

CITY OF CALLAWAY, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2020

PREPARED BY:
CITY OF CALLAWAY FINANCE DEPARTMENT

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CITY OF CALLAWAY, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2020

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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

FRANK MANCINELLI, WARD IV

April 12, 2021

Honorable Mayor and City Commission
City of Callaway, Florida

The Comprehensive Annual Financial Report of the City of Callaway (the “City”) for the fiscal year ended September 30, 2020, is hereby submitted. 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, 2019, to September 30, 2020, 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 can 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 transfers budget. The 2020 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 within

driving distance to beaches and scenic bays. Its 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 Guard 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 with in 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 in fiscal year 2020. The millage rate of 2.7500 has remained for fiscal year 2021

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 multi-million 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 will begin making principal payment on this debt in fiscal year 2021.

Operating initiatives during the current fiscal year 2020 included:

- Clean up of the City from damages caused by Hurricane Michael.

- 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 of construction of a 96 unit residential townhome complex called Sentinel Point off Tyndall Parkway by the homebuilding company, D.R. Horton
- Monitoring of construction of the Park Place Subdivision, a 165 acre, master planned community in Callaway with the first phase of 51 homesites and a total plan of 320 residential units.
- FDOT Sidewalk Projects to include Wallace Road, Cherry Street South, and multi-use path on Boat Race Road.
- Road paving on Cherry Street and sidewalks on the north side.
- Started a FEMA Project to replace the Bertha Bridge.

Other planned operating initiatives include:

- Increase in road resurfacing throughout the City
- Stormwater and drainage improvements
- Lift station rehabilitations
- Improvements to City Parks using FEMA 428 Funding from Hurricane Michael
- FDOT Sidewalk on West Cherry Street, 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 Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2015. That was the 23rd 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 comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable reporting requirements. The City did not submit the report for fiscal years ended 2016 or 2017. However, the City did start submitting again beginning with fiscal year 2018 and did receive the Certificate of Achievement for Excellence in Financial Reporting for 2018 and 2019.

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 Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morill

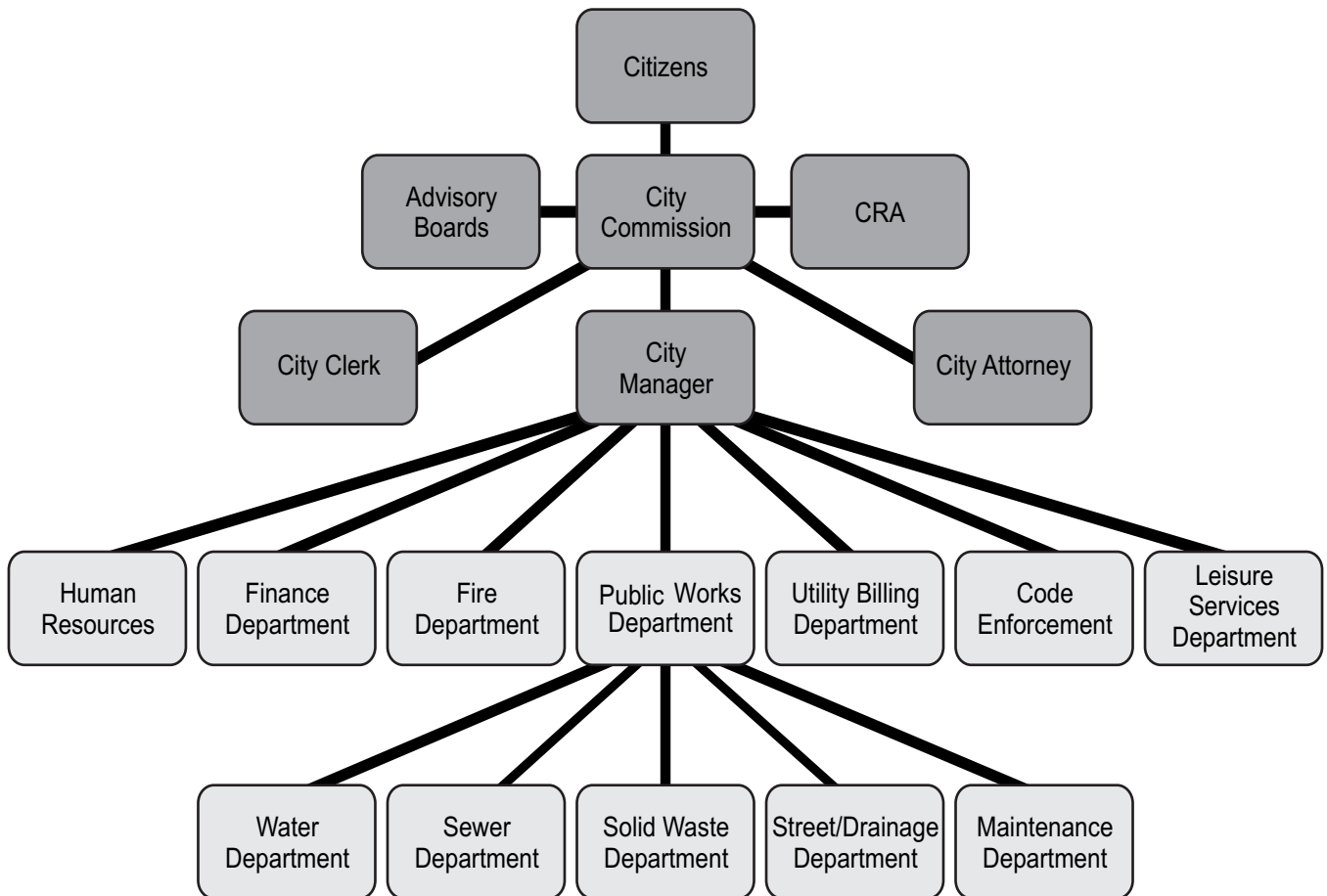
Executive Director/CEO

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 10 square miles and an estimated population of 14,662 as of 2020.

The City of Callaway, Florida
ORGANIZATIONAL CHART
for the Year Ended September 30,
2020



Principal Officials of the City of Callaway, Florida

City Commission



Scott Davis
Ward I



David Griggs
Ward II



Bob Pelletier
Ward III



Frank Mancinelli
Ward IV



Ed Cook
City Manager

Department Heads

Janice Peters, City Clerk, Chartered
David Schultz, Director of Finance
David P. Joyner, Fire Chief
Bill Frye, Director of Public Works/Planning
Tim Legare, Director of Leisure Services
Patricia Johnson, 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
Independent Certified Public
Accountants & Consultants



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2020, 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.

Other Matters

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 52 through 55 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.

Other 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 introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City. 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. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2021, 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.

Mauldin & Jenkins, LLC

Bradenton, Florida
April 12, 2021

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CITY OF CALLAWAY, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2020

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, 2020.

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, 2020

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 and Community Redevelopment Fund. A budgetary comparison statement has been provided for the General Fund and the Community Redevelopment Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 16 through 19 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 51 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 \$42.4 million (net position) at September 30, 2020.

CITY OF CALLAWAY, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2020

\$18.5 million (44%) 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 2020 and 2019, the City is able to report positive balances in all three categories of net position in total. The negative unrestricted balance for the governmental activities is directly related to the impact of Hurricane Michael and having to expend resources for debris cleanup.

City of Callaway, Florida's Net Position

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 9,353,594	\$ 12,224,912	\$ 26,944,029	\$ 23,258,332	\$ 36,297,623	\$ 35,483,244
Capital assets	12,513,773	10,744,121	21,296,402	22,065,405	33,810,175	32,809,526
Total assets	21,867,367	22,969,033	48,240,431	45,323,737	70,107,798	68,292,770
Total deferred outflows of resources	1,326,685	1,282,180	1,482,392	1,569,147	2,809,077	2,851,327
Other liabilities	1,507,441	6,677,520	1,794,743	1,763,991	3,302,184	8,441,511
Long-term liabilities	6,793,533	12,113,425	20,114,785	20,589,769	26,908,318	32,703,194
Total liabilities	8,300,974	18,790,945	21,909,528	22,353,760	30,210,502	41,144,705
Total deferred inflows of resources	246,254	360,397	36,797	58,669	283,051	419,066
Net position:						
Net investment in capital assets	12,513,773	10,744,121	5,969,273	6,705,666	18,483,046	17,449,787
Restricted	5,311,023	4,078,876	4,495,350	3,852,518	9,806,373	7,931,394
Unrestricted	(3,177,972)	(9,723,126)	17,311,875	13,922,271	14,133,903	4,199,145
Total net position	\$ 14,646,824	\$ 5,099,871	\$ 27,776,498	\$ 24,480,455	\$ 42,423,322	\$ 29,580,326

A portion of the City's net position, \$9.8 million (23%), represents resources that are subject to restrictions on how they may be used. The unrestricted portion of net position, \$14.1 million (33%), 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, 2020. The overall increase in the City's net position was \$12.8 million (43.4%) during the year. Governmental activities' net position increased \$9.5 million, while business-type activities' net position increased \$3.3 million.

CITY OF CALLAWAY, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2020

City of Callaway, Florida's Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 780,117	\$ 604,916	\$ 8,847,108	\$ 6,296,907	\$ 9,627,225	\$ 6,901,823
Operating grants and contributions	9,985,249	9,558,471	1,124,902	-	11,110,151	9,558,471
Capital grants and contributions	3,103,314	554,705	-	-	3,103,314	554,705
General revenues:						
Property taxes	1,108,348	924,565	-	-	1,108,348	924,565
Other taxes	6,319,064	6,371,631	-	-	6,319,064	6,371,631
Other	60,004	121,363	74,198	162,326	134,202	283,689
Total revenues	<u>21,356,096</u>	<u>18,135,651</u>	<u>10,046,208</u>	<u>6,459,233</u>	<u>31,402,304</u>	<u>24,594,884</u>
Operating expenses:						
General government	1,688,924	1,834,541	-	-	1,688,924	1,834,541
Public safety	6,538,802	24,300,188	-	-	6,538,802	24,300,188
Highways and streets	868,525	822,818	-	-	868,525	822,818
Maintenance	1,540,651	585,800	-	-	1,540,651	585,800
Culture and recreation	950,705	913,356	-	-	950,705	913,356
Interest	75,688	84,976	-	-	75,688	84,976
Water	-	-	3,015,070	2,781,352	3,015,070	2,781,352
Sewer	-	-	3,333,376	3,754,436	3,333,376	3,754,436
Solid waste	-	-	547,567	368,672	547,567	368,672
Total operating expenses	<u>11,663,295</u>	<u>28,541,679</u>	<u>6,896,013</u>	<u>6,904,460</u>	<u>18,559,308</u>	<u>35,446,139</u>
Increase (decrease) in net position before transfers	9,692,801	(10,406,028)	3,150,195	(445,227)	12,842,996	(10,851,255)
Transfers	(145,848)	(8,065)	145,848	8,065	-	-
Change in net position	9,546,953	(10,414,093)	3,296,043	(437,162)	12,842,996	(10,851,255)
Net position, beginning	5,099,871	15,513,964	24,480,455	24,917,617	29,580,326	40,431,581
Net position, ending	<u>\$ 14,646,824</u>	<u>\$ 5,099,871</u>	<u>\$ 27,776,498</u>	<u>\$ 24,480,455</u>	<u>\$ 42,423,322</u>	<u>\$ 29,580,326</u>

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

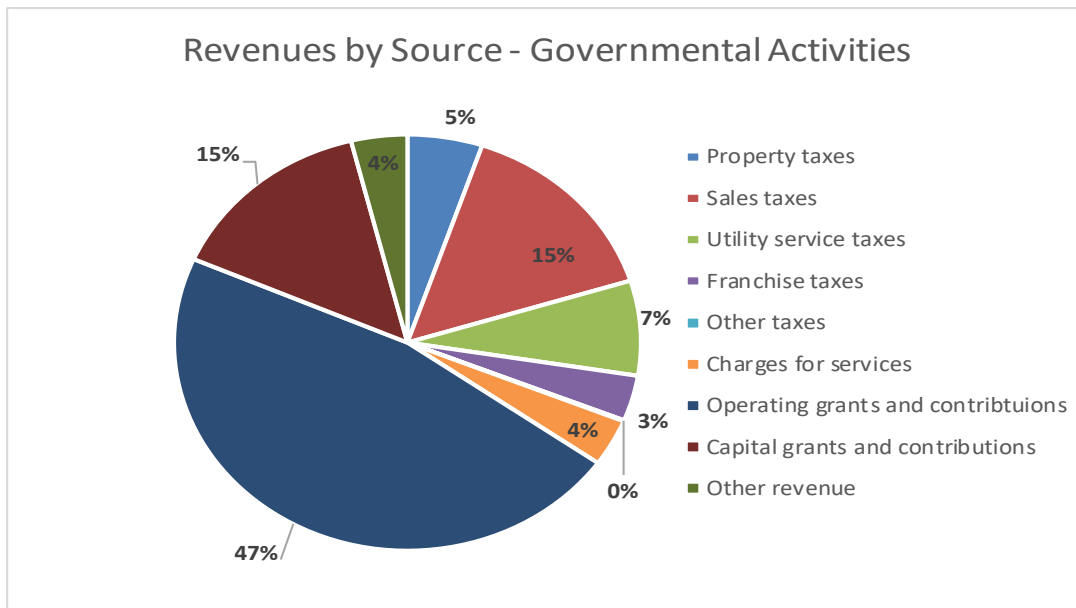
MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2020

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

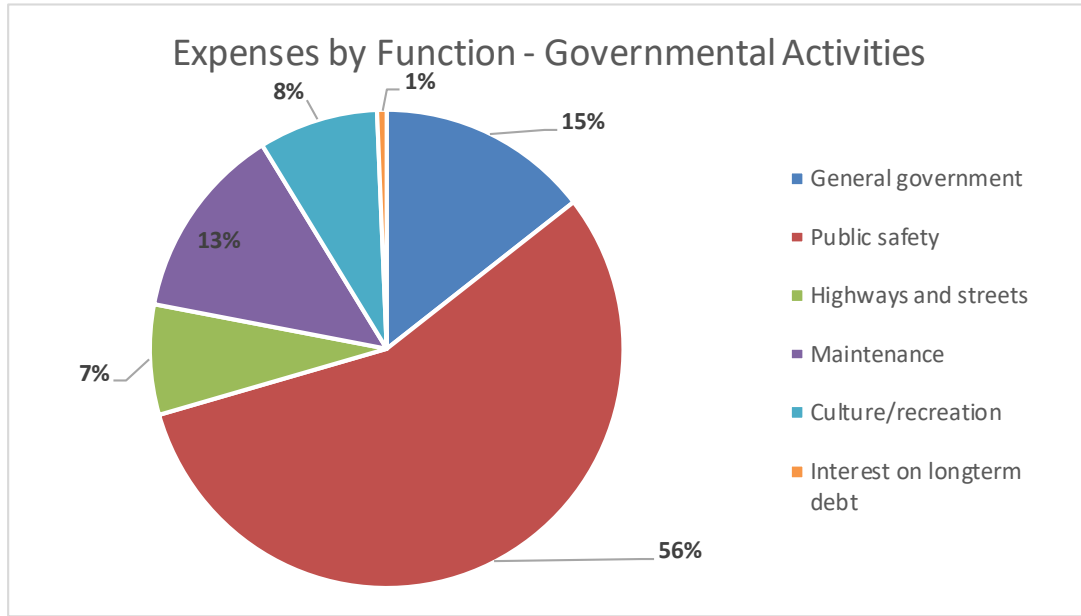
- Total revenues are up by \$3.2 million primarily due to an increase in grants of \$2.9 million that was related to public assistance, \$183 thousand increase in property tax as a result of an increase in growth and values, and \$62 thousand increase in utility and franchise taxes related to an increase in customers consumption and minor increases in other areas.



CITY OF CALLAWAY, FLORIDA

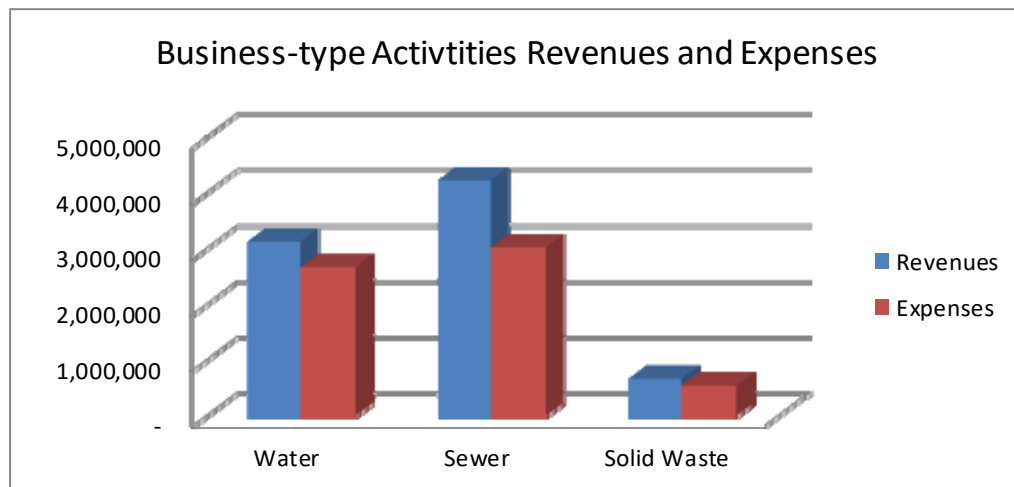
MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2020

- Total expense are down by \$16.9 million primarily due to a decrease in the Public Safety spending related to Hurricane Michael debris cleanup.



Current Year Impacts – Business-type Activities

- Charges for services for business-type activities increased by \$2.6 million due to an increase in customers resulting from rebuilding and new construction of homes and businesses after Hurricane Michael.
- Other revenues decreased by \$88 thousand with the decrease relating to investment income for interest and the joint venture.
- Grant revenue increased by \$1.1 million for funds received from the State of Florida for lost revenues relating to the storm.



CITY OF CALLAWAY, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2020

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.

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, 2020, the City's governmental funds reported combined ending fund balances of \$6.0 million, an increase of \$431 thousand compared to the prior year-end. Approximately \$517 thousand of the total fund balance (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

The General Fund is the main operating fund of the City. At September 30, 2020, unassigned fund balance of the General Fund was \$517 thousand, while total fund balance was \$2.3 million.

During the year ended September 30, 2020, the fund balance of the City's General Fund increased by \$280 thousand. This was due mostly to increased impact fees of \$551 thousand and a decrease of unassigned funds of \$221 thousand, the use of \$577 thousand in stormwater fees and \$31 thousand of capital improvements. At September 30, 2020, The Capital Improvements Fund has a total fund balance of \$3.5 million, an increase of \$714 thousand due to the collection of infrastructure taxes, all of which are restricted. The Community Redevelopment Fund balance remained flat at \$163 thousand during the year ended September 30, 2020. The Community Redevelopment Fund assessed values decreased for the tax base which resulted in no revenue for the current year.

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 \$17.3 million at September 30, 2020. The water fund had an unrestricted net position of \$1.0 million, the sewer fund's unrestricted net position was \$15.5 million (which includes a \$7.8 million investment in the Military Point Advanced Wastewater Treatment Facility joint venture) and the solid waste fund's unrestricted net position was \$750 thousand. Net position for the proprietary funds increased \$3.3 million during fiscal year 2020. 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, 2020

Budgetary Highlights

General Fund

Actual expenditures were less than budgeted amounts by approximately 21% primarily as a result of emergency disaster relief and capital outlays not being as much as anticipated due to FEMA 428 projects not being started due to delays in program administration. 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, 2020, is \$33.8 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, 2020, of \$1.0 million. This is related to an increase in infrastructure projects and the purchase of a new fire engine.

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

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Land	\$ 850,944	\$ 849,869	\$ 252,353	\$ 252,353	\$ 1,103,297	\$ 1,102,222
Construction in progress	1,202,196	446,279	17,633	-	1,219,829	446,279
Buildings	2,792,203	2,830,164	2,690,064	2,863,963	5,482,267	5,694,127
Improvements	6,421,364	5,662,882	17,211,295	17,727,897	23,632,659	23,390,779
Vehicles	804,448	419,991	462,794	428,897	1,267,242	848,888
Machinery and equipment	442,618	534,936	662,263	792,295	1,104,881	1,327,231
Total capital assets	\$ 12,513,773	\$ 10,744,121	\$ 21,296,402	\$ 22,065,405	\$ 33,810,175	\$ 32,809,526

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

Long-term debt. At September 30, 2020, the City had total debt outstanding of \$26 million. The debt amount represents notes payable and revenue bonds payable secured by specified revenue sources and equipment. During the year, the City paid off the line of credit in the amount of \$8.25 million that was used to assist with debris cleanup. The City received a Community Disaster Loan in the amount of \$2.25 million from FEMA.

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

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Compensated absences	\$ 123,512	\$ 105,153	\$ 32,041	\$ 28,798	\$ 155,553	\$ 133,951
Net pension liability	4,420,021	3,758,272	660,463	611,812	5,080,484	4,370,084
Bonds payable	-	-	15,972,487	16,043,409	15,972,487	16,043,409
Notes payable	2,250,000	8,250,000	2,811,000	3,229,000	5,061,000	11,479,000
Total debt	\$ 6,793,533	\$ 12,113,425	\$ 19,475,991	\$ 19,913,019	\$ 26,269,524	\$ 32,026,444

CITY OF CALLAWAY, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2020

Principal repayments during the year for business-type activities' bonds were \$73,500 and amortization of bond premiums was \$37,956. Repayment of notes payable by the Military Point Advanced Wastewater Treatment Facility joint venture were \$418,000. 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 budgeted to replace \$3.25 million in reserves with funds received from FEMA public assistance grant reimbursements. The City maintained the millage rate at 2.7500 mills for fiscal year 2021.

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 2020 amounted to \$1.4 million and are projected to be approximately \$1.3 million for fiscal year 2021, with incremental increases tied to economic growth for the remainder of the ten year tax levy.

The City's overall budget expenditures for fiscal year 2021 was maintained relatively flat with the exception of capital spending related to equipment, infrastructure and grant funded projects. As the City began the 2019 fiscal year, they were hit by Hurricane Michael on October 10, 2018. The City has incurred a total \$24.6 million in expenses for debris removal costs. Of the \$24.6 million, the City received \$8.6 million in fiscal year 2019 and \$8.5 million in fiscal year 2020 through Public Assistance Grants. The City's expected shared cost is 5% of the total debris costs.

To assist with paying for the debris removal costs the City borrowed unrestricted funds from the City's proprietary funds and established a line of credit in the amount of \$15 million. The City had borrowed \$8.25 million on the line of credit but paid has paid off the line of credit in full.

Currently the City has completed debris removal and is working with FEMA on final reimbursements. 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, 2020

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
Assets			
Cash and cash equivalents	\$ 8,919,588	\$ 4,974,350	\$ 13,893,938
Accounts receivables, net	200,339	885,485	1,085,824
Due from other governments	2,222,825	-	2,222,825
Internal balances	(3,750,000)	3,750,000	-
Prepaid items	106,280	2,991	109,271
Inventory	28,753	11,807	40,560
Due from joint venture	-	702,395	702,395
Notes receivable - assessments	-	271,700	271,700
Notes receivable - joint venture	-	2,811,000	2,811,000
Investment in joint venture	-	7,828,878	7,828,878
Restricted asset, cash and cash equivalents	1,625,809	5,705,423	7,331,232
Capital assets			
Non-depreciable	2,053,140	269,986	2,323,126
Depreciable, net	10,460,633	21,026,416	31,487,049
Total assets	21,867,367	48,240,431	70,107,798
Deferred outflows of resources			
Deferred outflows - pension	1,326,685	198,240	1,524,925
Deferred charge on refunding	-	1,284,152	1,284,152
Total deferred outflows of resources	1,326,685	1,482,392	2,809,077
Liabilities			
Accounts payable	1,276,159	606,322	1,882,481
Accrued liabilities	122,907	26,389	149,296
Accrued interest payable	-	109,903	109,903
Customer deposits payable	-	1,052,129	1,052,129
Unearned revenue	108,375	-	108,375
Noncurrent liabilities			
Due within one year	123,512	1,181,528	1,305,040
Due in more than one year	6,670,021	18,933,257	25,603,278
Total liabilities	8,300,974	21,909,528	30,210,502
Deferred inflows of resources			
Deferred inflows - pension	246,254	36,797	283,051
Net position			
Net investment in capital assets	12,513,773	5,969,273	18,483,046
Restricted for			
Capital improvements	3,522,138	4,307,902	7,830,040
Community development	163,076	-	163,076
Public safety	1,529,839	-	1,529,839
Transportation	95,970	-	95,970
Debt service	-	187,448	187,448
Unrestricted	(3,177,972)	17,311,875	14,133,903
Total net position	\$ 14,646,824	\$ 27,776,498	\$ 42,423,322

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, 2020

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
Functions/programs				
Primary government:				
Governmental activities:				
General government	\$ 1,688,924	\$ 577,894	\$ -	\$ 1,257,196
Public safety	6,538,802	176,380	9,985,249	401,250
Highways and streets	868,525	-	-	988,896
Maintenance	1,540,651	-	-	-
Culture/recreation	950,705	25,843	-	455,972
Interest on long-term debt	75,688	-	-	-
Total governmental activities	11,663,295	780,117	9,985,249	3,103,314
Business-type activities:				
Water	3,015,070	3,126,995	352,895	-
Sewer	3,333,376	5,049,070	687,750	-
Solid waste	547,567	671,043	84,257	-
Total business-type activities	6,896,013	8,847,108	1,124,902	-
Total primary government	\$ 18,559,308	\$ 9,627,225	\$ 11,110,151	\$ 3,103,314

General revenues
 Property taxes
 Sales taxes
 Utility service taxes
 Franchise taxes
 Other taxes
 Unrestricted state revenue sharing
 Investment earnings
 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
\$ 146,166	\$ -	\$ 146,166
4,024,077	-	4,024,077
120,371	-	120,371
(1,540,651)	-	(1,540,651)
(468,890)	-	(468,890)
(75,688)	-	(75,688)
2,205,385	-	2,205,385
-	464,820	464,820
-	2,403,444	2,403,444
-	207,733	207,733
-	3,075,997	3,075,997
2,205,385	3,075,997	5,281,382
1,108,348	-	1,108,348
3,204,867	-	3,204,867
1,571,982	-	1,571,982
753,603	-	753,603
17,598	-	17,598
771,014	-	771,014
60,004	74,198	134,202
(145,848)	145,848	-
7,341,568	220,046	7,561,614
9,546,953	3,296,043	12,842,996
5,099,871	24,480,455	29,580,326
\$ 14,646,824	\$ 27,776,498	\$ 42,423,322

CITY OF CALLAWAY, FLORIDA

BALANCE SHEET GOVERNMENTAL FUNDS SEPTEMBER 30, 2020

	General Fund	Capital Improvements Fund	Community Redevelopment Fund	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 4,806,614	\$ 3,949,898	\$ 163,076	\$ 8,919,588
Accounts receivable, net	200,339	-	-	200,339
Due from other governments	2,071,474	151,351	-	2,222,825
Inventory	28,753	-	-	28,753
Prepaid items	106,280	-	-	106,280
Restricted cash and cash equivalents	1,625,809	-	-	1,625,809
Total assets	<u>\$ 8,839,269</u>	<u>\$ 4,101,249</u>	<u>\$ 163,076</u>	<u>\$ 13,103,594</u>
Liabilities and fund balances				
Liabilities				
Accounts payable	\$ 795,798	\$ 480,361	\$ -	\$ 1,276,159
Accrued liabilities	122,907	-	-	122,907
Unearned revenue	9,625	98,750	-	108,375
Due to other funds	3,750,000	-	-	3,750,000
Total liabilities	<u>4,678,330</u>	<u>579,111</u>	<u>-</u>	<u>5,257,441</u>
Deferred inflows of resources				
Unavailable revenue	<u>1,839,653</u>	<u>-</u>	<u>-</u>	<u>1,839,653</u>
Fund balances				
Nonspendable	135,033	-	-	135,033
Restricted				
Capital improvements	-	3,522,138	-	3,522,138
Community redevelopment	-	-	163,076	163,076
Impact fees	1,529,839	-	-	1,529,839
Transportation	95,970	-	-	95,970
Committed				
Park fees	1,043	-	-	1,043
Stormwater fees	42,742	-	-	42,742
Unassigned	516,659	-	-	516,659
Total fund balances	<u>2,321,286</u>	<u>3,522,138</u>	<u>163,076</u>	<u>6,006,500</u>
Total liabilities and fund balances	<u>\$ 8,839,269</u>	<u>\$ 4,101,249</u>	<u>\$ 163,076</u>	<u>\$ 13,103,594</u>

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

CITY OF CALLAWAY, FLORIDA

**RECONCILIATION OF THE GOVERNMENTAL FUND'S BALANCE SHEET TO
THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020**

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

Total fund balances - governmental funds	\$	6,006,500
--	----	-----------

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

Governmental capital assets	\$	22,577,610	
Accumulated depreciation		<u>(10,063,837)</u>	12,513,773

Revenues not available to pay current period expenditures are reported as unavailable revenue in the governmental funds.		1,839,653
--	--	-----------

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	1,326,685	
Deferred inflows - pension	(246,254)	
Net pension liability	<u>(4,420,021)</u>	(3,339,590)

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

Compensated absences	(123,512)	
Note payable	<u>(2,250,000)</u>	(2,373,512)
Net position of governmental activities		<u><u>\$ 14,646,824</u></u>

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, 2020

	General Fund	Capital Improvements Fund	Community Redevelopment Fund	Total Governmental Funds
Revenues				
Taxes	\$ 2,914,675	\$ -	\$ -	\$ 2,914,675
Licenses and permits	1,391,660	-	-	1,391,660
Intergovernmental revenues	10,423,404	4,095,744	-	14,519,148
Charges for services	307,820	-	-	307,820
Fines and forfeitures	29,604	-	-	29,604
Investment earnings	34,131	25,873	-	60,004
Miscellaneous revenues	293,532	-	-	293,532
Total revenues	<u>15,394,826</u>	<u>4,121,617</u>	<u>-</u>	<u>19,516,443</u>
Expenditures				
Current				
General government	1,175,701	-	2,362	1,178,063
Public safety	5,879,689	-	-	5,879,689
Highways and streets	825,780	-	-	825,780
Maintenance	120,446	1,385,472	-	1,505,918
Culture/recreation	715,132	-	-	715,132
Debt service				
Principal retirement	8,250,000	-	-	8,250,000
Interest	103,411	-	-	103,411
Capital outlay	158,940	2,572,277	-	2,731,217
Total expenditures	<u>17,229,099</u>	<u>3,957,749</u>	<u>2,362</u>	<u>21,189,210</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,834,273)</u>	<u>163,868</u>	<u>(2,362)</u>	<u>(1,672,767)</u>
Other financing sources (uses)				
Issuance of debt	2,250,000	-	-	2,250,000
Transfers in	-	696,213	-	696,213
Transfers out	(696,213)	(145,848)	-	(842,061)
Total other financing sources (uses)	<u>1,553,787</u>	<u>550,365</u>	<u>-</u>	<u>2,104,152</u>
Change in fund balances	(280,486)	714,233	(2,362)	431,385
Fund balances, beginning of year	2,601,772	2,807,905	165,438	5,575,115
Fund balances, end of year	<u>\$ 2,321,286</u>	<u>\$ 3,522,138</u>	<u>\$ 163,076</u>	<u>\$ 6,006,500</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, 2020**

Net change in fund balances – total governmental funds		\$ 431,385
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	\$ 2,731,217	
Less current year depreciation	<u>(729,998)</u>	2,001,219
The net effect of various miscellaneous transactions involving capital assets (i.e. sales) is to decrease net position.		(231,567)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal repayment of long-term debt		8,250,000
Debt proceeds		(2,250,000)
Revenues that are reported in the statement of activities that do not create current financial resources are not reported as revenues in governmental funds.		1,839,653
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	(18,359)	
Change in accrued interest	27,723	
Pension expense	<u>(503,101)</u>	<u>(493,737)</u>
Change in net position of governmental activities		\$ 9,546,953

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, 2020

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Taxes	\$ 2,562,750	\$ 2,562,750	\$ 2,914,675	\$ 351,925
Licenses and permits	1,060,599	1,060,599	1,391,660	331,061
Intergovernmental revenues	14,694,831	17,163,015	10,423,404	(6,739,611)
Charges for services	303,485	303,485	307,820	4,335
Fines and forfeitures	19,000	19,000	29,604	10,604
Investment earnings	42,600	42,600	34,131	(8,469)
Miscellaneous revenues	266,122	266,122	293,532	27,410
Total revenues	<u>18,949,387</u>	<u>21,417,571</u>	<u>15,394,826</u>	<u>(6,022,745)</u>
Expenditures				
Current				
General government				
Executive (commission)	29,085	33,105	30,997	2,108
City Manager	110,712	111,712	110,491	1,221
Finance department	396,743	182,043	171,665	10,378
Legal	70,577	70,577	23,675	46,902
Code enforcement	308,039	312,839	249,813	63,026
Information technology	41,821	41,821	45,241	(3,420)
City Clerk	79,028	81,028	78,527	2,501
Elections	4,250	4,250	2,572	1,678
General government administration	508,551	520,106	425,686	94,420
Human resources	47,580	47,580	37,034	10,546
Public safety				
Law enforcement	1,871,808	1,871,808	1,871,808	-
Fire department	1,311,763	1,311,763	1,226,417	85,346
Emergency and disaster relief	1,901,848	3,521,216	2,781,464	739,752
Highways and streets				
Street department	791,158	841,234	825,780	15,454
Maintenance				
Maintenance shop	115,768	118,518	120,446	(1,928)
Culture/recreation				
Leisure services	755,234	756,409	715,132	41,277
Debt service				
Principal retirement	3,615,682	8,250,000	8,250,000	-
Interest	-	106,510	103,411	3,099
Capital outlay	2,739,740	3,666,940	158,940	3,508,000
Total expenditures	<u>14,699,387</u>	<u>21,849,459</u>	<u>17,229,099</u>	<u>4,620,360</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,250,000</u>	<u>(431,888)</u>	<u>(1,834,273)</u>	<u>(1,402,385)</u>
Other financing sources (uses)				
Proceeds from the issuance of debt	1,000,000	2,250,000	2,250,000	-
Transfers out	(4,310,000)	(998,116)	(696,213)	301,903
Total other financing sources (uses)	<u>(3,310,000)</u>	<u>1,251,884</u>	<u>1,553,787</u>	<u>301,903</u>
Change in fund balance	<u>940,000</u>	<u>819,996</u>	<u>(280,486)</u>	<u>(1,100,482)</u>
Fund balance, beginning of year	<u>2,601,772</u>	<u>2,601,772</u>	<u>2,601,772</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,541,772</u>	<u>\$ 3,421,768</u>	<u>\$ 2,321,286</u>	<u>\$ (1,100,482)</u>

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, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	-
Total revenues	-	-	-	-
Expenditures				
Current				
General government	15,700	15,700	2,362	13,338
Total expenditures	15,700	15,700	2,362	13,338
Change in fund balance	(15,700)	(15,700)	(2,362)	13,338
Fund balance, beginning of year	165,438	165,438	165,438	-
Fund balance, end of year	<u>\$ 149,738</u>	<u>\$ 149,738</u>	<u>\$ 163,076</u>	<u>\$ 13,338</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, 2020

	Major Funds		Nonmajor Fund	
	Water	Sewer	Solid Waste	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 1,189,272	\$ 2,921,266	\$ 863,812	\$ 4,974,350
Restricted cash and cash equivalents	2,140,682	3,564,741	-	5,705,423
Accounts receivable, net	301,188	525,967	58,330	885,485
Notes receivable, current	-	144,332	-	144,332
Due from other funds	-	3,750,000	-	3,750,000
Prepays	2,991	-	-	2,991
Inventory	-	-	11,807	11,807
Due from joint venture	-	702,395	-	702,395
Total current assets	3,634,133	11,608,701	933,949	16,176,783
Noncurrent assets				
Notes receivable - assessments	-	127,368	-	127,368
Notes receivable - joint venture	-	2,811,000	-	2,811,000
Investment in joint venture	-	7,828,878	-	7,828,878
Capital assets, non-depreciable	130,716	139,270	-	269,986
Capital assets, net	12,785,411	7,934,177	306,828	21,026,416
Total noncurrent assets	12,916,127	18,840,693	306,828	32,063,648
Total assets	16,550,260	30,449,394	1,240,777	48,240,431
Deferred outflows of resources				
Deferred outflows - pension	91,496	76,246	30,498	198,240
Deferred charge on refunding	642,076	642,076	-	1,284,152
Total deferred outflows of resources	733,572	718,322	30,498	1,482,392
Liabilities				
Current liabilities				
Accounts payable	192,155	317,616	96,551	606,322
Notes payable	-	432,000	-	432,000
Revenue bonds payable	327,500	389,987	-	717,487
Accrued liabilities	14,245	8,120	4,024	26,389
Compensated absences	15,610	9,930	6,501	32,041
Liabilities payable from restricted assets				
Accrued interest	54,548	55,355	-	109,903
Customer deposits payable	1,052,129	-	-	1,052,129
Total current liabilities	1,656,187	1,213,008	107,076	2,976,271
Noncurrent liabilities				
Notes payable, net of current portion	-	2,379,000	-	2,379,000
Revenue bonds payable, net of current portion	7,946,897	7,946,897	-	15,893,794
Net pension liability	304,829	254,024	101,610	660,463
Total non-current liabilities	8,251,726	10,579,921	101,610	18,933,257
Total liabilities	9,907,913	11,792,929	208,686	21,909,528
Deferred inflows of resources				
Deferred inflows - pension	16,983	14,153	5,661	36,797
Net position				
Net investment in capital assets	5,283,806	378,639	306,828	5,969,273
Restricted for				
Debt service	58,128	129,320	-	187,448
Impact fees	927,837	3,364,546	-	4,292,383
Capital improvements	49,741	15,519	-	65,260
Unrestricted	1,039,424	15,472,610	750,100	17,262,134
Total net position	\$ 7,358,936	\$ 19,360,634	\$ 1,056,928	\$ 27,776,498

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, 2020

	Major Funds		Nonmajor Fund	
	Water	Sewer	Solid Waste	Total
Operating revenues				
Charges for services	\$ 2,968,426	\$ 3,977,503	\$ 668,425	\$ 7,614,354
Impact fees	158,569	251,020	-	409,589
Miscellaneous	-	-	2,618	2,618
Total operating revenues	3,126,995	4,228,523	671,043	8,026,561
Operating expenses				
Personnel services and benefits	635,231	579,105	258,931	1,473,267
Operating expenses	1,484,186	1,972,793	227,982	3,684,961
Depreciation	549,207	470,608	60,654	1,080,469
Total operating expenses	2,668,624	3,022,506	547,567	6,238,697
Operating income	458,371	1,206,017	123,476	1,787,864
Nonoperating revenues (expenses)				
Investment earnings	11,831	56,682	5,685	74,198
Gain on investment in joint venture	-	820,547	-	820,547
Gain (loss) on disposal of capital assets	(5,296)	(1,193)	49,900	43,411
Intergovernmental revenue	352,895	687,750	84,257	1,124,902
Interest expense	(346,446)	(354,281)	-	(700,727)
Total nonoperating revenues (expenses)	12,984	1,209,505	139,842	1,362,331
Income before transfers	471,355	2,415,522	263,318	3,150,195
Transfers in	-	145,848	-	145,848
Changes in net position	471,355	2,561,370	263,318	3,296,043
Total net position, beginning of year	6,887,581	16,799,264	793,610	24,480,455
Total net position, end of year	<u>\$ 7,358,936</u>	<u>\$ 19,360,634</u>	<u>\$ 1,056,928</u>	<u>\$ 27,776,498</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, 2020

	Major Funds		Nonmajor Fund	
	Water	Sewer	Solid Waste	Total
Cash flows from operating activities				
Cash received from customers	\$ 3,182,479	\$ 4,405,128	\$ 656,739	\$ 8,244,346
Cash paid to suppliers for goods and services	(1,525,598)	(2,047,539)	(131,714)	(3,704,851)
Cash paid to employees for services and benefits	(635,005)	(576,523)	(280,651)	(1,492,179)
Net cash provided by operating activities	1,021,876	1,781,066	244,374	3,047,316
Cash flows from noncapital financing activities				
Intergovernmental grants received	352,895	687,750	84,257	1,124,902
Transfer from other funds	-	145,848	-	145,848
Net cash provided by noncapital financing activities	352,895	833,598	84,257	1,270,750
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets	(22,717)	(152,338)	(142,899)	(317,954)
Cash received from sale of capital assets	-	-	49,900	49,900
Principal paid on bonds payable	-	(70,922)	-	(70,922)
Interest paid	(327,290)	(337,022)	-	(664,312)
Net cash used in capital and related financing activities	(350,007)	(560,282)	(92,999)	(1,003,288)
Cash flows from investing activities				
Interest received	11,831	56,682	5,685	74,198
Net cash provided by investing activities	11,831	56,682	5,685	74,198
Net change in cash and cash equivalents	1,036,595	2,111,064	241,317	3,388,976
Cash and cash equivalents, beginning of year	2,293,359	4,374,943	622,495	7,290,797
Cash and cash equivalents, end of year	\$ 3,329,954	\$ 6,486,007	\$ 863,812	\$ 10,679,773
Cash and cash equivalents classified as				
Cash and cash equivalents	\$ 1,189,272	\$ 2,921,266	\$ 863,812	\$ 4,974,350
Restricted cash and cash equivalents	2,140,682	3,564,741	-	5,705,423
Total cash and cash equivalents	\$ 3,329,954	\$ 6,486,007	\$ 863,812	\$ 10,679,773

(Continued)

CITY OF CALLAWAY, FLORIDA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Major Funds		Nonmajor Fund	
	Water	Sewer	Solid Waste	Total
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ 458,371	\$ 1,206,017	\$ 123,476	\$ 1,787,864
Adjustment to reconcile operating income to net cash provided by operating activities:				
Depreciation	549,207	470,608	60,654	1,080,469
Change in operating assets and liabilities:				
(Increase) decrease in assets:				
Accounts receivable	(65,257)	34,858	(14,304)	(44,703)
Capital contributions receivable	-	141,747	-	141,747
Deferred outflows - pension	(2,042)	(1,701)	14,230	10,487
Increase (decrease) in liabilities:				
Accounts payable	(78,467)	(74,746)	96,268	(56,945)
Accrued liabilities	4,634	(26,400)	(600)	(22,366)
Compensated absences payable	226	1,963	1,054	3,243
Net pension liability	42,624	35,520	(29,493)	48,651
Deferred inflows - pension	(8,161)	(6,800)	(6,911)	(21,872)
Customer deposits	120,741	-	-	120,741
Net cash provided by operating activities	<u>\$ 1,021,876</u>	<u>\$ 1,781,066</u>	<u>\$ 244,374</u>	<u>\$ 3,047,316</u>
Noncash investing, capital, and financing activities				
Gain on investment in joint venture	\$ -	\$ 820,547	\$ -	\$ 820,547
Notes receivable from joint venture	-	418,000	-	418,000
Principal payments on debt from joint venture	-	(418,000)	-	(418,000)
Net noncash investing, capital and financing activities	<u>\$ -</u>	<u>\$ 820,547</u>	<u>\$ -</u>	<u>\$ 820,547</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, 2020

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, 2020, 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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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 \$1,000 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, 2020

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, 2020, 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, 2020

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 early 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, 2020

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 not in compliance with this policy as of year-end due to Hurricane Michael.

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, 2020

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 \$9,806,373 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, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. 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, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City 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, 2020

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 multiyear 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, 2020.

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, 2020

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, 2020, the City held \$2,582,621 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 \$10,761 invested in SBA's Florida PRIME at September 30, 2020, 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, 2020, is 48 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, 2020, is 63 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, 2020, 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, 2020

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, 2020, 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, 2020

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable at September 30, 2020, were as follows:

	General Fund	Capital Improvements Fund	Water Fund	Sewer Fund
Accounts receivable	\$ 200,997	\$ -	\$ 305,735	\$ 533,911
Due from other governments	2,071,474	151,351	-	-
Less allowance for doubtful accounts	(658)	-	(4,547)	(7,944)
	<u>\$ 2,271,813</u>	<u>\$ 151,351</u>	<u>\$ 301,188</u>	<u>\$ 525,967</u>

	Solid Waste Fund	Total
Accounts receivable	\$ 59,671	\$ 1,100,314
Due from other governments	-	2,222,825
Less allowance for doubtful accounts	(1,341)	(14,490)
	<u>\$ 58,330</u>	<u>\$ 3,308,649</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.

Notes Receivable – Assessments

On December 28, 2011, the City entered into an agreement with Sandy Creek Utility Services, Inc. ("Company") to purchase the water distribution and sewage collection systems of every kind and nature owned by the Company in Bay County Florida, located east of the north/south line of the Hathaway Bridge center point. The Company decommissioned its treatment plants and transferred its remaining limited distribution and collection facilities to the City as of May 1, 2012, which completed the connection to the City's system.

The City's impact fee ordinance and special capital extension fee ordinance make it unlawful for any person to connect to the City's system without first paying the impact fees or special capital extension fees. On December 6, 2012, the City was granted a final judgment to assess and collect special capital extension fees and impact fees from property owners within the Sandy Creek Assessment Area ("Improved Lot Owners"). In order to meet bond covenant requirements, that require the fee to be collected, the City issued the Utility System Capital Improvement and Extension Revenue Bonds, Series 2012, in the amount of \$735,000 to finance the fees on behalf of the Sandy Creek Subdivision. Through a special assessment, the City is assessing the property owners within the Sandy Creek assessment area approximately \$1.4 million, plus legal costs in the amount of \$105,130, less grants of \$53,729 (applied as a credit) over a ten year period ending in fiscal year 2022. As of September 30, 2020, the notes receivable totaled \$271,700, including \$144,332 due within one year. The outstanding receivable bears an interest rate of 5.05%, recognized over the remaining term of the receivable. The noncurrent portion is \$127,368 and is shown as note receivable-assessments other assets on the statement of net position at September 30, 2020.

CITY OF CALLAWAY, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 5 – CAPITAL ASSETS

Capital asset balances and activity for the year ended September 30, 2020, were as follows:

	Beginning Balance	Additions	Deletions	Net Transfers	Ending Balance
Governmental activities					
Capital assets not being depreciated					
Land	\$ 849,869	\$ 1,075	\$ -	\$ -	\$ 850,944
Construction in progress	446,279	1,103,430	-	(347,513)	1,202,196
Total assets not being depreciated	<u>1,296,148</u>	<u>1,104,505</u>	<u>-</u>	<u>(347,513)</u>	<u>2,053,140</u>
Capital assets being depreciated					
Buildings	4,154,428	14,936	-	126,209	4,295,573
Improvements other than buildings	10,016,737	1,056,243	(245,573)	221,304	11,048,711
Vehicles	1,409,893	498,669	(128,308)	-	1,780,254
Machinery and equipment	3,393,073	56,864	(50,005)	-	3,399,932
Total assets being depreciated	<u>18,974,131</u>	<u>1,626,712</u>	<u>(423,886)</u>	<u>347,513</u>	<u>20,524,470</u>
Less accumulated depreciation					
Buildings	(1,324,264)	(179,106)	-	-	(1,503,370)
Improvements other than buildings	(4,353,855)	(287,498)	14,006	-	(4,627,347)
Vehicles	(989,902)	(114,212)	128,308	-	(975,806)
Machinery and equipment	(2,858,137)	(149,182)	50,005	-	(2,957,314)
Total accumulated depreciation	<u>(9,526,158)</u>	<u>(729,998)</u>	<u>192,319</u>	<u>-</u>	<u>(10,063,837)</u>
Total assets depreciated, net	<u>9,447,973</u>	<u>896,714</u>	<u>(231,567)</u>	<u>347,513</u>	<u>10,460,633</u>
Governmental activities, net	<u>\$ 10,744,121</u>	<u>\$ 2,001,219</u>	<u>\$ (231,567)</u>	<u>\$ -</u>	<u>\$ 12,513,773</u>
Business-type activities					
Capital assets not being depreciated					
Land	\$ 252,353	\$ -	\$ -	\$ -	\$ 252,353
Construction in progress	-	17,633	-	-	17,633
Total assets not being depreciated	<u>252,353</u>	<u>17,633</u>	<u>-</u>	<u>-</u>	<u>269,986</u>
Capital assets being depreciated					
Buildings and improvements	7,396,740	-	(13,143)	-	7,383,597
Utility systems	24,993,598	152,337	-	-	25,145,935
Vehicles	1,700,624	142,900	(272,884)	-	1,570,640
Machinery and equipment	2,288,918	5,084	(29,959)	-	2,264,043
Total assets being depreciated	<u>36,379,880</u>	<u>300,321</u>	<u>(315,986)</u>	<u>-</u>	<u>36,364,215</u>
Less accumulated depreciation					
Buildings and improvements	(4,532,777)	(173,899)	13,143	-	(4,693,533)
Utility systems	(7,265,701)	(668,939)	-	-	(7,934,640)
Vehicles	(1,271,727)	(109,003)	272,884	-	(1,107,846)
Machinery and equipment	(1,496,623)	(128,628)	23,471	-	(1,601,780)
Total accumulated depreciation	<u>(14,566,828)</u>	<u>(1,080,469)</u>	<u>309,498</u>	<u>-</u>	<u>(15,337,799)</u>
Total assets depreciated, net	<u>21,813,052</u>	<u>(780,148)</u>	<u>(6,488)</u>	<u>-</u>	<u>21,026,416</u>
Business-type activities, net	<u>\$ 22,065,405</u>	<u>\$ (762,515)</u>	<u>\$ (6,488)</u>	<u>\$ -</u>	<u>\$ 21,296,402</u>

CITY OF CALLAWAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 5 – CAPITAL ASSETS (CONTINUED)

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

Governmental activities	
General government	\$ 122,950
Public safety	399,646
Maintenance	16,934
Culture and recreation	190,468
Total depreciation expense, governmental activities	<u><u>\$ 729,998</u></u>
Business-type activities	
Water	\$ 549,207
Sewer	470,608
Solid waste	60,654
Total depreciation expense, business-type activities	<u><u>\$ 1,080,469</u></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, 2020

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, 2019 through June 30, 2020, and July 1, 2020 through September 30, 2020, were as follows: Regular Class 8.47% and 10%, Senior Management 25.41% and 27.29%, Special Risk Employee Class 25.48% and 24.45%, Elected Officials 48.82% and 49.18%, and DROP Participants 14.60% and 16.98%.

The City's contributions for the year ended September 30, 2020, were \$315,363 to FRS and \$47,728 to HIS.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2020, the City reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2020, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2020. 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	\$ 4,060,898	\$ 1,019,586	\$ 5,080,484
Proportion at:			
Current measurement date	0.009369540%	0.008350530%	
Prior measurement date	0.009912890%	0.008546090%	
Pension expense (benefit)	\$ 832,431	\$ 71,123	\$ 903,554

CITY OF CALLAWAY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2020

NOTE 6 – PENSION PLANS (CONTINUED)

As of September 30, 2020, 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	\$ 155,419	\$ -	\$ 41,707	\$ 787	\$ 197,126	\$ 787
Change of assumptions	735,152	-	109,634	59,285	844,786	59,285
Net difference between projected and actual earnings on Pension Plan investments	241,790	-	814	-	242,604	-
Changes in proportion and differences between City Pension Plan contributions and proportionate share of contributions	111,971	174,444	41,529	48,535	153,500	222,979
City Pension Plan contributions subsequent to the measurement date	76,154	-	10,755	-	86,909	-
Total	<u>\$ 1,320,486</u>	<u>\$ 174,444</u>	<u>\$ 204,439</u>	<u>\$ 108,607</u>	<u>\$ 1,524,925</u>	<u>\$ 283,051</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, 2021. 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
2021	\$ 220,478	\$ 23,546
2022	343,381	17,466
2023	291,873	4,773
2024	174,483	11,082
2025	39,673	15,090
Thereafter	-	13,120
	<u>\$ 1,069,888</u>	<u>\$ 85,077</u>

Actuarial Assumptions

The total pension liability for each of the defined benefit plans, measured as of June 30, 2020, was determined by an actuarial valuation dated July 1, 2020, 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	6.80%	N/A
Discount rate	6.80%	2.21%

CITY OF CALLAWAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 6 – PENSION PLAN (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, 2020, 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 2020:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 6.9% to 6.8%.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 3.50% to 2.21%.

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</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>
Cash	1.0%	2.2%	2.2%
Fixed income	19.0%	3.0%	2.9%
Global equity	54.2%	8.0%	6.7%
Real estate (property)	10.3%	6.4%	5.8%
Private equity	11.1%	10.8%	8.1%
Strategic investments	4.4%	5.5%	5.3%
	<u>100.0%</u>		

Discount Rate

The discount rate used to measure the total pension liability for FRS was 6.80%. 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 2.21% 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, 2020

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 (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
City's proportionate share of the net pension liability	\$ 6,484,570	\$ 4,060,898	\$ 2,036,635	\$ 1,178,596	\$ 1,019,586	\$ 889,437

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 Comprehensive Annual Financial Report.

Payables to the Pension Plan

At September 30, 2020, 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, 2020.

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, 2020, totaled \$111,775.

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, 2020, 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, 2020

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, 2020, is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental activities					
Note payable from direct borrowing	\$ 8,250,000	\$ 2,250,000	\$ (8,250,000)	\$ 2,250,000	\$ -
Net pension liability	3,758,272	1,653,067	(991,318)	4,420,021	-
Compensated absences	105,153	121,346	(102,987)	123,512	123,512
Total governmental activities	<u>\$ 12,113,425</u>	<u>\$ 4,024,413</u>	<u>\$ (9,344,305)</u>	<u>\$ 6,793,533</u>	<u>\$ 123,512</u>
Business-type activities					
Bonds payable	\$ 16,043,409	\$ -	\$ (70,922)	\$ 15,972,487	\$ 717,487
Unamortized bond premium	676,750	-	(37,956)	638,794	-
Notes payable from direct borrowing	3,229,000	-	(418,000)	2,811,000	432,000
Net pension liability	611,812	196,779	(148,128)	660,463	-
Compensated absences	28,798	22,574	(19,331)	32,041	32,041
Total business-type activities	<u>\$ 20,589,769</u>	<u>\$ 219,353</u>	<u>\$ (694,337)</u>	<u>\$ 20,114,785</u>	<u>\$ 1,181,528</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, 2021, 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, 2020

NOTE 9 – LONG-TERM DEBT (CONTINUED)

Revenue Bonds (Continued)

For the year ended September 30, 2020, 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, 2020, the remaining liability outstanding on the bonds were \$15,910,000.

Authorized and issued \$735,000 Utility System Capital Improvement and Extension Revenue Bonds, interest payable in semiannual installments and principal payable annually, with a final maturity on June 30, 2022. Interest accrues at an annual rate of 5.05%. This bond is secured by a pledge of the impact fees and special capital extension fees to fund the cost of capital improvements upon all properties formerly permitted and obligated to be served by Sandy Creek Utility Services, Inc. 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. As of September 30, 2020, the remaining liability outstanding on the bonds was \$62,487.

Notes

During the year ended September 30, 2019, the City entered into a \$15,000,000 note agreement with a local financial institution to obtain funding for hurricane recovery relating to Hurricane Michael. The loan is structured similar to a line of credit arrangement whereby the City can make one monthly draw at a minimum amount of \$250,000 and make principal payments at any time when cash flows are sufficient. The loan bears interest at 79% of LIBOR plus 69 basis points. Interest is required to be repaid semi-annually on August 1st and February 1st until final maturity on February 1, 2022. This loan was paid in full during 2020.

During the year ended September 30, 2020, 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 at year-end. 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.

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, 2020, the remaining liability outstanding on the loan was \$2,811,000.

CITY OF CALLAWAY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2020

NOTE 9 – LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize all debt outstanding as of September 30, 2020, are outlined in the table below:

Fiscal Year	Revenue Bonds			Notes		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 717,487	\$ 657,807	\$ 1,375,294	\$ 432,000	\$ 93,044	\$ 525,044
2022	690,000	621,831	1,311,831	445,000	78,745	523,745
2023	725,000	587,331	1,312,331	460,000	64,015	524,015
2024	765,000	551,081	1,316,081	477,000	48,789	525,789
2025	800,000	512,831	1,312,831	490,500	33,001	523,501
2026-2030	4,470,000	2,099,669	6,569,669	506,500	16,765	523,265
2031-2035	5,325,000	1,244,725	6,569,725	-	-	-
2036-2037	2,480,000	140,250	2,620,250	-	-	-
	<u>\$ 15,972,487</u>	<u>\$ 6,415,525</u>	<u>\$ 22,388,012</u>	<u>\$ 2,811,000</u>	<u>\$ 334,359</u>	<u>\$ 3,145,359</u>

NOTE 10 – INTERFUND TRANSFERS

The composition of interfund balances and transfers as of September 30, 2020, are as follows:

Receivable Fund	Payable Fund	Amount
Sewer Fund	General Fund	\$ 3,750,000
		<u>\$ 3,750,000</u>
Transfers In	Transfers Out	Amount
Capital Improvements Fund	General Fund	\$ 696,213
Sewer Fund	Capital Improvements Fund	145,848
		<u>\$ 842,061</u>

Transfers of \$696,213 from the General Fund to the Capital Improvements Fund represent amounts for capital outlay expenditures. Transfers of \$145,848 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.

CITY OF CALLAWAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 11 – JOINT VENTURE (CONTINUED)

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, 2020. 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, 2020, the City's portion of the equity of the venture was \$7,828,878. Complete financial statements for MPAWTF may be obtained from the operator at P.O. Box 2269, Panama City, Florida 32402.

As of September 30, 2020, MPAWTF owes the City \$702,395 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 \$2,811,000 at September 30, 2020, 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 \$2,811,000 at September 30, 2020. Condensed financial statements for MPAWTF are as follows:

Statement of Net Position
September 30, 2020

Assets	
Current assets	\$ 10,663,445
Noncurrent assets	<u>18,284,898</u>
Total assets	<u>28,948,343</u>
Deferred outflows of resources	
Deferred loss on bond refunding	<u>492,837</u>
Liabilities	
Current liabilities	4,090,590
Noncurrent liabilities	<u>4,965,210</u>
Total liabilities	<u>9,055,800</u>
Net position	<u><u>\$ 20,385,380</u></u>

CITY OF CALLAWAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 11 – JOINT VENTURE (CONTINUED)

Statement of Activities
September 30, 2020

Operating revenues	\$ 4,707,294
Operating expenses	<u>(4,731,875)</u>
Net operating income	(24,581)
Nonoperating revenues (expenses), net	<u>2,682,184</u>
Net income before distributions to owners	2,657,603
Distribution to owners	<u>(713,231)</u>
Change in net position	<u>1,944,372</u>
Net position, beginning of year	<u>18,441,008</u>
Net position, end of year	<u><u>\$ 20,385,380</u></u>

During the year ended September 30, 2020, the City of Callaway's investment in joint venture increased \$638,112, as follows:

City's share of net income	\$ 924,526
Distribution to City	(173,653)
City's increase in reserve requirements	(112,761)
Increase in investment in joint venture	<u><u>\$ 638,112</u></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 \$1,871,808 for the year ended September 30, 2020.

Construction Commitments

As of September 30, 2020, the City had outstanding construction commitments for various infrastructure projects in the approximate amount of \$392,000.

Other

During March 2020, the World Health Organization declared the Coronavirus outbreak a global pandemic. Actions taken around the world to help mitigate the spread of the Coronavirus include restrictions to travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The Coronavirus and actions taken to mitigate it have had, and are expected to continue to have an adverse impact on local economies. The ultimate impact of the pandemic on the City's results of operations, financial position, and liquidity cannot be reasonably estimated at this time.

CITY OF CALLAWAY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 13 – SUBSEQUENT EVENT

The City has evaluated all subsequent events through April 12, 2021, the date the financial statements were available to be issued.

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>9/30/2020</u> <u>6/30/2020</u>	<u>9/30/2019</u> <u>6/30/2019</u>	<u>9/30/2018</u> <u>6/30/2018</u>	<u>9/30/2017</u> <u>6/30/2017</u>
City's proportion of the FRS net pension liability	0.00937%	0.00991%	0.00927%	0.00950%
City's proportionate share of the FRS net pension liability	\$ 4,060,898	\$ 3,413,862	\$ 2,791,916	\$ 2,811,160
City's covered payroll	\$ 3,164,241	\$ 2,858,172	\$ 2,325,831	\$ 2,325,831
City's proportionate share of the pension liability as a percentage of its covered payroll	128.34%	119.44%	120.04%	120.87%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	78.85%	82.61%	84.26%	83.89%
Reporting period ending Measurement date	<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	0.01014%	0.00943%	0.00932%	
City's proportionate share of the FRS net pension liability	\$ 2,561,574	\$ 1,218,037	\$ 568,913	
City's covered payroll	\$ 2,245,083	\$ 2,425,141	\$ 2,286,632	
City's proportionate share of the pension liability as a percentage of its covered payroll	114.10%	50.23%	24.88%	
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	84.88%	92.00%	96.09%	

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF CALLAWAY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS FLORIDA RETIREMENT SYSTEM PENSION PLAN

Reporting period ending	9/30/2020	9/30/2019	9/30/2018	9/30/2017
Measurement date	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Contractually required FRS contribution	\$ 315,363	\$ 311,168	\$ 269,141	\$ 232,516
FRS Contributions in relation to the contractually required FRS contribution	315,363	311,168	269,141	232,516
FRS Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,918,991	\$ 3,126,064	\$ 2,696,095	\$ 2,325,831
FRS Contributions as a percentage of covered payroll	10.80%	9.95%	9.98%	10.00%

Reporting period ending	9/30/2016	9/30/2015	9/30/2014
Measurement date	6/30/2016	6/30/2015	6/30/2014
Contractually required FRS contribution	\$ 207,481	\$ 229,916	\$ 204,239
FRS Contributions in relation to the contractually required FRS contribution	207,481	229,916	204,239
FRS Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 2,245,083	\$ 2,425,141	\$ 2,286,632
FRS Contributions as a percentage of covered payroll	9.24%	9.48%	8.93%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

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>9/30/2020</u> <u>6/30/2020</u>	<u>9/30/2019</u> <u>6/30/2019</u>	<u>9/30/2018</u> <u>6/30/2018</u>	<u>9/30/2017</u> <u>6/30/2017</u>
City's proportion of the HIS net pension liability	0.00835%	0.00855%	0.00826%	0.00833%
City's proportionate share of the HIS net pension liability	\$ 1,019,586	\$ 956,222	\$ 874,375	\$ 891,081
City's covered payroll	\$ 3,164,241	\$ 2,858,172	\$ 2,325,831	\$ 2,325,831
City's proportionate share of the pension liability as a percentage of its covered payroll	32.22%	33.46%	37.59%	38.31%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	3.00%	2.63%	2.15%	1.64%
Reporting period ending Measurement date	<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	0.00881%	0.00811%	0.00833%	
City's proportionate share of the HIS net pension liability	\$ 1,026,898	\$ 826,863	\$ 774,921	
City's covered payroll	\$ 2,245,083	\$ 2,425,141	\$ 2,286,632	
City's proportionate share of the pension liability as a percentage of its covered payroll	45.74%	34.10%	33.89%	
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	0.97%	0.50%	0.99%	

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF CALLAWAY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS HEALTH INSURANCE SUBSIDY PENSION PLAN

Reporting period ending	9/30/2020	9/30/2019	9/30/2018	9/30/2017
Measurement date	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Contractually required HIS contribution	\$ 47,728	\$ 48,016	\$ 44,765	\$ 38,609
HIS Contributions in relation to the contractually required HIS contribution	47,728	48,016	44,765	38,609
HIS Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,918,991	\$ 3,126,064	\$ 2,696,095	\$ 2,325,831
HIS Contributions as a percentage of covered payroll	1.64%	1.54%	1.66%	1.66%

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

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

STATISTICAL SECTION

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STATISTICAL SECTION

This section of the City's comprehensive annual 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 comprehensive annual financial reports 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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	\$ 5,678,129	\$ 6,173,625	\$ 7,426,132	\$ 7,359,067	\$ 7,916,909	\$ 9,757,865	\$ 10,758,946	\$ 10,940,949	\$ 10,744,121	\$ 12,513,773
Restricted	439,994	250,830	283,579	355,519	336,632	264,589	1,062,191	2,747,953	4,078,876	5,311,023
Unrestricted	2,391,876	2,858,487	2,755,559	3,249,838	1,994,767	1,451,247	1,879,495	1,825,062	(9,723,126)	(3,177,972)
Total governmental activities net position	<u>\$ 8,509,999</u>	<u>\$ 9,282,942</u>	<u>\$ 10,465,270</u>	<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>
Business-type activities										
Net investment in capital assets	\$ 7,018,204	\$ 6,254,985	\$ 5,399,952	\$ 4,381,434	\$ 2,790,405	\$ 8,159,159	\$ 8,240,294	\$ 7,694,889	\$ 6,705,666	\$ 5,969,273
Restricted	3,275,642	3,365,666	4,526,241	4,297,483	4,326,900	2,966,092	2,996,824	3,230,587	3,852,518	4,495,350
Unrestricted	11,128,348	11,558,742	12,424,142	13,109,621	15,304,950	11,947,934	12,174,037	13,992,141	13,922,271	17,311,875
Total business-type activities net position	<u>\$ 21,422,194</u>	<u>\$ 21,179,393</u>	<u>\$ 22,350,335</u>	<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>
Primary government										
Net investment in capital assets	\$ 12,696,333	\$ 12,428,610	\$ 12,826,084	\$ 11,740,501	\$ 10,707,314	\$ 17,917,024	\$ 18,999,240	\$ 18,635,838	\$ 17,449,787	\$ 18,483,046
Restricted	3,715,636	3,616,496	4,809,820	4,653,002	4,663,532	3,230,681	4,059,015	5,978,540	7,931,394	9,806,373
Unrestricted	13,520,224	14,417,229	15,179,701	16,359,459	17,299,717	13,399,181	14,053,532	15,817,203	4,199,145	14,133,903
Total primary government net position	<u>\$ 29,932,193</u>	<u>\$ 30,462,335</u>	<u>\$ 32,815,605</u>	<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>

CITY OF CALLAWAY, FLORIDA

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

	Fiscal Year Ended									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities										
General government	\$ 1,155,767	\$ 837,397	\$ 935,860	\$ 797,130	\$ 773,718	\$ 874,758	\$ 883,386	\$ 1,195,204	\$ 1,834,541	\$ 1,688,924
Public safety	2,277,754	2,223,594	2,300,597	2,340,818	2,411,028	2,805,089	2,846,153	3,240,835	24,300,188 ⁽¹⁾	6,538,802
Highways and streets	725,828	864,132	869,349	721,899	686,289	757,079	762,783	814,637	822,818	868,525
Maintenance	156,977	117,596	117,759	129,116	121,005	211,518	233,685	113,021	585,800	1,540,651
Economic environment	316,056	433,436	-	-	-	-	-	-	-	-
Parks and recreation	858,207	839,514	810,040	785,034	794,088	898,744	955,410	931,377	913,356	950,705
Interest on long-term debt	143,685	133,574	112,647	80,112	63,666	10,566	-	-	84,976	75,688
Total governmental activities expenses	5,634,274	5,449,243	5,146,252	4,854,109	4,849,794	5,557,754	5,681,417	6,295,074	28,541,679	11,663,295
Business-type activities										
Water	2,773,062	3,105,426	3,002,667	2,992,779	2,790,369	2,737,642	3,004,377	2,963,238	2,781,352	3,015,070
Sewer	3,700,790	4,197,623	4,316,635	4,173,902	4,096,799	4,239,521	4,283,224	4,253,742	3,754,436	3,333,376
Solid waste	420,763	496,297	578,697	547,459	530,268	546,473	742,402	780,563	368,672	547,567
Total business-type activities expenses	6,894,615	7,799,346	7,897,999	7,714,140	7,417,436	7,523,636	8,030,003	7,997,543	6,904,460	6,896,013
Total primary government expenses	<u>\$ 12,528,889</u>	<u>\$ 13,248,589</u>	<u>\$ 13,044,251</u>	<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>
Program Revenues										
Governmental activities										
Charges for services										
General government	\$ 143,777	\$ 182,801	\$ 179,349	\$ 163,791	\$ 214,496	\$ 216,529	\$ 230,586	\$ 298,681	\$ 405,449	\$ 577,894
Public safety	94,613	99,344	104,311	109,527	115,003	120,753	126,791	151,481	150,832	176,380
Highways and streets	-	-	5,866	32,263	2,933	-	55,796	-	-	-
Parks and recreation	41,157	36,676	43,511	58,652	63,311	58,671	52,772	58,529	48,635	25,843
Operating grants and contributions	319,215	434,915	3,936	39,644	4,698	2,526	2,215	62,816	9,558,471	9,985,249
Capital grants and contributions	18,735	235,093	53,902	256,459	494,234	364,760	570,294	383,852	554,705	3,103,314
Total governmental activities program revenues	617,497	988,829	390,875	660,336	894,675	763,239	1,038,454	955,359	10,718,092	13,868,680
Business-type activities										
Charges for services										
Water	2,316,974	2,250,585	2,278,329	2,374,145	2,588,891	2,632,553	2,706,394	2,879,805	2,264,549	3,126,995
Sewer	3,749,923	3,795,533	4,650,125	4,297,429	4,644,391	4,902,249	4,259,595	4,405,123	3,602,043	5,049,070
Solid waste	554,724	555,626	559,394	573,013	577,125	583,323	582,989	594,402	430,315	671,043
Operating grants and contributions	151,146	-	-	-	-	-	-	-	-	1,124,902
Capital grants and contributions	-	314,961	1,426,988	121,718	95,209	273,648	160,876	-	-	-
Total business-type activities program revenues	6,772,767	6,916,705	8,914,836	7,366,305	7,905,616	8,391,773	7,709,854	7,879,330	6,296,907	9,972,010
Total primary government program revenues	<u>\$ 7,390,264</u>	<u>\$ 7,905,534</u>	<u>\$ 9,305,711</u>	<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>

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CITY OF CALLAWAY, FLORIDA

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

	Fiscal Year Ended									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net (Expenses) Revenues										
Governmental activities	\$ (5,016,777)	\$ (4,460,414)	\$ (4,755,377)	\$ (4,193,773)	\$ (3,955,119)	\$ (4,794,515)	\$ (4,642,963)	\$ (5,339,715)	\$ (17,823,587)	\$ 2,205,385
Business-type activities	(121,848)	(882,641)	1,016,837	(347,835)	488,180	868,137	(320,149)	(118,213)	(607,553)	3,075,997
Total primary government net expense	<u>\$ (5,138,625)</u>	<u>\$ (5,343,055)</u>	<u>\$ (3,738,540)</u>	<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>
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Utility	\$ 1,537,085	\$ 1,482,510	\$ 1,526,782	\$ 1,622,733	\$ 1,667,930	\$ 1,770,372	\$ 1,720,162	\$ 1,757,329	\$ 1,332,843	\$ 1,571,982
Ad valorem	1,226,369	1,133,056	1,091,376	1,022,354	1,009,731	1,030,844	1,060,933	1,075,947	1,013,346	1,108,348
Franchise taxes**	829,005	730,848	706,002	-	868,381	962,424	846,173	876,449	677,902	753,603
Business license tax*	17,415	22,653	20,864	29,932	15,717	17,545	19,545	19,790	16,402	17,598
Local option gas tax	210,226	205,119	257,743	238,607	220,970	255,955	218,811	221,307	224,743	216,747
Half cent sales tax	1,028,149	1,049,275	1,111,477	1,162,322	1,253,645	1,343,815	2,280,978	2,886,856	3,184,211	2,988,120
Intergovernmental	535,787	541,797	562,553	584,089	657,994	663,607	731,251	796,552	846,749	771,014
Total taxes	<u>5,384,036</u>	<u>5,165,258</u>	<u>5,276,797</u>	<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>
Miscellaneous revenues	38,318	63,227	81,728	28,806	42,861	40,037	(16,736)	-	-	-
Interest earnings	4,855	4,872	4,180	4,084	-	4,557	5,778	72,182	121,363	60,004
Special Item	-	-	575,000	-	-	-	-	-	-	-
Transfers	-	-	-	-	(868,392)	-	-	(664,709)	(8,065)	(145,848)
Total governmental activities	<u>5,427,209</u>	<u>5,233,357</u>	<u>5,937,705</u>	<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>
Business-type activities										
Interest earnings	76,547	91,661	130,178	48,840	93,904	57,213	52,673	138,937	162,326	74,198
Miscellaneous revenues	409,220	548,179	23,927	11,652	11,353	33,580	605,446	553,759	-	-
Transfers	-	-	-	-	868,392	-	-	664,709	8,065	145,848
Franchise Taxes	-	-	-	813,761	-	-	-	-	-	-
Total business-type activities	<u>485,767</u>	<u>639,840</u>	<u>154,105</u>	<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>
Total primary government	<u>\$ 5,912,976</u>	<u>\$ 5,873,197</u>	<u>\$ 6,091,810</u>	<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>
Change in Net Position										
Governmental activities	\$ 410,432	\$ 772,943	\$ 1,182,328	\$ 499,154	\$ 913,718	\$ 1,294,641	\$ 2,223,931	\$ 1,701,988	\$ (10,414,093)	\$ 9,546,953
Business-type activities	363,919	(242,801)	1,170,942	526,418	1,461,829	958,930	337,970	1,239,192	(437,162)	3,296,043
Total primary government	<u>\$ 774,351</u>	<u>\$ 530,142</u>	<u>\$ 2,353,270</u>	<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>

* 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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
General government	\$ 143,777	\$ 182,801	\$ 179,349	\$ 163,791	\$ 214,496	\$ 216,529	\$ 230,586	\$ 298,681	\$ 405,449	\$ 577,894
Public safety	94,613	99,344	104,311	109,527	115,003	120,753	126,791	151,481	150,832	176,380
Highways and streets	-	-	5,866	32,263	2,933	-	55,796	-	-	-
Parks and recreation	41,157	36,676	43,511	58,652	63,311	58,671	52,772	58,529	48,635	25,843
Grants and contributions	337,950	670,008	57,838	296,103	498,932	367,286	572,509	446,668	10,113,176	13,088,563
Subtotal governmental activities	<u>617,497</u>	<u>988,829</u>	<u>390,875</u>	<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>
Business-type activities										
Water	2,316,974	2,250,585	2,278,329	2,374,145	2,588,891	2,632,553	2,706,394	2,879,805	2,264,549	3,126,995
Sewer	3,749,923	3,795,533	4,650,125	4,297,429	4,644,391	4,902,249	4,259,595	4,405,123	3,602,043	5,049,070
Solid waste	554,724	555,626	559,394	573,013	577,125	583,323	582,989	594,402	430,315	671,043
Grants and contributions	151,146	314,961	1,426,988	121,718	95,209	273,648	160,876	-	-	1,124,902
Subtotal business-type activities	<u>6,772,767</u>	<u>6,916,705</u>	<u>8,914,836</u>	<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>
Total primary government	<u>\$ 7,390,264</u>	<u>\$ 7,905,534</u>	<u>\$ 9,305,711</u>	<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>

CITY OF CALLAWAY, FLORIDA

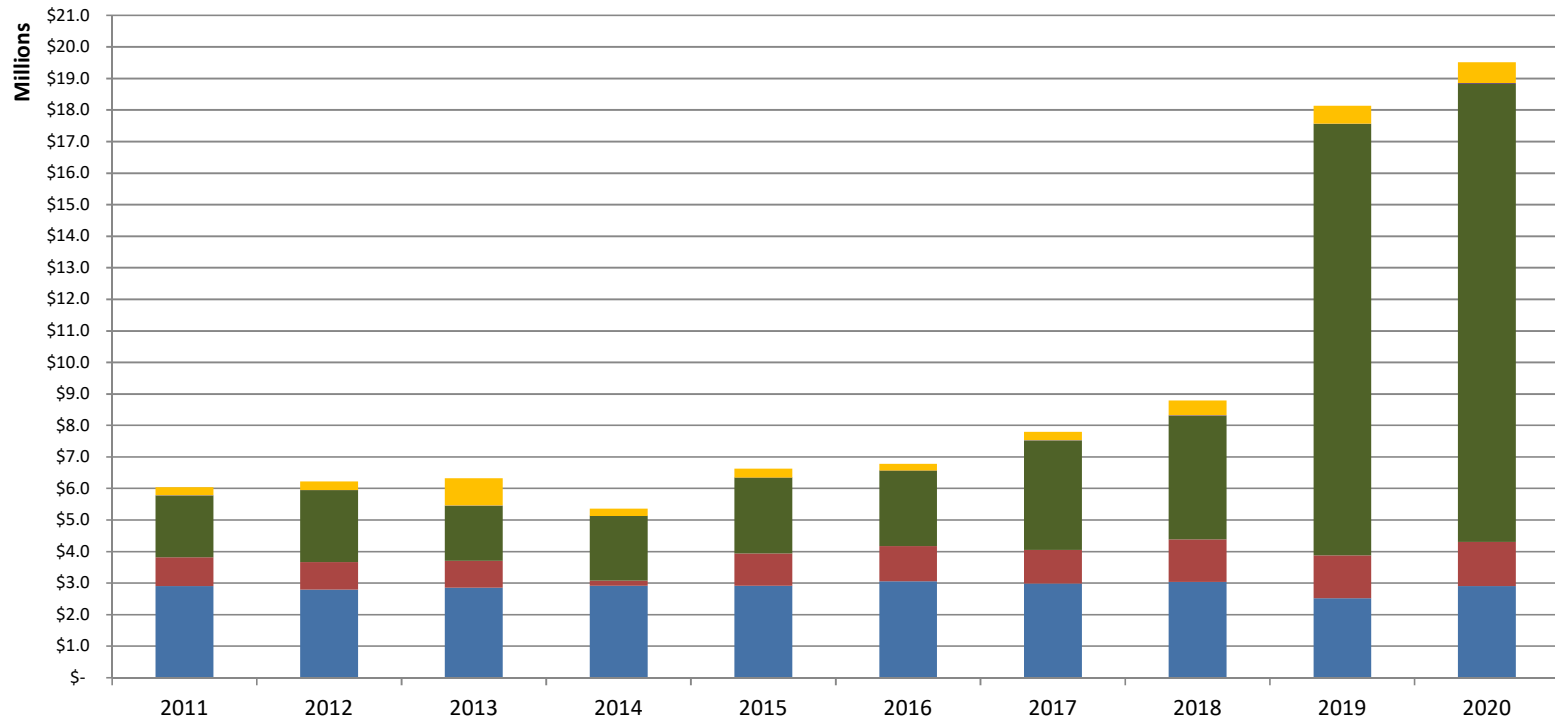
**FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	Fiscal Year Ended									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Nonspendable	\$ 135,645	\$ 139,541	\$ 171,564	\$ 63,869	\$ 145,453	\$ 42,394	\$ 45,546	\$ 111,981	\$ 138,126	\$ 135,033
Restricted	147,288	159,130	177,027	238,636	231,680	155,403	211,839	598,440	1,105,533	1,625,809
Committed	19,251	90,425	169,601	247,405	334,038	421,213	440,377	542,222	620,800	43,785
Assigned	-	645,528	-	488,289	894,219	4,913	-	-	-	-
Unassigned	2,308,076	2,061,864	2,480,090	2,542,487	2,229,489	2,984,864	3,421,160	4,028,323	737,313	516,659
Total General Fund	<u>2,610,260</u>	<u>3,096,488</u>	<u>2,998,282</u>	<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>
Community Redevelopment Fund										
Restricted	292,706	91,700	106,552	116,883	104,952	109,186	29,528	77,202	165,438	163,076
Capital Improvements Fund										
Restricted										
Infrastructure	-	-	-	-	-	-	-	1,567,518	2,807,905	3,522,138
Assigned										
Infrastructure	-	-	-	-	-	-	820,824	-	-	-
Unassigned	-	-	(4,846)	-	-	-	-	-	-	-
Total Capital Improvements Fund	<u>-</u>	<u>-</u>	<u>(4,846)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>820,824</u>	<u>1,567,518</u>	<u>2,807,905</u>	<u>3,522,138</u>
TOTAL GOVERNMENTAL FUNDS	<u>\$ 2,902,966</u>	<u>\$ 3,188,188</u>	<u>\$ 3,099,988</u>	<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>

CITY OF CALLAWAY, FLORIDA

FUND REVENUES BY SOURCE - GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

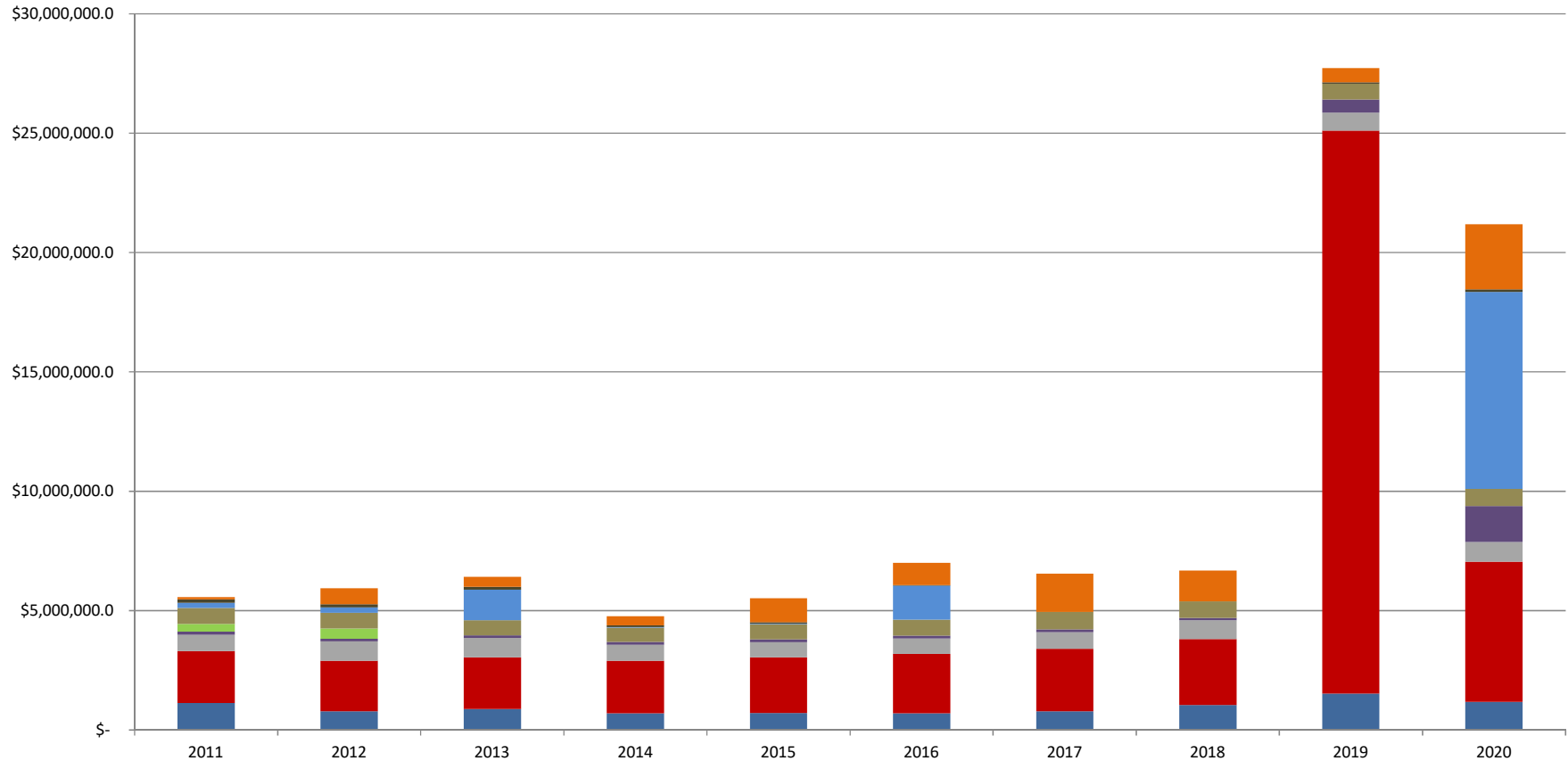
FYE Sept. 30	Taxes	Licenses, Fees and Permits	Inter- Governmental	Fines and Forfeitures	Debt Service	Charges for Services and Misc.	Total
2011	\$ 2,915,841	\$ 910,784	\$ 1,957,218	\$ 5,723	\$ -	\$ 255,142	\$ 6,044,708
2012	2,803,195	867,583	2,283,722	1,842	-	270,234	6,226,576
2013	2,863,785	848,470	1,749,675	3,672	-	862,978	6,328,580
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	3,470,168	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



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
2011	\$ 1,131,304	\$ 2,174,026	\$ 680,575	\$ 142,768	\$ 316,056	\$ 668,665	\$ 219,565	\$ 143,435	\$ 98,859	\$ 5,575,253
2012	788,349	2,116,358	816,712	104,011	433,436	652,697	230,449	132,589	666,753	5,941,354
2013	886,316	2,162,630	815,883	104,616	-	626,215	1,289,757	120,443	410,920	6,416,780
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



CITY OF CALLAWAY, FLORIDA

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

	Fiscal Year Ended									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues over (under) expenditures	<u>\$ 469,455</u>	<u>\$ 285,222</u>	<u>\$ (88,200)</u>	<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>
Other financing sources (uses)										
Proceeds from the issuance of debt	-	-	-	-	-	-	-	-	8,250,000	2,250,000
Transfers in	363,000	375,516	1,495,964	108,604	112,794	1,524,924	1,009,045	10,698	200,000	696,213
Transfer out to Capital Projects Fund	-	-	-	(17,420)	(23,038)	(77,689)	(913,002)	(10,698)	(200,000)	(696,213)
Transfer out to CRA	-	-	-	-	-	-	(96,043)	-	-	-
Transfer out to Debt Service Fund	(363,000)	(375,516)	(1,495,964)	(91,184)	(89,757)	(1,447,235)	-	-	-	-
Transfer out to Enterprise Funds	-	-	-	-	(868,391)	-	-	(220,000)	(8,065)	(145,848)
Proceeds from long-term financing	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(868,392)</u>	<u>-</u>	<u>-</u>	<u>(220,000)</u>	<u>8,241,935</u>	<u>2,104,152</u>
Net change in fund balances	<u>\$ 469,455</u>	<u>\$ 285,222</u>	<u>\$ (88,200)</u>	<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>
Debt service amounts included in expenditures										
Principal	\$ 219,565	\$ 230,449	\$ 1,289,757	\$ 25,000	\$ 26,000	\$ 1,431,692	\$ -	\$ -	\$ -	\$ 8,250,000
Interest	143,435	132,589	120,443	66,184	63,757	15,543	-	-	57,253	103,411
	<u>\$ 363,000</u>	<u>\$ 363,038</u>	<u>\$ 1,410,200</u>	<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>
			(see note)			(see note)				
Debt service as a % of noncapital expenditures	7.1%	6.9%	23.5%	2.0%	2.0%	23.9%	0.0%	0.0%	0.2%	45.3%

Note: 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 2 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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Utility Tax	\$ 1,537,085	\$ 1,482,510	\$ 1,526,782	\$ 1,622,733	\$ 1,667,930	\$ 1,770,372	\$ 1,720,162	\$ 1,757,329	\$ 1,332,843	\$ 1,571,982
Ad Valorem Tax	1,226,369	1,133,056	1,091,376	1,052,286	1,035,298	1,030,844	1,060,933	1,075,947	1,013,346	1,108,348
Franchise Tax*	829,005	730,848	706,002	-	868,381	962,424	846,173	876,449	677,902	753,603
Business License Tax**	17,415	22,653	20,864	18,250	15,718	17,545	19,545	19,790	16,402	17,598
Local Option Gas Tax	210,226	205,119	257,743	238,607	220,970	255,955	218,811	221,307	203,308	216,747
1/2 Cent Sales Tax	1,028,149	1,049,275	1,111,477	1,162,322	1,253,645	1,343,815	2,280,978	2,886,856	3,205,646	2,988,120
Intergovernmental	535,787	541,797	562,553	584,089	632,427	663,607	731,251	796,552	846,749	771,014
Total Tax Revenues	\$ 5,384,036	\$ 5,165,258	\$ 5,276,797	\$ 4,678,287	\$ 5,694,369	\$ 6,044,562	\$ 6,877,852	\$ 7,634,230	\$ 7,296,196	\$ 7,427,412

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				
2011	\$ 708,617	\$ 22,178	\$ 730,795	\$ (202,886)	\$ 527,909	2.25	72.24%
2012	680,357	20,765	701,122	(199,391)	501,731	2.25	71.56%
2013	664,687	19,248	683,935	(199,458)	484,477	2.25	70.84%
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%

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	
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
2013	2.2500	3.6500	0.1525	6.8580	0.0400	10.7005
2012	2.2500	3.6500	0.1525	7.1180	0.0400	10.9605
2011	2.2500	3.6500	0.1525	7.4030	0.0450	11.2505

Source: Bay County Tax Collector.

CITY OF CALLAWAY, FLORIDA

PRINCIPAL TAXPAYERS CURRENT AND NINE YEARS AGO (In Thousands)

<u>Taxpayer</u>	<u>Fiscal Year 2020</u>			<u>Fiscal Year 2011</u>		
	<u>Taxable Value</u>	<u>Rank</u>	<u>% of Total Taxable Value</u>	<u>Taxable Value</u>	<u>Rank</u>	<u>% of Total Taxable Value</u>
D.R. Horton, Inc./Bridge Harbor	\$ 7,996	1	1.87%	\$ 11,115	1	2.22%
Wal-Mart Stores East, LP	7,813	2	1.83%	10,122	2	2.02%
US Metropolitan Land Development, LLC	5,283	3	1.23%			
Crews, Donna L/Bay Front Dev. Co.	4,557	4	1.07%			
Feltman, James W	3,981	5	0.93%			
Shree Ramkabir-Jam Hote-Satnam Hotel	3,564	6	0.83%			
Head Panama Fla Tyndall, LLC.	3,519	7	0.82%			
BSREP II WS Hotel Mezz A LLC.	3,269	8	0.76%			
Shri Ganesh Enterpirses, Inc.	3,103	9	0.73%	3,085	7	0.61%
Callaway SRX, LLC	2,502	10	0.58%			
BLC Civil Contractors, Inc.				3,419	3	0.68%
AGBL Panama City Owner, LLC				3,327	4	0.66%
PCB East Bay				3,293	5	0.66%
East Bay Development Co of FL				3,156	6	0.63%
P & N Callaway, LLC				2,799	8	0.56%
Formation Portfolio I, LLC				2,636	9	0.53%
Bay Front Development				2,485	10	0.50%
Total of Top Ten Taxpayers	<u>\$ 45,587</u>		<u>10.66%</u>	<u>\$ 45,437</u>		<u>9.06%</u>
Total Taxable Value	<u>\$ 427,799</u>			<u>\$ 501,732</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)	Adjustments	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
2011	2010	\$ 1,192,833	\$ 3,616	\$ 1,196,449	\$ 1,151,621	97%	\$ 1,894	\$ 1,153,515	97%
2012	2011	1,129,691	2,094	1,131,785	1,088,270	96%	2,278	1,090,548	96%
2013	2012	1,099,906	(9,907)	1,089,999	1,053,971	96%	2,422	1,056,393	96%
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%

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

CITY OF CALLAWAY, FLORIDA

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

	Fiscal Year Ended									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Charges for services										
Water charges	\$ 2,204,724	\$ 2,150,041	\$ 2,193,026	\$ 2,286,867	\$ 2,428,557	\$ 2,409,950	\$ 2,511,621	\$ 2,478,653	\$ 1,846,130	\$ 2,640,674
Connection, reset and reactivation fees	30,242	28,851	23,906	34,210	17,590	71,700	61,725	73,391	64,400	97,685
Late fees	48,250	47,774	45,814	45,438	102,154	96,775	52,151	51,151	24,974	55,211
Tap fees	1,850	680	700	560	2,235	3,330	2,067	3,249	3,195	2,020
Other utility income	22,908	18,614	4,831	3,611	40,137	50,895	78,830	107,576	110,704	172,836
Miscellaneous income	8,999	4,624	10,052	3,458	(1,782)	493	-	-	-	-
Total charges for services	<u>\$ 2,316,973</u>	<u>\$ 2,250,584</u>	<u>\$ 2,278,329</u>	<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>
Average number of meters per month	<u>7,822</u>	<u>7,930</u>	<u>8,077</u>	<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>
Total annual number of gallons billed (in thousands)	<u>445,939</u>	<u>409,319</u>	<u>391,721</u>	<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>
Monthly average of gallons per account	<u>4,751</u>	<u>4,301</u>	<u>4,042</u>	<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>
Service billing rates in effect as of September 30										
Inside City limits										
Base rate charge	\$ 10.56	\$ 10.82	\$ 11.09	\$ 11.37	\$ 11.37	\$ 11.37	\$ 11.37	\$ 11.37	\$ 11.37	\$ 11.37
Usage fee per 1,000 gallons	3.54	3.63	3.72	3.81	3.87	3.87	3.87	3.87	3.87	4.87
Outside City limits										
Base rate charge	13.19	13.52	13.86	14.21	14.21	14.21	14.21	14.21	14.21	14.21
Usage fee per 1,000 gallons	4.43	4.54	4.65	4.76	4.84	4.84	4.84	4.84	4.84	6.09

CITY OF CALLAWAY, FLORIDA

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

	Fiscal Year Ended									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Charges for services										
Sewer charges	\$ 3,631,067	\$ 3,690,034	\$ 3,856,602	\$ 4,039,891	\$ 4,070,146	\$ 4,112,714	\$ 4,154,950	\$ 3,964,167	\$ 2,728,330	\$ 3,871,027
Connection, reset and reactivation fees	19,229	20,303	20,097	19,029	20,392	19,600	17,064	17,159	18,928	21,000
Late fees	85,624	80,888	78,518	81,024	88,305	82,859	85,749	80,166	38,109	75,707
Tap fees	2,450	400	1,240	200	2,393	2,998	1,200	3,960	2,620	1,540
Miscellaneous income	11,553	3,908	5,499	2,965	401	1,128	632	632	1,707	8,229
Total charges for services	<u>\$ 3,749,923</u>	<u>\$ 3,795,533</u>	<u>\$ 3,961,956</u>	<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>
Average number of meters per month	<u>6,359</u>	<u>6,451</u>	<u>6,546</u>	<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>
Total annual number of gallons billed (in thousands)	<u>356,329</u>	<u>345,258</u>	<u>354,608</u>	<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>
Monthly average of gallons per account	<u>4,670</u>	<u>4,460</u>	<u>4,514</u>	<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>
Service billing rates in effect as of September 30										
Inside City limits										
Base rate charge	\$ 30.35	\$ 31.11	\$ 31.89	\$ 32.69	\$ 32.69	\$ 32.69	\$ 30.69	\$ 30.69	\$ 30.69	\$ 30.69
Usage fee per 1,000 gallons	3.69	3.78	3.87	3.97	3.97	3.97	3.97	3.97	3.97	4.97
Outside City limits										
Base rate charge	37.95	38.89	39.86	40.86	40.86	40.86	38.36	38.36	38.36	38.36
Usage fee per 1,000 gallons	4.61	4.73	4.84	4.96	4.96	4.96	4.96	4.96	4.96	6.21

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	Capital Leases	Note Payable	Revenue Bonds	Capital Leases	Note Payable			
2011	\$ 2,675,537	\$ -	\$ 327,361	\$ 28,510,458	\$ -	\$ 5,973,467	\$ 37,486,823	0.61%	\$ 2,602
2012	2,487,003	-	285,446	27,889,027	-	5,247,666	35,909,142	0.57%	2,478
2013	1,482,692	-	-	27,680,006	-	4,501,237	33,663,935	0.51%	2,325
2014	1,457,692	-	-	21,757,224	-	8,859,095	32,074,011	0.50%	2,200
2015	1,431,692	-	-	21,168,722	-	7,714,630	30,315,044	0.46%	2,065
2016	-	-	-	16,263,909	-	6,535,720	22,799,629	0.33%	1,459
2017	-	-	-	16,943,047	-	5,321,725	22,264,772	0.32%	1,415
2018	-	-	-	16,831,603	-	4,071,484	20,903,087	0.30%	1,318
2019	-	-	8,250,000	16,720,159	-	3,229,000	28,199,159	0.41%	2,135
2020	-	-	2,225,000	16,611,281	-	2,811,000	21,647,281	0.31%	1,476

* 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

<u>Fiscal Year</u>	<u>Revenue Bonds</u>	<u>Population Estimate*</u>	<u>Per Capita</u>
2011	\$ 2,675,537	14,405	\$ 185.74
2012	2,487,003	14,493	171.60
2013	1,482,692	14,484	102.37
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	-

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⁾		
2011	N/A	N/A	\$ 56,108	\$ 56,108	\$ 466,694	\$ 1,421,306	\$ 1,888,000	3%
2012	N/A	N/A	32,313	32,313	319,000	1,112,092	1,431,092	2%
2013	N/A	N/A	753,998	753,998	471,000	1,115,199	1,586,199	48%
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%

Note: 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.

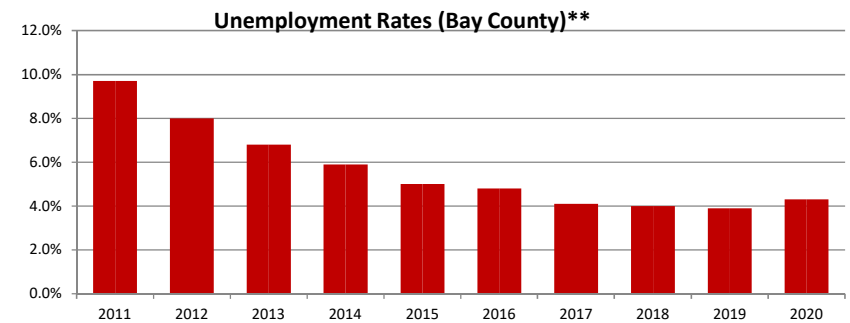
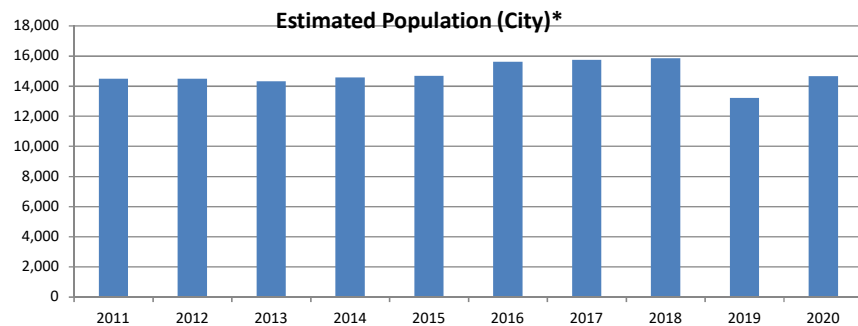
⁽²⁾ Operating Expenses for 2007 and prior include all water and sewer fund operating expenses except depreciation.

⁽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)***
2011	14,493	169,856	6,402,397	37,768	9.7%
2012	14,484	171,903	6,429,988	37,437	8.0%
2013	14,332	169,866	6,521,655	37,346	6.8%
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	N/A	N/A	4.3%



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

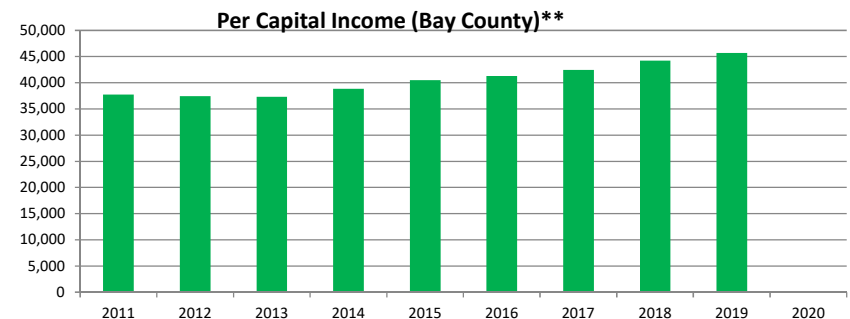
** Source: Bureau of Economic and Business Research, University of Florida, Florida Estimates of Population. Prior year income data shown is the most current available.

** 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	5,397 (Source: U.S. Census Bureau, 2019 five year American Community Survey)	
Elections	Registered Voters – 8,951 (Source: Bay County Supervisor of Elections Office)	
Population	Total Population - 14,000 (U.S. Census Bureau, 2020 Census) Estimated population as of 4/1/20 – 14,662 (The Florida Legislature Office of Economic & Demographic Research)	

City of Callaway, Florida

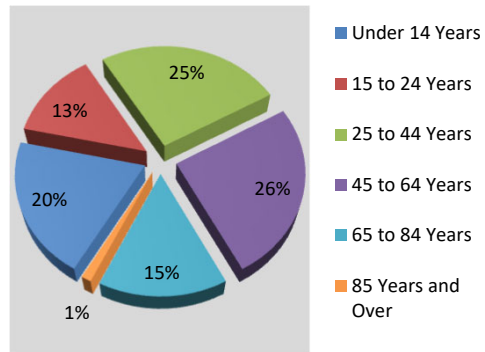
Miscellaneous Statistical Data

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.

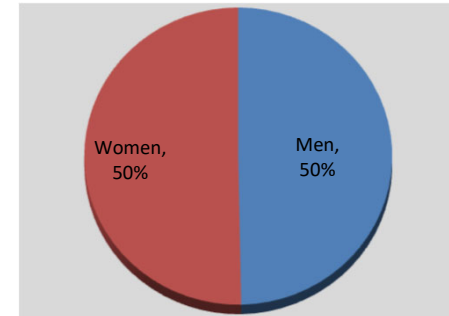
City of Callaway, Florida

Miscellaneous Statistical Data

Total Population by Age

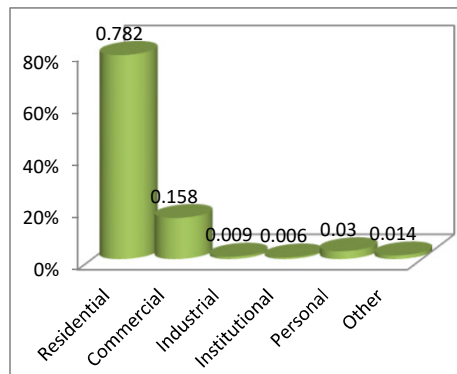


Total Population by Gender



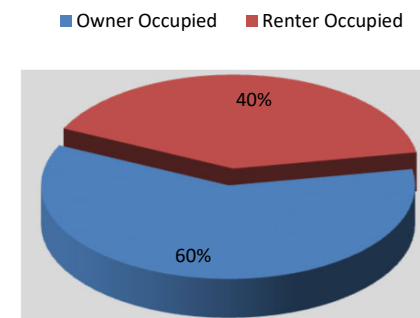
Source: U.S. Census - 2018 American Community Survey 5-Year Estimates

Callaway Real Property Categories



Source: Florida Department of Revenue

Callaway Residential Housing Units



Source: U.S. Census - 2018 American Community Survey 5-Year Estimates

CITY OF CALLAWAY, FLORIDA

PRINCIPAL EMPLOYERS
CURRENT AND NINE YEARS AGO

<u>Taxpayer</u>	2020			2011		
	<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	303	1	18.41%	400	1	19.76%
Emerald Shores Health Care	80	2	4.86%	100	2	4.94%
City of Callaway	77	3	4.68%	80	4	3.95%
McDonald's (Tyndall Pkwy)	56	4	3.40%			
Po Folks	44	5	2.67%			
Applebee's	38	6	2.31%	45	6	2.22%
Grocery Outlet #7709	33	7	2.00%			
Chik Fil A	30	8	1.82%	45	7	2.22%
Domino's Pizza	30	9	1.82%			
Zaxby's	25	10	1.52%			
Cross Construction Services				82	3	4.05%
Kmart				49	5	2.42%
Waste Management				40	8	1.98%
Burger King				37	9	1.83%
BCL Civil Contractors, Inc.				37	10	1.83%
Total	<u>716</u>		<u>43.50%</u>	<u>915</u>		<u>45.21%</u>
Total City Employment	<u>1,646</u>			<u>2,024</u>		

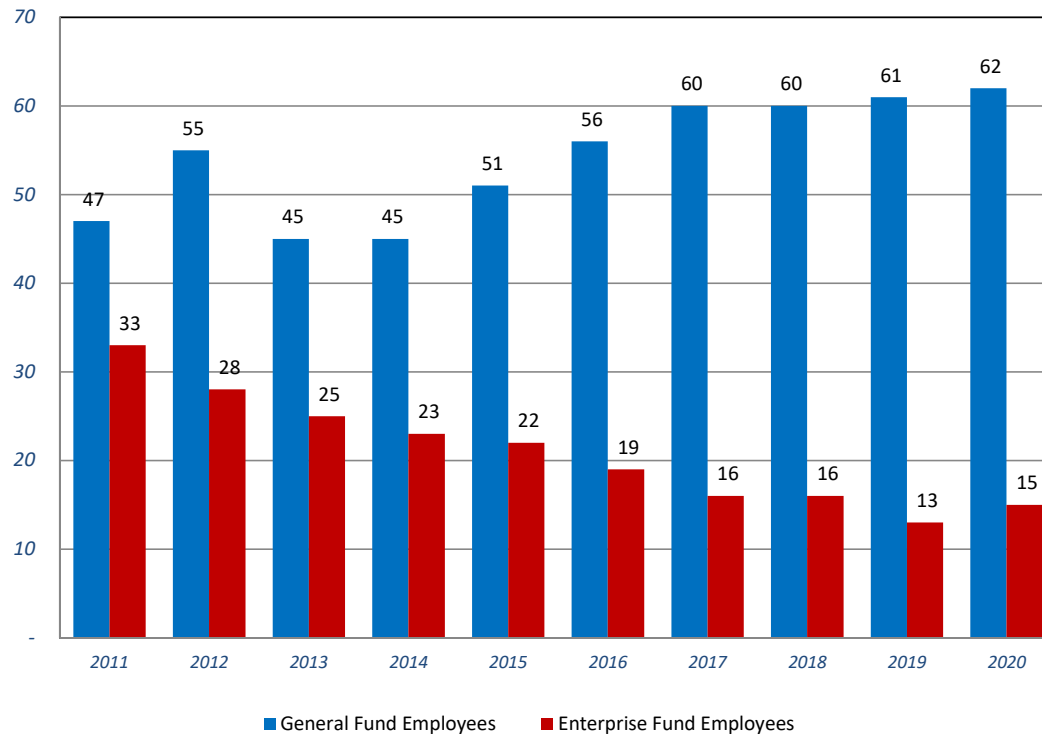
Source: As reported to City on Business License Tax Applications

CITY OF CALLAWAY, FLORIDA

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

Function/Program	Full-time Equivalent Employees as of September 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government	13	16	15	14	18	18	21	20	22	21
Fire	13	15	13	12	13	16	16	16	13	15
Streets	9	13	9	9	8	10	9	12	14	13
Maintenance	3	3	3	3	3	3	3	3	3	3
Parks and Recreation	9	8	5	7	9	9	11	9	9	10
Water	13	12	10	8	8	7	5	6	5	7
Sewer	16	11	10	10	9	8	7	7	5	5
Solid Waste	4	5	5	5	5	4	4	3	3	3
Total	80	83	70	68	73	75	76	76	74	77

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government										
Building Permits Issued (including New, Remodels and Additions)	34	26	57	39	31	33	31	107	390	319
Business Licenses Issued	324	395	397	354	340	362	360	362	355	311
Police										
Sworn Deputies	16	16	16	16	16	16	17	18	18	18
Calls for Service	12,715	12,662	10,737	12,914	13,588	13,491	15,699	14,562	15,838	12,309
Citations and Infractions	307	338	291	920	970	1,074	1,193	1,587	1,210	906
Arrests	833	940	785	2,257	848	891	970	878	843	785
Fire										
Full-time Certified Firefighters	14	15	13	15	16	16	16	16	16	16
Firefighters also Certified as EMT or Paramedic	14	14	13	12	14	12	14	14	10	11
Emergency Responses	1,437	1,700	2,069	2,531	2,564	2,542	2,675	2,594	2,294	2,234
Streets										
Miles Resurfaced within the City	-	-	0.80	-	5.40	-	1.00	-	-	-
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	8,513	11,278	13,757	13,706	9,257	11,325	8,555	7,180	7,818	2,124
Water										
Average number of meters per month	7,822	7,930	8,077	9,276	9,830	9,966	8,473	8,362	8,513	8,675
Total annual gallons billed (in thousands)	445,939	409,319	391,721	438,174	448,897	481,080	437,550	433,999	574,601	417,003
Base Rate Charge*	\$ 10.56	\$ 10.82	\$ 11.09	\$ 11.37	\$ 11.37	\$ 11.37	\$ 11.37	\$ 11.37	\$ 11.37	\$ 11.37
Usage fee per 1,000 gallons*	\$ 3.54	\$ 3.63	\$ 3.72	\$ 3.81	\$ 3.87	\$ 3.87	\$ 3.87	\$ 3.87	\$ 3.87	\$ 4.87
Sewer										
Average number of meters per month	6,359	6,451	6,546	7,517	7,917	7,984	6,753	6,728	6,885	7,131
Total annual gallons billed (in thousands)	356,329	345,258	354,608	376,741	388,088	419,850	384,229	380,360	468,880	394,939
Base Rate Charge*	\$ 30.35	\$ 31.11	\$ 31.89	\$ 32.69	\$ 32.69	\$ 32.69	\$ 30.69	\$ 30.69	\$ 30.69	\$ 30.69
Usage fee per 1,000 gallons*	\$ 3.69	\$ 3.78	\$ 3.87	\$ 3.97	\$ 3.97	\$ 3.97	\$ 3.97	\$ 3.97	\$ 3.97	\$ 4.97
Solid Waste										
Average number of customers per month	5,928	5,929	5,926	5,427	5,503	5,568	5,705	5,747	5,145	5,404
Total annual tonnage (haul)	4,397	4,716	5,148	NA	4,022	10,078	15,598	17,885	195	8,831
Rate of Flat Monthly Fee*	\$ 7.73	\$ 7.92	\$ 7.92	\$ 7.92	\$ 7.92	\$ 7.92	\$ 7.92	\$ 7.92	\$ 9.42	\$ 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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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	2	3	3	3	N/A	N/A	N/A	N/A	N/A	N/A
Video Surveillance System	1	1	1	1	1	1	1	1	1	1
Public Safety										
Fire Station w/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 w/response equipment	1	-	-	-	-	-	-	-	-	-
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	16	16	16	NA	NA	NA	NA	NA	NA
Highways and Streets										
Street Miles	84.1	84.1	84.1	84.1	84.2	84.2	84.2	84.2	84.2	84.2
Street Lights	73	73	73	73	60	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	7,822	7,930	8,077	8,077	6,950	8,351	8,473	8,362	8,513	8,675
Auto-read meters included	1,050	1,265	1,320	1,769	4,468	8,165	8,165	8,165	8,513	8,675
Active Fire Hydrants (approximately)	470	470	470	675	480	480	480	480	480	480
Fieldbook Line Mapping System	1	1	-	-	-	-	-	-	-	-
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	4	4	4	5	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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 12, 2021.

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 may exist that have not been identified.

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.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The script is cursive and fluid, with the company name written in a professional, yet personal, style.

Bradenton, Florida
April 12, 2021



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550,
RULES OF THE AUDITOR GENERAL**

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

Report on Compliance for Each Major Federal Program and State Project

We have audited the City of Callaway, Florida's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2020. The City's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal programs and state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. 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; 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*. Those standards, the Uniform Guidance, and Chapter 10.550, *Rules of the Auditor General* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program and State Project

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 and state projects for the year ended September 30, 2020.

Report on Internal Control Over Compliance

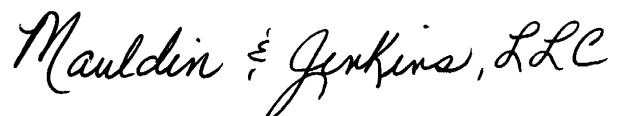
Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's 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 or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 or state project 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 or state project 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 and Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Bradenton, Florida
April 12, 2021



CITY OF CALLAWAY, FLORIDA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Federal Agency, Pass-through Entity, Federal Program	CFDA No.	Grantors No.	Expenditures	Amounts Paid to Subrecipients
Federal Awards:				
United States Department of Homeland Security				
Passed through Florida Department of Emergency Management				
FEMA Grants - Hurricane Michael	97.036	005-09725-00	\$ 8,655,865	\$ -
FEMA - Community Disaster Loan	97.030	N/A	2,250,000	-
Total United States Department of Homeland Security			<u>10,905,865</u>	<u>-</u>
United States Department of Housing and Urban Development				
Passed through Florida Department of Economic Opportunity				
Community Development Block Grant	14.228	B-16-DC-12-001	<u>74,200</u>	<u>-</u>
United States Department of Transportation				
Passed through Florida Department of Transportation				
Highway Planning and Construction - LAP Sidewalk (Wallace)	20.205	442257-1-38-01	23,368	-
Highway Planning and Construction - LAP Sidewalk (Cherry St. S.)	20.205	438106-1-38-01	57,372	-
Highway Planning and Construction - LAP Multi Use Path	20.205	442256-1-38-01	51,351	-
Total United States Department of Transportation			<u>132,091</u>	<u>-</u>
United States Department of Agriculture				
Emergency Watershed Protection Program	10.923	NR194209XXXXC004	<u>1,127,075</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$12,239,231</u>	<u>\$ -</u>
State Agency, Pass-through Entity, State Program	CSFA No.	Grantors No.	Expenditures	Amounts Paid to Subrecipients
State Financial Assistance:				
Florida Division of Emergency Management				
Public Assistance Programs				
Loss of Revenue	31.070	F0042	\$ 1,500,000	\$ -
Hurricane Michael Disaster Grants	N/A	005-09725-00	494,035	-
Stormwater Grant - Callaway Point	31.073	F0030	419,389	-
Storms and Floods	31.070	PA-4399	384,851	-
Total Public Assistance Programs			<u>2,798,275</u>	<u>-</u>
Florida Department of Transportation				
Local Transportation Projects - State Paving	55.039	445851-1-54-01	500,000	-
Local Transportation Projects - Parkway Beautification	55.003	441807-1-58-01	347,250	-
Total Florida Department of Transportation			<u>847,250</u>	<u>-</u>
Florida Department of Environmental Protection				
Wastewater Treatment Facility Construction	37.077	WW030310	<u>140,360</u>	<u>-</u>
Total Expenditures of State Financial Assistance			<u>\$ 3,785,885</u>	<u>\$ -</u>

CITY OF CALLAWAY, FLORIDA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE FOR THE YEAR ENDED SEPTEMBER 30, 2020

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 ten percent de minimis cost rate for the year ended September 30, 2020.

NOTE 3 – NON-CASH AWARDS

The City did not receive non-cash federal awards during the year ended September 30, 2020.

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, 2020

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 Uniform Guidance?

☐ yes ☒ no

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
97.036	U.S. Department of Homeland Security – Disaster Grants
97.030	U.S. Department of Homeland Security – Community Disaster Loan
10.923	U.S. Department of Agriculture – Emergency Watershed Protection Program

Identification of major state financial assistance projects:

<u>CSFA Number</u>	<u>Name of Federal Program or Cluster</u>
31.070	Florida Division of Emergency Management – Public Assistance Program
55.039	Florida Department of Transportation – Local Transportation Projects

CITY OF CALLAWAY, FLORIDA

**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**SECTION I
SUMMARY OF AUDIT RESULTS (CONTINUED)**

Dollar threshold used to distinguish between
Type A and Type B federal programs:

\$750,000

Auditee qualified as low-risk auditee?

____ yes X no

**SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES**

None reported.

**SECTION III
FEDERAL AWARDS AND STATE PROJECTS FINDINGS AND QUESTIONED COSTS**

None noted.

CITY OF CALLAWAY, FLORIDA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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, 2020, and have issued our report thereon dated April 12, 2021.

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 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 April 12, 2021, 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*.

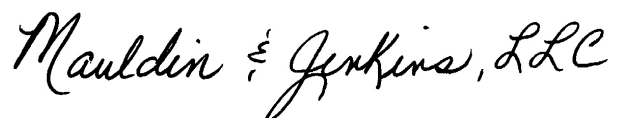
Additional Matters

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.

Bradenton, Florida
April 12, 2021

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.



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, 2020. 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.

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, 2020.

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.

Bradenton, Florida
April 12, 2021

Mauldin & Jenkins, LLC

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