;
2. Government-Wide Financial Statements; statements which report on the governmental and business-type assets, liabilities, expenses, and revenues of the City;
3. Fund Financial Statements; statements which report on the major individual governmental and proprietary funds of the City;
4. Budgetary Comparisons for the City’s General Fund and other major governmental funds, and;
5. The notes to those financial statements.

Independent Audit

In compliance with the laws of the State of Florida, the City of Callaway was audited by independent certified public accountants. The opinion of Mauldin & Jenkins may be found in the Financial Section of this report. The specific report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on the Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards* can be found in the Compliance Section.

Accounting System and Budgetary Control

The accounting records for general governmental operations are maintained on the modified accrual basis with revenue being recorded upon determination that it is both available and measurable. Expenditures for general governmental operations are recorded when the services or goods are received, and the liabilities incurred. Accounting records for enterprise and internal service funds are converted to the full accrual basis of accounting at fiscal year-end for reporting purposes.

In developing and evaluation the accounting system, consideration is given to the adequacy of the internal control structure. The internal control structure is designed to provide reasonable, but not absolute, assurance regarding; (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgements by management. All internal control evaluations occur within the above framework.

State law requires cities and their elected officials to develop balanced budgets to provide for the operations of their offices. Details of expenditures to be made and the resources available to meet these proposed obligations must be included in the budget. Upon adoption, the budget document becomes the legal basis for carrying out the activities of the City. The City of Callaway Commission adopts budgets for all funds. Budgets are adopted on a basis consistent with general accepted accounting principles, except as noted in the Notes to Basic Financial Statements. Budget control is maintained by a computerized encumbrance system. All appropriations are reviewed at year-end for accuracy. All encumbrances are closed at the end of the year.

The Reporting Entity and its Services

The City of Callaway is a chartered city established under the legal authority of the Constitutions and the Laws of the State of Florida. The City provides a full range of services. These include public safety (law enforcement and fire); street and stormwater maintenance; planning, zoning and permitting services; code enforcement; business licensures; parks, sports fields and conference center facility availability; and other general administrative services. The City also operates three enterprise activities providing water, sewer, and solid waste services.

In addition to these core operations, the Callaway Community Redevelopment Agency provides for community redevelopment activities for specific community redevelopment areas of the City.

Relevant Financial Policies

The City's General Fund formal fund policy establishes a targeted minimum reserve balance in its Unassigned Fund Balance equal to two months or 17% of the current fiscal year operating expenditures and transfer's budget. The 2023 General Fund Unassigned Fund Balance remains over the targeted goal.

Retirement Plan

Employees of the City are members of the Florida Retirement System, a multiple employer defined benefit plan. Employer contribution rates are established in July of each year by the State of Florida. Employees who are members of the plan are required to contribute 3% of their wages to the plan on a pretax basis. Participation in the plan is compulsory for all employees who are qualified to participate.

Economic Condition and Outlook

Located in Northwest Florida, between Pensacola and Tallahassee, the City of Callaway is one of seven municipalities in Bay County. This urban, heavily residential community, east of Panama City is with driving distance to beaches and scenic bays. It's close proximity to Tyndall Air Force Base provides a stabilizing economic influence and has been a major factor in sustaining the City's population and that of surrounding communities.

Major transportation facilities have expanded in recent years. The Port of Panama City, a growing deep-water port, is continuing to invest in new facilities and improvements. The Northwest Florida Beaches International Airport provides service by American Airlines, Southwest Airlines, Delta Airlines, and United Airlines. The Florida Department of Transportation has plans to start on the initial segment of the Gulf Coast Parkway. Ultimately, the Parkway will provide an improved route between Gulf County and Port St. Joe and make eastern Bay County more accessible.

The impact of the U.S. Military is being felt in another way. On September 15, 2016, Eastern Shipbuilding Group was awarded a \$10.5 billion contract from the U.S. Coast Guard to construct its new, state-of-the-art offshore patrol cutters. The Company began construction on these cutters in 2018. Eastern Shipbuilding operates shipyards in the Allanton and Millville areas in Bay County. The contract between Eastern Shipbuilding and the U.S. Coast Guards is expected to bring in thousands of jobs to the area, and those employed will need a place to live. In Addition, U.S. Military has announced that they are bringing the Drone Program and the F-35 squadrons to Tyndall Air Force Base to compliment the operations currently housed at Tyndall.

The expanded transportation facilities, U.S. Military installations and other local economic anchors, such as the Eastern Shipbuilding Group, serve as economic catalysts for our entire region. Thus, a recent increase in the real estate development and investments within the City of Callaway.

Major Initiatives

The City of Callaway commission enacted a City ad valorem tax beginning in fiscal year 2005. The City's millage rate is the lowest in Bay County and was constant from 2008 until 2018 when it was decreased. After Hurricane Michael, the City increased the millage rate from 1.9900 to 2.7500 to help compensate for lost revenues and increased operating cost in fiscal year 2020. The millage rate of 2.7500 has remained for fiscal year 2021, fiscal year 2022, fiscal year 2023 and fiscal year 2024.

A Public Safety Building was constructed for \$2,000,000 in 2009, which houses the City's Fire Department and Law Enforcement provided by the Bay County Sheriff's Department. Financing of the building was the City's only formal General Fund Debt that was paid-off in 2016.

In fiscal year 2011, the City completed a major multimillion-dollar expansion of the utility infrastructure to improve services to existing utility users and to provide services to newly and/or soon to be developed areas. The construction, which began in 2007, included a five-million-gallon ground water storage tank, booster pump station and approximately ten miles of water and sewer lines. Outstanding debt to fund the costs for the utility expansion was \$20.8 million, as of September 30, 2015. Debt for the utility expansion was refinanced in December of 2015, and debt of \$2.1 million for the water storage tank was paid-off resulting in a reduction of debt to \$15.9 million. The City anticipates a steady rebound in economic development activity that should allow for debt servicing for the expansion to be paid from the generation of increased utility billings. The City began making principal payment on this debt in fiscal year 2021.

"This institution is an equal opportunity provider and employer."

Operating initiatives during the current fiscal year 2023 included:

- Monitoring of the order activity of the Bridge Harbor Development, a 157-acre, master planned community in Callaway with the potential to house nearly 600 residential units at full buildout, slated to be completed in 2024.
- Monitoring the planning and construction of an 83-acre master planned community consisting of 300 residential units off East Hwy 22 at Callaway Bayou.
- Monitoring the planning and construction of a 60-acre master planned community consisting of 300 townhomes off East Hwy 22 at Callaway Bayou.
- Monitoring of construction of the Park Place Subdivision, a 165-acre, master planned community in Callaway with the first and second phases of 110 homesites and a total plan of 320 residential units.
- FDOT Sidewalk Projects to include Cherry Street South, West Cherry Street north sidewalk, and multiuse path on Boat Race Road.
- Road paving and drainage improvements on Cherry Street and sidewalks on the north side.
- Completed the design portion on a FEMA Project to replace the Bertha Bridge.
- Added a new sewer lift station at Bertha Bridge.
- Started a drainage project at Bertha Bridge.
- Improvements to City Parks using FEMA 428 Funding from Hurricane Michael.
- Shoreline stabilization project for the Veteran's Park.
- Shoreline stabilization project for the Berthe Bridge.
- Addition of new playground equipment at Sports Complex, Veteran's Park and Brittany Woods Park.
- Repaving of Collinfurst Park walking path and fencing.
- Multiple Lift Station rehabilitations with CDBG-DR Funding.
- Sandy Creek improvements to water and sewer system with CDBG-DR Funding.
- New spine road at Hugh Thomas north of Hwy 22 with CDBG-DR Funding to service a new housing development.
- Renovation of Beacon Plaza damaged from Hurricane Michael with CDBG-DR Funding.
- Generator installations at City Hall, Arts & Conference Center, and Public Works.
- Wind Retrofit to protect the Arts & Conference Center and Leisure Services buildings.

Other planned operating initiatives include:

- Increase in road resurfacing throughout the City.
- Stormwater and drainage improvements.
- Complete improvements to City Parks using FEMA 428 Funding from Hurricane Michael.
- FDOT Sidewalk on South Berthe Avenue and Yellow Bluff.

For the Future – Bay County voters approved a referendum for a half-cent sales infrastructure tax in November 2016 to be levied for ten years. Proceeds from the surtax are to be used for infrastructure purposes, including roads, water and sewer lines, lift stations, bridges, and stormwater drainage.

Reporting Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Callaway for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2022. That was the 5th consecutive year that the City had achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable reporting requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility of another certificate.

Sincerely,



Keith E. Cook
City Manager

Sincerely,



David Schultz
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Callaway
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morill

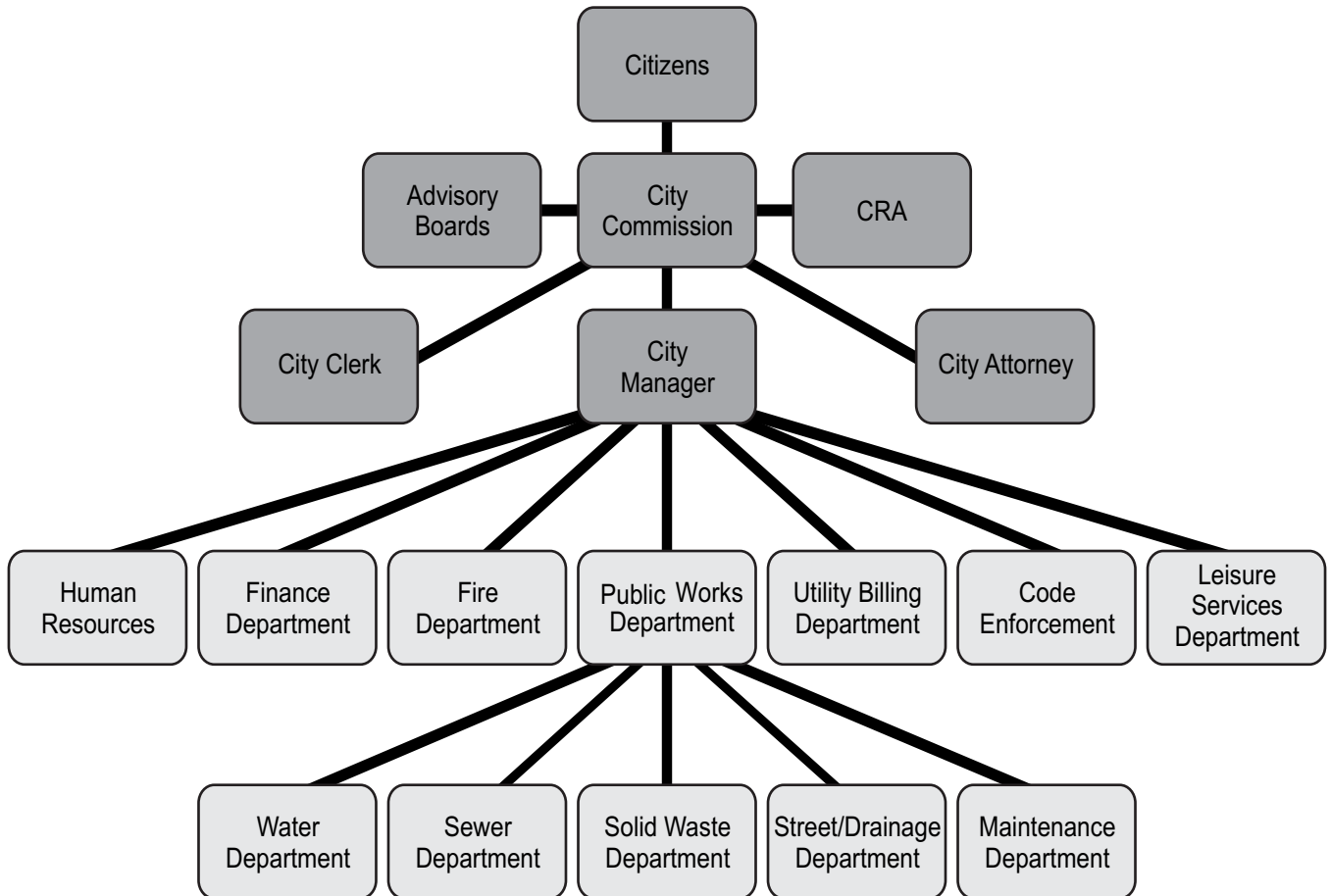
Executive Director/CEO

Location of the Government



The City of Callaway, Florida is an urban community located in Bay County, east of Panama City, Florida, in the Panhandle Region of Northwest Florida. This community is separated from the Gulf of Mexico by East Bay and Tyndall Air Force Base. The City has a total area of about ten square miles and an estimated population of 13,200 as of 2023.

The City of Callaway, Florida
ORGANIZATIONAL CHART
for the Year Ended September 30,
2023



Principal Officials of the City of Callaway, Florida

City Commission



Pam Henderson
Mayor



Scott Davis
Ward I



David Griggs
Ward II



Bob Pelletier
Ward III



Kenneth L. Ayers, Jr.
Ward IV



Ed Cook
City Manager

Department Heads

Audra Boswell, City Clerk
David Schultz, Director of Finance
David P. Joyner, Fire Chief
Bill Frye, Director of Public Works/Planning
Tim Legare, Director of Leisure Services
Emma Ford, Director of Human Resources
Lisa Mayo, Director of Utility Billing
Bonnie Poole, Director of Code Enforcement

Kevin Obos, City Attorney
Harrison, Sale, McCloy, Chartered

Mauldin & Jenkins, LLC
Independent Certified Public
Accountants & Consultants

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of
the City Council,
City of Callaway, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Callaway, Florida** (the "City"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12 and the required supplementary information on pages 51 through 54 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's basic financial statements. The budget and actual – capital projects fund is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is also not a required part of the basic financial statements of the City. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budget and actual – capital projects fund and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Bradenton, Florida
March 25, 2024

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CITY OF CALLAWAY, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2023

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

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, highways and streets, developmental services, and culture and recreation. The business-type activities of the City include water, sewer and sanitation operation.

The government-wide financial statements can be found on pages 13 through 15 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: (1) governmental funds, and (2) 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.

CITY OF CALLAWAY, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2023

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

The City maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Capital Improvements Fund, and Community Redevelopment, which are considered to be major funds.

The City adopts an annual appropriated budget for its General Fund, Capital Improvements Fund, and Community Redevelopment Fund. A budgetary comparison statement has been provided for all of these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 16 through 21 of this report.

Proprietary funds. The City of Callaway, Florida maintains proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, and solid waste.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer operations, which are considered to be major funds.

The basic proprietary fund financial statements can be found on pages 22 through 25 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 26 through 50 of this report.

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. The City's assets (and deferred outflows of resources) exceeded liabilities (and deferred inflows of resources) by \$78.2 million (net position) at September 30, 2023.

CITY OF CALLAWAY, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2023

\$29.9 million (38%) of the City's net position reflects its investment in capital assets (e.g. land, construction in progress, buildings, vehicles, and machinery and equipment) less related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City reports investment in its capital assets net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

The following schedule provides a summary of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the City. At the end of the fiscal years 2023 and 2022, the City is able to report positive balances in all three categories of net position in total.

City of Callaway, Florida's Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 23,819,264	\$ 25,897,370	\$ 35,107,782	\$ 29,519,145	\$ 58,927,046	\$ 55,416,515
Capital assets	26,092,342	16,823,371	18,020,904	21,089,915	44,113,246	37,913,286
Total assets	49,911,606	42,720,741	53,128,686	50,609,060	103,040,292	93,329,801
Total deferred outflows of resources	1,334,126	1,196,815	1,290,728	1,326,410	2,624,854	2,523,225
Other liabilities	1,315,459	2,437,390	1,846,408	1,630,575	3,161,867	4,067,965
Long-term liabilities	7,303,214	6,352,643	16,726,824	17,740,226	24,030,038	24,092,869
Total liabilities	8,618,673	8,790,033	18,573,232	19,370,801	27,191,905	28,160,834
Total deferred inflows of resources	216,492	291,265	38,204	47,415	254,696	338,680
Net position:						
Net investment in capital assets	25,283,221	16,143,119	4,711,248	7,071,301	29,994,469	23,214,420
Restricted	7,808,171	13,089,629	4,753,585	4,976,786	12,561,756	18,066,415
Unrestricted	9,319,175	5,603,510	26,343,145	20,469,167	35,662,320	26,072,677
Total net position	\$ 42,410,567	\$ 34,836,258	\$ 35,807,978	\$ 32,517,254	\$ 78,218,545	\$ 67,353,512

A portion of the City's net position, \$12.6 million (16%), represents resources that are subject to restrictions on how they may be used. The unrestricted portion of net position, \$35.6 million (46%), may be used to meet the City's ongoing obligations to citizens and creditors.

The City's overall financial condition increased during the year ended September 30, 2023. The overall increase in the City's net position was \$10.8 million (16.1%) during the year. Governmental activities' net position increased \$7.6 million (21.7%), while business-type activities' net position increased \$3.3 million (10.1%).

CITY OF CALLAWAY, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2023

City of Callaway, Florida's Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 699,099	\$ 720,118	\$ 9,758,625	\$ 9,862,822	\$ 10,457,724	\$ 10,582,940
Operating grants and contributions	4,662,357	7,634,303	-	-	4,662,357	7,634,303
Capital grants and contributions	1,973,279	1,350,096	-	-	1,973,279	1,350,096
General revenues:						
Property taxes	1,654,794	1,422,907	-	-	1,654,794	1,422,907
Other taxes	8,144,473	8,293,044	-	-	8,144,473	8,293,044
Other	931,154	93,738	781,000	67,575	1,712,154	161,313
Total revenues	18,065,156	19,514,206	10,539,625	9,930,397	28,604,781	29,444,603
Operating expenses:						
General government	1,982,802	1,776,614	-	-	1,982,802	1,776,614
Public safety	4,580,062	3,955,790	-	-	4,580,062	3,955,790
Highways and streets	1,532,646	1,321,649	-	-	1,532,646	1,321,649
Maintenance	208,733	202,923	-	-	208,733	202,923
Culture and recreation	1,491,121	1,177,587	-	-	1,491,121	1,177,587
Water	-	-	3,304,994	3,069,547	3,304,994	3,069,547
Sewer	-	-	4,033,816	3,731,421	4,033,816	3,731,421
Solid waste	-	-	605,574	654,240	605,574	654,240
Total operating expenses	9,795,364	8,434,563	7,944,384	7,455,208	17,739,748	15,889,771
Increase in net position before transfers	8,269,792	11,079,643	2,595,241	2,475,189	10,865,033	13,554,832
Transfers	(695,483)	(16,313)	695,483	16,313	-	-
Change in net position	7,574,309	11,063,330	3,290,724	2,491,502	10,865,033	13,554,832
Net position, beginning	34,836,258	23,772,928	32,517,254	30,025,752	67,353,512	53,798,680
Net position, ending	\$ 42,410,567	\$ 34,836,258	\$ 35,807,978	\$ 32,517,254	\$ 78,218,545	\$ 67,353,512

Financial Impacts

Normal Impacts

There are eight basic impacts on revenues and expenses as reflected below:

Revenues

- Economic condition: This can reflect a declining, stable, or growing economic environment and has a substantial impact on property, sales, gas or other tax revenue.
- Commission approved rate adjustments: While certain tax rates are set by statute, the City Commission has significant authority to impose and periodically adjust rates (water, sewer, solid waste, impact fees, recreation user fees, etc.).
- Changing patterns in intergovernmental grant revenue (both recurring and nonrecurring): Certain recurring revenues (state revenue sharing) may experience significant changes periodically while nonrecurring grants are less predictable and often distorting in their impact on year-to-year comparisons.
- Market impacts on investment income: The current market conditions can have an influence on the City's investment income, causing it to fluctuate.

CITY OF CALLAWAY, FLORIDA

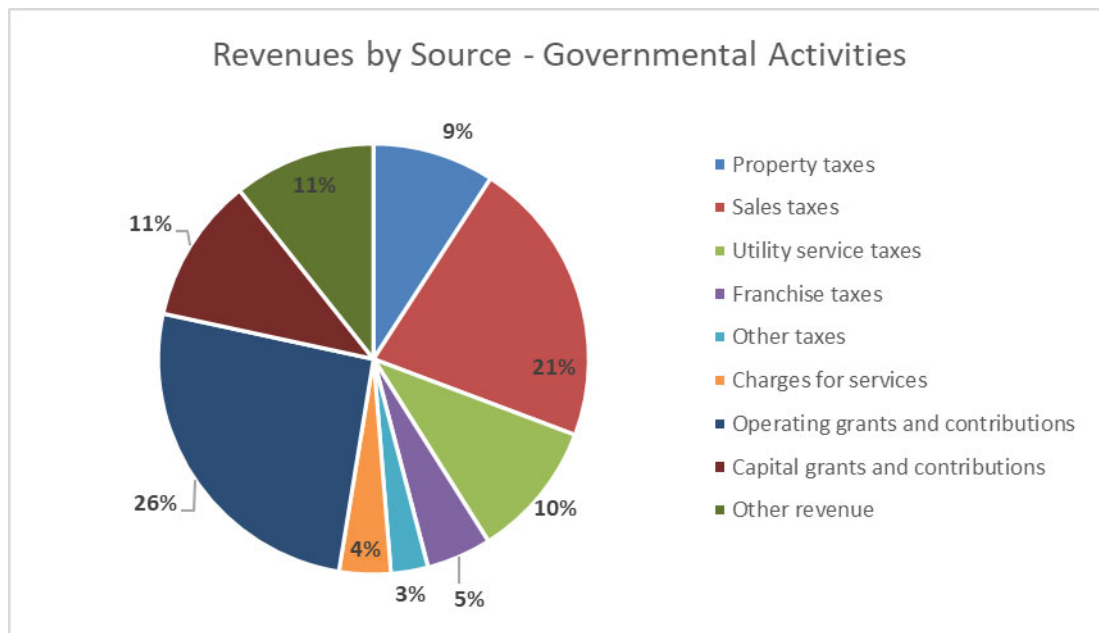
MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2023

Expenses

- Introduction of new programs: Within functional expense categories (public safety, highway and streets, economic environment, culture and recreation, etc.), individual programs may be added or deleted to meet changing community needs.
- Authorized position adjustments: Changes in service demand may cause the City Commission to change authorized staffing.
- Salary adjustments: The ability to attract and retain human and intellectual resources requires the City to maintain competitive salary ranges.
- Inflation: While overall inflation is low, the City is a major consumer of certain commodities such as utilities, chemicals, supplies, fuel, oil and parts. Cost fluctuations directly affect the City's overall costs.

Current Year Impacts – Governmental Activities

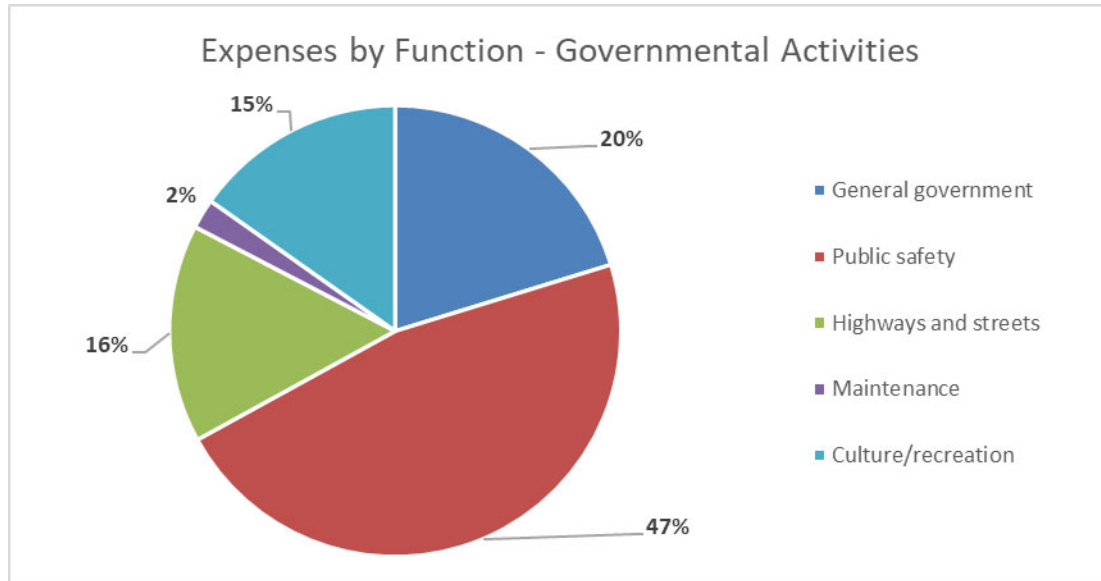
- Total revenues are down by \$840 thousand primarily due to a decrease in grants of \$2.3 million that was related to public assistance, \$125 thousand decrease in charges for services, \$232 thousand increase in property tax as a result of an increase in growth and values, \$149 thousand decrease in utility and franchise taxes related to a decrease in customers consumption, \$1.2 million increases in interest income and minor increases/decreases in other areas.



- Total expenses have increased by \$1.85 million (11.6%) overall. The increase was in all areas of operation due to increases in wages and employee benefits, cost of inflation on operating expenses and supplies.

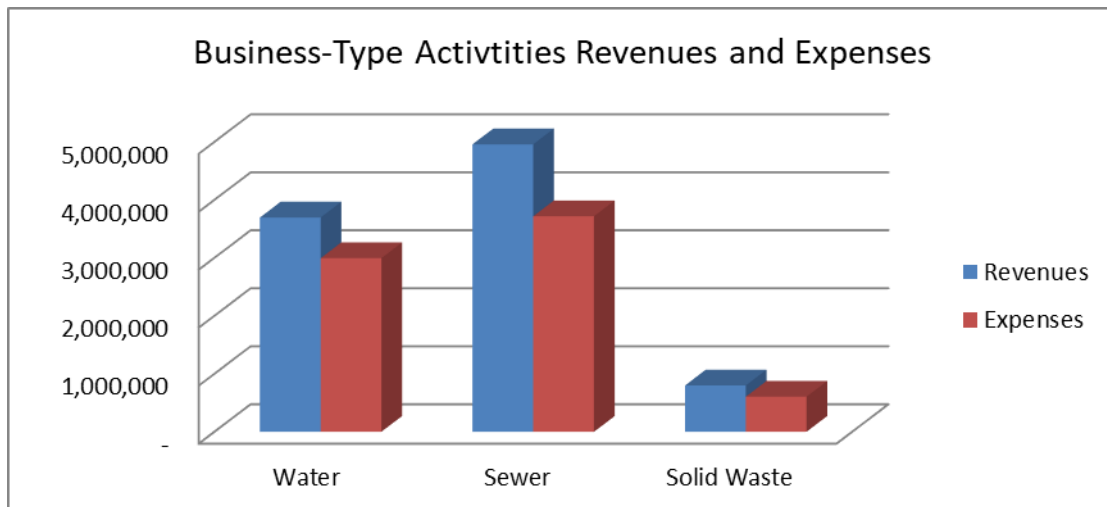
CITY OF CALLAWAY, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2023



Current Year Impacts – Business-Type Activities

- Charges for services for business-type activities decreased by \$104 thousand due to a decrease in consumption from customers and businesses.
- Other revenues increased by \$ 713 thousand with the increase relating to investment income for interest and the joint venture.
- Operating expenses increased by \$489 thousand due to increases in wages and benefits and inflation increases to operating expenses and supplies.



Financial Analysis of the Government's Funds

In the governmental funds and proprietary funds the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

CITY OF CALLAWAY, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2023

Governmental Funds

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

At September 30, 2023, the City's governmental funds reported combined ending fund balances of \$15.3 million, a decrease of \$5.1 million compared to the prior year-end. Approximately \$7.0 million of the total fund balance (45.9%) is unassigned, which is available for spending at the City Commission's discretion.

The remainder of fund balance is categorized as:

- Nonspendable – prepaid items and inventory
- Restricted – bond covenants, impact fees, and community redevelopment
- Committed – voluntary park fees and stormwater fees

General Fund

The General Fund is the main operating fund of the City. At September 30, 2023, unassigned fund balance of the General Fund was \$7.0 million, while total fund balance was \$9.6 million. During the year ended September 30, 2023, the fund balance of the City's General Fund decreased by \$534 thousand. This was due mostly to the increased in cost of operating supplies and capital expenditures.

Capital Improvements Fund

The Capital Improvements Fund has a total fund balance of \$4.8 million, a decrease of \$4.9 million due to the spending on grant funded infrastructure projects that have not yet been reimbursed. All of the funds in the Capital Improvements Fund are restricted.

Community Redevelopment Fund

The Community Redevelopment Fund balance increased to \$802 thousand during the year ended September 30, 2023. The Community Redevelopment Fund's assessed values increased from the tax base year which resulted in increased revenue for the current year and an increase in fund balance by \$452 thousand.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the proprietary funds totaled \$26.3 million at September 30, 2023. The water fund had an unrestricted net position of \$5.6 million, the sewer fund's unrestricted net position was \$19.3 million (which includes an \$8.6 million investment in the Military Point Advanced Wastewater Treatment Facility joint venture) and the solid waste fund's unrestricted net position was \$1.3 million. Net position for the proprietary funds increased \$3.3 million during fiscal year 2023. Refer to the statement of net position and the statement of revenues, expenses and changes in net position for specific numerical data.

CITY OF CALLAWAY, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2023

Budgetary Highlights

General Fund

Actual expenditures were less than budgeted amounts by approximately 31.5% primarily as a result of emergency disaster relief mitigation projects, capital outlays and a CDBG-DR Grant not progressing as planned due to supply chain issues and grant administration programming delays. The original budgets by department were adjusted throughout the year as necessary to arrive at the final budget.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2023 is \$44.1 million (net of accumulated depreciation and amortization). This investment in capital assets includes land, construction in progress, buildings, wastewater and drainage systems improvements, vehicles, machinery and equipment, park facilities, roads and highways, and software. There was an increase of the City's investment in capital assets for the year ended September 30, 2023 of \$6.2 million. This is related to an increase in infrastructure projects and the purchase of new machinery.

City of Callaway, Florida's Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Land	\$ 898,293	\$ 850,944	\$ 252,353	\$ 252,353	\$ 1,150,646	\$ 1,103,297
Construction in progress	4,920,079	4,291,698	728,432	752,856	5,648,511	5,044,554
Buildings	3,080,964	2,703,037	2,349,529	2,479,457	5,430,493	5,182,494
Improvements	14,819,720	7,236,862	13,499,495	16,218,527	28,319,215	23,455,389
Vehicles	1,224,446	594,764	484,365	538,995	1,708,811	1,133,759
Machinery and equipment	1,148,840	1,146,066	706,730	847,727	1,855,570	1,993,793
Total capital assets	\$ 26,092,342	\$ 16,823,371	\$ 18,020,904	\$ 21,089,915	\$ 44,113,246	\$ 37,913,286

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

Long-term debt. At September 30, 2023, the City had total long term liabilities outstanding of \$23.5 million. The debt amount represents notes payable and revenue bonds payable secured by specified revenue sources and equipment. In 2020, the City received a Community Disaster Loan in the amount of \$2.25 million from FEMA, which is expected to be forgiven.

City of Callaway, Florida's Long-Term Liabilities Outstanding

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Compensated absences	\$ 174,506	\$ 154,336	\$ 26,925	\$ 35,580	\$ 201,431	\$ 189,916
Net pension liability	4,878,708	3,948,307	860,949	642,748	5,739,657	4,591,055
Bonds payable	-	-	13,840,000	14,565,000	13,840,000	14,565,000
Notes payable	2,250,000	2,250,000	1,474,000	1,934,000	3,724,000	4,184,000
Total debt	\$ 7,303,214	\$ 6,352,643	\$ 16,201,874	\$ 17,177,328	\$ 23,505,088	\$ 23,529,971

CITY OF CALLAWAY, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2023

Principal repayments during the year for business-type activities' bonds were \$725 thousand and amortization of bond premiums was \$38 thousand. The City's pension liability increased by \$1.1 million due to changes in the market. Repayment of notes payable by the Military Point Advanced Wastewater Treatment Facility joint venture were \$460,000. Additional information on the City's long-term debt can be found in Note 9 of this report.

Economic Factors and Next Year's Budget and Rates

The City continues to be financially sound and has received several grants to assist with projects to rebuild the City. There has been some improvements in the local economy as is evidenced by an increase in residential and commercial development.

For the upcoming fiscal year, the City maintained the millage rate at 2.7500 mills for fiscal year 2024 and increased water and sewer rates to cover the cost of increases associated with purchasing of water and treatment costs. Increased revenue is anticipated from continued construction of new homes and businesses.

The unassigned fund balance is projected to continue to exceed the minimum required by City policy of 17% of normal operating expenditures.

Bay County voters approved a referendum for a half-cent sales infrastructure tax in November of 2016. Proceeds from the surtax are to be used for infrastructure purposes, including roads, bridges, parks, storm water drainage, and other authorized capital improvement projects in accordance with Section 212.055(2), Florida Statutes. Distributions to the City for fiscal year 2023 amounted to \$1.9 million and are projected to be approximately \$2.0 million for fiscal year 2024, with incremental increases or decreases tied to economic growth for the remainder of the ten-year tax levy.

The City has completed debris removal and is working with FEMA on final reimbursements for debris removal and the funding for the 428 projects to repair parks and other damaged structure within the City. The City is continuing to see rebuilding with local businesses opening back up. Several residential housing projects rebuilding and/or started new construction and new business construction projects are continuing to sprout up within the City.

Requests for Information

This discussion and analysis is designed to provide a general overview of the City's finances for readers of the City's financial statements. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Callaway, 6601 East Highway 22, Callaway, Florida 32404, Attention: Director of Finance. The City's website is <http://www.cityofcallaway.com>.

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BASIC FINANCIAL STATEMENTS

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CITY OF CALLAWAY, FLORIDA

STATEMENT OF NET POSITION SEPTEMBER 30, 2023

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
Assets			
Cash and cash equivalents	\$ 13,348,350	\$ 13,250,451	\$ 26,598,801
Accounts receivables, net	410,204	1,152,238	1,562,442
Due from other governments	7,759,918	-	7,759,918
Prepaid items	111,190	2,991	114,181
Inventory	31,050	9,509	40,559
Due from joint venture	-	874,628	874,628
Note receivable - Bay County	-	3,360,000	3,360,000
Notes receivable - joint venture	-	1,474,000	1,474,000
Investment in joint venture	-	8,802,884	8,802,884
Restricted asset, cash and cash equivalents	2,158,552	6,181,081	8,339,633
Capital assets			
Non-depreciable	5,818,372	980,785	6,799,157
Depreciable, net	20,273,970	17,040,119	37,314,089
Total assets	49,911,606	53,128,686	103,040,292
Deferred outflows of resources			
Deferred outflows - pension	1,334,126	235,434	1,569,560
Deferred charge on refunding	-	1,055,294	1,055,294
Total deferred outflows of resources	1,334,126	1,290,728	2,624,854
Liabilities			
Accounts payable	1,117,740	461,893	1,579,633
Accrued liabilities	181,013	18,196	199,209
Accrued interest payable	-	91,846	91,846
Customer deposits payable	-	1,274,473	1,274,473
Unearned revenue	16,706	-	16,706
Noncurrent liabilities			
Due within one year	2,424,506	1,268,925	3,693,431
Due in more than one year	4,878,708	15,457,899	20,336,607
Total liabilities	8,618,673	18,573,232	27,191,905
Deferred inflows of resources			
Deferred inflows - pension	216,492	38,204	254,696
Net position			
Net investment in capital assets	25,283,221	4,711,248	29,994,469
Restricted for			
Capital improvements	4,847,176	4,614,349	9,461,525
Community development	802,443	-	802,443
Public safety	2,059,812	-	2,059,812
Transportation	98,740	-	98,740
Debt service	-	139,236	139,236
Unrestricted	9,319,175	26,343,145	35,662,320
Total net position	\$ 42,410,567	\$ 35,807,978	\$ 78,218,545

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

CITY OF CALLAWAY, FLORIDA

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2023

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and Contributions	Grants and Contributions
Functions/programs				
Primary government:				
Governmental activities:				
General government	\$ 1,982,802	\$ 388,330	\$ -	\$ 1,041
Public safety	4,580,062	236,621	4,662,357	1,061,402
Highways and streets	1,532,646	-	-	302,099
Maintenance	208,733	-	-	-
Culture/recreation	1,491,121	74,148	-	608,737
Total governmental activities	9,795,364	699,099	4,662,357	1,973,279
Business-type activities:				
Water	3,304,994	3,696,341	-	-
Sewer	4,033,816	5,262,712	-	-
Solid waste	605,574	799,572	-	-
Total business-type activities	7,944,384	9,758,625	-	-
Total primary government	\$ 17,739,748	\$ 10,457,724	\$ 4,662,357	\$ 1,973,279
General revenues				
Property taxes				
Sales taxes				
Utility service taxes				
Franchise taxes				
Tax increments for redevelopment districts				
Other taxes				
Unrestricted state revenue sharing				
Investment earnings				
Gain on sale of capital asset				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year				
Net position, end of year				

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (1,593,431)	\$ -	\$ (1,593,431)
1,380,318	-	1,380,318
(1,230,547)	-	(1,230,547)
(208,733)	-	(208,733)
(808,236)	-	(808,236)
<u>(2,460,629)</u>	<u>-</u>	<u>(2,460,629)</u>
-	391,347	391,347
-	1,228,896	1,228,896
-	193,998	193,998
<u>-</u>	<u>1,814,241</u>	<u>1,814,241</u>
<u>(2,460,629)</u>	<u>1,814,241</u>	<u>(646,388)</u>
1,654,794	-	1,654,794
3,896,649	-	3,896,649
1,862,875	-	1,862,875
881,093	-	881,093
487,256	-	487,256
16,571	-	16,571
1,000,029	-	1,000,029
795,651	633,122	1,428,773
135,503	147,878	283,381
(695,483)	695,483	-
<u>10,034,938</u>	<u>1,476,483</u>	<u>11,511,421</u>
<u>7,574,309</u>	<u>3,290,724</u>	<u>10,865,033</u>
34,836,258	32,517,254	67,353,512
<u>\$ 42,410,567</u>	<u>\$ 35,807,978</u>	<u>\$ 78,218,545</u>

CITY OF CALLAWAY, FLORIDA

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023**

	General Fund	Capital Improvements Fund	Community Redevelopment Fund	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 7,056,117	\$ 5,489,790	\$ 802,443	\$ 13,348,350
Accounts receivable, net	410,204	-	-	410,204
Due from other governments	7,535,639	224,279	-	7,759,918
Inventory	31,050	-	-	31,050
Prepaid items	111,190	-	-	111,190
Restricted cash and cash equivalents	2,158,552	-	-	2,158,552
Total assets	<u>\$ 17,302,752</u>	<u>\$ 5,714,069</u>	<u>\$ 802,443</u>	<u>\$ 23,819,264</u>
Liabilities and fund balances				
Liabilities				
Accounts payable	\$ 308,619	\$ 809,121	\$ -	\$ 1,117,740
Accrued liabilities	181,013	-	-	181,013
Unearned revenue	9,750	6,956	-	16,706
Total liabilities	<u>499,382</u>	<u>816,077</u>	<u>-</u>	<u>1,315,459</u>
Deferred inflows of resources				
Unavailable revenue	<u>7,160,616</u>	<u>50,816</u>	<u>-</u>	<u>7,211,432</u>
Fund balances				
Nonspendable	142,240	-	-	142,240
Restricted				
Capital improvements	-	4,847,176	-	4,847,176
Community redevelopment	-	-	802,443	802,443
Public safety	2,059,812	-	-	2,059,812
Transportation	98,740	-	-	98,740
Committed				
Park fees	2,195	-	-	2,195
Stormwater fees	310,950	-	-	310,950
Unassigned	7,028,817	-	-	7,028,817
Total fund balances	<u>9,642,754</u>	<u>4,847,176</u>	<u>802,443</u>	<u>15,292,373</u>
Total liabilities and fund balances	<u>\$ 17,302,752</u>	<u>\$ 5,714,069</u>	<u>\$ 802,443</u>	<u>\$ 23,819,264</u>

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

CITY OF CALLAWAY, FLORIDA

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO
THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

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

Total fund balances - governmental funds	\$ 15,292,373
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Governmental capital assets	\$ 38,105,590	
Accumulated depreciation	<u>(12,013,248)</u>	26,092,342

Revenues not available to pay current period expenditures are reported as unavailable revenue in the governmental funds.	7,211,432
--	-----------

Deferred outflows, deferred inflows, and the net pension liability related to the City's pension plan are not expected to be liquidated with expendable available financial resources and, therefore are not reported in the funds.

Deferred outflows - pension	1,334,126	
Deferred inflows - pension	(216,492)	
Net pension liability	<u>(4,878,708)</u>	(3,761,074)

Certain liabilities are not due and payable in the current period and are therefore not reported in the funds.

Compensated absences	(174,506)	
Note payable	<u>(2,250,000)</u>	(2,424,506)

Net position of governmental activities	<u><u>\$ 42,410,567</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

CITY OF CALLAWAY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Capital Improvements Fund	Community Redevelopment Fund	Total Governmental Funds
Revenues				
Taxes	\$ 3,806,815	\$ -	\$ 182,384	\$ 3,989,199
Licenses and permits	1,329,549	-	-	1,329,549
Intergovernmental revenues	4,506,195	2,356,199	304,872	7,167,266
Charges for services	328,178	-	-	328,178
Fines and forfeitures	66,709	-	-	66,709
Investment earnings	524,041	271,610	-	795,651
Miscellaneous revenues	147,962	-	-	147,962
Total revenues	<u>10,709,449</u>	<u>2,627,809</u>	<u>487,256</u>	<u>13,824,514</u>
Expenditures				
Current				
General government	1,695,175	-	8,470	1,703,645
Public safety	4,006,190	-	-	4,006,190
Highways and streets	1,044,577	-	-	1,044,577
Maintenance	161,374	3,480	-	164,854
Culture/recreation	1,176,377	-	-	1,176,377
Capital outlay	938,741	9,265,037	26,427	10,230,205
Total expenditures	<u>9,022,434</u>	<u>9,268,517</u>	<u>34,897</u>	<u>18,325,848</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,687,015</u>	<u>(6,640,708)</u>	<u>452,359</u>	<u>(4,501,334)</u>
Other financing sources (uses)				
Proceeds from the sale of capital assets	135,503	-	-	135,503
Transfers in	-	2,439,252	-	2,439,252
Transfers out	(2,406,303)	(728,432)	-	(3,134,735)
Total other financing sources (uses)	<u>(2,270,800)</u>	<u>1,710,820</u>	<u>-</u>	<u>(559,980)</u>
Change in fund balances	(583,785)	(4,929,888)	452,359	(5,061,314)
Fund balances, beginning of year	10,226,539	9,777,064	350,084	20,353,687
Fund balances, end of year	<u>\$ 9,642,754</u>	<u>\$ 4,847,176</u>	<u>\$ 802,443</u>	<u>\$ 15,292,373</u>

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

**CITY OF CALLAWAY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Net change in fund balances – total governmental funds	\$ (5,061,314)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is depreciated over their estimated useful lives.

Capital outlay	\$ 10,230,205	
Less current year depreciation	<u>(961,234)</u>	9,268,971

Revenues that are reported in the statement of activities that do not create current financial resources are not reported as revenues in governmental funds.	4,105,139
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.

Change in compensated absences	(20,170)	
Pension expense	<u>(718,317)</u>	<u>(738,487)</u>

Change in net position of governmental activities	\$ <u>7,574,309</u>
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The accompanying notes to financial statements are an integral part of this statement.

CITY OF CALLAWAY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Taxes	\$ 3,801,512	\$ 3,801,512	\$ 3,806,815	\$ 5,303
Licenses and permits	1,551,070	1,551,070	1,329,549	(221,521)
Intergovernmental revenues	4,903,732	6,954,277	4,506,195	(2,448,082)
Charges for services	341,485	341,485	328,178	(13,307)
Fines and forfeitures	27,000	31,073	66,709	35,636
Investment earnings	37,983	466,159	524,041	57,882
Miscellaneous revenues	55,625	78,125	147,962	69,837
Total revenues	10,718,407	13,223,701	10,709,449	(2,514,252)
Expenditures				
Current				
General government				
Executive (Commission)	34,349	34,349	33,631	718
City Manager	149,591	163,503	144,602	18,901
Finance department	270,358	270,358	240,563	29,795
Legal	57,045	57,045	31,751	25,294
Code enforcement	389,194	389,194	352,081	37,113
Information technology	53,437	53,437	54,205	(768)
City Clerk	115,282	119,355	103,334	16,021
General government administration	3,464,044	3,132,036	684,148	2,447,888
Human resources	63,342	63,342	50,860	12,482
Public safety				
Law enforcement	2,166,851	2,166,851	2,166,851	-
Fire department	2,087,562	2,087,062	1,819,615	267,447
Emergency and disaster relief	134,164	131,514	19,724	111,790
Highways and streets				
Street department	1,246,829	1,246,829	1,044,577	202,252
Maintenance				
Maintenance shop	188,307	188,307	161,374	26,933
Culture/recreation				
Leisure services	1,224,661	1,259,161	1,176,377	82,784
Capital outlay	1,268,611	1,801,944	938,741	863,203
Total expenditures	12,913,627	13,164,287	9,022,434	4,141,853
Excess (deficiency) of revenues over (under) expenditures	(2,195,220)	59,414	1,687,015	1,627,601
Other financing sources (uses)				
Proceeds from the sale of capital assets	-	-	135,503	135,503
Transfers out	(1,827,327)	(1,900,114)	(2,406,303)	(506,189)
Total other financing uses, net	(1,827,327)	(1,900,114)	(2,270,800)	(370,686)
Change in fund balance	(4,022,547)	(1,840,700)	(583,785)	1,256,915
Fund balance, beginning of year	10,226,539	10,226,539	10,226,539	-
Fund balance, end of year	\$ 6,203,992	\$ 8,385,839	\$ 9,642,754	\$ 1,256,915

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

**CITY OF CALLAWAY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
COMMUNITY REDEVELOPMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Property taxes	\$ 182,384	\$ 182,384	\$ 182,384	\$ -
Intergovernmental revenues	294,065	294,065	304,872	10,807
Total revenues	<u>476,449</u>	<u>476,449</u>	<u>487,256</u>	<u>10,807</u>
Expenditures				
Current				
General government				
General government administration	447,444	430,316	8,470	421,846
Capital outlay	29,005	46,133	26,427	19,706
Total expenditures	<u>476,449</u>	<u>476,449</u>	<u>34,897</u>	<u>441,552</u>
Change in fund balance	-	-	452,359	452,359
Fund balance, beginning of year	350,084	350,084	350,084	-
Fund balance, end of year	<u>\$ 350,084</u>	<u>\$ 350,084</u>	<u>\$ 802,443</u>	<u>\$ 452,359</u>

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

CITY OF CALLAWAY, FLORIDA

STATEMENT OF NET POSITION PROPRIETARY FUNDS SEPTEMBER 30, 2023

	Major Funds		Nonmajor Fund	
	Water	Sewer	Solid Waste	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 2,358,435	\$ 9,489,899	\$ 1,402,117	\$ 13,250,451
Restricted cash and cash equivalents	2,799,719	3,381,362	-	6,181,081
Accounts receivable, net	322,672	762,746	66,820	1,152,238
Note receivable - Bay County, current	240,000	-	-	240,000
Prepays	2,991	-	-	2,991
Inventory	-	-	9,509	9,509
Due from joint venture	-	874,628	-	874,628
Total current assets	5,723,817	14,508,635	1,478,446	21,710,898
Noncurrent assets				
Notes receivable - Bay County	3,120,000	-	-	3,120,000
Notes receivable - joint venture	-	1,474,000	-	1,474,000
Investment in joint venture	-	8,802,884	-	8,802,884
Capital assets, non-depreciable	113,083	867,702	-	980,785
Capital assets, net	8,484,086	8,279,004	277,029	17,040,119
Total noncurrent assets	11,717,169	19,423,590	277,029	31,417,788
Total assets	17,440,986	33,932,225	1,755,475	53,128,686
Deferred outflows of resources				
Deferred outflows - pension	109,869	94,174	31,391	235,434
Deferred charge on refunding	527,647	527,647	-	1,055,294
Total deferred outflows of resources	637,516	621,821	31,391	1,290,728
Liabilities				
Current liabilities				
Accounts payable	89,905	321,324	50,664	461,893
Notes payable	-	477,000	-	477,000
Revenue bonds payable	382,500	382,500	-	765,000
Accrued liabilities	8,401	6,239	3,556	18,196
Compensated absences	11,290	9,695	5,940	26,925
Liabilities payable from restricted assets				
Accrued interest	45,923	45,923	-	91,846
Customer deposits payable	1,274,473	-	-	1,274,473
Total current liabilities	1,812,492	1,242,681	60,160	3,115,333
Noncurrent liabilities				
Notes payable, net of current portion	-	997,000	-	997,000
Revenue bonds payable, net of current portion	6,799,975	6,799,975	-	13,599,950
Net pension liability	401,776	344,379	114,794	860,949
Total noncurrent liabilities	7,201,751	8,141,354	114,794	15,457,899
Total liabilities	9,014,243	9,384,035	174,954	18,573,232
Deferred inflows of resources				
Deferred inflows - pension	17,829	15,282	5,093	38,204
Net position				
Net investment in capital assets	1,942,341	2,491,878	277,029	4,711,248
Restricted for				
Debt service	69,618	69,618	-	139,236
Impact fees	1,348,529	3,242,914	-	4,591,443
Capital improvements	61,175	22,906	-	84,081
Unrestricted	5,624,767	19,327,413	1,329,790	26,281,970
Total net position	\$ 9,046,430	\$ 25,154,729	\$ 1,606,819	\$ 35,807,978

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

CITY OF CALLAWAY, FLORIDA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Major Funds		Nonmajor Fund	
	Water	Sewer	Solid Waste	Total
Operating revenues				
Charges for services	\$ 3,622,101	\$ 4,878,955	\$ 798,199	\$ 9,299,255
Impact fees	73,876	78,611	-	152,487
Miscellaneous	364	-	1,373	1,737
Total operating revenues	3,696,341	4,957,566	799,572	9,453,479
Operating expenses				
Personnel services and benefits	894,304	836,217	304,087	2,034,608
Operating expenses	1,657,235	2,363,554	231,716	4,252,505
Depreciation	443,641	517,981	69,771	1,031,393
Total operating expenses	2,995,180	3,717,752	605,574	7,318,506
Operating income	701,161	1,239,814	193,998	2,134,973
Nonoperating revenues (expenses)				
Investment earnings	133,310	450,774	49,038	633,122
Gain on investment in joint venture	-	305,146	-	305,146
Gain on disposal of capital assets	147,612	266	-	147,878
Interest expense	(309,814)	(316,064)	-	(625,878)
Total nonoperating revenues (expenses)	(28,892)	440,122	49,038	460,268
Income before transfers	672,269	1,679,936	243,036	2,595,241
Transfers out	(25,022)	(7,927)	-	(32,949)
Transfers in	-	728,432	-	728,432
Changes in net position	647,247	2,400,441	243,036	3,290,724
Total net position, beginning of year	8,399,183	22,754,288	1,363,783	32,517,254
Total net position, end of year	<u>\$ 9,046,430</u>	<u>\$ 25,154,729</u>	<u>\$ 1,606,819</u>	<u>\$ 35,807,978</u>

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

CITY OF CALLAWAY, FLORIDA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Major Funds		Nonmajor Fund	
	Water	Sewer	Solid Waste	Total
Cash flows from operating activities				
Cash received from customers	\$ 3,989,017	\$ 4,849,958	\$ 797,177	\$ 9,636,152
Cash paid to suppliers for goods and services	(1,558,562)	(2,252,687)	(191,029)	(4,002,278)
Cash paid to employees for services and benefits	(893,388)	(750,116)	(328,194)	(1,971,698)
Net cash provided by operating activities	<u>1,537,067</u>	<u>1,847,155</u>	<u>277,954</u>	<u>3,662,176</u>
Cash flows from noncapital financing activities				
Transfer to other funds	(25,022)	(7,927)	-	(32,949)
Transfer from other funds	-	728,432	-	728,432
Net cash provided by (used in) noncapital financing activities	<u>(25,022)</u>	<u>720,505</u>	<u>-</u>	<u>695,483</u>
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets	(116,683)	(1,298,086)	-	(1,414,769)
Cash received from sale of capital assets	-	266	-	266
Principal paid on bonds payable	(362,500)	(362,500)	-	(725,000)
Interest paid	(293,667)	(299,916)	-	(593,583)
Net cash used in capital and related financing activities	<u>(772,850)</u>	<u>(1,960,236)</u>	<u>-</u>	<u>(2,733,086)</u>
Cash flows from investing activities				
Interest received	133,310	450,774	49,038	633,122
Net cash provided by investing activities	<u>133,310</u>	<u>450,774</u>	<u>49,038</u>	<u>633,122</u>
Net change in cash and cash equivalents	872,505	1,058,198	326,992	2,257,695
Cash and cash equivalents, beginning of year	4,285,649	11,813,063	1,075,125	17,173,837
Cash and cash equivalents, end of year	<u>\$ 5,158,154</u>	<u>\$ 12,871,261</u>	<u>\$ 1,402,117</u>	<u>\$ 19,431,532</u>
Cash and cash equivalents classified as				
Cash and cash equivalents	\$ 2,358,435	\$ 9,489,899	\$ 1,402,117	\$ 13,250,451
Restricted cash and cash equivalents	2,799,719	3,381,362	-	6,181,081
Total cash and cash equivalents	<u>\$ 5,158,154</u>	<u>\$ 12,871,261</u>	<u>\$ 1,402,117</u>	<u>\$ 19,431,532</u>

(Continued)

CITY OF CALLAWAY, FLORIDA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Major Funds		Nonmajor Fund	
	Water	Sewer	Solid Waste	Total
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ 701,161	\$ 1,239,814	\$ 193,998	\$ 2,134,973
Adjustment to reconcile operating income to net cash provided by operating activities:				
Depreciation	443,641	517,981	69,771	1,031,393
Change in operating assets and liabilities:				
(Increase) decrease in assets:				
Accounts receivable	(15,793)	(107,608)	(2,395)	(125,796)
Notes receivable	240,000	-	-	240,000
Deferred outflows - pension	(26,370)	(24,592)	10,358	(40,604)
Increase (decrease) in liabilities:				
Accounts payable	(123)	110,867	40,687	151,431
Accrued liabilities	1,345	707	(77)	1,975
Compensated absences payable	916	(3,188)	(6,383)	(8,655)
Net pension liability	126,313	114,826	(22,938)	218,201
Deferred inflows - pension	(2,492)	(1,652)	(5,067)	(9,211)
Customer deposits	68,469	-	-	68,469
Net cash provided by operating activities	<u>\$ 1,537,067</u>	<u>\$ 1,847,155</u>	<u>\$ 277,954</u>	<u>\$ 3,662,176</u>
Noncash investing, capital, and financing activities				
Issuance of note receivable to Bay County	\$ 3,600,000	\$ -	\$ -	\$ 3,600,000
Gain on investment in joint venture	-	305,146	-	305,146
Notes receivable from joint venture	-	460,000	-	460,000
Principal payments on debt from joint venture	-	(460,000)	-	(460,000)
Net noncash investing, capital and financing activities	<u>\$ 3,600,000</u>	<u>\$ 305,146</u>	<u>\$ -</u>	<u>\$ 3,905,146</u>

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

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CITY OF CALLAWAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Callaway, Florida (the “City”) was incorporated in 1963. The City's original charter was enacted in 1964. The present charter was enacted in 1996. The City is a political subdivision of the State of Florida and is located in Bay County. The City occupies approximately 12 square miles on the northern shore of East Bay. It operates under a commissioner-manager form of government and provides the following services: general government, public safety (fire control, law enforcement, protective inspections and emergency and disaster relief services), highways and streets, maintenance, parks and recreation, public improvements, planning and zoning, and utility (water, sewer and solid waste) services.

The financial statements of the City have been prepared in accordance with accounting principles generally accepted (GAAP) in the United States of America applicable to governmental units and the Uniform Accounting System mandated by Chapter 218.33, Florida Statutes. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting in the United States of America.

Reporting Entity

As required by GAAP, this report presents the financial statements of the funds of the City (the primary government). In evaluating the City as a reporting entity, management has considered all potential component units for which the City may or may not be financially accountable and included within the City's financial statements. Management utilized criteria set forth in GASB Statement 61 for determining financial accountability of potential component units in evaluating potential component units. In accordance with GASB Statement 61, the City is financially accountable if it appoints a voting majority of the potential component unit's governing board, and it is able to impose its will on the organization, or there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the City. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

As of September 30, 2023, the City had one component unit, as defined by GASB Statement 61 as amended, which has been presented in the financial statements of the primary government using the blended presentation method and is presented as a governmental fund type with a fiscal year-end of September 30. The Callaway Community Redevelopment Agency (the “Agency”) was formed to prepare a community redevelopment plan for a designated geographic area within the City. The Agency's governing body is the same as the governing body of the City. The Agency functions as a department of the City. City management has operational and fiscal responsibility for the Agency's activities.

Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used have not been eliminated. 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.

CITY OF CALLAWAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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.

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

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the flow of 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.

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as with accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and thus have been recognized as revenues of the current fiscal period. Sales taxes, gasoline taxes, and other intergovernmental revenues collected and held by the state at year-end on behalf of the City, are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Bay County Tax Collector bills and collects property taxes for the City in accordance with the laws of the State of Florida. Property taxes attach as an enforceable lien on property as of the date of assessment and remain in effect until discharge by payment. Taxes are payable when levied (on November 1, or as soon thereafter as the assessment roll becomes available to the Tax Collector).

CITY OF CALLAWAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

The following is the current property tax calendar:

Lien date	January 1
Levy date	November 1
Due date	November 1
Delinquent date	April 1
Sale of tax certificates	by June 1

Discounts of 1% are granted for each month taxes are paid on or before February 28, with a maximum discount of 4% if paid by November 30. Revenue recognition criteria for property taxes under GASB requires that property taxes expected to be collected within 60 days of the current period be accrued. Current year ad valorem taxes, which are uncollected as of the end of the fiscal year, are generally immaterial in amount and highly susceptible to uncollectibility and, therefore, are not recorded as a receivable.

Basis of Presentation

The financial transactions of the City are recorded in individual funds. Each fund is a separate accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the government's utility functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes, as operating revenues, the portion of tap fees intended to recover the cost of connecting customers to the City's utility systems.

Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

CITY OF CALLAWAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

GASB Statement 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise funds combined) for the determination of major funds. The City has used GASB Statement 34 minimum criteria for major fund determination to determine which funds are required to be reported as major funds. The following two broad classifications are used to categorize the fund types used by the City:

Governmental Funds

Governmental funds focus on the determination of financial position and changes in financial position (sources, uses, and balances of financial resources) and not net income. The City has the following major governmental funds:

The *General Fund* is the City's primary operating fund and is used to account for all financial resources except those required to be accounted for in another fund.

The *Capital Improvements Fund* is used to account for the infrastructure tax revenues that are restricted for capital improvements related to infrastructure, such as street paving, storm water (drainage), and water and sewer distribution systems. Additionally, this fund accounts for revenues and expenditures associated with various capital grant projects.

The *Community Redevelopment Fund* is used to account for the tax increment development receipts and expenditures thereof.

Proprietary Funds

Proprietary funds focus on the determination of net income, changes in net position, financial position and cash flows. The following is a description of the City's major proprietary funds:

Water Fund – Accounts for the operations and activities related to the water system within the City.

Sewer Fund – Accounts for the operations and activities related to the sewer system within the City.

Cash and Cash Equivalents

Each fund's cash on hand, demand deposits, and short-term investments are considered cash and cash equivalents. For purposes of these statements, all highly liquid debt instruments (including restricted assets), with a maturity of three months or less when purchased, are considered to be cash equivalents.

Deposits and Investments

Section 218.415, Florida Statutes, requires the investment of surplus public funds and prescribes the instruments in which those investments are authorized. Specifically, allowable investments include:

- The State of Florida Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969.

CITY OF CALLAWAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deposits and Investments (Continued)

- Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- Interest-bearing time deposits or savings accounts in qualified public depositories.
- Direct obligations of the United States.

The City adheres strictly to the provisions of those cited statutes, as well as with Chapter 280, Florida Statutes, which requires the City to maintain deposits only with qualified public depositories. The City maintains a cash and investment pool available for use by all funds. Earnings from such investments are allocated to the respective funds based on applicable cash participation by each fund. In addition, restricted cash accounts and money market deposit accounts are separately maintained by several City funds in accordance with bond ordinances and other contractual agreements. Investments are stated at fair value, based on quoted market prices.

The City's cash and investment pool and certain individual funds participate in the Local Government Surplus Trust Fund - Florida PRIME, operated by Florida's State Board of Administration (SBA). The SBA is governed by Chapter 19-1 of the Florida Administrative Code (FAC). The FAC provides guidance and establishes the general operating procedures for the administration of the Local Government Surplus Trust Funds. Additionally, the Florida Auditor General performs an operational audit of activities and investments of the SBA. GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, applies to Florida PRIME. GASB Statement 31 outlines the two options for accounting and reporting for money market investment pools as either "2a-7 like" or fluctuating net asset value (NAV). GASB Statement 31 describes a "2a-7 like" pool as an external investment pool that is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will operate in a manner consistent with Rule 2a-7 under the Investment Company Act of 1940. Rule 2a-7 is the rule that permits money market funds to use amortized cost to maintain a constant NAV of \$1.00 per share, provided that such funds meet certain conditions. City investments with the SBA may be made or liquidated by wire on a same day basis, subject to limitations described in Note 3. These funds are considered a SEC "2a-7 like" fund and are recorded at fair value.

Receivables and Payables

Interfund transactions are reflected as loans, services provided, reimbursements, or transfers. Loans between funds outstanding at the end of the fiscal year are referred to as either "due to other funds" or "due from other funds" (i.e., the current portion of interfund loans) or "advances" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances" and are not eliminated in the process of consolidation.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

CITY OF CALLAWAY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables and Payables (Continued)

Services provided, deemed to be at market, or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide columnar presentation. All proprietary fund receivables are shown net of an allowance for uncollectibles. The City's allowance estimate is based on historical collection experience and a review of the current status of accounts receivable.

Inventory and Prepaid Items

Inventory is valued at cost using the first in/first out (FIFO) method. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased. A portion of the General Fund balance equal to the inventory amount has been reserved in the fund financial statements to indicate that it is not available for appropriation.

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

Restricted Assets

Restricted assets are maintained in both the governmental and business-type activities. Certain proceeds of revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The "reserve fund" account is used to report resources set aside to make up potential future deficiencies in the sinking fund account. Water meter deposits received from customers of the water and sewer system are placed in the water meter deposit trust account. This money is restricted to use as payment of the final customer bill or returned to the customer upon settlement of the final bill. Impact fees and special capital extension fees from customers are restricted in the water, sewer, and General Fund for future system improvements. Additionally, stormwater fees from customers are committed in the General Fund for future system improvements.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (roads, bridges, infrastructure, water and sewer distribution systems and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets costing in excess of \$5,000 with estimated useful lives in excess of one year. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed.

CITY OF CALLAWAY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Capital assets are stated at cost, except for contributed assets, which are recorded at acquisition value on the date received by the City. Property, plant and equipment of the primary government are depreciated/amortized using the straight-line method generally over the following estimated useful lives:

Buildings	20 - 50 years
Improvements other than buildings	20 - 50 years
System infrastructure	10 - 50 years
Vehicles	5 - 10 years
Machinery and equipment	3 - 15 years
Software	5 years

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. The City allows a maximum of no more than 240 hours for annual leave accumulation as of December 31st of any given year. A liability for these amounts is reported in governmental fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

The City estimates that all compensated absences accrued at September 30, 2023 will be used within one year. This estimate is based on historical usage of leave being substantially equal to the balance at year-end. Therefore, compensated absences are reported as current liabilities in these financial statements.

The policy of the City for accruing annual and sick leave per pay period is as follows:

<u>Years of Employment</u>	<u>General Employees</u>	<u>Fire Department</u>
Year 1	2 hours	2.4 hours
Years 2 - 5	4 hours	4.8 hours
Years 5 - 10	5 hours	6.0 hours
Years 10 or more	6 hours	7.2 hours
Sick leave	4 hours	4.8 hours

Upon termination of employment with two-week notice, employees will be paid for accumulated annual leave, but accumulated sick leave is forfeited.

CITY OF CALLAWAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

The difference between the reacquisition price (new debt) and the net carrying value of the old debt creates a deferred gain/loss from advance refunding of debt. This difference is deferred and amortized as a component of interest expense using the bonds outstanding method over the shorter of the remaining life of the old debt or the life of the new debt. The deferred account is offset against the new liability.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, gains/loss from refunding, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums and gains from refundings received on debt issuances are reported as other financing sources while discounts and losses from refundings on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Pension Liability

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

Capitalization of Interest

In prior years interest costs related to bond issues were capitalized during the construction period in the business-type activities. During the year ended September 30, 2020, the City implemented GASB 89 and is no longer capitalizing interest.

Fund Balance

GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

CITY OF CALLAWAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

Fund balance classifications, under GASB Statement 54, are as follows:

Nonspendable – includes amounts that are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, deposits, prepaids, and advances to other funds.

Restricted – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed – includes fund balance amounts that can be used only for the specific purposes that are internally imposed by a formal action (Resolution) of the government's highest level of decision making authority, the City Commission. Commitments may be changed or lifted only by the City taking the same formal action (Resolution) that imposed the constraint. Contractual obligations are included to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual obligations.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Intent is expressed by the City Commission or a body (for example: a budget or finance committee) or official to which the City Commission has delegated the authority to assign amounts to be used for specific purposes. This indicates that resources in these funds are, at a minimum, intended to be used for the purposes of that fund. The City Commission has not authorized a specific party to assign fund balance. The City Commission may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's budget.

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

These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed on fund balances. Fund balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification with the General Fund. The General Fund is the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance. The City's General Fund formal fund balance policy establishes a targeted minimum reserve balance in its unassigned fund balance equal to 17%, or a two-month reserve amount, of the current fiscal year operating expenditures and transfers out budgeted for the fund. The City was in compliance with this policy as of year-end.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

CITY OF CALLAWAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position is classified in three categories. The general meaning of each is as follows:

Net investment in capital assets – represents the cost of capital assets, less accumulated depreciation reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.

Restricted – this category includes resources restricted by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation. The government-wide statement of net position reports \$12,561,756 of restricted net position, which is restricted by enabling legislation.

Unrestricted – indicates that portion of net position that is available for future periods.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first and then unrestricted resources, as they are needed.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. See Note 6 and Note 9 for additional information on the City's deferred outflows of resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has one item that qualifies for reporting in this category which relates to the City's pension plan. See Note 6 for additional information on the City's deferred inflows of resources related to pensions.

Estimates

The preparation of financial statements in conformity with GAAP 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF CALLAWAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets

Budgets are adopted on a basis consistent with GAAP. Annual appropriated budgets are adopted by ordinance for all governmental and proprietary funds. However, budgets for proprietary funds are not legally required to be reported on and are not included in these financial statements. All appropriations lapse at fiscal year-end except for appropriations related to multi-year capital projects. Florida Statutes provide that it is unlawful to make expenditures that exceed the total amount budgeted for each fund. Chapter 129, Florida Statutes, governs the manner in which the budget may be legally amended once it has been approved.

The City sets the legal level of budgetary control at the departmental level within each fund. Only the City Commission can approve budget amendments for each department's expenditure line items. However, in the case of an emergency, the City Manager can exceed expenditures in department line items and retrospectively present an amendment to the Commission. The schedule of expenditures by department budget and actual is presented in the financial statements to demonstrate compliance with these policies.

If, during the fiscal year, additional revenue becomes available for appropriations in excess of those estimated in the budget, the City Commission by resolution can make supplemental appropriations for the year. During the current fiscal year, various supplemental appropriations were approved by the City Commission. Budgetary data presented in the accompanying basic financial statements in the final budgeted amounts column represents the final budgetary data. In this column, the effects of budget amendments have been applied to original budgetary data.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources that are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Encumbrances outstanding at year-end are reported as commitments of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. All encumbrances were closed at the end of the year. Therefore, no provision for encumbrances has been made at September 30, 2023.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposit policies – The City's cash and cash equivalents (including restricted assets) include cash on hand, demand deposits, short-term highly liquid debt instruments with original maturities of three months or less from the date of acquisition, pooled investments and money market funds.

Investment policies – The types of investments, which can be made by the City, are restricted by state statutes and other contractual agreements. A description of the requirements and the types of investments allowed can be found in Note 1.

CITY OF CALLAWAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits

Custodial credit risk – There is a risk that in the event of failure of a depository financial institution, the government will not be able to recover their deposits. It is the City's policy to maintain its deposits only with qualified public depositories as defined in Chapter 280, Florida Statutes. The provisions of this statute allow qualified public depositories to participate in a multiple financial institution collateral pool to ensure security for public deposits. All qualified public depositories must place with or in the name of the Chief Financial Officer of the State of Florida, collateral in the amount of the average daily balance of public deposits multiplied by the average monthly balance of public deposits or 125% of the average daily balance of public deposits greater than capital. In the event of default by a qualified public depository, excess losses over insurance and collateral will be recovered through assessments from all qualified public depositories of the same type as the depository in default. Under this method, all City's deposits are considered fully insured. The City has no further custodial credit risk policy.

Investments

At September 30, 2023, the City held \$2,657,202 in money market funds which are considered cash equivalents for reporting purposes and are not subject to interest rate risk.

Interest rate risk – The City does not have a formal policy relating to interest rate risk.

The City has \$11,404 invested in SBA's Florida PRIME at September 30, 2023, which is stated at amortized cost. Florida PRIME's current credit rating is AAAM as rated by Standard and Poor's. The weighted average maturity (WAM) of Florida PRIME at September 30, 2023 is 35 days. The next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of Florida PRIME at September 30, 2023 is 75 days.

Credit risk – This is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of the outside party. All the City's investments are excluded from the definition of custodial credit risk. The City has no investment policy regarding credit risk.

Concentrations of credit risk – The City places no limits on the amount it may invest on any one issuer. As of September 30, 2023, the City did not hold any deposits or investments that were considered to be a concentration of credit risk.

Investments are stated at amortized cost in accordance with GASB 79. Per GASB 79, if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements.

CITY OF CALLAWAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

As of September 30, 2023, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100% of their account value.

CITY OF CALLAWAY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2023

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable at September 30, 2023 were as follows:

	General Fund	Capital Improvements Fund	Water Fund	Sewer Fund
Accounts receivable	\$ 410,427	\$ -	\$ 323,716	\$ 765,208
Due from other governments	7,535,639	224,279	-	-
Note receivable - Bay County	-	-	3,360,000	-
Less allowance for doubtful accounts	(223)	-	(1,044)	(2,462)
	<u>\$ 7,945,843</u>	<u>\$ 224,279</u>	<u>\$ 3,682,672</u>	<u>\$ 762,746</u>

	Solid Waste Fund	Total
Accounts receivable	\$ 67,237	\$ 1,566,588
Due from other governments	-	7,759,918
Note receivable - Bay County	-	3,360,000
Less allowance for doubtful accounts	(417)	(4,146)
	<u>\$ 66,820</u>	<u>\$ 12,682,360</u>

Due from Other Governments

Amounts due from other governments in the General Fund relate to the half-cent sales tax, grant revenues, and other intergovernmental revenue.

Note Receivable – Bay County

On February 14, 2023, the City agreed to sale property known as the Callaway Booster Station to Bay County, Florida in the amount of \$3,600,000 and established an intergovernmental note receivable for the same amount. Annual principal payments of \$240,000 are due by January 1 of each year through 2036. This note does not bear interest. As of September 30, 2023, the County has made its first installment of \$240,000 and the remaining note receivable balance due was \$3,360,000.

CITY OF CALLAWAY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2023

NOTE 5 – CAPITAL ASSETS

Capital asset balances and activity for the year ended September 30, 2023 were as follows:

	Beginning Balance	Additions	Deletions	Net Transfers	Ending Balance
Governmental activities					
Capital assets not being depreciated					
Land	\$ 850,944	\$ 47,349	\$ -	\$ -	\$ 898,293
Construction in progress	4,291,698	3,760,378	-	(3,131,997)	4,920,079
Total assets not being depreciated	5,142,642	3,807,727	-	(3,131,997)	5,818,372
Capital assets being depreciated					
Buildings	4,446,543	509,926	-	-	4,956,469
Improvements other than buildings	12,575,978	5,560,692	-	2,467,661	20,604,331
Vehicles	1,654,782	134,539	(251,437)	664,336	2,202,220
Machinery and equipment	4,306,877	217,321	-	-	4,524,198
Total assets being depreciated	22,984,180	6,422,478	(251,437)	3,131,997	32,287,218
Less accumulated depreciation					
Buildings	(1,743,506)	(131,999)	-	-	(1,875,505)
Improvements other than buildings	(5,339,116)	(445,495)	-	-	(5,784,611)
Vehicles	(1,060,018)	(169,193)	251,437	-	(977,774)
Machinery and equipment	(3,160,811)	(214,547)	-	-	(3,375,358)
Total accumulated depreciation	(11,303,451)	(961,234)	251,437	-	(12,013,248)
Total assets depreciated, net	11,680,729	5,461,244	-	3,131,997	20,273,970
Governmental activities, net	\$ 16,823,371	\$ 9,268,971	\$ -	\$ -	\$ 26,092,342
Business-type activities					
Capital assets not being depreciated					
Land	\$ 252,353	\$ -	\$ -	\$ -	\$ 252,353
Construction in progress	752,856	728,432	-	(752,856)	728,432
Total assets not being depreciated	1,005,209	728,432	-	(752,856)	980,785
Capital assets being depreciated					
Buildings and improvements	7,491,837	36,505	-	-	7,528,342
Utility systems	25,495,861	553,477	(5,066,863)	752,856	21,735,331
Vehicles	1,594,772	96,355	-	-	1,691,127
Machinery and equipment	2,525,171	-	(68,842)	-	2,456,329
Total assets being depreciated	37,107,641	686,337	(5,135,705)	752,856	33,411,129
Less accumulated depreciation					
Buildings and improvements	(5,012,380)	(166,433)	-	-	(5,178,813)
Utility systems	(9,277,334)	(602,122)	1,643,620	-	(8,235,836)
Vehicles	(1,055,777)	(150,985)	-	-	(1,206,762)
Machinery and equipment	(1,677,444)	(111,853)	39,698	-	(1,749,599)
Total accumulated depreciation	(17,022,935)	(1,031,393)	1,683,318	-	(16,371,010)
Total assets depreciated, net	20,084,706	(345,056)	(3,452,387)	752,856	17,040,119
Business-type activities, net	\$ 21,089,915	\$ 383,376	\$ (3,452,387)	\$ -	\$ 18,020,904

CITY OF CALLAWAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 5 – CAPITAL ASSETS (CONTINUED)

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

Governmental activities

General government	\$ 79,668
Public safety	212,496
Highways and streets	426,079
Maintenance	18,908
Culture and recreation	224,083
Total depreciation expense, governmental activities	<u>\$ 961,234</u>

Business-type activities

Water	\$ 443,641
Sewer	517,981
Solid waste	69,771
Total depreciation expense, business-type activities	<u>\$ 1,031,393</u>

NOTE 6 – PENSION PLANS

Defined Benefit Plans

The City participates in two defined benefit pension plans (Plans) that are administered by the State of Florida, Department of Management Services, Division of Retirement. The Plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the Plans. That report is available from the Florida Department of Management Services' website at www.dms.myflorida.com.

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

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

CITY OF CALLAWAY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

NOTE 6 – PENSION PLANS (CONTINUED)

Benefits Provided

Benefits under FRS are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

Contributions

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3% of their salary to FRS. The employer's contribution rates for the period October 1, 2022 through June 30, 2023, and July 1, 2023 through September 30, 2023, were as follows: Regular Class 11.91% and 13.57%, Senior Management 31.57% and 34.52%, Elected Officials 57.00% and 58.68%, and DROP Participants 18.60% and 21.13%.

The City's contributions for the year ended September 30, 2023 were \$553,963 to FRS and \$70,722 to HIS.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2023 the City reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2023, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2023. The City's proportions of the net pension liabilities were based on the City's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	<u>FRS</u>	<u>HIS</u>	<u>Total</u>
Net pension liability	\$ 4,198,114	\$ 1,541,543	\$ 5,739,657
Proportion at:			
Current measurement date	0.010535630%	0.009706630%	
Prior measurement date	0.009745752%	0.009103380%	
Pension expense (benefit)	\$ 91,226	\$ 598,466	\$ 689,692

CITY OF CALLAWAY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2023

NOTE 6 – PENSION PLANS (CONTINUED)

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

Description	FRS		HIS		Totals	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 394,167	\$ -	\$ 22,567	\$ 3,618	\$ 416,734	\$ 3,618
Change of assumptions	273,668	-	40,527	133,580	314,195	133,580
Net difference between projected and actual earnings on Pension Plan investments	175,325	-	796	-	176,121	-
Changes in proportion and differences between City Pension Plan contributions and proportionate share of contributions	336,584	98,567	134,947	18,931	471,531	117,498
City Pension Plan contributions subsequent to the measurement date	168,682	-	22,297	-	190,979	-
Total	<u>\$ 1,348,426</u>	<u>\$ 98,567</u>	<u>\$ 221,134</u>	<u>\$ 156,129</u>	<u>\$ 1,569,560</u>	<u>\$ 254,696</u>

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

Fiscal Year Ending September 30:	FRS	HIS
2024	\$ 147,351	\$ 7,462
2025	(58,380)	4,524
2026	884,171	7,528
2027	83,989	14,765
2028	24,046	7,821
Thereafter	-	608
	<u>\$ 1,081,177</u>	<u>\$ 42,708</u>

Actuarial Assumptions

The total pension liability for each of the defined benefit plans, measured as of June 30, 2023, was determined by an actuarial valuation dated July 1, 2023, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Salary increases	3.25%	3.25%
Investment rate of return	6.70%	N/A
Discount rate	6.70%	3.65%

CITY OF CALLAWAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 6 – PENSION PLANS (CONTINUED)

Actuarial Assumptions (Continued)

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

For both plans, the actuarial assumptions used in the valuation dated July 1, 2023 were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

The following changes in key actuarial assumptions occurred in 2023:

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability increased from 3.54% to 3.65%.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class:

<u>Asset Class</u>	<u>Target Allocation ⁽¹⁾</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	2.9%	2.9%	1.1%
Fixed income	19.8%	4.5%	4.4%	3.4%
Global equity	54.0%	8.7%	7.1%	18.1%
Real estate	10.3%	7.6%	6.6%	14.8%
Private equity	11.1%	11.9%	8.8%	26.3%
Strategic investments	3.8%	6.3%	6.1%	7.7%
Total	<u>100.0%</u>			
Assumed Inflation - Mean			2.4%	1.4%

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

Discount Rate

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

Because HIS is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.65% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

CITY OF CALLAWAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 6 – PENSION PLANS (CONTINUED)

Sensitivity Analysis

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

	FRS			HIS		
	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
City's proportionate share of the net pension liability	\$ 7,171,235	\$ 4,198,114	\$ 1,710,744	\$ 1,758,659	\$ 1,541,543	\$ 1,361,567

Pension Plan Fiduciary Net Position

Detailed information regarding the pension plans' fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Annual Comprehensive Financial Report.

Payables to the Pension Plan

At September 30, 2023, the City reported a payable in the amount of \$0 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2023.

Defined Contribution Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan (FRS Investment Plan), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended September 30, 2023 totaled \$205,083.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS PLAN (OPEB)

The City administers a single-employer OPEB plan. The purpose of this plan is to account for the implicit rate subsidy the City provides to its retirees. Florida Statutes require that governments provide their retirees access to the same health insurance programs as their current employees at the same rates. Since the inclusion of retirees results in higher overall health insurance costs to the City which cannot be passed on to the retirees, it in effect results in what is called the implicit rate subsidy. This is the only post-employment benefit the City provides its retirees other than its pension plan.

As of and for the year ended September 30, 2023, and for several years prior, the participation rate for retirees in the plan have been 0%. As such, no liability has been recorded in the City's financial statements pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*.

CITY OF CALLAWAY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2023

NOTE 8 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; workers' compensation claims and natural disasters. The City purchases commercial insurance for these risks of loss. There has been no significant reduction in insurance coverage from the prior year. Commercial insurance coverage has been sufficient to cover all claims made in the prior three fiscal years.

NOTE 9 – LONG-TERM DEBT

Long-term debt activity for the year ended September 30, 2023 is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities					
Note payable from direct borrowing	\$ 2,250,000	\$ -	\$ -	\$ 2,250,000	\$ 2,250,000
Net pension liability	3,948,307	2,500,465	(1,570,064)	4,878,708	-
Compensated absences	154,336	177,193	(157,023)	174,506	174,506
Total governmental activities	<u>\$ 6,352,643</u>	<u>\$ 2,677,658</u>	<u>\$ (1,727,087)</u>	<u>\$ 7,303,214</u>	<u>\$ 2,424,506</u>
Business-type activities					
Bonds payable	\$ 14,565,000	\$ -	\$ (725,000)	\$ 13,840,000	\$ 765,000
Unamortized bond premium	562,898	-	(37,948)	524,950	-
Notes payable from direct borrowing	1,934,000	-	(460,000)	1,474,000	477,000
Net pension liability	642,748	441,258	(223,057)	860,949	-
Compensated absences	35,580	24,793	(33,448)	26,925	26,925
Total business-type activities	<u>\$ 17,740,226</u>	<u>\$ 466,051</u>	<u>\$ (1,479,453)</u>	<u>\$ 16,726,824</u>	<u>\$ 1,268,925</u>

For the governmental activities, compensated absences and the net pension liability are generally liquidated by the General Fund.

Revenue Bonds

On December 1, 2015, the City issued \$15,910,000 Capital Improvement Revenue Refunding Bonds, Series 2015 at a premium of \$825,372. The proceeds of the issuance, along with an additional \$3,867,362 in City funds, were used to refund \$18,625,000 outstanding Capital Improvement Revenue Bonds, Series 2007. The funds were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2007 Series Refunded Bonds. As a result, \$18,625,000 of the 2007 series bonds are considered to be defeased, and the City's liability associated with those bonds has been removed from the financial statements. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,658,954. The difference is reported as a deferred amount on refunding. The City completed the refunding to reduce its debt service over 22 years by \$2,456,218 and obtain an economic gain of \$1,352,471.

The bonds are payable solely from and secured by a lien on a pledge of: (i) the Sales Tax Revenues, (ii) the Electric Public Service Tax, (iii) until applied in accordance with the provisions of the Indenture, the proceeds of the Series 2015 Bonds, and (iv) all moneys, including investments thereof, in the funds and accounts established under the Indenture, other than the Rebate Fund. Interest varies from 3% to 5%, principal payable annually on August 1, commencing August 1, 2023, interest payable semiannually on August 1 and February 1, commencing on February 1, 2016. Final maturity is on August 1, 2037.

CITY OF CALLAWAY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2023

NOTE 9 – LONG-TERM DEBT (CONTINUED)

Revenue Bonds (Continued)

For the year ended September 30, 2023, principal and interest payments on the bonds were 24% of pledged revenues. The total principal and interest remaining to be paid on the bonds is \$22,322,300. Principal and interest paid for the current year and total pledged revenues were \$654,581 and \$2,560,071, respectively. As of September 30, 2023, the remaining liability outstanding on the bonds were \$13,840,000.

Notes

During the year ended September 30, 2021, the City requested a community disaster loan (CDL) amount of \$3,157,092 through the Department of Homeland Security Federal Emergency Management Agency. \$2,250,000 was approved and drawn down. There are currently no repayment requirements or interest charges being incurred. Depending on certain disaster related qualifications, this loan may be forgiven at a future date. No forgiveness determination has been made through the report date. However, it is anticipated that this loan will be paid-off or forgiven during 2024 and as such has been recorded as current. This loan is recorded within governmental activities.

State of Florida State Revolving Loan Fund Program for the joint venture (Military Point Advanced Wastewater Treatment Facility) between Bay County, City of Callaway, City of Springfield, City of Parker, and (formerly) the Town of Cedar Grove. The funds are being used directly by the joint venture with Bay County, Florida, and the City of Callaway as joint obligors. The note payments are made directly by the joint venture. The note carries an interest rate of 2.82%. Payments of \$1,000,150 are due semiannually beginning September 1, 1999. The note is collateralized by the net revenues of the Military Point Advanced Wastewater Treatment Facility. As obligor, the City of Callaway has reported one half of the liability on these financial statements with the remaining half reported by Bay County, Florida. The City is also contingently liable for the half reported by Bay County, Florida. As of September 30, 2023, the remaining liability outstanding on the loan was \$1,474,000.

The annual requirements to amortize all debt outstanding as of September 30, 2023 are outlined in the table below:

Fiscal Year	Revenue Bonds			Notes		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 765,000	\$ 551,081	\$ 1,316,081	\$ 2,727,000	\$ 48,789	\$ 2,775,789
2025	800,000	512,831	1,312,831	490,500	33,001	523,501
2026	840,000	472,831	1,312,831	506,500	16,765	523,265
2027	865,000	447,631	1,312,631	-	-	-
2028	895,000	421,681	1,316,681	-	-	-
2029-2033	4,925,000	1,644,750	6,569,750	-	-	-
2034-2037	4,750,000	497,750	5,247,750	-	-	-
	<u>\$ 13,840,000</u>	<u>\$ 4,548,555</u>	<u>\$ 18,388,555</u>	<u>\$ 3,724,000</u>	<u>\$ 98,555</u>	<u>\$ 3,822,555</u>

CITY OF CALLAWAY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

NOTE 10 – INTERFUND BALANCES AND TRANSERS

There were no interfund activity for short-term operating purposes at September 30, 2023.

The composition of interfund transfers as of September 30, 2023 are as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Capital Improvements Fund	General Fund	\$ 2,406,303
Capital Improvements Fund	Water Fund	25,022
Capital Improvements Fund	Sewer Fund	7,927
Sewer Fund	Capital Improvements Fund	728,432
		<u>\$ 3,167,684</u>

Total transfers of \$2,439,252 from the General Fund, Water Fund and Sewer Fund to the Capital Improvements Fund represent amounts for capital outlay expenditures. Transfers of \$728,432 from the Capital Improvements Fund to the Sewer Fund represent amounts for capital outlay.

NOTE 11 – JOINT VENTURE

The City of Callaway, Florida, in alliance with Bay County, Florida, the cities of Springfield and Parker, Florida and the former Town of Cedar Grove joined efforts in 1996 to supply existing and expanded wastewater treatment and disposal services. The mission of this partnership is to provide these services in an economical, efficient, and environmentally appropriate manner to their respective citizenry. This venture, known as the Military Point Advanced Wastewater Treatment Facility (MPAWTF), has constructed a 7.0 million gallons per day (MGD) advanced wastewater facility. The operations of the plant began in July 1999. Costs of the project were funded through a combination of a State of Florida revolving trust fund loan and a bond issue between Bay County and the City of Callaway, and MPAWTF.

MPAWTF is owned and governed by Bay County, Florida and the cities of Callaway, Parker and Springfield, Florida. The City of Callaway's capacity percentage in the joint venture is 30.545% as of September 30, 2023. One owner is selected by the others to be responsible for operating MPAWTF. The owner delegated to be the operator is Bay County, Florida. The operator of MPAWTF, in accordance with the interlocal agreement, prepares MPAWTF's annual budget, sets treatment rates, and collects funds sufficient to pay debt service; costs of operations and maintenance; renewal and replacement; and enhancements to reserves.

The results of operations and cash flows are accounted for within the financial statements of MPAWTF. The City's interest in equity is reported within the City's Sewer Fund. As of September 30, 2023, the City's portion of the equity of the venture was \$8,802,884. Complete financial statements for MPAWTF may be obtained from the operator at P.O. Box 2269, Panama City, Florida 32402.

CITY OF CALLAWAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 11 – JOINT VENTURE (CONTINUED)

As of September 30, 2023, MPAWTF owes the City \$874,628 for excess funds accumulated in the repair and replacement account and reserve account. This balance has been recorded in the Sewer Fund as "due from joint venture." In addition, the City is owed \$1,474,000 at September 30, 2023, from MPAWTF for the outstanding obligation of MPAWTF to the City for half of the Wastewater System Revenue Refunding Bonds, Series 2014 issued in the City's name. The bond proceeds were transferred to MPAWTF and used for capital expansion. The outstanding obligation of the City related to these bonds, which are reported as debt in the City's Sewer Fund is \$1,474,000 at September 30, 2023. Condensed financial statements for MPAWTF are as follows:

Statement of Net Position
September 30, 2023

Assets	
Current assets	\$ 11,563,430
Noncurrent assets	19,244,164
	<u>30,807,594</u>
Deferred outflows of resources	
Deferred loss on bond refunding	246,420
	<u>246,420</u>
Liabilities	
Current liabilities	4,636,873
Noncurrent liabilities	2,789,831
	<u>7,426,704</u>
Net position	<u><u>\$ 23,627,310</u></u>

Statement of Activities
For the Year Ended September 30, 2023

Operating revenues	\$ 5,261,170
Operating expenses	(5,899,875)
	<u>(638,705)</u>
Net operating loss	(638,705)
Nonoperating revenues, net	1,792,727
	<u>1,154,022</u>
Net income before distributions to owners	1,154,022
Distribution to owners	(248,479)
	<u>905,543</u>
Change in net position	905,543
Net position, beginning of year (as restated)	22,721,767
Net position, end of year	<u><u>\$ 23,627,310</u></u>

CITY OF CALLAWAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 11 – JOINT VENTURE (CONTINUED)

During the year ended September 30, 2023 the City of Callaway's investment in joint venture increased \$305,146 as follows:

City's share of net income	\$ 194,772
City's increase in reserve requirements	110,374
Increase in investment in joint venture	<u>\$ 305,146</u>

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Law Enforcement Services

The City entered into an agreement with the Bay County Sheriff's Office in September 2017 (amended November 2017) to provide law enforcement services to the City for \$1,697,875 for the year ending September 30, 2018. This agreement includes an automatic renewal for a one-year term at 105% of the previous fiscal year amount. The City paid Bay County Sheriff's Office \$2,166,851 for the year ended September 30, 2023.

Construction Commitments

As of September 30, 2023, the City had outstanding construction commitments for various infrastructure projects in the approximate amount of \$14,302,000.

NOTE 13 – SUBSEQUENT EVENT

The City has evaluated all subsequent events through May 25, 2024, the date the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF CALLAWAY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FLORIDA RETIREMENT SYSTEM PENSION PLAN

Reporting period ending Measurement date	<u>9/30/2023</u> <u>6/30/2023</u>	<u>9/30/2022</u> <u>6/30/2022</u>	<u>9/30/2021</u> <u>6/30/2021</u>	<u>9/30/2020</u> <u>6/30/2020</u>	<u>9/30/2019</u> <u>6/30/2019</u>
City's proportion of the FRS net pension liability	0.01054%	0.00975%	0.00902%	0.00937%	0.00991%
City's proportionate share of the FRS net pension liability	\$ 4,198,114	\$ 3,626,862	\$ 681,551	\$ 4,060,898	\$ 3,413,862
City's covered payroll	\$ 3,894,117	\$ 3,367,552	\$ 2,963,362	\$ 3,164,241	\$ 2,858,172
City's proportionate share of the pension liability as a percentage of its covered payroll	107.81%	107.70%	23.00%	128.34%	119.44%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	82.38%	82.89%	96.40%	78.85%	82.61%
Reporting period ending Measurement date	<u>9/30/2018</u> <u>6/30/2018</u>	<u>9/30/2017</u> <u>6/30/2017</u>	<u>9/30/2016</u> <u>6/30/2016</u>	<u>9/30/2015</u> <u>6/30/2015</u>	<u>9/30/2014</u> <u>6/30/2014</u>
City's proportion of the FRS net pension liability	0.00927%	0.00950%	0.01014%	0.00943%	0.00932%
City's proportionate share of the FRS net pension liability	\$ 2,791,916	\$ 2,811,160	\$ 2,561,574	\$ 1,218,037	\$ 568,913
City's covered payroll	\$ 2,325,831	\$ 2,325,831	\$ 2,245,083	\$ 2,425,141	\$ 2,286,632
City's proportionate share of the pension liability as a percentage of its covered payroll	120.04%	120.87%	114.10%	50.23%	24.88%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	84.26%	83.89%	84.88%	92.00%	96.09%

CITY OF CALLAWAY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS FLORIDA RETIREMENT SYSTEM PENSION PLAN

Reporting period ending	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019
Measurement date	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019
Contractually required FRS contribution	\$ 553,963	\$ 438,711	\$ 366,350	\$ 315,363	\$ 311,168
FRS Contributions in relation to the contractually required FRS contribution	553,963	438,711	366,350	315,363	311,168
FRS Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 4,094,017	\$ 3,529,643	\$ 3,095,194	\$ 2,918,991	\$ 3,126,064
FRS Contributions as a percentage of covered payroll	13.53%	12.43%	11.84%	10.80%	9.95%
Reporting period ending	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Measurement date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Contractually required FRS contribution	\$ 269,141	\$ 232,516	\$ 207,481	\$ 229,916	\$ 204,239
FRS Contributions in relation to the contractually required FRS contribution	269,141	232,516	207,481	229,916	204,239
FRS Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,696,095	\$ 2,325,831	\$ 2,245,083	\$ 2,425,141	\$ 2,286,632
FRS Contributions as a percentage of covered payroll	9.98%	10.00%	9.24%	9.48%	8.93%

CITY OF CALLAWAY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY HEALTH INSURANCE SUBSIDY PENSION PLAN

Reporting period ending Measurement date	<u>9/30/2023</u> <u>6/30/2023</u>	<u>9/30/2022</u> <u>6/30/2022</u>	<u>9/30/2021</u> <u>6/30/2021</u>	<u>9/30/2020</u> <u>6/30/2020</u>	<u>9/30/2019</u> <u>6/30/2019</u>
City's proportion of the HIS net pension liability	0.00971%	0.00910%	0.00823%	0.00835%	0.00855%
City's proportionate share of the HIS net pension liability	\$ 1,541,543	\$ 964,193	\$ 1,009,515	\$ 1,019,586	\$ 956,222
City's covered payroll	\$ 3,894,117	\$ 3,367,552	\$ 2,963,362	\$ 3,164,241	\$ 2,858,172
City's proportionate share of the pension liability as a percentage of its covered payroll	39.59%	28.63%	34.07%	32.22%	33.46%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	4.12%	4.81%	3.56%	3.00%	2.63%
Reporting period ending Measurement date	<u>9/30/2018</u> <u>6/30/2018</u>	<u>9/30/2017</u> <u>6/30/2017</u>	<u>9/30/2016</u> <u>6/30/2016</u>	<u>9/30/2015</u> <u>6/30/2015</u>	<u>9/30/2014</u> <u>6/30/2014</u>
City's proportion of the HIS net pension liability	0.00826%	0.00833%	0.00881%	0.00811%	0.00833%
City's proportionate share of the HIS net pension liability	\$ 874,375	\$ 891,081	\$ 1,026,898	\$ 826,863	\$ 774,921
City's covered payroll	\$ 2,325,831	\$ 2,325,831	\$ 2,245,083	\$ 2,425,141	\$ 2,286,632
City's proportionate share of the pension liability as a percentage of its covered payroll	37.59%	38.31%	45.74%	34.10%	33.89%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	2.15%	1.64%	0.97%	0.50%	0.99%

CITY OF CALLAWAY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS HEALTH INSURANCE SUBSIDY PENSION PLAN

Reporting period ending	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019
Measurement date	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019
Contractually required HIS contribution	\$ 70,722	\$ 57,566	\$ 50,564	\$ 47,728	\$ 48,016
HIS Contributions in relation to the contractually required HIS contribution	70,722	57,566	50,564	47,728	48,016
HIS Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 4,094,017	\$ 3,529,643	\$ 3,095,194	\$ 2,918,991	\$ 3,126,064
HIS Contributions as a percentage of covered payroll	1.73%	1.63%	1.63%	1.64%	1.54%

Reporting period ending	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Measurement date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Contractually required HIS contribution	\$ 44,765	\$ 38,609	\$ 37,268	\$ 30,993	\$ 28,391
HIS Contributions in relation to the contractually required HIS contribution	44,765	38,609	37,268	30,993	28,391
HIS Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,696,095	\$ 2,325,831	\$ 2,245,083	\$ 2,425,141	\$ 2,286,632
HIS Contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.28%	1.24%

OTHER SUPPLEMENTARY INFORMATION

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**CITY OF CALLAWAY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES—BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Intergovernmental revenues	\$ 12,753,171	\$ 20,956,422	\$ 2,356,199	\$ (18,600,223)
Investment earnings	15,717	15,717	271,610	255,893
Total revenues	<u>12,768,888</u>	<u>20,972,139</u>	<u>2,627,809</u>	<u>(18,344,330)</u>
Expenditures				
Current				
Maintenance				
Maintenance shop	25,000	25,000	3,480	21,520
Capital outlay	20,472,337	36,864,608	9,265,037	27,599,571
Total expenditures	<u>20,497,337</u>	<u>36,889,608</u>	<u>9,268,517</u>	<u>27,621,091</u>
Deficiency of revenues under expenditures	<u>(7,728,449)</u>	<u>(15,917,469)</u>	<u>(6,640,708)</u>	<u>9,276,761</u>
Other financing sources (uses)				
Transfers in	1,853,327	1,934,041	2,439,252	505,211
Transfers out	-	-	(728,432)	(728,432)
Total other financing sources (uses)	<u>1,853,327</u>	<u>1,934,041</u>	<u>1,710,820</u>	<u>(223,221)</u>
Change in fund balance	<u>(5,875,122)</u>	<u>(13,983,428)</u>	<u>(4,929,888)</u>	<u>9,053,540</u>
Fund balance, beginning of year	<u>9,777,064</u>	<u>9,777,064</u>	<u>9,777,064</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,901,942</u>	<u>\$ (4,206,364)</u>	<u>\$ 4,847,176</u>	<u>\$ 9,053,540</u>

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STATISTICAL SECTION

This section of the City's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	56-58
Revenue Capacity	
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property taxes and water and sewer charges.	59-70
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.*	71-73
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and help make comparisons over time and with other governments.	74-78
Operating Information	
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and activities it performs.	79-81

Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Report for the relevant year.

Note: The City has no direct and overlapping debt related to governmental activities.

* Florida Statutes and the Charter of the City of Callaway set no legal debt margin. The City has not had any general bonded debt, supported by property taxes, in the last ten fiscal years.

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CITY OF CALLAWAY, FLORIDA

**NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)**

	Fiscal Year Ended									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	\$ 7,359,067	\$ 7,916,909	\$ 9,757,865	\$ 10,758,946	\$ 10,940,949	\$ 10,744,121	\$ 12,513,773	\$ 13,516,130	\$ 16,143,119	\$ 25,283,221
Restricted	355,519	336,632	264,589	1,062,191	2,747,953	4,078,876	5,311,023	7,097,327	13,089,629	7,808,171
Unrestricted	3,249,838	1,994,767	1,451,247	1,879,495	1,825,062	(9,723,126)	(3,177,972)	3,159,471	5,603,510	9,319,175
Total governmental activities net position	<u>\$ 10,964,424</u>	<u>\$ 10,248,308</u>	<u>\$ 11,473,701</u>	<u>\$ 13,700,632</u>	<u>\$ 15,513,964</u>	<u>\$ 5,099,871</u>	<u>\$ 14,646,824</u>	<u>\$ 23,772,928</u>	<u>\$ 34,836,258</u>	<u>\$ 42,410,567</u>
Business-type activities										
Net investment in capital assets	\$ 4,381,434	\$ 2,790,405	\$ 8,159,159	\$ 8,240,294	\$ 7,694,889	\$ 6,705,666	\$ 5,969,273	\$ 6,356,038	\$ 7,071,301	\$ 4,711,248
Restricted	4,297,483	4,326,900	2,966,092	2,996,824	3,230,587	3,852,518	4,495,350	5,052,093	4,976,786	4,753,585
Unrestricted	13,109,621	15,304,950	11,947,934	12,174,037	13,992,141	13,922,271	17,311,875	18,617,621	20,469,167	26,343,145
Total business-type activities net position	<u>\$ 21,788,538</u>	<u>\$ 22,422,255</u>	<u>\$ 23,073,185</u>	<u>\$ 23,411,155</u>	<u>\$ 24,917,617</u>	<u>\$ 24,480,455</u>	<u>\$ 27,776,498</u>	<u>\$ 30,025,752</u>	<u>\$ 32,517,254</u>	<u>\$ 35,807,978</u>
Primary government										
Net investment in capital assets	\$ 11,740,501	\$ 10,707,314	\$ 17,917,024	\$ 18,999,240	\$ 18,635,838	\$ 17,449,787	\$ 18,483,046	\$ 19,872,168	\$ 23,214,420	\$ 29,994,469
Restricted	4,653,002	4,663,532	3,230,681	4,059,015	5,978,540	7,931,394	9,806,373	12,149,420	18,066,415	12,561,756
Unrestricted	16,359,459	17,299,717	13,399,181	14,053,532	15,817,203	4,199,145	14,133,903	21,777,092	26,072,677	35,662,320
Total primary government net position	<u>\$ 32,752,962</u>	<u>\$ 32,670,563</u>	<u>\$ 34,546,886</u>	<u>\$ 37,111,787</u>	<u>\$ 40,431,581</u>	<u>\$ 29,580,326</u>	<u>\$ 42,423,322</u>	<u>\$ 53,798,680</u>	<u>\$ 67,353,512</u>	<u>\$ 78,218,545</u>

CITY OF CALLAWAY, FLORIDA

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)**

	Fiscal Year Ended									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities										
General government	\$ 797,130	\$ 773,718	\$ 874,758	\$ 883,386	\$ 1,195,204	\$ 1,834,541	\$ 1,688,924	\$ 1,114,429	\$ 1,776,614	\$ 1,982,802
Public safety	2,340,818	2,411,028	2,805,089	2,846,153	3,240,835	24,300,188 ⁽¹⁾	6,538,802	3,344,075	3,955,790	4,580,062
Highways and streets	721,899	686,289	757,079	762,783	814,637	822,818	868,525	1,091,214	1,321,649	1,532,646
Maintenance	129,116	121,005	211,518	233,685	113,021	585,800	1,540,651	165,422	202,923	208,733
Economic environment	-	-	-	-	-	-	-	-	-	-
Parks and recreation	785,034	794,088	898,744	955,410	931,377	913,356	950,705	915,789	1,177,587	1,491,121
Interest on long-term debt	80,112	63,666	10,566	-	-	84,976	75,688	-	-	-
Total governmental activities expenses	4,854,109	4,849,794	5,557,754	5,681,417	6,295,074	28,541,679	11,663,295	6,630,929	8,434,563	9,795,364
Business-type activities										
Water	2,992,779	2,790,369	2,737,642	3,004,377	2,963,238	2,781,352	3,015,070	2,939,575	3,069,547	3,304,994
Sewer	4,173,902	4,096,799	4,239,521	4,283,224	4,253,742	3,754,436	3,333,376	3,593,327	3,731,421	4,033,816
Solid waste	547,459	530,268	546,473	742,402	780,563	368,672	547,567	577,335	654,240	605,574
Total business-type activities expenses	7,714,140	7,417,436	7,523,636	8,030,003	7,997,543	6,904,460	6,896,013	7,110,237	7,455,208	7,944,384
Total primary government expenses	<u>\$ 12,568,249</u>	<u>\$ 12,267,230</u>	<u>\$ 13,081,390</u>	<u>\$ 13,711,420</u>	<u>\$ 14,292,617</u>	<u>\$ 35,446,139</u>	<u>\$ 18,559,308</u>	<u>\$ 13,741,166</u>	<u>\$ 15,889,771</u>	<u>\$ 17,739,748</u>
Program Revenues										
Governmental activities										
Charges for services										
General government	\$ 163,791	\$ 214,496	\$ 216,529	\$ 230,586	\$ 298,681	\$ 405,449	\$ 577,894	\$ 316,814	\$ 392,917	\$ 388,330
Public safety	109,527	115,003	120,753	126,791	151,481	150,832	176,380	191,267	256,861	236,621
Highways and streets	32,263	2,933	-	55,796	-	-	-	-	-	-
Parks and recreation	58,652	63,311	58,671	52,772	58,529	48,635	25,843	31,598	70,340	74,148
Operating grants and contributions	39,644	4,698	2,526	2,215	62,816	9,558,471	9,985,249	5,356,648	7,634,303	4,662,357
Capital grants and contributions	256,459	494,234	364,760	570,294	383,852	554,705	3,103,314	1,381,952	1,350,096	1,973,279
Total governmental activities program revenues	660,336	894,675	763,239	1,038,454	955,359	10,718,092	13,868,680	7,278,279	9,704,517	7,334,735
Business-type activities										
Charges for services										
Water	2,374,145	2,588,891	2,632,553	2,706,394	2,879,805	2,264,549	3,126,995	3,422,878	3,596,872	3,696,341
Sewer	4,297,429	4,644,391	4,902,249	4,259,595	4,405,123	3,602,043	5,049,070	5,115,400	5,489,481	5,262,712
Solid waste	573,013	577,125	583,323	582,989	594,402	430,315	671,043	741,194	776,469	799,572
Operating grants and contributions	-	-	-	-	-	-	1,124,902	-	-	-
Capital grants and contributions	121,718	95,209	273,648	160,876	-	-	-	-	-	-
Total business-type activities program revenues	7,366,305	7,905,616	8,391,773	7,709,854	7,879,330	6,296,907	9,972,010	9,279,472	9,862,822	9,758,625
Total primary government program revenues	<u>\$ 8,026,641</u>	<u>\$ 8,800,291</u>	<u>\$ 9,155,012</u>	<u>\$ 8,748,308</u>	<u>\$ 8,834,689</u>	<u>\$ 17,014,999</u>	<u>\$ 23,840,690</u>	<u>\$ 16,557,751</u>	<u>\$ 19,567,339</u>	<u>\$ 17,093,360</u>

(Continued)

CITY OF CALLAWAY, FLORIDA

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)**

	Fiscal Year Ended									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net (Expenses) Revenues										
Governmental activities	\$ (4,193,773)	\$ (3,955,119)	\$ (4,794,515)	\$ (4,642,963)	\$ (5,339,715)	\$ (17,823,587)	\$ 2,205,385	\$ 647,350	\$ 1,269,954	\$ (2,460,629)
Business-type activities	(347,835)	488,180	868,137	(320,149)	(118,213)	(607,553)	3,075,997	2,169,235	2,407,614	1,814,241
Total primary government net expense	<u>\$ (4,541,608)</u>	<u>\$ (3,466,939)</u>	<u>\$ (3,926,378)</u>	<u>\$ (4,963,112)</u>	<u>\$ (5,457,928)</u>	<u>\$ (18,431,140)</u>	<u>\$ 5,281,382</u>	<u>\$ 2,816,585</u>	<u>\$ 3,677,568</u>	<u>\$ (646,388)</u>
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Utility	\$ 1,622,733	\$ 1,667,930	\$ 1,770,372	\$ 1,720,162	\$ 1,757,329	\$ 1,332,843	\$ 1,571,982	\$ 1,646,348	\$ 1,766,392	\$ 1,862,875
Ad valorem	1,022,354	1,009,731	1,030,844	1,060,933	1,075,947	1,013,346	1,108,348	1,332,437	1,661,004	2,142,050
Franchise taxes**	-	868,381	962,424	846,173	876,449	677,902	753,603	795,528	879,032	881,093
Business license tax*	29,932	15,717	17,545	19,545	19,790	16,402	17,598	15,433	15,998	16,571
Local option gas tax	238,607	220,970	255,955	218,811	221,307	224,743	216,747	240,704	249,218	272,575
Half cent sales tax	1,162,322	1,253,645	1,343,815	2,280,977	2,886,856	3,184,211	2,988,120	3,505,533	4,045,291	3,624,074
Intergovernmental	584,089	657,994	663,607	731,251	796,552	846,749	771,014	890,240	1,099,016	1,000,029
Total taxes	<u>4,660,037</u>	<u>5,694,368</u>	<u>6,044,562</u>	<u>6,877,852</u>	<u>7,634,230</u>	<u>7,296,196</u>	<u>7,427,412</u>	<u>8,426,223</u>	<u>9,715,951</u>	<u>9,799,267</u>
Miscellaneous revenues	28,806	42,861	40,037	(16,736)	-	-	-	-	-	-
Interest earnings	4,084	-	4,557	5,778	72,182	121,363	60,004	3,429	89,413	795,651
Special item	-	-	-	-	-	-	-	-	-	-
Gain on sale of assets	-	-	-	-	-	-	-	78,918	4,325	135,503
Transfers	-	(868,392)	-	-	(664,709)	(8,065)	(145,848)	(29,816)	(16,313)	(695,483)
Total governmental activities	<u>4,692,927</u>	<u>4,868,837</u>	<u>6,089,156</u>	<u>6,866,894</u>	<u>7,041,703</u>	<u>7,409,494</u>	<u>7,341,568</u>	<u>8,478,754</u>	<u>9,793,376</u>	<u>10,034,938</u>
Business-type activities										
Interest earnings	48,840	93,904	57,213	52,673	138,937	162,326	74,198	5,703	67,023	633,122
Miscellaneous revenues	11,652	11,353	33,580	605,446	553,759	-	-	-	-	-
Gain on sale of assets	-	-	-	-	-	-	-	44,500	552	147,878
Transfers	-	868,392	-	-	664,709	8,065	145,848	29,816	16,313	695,483
Franchise taxes	813,761	-	-	-	-	-	-	-	-	-
Total business-type activities	<u>874,253</u>	<u>973,649</u>	<u>90,793</u>	<u>658,119</u>	<u>1,357,405</u>	<u>170,391</u>	<u>220,046</u>	<u>80,019</u>	<u>83,888</u>	<u>1,476,483</u>
Total primary government	<u>\$ 5,567,180</u>	<u>\$ 5,842,486</u>	<u>\$ 6,179,949</u>	<u>\$ 7,525,013</u>	<u>\$ 8,399,108</u>	<u>\$ 7,579,885</u>	<u>\$ 7,561,614</u>	<u>\$ 8,558,773</u>	<u>\$ 9,877,264</u>	<u>\$ 11,511,421</u>
Change in Net Position										
Governmental activities	\$ 499,154	\$ 913,718	\$ 1,294,641	\$ 2,223,931	\$ 1,701,988	\$ (10,414,093)	\$ 9,546,953	\$ 9,126,104	\$ 11,063,330	\$ 7,574,309
Business-type activities	526,418	1,461,829	958,930	337,970	1,239,192	(437,162)	3,296,043	2,249,254	2,491,502	3,290,724
Total primary government	<u>\$ 1,025,572</u>	<u>\$ 2,375,547</u>	<u>\$ 2,253,571</u>	<u>\$ 2,561,901</u>	<u>\$ 2,941,180</u>	<u>\$ (10,851,255)</u>	<u>\$ 12,842,996</u>	<u>\$ 11,375,358</u>	<u>\$ 13,554,832</u>	<u>\$ 10,865,033</u>

* Formerly included in General Government Program Revenues as Occupational Licenses.

** Recorded in Business-type activities in fiscal year 2014.

(1) Cleanup costs associated with Hurricane Michael.

CITY OF CALLAWAY, FLORIDA

**PROGRAM REVENUES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)**

Function/Program	Fiscal Year Ended									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
General government	\$ 163,791	\$ 214,496	\$ 216,529	\$ 230,586	\$ 298,681	\$ 405,449	\$ 577,894	\$ 316,814	\$ 392,917	\$ 388,330
Public safety	109,527	115,003	120,753	126,791	151,481	150,832	176,380	191,267	256,861	236,621
Highways and streets	32,263	2,933	-	55,796	-	-	-	-	-	-
Parks and recreation	58,652	63,311	58,671	52,772	58,529	48,635	25,843	31,598	70,340	74,148
Grants and contributions	296,103	498,932	367,286	572,509	446,668	10,113,176	13,088,563	6,738,600	8,984,399	6,635,636
Subtotal governmental activities	<u>660,336</u>	<u>894,675</u>	<u>763,239</u>	<u>1,038,454</u>	<u>955,359</u>	<u>10,718,092</u>	<u>13,868,680</u>	<u>7,278,279</u>	<u>9,704,517</u>	<u>7,334,735</u>
Business-type activities										
Water	2,374,145	2,588,891	2,632,553	2,706,394	2,879,805	2,264,549	3,126,995	3,422,878	3,596,872	3,696,341
Sewer	4,297,429	4,644,391	4,902,249	4,259,595	4,405,123	3,602,043	5,049,070	5,115,400	5,489,481	5,262,712
Solid waste	573,013	577,125	583,323	582,989	594,402	430,315	671,043	741,194	776,469	799,572
Grants and contributions	121,718	95,209	273,648	160,876	-	-	1,124,902	-	-	-
Subtotal business-type activities	<u>7,366,305</u>	<u>7,905,616</u>	<u>8,391,773</u>	<u>7,709,854</u>	<u>7,879,330</u>	<u>6,296,907</u>	<u>9,972,010</u>	<u>9,279,472</u>	<u>9,862,822</u>	<u>9,758,625</u>
Total primary government	<u>\$ 8,026,641</u>	<u>\$ 8,800,291</u>	<u>\$ 9,155,012</u>	<u>\$ 8,748,308</u>	<u>\$ 8,834,689</u>	<u>\$ 17,014,999</u>	<u>\$ 23,840,690</u>	<u>\$ 16,557,751</u>	<u>\$ 19,567,339</u>	<u>\$ 17,093,360</u>

CITY OF CALLAWAY, FLORIDA

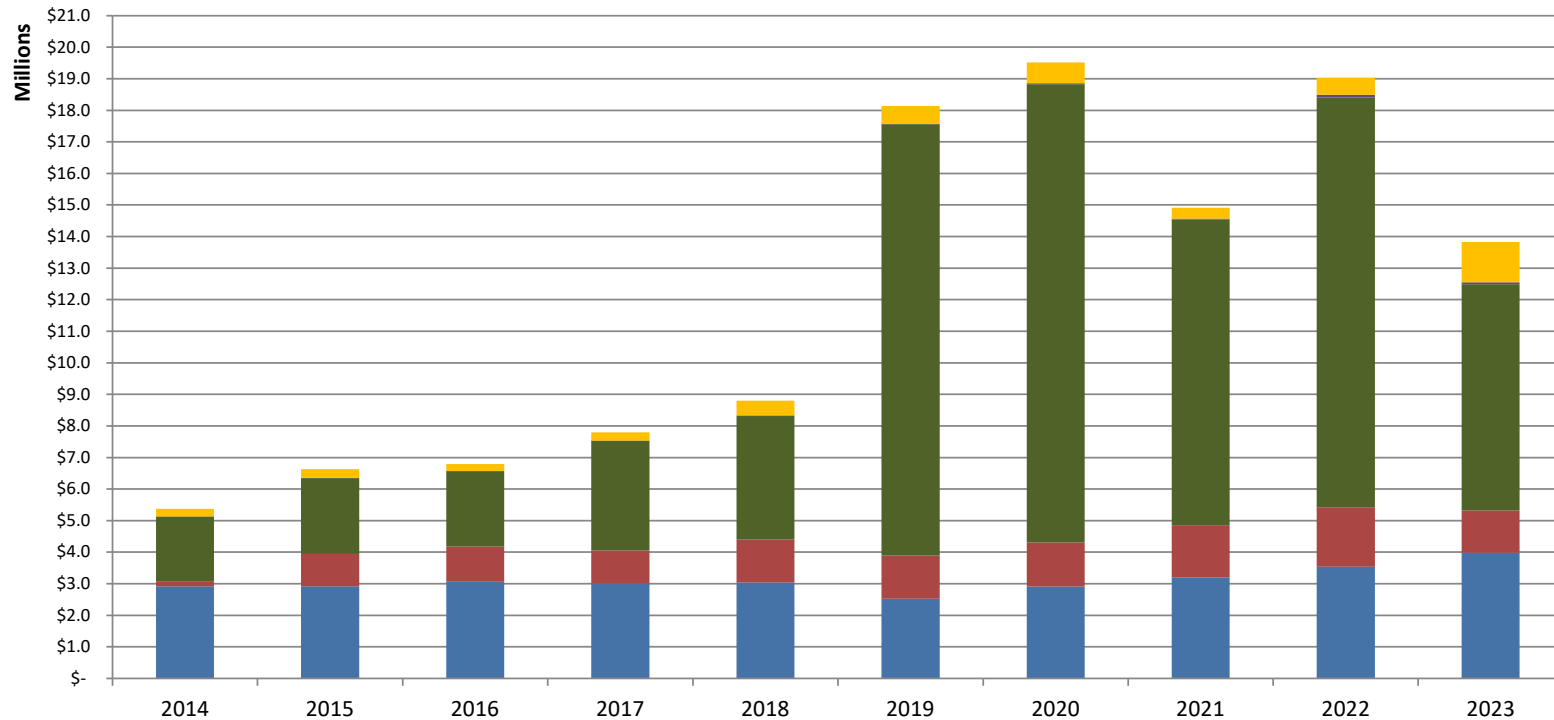
**FUND BALANCES – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	Fiscal Year Ended									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Nonspendable	\$ 63,869	\$ 145,453	\$ 42,394	\$ 45,546	\$ 111,981	\$ 138,126	\$ 135,033	\$ 144,663	\$ 167,979	\$ 142,240
Restricted	238,636	231,680	155,403	211,839	598,440	1,105,533	1,625,809	2,300,753	2,962,481	2,158,552
Committed	247,405	334,038	421,213	440,377	542,222	620,800	43,785	97,558	198,981	313,145
Assigned	488,289	894,219	4,913	-	-	-	-	-	-	-
Unassigned	2,542,487	2,229,489	2,984,864	3,421,160	4,028,323	737,313	516,659	5,585,906	6,897,098	7,028,817
Total General Fund	<u>3,580,686</u>	<u>3,834,879</u>	<u>3,608,787</u>	<u>4,118,922</u>	<u>5,280,966</u>	<u>2,601,772</u>	<u>2,321,286</u>	<u>8,128,880</u>	<u>10,226,539</u>	<u>9,642,754</u>
Other governmental funds										
Restricted										
Community redevelopment	116,883	104,952	109,186	29,528	77,202	165,438	163,076	197,173	350,084	802,443
Infrastructure	-	-	-	-	1,567,518	2,807,905	3,522,138	4,599,401	9,777,064	4,847,176
Assigned										
Infrastructure	-	-	-	820,824	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total Other Governmental Funds	<u>116,883</u>	<u>104,952</u>	<u>109,186</u>	<u>850,352</u>	<u>1,644,720</u>	<u>2,973,343</u>	<u>3,685,214</u>	<u>4,796,574</u>	<u>10,127,148</u>	<u>5,649,619</u>
TOTAL GOVERNMENTAL FUNDS	<u>\$ 3,697,569</u>	<u>\$ 3,939,831</u>	<u>\$ 3,717,973</u>	<u>\$ 4,969,274</u>	<u>\$ 6,925,686</u>	<u>\$ 5,575,115</u>	<u>\$ 6,006,500</u>	<u>\$ 12,925,454</u>	<u>\$20,353,687</u>	<u>\$ 15,292,373</u>

CITY OF CALLAWAY, FLORIDA

FUND REVENUES BY SOURCE – GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

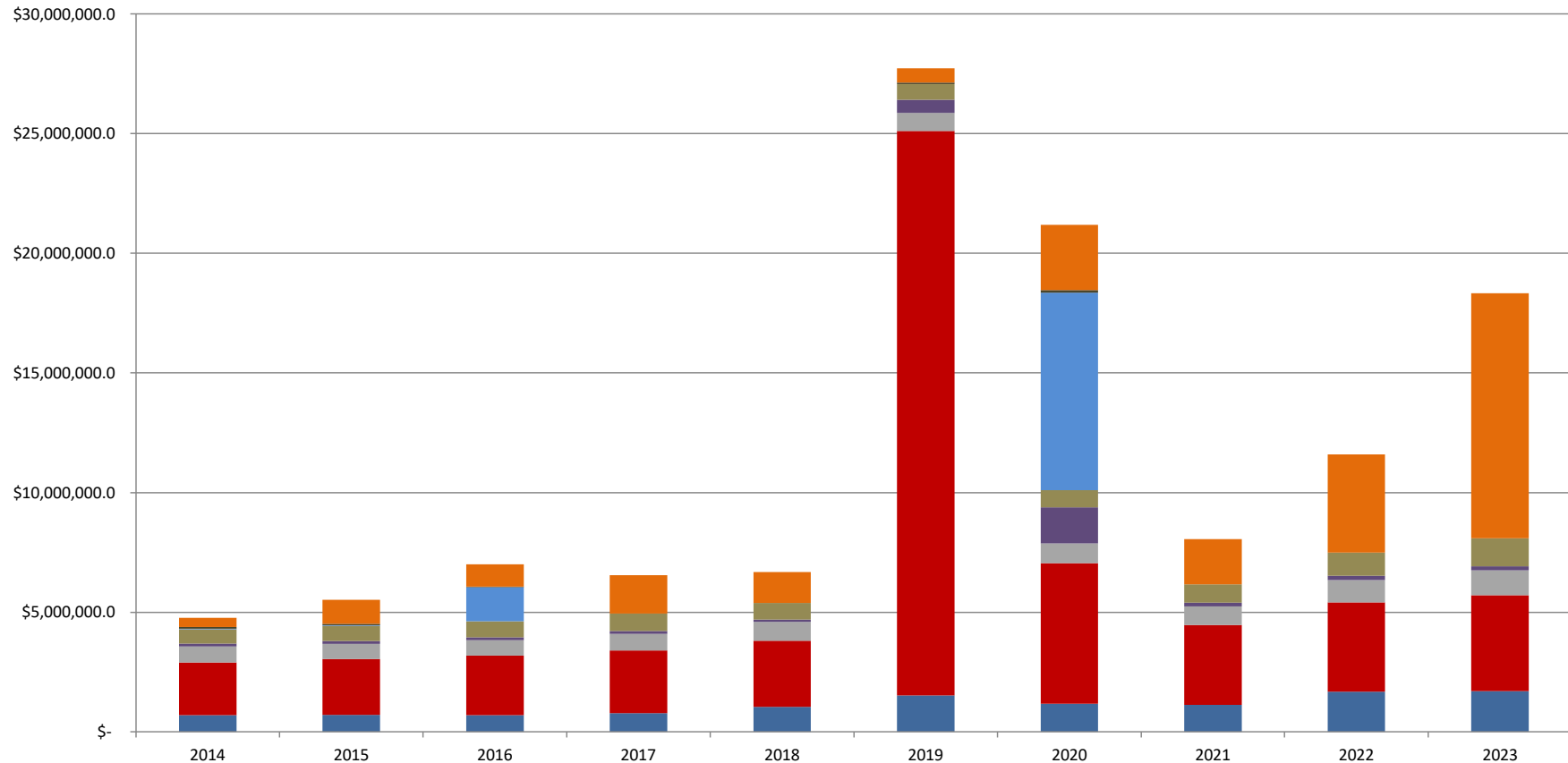
FYE Sept. 30	Taxes	Licenses, Fees and Permits	Inter- Governmental	Fines and Forfeitures	Debt Service	Charges for Services and Misc.	Total
2014	\$ 2,917,353	\$ 168,781	\$ 2,042,379	\$ 2,685	\$ -	\$ 238,356	\$ 5,369,554
2015	2,922,752	1,026,247	2,400,679	4,182	-	278,056	6,631,916
2016	3,063,451	1,118,596	2,387,073	3,611	-	217,993	6,790,724
2017	2,996,609	1,061,444	3,470,169	8,974	-	262,964	7,800,160
2018	3,041,979	1,354,990	3,914,042	18,351	-	467,833	8,797,195
2019	2,523,154	1,365,087	13,672,286	11,045	-	564,079	18,135,651
2020	2,914,675	1,391,660	14,519,148	29,604	-	661,356	19,516,443
2021	3,201,446	1,655,505	9,676,946	37,152	-	347,265	14,918,314
2022	3,543,223	1,879,483	12,976,339	95,040	-	538,773	19,032,858
2023	3,989,199	1,329,549	7,167,266	66,709	-	1,271,791	13,824,514



CITY OF CALLAWAY, FLORIDA

**FUND EXPENDITURES BY FUNCTION - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

FYE Sept. 30	General Government	Public Safety	Highways and Streets	Maintenance	Economic Environment	Parks and Recreation	Debt Service Principal	Debt Service Interest	Capital Outlay	Total
2014	\$ 703,622	\$ 2,197,380	\$ 669,377	\$ 116,700	\$ -	\$ 605,121	\$ 25,000	\$ 66,184	\$ 388,589	\$ 4,771,973
2015	710,286	2,339,883	632,812	112,492	-	637,199	26,000	63,757	998,821	5,521,250
2016	704,522	2,480,031	656,321	112,871	-	665,870	1,431,692	15,543	935,155	7,002,005
2017	786,515	2,615,343	702,827	110,707	-	733,318	-	-	1,600,147	6,548,857
2018	1,047,914	2,762,055	789,215	92,025	-	701,550	-	-	1,287,453	6,680,212
2019	1,526,135	23,578,400	760,232	549,887	-	655,120	-	57,253	601,130	27,728,157
2020	1,178,063	5,879,689	825,780	1,505,918	-	715,132	8,250,000	103,411	2,731,217	21,189,210
2021	1,136,106	3,334,891	772,711	159,595	-	761,365	-	-	1,886,701	8,051,369
2022	1,678,182	3,739,076	930,422	183,856	-	965,607	-	-	4,095,494	11,592,637
2023	1,703,645	4,006,190	1,044,577	164,854	-	1,176,377	-	-	10,230,205	18,325,848



CITY OF CALLAWAY, FLORIDA

**OTHER FINANCING SOURCES (USES) AND NET CHANGE IN FUND BALANCE – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	Fiscal Year Ended									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues over (under) expenditures	<u>\$ 597,581</u>	<u>\$ 1,110,654</u>	<u>\$ (152,610)</u>	<u>\$ 1,251,301</u>	<u>\$ 2,117,030</u>	<u>\$ (9,592,506)</u>	<u>\$ (1,672,767)</u>	<u>\$ 6,866,945</u>	<u>\$ 7,440,221</u>	<u>\$ (4,501,334)</u>
Other financing sources (uses)										
Proceeds from the issuance of debt	-	-	-	-	-	8,250,000	2,250,000	-	-	-
Transfers in	108,604	112,794	1,524,924	1,009,045	10,698	200,000	696,213	72,328	6,012,886	2,439,252
Transfer out to Capital Projects Fund	(17,420)	(23,038)	(77,689)	(913,002)	(10,698)	(200,000)	(696,213)	(72,328)	(6,012,886)	(2,406,303)
Transfer out to CRA	-	-	-	(96,043)	-	-	-	-	-	-
Transfer out to Debt Service Fund	(91,184)	(89,757)	(1,447,235)	-	-	-	-	-	-	-
Transfer out to Enterprise Funds	-	(868,391)	-	-	(220,000)	(8,065)	(145,848)	(29,816)	(16,313)	(728,432)
Proceeds from the sale of capital assets	-	-	-	-	-	-	-	81,825	4,325	135,503
Total other financing sources (uses)	<u>-</u>	<u>(868,392)</u>	<u>-</u>	<u>-</u>	<u>(220,000)</u>	<u>8,241,935</u>	<u>2,104,152</u>	<u>52,009</u>	<u>(11,988)</u>	<u>(559,980)</u>
Net change in fund balances	<u>\$ 597,581</u>	<u>\$ 242,262</u>	<u>\$ (152,610)</u>	<u>\$ 1,251,301</u>	<u>\$ 1,897,030</u>	<u>\$ (1,350,571)</u>	<u>\$ 431,385</u>	<u>\$ 6,918,954</u>	<u>\$ 7,428,233</u>	<u>\$ (5,061,314)</u>
 Debt service amounts included in expenditures										
Principal	\$ 25,000	\$ 26,000	\$ 1,431,692	\$ -	\$ -	\$ -	\$ 8,250,000	\$ -	\$ -	\$ -
Interest	66,184	63,757	15,543	-	-	57,253	103,411	-	-	-
	<u>\$ 91,184</u>	<u>\$ 89,757</u>	<u>\$ 1,447,235</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,253</u>	<u>\$ 8,353,411</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
			(see note)							
 Debt service as a percent of noncapital expenditures	2.0%	2.0%	23.9%	0.0%	0.0%	0.2%	45.3%	0.0%	0.0%	0.0%

Notes: In fiscal year 2009, the City refinanced a \$2,000,000 bond anticipation note with a long-term bond payable to USDA.
In fiscal year 2013, the City made an early payoff of two notes payable and a \$427,695 early principal reduction in another.
In fiscal year 2016, the City made an early payoff on a bond.

CITY OF CALLAWAY, FLORIDA

**TAX REVENUES BY SOURCE – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	Fiscal Year Ended									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Utility Tax	\$ 1,622,733	\$ 1,667,930	\$ 1,770,372	\$ 1,720,162	\$ 1,757,329	\$ 1,332,843	\$ 1,571,982	\$ 1,646,348	\$ 1,766,392	\$ 1,862,875
Ad Valorem Tax	1,052,286	1,035,298	1,030,844	1,060,933	1,075,947	1,013,346	1,108,348	1,332,437	1,661,004	2,142,050
Franchise Tax*	-	868,381	962,424	846,173	876,449	677,902	753,603	795,528	879,032	881,093
Business License Tax**	18,250	15,718	17,545	19,545	19,790	16,402	17,598	15,433	15,998	16,571
Local Option Gas Tax	238,607	220,970	255,955	218,811	221,307	203,308	216,747	240,704	249,218	272,575
1/2 Cent Sales Tax	1,162,322	1,253,645	1,343,815	2,280,977	2,886,856	3,205,646	2,988,120	3,505,533	4,045,291	3,624,074
Intergovernmental	584,089	632,427	663,607	731,251	796,552	846,749	771,014	890,240	1,099,016	1,000,029
Total Tax Revenues	\$ 4,678,287	\$ 5,694,369	\$ 6,044,562	\$ 6,877,852	\$ 7,634,230	\$ 7,296,196	\$ 7,427,412	\$ 8,426,223	\$ 9,715,951	\$ 9,799,267

Note: For consistency and comparison purposes, prior year revenues have been reclassified to the program activity classifications used in presenting the current year's revenues.

*Recorded as Enterprise Fund revenue in fiscal year 2014.

CITY OF CALLAWAY, FLORIDA

**ASSESSED VALUE AND TAXABLE VALUE OF PROPERTY
LAST TEN FISCAL YEARS
(In Thousands)**

Fiscal Year Ended September 30	Assessed Value			Less Tax-Exempt Property	Net Taxable Value	Total Direct Tax Rate	Taxable Assessed Value as % of Tax Rate
	Real Property	Personal Property	Total Property				
2014	\$ 652,278	\$ 20,909	\$ 673,187	\$ (198,500)	\$ 474,687	2.25	70.51%
2015	643,625	20,464	664,089	(194,893)	469,196	2.25	70.65%
2016	643,902	21,626	665,528	(194,015)	471,513	2.25	70.85%
2017	683,436	20,572	704,008	(194,506)	509,502	2.25	72.37%
2018	690,841	19,563	710,404	(194,364)	516,040	2.25	72.64%
2019	691,614	20,059	711,673	(193,548)	518,125	1.99	72.80%
2020	588,174	18,125	606,299	(178,500)	427,799	2.75	70.56%
2021	672,272	20,415	692,687	(183,047)	509,640	2.75	73.57%
2022	786,609	19,429	806,038	(193,739)	612,299	2.75	75.96%
2023	959,121	21,654	980,775	(210,851)	769,924	2.75	78.50%

Source: Bay County Property Appraiser.

CITY OF CALLAWAY, FLORIDA

**DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(In Thousands)**

Fiscal Year	Direct Rate	Indirect Rate				Total Overlapping Rates
	City of Callaway	Bay County	Bay County Mosquito Control	Bay County School Districts	NW FL Water Management District	
2023	2.7500	4.4362	0.2000	5.5040	0.0261	10.1663
2022	2.7500	4.4362	0.2000	5.5040	0.0261	10.1663
2021	2.7500	4.4362	0.2000	5.9680	0.0311	10.6353
2020	2.7500	4.4362	0.2000	5.9476	0.0327	10.6165
2019	1.9900	4.4362	0.2000	6.1220	0.0338	10.7920
2018	2.2500	4.4362	0.2000	6.3410	0.0353	11.0125
2017	2.2500	4.4362	0.2000	6.3410	0.0378	11.0150
2016	2.2500	4.6500	0.2000	6.9070	0.0378	11.7948
2015	2.2500	4.6500	0.2000	6.8890	0.0390	11.7780
2014	2.2500	4.6500	0.1525	6.7610	0.0400	11.6035

Source: Bay County Tax Collector.

CITY OF CALLAWAY, FLORIDA

PRINCIPAL TAXPAYERS CURRENT AND NINE YEARS AGO (In Thousands)

Taxpayer	Fiscal Year 2023			Fiscal Year 2014		
	Taxable Value	Rank	% of Total Taxable Value	Taxable Value	Rank	% of Total Taxable Value
Clarkston LLC / Bridge Harbor	\$ 27,348	1	3.93%	\$ 7,104	2	1.51%
Wal-Mart Stores East, LP	8,261	2	1.19%	8,912	1	1.90%
Crews, Donna L / Bay Front Dev. Co.	6,935	3	1.00%			
James Feltman - Jim Feltman Homes	6,374	4	0.92%			
Pine Terrace Investors	5,807	5	0.83%	3,338	4	0.71%
US Metropolitan Land Development, LLC	5,283	6	0.76%			
Shree Ramkabir-Jam Hotel-Satnam Hotel	5,275	7	0.76%			
Lurin Real Estate Holding	4,323	8	0.62%			
Tiger Panama City, LLC	4,094	9	0.59%			
Head Panama Fla Tyndall, LLC.	3,695	10	0.53%			
Avenue 12 Holdings, LP				4,402	3	0.94%
Value Place PC FL E-Callaway				3,279	5	0.70%
Shri Ganesh Enterprises, Inc.				3,238	6	0.69%
P & N Callaway, LLC				2,711	7	0.58%
Regions Bank				2,668	8	0.57%
Formation Portfolio, LLC				2,484	9	0.53%
RBC Real Estate Finance				2,369	10	0.50%
Total of Top Ten Taxpayers	<u>\$ 77,395</u>		<u>11.12%</u>	<u>\$ 40,505</u>		<u>8.63%</u>
Total Taxable Value	<u>\$ 696,235</u>			<u>\$ 469,196</u>		

Source: Bay County Property Appraiser.

CITY OF CALLAWAY, FLORIDA

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

City's Fiscal Year	Tax Year	Taxes Levied for the Fiscal Year* (Original Levy)		Total Adjusted Levy	Collected within the Fiscal Year of the Levy**		Collections in Subsequent Years	Total Collections to Date	
					Amount	% of Original Levy		Amount	% of Original Levy
2014	2013	\$ 1,069,775	\$ (1,789)	\$ 1,067,986	\$ 1,033,239	97%	\$ 4,747	\$ 1,037,986	97%
2015	2014	1,063,948	(8,389)	1,055,559	1,015,600	95%	2,534	1,018,134	96%
2016	2015	1,061,152	(374)	1,060,778	1,017,553	96%	2,025	1,019,578	96%
2017	2016	1,073,670	(747)	1,072,923	1,032,533	96%	5,558	1,038,091	97%
2018	2017	1,079,794	-	1,079,794	1,041,954	96%	1,595	1,043,549	97%
2019	2018	980,385	(61)	980,324	948,712	97%	454	949,166	97%
2020	2019	1,148,717	(125)	1,148,592	1,105,293	96%	3,056	1,108,349	96%
2021	2020	1,340,480	(125)	1,340,355	1,297,866	97%	1,094	1,298,960	97%
2022	2021	1,561,301	270	1,561,571	1,510,825	97%	790	1,511,615	97%
2023	2022	1,901,299	13,580	1,914,879	1,835,830	97%	1,349	1,837,179	97%

Source: Bay County Tax Collector's Office.

* Property taxes become due and payable on November 1 of each year. A 4% discount is allowed if the taxes are paid in November with the discount declining each month thereafter. Accordingly, all taxes collected will not be 100% of the amount levied.

** Taxes become delinquent April 1 each year and tax certificates for the full amount of any unpaid taxes must be sold no later than June 1 of each year. Proceeds of tax certificates are included in the amount collected column.

CITY OF CALLAWAY, FLORIDA

**REVENUE CAPACITY INFORMATION FOR THE WATER FUND
LAST TEN FISCAL YEARS**

	Fiscal Year Ended									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Charges for services										
Water charges	\$ 2,286,867	\$ 2,428,557	\$ 2,409,950	\$ 2,511,621	\$ 2,478,653	\$ 1,846,130	\$ 2,640,674	\$ 2,776,810	\$ 2,968,746	\$ 3,198,889
Connection, reset and reactivation fees	34,210	17,590	71,700	61,725	73,391	64,400	97,685	96,410	104,200	124,595
Late fees	45,438	102,154	96,775	52,151	51,151	24,974	55,211	68,328	75,774	73,328
Tap fees	560	2,235	3,330	2,067	3,249	3,195	2,020	6,030	14,810	12,515
Other utility income	3,611	40,137	50,895	78,829	107,575	110,704	172,836	178,282	201,218	164,340
Miscellaneous income	3,458	(1,782)	493	-	-	-	-	-	-	-
Total charges for services	<u>\$ 2,374,144</u>	<u>\$ 2,588,891</u>	<u>\$ 2,633,143</u>	<u>\$ 2,706,393</u>	<u>\$ 2,714,019</u>	<u>\$ 2,049,403</u>	<u>\$ 2,968,426</u>	<u>\$ 3,125,860</u>	<u>\$ 3,364,748</u>	<u>\$ 3,573,667</u>
Average number of meters per month	<u>9,276</u>	<u>9,830</u>	<u>9,966</u>	<u>8,473</u>	<u>8,362</u>	<u>7,803</u>	<u>8,675</u>	<u>8,794</u>	<u>9,058</u>	<u>9,236</u>
Total annual number of gallons billed (in thousands)	<u>438,174</u>	<u>448,897</u>	<u>481,080</u>	<u>437,550</u>	<u>433,999</u>	<u>574,601</u>	<u>417,003</u>	<u>401,710</u>	<u>427,320</u>	<u>442,714</u>
Monthly average of gallons per account	<u>3,936</u>	<u>3,806</u>	<u>4,023</u>	<u>4,303</u>	<u>4,325</u>	<u>6,137</u>	<u>4,006</u>	<u>3,807</u>	<u>3,931</u>	<u>3,994</u>
Service billing rates in effect as of September 30										
Inside City limits										
Base rate charge	\$ 11.37	\$ 11.37	\$ 11.37	\$ 11.37	\$ 11.37	\$ 11.37	\$ 11.37	\$ 11.37	\$ 11.37	\$ 11.37
Usage fee per 1,000 gallons	3.81	3.87	3.87	3.87	3.87	3.87	4.87	4.87	4.87	5.02
Outside City limits										
Base rate charge	14.21	14.21	14.21	14.21	14.21	14.21	14.21	14.21	14.21	14.21
Usage fee per 1,000 gallons	4.76	4.84	4.84	4.84	4.84	4.84	6.09	6.09	6.09	6.28

CITY OF CALLAWAY, FLORIDA

**REVENUE CAPACITY INFORMATION FOR THE SEWER FUND
LAST TEN FISCAL YEARS**

	Fiscal Year Ended									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Charges for services										
Sewer charges	\$ 4,039,891	\$ 4,070,146	\$ 4,112,714	\$ 4,154,950	\$ 3,964,167	\$ 2,728,330	\$ 3,871,027	\$ 4,135,539	\$ 4,401,610	\$ 4,600,667
Connection, reset and reactivation fees	19,029	20,392	19,600	17,064	17,159	18,928	21,000	22,226	20,800	19,600
Late fees	81,024	88,305	82,859	85,749	80,166	38,109	75,707	98,769	112,839	119,795
Tap fees	200	2,393	2,998	1,200	3,960	2,620	1,540	2,550	7,610	5,644
Miscellaneous income	2,965	401	1,128	632	632	1,707	8,229	10,825	47,494	130,255
Total charges for services	<u>\$ 4,143,109</u>	<u>\$ 4,181,637</u>	<u>\$ 4,219,299</u>	<u>\$ 4,259,595</u>	<u>\$ 4,066,084</u>	<u>\$ 2,789,694</u>	<u>\$ 3,977,503</u>	<u>\$ 4,269,909</u>	<u>\$ 4,590,353</u>	<u>\$ 4,875,961</u>
Average number of meters per month	<u>7,517</u>	<u>7,917</u>	<u>7,984</u>	<u>6,753</u>	<u>6,728</u>	<u>6,312</u>	<u>7,131</u>	<u>7,248</u>	<u>7,445</u>	<u>7,645</u>
Total annual number of gallons billed (in thousands)	<u>376,741</u>	<u>388,088</u>	<u>419,850</u>	<u>384,229</u>	<u>380,360</u>	<u>468,880</u>	<u>394,939</u>	<u>326,132</u>	<u>356,139</u>	<u>342,364</u>
Monthly average of gallons per account	<u>4,177</u>	<u>4,085</u>	<u>4,382</u>	<u>4,741</u>	<u>4,711</u>	<u>6,190</u>	<u>4,615</u>	<u>3,750</u>	<u>3,986</u>	<u>3,732</u>
Service billing rates in effect as of September 30										
Inside Ctiy limits										
Base rate charge	\$ 32.69	\$ 32.69	\$ 32.69	\$ 30.69	\$ 30.69	\$ 30.69	\$ 30.69	\$ 30.69	\$ 30.69	\$ 30.69
Usage fee per 1,000 gallons	3.97	3.97	3.97	3.97	3.97	3.97	4.97	4.97	4.97	5.17
Outside City limits										
Base rate charge	40.86	40.86	40.86	38.36	38.36	38.36	38.36	38.36	38.36	38.36
Usage fee per 1,000 gallons	4.96	4.96	4.96	4.96	4.96	4.96	6.21	6.21	6.21	6.46

CITY OF CALLAWAY, FLORIDA

RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	* % of Personal Income	*Per Capita
	Revenue Bonds	Note Payable	Revenue Bonds	Note Payable			
2014	\$ 1,457,692	\$ -	\$ 21,757,224	\$ 8,859,095	\$ 32,074,011	0.46%	\$ 2,200
2015	1,431,692	-	21,168,722	7,714,630	30,315,044	0.41%	2,065
2016	-	-	16,263,909	6,535,720	22,799,629	0.30%	1,459
2017	-	-	16,943,047	5,321,725	22,264,772	0.29%	1,415
2018	-	-	16,831,603	4,071,484	20,903,087	0.26%	1,318
2019	-	8,250,000	16,720,159	3,229,000	28,199,159	0.35%	2,135
2020	-	2,225,000	16,611,281	2,811,000	21,647,281	0.24%	1,476
2021	-	2,250,000	15,855,846	2,379,000	20,484,846	0.21%	1,566
2022	-	2,250,000	15,127,898	1,934,000	19,311,898	0.19%	1,467
2023	-	2,250,000	14,364,950	1,474,000	18,088,950	N/A	1,370

* See Demographic and Economic Statistics for personal income and population data. These ratios are calculated using the most recent personal income and population data available, furnished by the U.S. Census Bureau and the Bureau of Economic Analysis. Additional demographic information can be found later in this section.

CITY OF CALLAWAY, FLORIDA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING LAST TEN FISCAL YEARS

Fiscal Year	Revenue Bonds	Population Estimate*	Per Capita
2014	\$ 1,457,692	14,332	\$ 101.71
2015	1,431,692	14,681	97.52
2016	-	15,625	-
2017	-	15,737	-
2018	-	15,855	-
2019	-	13,211	-
2020	-	14,662	-
2021	-	13,081	-
2022	-	13,162	-
2023	-	13,200	-

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. General Fund revenue bonds were paid-off in 2016.

*Source: Bureau of Economic and Business Research, University of Florida, Florida Estimates of Population.

CITY OF CALLAWAY, FLORIDA

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	Operating Revenue ⁽¹⁾	Less Operating Expenses ⁽²⁾	Special Cap. Extension Fees ⁽³⁾	Available Pledged Revenue (Net)	Revenue Bond Debt Service		Total Bond Debt. Service	Coverage
					Principal	Interest ⁽⁴⁾		
2014	N/A	N/A	\$ 45,551	\$ 45,551	\$ 493,000	\$ 1,094,754	\$ 1,587,754	3%
2015	N/A	N/A	-	-	515,000	1,071,090	1,586,090	0%
2016	N/A	N/A	-	-	73,500	429,371	502,871	0%
2017	N/A	N/A	-	-	73,500	672,834	746,334	0%
2018	N/A	N/A	-	-	73,500	669,071	742,571	0%
2019	N/A	N/A	-	-	73,500	662,443	735,943	0%
2020	N/A	N/A	-	-	73,500	660,652	734,152	0%
2021	N/A	N/A	-	-	717,487	657,807	1,375,294	0%
2022	N/A	N/A	-	-	690,000	621,831	1,311,831	0%
2023	N/A	N/A	-	-	725,000	587,331	1,312,331	0%

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Operating Revenue for 2007 and prior does not include Impact Fee revenue which is not available for debt service.

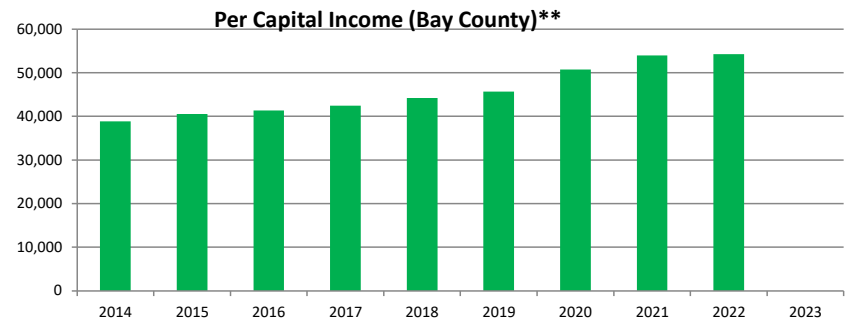
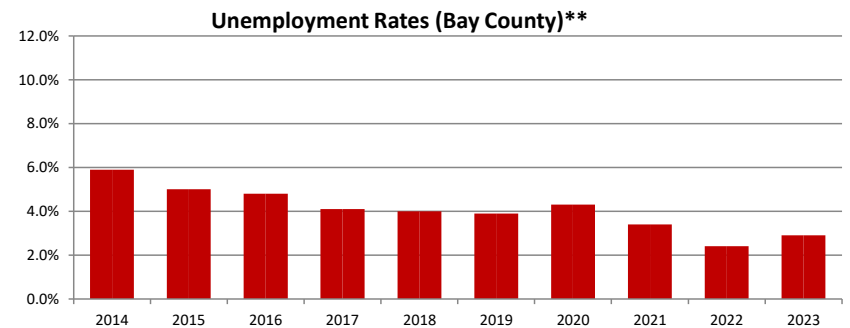
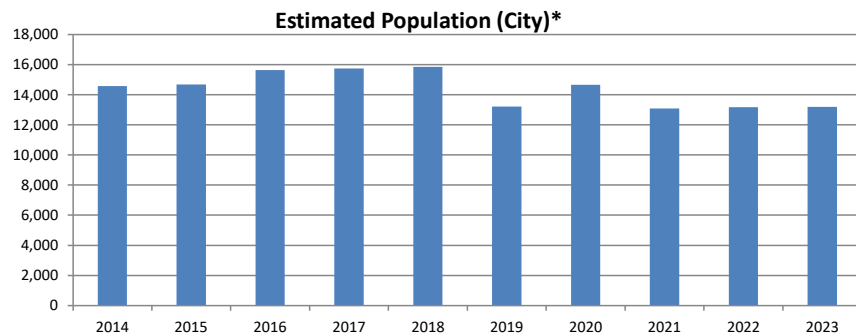
(2) Operating Expenses for 2007 and prior include all water and sewer fund operating expenses except depreciation.

(3) Special Capital Extension Fees are the pledged revenue source for the revenue bonds issued in 2008. No Special Capital Extension Fees were collected in fiscal year 2008, 2009 and 2015. The City has covenanted to budget and appropriate non-ad valorem revenues in amounts sufficient to cure any such shortfall.

(4) Interest amount is shown prior to adjustment for capitalized interest and premium amortization.

CITY OF CALLAWAY, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Estimated Population (City)*	Estimated Population (County)*	Personal Income (County) (in thousands)**	Per Capita Income (County)**	Unemployment Rates (Bay County)***
2014	14,581	170,781	6,929,572	38,882	5.9%
2015	14,681	173,310	7,342,644	40,526	5.0%
2016	15,625	176,016	7,562,586	41,327	4.8%
2017	15,737	178,820	7,796,975	42,476	4.1%
2018	15,855	181,199	8,010,201	44,207	4.0%
2019	13,211	167,283	7,982,208	45,690	3.9%
2020	14,662	174,410	8,841,889	50,696	4.3%
2021	13,081	178,282	9,623,662	53,980	3.4%
2022	13,162	184,002	10,046,785	54,268	2.4%
2023	13,200	187,545	N/A	N/A	2.9%



* Source: Florida Legislature Office of Economic and Demographic Research.

** Source: Bureau of Economic and Business Research, University of Florida, Florida Estimates of Population. Prior year income data shown is the most current available.

** Source: 2010 forward. Florida Legislature, Office of Economic and Demographic Research. Prior year income data shown is the most current available.

*** Source: Bureau of Labor Statistics.

N/A Information not yet available.

Note: Category 5 Hurricane Michael made landfall October 10, 2018.

City of Callaway, Florida

Miscellaneous Statistical Data

Date of Incorporation:		Date Original Charter Adopted:	Date Present Chartered Adopted:
November 18, 1963		July 1, 1964	April 26, 1996
Form of Government	Commissioner/City Manager with mayor elected every four years and commissioners elected for four year overlapping terms. At the first regular meeting following an election, the City Commission appoints one of its members as Mayor Pro Tem. The City Commission at its pleasure appoints a City Manager and a City Clerk.		
Location and Area	The City of Callaway is an urban community in Bay County east of Panama City, in the Panhandle Region of Northwest Florida. Being situated in the northern shores of East Bay, this community is separated from the Gulf of Mexico by East Bay and a peninsula occupied by Tyndall Air Force Base. Two other communities to the west of Callaway, Springfield and Parker, separate it from Panama City. Comprised of an area of approximately twelve square miles, the City of Callaway is served by two major roadways: U.S. 98 on its western boundary and S.R. 22 located in the northern portion of the City.		
Police Protection	The City is served by the Bay County Sheriff's Office by contractual agreement. A substation is located within the City for the benefit of its citizens.		
Fire Protection	The City provides its own fire protection with a paid staff of full-time firefighters, many of which are also certified as Emergency Medical Technicians. The City's Fire Department has also contracted to provide fire protection to some of the unincorporated areas of Bay County.		
Total Households	6,199 (Source: U.S. Census Bureau, 2020 five year American Community Survey)		
Elections	Registered Voters – 9,076 (Source: Bay County Supervisor of Elections Office)		
Population	Total Population - 13,045 (U.S. Census Bureau, 2020 Census) Estimated population as of 7/1/22 – 13,391 (U.S. Census Bureau, Quick Facts) Estimated population as of 4/1/22 – 13,200 (Florida Legislature, Office of Economic & Demographic Research)		

City of Callaway, Florida

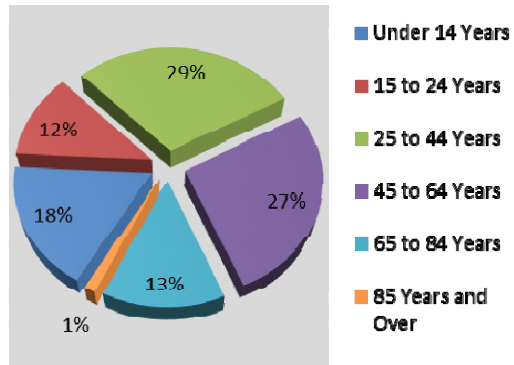
Miscellaneous Statistical Data

Building Permits	Building permits for the City are issued by an Independent Contractor.
Water System	Water is purchased from Bay County Water System. The City maintains the distribution system.
Sewer System	Wastewater is treated by the Military Point Advanced Wastewater Treatment Facility – a joint venture owned and governed by Bay County, and the cities of Callaway, Parker and Springfield.
Solid Waste Services	The City provides weekly curbside pick-up for non-household trash. There are currently five companies which are permitted by the City to provide citizens with garbage service for their homes and businesses.
Recreational Parks and Facilities	Arts and Conference Center – Consists of a large auditorium/banquet room, a Commission Meeting Room, a general meeting room, and a full service catering kitchen. Callaway Community Center/Gore Park – Consists of 1 baseball field, 2 baseball/softball fields, 2 tennis courts, 1 basketball court, a clubhouse and public restrooms, a boat ramp with a boat dock, and a picnic area. Paved parking is provided. Callaway Recreational Complex – Consists of 2 t-ball fields, 2 baseball fields and 3 baseball/softball fields, a concession stand with a full service kitchen, bleachers, roadways, 2 batting cages, 3 soccer fields, 1 soccer/football field and a stocked fishing pond. Patterson Park - Consists of large waterfront picnic area with a pathway looping through the park. Collinfurst Square Park - Consists of walking track around a pond and three covered picnic tables. Veterans Park – Pet friendly park that offers exercise/playground facilities for different age groups, including a walking track, picnic pavilion and observation pier overlooking a creek. Brittany Woods Park - Consists of approximately 4 acres of land including a walking track.

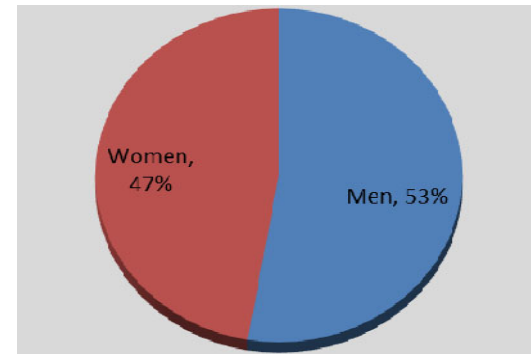
City of Callaway, Florida

Miscellaneous Statistical Data

Total Population by Age

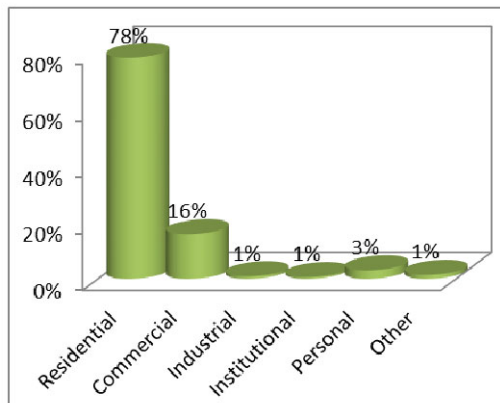


Total Population by Gender



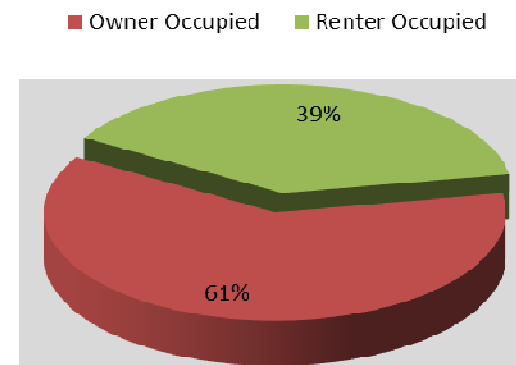
Source: U.S. Census - 2021 American Community Survey 5-Year Estimates Data Profiles

Callaway Real Property Categories



Source: Florida Department of Revenue

Callaway Residential Housing Units



Source: U.S. Census - 2020 Census

CITY OF CALLAWAY, FLORIDA

PRINCIPAL EMPLOYERS
CURRENT AND NINE YEARS AGO

<u>Taxpayer</u>	2023			2014		
	<u>Employees</u>	<u>Rank</u>	<u>% of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>% of Total Employment</u>
Walmart Super Center	313	1	15.82%	378	1	18.68%
Whataburger Restaurant	150	2	7.58%			
City of Callaway	84	3	4.25%	68	4	3.36%
Emerald Shores Health Care	80	4	4.04%	98	2	4.84%
McDonald's (Tyndall Pkwy)	50	5	2.53%	56	6	2.77%
Slim Chickens	50	6	2.53%			
BCL Civil Contractors, Inc.	49	7	2.48%	37	10	1.83%
Grocery Outlet #7709	49	8	2.48%			
Chik Fil A	45	9	2.28%			
Po Folks	38	10	1.92%			
Cross Construction Services				75	3	3.71%
Days Inn				65	5	3.21%
Applebee's				52	7	2.57%
Sonny's BBQ				40	8	1.98%
Sonic				38	9	1.88%
Total	<u>908</u>		<u>45.90%</u>	<u>907</u>		<u>44.81%</u>
Total City Employment	<u>1,978</u>			<u>2,024</u>		

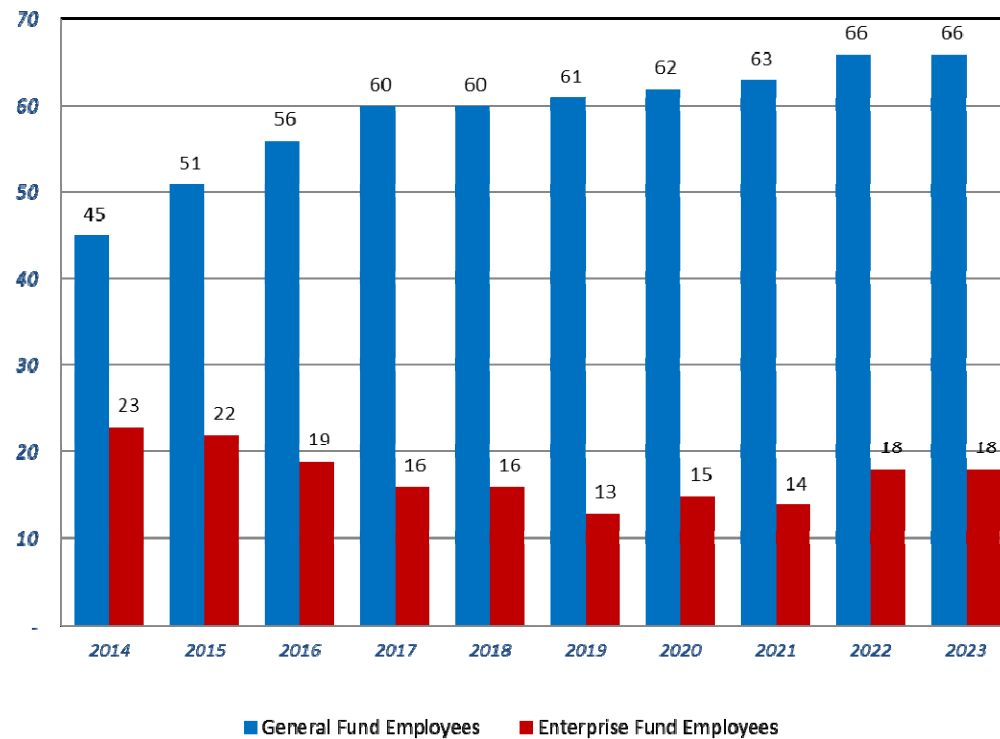
Source: As reported to City on Business License Tax Applications

CITY OF CALLAWAY, FLORIDA

FULL-TIME EMPLOYEES BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

Function/Program	Full-time Equivalent Employees as of September 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government	14	18	18	21	20	22	21	20	19	19
Fire	12	13	16	16	16	13	15	16	16	17
Streets	9	8	10	9	12	14	13	12	13	14
Maintenance	3	3	3	3	3	3	3	3	3	3
Parks and Recreation	7	9	9	11	9	9	10	12	12	13
Water	8	8	7	5	6	5	7	6	7	8
Sewer	10	9	8	7	7	5	5	4	5	6
Solid Waste	5	5	4	4	3	3	3	4	4	4
Total	68	73	75	76	76	74	77	77	79	84

Source: Filled positions as of September 30 of each year per City's records. (Includes elected officials)



CITY OF CALLAWAY, FLORIDA

**OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year Ended									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government										
Building Permits Issued (including New, Remodels and Additions)	39	31	33	31	107	390	319	308	350	147
Business Licenses Issued	354	340	362	360	362	355	311	321	304	304
Police										
Sworn Deputies	16	16	16	17	18	18	18	18	18	19
Calls for Service	12,914	13,588	13,491	15,699	14,562	15,838	12,309	14,598	11,420	14,673
Citations and Infractions	920	970	1,074	1,193	1,587	1,210	906	1,032	926	1,674
Arrests	2,257	848	891	970	878	843	785	821	661	942
Fire										
Full-time Certified Firefighters	15	16	16	16	16	16	16	16	16	17
Firefighters also Certified as EMT or Paramedic	12	14	12	14	14	10	11	11	13	13
Emergency Responses	2,531	2,564	2,542	2,675	2,594	2,294	2,234	2,795	2,653	2,643
Streets										
Miles Resurfaced within the City	-	5.40	-	1.00	-	-	1.10	-	0.70	0.50
Parks and Recreation										
Public Parks	6	6	6	6	6	6	6	6	6	6
Recreational (Sports) Facilities	2	2	2	2	2	2	2	2	2	2
Conference/Community Centers	2	2	2	2	2	2	2	2	2	2
Conference Center Admissions	13,706	9,257	11,325	8,555	7,180	7,818	2,124	5,112	10,650	11,490
Water										
Average Number of Meters per Month	9,276	9,830	9,966	8,473	8,362	8,513	8,675	8,794	9,058	9,236
Total annual gallons billed (in Thousands)	438,174	448,897	481,080	437,550	433,999	574,601	417,003	401,710	427,320	442,714
Base Rate Charge*	\$ 11.37	\$ 11.37	\$ 11.37	\$ 11.37	\$ 11.37	\$ 11.37	\$ 11.37	\$ 11.37	\$ 11.37	\$ 11.37
Usage Fee per 1,000 Gallons*	\$ 3.81	\$ 3.87	\$ 3.87	\$ 3.87	\$ 3.87	\$ 3.87	\$ 4.87	\$ 4.87	\$ 4.87	\$ 5.02
Sewer										
Average Number of Meters per Month	7,517	7,917	7,984	6,753	6,728	6,885	7,131	7,248	7,445	7,645
Total Annual Gallons Billed (in Thousands)	376,741	388,088	419,850	384,229	380,360	468,880	394,939	326,132	356,139	342,364
Base Rate Charge*	\$ 32.69	\$ 32.69	\$ 32.69	\$ 30.69	\$ 30.69	\$ 30.69	\$ 30.69	\$ 30.69	\$ 30.69	\$ 30.69
Usage Fee per 1,000 Gallons*	\$ 3.97	\$ 3.97	\$ 3.97	\$ 3.97	\$ 3.97	\$ 3.97	\$ 4.97	\$ 4.97	\$ 4.97	\$ 6.28
Solid Waste										
Average Number of Customers per Month	5,427	5,503	5,568	5,705	5,747	5,145	5,404	5,811	6,189	6,402
Total Annual Tonnage (Hauled to Landfill and Grinder)	NA	4,022	10,078	15,598	17,885	195	8,831	8,041	9,428	6,395
Rate of Flat Monthly Fee*	\$ 7.92	\$ 7.92	\$ 7.92	\$ 7.92	\$ 7.92	\$ 9.42	\$ 9.97	\$ 9.97	\$ 9.97	\$ 9.97

Sources: Various City departments.

NA - Not Available

* Fees are prorated during initial and final months of service. Rates shown are those in effect as of September 30 of each year for residential service within the City limits.

CITY OF CALLAWAY, FLORIDA

**CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year Ended									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government										
Administration Building (City Hall)	1	1	1	1	1	1	1	1	1	1
Modular Office Building (Planning)	1	1	1	1	1	1	1	1	1	1
Records Storage Building	1	1	1	1	1	1	1	1	1	1
Laserfiche Records System	1	1	1	1	1	1	1	1	1	1
Computer File Server	3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Video Surveillance System	1	1	1	1	1	1	1	2	3	3
Public Safety										
Fire Station with Crew Quarters and Equipment Bays	1	1	1	1	1	1	1	1	1	1
Fire Engines	4	4	4	4	4	4	4	4	4	4
Rescue Vehicle with Response Equipment	-	-	-	-	-	-	-	-	-	-
Brush Truck	1	1	1	1	1	1	1	1	1	1
Law Enforcement Sub-Station (office)	1	1	1	1	1	1	1	1	1	1
Law Enforcement Patrol Units (equipped)*	16	NA	NA	NA	NA	NA	NA	NA	NA	NA
Highways and Streets										
Street Miles	84.1	84.2	84.2	84.2	84.2	84.2	84.2	84.2	84.2	84.2
Street Lights	73	60	65	65	65	65	65	65	65	65
Traffic Signals	9	9	9	9	9	9	9	9	9	9
Maintenance										
Shop Building	1	1	1	1	1	1	1	1	1	1
Service Truck	1	1	1	1	1	1	1	1	1	1
Fuel Inventory/Usage Tracking System	1	1	1	1	1	1	1	1	1	1
Fuel Tanks (Above Ground)	2	2	2	2	2	2	2	2	2	2
Parks and Recreation										
Public Parks	6	6	6	6	6	6	6	6	6	6
Community/Conference Centers	2	2	2	2	2	2	2	2	2	2
Boat Ramp	1	1	1	1	1	1	1	1	1	1
Baseball/Softball Fields	10	10	10	10	10	10	10	10	10	10
Football/Soccer Fields	7	7	7	7	7	7	7	7	7	7
Tennis Courts	2	2	2	2	2	2	2	2	2	2
Basketball Court	1	1	1	1	1	1	1	1	1	1
Walking Trails	4	4	4	4	4	4	4	4	4	4
Water										
Active Water Meters, Annual Average	8,077	6,950	8,351	8,473	8,362	8,513	8,675	8,794	9,058	9,236
Auto-Read Meters Included	1,769	4,468	8,165	8,165	8,165	8,513	8,675	8,794	9,058	9,236
Active Fire Hydrants (Approximately)	675	480	480	480	480	480	480	480	480	480
Fieldbook Line Mapping System	-	-	-	-	-	-	-	-	-	-
Sewer										
Flow Capacity - Reserved (Millions of Gallons)	2.13812	2.13812	2.13812	2.13812	2.13812	2.13812	2.13812	2.13812	2.13812	2.13812
Lift Stations in City	37	37	37	37	37	37	37	37	37	37
Vac-Con Trucks	2	2	2	2	2	2	2	2	2	2
Cues Camera-Equipped Truck	1	1	1	1	1	1	1	1	1	1
Solid Waste										
Trash Collection Trucks	4	5	4	4	4	4	4	4	4	4
Tub grinder	-	-	-	-	-	-	-	-	-	-

* Provided by contractual agreement with Bay County Sheriff's Office.
Source: Various City Departments
NA - Not Available

OTHER REPORTS

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

Honorable Mayor and Members of
the City Commission,
City of Callaway, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Callaway, Florida (the "City"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 25, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Bradenton, Florida
March 25, 2024



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

Honorable Mayor and Members of
the City Commission,
City of Callaway, Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Callaway, Florida's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Mauldin & Jenkins, LLC

Bradenton, Florida
March 25, 2024

CITY OF CALLAWAY, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

<u>Federal Agency, Pass-Through Entity, Federal Program</u>	<u>AL No.</u>	<u>Grantors No.</u>	<u>Expenditures</u>	<u>Amounts Paid to Subrecipients</u>
Federal Awards:				
United States Department of Homeland Security				
Passed through Florida Department of Emergency Management				
Disaster Grants - Public Assistance	97.036	005-09725-00	\$ 1,912,057	\$ -
Disaster Grants - Public Assistance	97.036	131-99131-00	1,061,402	-
Total United States Department of Homeland Security			<u>2,973,459</u>	<u>-</u>
United States Department of Housing and Urban Development				
Passed through Florida Department of Economic Opportunity				
CDBG	14.228		462,795	-
CDBG	14.228		30,420	-
CDBG	14.228		450,456	-
CDBG	14.228	B-16-DC-12-001	271,802	-
Total United States Department of Housing and Urban Development			<u>1,215,473</u>	<u>-</u>
United States Department of Transportation				
Passed through Florida Department of Transportation				
Highway Planning and Construction - West Cherry St. Sidewalk	20.205	438106-2-38-01	1,183	-
Highway Planning and Construction - LAP Multi Use Path	20.205	442256-1-38-01	321,395	-
Total United States Department of Transportation			<u>322,578</u>	<u>-</u>
United States Department of Treasury				
Coronavirus State and Local Fiscal Recovery Funds (CSFRF)	21.027	Y5166	1,222,518	-
			<u>1,222,518</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 5,734,028</u>	<u>\$ -</u>

CITY OF CALLAWAY, FLORIDA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Callaway, Florida (the “City”), and is presented on the modified accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 – DE MINIMIS INDIRECT COST RATE

The City chose not to use the 10% de minimis cost rate for the year ended September 30, 2023.

NOTE 3 – NON-CASH AWARDS

The City did not receive non-cash federal awards during the year ended September 30, 2023.

NOTE 4 – CONTINGENCIES

Grant monies received and disbursed by the City are for specific purposes and are subject to review by the grantor agencies. Such audits may result in disallowed expenditures under the terms of the grants. Based upon prior experience, the City does not believe that such disallowances, if any, would be material.

CITY OF CALLAWAY, FLORIDA

SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of report the auditor issued on whether the financial
statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:
Material weaknesses identified? ☐ yes ☒ no

Significant deficiencies identified not considered
to be material weaknesses? ☐ yes ☒ no

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Programs

Internal control over major federal programs:
Material weaknesses identified? ☐ yes ☒ no

Significant deficiencies identified not considered
to be material weaknesses? ☐ yes ☒ none reported

Type of auditor's report issued on compliance for
major federal programs: Unmodified

Any audit findings disclosed that are required to
be reported in accordance with the 2 CFR 200.516(a)? ☐ yes ☒ no

Identification of major federal programs:

<u>AL Number</u>	<u>Name of Federal Program or Cluster</u>
14.228	U.S. Department of Housing and Urban Development – Community Development Block Grant
21.027	U.S. Department of Treasury – Coronavirus State and Local Fiscal Recovery Funds (CSFRF)

Dollar threshold used to distinguish between
Type A and Type B federal programs: \$750,000

Auditee qualified as low-risk auditee? ☒ yes ☐ no

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None noted.

CITY OF CALLAWAY, FLORIDA

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

None.

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable Mayor and Members of
the City Council,
City of Callaway, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Callaway, Florida (the "City"), as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated March 25, 2024.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 25, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. There were no findings or recommendations in the preceding annual financial report requiring correction.

Official Title and Legal Authority

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

Financial Condition and Management

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

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Special District Component Units

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

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Callaway Community Redevelopment Agency (CRA) reported:

- a. There were no CRA employees compensated in the last pay period of the City's fiscal year.
- b. There were no independent contractors to whom nonemployee compensation was paid in the last month of the CRA's fiscal year.
- c. There were no compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency.
- d. There were no compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency.
- e. There were no construction projects with a total cost of at least \$65,000 approved by the CRA that is scheduled to begin on or after October 1 of the fiscal year being reported.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, has been presented on page 21 of this report.

Additional Matters

Section 10.554(1)(i)3 Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The script is cursive and fluid, with the company name written in all caps.

Bradenton, Florida
March 25, 2024

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INDEPENDENT ACCOUNTANT'S REPORT

Honorable Mayor and Members of
the City Council,
City of Callaway, Florida

We have examined the City of Callaway, Florida's (the "City") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2023. Management of the City is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

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

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

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

Mauldin & Jenkins, LLC

Bradenton, Florida
March 25, 2024

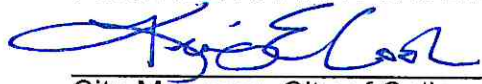
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IMPACT FEE AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared Keith E. Cook, who being duly sworn, deposes and says on oath that:

1. I am the City Manager of the City of Callaway which is a local governmental entity of the State of Florida.
2. The governing body of the City of Callaway adopted Ordinance No. 862 for transportation and Ordinance No. 713 for water and sewer implementing an impact fee or authorized the City of Callaway to receive and expend proceeds of an impact fee implemented by the City of Callaway.
3. City of Callaway has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.

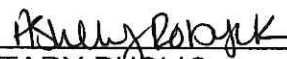


City Manager, City of Callaway

STATE OF FLORIDA
COUNTY OF BAY

SWORN TO AND SUBSCRIBED before me this 26 day of March,
2023.

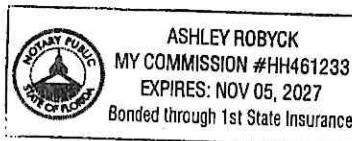
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NOTARY PUBLIC
Print Name Ashley Robyck

Personally known X or produced identification _____

Type of identification produced: _____

My Commission Expires:



¹ Pursuant to Section 163.31801(8), Florida Statutes, if there is no chief financial officer, the executive officer must sign the affidavit.