

2021



CITY OF PANAMA CITY, FLORIDA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021





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# *City of Panama City, Florida*

*Annual Comprehensive Financial Report*

*For the fiscal year ended September 30, 2021*

Prepared by:

The City of Panama City

Accounting Division

Cover photo: Serving Panama City, the Premier City in the Panhandle

Photographer: Caitlin Lawrence and Brian Hamilton



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**ANNUAL COMPREHENSIVE FINANCIAL REPORT  
OF THE CITY OF PANAMA CITY, FLORIDA  
FISCAL YEAR ENDED SEPTEMBER 30, 2021  
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# INTRODUCTORY SECTION

THIS SECTION CONTAINS THE FOLLOWING SUBSECTIONS:

- LETTER OF TRANSMITTAL
- PRINCIPAL OFFICIALS
- CITY ORGANIZATIONAL CHART
- GFOA CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE  
IN FINANCIAL REPORTING



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September 26, 2022

Honorable Mayor, City Commissioners & Citizens of the City of Panama City, Florida

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the City of Panama City (City) for the fiscal year ended September 30, 2021. The ACFR is issued pursuant to Florida Statute 218.39(1) which requires municipalities meeting certain criteria to have an annual financial audit of its accounts and records by an independent certified public accountant in accordance with rules of the Auditor General within nine months of the close of each fiscal year. 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.

These financial statements have been presented in accordance with Generally Accepted Accounting Principles (GAAP). These principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). The Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Panama City's MD&A can be found on page four of this report.

### **The Reporting Entity and Its Services**

The City of Panama City was incorporated on March 12, 1926 and covers an area of approximately 34 square miles. The population of the City for 2021 was estimated to be 34,698. The City is the county seat of Bay County. The City has a commission-manager form of government and provides a full range of municipal services including general government, public safety, public improvements, planning and zoning, and related general and administrative services. In addition, the City operates three enterprise activities: water and sewer, solid waste management, and marina services.

The City Commission is comprised of the Mayor, elected at-large and four Commission members elected by ward. Together they are responsible for enacting ordinances, resolutions and regulations governing the City as well as appointing the members of various advisory boards, the City Manager, City Attorney and City Clerk-Treasurer. As Chief Administrative Officer, the City Manager is responsible for the enforcement of laws and ordinances; appointing and supervising the department directors of the City; submitting the proposed annual budget; advising Commission as to the financial condition of the City; and overseeing the day-to-day operations of the City.

Criteria considered in concluding which related activities (component units) should be included in the City's combined financial statements are as follows:

- Financial accountability
- Appointment of a voting majority
- Imposition of will
- Financial benefit to or burden on a primary government, and
- Financial accountability as a result of fiscal dependency.

The following component units were included, by discrete presentation for 2021, based upon the criteria noted above:

- Panama City Downtown Improvement Board
- Panama City Port Authority

The Panama City Community Redevelopment Agency (CRA) and the Panama City Florida Hurricane Disaster Relief Fund are included as blended component units in the City's financial statements.

### **Economic Condition and Outlook**

Since Hurricane Michael, housing within the City remains a top priority. After losing a high percentage of available housing, City officials and staff have found innovative ways to bring housing back stronger and more affordable. Some of the positive solutions are micro-housing and modular construction. The City's Community Development Department is committed to providing resources to rehouse those affected by Hurricane Michael and COVID-19 and to stabilize vulnerable populations.

One major lesson learned from Hurricane Michael was that the majority of Panama City's residents were renters. The Community Development Department is diligently working to change that dynamic by turning renting citizens into homeowners. Currently, the national ratio is 30% renters to 70% owners while in the City the ratio is 70% renters to 30% owners. The Community Development Department hopes to reverse this trend and create resident stability and resiliency through homeownership opportunities.

To this end, the Community Development Department updated its Local Housing Assistance Plan (LHAP) and increased income thresholds for applicant qualifications. This allows an estimated 40% of the City and Bay County residents to qualify for some type of needed housing assistance such as purchase assistance (up to \$45,000 down payment assistance and \$5,000 in closing costs). Under the prior LHAP, only an estimated 10% of residents would have qualified for assistance.

The City's Community Development Department administered CARES Act funding disbursements for Bay County and the City. The total allocation was disbursed between September and December 2020. These funds assisted citizens with foreclosure prevention, as well as first month's rent and assistance with security deposits and utilities.

The CRA continues a grant program which allows for commercial and residential improvement incentives. In addition, a paint voucher program and a job creation incentive credit program were created. These programs are intended to attract investment, reverse blight and they have created new jobs.

New housing developments continue to succeed and provide needed new housing for the City residents. SweetBay, located at the old Panama City Airport, proposed building a total of 3,200 housing units consisting of 2,304 single family residential, 608 multi-family residential apartments and 288 multi-family residential condominiums. Phase 1 has sold out and Phase II is near completion. Three-hundred and sixty (360) apartments are currently under construction with another 350 single family and multi-family lots being developed. The housing development, Liberty, planned for Panama City North, will provide 1,900 single family homes and 2 complexes of multi-family apartments when fully developed

A new retail development is also in progress spanning between Highways 390 and 231 in Panama City North. The Publix Super Market anchored space will also provide six inline stores and multiple outparcels for additional retail and restaurant development. The City successfully attracted this development through creative negotiations with the developer and it is expected to create hundreds of jobs and provide needed amenities for our Panama City North residents.

The retail development, Bay City Point, continues its growth with fourteen new stores and three more in the works, which continues to attract developers and new residents to the area. The project is expected to provide a total of 800 jobs to the area.

The Panama City Mall is also looking to reconfigure its retail development and begin rebuilding their property in the near future. Their plans include a mixed-use development providing commercial office space, retail and restaurant space, a hotel, and new apartments. This development will help beautify the area and be a significant development project for Panama City.

The City anticipates continued improvements in the local economy due to rebuilding and revitalizing projects throughout the City after Hurricane Michael. City Officials closely monitor economic conditions and are committed to working with community groups to attract businesses and tourists to Panama City, especially through the “Panama City is Open for Business” campaign led by renowned national Marketing firm kglobal.

The levy and collection of the Panama City Tourist taxes began during 2015. Annual revenue generated by this tax approximates \$2.2 million for Fiscal Year 2021. These funds are collected by Bay County and disbursed to the Panama City Community Development Council, Inc. to promote tourist-related business activities. The Council plans to focus on developing key interest points for visitors within the City, including sailing and boating tourism, culinary tourism, and arts and culture tourism. The new Destination Panama City Visitors Center is open in downtown Panama City and serves as a great destination for tourists to learn more about the amenities the City has to offer.

### **Major Initiatives**

The Panama City Port Authority East terminal development is well underway. Phase I includes a 250,000 square foot warehouse, including railroad and road infrastructure. The expansion will double the working acreage of the Port facilities and accommodate the potential for more ships and businesses. Phase I and II of the project is nearing completion.

Infrastructure investment is a major priority for the City with multiple projects currently underway. The City has identified over 200 projects to help rebuild the City of Panama City using the Federal Emergency Management Agency (FEMA) Section 428 Alternative Public Assistance Program as well as multiple other Federal and State funding sources. Several of the projects have been fully designed and construction services are nearly ready to be procured. Daffin Park is being redeveloped with new concession buildings and restroom facilities including lighting, irrigation, parking, landscaping and hardscaping for the basketball, pickleball, and tennis courts and playgrounds. The Martin Luther King, Jr. Recreational Facility is being re-built with a new 30,000 square foot recreation center and gymnasium, lighted outdoor courts, soccer/football field, playground, picnic pavilions and parking. The Martin Theater is being restored to a 490-seat theater with approximately 30,000 square feet of backstage and dressing rooms, lobbies, multi-level reception rooms, a catering kitchen, offices and concessions.

Improvements currently being funded by the City’s Infrastructure Surtaxes include Lindenwood Drive Roadway Improvements which involves reconstructing underground utilities to include new water, sewer, and stormwater and much-needed road resurfacing. The Harrison Avenue Streetscape reconstruction project is currently underway and should be complete within the next year. Phase I of this project encompasses Harrison Ave. from Government to 4<sup>th</sup> Street including a redesigned plaza at 4<sup>th</sup> Street showcasing the historical clock tower and the renewed Martin Theater. Citizens can expect to see wider sidewalks, pedestrian friendly walkability and a massive facelift to downtown Panama City including replacement, repair or rehabilitation to utilities and stormwater on this route. Phase II of the project will commence shortly after Phase I completion and will extend on Harrison Avenue to 6<sup>th</sup> Street.

The City is well underway on the redevelopment of the Panama City Marina in partnership with the St. Joe Company. The restaurant, Harrison's is now complete and open for business. The hotel is under construction and completion is expected in the next few months. The Marina redevelopment project is expected to become a lucrative part of the City, sustaining investment returns through sales and property taxes and attracting locals and visitors alike. The City considered tax-increment financing, concessions for impact fees and funding for the infrastructure improvements.

## **For the Future**

In an effort to revitalize the City's Downtown district, its CRA plan was extended until year 2034. The new revised plan includes continuing community policing, improving the streetscape, encouraging increased economic development and tourism-based activities, and increasing the grants program.

The City adopted a Strategic Vision for Downtown to direct future growth, to preserve the City's history, its waterfront, and its strong sense of community. During fiscal year 2020, the City asked the citizens to help set a vision for the future of Glenwood, Millville and St. Andrews. The Strategic Vision for each neighborhood reflects the community's ideas and priorities for preservation, sustainable building, streets, public spaces, addressing stormwater issues, and more. The City is working to illustrate these ideas and blend them into one plan, which will be used to guide future actions.

Several transformative projects are set to begin in 2022, which have been in the planning stages. The Sudduth Park project will create a revitalized neighborhood ball field with modern amenities. Additionally, the historic St. Andrews School revitalization project will be in the process of securing necessary funding from a variety of State and Federal grant sources. Panama City North continues to see investment which calls for the expansion and continued investment of our utilities system.

The United States Air Force, which depends on the support of local communities is well underway with the \$5 billion reconstruction of Tyndall Air Force base. The United States Air Force plans to rebuild the base as a premiere military facility that will host three F-35 fighter squadrons and also host two dozen MQ-9 Reaper drones by 2023.

Currently, Tyndall Air Force Base and Naval Support Activity provide approximately 10,000 military and civilian jobs and 15,000 retirees have chosen to remain in the Panama City-Bay County area. The annual economic impact of the two bases totals over \$1.2 billion.

## **Relevant Financial Policies**

### *Fund Balance Policy*

Due to the City's coastal location, which is subject to hurricane activity, the City Commission adopted a fund balance policy that authorized a committed fund balance with a target balance of 30% of annual budgeted operating expenditures and the City targeted a balance of 10% as unassigned fund balance to meet general operating expenditures. For Enterprise Funds, the City authorized a target unrestricted net position balance of 30% of annual budgeted operating expenditures. The fiscal year ended September 30, 2021 balances adequately meet the targets adopted in the policy.

### *Investment Policy*

The City administers a comprehensive cash management and investment program. The primary goals of the program are to maximize the amount of cash available to meet daily cash requirements and obtain the highest possible yields consistent within the constraints imposed by Florida Statutes and the City's adopted investment policy for capital protection.

## **Accounting System and Internal Control**

The City's accounting, budgetary, and financial reporting systems have been designed to conform to the standards set forth by the American Institute of Certified Public Accountants, the Governmental Accounting Standards Board, the Office of Management and Budget, and the State of Florida.

In developing and altering the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding:

The safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability of assets.

The concept of reasonable assurance recognizes that:

- The cost of a control should not exceed the benefits likely to be derived, and
- The evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

As a recipient of federal awards and state financial assistance, the government is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management.

In conformance with the City Charter and Florida Statutes, budgetary control is maintained through constant review by the accounting division. Detailed monthly budget reports are prepared for each department, documenting revenues and expenditures.

## **Budgetary Controls**

The City maintains budgetary controls to ensure compliance with the legal provisions embodied in the annual appropriated budget approved by the City Commission. Activities of the General Fund, Debt Service funds, Community Planning and Development Fund, State Housing Initiative Partnership City, State Housing Initiative Partnership County, General Grants Fund, Infrastructure Surtax Fund, and the Community Redevelopment Agency areas are included in the appropriated annual budget. The City also maintains an encumbrance accounting system as one technique in accomplishing budgetary controls. Encumbered amounts lapse at the year end. Encumbrances are generally re-appropriated as part of the following year's budget.

## **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 Panama City, Florida, for its Annual Comprehensive Financial Report for the fiscal year ended September 30, 2020. This was the 28th consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

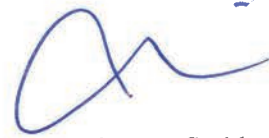
### **Acknowledgments**

We thank the City Commission members for their guidance and commitment to planning and conducting the financial operations of the City in a highly responsible and conservative manner. The completion of this Annual Comprehensive Financial Report in a timely basis was made possible by the dedicated efforts of the entire Accounting Division. Sincere appreciation is extended to the firm of Tipton, Marler, Garner and Chastain, for its professional approach and high standards in the conduct of the firm's independent audit of the City's financial records and transactions.

Respectfully submitted,



Mark McQueen  
City Manager



Janette Smith  
City Clerk-Treasurer





# **City of Panama City Officials**

*Commission - Manager Form of Government*

## **City Commission**

Greg Brudnicki, Mayor

### **Ward I**

Jenna Flint Haligas

### **Ward III**

Billy Rader

### **City Manager**

Mark McQueen

### **City Clerk - Treasurer**

Janette Smith

### **Ward II**

Kenneth E. Brown

### **Ward IV**

Josh Street

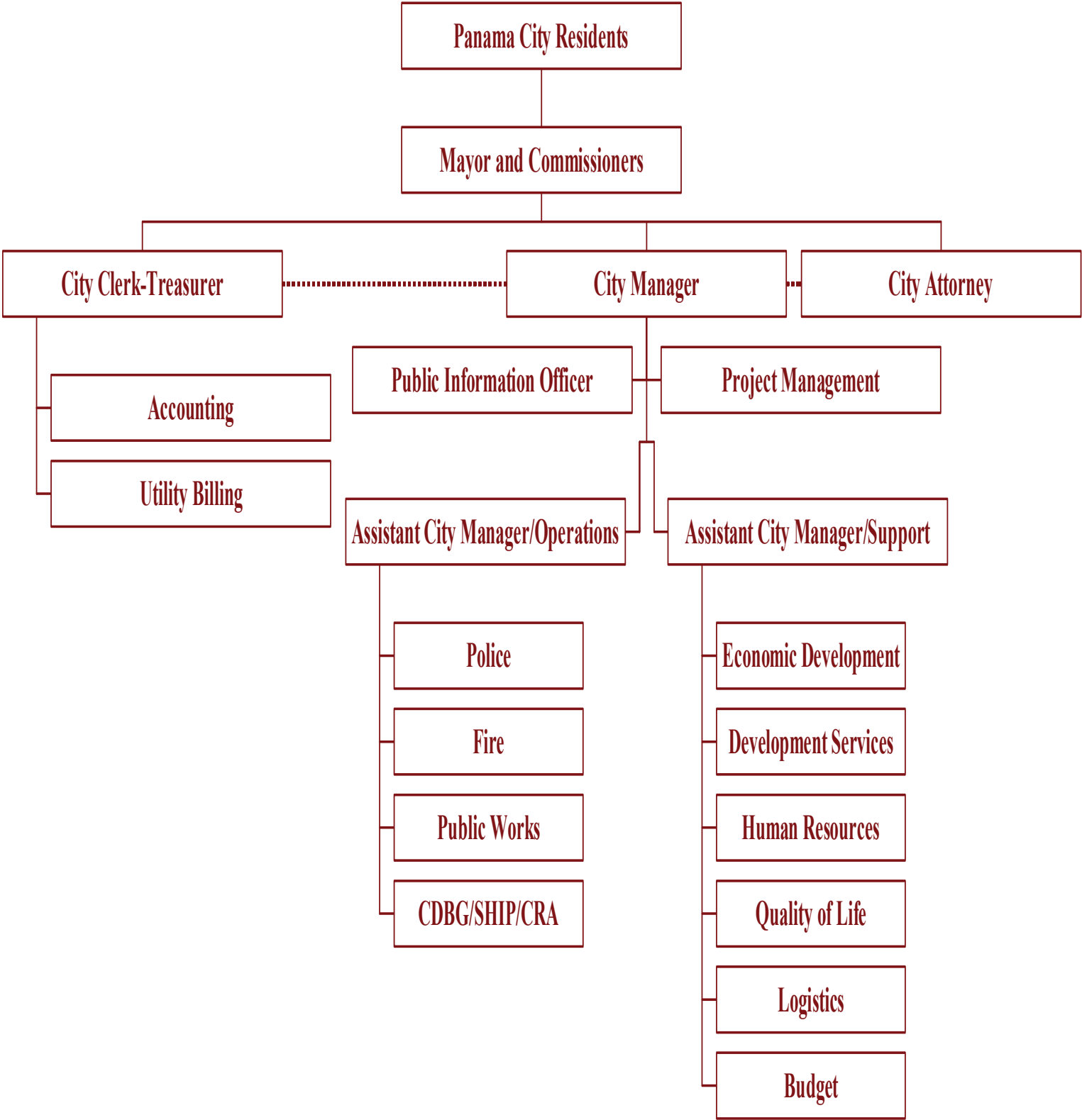
### **City Attorney**

Nevin Zimmerman

### **Independent Auditors**

Tipton, Marler, Garner & Chastain

**City of Panama City  
Organization Chart**





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Panama City  
Florida**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2020

*Christopher P. Morrill*

Executive Director/CEO



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# FINANCIAL SECTION

THIS SECTION CONTAINS THE FOLLOWING SUBSECTIONS:

- INDEPENDENT AUDITOR'S REPORT
- MANAGEMENT DISCUSSION AND ANALYSIS
- BASIC FINANCIAL STATEMENTS
- REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN  
MANAGEMENT DISCUSSION AND ANALYSIS
- COMBINING AND INDIVIDUAL FINANCIAL STATEMENTS  
AND SCHEDULES
- SUPPLEMENTAL INFORMATION



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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, City Commissioners,  
and City Manager  
City of Panama City, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Panama City, Florida, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Panama City, Florida'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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Panama City, Florida, as of September 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***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 16, budget to actual comparison –major funds (general and special revenue funds) on pages 128 through 129, and pension and other post employment schedules on pages 130 through 149 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 of Panama City, Florida's basic financial statements. The introductory section, combining and individual financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of funds related to the Deepwater Horizon oil spill is presented for purposes of additional analysis as required by Section 215.97, Florida Statutes, and is also not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by 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*, and Section 215.97, Florida Statutes, and is also not a required part of the basic financial statements.



The combining and individual financial statements, the schedule of expenditures of funds related to the Deepwater Horizon oil spill, and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual financial statements, schedule of expenditures of funds related to the Deepwater Horizon oil spill, and the schedule of expenditures of federal awards and state financial assistance are 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 September 26, 2022, on our consideration of the City of Panama City, Florida'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 of Panama City, Florida'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 of Panama City, Florida's internal control over financial reporting and compliance.

*Lipton, Marley, Garner : Chastain*

Panama City, Florida  
September 26, 2022



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**City of Panama City, Florida**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2021**

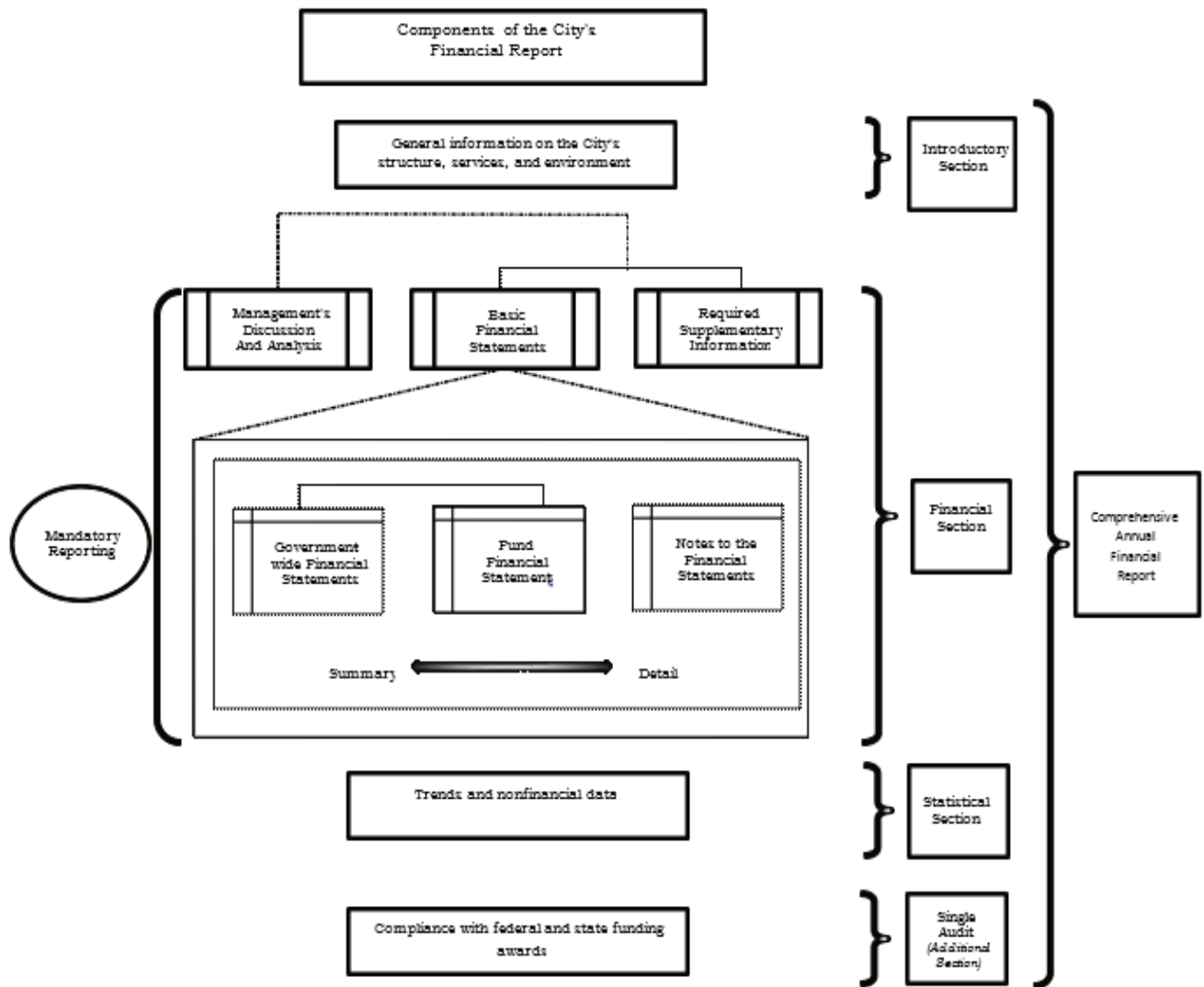
The City of Panama City, Florida's Management Discussion and Analysis provides an overview of the City's financial activities for the fiscal year ended September 30, 2021 and offers a comparative analysis between fiscal years 2021 and 2020. It serves as an introduction to the City's basic financial statements which consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This discussion should be read in conjunction with the City's financial statements, which begin on page 17, and the Letter of Transmittal, located in the Introductory Section.

**Financial Highlights**

- The City's assets (\$388,535,881) and deferred outflows of resources (\$10,286,943) exceeded its liabilities (\$179,500,473) and deferred inflows of resources (\$4,273,492) as of September 30, 2021, by \$215,048,859. Of this amount, \$24,536,992 (unrestricted net position) represents the portion of total net assets which may be used to meet the government's ongoing obligations to citizens, customers, and creditors. Of the total net position, \$146,297,877 is invested in capital assets (net of related debt) and the remaining \$44,213,990 is restricted.
- Total net position for the City increased \$12,752,390 (6.3%) over fiscal year 2020 ending net position of \$202,296,469. Governmental activities had increased by 3.9% (\$4,183,322) at the end of fiscal year 2021 and accounted for \$112,075,394 of the City's total net position. Business-type activities increased 9.1% (\$8,569,068) over the previous fiscal year to \$102,973,465. Unrestricted net position for governmental activities equaled \$9,953,356 and restricted equaled \$35,476,004. Business-type activities reported net positions of \$14,583,636 in unrestricted and \$8,737,986 in restricted.
- Capital assets increased 4.9% from fiscal year 2020 to \$206,741,733 at the close of fiscal year 2021. Of this amount, \$97,900,111 are assets held in governmental activities and \$108,841,622 are assets held in business type activities.
- The General Fund reported a total fund balance of \$24,108,919 on September 30, 2021, an increase of \$6,286,874 (35.3%) from fiscal year 2020. The general fund ending balance represents 51.2% of general fund expenditures and transfers out for fiscal year 2021.
- Total debt for fiscal year 2021 decreased 5.3% from fiscal year 2020. The decrease of \$9,482,811 was primarily due to the forgiveness of a \$5,000,000 Community Disaster Loan and scheduled principal payments of debt during fiscal year 2021.

**Overview of the Financial Statements**

This comprehensive annual financial report was prepared in conformity with the Governmental Accounting Standards Board's (GASB) Statement No. 34. The report contains other supplementary information in addition to the basic financial statements themselves. The basic financial statements provide information on both the City as a whole (government-wide) and its major individual funds. Both perspectives (government-wide and fund financial) allow the user to address relevant questions, broaden a basis for comparison (year to year) and enhance the City's accountability. The following illustration presents the components of the financial report.



### Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Panama City’s finances, in a manner similar to a private-sector business. They are prepared using the accrual basis of accounting, which accounts for all of the current year’s revenues and expenses regardless of when cash is paid or received.

The *statement of net position* presents information on all of the City’s assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. This statement combines and consolidates governmental funds current financial resources (short-term spendable resources) with capital assets and long term obligations. Over time, increases and decreases in net position may serve as a useful indicator of whether the City’s financial position is improving or deteriorating. Assets, liabilities, deferred inflows/outflows of resources, and net position are reported separately for *governmental activities* and *business-type activities*.

The *statement of activities* reports all of the City’s revenues, expenses, and changes in net position for the most recent fiscal year. Both governmental and business-type activities are presented to summarize the gross and net cost of various City functions. Governmental activities include general government, public

safety, transportation, economic environment, human services, and culture/recreation. Costs of governmental activities are principally supported by taxes and intergovernmental revenues. Business-type activities include water and sewer utilities, solid waste, and marina operations. Costs of business-type activities are supported by user charges and fees.

The government-wide financial statements include not only the City of Panama City and its *blended component units* (The Panama City Community Redevelopment Agencies and the Panama City Florida Hurricane Disaster Relief Fund, Inc. (a nonprofit)), but also *discretely-presented component units* for which the City is financially accountable. The Panama City Downtown Improvement Board and the Panama City Port Authority are legally separate entities over which the City, as the *primary government*, may exercise influence or may be obligated to provide financial subsidy. The information for these two *discretely-presented component units* is presented in separate columns in the government-wide financial statements. Component unit financial statements may be requested by contacting that entity at the address listed on page 33 in the Notes to the Financial Statements.

### **Fund Financial Statements**

The financial activities of the City are recorded in separate *funds*. Funds are groupings of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the City of Panama City can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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 statement, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as 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. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate a comparison between *governmental funds* and *governmental activities*.

The City of Panama City maintains twenty-one governmental funds. The General Fund, Hurricane Michael Fund, Capital Projects Fund, Capital Projects Infrastructure Surtax Fund, and State Housing Initiative Partnership City are the major funds. Therefore, a balance sheet and statement of revenues, expenditures, and changes in fund balances are presented beginning on page 20. Data from the other sixteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Panama City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 20 through 24 of this report.

*Proprietary fund* financial statements can be found beginning on page 25. The City of Panama City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. They include the Utilities Fund, Solid Waste Fund, and the Marina Fund. All are considered to be major funds of the City. *Internal service funds* account for the financing of goods or services provided by one department to other departments of the City. The funds maintained by the City include the Equipment Maintenance, Medical Self-Insurance, and Dental Insurance funds. Because these services predominantly benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Financial statements of proprietary funds provide the same type of information as the government-wide financial statements, only in greater detail. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in the report.

It is important to recognize that, while the total column on the business-type fund financial statement may be the same as the business-type column on the government-wide financial statement, the governmental funds total column requires a reconciliation because of the different measurement focus utilized (current financial resources versus total economic resources). The related reconciliations are included for examination.

*Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. They are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Panama City's own programs. The accounting for those funds is much like that used for proprietary funds. The City's fiduciary funds include Police, Fire, and Senior Management Supplemental Pension Funds, and can be found beginning on page 29.

The *notes to the financial statements* 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 31 through 127 of this report.

Other information, in addition to the basic financial statements and accompanying notes, includes Police, Fire, and Senior Management Supplemental Pension funding obligations in the *required supplementary information* beginning on page 130. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information beginning on page 150.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve, over time, as a useful indicator of a government's financial position.

The largest component (68.0%) of the City's net position on September 30, 2021, is net investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure). This amount (\$146,297,877) is net of any related outstanding debt used to acquire those assets. The City of Panama City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, 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. Approximately 11.4% (\$24,536,992) remains available to meet the City's ongoing obligations to citizens, creditors and customers. The remaining 20.6% of total net position (\$44,213,990) are resources subject to external restrictions on how they may be used.

**City of Panama City, Florida**  
**Summary Statement of Net Position**  
**As of September 30, 2021 and 2020**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current and Other assets	\$ 152,530,299	\$ 160,934,408	\$ 29,263,849	\$ 30,829,559	\$ 181,794,148	\$ 191,763,967
Capital assets	97,900,111	96,175,145	108,841,622	100,975,437	206,741,733	197,150,582
<b>Total assets</b>	<u>250,430,410</u>	<u>257,109,553</u>	<u>138,105,471</u>	<u>131,804,996</u>	<u>388,535,881</u>	<u>388,914,549</u>
<b>Total deferred outflows of resources</b>	<u>9,718,429</u>	<u>7,827,773</u>	<u>568,514</u>	<u>544,090</u>	<u>10,286,943</u>	<u>8,371,863</u>
Current and Other liabilities	12,599,615	14,250,516	3,935,350	5,222,213	16,534,965	19,472,729
Noncurrent liabilities	132,244,071	139,133,813	30,721,437	32,339,399	162,965,508	171,473,212
<b>Total liabilities</b>	<u>144,843,686</u>	<u>153,384,329</u>	<u>34,656,787</u>	<u>37,561,612</u>	<u>179,500,473</u>	<u>190,945,941</u>
<b>Total deferred inflows of resources</b>	<u>3,229,759</u>	<u>3,221,175</u>	<u>1,043,733</u>	<u>822,827</u>	<u>4,273,492</u>	<u>4,044,002</u>
Net position:						
Net investment in capital assets	66,646,034	60,326,001	79,651,843	69,011,200	146,297,877	129,337,201
Restricted	35,476,004	34,797,523	8,737,986	12,788,051	44,213,990	47,585,574
Unrestricted	9,953,356	13,208,298	14,583,636	12,165,396	24,536,992	25,373,694
<b>Total net position</b>	<u>\$ 112,075,394</u>	<u>\$ 108,331,822</u>	<u>\$ 102,973,465</u>	<u>\$ 93,964,647</u>	<u>\$ 215,048,859</u>	<u>\$ 202,296,469</u>

At the end of the current fiscal year, as in the prior year, the City is able to report positive balances in all three categories of total net position as whole, and individually, within the governmental and business-type activities.

The City's overall net position on September 30, 2021 increased by \$12,752,390 from fiscal year 2020 (See table below). The City is required to report on the face of the financial statements the deferred inflows, deferred outflows, net pension assets and net pension liabilities for each of the City's pension plans and proportionate share of the Florida Retirement System (FRS). (See note 9).

Key elements of the increases and decreases between 2020 and 2021 can be compared by examining changes in net position on the *Statement of Activities* (See below). The Statement of Activities shows the governmental and business-type activities during the previous two fiscal years.

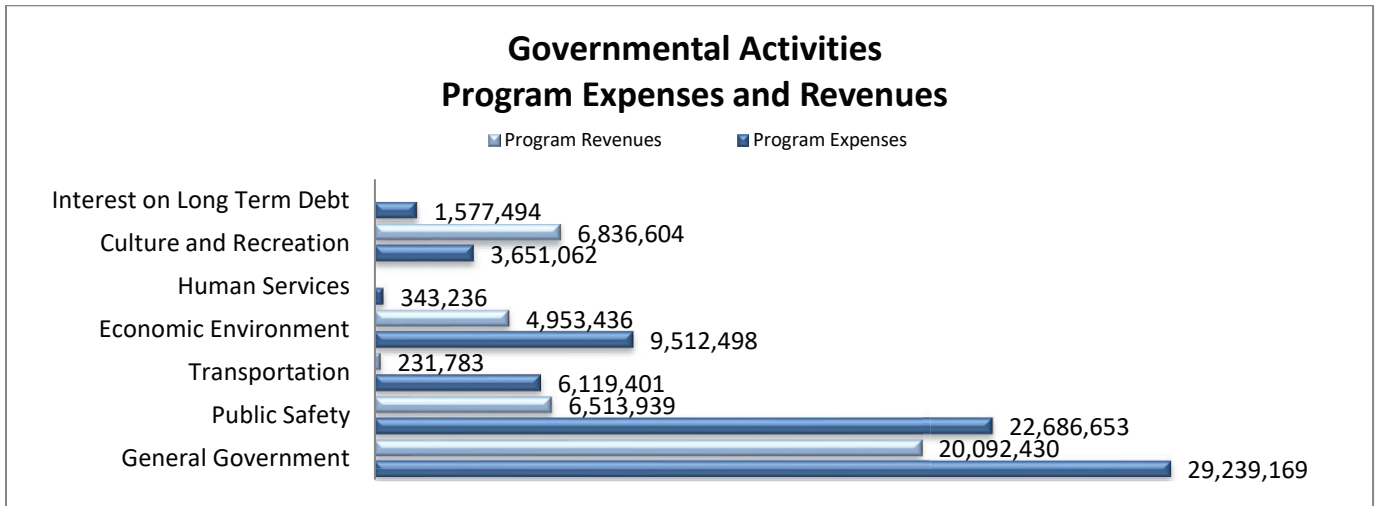
**City of Panama City, Florida**  
**Statement of Activities**  
**Fiscal Years Ended September 30, 2021 and 2020**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Revenues</b>						
Program Revenues:						
Charges for services-governmental	\$ 19,956,216	\$ 25,391,274			\$ 19,956,216	\$ 25,391,274
Charges for services-utilities			\$ 20,441,289	\$ 18,404,388	20,441,289	18,404,388
Charges for services-solid waste			8,448,378	7,287,431	8,448,378	7,287,431
Charges for services-marinas			1,929,890	1,791,249	1,929,890	1,791,249
Operating grants and contributions	18,671,976	17,579,048	219,250	54,631	18,891,226	17,633,679
Capital grants and contributions			2,305,300	506,409	2,305,300	506,409
General Revenues:						
Taxes:						
Ad valorem	16,436,918	11,049,811			16,436,918	11,049,811
Tax increment	1,269,030	1,617,978			1,269,030	1,617,978
Gas tax	1,256,957	1,269,117			1,256,957	1,269,117
Franchise fees	3,950,194	3,612,700			3,950,194	3,612,700
Utility service taxes	4,365,383	3,901,790			4,365,383	3,901,790
Communications service taxes	1,483,903	1,542,282			1,483,903	1,542,282
Local option sales tax	4,196,581	3,405,468			4,196,581	3,405,468
State revenue sharing	6,365,799	5,181,838			6,365,799	5,181,838
Investment earnings	117,318	707,005	14,707	250,612	132,025	957,617
Miscellaneous	1,657,885	2,127,706	8,656	61,732	1,666,541	2,189,438
Gain on extinguishment of debt	5,000,000				5,000,000	-
Contributions	(1,501,815)				(1,501,815)	-
<b>Total Revenues</b>	<b>83,226,345</b>	<b>77,386,017</b>	<b>33,367,470</b>	<b>28,356,452</b>	<b>116,593,815</b>	<b>105,742,469</b>
<b>Expenses</b>						
General government	29,239,169	41,876,490			29,239,169	41,876,490
Public safety	22,686,653	23,707,967			22,686,653	23,707,967
Transportation	6,119,401	5,966,864			6,119,401	5,966,864
Economic environment	9,512,498	7,586,803			9,512,498	7,586,803
Human services	343,236	271,247			343,236	271,247
Culture and recreation	3,651,062	3,987,749			3,651,062	3,987,749
Interest on long-term debt	1,577,494	2,305,974			1,577,494	2,305,974
Water and sewer utilities			20,470,364	18,138,534	20,470,364	18,138,534
Solid waste operations			8,017,814	7,045,202	8,017,814	7,045,202
Marinas operations			2,223,734	2,838,965	2,223,734	2,838,965
<b>Total Expenses</b>	<b>73,129,513</b>	<b>85,703,094</b>	<b>30,711,912</b>	<b>28,022,701</b>	<b>103,841,425</b>	<b>113,725,795</b>
Increase (decrease) in net position before transfers	10,096,832	(8,317,077)	2,655,558	333,751	12,752,390	(7,983,326)
Transfers in (out)	(5,913,510)	(1,373,984)	5,913,510	1,373,984		
<b>Increase (decrease) in net position</b>	<b>4,183,322</b>	<b>(9,691,061)</b>	<b>8,569,068</b>	<b>1,707,735</b>	<b>12,752,390</b>	<b>-7,983,326</b>
<b>Net position-beginning of year</b>	<b>108,331,822</b>	<b>114,283,095</b>	<b>93,964,647</b>	<b>90,823,963</b>	<b>202,296,469</b>	<b>205,107,058</b>
Prior Period Adjustment	(439,750)	3,739,788	439,750	1,432,949		5,172,737
Net position -beginning of year, as restated	107,892,072	118,022,883	94,404,397	92,256,912	202,296,469	210,279,795
<b>Net position - end of year</b>	<b>\$ 112,075,394</b>	<b>\$ 108,331,822</b>	<b>\$ 102,973,465</b>	<b>\$ 93,964,647</b>	<b>\$ 215,048,859</b>	<b>\$ 202,296,469</b>

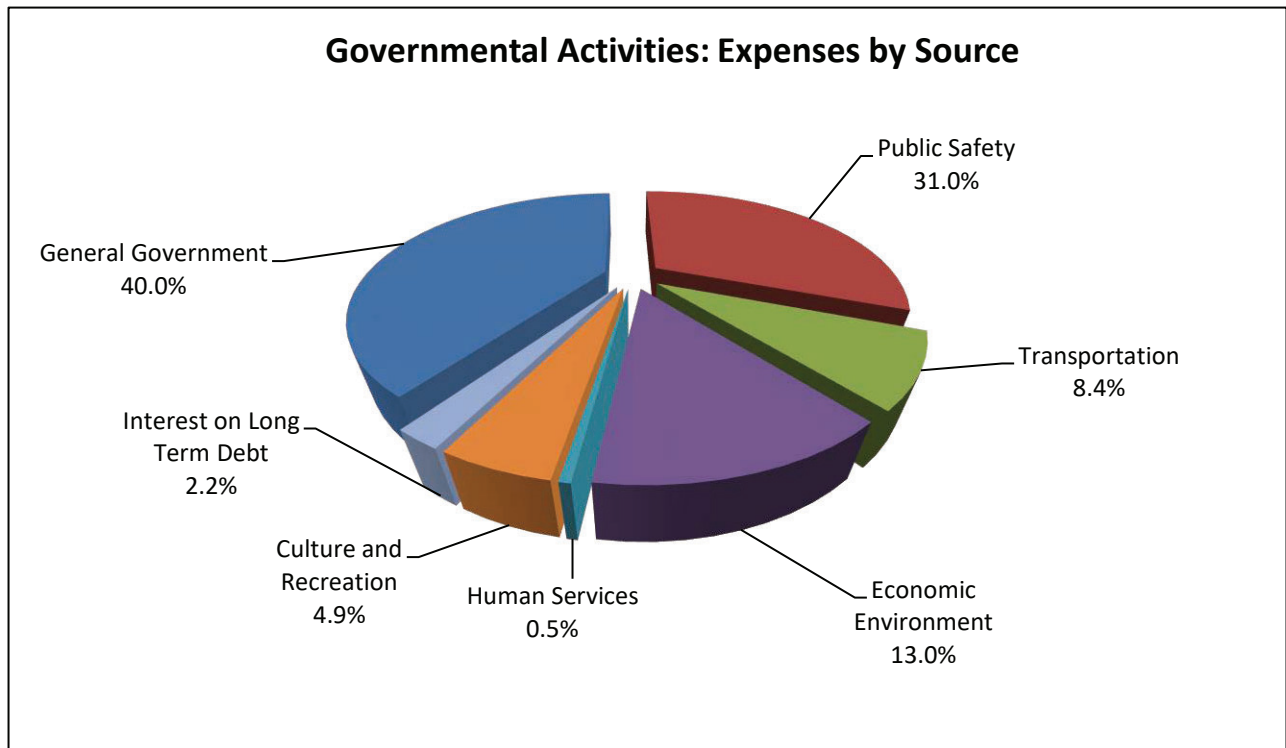


## Governmental Activities

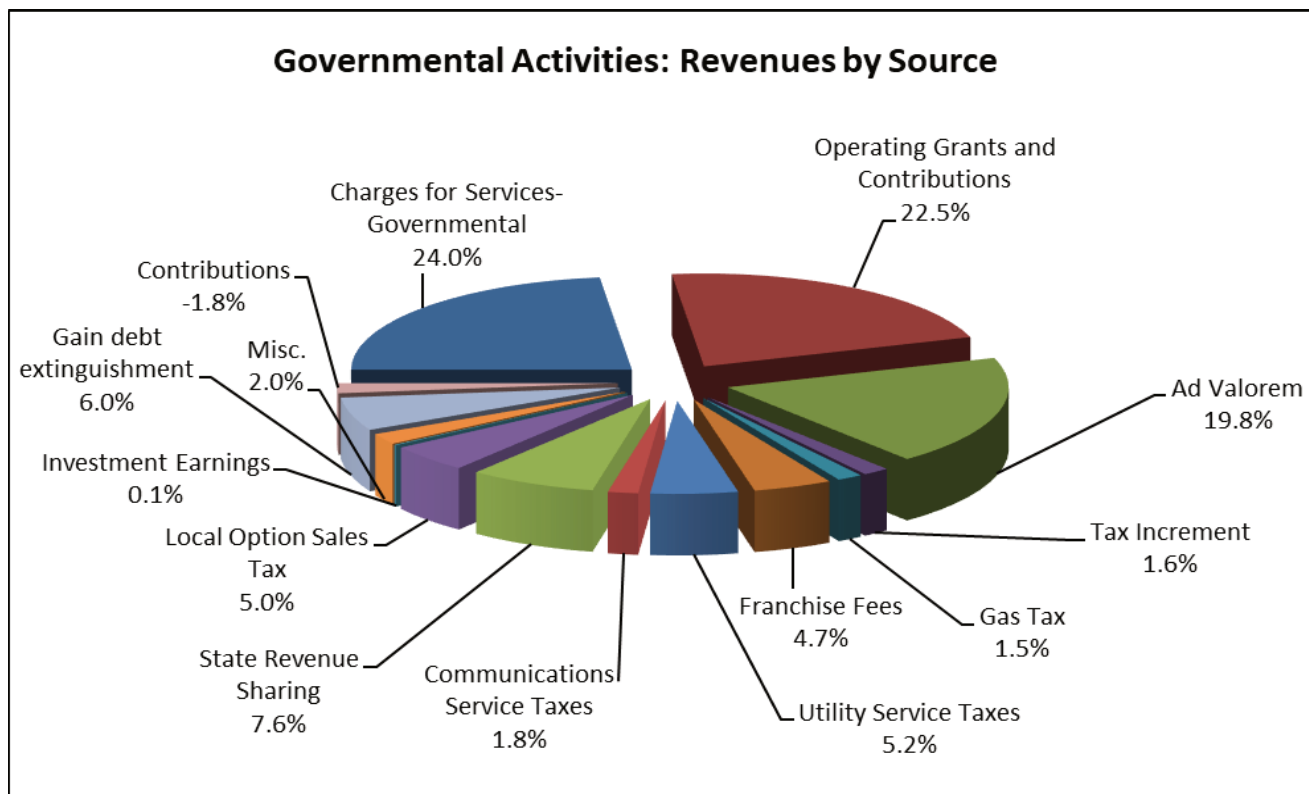
GASB Statement No. 34 reporting requires that functional expenses are matched with revenues that directly support the function. The bar chart below gives a clear indication of which functions are dependent on general revenues to support their operations. Public Safety, consisting of police and fire services, has the largest difference and is traditionally supported by taxes.



Expenses in the governmental activities are highest in the general government category (40.0%) followed by public safety (31.0%) and economic environment (13.0%). Total governmental activity expenses decreased by 14.7% (\$12,573,581) in fiscal year 2021. The largest dollar increase and decrease for expenses occurred in the economic environment category in the amount of \$1,925,695 and in the general government category in the amount of \$12,637,321, respectively. The overall governmental activities and general government category decreases are mainly due to a continued decrease in Hurricane Michael repair expenditures.

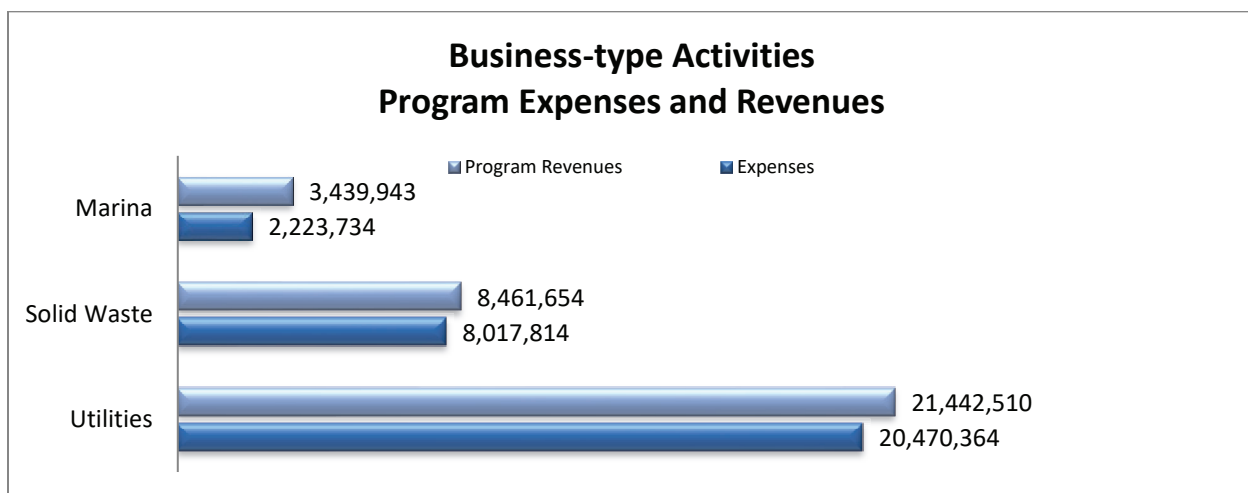


Revenues from governmental activities decreased \$4,342,130 from fiscal year 2020. This decrease is mainly due to lower FEMA grant revenue from Hurricane Michael. After charges for services (24.0%), operating grants and contributions (22.5%) is the second largest revenue source in governmental activities followed by ad valorem taxes (19.8%).

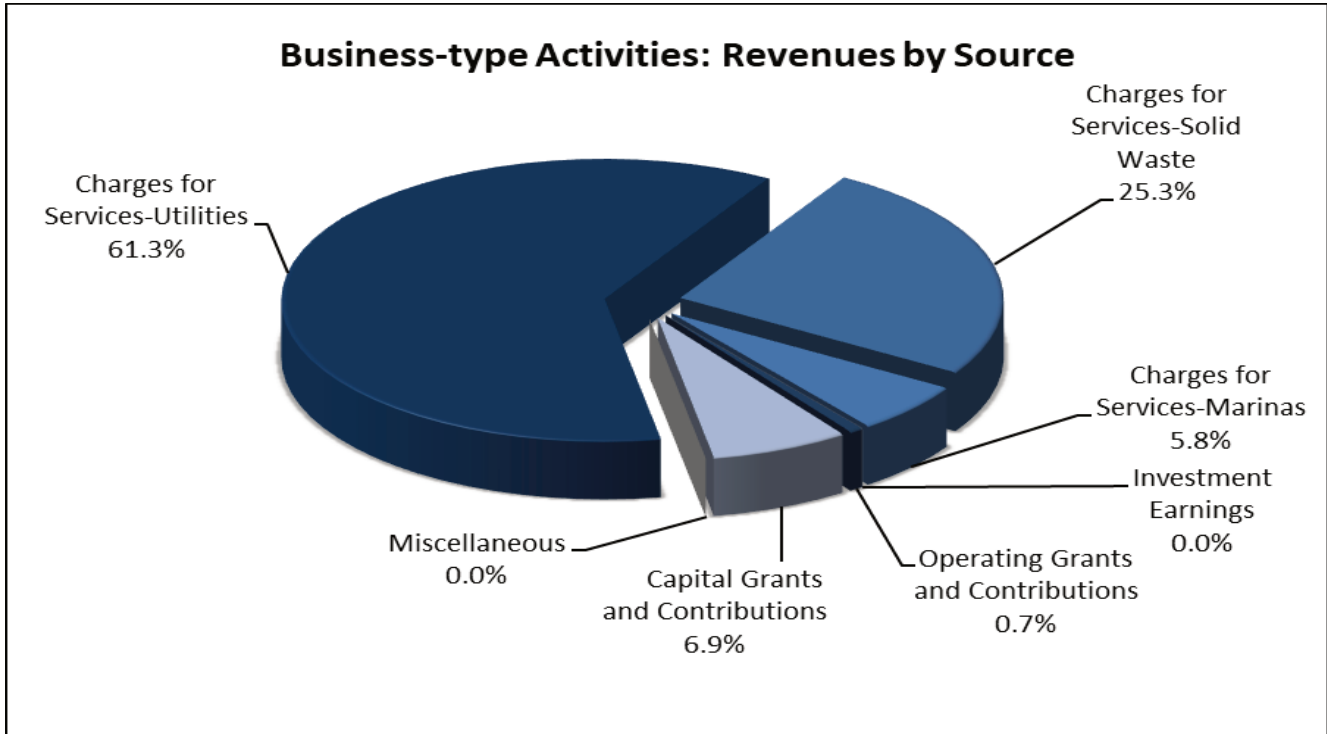


### Business-Type Activities

All funds that provide business-type activities for the City of Panama City charge fees to cover the cost of operations during the fiscal year. The chart below compares the amount of program revenues received for “charges for services” to the amount of program expenses for each of the three business-type activities during fiscal year 2021.



Total expenses for business-type activities increased 9.6%, (\$2,689,211) in fiscal year 2021. Expenses for utility activities, solid waste services, and marina activities had increases (decreases) 12.9%, 13.8%, and (21.7%), respectively. Combined business-type expenses, for the fiscal year ended September 30, 2021, were \$30,711,912. Charges for services are the major source of revenue (92.4%) for business-type activities. These charges represent \$30,819,557 of revenue dollars utilized by the City to provide utility, solid waste, and marina services to citizens and customers. Revenues from all business-type activities sources increased \$3,336,489 (12.1%) from fiscal year 2020.



## Financial Analysis of the City's Funds

### Governmental Funds

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

Fund balances are the differences between assets and liabilities in a governmental fund. The non-spendable fund balance includes amounts that are not in spendable form (such as inventory), or amounts that are required to be maintained intact. Restricted fund balance includes amounts that can be spent only for the specific purposes that are stipulated by their providers, such as grant, bond, or higher levels of government. Committed fund balance includes amounts that can be used only for the specific purposes that are determined by formal action of the government's highest level of decision making authority (City Commission). Assigned fund balance applies to amounts that are intended for specific purposes as expressed by the governing body or authorized official. Unassigned fund balance includes all amounts not contained in other classifications for the general fund, and deficit fund balances in any other governmental fund.

The City of Panama City's coastal location places a risk of natural disaster which could severely impair its ability to continue operations or services following the impact of such an event. In addition, the City recognizes that fluctuations in the economy can affect the resources available from year to year. As a measure to provide economic stability for the City and enable continued long term operations, the City

established a committed fund balance which is subject to specified criteria as prescribed by the City Commission. Committed funds cannot be utilized for any purpose other than those established by the City Commission. Unassigned fund balance is maintained at a level sufficient to adequately provide for the annual operating expenditures of the City. Further information on fund balance can be found in the notes to the financial statements.

The *general fund* is the chief operating fund of the City of Panama City. On September 30, 2021, the total fund balance in the general fund was \$24,108,919, of which \$431,939 was non-spendable, \$506,656 was assigned, and \$23,170,324 was unassigned. Compared to fiscal year 2020, the total fund balance increased by \$5,863,944 (32.1%). This was due to an increase in revenue partly from Covid restrictions lessening and businesses and homes rebuilding after Hurricane Michael.

General revenue increased \$7,576,549 (18.8%) in fiscal year 2021. Both Taxes and Licenses and Permits revenue increased from 2020 by \$6,117,656 (28.6%) and \$1,094,746 (10.8%), respectively. The increases were a result of new fire service assessments, new nuisance abatement assessments, and continued rebuilding of houses and businesses after Hurricane Michael. Intergovernmental and charges for services increased while investment earnings and miscellaneous revenue decreased for the fiscal year ended September 30, 2021. General fund expenditures increased in fiscal year 2021 by \$3,619,141 (10.3%). Capital outlay increased by 137.6% (\$1,156,519), which was the greatest dollar increase of all the categories, resulting mainly from new radios and other equipment for the fire and police departments. The largest dollar decrease occurred in economic environment (\$237,345) (25.3%) compared to the previous fiscal year. This decrease is due from lower tax increment financing (TIF) payments to the Community Redevelopment Agencies (CRAs) as the result of the city's lower millage rate.

During fiscal year 2021, special revenue fund balances increased by \$61,047. Increases or decreases in special revenue funds are typically indicative of funding changes as activities are identified, initiated, or completed. The greatest change was an increase of \$4,585,739 in the Disaster Fund. This fund was created in fiscal year 2020 to account for disasters other than Hurricane Michael such as Hurricane Sally and the Covid Pandemic. The fund balance increase was the result of American Rescue Plan Act (ARPA) funds received to spent in future years. The City administers State Housing Initiative Partnership (SHIP) funds awarded to both the City and Bay County for housing initiatives and funding was received in fiscal year 2021 to aid in housing stability programs. The SHIP City and SHIP County combined fund balances increased by \$2,072,813. The Panama City Community Redevelopment Agency is a blended component unit of the City that utilizes tax increment dollars, from changes in assessed property values in target areas, to fund revitalization and redevelopment efforts in designated areas of the City. The amounts in the Special Revenue Funds are restricted to accomplishing the various objectives of each specific program.

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term principal and interest for the City's general bonded debt. Principal and interest payment obligation were met in a timely manner during the fiscal year. Payments for general bonded debt are funded by transfers from the City's general fund.

The City utilizes two capital projects funds to account for projects in governmental activities costing over \$25,000. The total capital projects fund balance on September 30, 2021 was \$20,458,897, a decrease of \$9,837,414 from fiscal year 2020. This fund balance decrease is due to completion of Capital Projects New City Hall Fund and transfer of Capital Project 2013 spending to the Marina proprietary fund. The available fund balance is assigned for pending capital projects. Capital projects are funded by transfers from the general fund, or other City funds, in addition to debt for related projects.

## Proprietary Funds

*Proprietary fund* statements provide the same type of information found in the government-wide financial statements, but in greater detail. The proprietary funds are composed of the *enterprise funds* and the *internal services funds*. Enterprise funds are utilized to report activities for which a fee is charged to external users for goods or services. The City’s three enterprise funds are the Utility Fund, the Solid Waste Fund, and the Marina Fund. These enterprise funds are supported primarily through user charges. All of the City’s enterprise funds are classified as major funds. Internal service funds are designed to recover the internal costs of general services provided to other city departments. Internal service funds are, for the most part, supported through charges to other City funds.

The Utility Fund had a total net position of \$85,478,507 at fiscal year-end, an increase of \$5,368,440 over the prior fiscal year. Operating revenues increased \$2,036,901 in fiscal year 2021, and operating expenses increased in the amount of \$2,118,756.

The Solid Waste Fund had a total net position of \$8,295,898 at the end of fiscal year 2021. Total net position decreased by \$564,287. Operating revenues increased by \$1,160,947 and operating expenses increased \$907,016.

The Marina Fund had a total net position of \$8,340,580 in fiscal year 2021, which was an increase of \$4,364,475 from the prior fiscal year. Operating revenues increased by \$138,641 and operating expenses decreased in the amount of \$621,616.

A comparison of the operating income for the most current and previous fiscal years for the City’s enterprise funds is available in the following table.

	<b>Operating Income (Loss)</b>	
	<b>2021</b>	<b>2020</b>
Utility Fund	\$ 1,850,572	\$ 1,932,427
Solid Waste Fund	957,604	703,673
Marina Fund	(262,375)	(1,022,632)
Total	\$ 2,545,801	\$ 1,613,468

Both the Utility Fund and Solid Waste Funds operating revenues exceeded operating expenses before transfers. The Marina Fund incurred operating expense in excess of operating revenues due to ongoing Hurricane Michael repairs resulting in less revenues yet more expenses.

The individual internal service funds are reported on pages 174-177.

## General Fund Budgetary Highlights

A budget to actual statement is provided for the General Fund on page 128. Columns for both the original budget, adopted for fiscal year 2021, as well as the final budget are presented. Estimated budgeted amounts are adjusted throughout the year to more closely reflect the actual final amounts that occur. Original budgeted revenues for fiscal year 2021 were \$42,166,142, while amended and final budgeted revenues were \$42,199,442 during the year. Actual revenues for fiscal year 2021 totaled \$47,842,290 which was \$5,642,848 more than the final budget. Original budgeted expenditures for fiscal year 2021 were \$39,493,660, amended in the amount of \$1,155,629 to a final fiscal year 2021 budget of \$40,649,289.

Actual expenditures for fiscal year 2021 totaled \$38,887,721 which was \$1,761,568 less than the final budget. Expenditures for general government, public safety, transportation, economic environment, and culture/recreation had final expenditures *less* than the final budget due to the City’s conservative spending

practices. The total amount carried forward from fiscal year 2020 budget to fiscal year 2021 budget was \$645,965. Overall, revenues exceeded actual expenditures for fiscal year 2021.

### Capital Assets

The City’s investment in capital assets for its governmental and business-type activities, as of September 30, 2021, was \$206,741,733 (net of accumulated depreciation). This is an increase of \$9,591,151 from fiscal year 2020. Investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, and drainage systems. Governmental activities accounted for \$97,900,111 and business-type activities \$108,841,622 of total capital assets of the City of Panama City on September 30, 2021. Capital assets held by the City at the end of the most current and previous fiscal years are summarized in the table below.

**City of Panama City, Florida**  
**Capital Assets**  
**(net of depreciation)**  
**Fiscal Years Ended September 30, 2021 and 2020**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 20,181,582	\$ 19,817,495	\$ 1,828,384	\$ 1,828,384	\$ 22,009,966	\$ 21,645,879
Construction in Progress	16,956,988	11,705,781	17,546,308	49,577,027	34,503,296	61,282,808
Buildings	17,915,274	18,657,142	45,832,910	2,544,093	63,748,184	21,201,235
Improvements Other Than Buildings	14,353,008	16,829,187	39,010,506	41,967,365	53,363,514	58,796,552
Machinery and Equipment	4,033,472	3,128,975	4,622,444	5,056,697	8,655,916	8,185,672
Intangibles	81,218	112,550	1,070	1,871	82,288	114,421
Infrastructure	24,378,569	25,924,015			24,378,569	25,924,015
<b>Total</b>	<b>\$ 97,900,111</b>	<b>\$ 96,175,145</b>	<b>\$ 108,841,622</b>	<b>\$ 100,975,437</b>	<b>\$ 206,741,733</b>	<b>\$ 197,150,582</b>

Additional information regarding the City’s capital assets may be found in the notes to the financial statements beginning on page 55.

### Debt Management

At the end of the fiscal year, the City had total bonded debt outstanding of \$133,680,997. All of the City’s debt maintains a “AAA” rating from Standard & Poor’s and a “Aaa” rating from Moody’s Investors Services. Additional information regarding the activities of the City’s bonded debt during fiscal year 2021 may be found in the notes to the financial statements beginning on page 60.

### Outstanding Bonded Debt As Of September 30, 2021 and 2020

Governmental Activities		Business-type Activities		Total	
2021	2020	2021	2020	2021	2020
104,413,997	\$ 113,157,497	\$ 29,267,000	\$ 32,139,000	\$ 133,680,997	\$ 145,296,497

### **Economic Factors**

The City of Panama City, in 2021 had an unemployment rate of 3.9%. This was a decrease of 0.8% from the prior fiscal year.

Taxable property values in Panama City increased 7.5% from \$2,833,353,000 in 2020 to \$3,046,244,134 in 2021.

### **Hurricane Michael**

The City has been and will continue to work with our consultants, FEMA and the State to rebuild and restore the City from the catastrophic destruction caused by Hurricane Michael on October 10, 2018. Along with FEMA and State funds, the City has secured numerous other funding sources to help in rebuilding the City to be the “Premier City of the Panhandle.”

This report was prepared by the Accounting Division of the City of Panama City under the direction of the City Clerk-Treasurer. Questions concerning this report or requests for additional information should be addressed to Janette Smith, City Clerk-Treasurer, P.O. Box 1880, Panama City, Florida 32402-1880.



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# BASIC FINANCIAL STATEMENTS

THIS SUBSECTION CONTAINS THE FOLLOWING:

- GOVERNMENT-WIDE FINANCIAL STATEMENTS
- FUND FINANCIAL STATEMENTS
- NOTES TO FINANCIAL STATEMENTS



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**CITY OF PANAMA CITY, FLORIDA  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2021**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Panama City Downtown Improvement Board	Panama City Port Authority
<b>ASSETS</b>					
Cash and cash equivalents	\$ 84,456,172	\$ 6,603,582	\$ 91,059,754	\$ 175,505	\$ 3,761,762
Investments	8,973,231	1,353,740	10,326,971		3,129,636
Receivables, net:					
Accounts	9,032,883	4,265,185	13,298,068		3,725,127
Special assessments					
Insurance		35,091	35,091		
Internal balances	6,425,973	(6,425,973)			
Prepaid items	268,041	1,320	269,361	1,000	480,296
Due from other governmental entities	34,443,701	8,674,024	43,117,725		
Inventories	5,665,303	946,013	6,611,316		
Restricted assets:					
Cash and cash equivalents		13,810,867	13,810,867		
Notes receivable	3,264,995		3,264,995		
Capital assets:					
Non-depreciable	37,138,570	19,374,692	56,513,262	424,999	35,549,082
Depreciable (net)	60,761,541	89,466,930	150,228,471	15,640	109,275,309
<b>Total assets</b>	<u>250,430,410</u>	<u>138,105,471</u>	<u>388,535,881</u>	<u>617,144</u>	<u>155,921,212</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Outflows from hedging					286,382
Charges on debt refunding		77,221	77,221		
OPEB related outflows	714,331	250,981	965,312		1,160
Pension related outflows	9,004,098	240,312	9,244,410		38,078
<b>Total deferred outflows of resources</b>	<u>9,718,429</u>	<u>568,514</u>	<u>10,286,943</u>		<u>325,620</u>
<b>LIABILITIES</b>					
Accounts payable	6,281,497	1,680,722	7,962,219	2,712	1,815,718
Due to other governmental entities	251,616		251,616		
Accrued salaries	556,299	151,170	707,469		
Accrued taxes payable		3,853	3,853		
Unearned revenue		20,052	20,052		
Deposits	253		253		
Accrued interest payable		287,922	287,922		
Accrued other liabilities	284,886		284,886		149,768
Noncurrent liabilities:					
Due within one year:					
Claims and judgments					31,270
Compensated absences	454,086	118,631	572,717		25,879
Line of credit					
Bonds, notes, leases, and loans payable	4,770,978	1,673,000	6,443,978		3,340,033
Due in more than one year:					
Deposits		1,612,720	1,612,720		
Claims and judgments					444,075
Compensated absences	1,362,255	355,893	1,718,148		77,634
OPEB liability	2,278,853	800,652	3,079,505		253,765
Bonds, notes, leases, and loans payable	102,115,020	27,594,000	129,709,020		20,306,240
Net pension liability	26,487,943	358,172	26,846,115		75,558
Interest rate swap agreement (net)					286,382
<b>Total liabilities</b>	<u>144,843,686</u>	<u>34,656,787</u>	<u>179,500,473</u>	<u>2,712</u>	<u>26,806,322</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
OPEB related inflows	1,143,715	401,845	1,545,560		66,954
Pension related inflows	2,086,044	641,888	2,727,932		188,057
<b>Total deferred inflows of resources</b>	<u>3,229,759</u>	<u>1,043,733</u>	<u>4,273,492</u>		<u>255,011</u>
<b>NET POSITION</b>					
Net investment in capital assets	66,646,034	79,651,843	146,297,877	440,639	120,891,735
Restricted for:					
General Government					
Housing and Urban Development	18,340,941		18,340,941		
Infrastructure	2,655,931		2,655,931		
Debt service	6,599,324	8,737,986	15,337,310		
Self-insurance	5,325,191		5,325,191		
Community redevelopment	2,312,635		2,312,635		
Disaster and Hurricane Michael	241,982		241,982		
Unrestricted	9,953,356	14,583,636	24,536,992	173,793	8,293,764
<b>Total net position</b>	<u>\$ 112,075,394</u>	<u>\$ 102,973,465</u>	<u>\$ 215,048,859</u>	<u>\$ 614,432</u>	<u>\$ 129,185,499</u>

See the accompanying notes.

**CITY OF PANAMA CITY, FLORIDA  
STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

<b>FUNCTIONS/PROGRAMS</b>	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 29,239,169	\$ 11,715,431	\$ 8,376,999	
Public safety	22,686,653	1,212,897	5,301,042	
Transportation	6,119,401	226,335	5,448	
Economic environment	9,512,498		4,953,436	
Culture and recreation	3,651,062	6,801,553	35,051	
Human services	343,236			
Interest on long-term debt	1,577,494			
Total governmental activities	73,129,513	19,956,216	18,671,976	
Business-type activities:				
Utilities	20,470,364	20,441,289	197,735	\$ 803,486
Solid Waste	8,017,814	8,448,378	13,276	
Marina	2,223,734	1,929,890	8,239	1,501,814
Total business-type activities	30,711,912	30,819,557	219,250	2,305,300
Total primary government	\$ 103,841,425	\$ 50,775,773	\$ 18,891,226	\$ 2,305,300
<b>Component units:</b>				
Panama City Downtown Improvement Board	\$ 108,145	\$ -		\$ -
Panama City Port Authority	19,470,136	17,444,867		7,119,228
Total component units	\$ 19,578,281	\$ 17,444,867		\$ 7,119,228
General revenues:				
Taxes:				
Ad valorem taxes				
Fire assessment				
Nuisance abatement				
Tax Increment Ad valorem taxes				
Local option gasoline tax				
Franchise fees				
Utility service tax				
Communications service tax				
Local option sales tax				
Unrestricted state revenue sharing				
Unrestricted investment earnings				
Miscellaneous				
Gain on extinguishment of debt				
Contributions				
Transfers				
Total general revenues and transfers				
Change in net position				
<b>Net position - beginning of year</b>				
Prior period adjustment				
Net position - beginning of year, as restated				
<b>Net position - end of year</b>				

See the accompanying notes.

**Net (Expense) Revenue and  
Changes in Net Position**

<b>Primary Government</b>			<b>Component Units</b>	
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Panama City Downtown Improvement Board</b>	<b>Panama City Port Authority</b>
\$ (9,146,739)		\$ (9,146,739)		
(16,172,714)		(16,172,714)		
(5,887,618)		(5,887,618)		
(4,559,062)		(4,559,062)		
3,185,542		3,185,542		
(343,236)		(343,236)		
(1,577,494)		(1,577,494)		
<u>(34,501,321)</u>		<u>(34,501,321)</u>		
	\$ 972,146	972,146		
	443,840	443,840		
	1,216,209	1,216,209		
	2,632,195	2,632,195		
<u>(34,501,321)</u>	<u>2,632,195</u>	<u>(31,869,126)</u>		
			\$ (108,145)	\$ -
			<u>(108,145)</u>	<u>5,093,959</u>
				<u>5,093,959</u>
10,576,138		10,576,138	112,703	
5,026,835		5,026,835		
833,945		833,945		
1,269,030		1,269,030		
1,256,957		1,256,957		
3,950,194		3,950,194		
4,365,383		4,365,383		
1,483,903		1,483,903		
4,196,581		4,196,581		
6,365,799		6,365,799		
117,318	14,707	132,025		31,866
1,657,885	8,656	1,666,541	19,279	
5,000,000		5,000,000		
(1,501,815)		(1,501,815)		
(5,913,510)	5,913,510			
<u>38,684,643</u>	<u>5,936,873</u>	<u>44,621,516</u>	<u>131,982</u>	<u>31,866</u>
<u>4,183,322</u>	<u>8,569,068</u>	<u>12,752,390</u>	<u>23,837</u>	<u>5,125,825</u>
108,331,822	93,964,647	202,296,469	590,595	122,741,593
<u>(439,750)</u>	<u>439,750</u>			<u>1,318,081</u>
<u>107,892,072</u>	<u>94,404,397</u>	<u>202,296,469</u>	<u>590,595</u>	<u>124,059,674</u>
\$ <u>112,075,394</u>	\$ <u>102,973,465</u>	\$ <u>215,048,859</u>	\$ <u>614,432</u>	\$ <u>129,185,499</u>

See the accompanying notes.

**CITY OF PANAMA CITY, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2021**

	<u>General</u>	<u>Hurricane Michael</u>	<u>Capital Projects</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 15,131,156	\$ 24,358,742	\$ 3,136,545
Investments	547,158		8,426,073
Receivables, net:			
Accounts	827,671		3,512,703
Due from other funds	10,111,765	7,721,260	374,107
Due from other governmental entities	828,266	30,020,658	149,523
Prepaid items	258,872		163
Inventories	170,815		
Notes receivable			1,800,000
<b>Total assets</b>	<u>\$ 27,875,703</u>	<u>\$ 62,100,660</u>	<u>\$ 17,399,114</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 2,285,776	\$ 154,623	\$ 1,423,445
Due to other funds	682,014	12,045	8,684,901
Due to other governmental entities			
Accrued salaries	500,836		20,535
Accrued other liabilities	284,886		
Deposits	253		
<b>Total liabilities</b>	<u>3,753,765</u>	<u>166,668</u>	<u>10,128,881</u>
<b>Deferred inflows of resources:</b>			
Deferred inflows of resources	<u>13,019</u>	<u>27,019,355</u>	<u>88,802</u>
<b>Fund balances:</b>			
Non-spendable	431,939		
Restricted			
Committed		34,914,637	
Assigned	506,656		7,181,431
Unassigned	23,170,324		
<b>Total fund balances</b>	<u>24,108,919</u>	<u>34,914,637</u>	<u>7,181,431</u>
<b>Total liabilities and fund balances</b>	<u>\$ 27,875,703</u>	<u>\$ 62,100,660</u>	<u>\$ 17,399,114</u>

See the accompanying notes.

<u>Capital Projects Infrastructure Surtax</u>	<u>State Housing Initiative Partnership City</u>	<u>Non-Major Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 13,831,552	\$ 5,467,764	\$ 15,799,342	\$ 77,725,101 8,973,231
	4,642,510		8,982,884
	2,277,304	289,001	20,773,437
		3,413,816	34,412,263
		9,006	268,041
	5,019,289	428,541	5,618,645
		1,464,995	3,264,995
<u>\$ 13,831,552</u>	<u>\$ 17,406,867</u>	<u>\$ 21,404,701</u>	<u>\$ 160,018,597</u>
\$ 554,086	\$ 97,659	\$ 207,726	\$ 4,723,315
	139,823	3,877,866	13,396,649
	4,113	251,616	251,616
		19,324	544,808
			284,886
			253
<u>554,086</u>	<u>241,595</u>	<u>4,356,532</u>	<u>19,201,527</u>
			27,121,176
		437,547	869,486
	17,165,272	17,391,582	34,556,854
			34,914,637
13,277,466			20,965,553
		(780,960)	22,389,364
<u>13,277,466</u>	<u>17,165,272</u>	<u>17,048,169</u>	<u>113,695,894</u>
<u>\$ 13,831,552</u>	<u>\$ 17,406,867</u>	<u>\$ 21,404,701</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	97,825,971
Deferred outflows for pension related items.	9,004,098
Deferred outflows for OPEB related items.	714,331
Deferred inflows for pension related items.	(2,086,044)
Deferred inflows for OPEB related items.	(1,143,715)
Deferred inflows of resources.	27,121,176
Internal service funds are used by management to charge the costs of certain activities, such as insurance and equipment maintenance, to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.	4,333,585
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Governmental long-term debt	(106,885,998)
Compensated absences	(1,798,697)
Net pension liability	(26,487,943)
Net OPEB liability	(2,217,264)
<b>Net position of governmental activities</b>	<u>\$ 112,075,394</u>

See the accompanying notes.

**CITY OF PANAMA CITY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	<u>General</u>	<u>Hurricane Michael</u>	<u>Capital Projects</u>
<b>REVENUES</b>			
Taxes	\$ 27,493,356	\$ -	\$ -
Licenses and permits	11,259,682		
Intergovernmental	7,175,958	1,860,901	4,435,146
Charges for services	1,398,056		
Investment earnings	83,895	6,983	
Miscellaneous	431,343		
<b>Total revenues</b>	<u>47,842,290</u>	<u>1,867,884</u>	<u>4,435,146</u>
<b>EXPENDITURES</b>			
Current:			
General government	9,269,321	15,139,241	1,462,167
Public safety	19,389,815	58,423	11,321
Transportation	3,550,341	11,358	140,135
Economic environment	700,448	3,818	
Human services	343,236		
Culture and recreation	2,953,157	53,547	
Debt service:			
Capital lease principal	589,903		
Capital lease interest	94,574		
Principal retirement			
Interest and other charges			
Capital outlay	1,996,926	369,952	6,164,218
<b>Total expenditures</b>	<u>38,887,721</u>	<u>15,636,339</u>	<u>7,777,841</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>8,954,569</u>	<u>(13,768,455)</u>	<u>(3,342,695)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Insurance proceeds	121,557	6,764,245	
Issuance of long-term debt	1,628,121	189,500	
Transfers in	3,775,229		
Transfers out	(8,192,602)		(5,070,161)
<b>Total other financing sources (uses)</b>	<u>(2,667,695)</u>	<u>6,953,745</u>	<u>(5,070,161)</u>
<b>Net change in fund balances</b>	6,286,874	(6,814,710)	(8,412,856)
<b>Fund Balances:</b>			
<b>Beginning of year</b>	<u>18,244,975</u>	<u>39,195,680</u>	<u>15,311,206</u>
Prior period adjustment	(422,930)	2,533,667	283,081
Beginning of year, as restated	<u>17,822,045</u>	<u>41,729,347</u>	<u>15,594,287</u>
<b>End of year</b>	<u>\$ 24,108,919</u>	<u>\$ 34,914,637</u>	<u>\$ 7,181,431</u>

See the accompanying notes.



<b>Capital Projects Infrastructure Surtax</b>	<b>State Housing Initiative Partnership City</b>	<b>Non-Major Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ 4,196,581	\$ 31,689,937
			11,259,682
	3,051,549	11,475,668	27,999,222
			1,398,056
10,532	12,244	3,664	117,318
	599,429	250,726	1,281,498
<u>10,532</u>	<u>3,663,222</u>	<u>15,926,639</u>	<u>73,745,713</u>
			25,870,729
		213,063	19,672,622
			3,701,834
	1,585,041	7,085,460	9,374,767
			343,236
			3,006,704
			589,903
			94,574
		3,933,000	3,933,000
		1,480,563	1,480,563
577,093	1,699	211,171	9,321,059
<u>577,093</u>	<u>1,586,740</u>	<u>12,923,257</u>	<u>77,388,991</u>
(566,561)	2,076,482	3,003,382	(3,643,278)
			6,885,802
			1,817,621
		7,053,092	10,828,321
(1,141,078)	(28,838)	(5,989,473)	(20,422,152)
<u>(1,141,078)</u>	<u>(28,838)</u>	<u>1,063,619</u>	<u>(890,408)</u>
(1,707,639)	2,047,644	4,067,001	(4,533,686)
<u>14,985,105</u>	<u>15,117,628</u>	<u>13,281,069</u>	<u>116,135,663</u>
		(299,901)	2,093,917
<u>14,985,105</u>	<u>15,117,628</u>	<u>12,981,168</u>	<u>118,229,580</u>
<u>\$ 13,277,466</u>	<u>\$ 17,165,272</u>	<u>\$ 17,048,169</u>	<u>\$ 113,695,894</u>

See the accompanying notes.

**CITY OF PANAMA CITY, FLORIDA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

**Net change in fund balances - total governmental funds** \$ (4,533,686)

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 those assets is allocated over their estimated useful lives as depreciation expense.

Expenditures for capital assets	9,321,059	
Less current year depreciation	<u>(6,104,649)</u>	3,216,410

The net effect of various miscellaneous transactions involving capital assets (e.g. sales, trade-ins, donations) is to decrease net position. (1,526,969)

Revenue in the statement of activities that do not provide current financial resources are deferred as revenues in the funds. 88,802

The governmental funds consider grant revenues available if collected for up to one year and expenditures have occurred. Revenue reported during the period related to prior periods. (992,156)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 7,702,924

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.

Accrued compensated absences		(257,894)
Employer pension related costs		843,878
Other post employment benefits (OPEB) cost		(13,347)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and equipment maintenance, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities. (344,640)

**Change in net position of governmental activities** \$ 4,183,322

See the accompanying notes.

CITY OF PANAMA CITY, FLORIDA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Utilities	Solid Waste	Marina	Total	
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 3,243,553	\$ 2,163,706	\$ 1,196,323	\$ 6,603,582	\$ 6,731,071
Investments		1,353,740		1,353,740	
Due from other governmental entities	8,674,024			8,674,024	31,438
Due from other funds	821,848	194,515		1,016,363	
Receivables, net:					
Accounts	2,970,759	1,254,929	39,497	4,265,185	50,000
Insurance		35,091		35,091	
Inventories	888,235		57,778	946,013	46,658
Prepaid items	1,320			1,320	
<b>Total current assets</b>	<u>16,599,739</u>	<u>5,001,981</u>	<u>1,293,598</u>	<u>22,895,318</u>	<u>6,859,167</u>
<b>Noncurrent assets:</b>					
Restricted cash and cash equivalents:					
Impact fee account	5,072,881			5,072,881	
Utility upgrade account					
Revenue bond - future debt reserve accounts	3,239,574			3,239,574	
Revenue bond contingency (renewal and replacement) account	5,498,412			5,498,412	
Capital assets:					
Land	724,193	598,675	505,516	1,828,384	
Buildings	46,065,695	88,118	76,195	46,230,008	
Improvements other than buildings		2,223,689	11,331,903	13,555,592	
Machinery and equipment	5,360,753	8,663,850	2,862,793	16,887,396	221,152
Intangibles	4,007			4,007	
Utility system	95,148,415			95,148,415	
Less accumulated depreciation	(63,480,001)	(6,296,567)	(12,581,920)	(82,358,488)	(147,011)
Construction work in progress	12,521,929		5,024,379	17,546,308	
<b>Total noncurrent assets</b>	<u>110,155,858</u>	<u>5,277,765</u>	<u>7,218,866</u>	<u>122,652,489</u>	<u>74,141</u>
<b>Total assets</b>	<u>126,755,597</u>	<u>10,279,746</u>	<u>8,512,464</u>	<u>145,547,807</u>	<u>6,933,308</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Charges on debt refunding	77,221			77,221	
OPEB related outflows	157,346	71,433	22,202	250,981	19,306
Pension related outflows	178,731	10,740	50,841	240,312	
<b>Total deferred outflows of resources</b>	<u>413,298</u>	<u>82,173</u>	<u>73,043</u>	<u>568,514</u>	<u>19,306</u>
<b>LIABILITIES</b>					
<b>Current liabilities:</b>					
Accounts payable	1,327,773	316,642	36,307	1,680,722	1,558,181
Due to other funds	7,905,835	370,927	24,054	8,300,816	92,335
Accrued salaries	107,868	39,560	3,742	151,170	11,491
Compensated absences	73,383	43,482	1,766	118,631	4,412
Accrued taxes payable			3,853	3,853	
Current portion of bonds, notes, and loans payable	1,673,000			1,673,000	
Accrued interest payable	287,922			287,922	
Unearned revenue			20,052	20,052	
<b>Total current liabilities</b>	<u>11,375,781</u>	<u>770,611</u>	<u>89,774</u>	<u>12,236,166</u>	<u>1,666,419</u>
<b>Noncurrent liabilities:</b>					
Compensated absences	220,149	130,445	5,299	355,893	13,233
Net OPEB liability	501,940	227,884	70,828	800,652	61,589
Deposits	924,940	687,780		1,612,720	
Bonds, notes, and loans payable	27,594,000			27,594,000	
Net pension liability	331,886	3,116	23,170	358,172	
<b>Total noncurrent liabilities</b>	<u>29,572,915</u>	<u>1,049,225</u>	<u>99,297</u>	<u>30,721,437</u>	<u>74,822</u>
<b>Total liabilities</b>	<u>40,948,696</u>	<u>1,819,836</u>	<u>189,071</u>	<u>42,957,603</u>	<u>1,741,241</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
OPEB related inflows	251,926	114,372	35,547	401,845	30,911
Pension related inflows	489,766	131,813	20,309	641,888	
<b>Total deferred inflows of resources</b>	<u>741,692</u>	<u>246,185</u>	<u>55,856</u>	<u>1,043,733</u>	<u>30,911</u>
<b>NET POSITION</b>					
Net investment in capital assets	67,155,212	5,277,765	7,218,866	79,651,843	74,141
Restricted for:					
Debt service	8,737,986			8,737,986	
Claims					5,325,191
Unrestricted	9,585,309	3,018,133	1,121,714	13,725,156	(218,870)
<b>Total net position</b>	<u>\$ 85,478,507</u>	<u>\$ 8,295,898</u>	<u>\$ 8,340,580</u>	<u>102,114,985</u>	<u>\$ 5,180,462</u>
<b>Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds</b>				858,480	
<b>Net position of business-type activities</b>				<u>\$ 102,973,465</u>	

See the accompanying notes.

CITY OF PANAMA CITY, FLORIDA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds	
	Utilities	Solid Waste	Marina		Totals
<b>Operating revenues:</b>					
Charges for services	\$ 19,822,532	\$ 8,415,146	\$ 1,780,071	\$ 30,017,749	\$ 986,134
Connection and hydrant fees	559,093			559,093	
Contributions					2,633,561
Miscellaneous	59,664	33,232	149,819	242,715	52,983
<b>Total operating revenues</b>	<u>20,441,289</u>	<u>8,448,378</u>	<u>1,929,890</u>	<u>30,819,557</u>	<u>3,672,678</u>
<b>Operating expenses:</b>					
Personnel services	4,393,514	1,930,243	210,159	6,533,916	539,275
Operating expenses	11,190,820	4,284,528	1,792,861	17,268,209	2,037,320
Insurance claims and expenses					6,580,638
Depreciation	3,006,383	1,276,003	189,245	4,471,631	9,741
<b>Total operating expenses</b>	<u>18,590,717</u>	<u>7,490,774</u>	<u>2,192,265</u>	<u>28,273,756</u>	<u>9,166,974</u>
<b>Operating income (loss)</b>	<u>1,850,572</u>	<u>957,604</u>	<u>(262,375)</u>	<u>2,545,801</u>	<u>(5,494,296)</u>
<b>Nonoperating revenues (expenses):</b>					
Investment earnings (loss)	14,088	(290)	909	14,707	3,373
Grant	197,735	13,276	8,239	219,250	
Interest expense	(731,875)			(731,875)	
Other debt service costs	(227,870)			(227,870)	
Scrap sales	32	7,299	1,325	8,656	1,555
Gain (loss) on disposal of asset	(970)	(14,389)		(15,359)	1,355
<b>Total nonoperating revenues (expenses)</b>	<u>(748,860)</u>	<u>5,896</u>	<u>10,473</u>	<u>(732,491)</u>	<u>6,283</u>
<b>Income (loss) before contributions and transfers</b>	<u>1,101,712</u>	<u>963,500</u>	<u>(251,902)</u>	<u>1,813,310</u>	<u>(5,488,013)</u>
<b>Contributions and transfers:</b>					
Capital contributions	803,486		1,501,814	2,305,300	
Transfers in	4,866,078		3,418,424	8,284,502	5,083,313
Transfers out	(1,842,586)	(1,527,787)	(303,861)	(3,674,234)	(99,750)
<b>Total contributions and transfers</b>	<u>3,826,978</u>	<u>(1,527,787)</u>	<u>4,616,377</u>	<u>6,915,568</u>	<u>4,983,563</u>
<b>Change in net position</b>	4,928,690	(564,287)	4,364,475	8,728,878	(504,450)
<b>Net position - beginning of year, as restated</b>	<u>80,549,817</u>	<u>8,860,185</u>	<u>3,976,105</u>		<u>5,684,912</u>
<b>Net position - end of year</b>	<u>\$ 85,478,507</u>	<u>\$ 8,295,898</u>	<u>\$ 8,340,580</u>		<u>\$ 5,180,462</u>
<b>Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds</b>				(159,810)	
<b>Change in net position of business-type activities</b>				<u>\$ 8,569,068</u>	

See the accompanying notes.



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CITY OF PANAMA CITY, FLORIDA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FISCAL YEAR ENDED SEPTEMBER 30, 2021

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities - Internal Service Funds</b>
	<b>Utilities</b>	<b>Solid Waste</b>	<b>Marina</b>	<b>Total</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 20,386,106	\$ 8,502,032	\$ 2,120,277	\$ 31,008,415	\$ 977,096
Payments to suppliers	(10,352,306)	(4,237,754)	(1,863,645)	(16,453,705)	(295,222)
Payments to employees	(4,490,840)	(1,946,461)	(216,253)	(6,653,554)	(539,769)
Internal activity-payments (to) from other funds	(397,562)	(75,527)	(2,400)	(475,489)	
Cash received for insurance contributions					2,683,561
Cash paid for insurance claims					(7,499,193)
<b>Net cash provided by (used in) operating activities</b>	<u>5,145,398</u>	<u>2,242,290</u>	<u>37,979</u>	<u>7,425,667</u>	<u>(4,673,527)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Grants	197,735	13,276	8,239	219,250	
Transfers in	4,866,078			4,866,078	5,083,313
Transfers out	(1,842,586)	(1,527,787)	(303,861)	(3,674,234)	(99,750)
<b>Net cash provided by (used in) noncapital financing activities</b>	<u>3,221,227</u>	<u>(1,514,511)</u>	<u>(295,622)</u>	<u>1,411,094</u>	<u>4,983,563</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchases of capital assets	(7,092,324)	(302,003)	(24,225)	(7,418,552)	(45,265)
Proceeds from disposition of capital assets	32	(7,087)	1,325	(5,730)	2,910
Interest and other debt service costs paid on capital debt	(3,626,274)			(3,626,274)	
Impact fees	803,486			803,486	
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(9,915,080)</u>	<u>(309,090)</u>	<u>(22,900)</u>	<u>(10,247,070)</u>	<u>(42,355)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from maturity of investments		631,548		631,548	
Purchase of investment securities	-	(1,353,740)		(1,353,740)	
Interest and dividends	14,088	(290)	909	14,707	3,373
<b>Net cash provided by investing activities</b>	<u>14,088</u>	<u>(722,482)</u>	<u>909</u>	<u>(707,485)</u>	<u>3,373</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(1,534,367)</u>	<u>(303,793)</u>	<u>(279,634)</u>	<u>(2,117,794)</u>	<u>271,054</u>
<b>Cash and cash equivalents:</b>					
<b>Balances - beginning of year</b>	<u>18,588,787</u>	<u>2,467,499</u>	<u>1,475,957</u>	<u>22,532,243</u>	<u>6,460,017</u>
<b>Balances - end of year</b>	<u>\$ 17,054,420</u>	<u>\$ 2,163,706</u>	<u>\$ 1,196,323</u>	<u>\$ 20,414,449</u>	<u>\$ 6,731,071</u>

See the accompanying notes.

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities - Internal Service Funds</b>
	<b>Utilities</b>	<b>Solid Waste</b>	<b>Marina</b>	<b>Total</b>	
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>					
Operating income (loss)	\$ 1,850,572	\$ 957,604	\$ (262,375)	\$ 2,545,801	\$ (5,494,296)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	3,006,383	1,276,003	189,245	4,471,631	9,742
Change in assets and liabilities:					
Receivables, net	122,809	(60,923)	187,379	249,265	
Due from other governmental entities	(265,690)	31,192		(234,498)	(12,020)
Prepaid items	(1,117)			(1,117)	72,838
Deferred outflows of resources	(54,681)	(30,767)	(16,197)	(101,645)	(14,087)
Inventories	357,901		(11,228)	346,673	113,099
Accounts payable	291,084	(9,580)	(79,593)	201,911	637,605
Accrued salaries	(9,546)	(8,646)	(1,393)	(19,585)	(2,517)
Accrued interest payable	(169,927)			(169,927)	
Accrued taxes payable			(6,600)	(6,600)	
Compensated absences	23,096	32,100	(4,274)	50,922	2,394
Due to other funds	(36,989)	(19,173)	17,637	(38,525)	
Deposits	87,697	83,385		171,082	
Net pension liability	(360,676)	(128,087)		(488,763)	
Deferred inflows of resources	167,483	56,985	(3,561)	220,907	(3,095)
Net OPEB liability	136,999	62,197	19,331	218,527	16,810
Unearned revenue			9,608	9,608	
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 5,145,398</b>	<b>\$ 2,242,290</b>	<b>\$ 37,979</b>	<b>\$ 7,425,667</b>	<b>\$ (4,673,527)</b>
<b>Reconciliation of cash and cash equivalents per statement of cash flows to the statement of net position:</b>					
Cash and cash equivalents	\$ 3,243,553	\$ 2,163,706	\$ 1,196,323	\$ 6,603,582	\$ 6,731,071
Restricted cash and cash equivalents:					
Utility upgrade account					
Impact fee account	5,072,881			5,072,881	
Revenue bond - future debt reserve accounts	3,239,574			3,239,574	
Revenue bond contingency account	5,498,412			5,498,412	
<b>Total cash and cash equivalents</b>	<b>\$ 17,054,420</b>	<b>\$ 2,163,706</b>	<b>\$ 1,196,323</b>	<b>\$ 20,414,449</b>	<b>\$ 6,731,071</b>

See the accompanying notes.

CITY OF PANAMA CITY, FLORIDA  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2021

	<b>Pension Funds</b>	<b>Custodial Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,263,355	\$ 99,015
Investments:		
Common stock	7,853,608	
Corporate bonds and notes	5,380,275	
Mutual funds	53,708,845	
Pooled/common/commingled funds	22,868,106	
Total investments	89,810,834	
Accounts receivable	819,937	57,320
<b>Total assets</b>	92,894,126	\$ 156,335
<b>LIABILITIES</b>		
Accounts payable	66,896	
Accrued payroll deductions and matching		\$ 156,335
<b>Total liabilities</b>	66,896	\$ 156,335
<b>NET POSITION</b>		
Restricted for pension benefits	\$ 92,827,230	

See the accompanying notes.



CITY OF PANAMA CITY, FLORIDA  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FISCAL YEAR ENDED SEPTEMBER 30, 2021

	<u>Pension Trust</u>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 3,751,393
State	663,014
Plan members	698,988
Total contributions	<u>5,113,395</u>
Investment earnings:	
Net appreciation in fair value of investments	14,462,343
Interest	1,564,812
Total investment earnings	<u>16,027,155</u>
Less investment expense	<u>(372,216)</u>
Net investment earnings	<u>15,654,939</u>
<b>Total additions</b>	<u>20,768,334</u>
<b>DEDUCTIONS</b>	
Benefits	6,667,953
Refunds of member contributions	170,991
Administrative expenses	122,201
<b>Total deductions</b>	<u>6,961,145</u>
<b>Change in net position</b>	13,807,189
<b>Net Position Restricted for Pension Benefits:</b>	
<b>Beginning of year</b>	<u>79,020,041</u>
<b>End of year</b>	<u><u>\$ 92,827,230</u></u>

See the accompanying notes.



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**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

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

The City of Panama City, Florida was created in 1925 by a Special Act, Chapter 11678, No. 343 of the Florida State Legislature. The City was incorporated March 12, 1926, and is a political subdivision of the State of Florida. The City provides police and fire protection, general government, parks and recreation, health and social services, and public works services to its residents. In addition, the City operates water and sewer, solid waste, and marina enterprises. It also maintains various trust funds in a fiduciary capacity.

The financial statements presented in this report conform to the reporting requirements of the Governmental Accounting Standards Board (GASB), which established combined statements at the required reporting level for governmental entities that present financial statements in accordance with generally accepted accounting principles.

The significant accounting policies of the City are described below.

**Reporting Entity**

The City is a Florida municipal corporation with a five-member City Council comprised of the Mayor (elected at large) and four district Commissioners. In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the City may or may not be financially accountable and, as such, be includable within the City's financial statements. The following criteria are considered in concluding which related activities (component units) should be included in the City's combined financial statements:

- Financial accountability;
- Appointment of a voting majority;
- Imposition of will;
- Financial benefit to or burden on a primary government; and
- Financial accountability as a result of fiscal dependency.

The accompanying combined financial statements include all funds, boards, and authorities for which the City is financially accountable or for which the nature and significance of their relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are, in substance, part of the City's operation. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

**Blended Component Units**

The following component units were included, by blended presentation for 2021, based on the criteria noted above:

- Panama City Community Redevelopment Agency
- Panama City Florida Hurricane Disaster Relief Fund, Inc.

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Panama City Community Redevelopment Agency (CRA) - the City Council serves as the CRA board. Although legally separate, the CRA is blended as a governmental fund component unit into the primary government because the structure of the CRA meets the GASB Statement 80 criteria for blending. The criteria assessed and determined to result in blending are: (a) the boards of the CRA and the City are the same, and (b) management of the City has operational responsibility for the CRA.

On November 22, 1983, the City adopted ordinance No. 1153 designating the Panama City Downtown Improvement Board as the Community Redevelopment Agency pursuant to Florida Statute 163.357(3). On September 12, 2006, the City restructured the Panama City Community Redevelopment Agency by adopting ordinance No. 2216 pursuant to Section 163.357, Florida Statutes. Four community redevelopment areas have been established for which separate trust funds have been opened. The Downtown CRA District was recently extended for an additional 20 years by action of the City Commission under the provisions of FS Chapter 163 part III. Ordinance No. 2488 and 2489 were adopted on March 12, 2013 and may be found in the public records of the City and CRA. The St. Andrews Redevelopment Area was established to finance projects in the St. Andrews region of Panama City. The Downtown North Redevelopment Area was established to finance projects in the Downtown North region of Panama City. The Millville Redevelopment Area was established to finance projects in the Millville region of Panama City. As of October 1, 2009, the CRA began operating as a special revenue fund of the City of Panama City, blended component unit.

On November 13, 2018, the City Commissioners moved to approve the establishment of the Panama City Florida Hurricane Disaster Relief Fund, Inc. (Relief Fund). The City Council serves as the Relief Fund board. Although legally separate, the Relief Fund is blended as a governmental fund component unit into the primary government because the structure of the Relief Fund meets the GASB Statement 80 criteria for blending. The criteria assessed and determined to result in blending are: (a) the boards of the Relief Fund and the City are the same, and (b) Management of the City has operational responsibility for the Relief Fund.

The Relief Fund was incorporated on November 13, 2018 to assist the City with: (a) to provide funds to assist in paying for hurricane disaster related expenses incurred by the City that are not reimbursed by FEMA or any other private insurance, (b) to provide funds to reinvest or improve the infrastructure, programming and quality of life in the City for the benefit of the citizens, (c) to serve the needs of the City employees by providing hurricane disaster relief, and (d) for any and all other lawful not-for-profit purposes and other permitted charitable purposes.

Complete financial statements of the individual component units can be obtained directly from their administrative offices.

Administrative Offices:

Panama City Community Redevelopment Agency  
Panama City  
501 Harrison Avenue, Room 206  
Panama City, Florida 32401

Panama City Florida Hurricane Disaster Relief Fund, Inc.  
501 Harrison Avenue  
Panama City, Florida 32401

CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Discretely Presented Component Units**

The following component units were included, by discrete presentation for 2021, based upon the criteria noted above:

- Panama City Downtown Improvement Board
- Panama City Port Authority

**Governmental Fund Type**

Panama City Downtown Improvement Board. The Panama City Downtown Improvement Board was incorporated on July 5, 1974, by House Bill No. 4094 enacted by the legislature of the State of Florida. This act provided for the establishment of a special taxing district under Article VII, Section 9 of the Florida Constitution. The members of the governing board of the Panama City Downtown Improvement Board are appointed by the City Commission. The City also has the authority to levy ad valorem taxes of up to 3 mills for Downtown Improvement Board District operations.

**Proprietary Fund Type**

Panama City Port Authority. The Panama City Port Authority is a Dependent Special District created under Special Act 1945, Chapter 23466. The members of the governing board of the Port Authority are appointed by the City Commission. Operational and capital budgets of the Port Authority must be approved by the City Commission.

Complete financial statements of the individual component units can be obtained directly from their administrative offices.

**Administrative Offices:**

Panama City Downtown Improvement Board  
P O Box 247  
Panama City, Florida 32402

Panama City Port Authority  
One Seaport Drive  
Panama City, Florida 32401

GASB requires reasonable separation between the Primary Government and its discretely presented component units, both in the financial statements and in the related notes and required supplementary information. Because the discretely presented component units, although legally separate, have been and are operated as if each is part of the primary government, there are limited instances where special note reference or separation will be required. If no separate note reference or categorization is made, the user should assume that information presented for the Primary Government is equally applicable to the component units.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of

CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

changes in net position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges 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*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, except for the custodial funds which are a part of the fiduciary fund statements and have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are 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, with the exception of grant revenues as they are considered available when eligible expenditures have occurred. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The City reports the following major governmental funds:

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

The *Hurricane Michael Fund* is a special revenue fund used to account for financial resources of the general government that relate to Hurricane Michael including grants and insurance proceeds.

The *Capital Projects Fund* is used to account for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The Capital Project Fund is comprised of one sub fund: Projects Management, where activity is reported together for financial reporting purposes.

The *Capital Projects Infrastructure Surtax Fund* is used to account for capital improvements to the City's infrastructure funded by debt proceeds received from pledged State of Florida infrastructure surtax revenue.

The *State Housing Initiatives Partnership Program-City Fund* is a special revenue fund used to account for the proceeds awarded from state agencies that are restricted to expenditures for specific purposes.

The government reports the following major proprietary funds:

The *Utility Fund* is used to account for activities related to retail utility operations.

The *Solid Waste Fund* is used to account for activities related to retail solid waste operations.

The *Marina Fund* is used to account for activities related to retail marina operations.

Additionally, the government reports the following funds:

*Special revenue funds* account for revenues received from the Department of Housing and Urban Development, the State Housing Initiatives Partnership program-County, Community Redevelopment Agencies, infrastructure surtax, charitable contributions for Hurricane Michael relief, small disaster relief funding, and other general grants. Revenues are restricted to accomplishing the various objectives of these programs.

**CITY OF PANAMA CITY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Internal service funds* account for the financing of goods or services provided by one department to other departments of the City. The services provided include medical self-insurance, dental insurance, and equipment maintenance costs.

*Pension trust funds* account for assets held in trust for members and beneficiaries of the City's three defined benefit pensions.

*Custodial funds* account for cafeteria plan assets held by the City in a trustee capacity and do not involve measurement of results of operations.

*Debt service funds* account for the payment of principal and interest on long-term debt of governmental funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function 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 *nonoperating* 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 utility, solid waste, and marina enterprise funds, and of the government's internal service funds are charges to customers for sales and services. The utility fund also recognizes as operating revenue tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

*Deposits and investments*

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



**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The investments are categorized at their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy is based on the valuation inputs used to measure fair value of the asset that prioritizes inputs into three levels; Level 1 – quoted prices for identical instruments in active markets; Level 2 – significant inputs that are observable; Level 3 – significant inputs that are unobservable.

*Receivables and payables*

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

Notes, assessments, and accounts receivable are charged to bad debt expense as they are deemed uncollectible.

The property tax revenues calendar is as follows:

Lien date	January 1	Payment due by	March 31
Levy date	October 1	Delinquent date	April 1
Tax bill mailed	November 30	Tax sale-delinquent property tax	June 1

The County Tax Collector collects property taxes on behalf of each municipality within the county boundaries. By May 31, during each year for which taxes are levied, all taxes have been collected and remitted to the City or the delinquent taxes are raised by public auction of tax certificates and the proceeds are remitted to the City shortly after the certificates are sold. Because of this arrangement there are no material unremitted tax revenues for each fiscal year on September 30th.

*Inventories and prepaid items*

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Prepaid costs are payments that are applicable to future accounting periods and are recorded as an asset when purchased and as an expense when consumed (consumption method) in both government-wide and fund financial statements.

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Restricted assets*

Certain assets of the enterprise funds are required by resolution to be set aside and used for specific purposes; thus, they are not available for general operating purposes. These restricted assets consist of cash in various bank accounts and are recorded at cost.

*Capital assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, 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 with an initial, individual cost of more than \$1,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are completed. Interest incurred during the construction phase of capital assets of business-type activities are expensed as incurred.

Capital assets are depreciated over their estimated useful lives unless they are inexhaustible or are intangible assets with indefinite useful lives. The term depreciation (and related forms of the term) includes amortization of intangible assets.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30
Building improvements	10
Public domain infrastructure	40
Utility plant	40
System infrastructure	40
Machinery and equipment	5 to 10
Furniture and fixtures	8
Automobiles and trucks	5
Intangibles	5

**CITY OF PANAMA CITY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Deferred outflows/inflows of resources*

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has four items that qualify for reporting in this category: 1) the deferred outflow of resources on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price and the amount is capitalized and amortized over the shorter of the life of the refunded or refunding debt, 2) the deferred outflow of resources on the hedging derivatives is a result from the decrease in the fair value of the derivative instrument and a deferred outflow is recognized to verify that the decrease is not expected to be recognized in investment income in future periods, 3) deferred outflows related to pensions as discussed in Note 9, 4) deferred outflows related to other post-employment benefits as discussed in Note 10.

In addition to liabilities, the statement of net position reports 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 and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category which is related to pensions as discussed in Note 9, and other post-employment benefits as discussed in Note 10. The City also has deferred inflows of resources for revenues related to grants in the fund financials.

*Pensions*

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

*Compensated absences*

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. One third of total sick leave balances of employees with six years or more of service is accrued in the government-wide, proprietary, and fiduciary fund financial statements. In accordance with GAAP, for the government funds in the fund financial statements, all of the compensated absences are considered long-term and, therefore, are not a fund liability and represent a reconciling item between the fund level and government-wide presentations.

CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

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 fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method based on the life of the bond issue. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts 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 position*

The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets is intended to reflect the portion of net position which is associated with non-liquid, capital assets less outstanding capital asset related debt.

Restricted net position is liquid assets (generated from revenues and net bond proceeds) which are not accessible for general use because of third-party (statutory, bond covenant, or granting agency) limitations.

Unrestricted net position represents unrestricted liquid assets.

*Categories and classification of fund balance*

The City has implemented GASB Statement No. 54. This statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB Statement No. 54, are nonspendable, restricted, committed,

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

assigned, and unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the general fund. The general fund should be the only fund that reports a positive unassigned balance. For further details of the various fund balance classifications refer to Note 13.

*Use of estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Stewardship, Compliance, and Accountability**

**Budgetary Information**

Annual budgets are adopted on a basis consistent with GAAP for the funds listed in the next paragraph. All annual appropriations lapse at fiscal year end. It is the City's policy to reappropriate such amounts at the beginning of the next fiscal year.

Budgets are adopted at the beginning of each fiscal year through passage of a resolution by the City Commissioners for the following funds: General Fund, Debt Service funds, Community Planning and Development Fund, State Housing Initiative Partnership City, State Housing Initiative Partnership County, General Grants Fund, Infrastructure Surtax Fund, and the Community Redevelopment Agency areas.

The City Manager is authorized to transfer part or all of an unencumbered appropriated balance among programs within a fund. Management may not increase a fund's total expenditures without seeking the approval of the City Commissioners, who may amend the budget at any time during the fiscal year. Amounts shown in the financial statements represent the original budgeted amounts and all supplemental amendments.

**Excess of Expenditures Over Appropriations in Individual Funds**

The City had expenditures exceed appropriations by \$819,592 in the General Fund for the fiscal year ended September 30, 2021.

**CITY OF PANAMA CITY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**New Accounting Pronouncements**

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This statement will enhance consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2019. The City has implemented GASB Statement No. 84 in this report.

In June 2017, the GASB issued Statement No. 87, *Leases*. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2021. The City is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

In June 2018, The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This statement will enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and will simplify accounting for interest cost incurred before the end of a construction period. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. The City is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

In August 2018, The GASB issued Statement No. 90, *Majority Equity Interests*. This statement will enhance the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. The City has implemented GASB Statement No. 90 in this report.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objective of this statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with 1) commitments extended by issuers, 2) arrangements associated with conduit debt obligations, and 3) related note disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2021. The City is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

In January 2020, the GASB issued Statement No. 92 *Omnibus 2020*. This statement will enhance the comparability in accounting and financial reporting and improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. The requirements of this statement related to Statement 87

**CITY OF PANAMA CITY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

and Implementation Guide 2019-3 was effective upon issuance with all other requirements being effective for reporting periods beginning after June 15, 2021. The City has implemented the necessary provisions of GASB Statement No. 92 in this report. The City is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption of all other requirements.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. This statement establishes accounting and financial reporting requirements related to the replacement of interbank offered rates (IBORS) in hedging derivative instruments and leases and identifies appropriate benchmark interest rates for hedging derivative instruments. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this statement are effective for reporting periods beginning after June 15, 2020. The City has implemented the necessary provisions of GASB Statement No. 93 in the report, however it does not have any current impact on the City. The City is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption of all other requirements.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this statement is to better meet the information needs of financial statement users by improving the comparability of financial statements among governments that enter into public-private and public-public partnership arrangements (PPPS) and availability payment arrangements (APAs) and by enhancing the understanding, relevance, and consistency of information about PPPS and APAs. The requirements of this statement are effective for reporting periods beginning after June 15, 2022. The City is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this statement are effective for reporting periods beginning after June 15, 2022. The City is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-An Amendment of GASB Statements No. 14 and No. 84, Supersession of GASB Statement No. 32*. The primary objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code

**CITY OF PANAMA CITY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. The City is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

In October 2021, the GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. This statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. The requirements of this statement are effective for reporting periods ending after December 15, 2021. The City has implemented GASB Statement No. 98 in this report.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

GASB Statement No. 40, *Deposits and Investment Risk Disclosures* amends GASB Statement No. 3, *Deposits with Financial Institutions, Investments, and Reverse Repurchase Agreements*, and is designed to inform financial statement users about deposit and investment risks that could affect a government's ability to provide services and meets its obligations as they become due. GASB Statement No. 40 addresses common deposit and investment risks related to credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk and requires that deposit and investment policies related to the risks be disclosed, as applicable.

In accordance with GASB Statement No. 40, the following disclosures are made regarding the City's deposit and investment balances as of September 30, 2021:

***Deposits:***

Under the City's investment policy the City may invest in obligations of the U.S. Treasury and its agencies, interest bearing time deposits, or savings accounts in banks provided that such deposits are secured by collateral as prescribed by Chapter 280, Florida Security for Public Deposits Act, of the Florida Statutes and the State Treasurer's investment pool. Included in the City's cash balances are amounts deposited with banks in interest bearing accounts, non-interest bearing demand accounts, and interest bearing time deposit accounts. The bank balances are entirely insured by federal depository insurance or by collateral pursuant to the Florida Security for Public Deposits Act of the State of Florida.

***Investments:***

Section 218.415, Florida Statutes, limits the types of investments that a government can invest in unless specifically authorized in an investment policy. The City has adopted an investment policy pursuant to Section 218.415, Florida Statutes, that established permitted investments, asset allocation limits, issuer limits, and maturity limits to protect the City's cash and investment assets. The



CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

investment policy applies to all cash and investments held or controlled by the City with the exception of Pension Funds.

The City is authorized to undertake investments in the following authorized investments:

- a. United States Government Securities
- b. Interest Bearing Time Deposit or Saving Accounts
- c. Federal Instrumentalities (United States Government sponsored agencies)
- d. Repurchase Agreements
- e. Money Market accounts placed with financial institutions qualifying as public depositories as provided for in Chapter 280, Florida Statutes.
- f. Registered Investment Companies (Mutual Funds)
- g. Intergovernmental Investment Pool
- h. Commercial Paper

The City participates in the State Board of Administration's (SBA) Local Government Surplus Funds Trust Fund, a Florida PRIME governmental investment pool. As a Florida PRIME participant, the City invests in pools of investments whereby the City owns a share of the respective pool, not the underlying securities. GASB Statement No. 31, titled *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, applies to the Florida PRIME. GASB 31 defines an external investment pool as an arrangement that commingles (pools) the moneys of more than one legally separate entity and invests, on the participants' behalf, in an investment portfolio; one or more of the participants is not part of the sponsor's reporting entity.

In December 2015, GASB issued Statement 79 titled *Certain External Investment Pools and Pool Participants* in response to the Securities and Exchange Commission's amendments in 2014 to regulations that apply to money market funds. GASB 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. If the external investment pool meets the criteria in GASB 79 and measures all of its investments at amortized cost, the pool's participants also should measure their investments in that external investment pool at amortized cost for financial reporting purposes.

Florida PRIME currently meets necessary criteria to measure the investments in the pool at amortized cost. Therefore, the account balance is also considered the fair value of the investment. The Florida PRIME investment is exempt from the GASB 72 fair value hierarchy disclosures.

CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

As of September 30, 2021, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of the account value.

If reader wants more information, Florida Prime annually issues a publicly available financial report available at [www.sbafla.com](http://www.sbafla.com).

The Florida Fixed Income Trust (FL FIT or "Trust") investments in each of the pools within the Trust are measured and reported at fair market value using the guidelines established by Generally Accepted Accounting Principles (GAAP). The Trust follows Financial Accounting Standards Board (FASB) Accounting Standards Topic (ASC) 820 *Fair Value Measurement and Disclosure* for financial reporting purposes. ASC 820 defines fair value, establishes a single framework for measuring fair value, and requires disclosure about fair value measurement. FL FIT does not meet all of the specific criteria outlines in GASB 79, paragraph 4, therefore FL FIT participants should measure their investments in FL FIT pools at fair value as provided in paragraph 11 of GASB Statement 31.

The Firefighters' and Police Officers' pension plans' investment policies restricted un-invested cash to minimal balances generally covered by the FDIC and cash instruments with a minimum rating of at least Standard and Poor's A1 or Moody's P1. As of September 30, 2021, cash instruments for both funds consisted of Federated Treasury Obligations.

Investment policies for the Firefighters' and Police Officers' pension plans provide for investment manager(s) who have full discretion of assets allocated to them subject to the overall investment guidelines set out in the policies. Overall investment guidelines provide for diversification and allow investment in debt securities (rated at least BB or Ba by Standard and Poor or Moody) and equity securities traded on one or more of the recognized national exchanges or on the National Market System of the NASDAQ market, U.S. Government obligations guaranteed by the U.S. Government, bonds issued by the State of Israel, and any commingled funds that are restricted to these investments.

The Florida Municipal Pension Trust Fund (FMPTF) is established as a trust whereby governmental entities with employee pension or OPEB plans may elect to join the trust (becoming a Participating Employer), and with the trust providing the plans with administrative and investment services for the benefit of Participating Employers, Participating Employees, and Beneficiaries. All employee pension plans or OPEB assets with the FMPTF are included in the trust's Master Trust Fund. Employee pension plans or OPEB assets of the defined benefit type are invested by the FMPTF through the Florida Municipal Investment Trust (FMIVT) for the benefit of the Participating Employers, Participating Employees, and Beneficiaries.

CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Credit Risk

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. A credit risk exists when there is a possibility the issuer or the counterparty to an investment may be unable to meet its obligations. GASB Statement No. 40 requires disclosure of credit quality ratings for investments in debt securities as well as investments in external investment pools, money market funds, and other pooled investments of fixed income securities.

The structure of the City's investment policy is designed to minimize credit risk, by limiting its investments to those with high ratings issued by a nationally recognized statistical rating organization (NRSROs). The Florida PRIME is currently rated by Standard and Poor's as AAAM.

As of September 30, 2021 FL FIT pools were rated by Fitch Ratings. The FL FIT Cash Pool currently rates AAAf/S1.

Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City or Pension Trust Plans will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in pools should be disclosed, but not categorized under GASB No. 40 because they are not evidenced by security that exist in physical or book entry form. As of September 30, 2021, the City's investment portfolio was held with a third-party custodian.

Participants' investments in the SBA, FL FIT, and FMPTF are evidenced by shares of the pool. The City's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

Consistent with each Pension Trust Plan's investment policy, the investments are held by each Plan's custodial bank and registered in each Plan's name.

CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Concentration Credit Risk

GASB Statement No. 40 requires disclosure of the concentration of credit risk when five or more percent of the total assets of the portfolio are invested with a single issuer. Investments issued are explicitly guaranteed by the U.S. government and investments in mutual funds or pools are excluded from the concentration of credit risk disclosures requirements.

The City limits the amount it may invest in any one investment varying by the type of investment. The SBA, FL FIT, and FMPTF are all pooled investments, therefore no additional disclosure is required.

The Police Officers' and Firefighters' Pension Trust Plans' investment policies prohibit investments in common stock that exceed 70% of the funds assets at market value, investments in common stock in any one issuer that exceed 5% of the funds assets at cost, investments that comprises 5% or more of any one issuer's outstanding stock, and investments in foreign securities that exceed 25% of the fund assets. Additionally, cash and cash equivalents may not exceed 5% of the funds assets, and all repurchase agreement transactions must adhere to the requirements of the Master Repurchase Agreement. None of the stated thresholds were exceeded by either funds at fiscal year end.

Interest Rate Risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Interest rate risk disclosures are required for all debt instruments as well as investments in mutual funds, external investment pools, and other pooled investments that do not meet the definition of a "2a-7 like" pool. Interest rate disclosures have been made.

The City's investment policy is structured to mitigate the effects of interest rate risk by placing limits on the maturity and duration of specific investment vehicles. It is the City's intention to make investments to provide sufficient liquidity to pay obligations as they become due. The City uses the weighted average maturity method for its FL FIT which results in a WAM of 79 days and a weighted average life (WAL) of 104 days.

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)**

The City uses the weighted average maturity method for Florida PRIME which results in a WAM of 49 days, and a weighted average life (WAL) of 64 days.

The three Pension Trust Plans can have investments in a combination of stocks, bonds, government securities, and other investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect balances and the amounts reported in the statement of plan net position and the statement of changes in plan net position. Each individual plan's investment advisor monitors the plan's investments and the associated risks on a regular basis, which minimizes risks.

Foreign Currency Risk

Foreign currency risk is the risk that foreign currency exchange rates will adversely affect the fair value of an investment. The City has nominal exposure to foreign currencies due to investments in non-U.S. markets implemented through portfolios. Foreign currencies will fluctuate relative to the U.S. dollar, but it is believed that the diversification benefits outweigh potential risks. Given the limited exposure, foreign currency risk is considered minor.

***Deposits and Investments:***

Deposits and investments as of September 30, 2021 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and cash equivalents	\$ 91,059,754
Restricted cash and cash equivalents	13,810,867
Investments	10,326,971
Statement of fiduciary net position:	
Cash and cash equivalents	2,263,355
Investments	89,810,834
Total cash and investments	<u>\$ 207,271,781</u>

CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Cash on hand, deposits, and investments as of September 30, 2021 consist of the following:

Governmental and business-type investments:

Cash on hand	\$	23,184
Deposits with financial institutions		78,784,523
SBA		5,967,300
FL FIT		20,016,862
Investments in federal instrumentalities		10,405,723
Senior management pension plan:		
Deposits with financial institutions		29,257
Investments in pooled/common/commingled funds		4,150,388
Police officers and firefighters pension plan:		
Deposits with financial institutions		2,234,098
Investments in mutual funds		53,708,845
Investments in equity/common stock		7,853,608
Investments in corporate bonds and notes		5,380,275
Investments in pooled/common/commingled funds		<u>18,717,718</u>
Total cash and investments	\$	<u>207,271,781</u>

**Deposits and Investment Risk Disclosures:**

As of September 30, 2021, the City held the following investments as categorized below in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosure*:

Primary Government:	Investment Maturities				Total	Average Rating (1)
	Less than 1 Year	1 to 5 Years	6 to 10 Years	More than 10 Years		
Investment Type						
Federal Instrumentalities	\$ 3,416,092	\$ 6,989,631			\$ 10,405,723	AA
State Board of Administration						
Florida PRIME	5,967,300				5,967,300	AAAm
Florida Fixed Income Trust	<u>20,016,862</u>				<u>20,016,862</u>	AAAf/S1
Total primary government	<u>\$ 29,400,254</u>	<u>\$ 6,989,631</u>			<u>\$ 36,389,885</u>	
<b>Fiduciary Funds:</b>						
Investment Type	Less than 1 Year	1 to 5 Years	6 to 10 Years	More than 10 Years	Total	Average Rating (1)
Common stock					\$ 7,853,608	N/A
Corporate bonds and notes	5,380,275				5,380,275	N/A
Pooled/common/ commingled funds	22,868,106				22,868,106	NR
Mutual funds	<u>53,708,845</u>				<u>53,708,845</u>	NR
Total fiduciary funds	<u>\$ 89,810,834</u>				<u>\$ 89,810,834</u>	

(1) Ratings are provided where applicable to indicate associated *credit risk*. N/A indicates not applicable.  
NR indicates the fund is not rated.

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)**

Fair Value

A summary of the investment under the requirements of the fair value hierarchy follows:

**Primary Government**

	<b>Total</b> 9/30/21	<b>Fair Value Measurements Using</b>		
		Quoted prices  Level 1	Other significant observable inputs Level 2	Significant unobservable inputs Level 3
<b>Investments by fair value level</b>				
Government agency securities	\$ 10,405,723		\$ 10,405,723	

**Fiduciary Funds**

	<b>Total</b> 9/30/21	<b>Fair Value Measurements Using</b>		
		Quoted prices  Level 1	Other significant observable inputs Level 2	Significant unobservable inputs Level 3
<b>Investments by fair value level</b>				
Stocks	\$ 7,853,608	\$ 7,853,608	\$ -	\$ -
Corporate bonds and notes	5,380,275	5,380,275		
Mutual funds – fixed income	24,246,263	24,246,263		
Mutual funds – equity	29,462,582	29,462,582		
Pooled–real estate investment trust	6,378,275			6,378,275
Pooled – fixed income	647,845		647,845	
Pooled – equity	15,841,986		2,655,725	13,186,261
<b>Total Investment by fair value level</b>	<b>\$ 89,810,834</b>	<b>\$ 66,942,728</b>	<b>\$ 3,303,570</b>	<b>\$ 19,564,536</b>

**Primary Government**

	<b>Total</b> 9/30/21
<b>Investments by net asset value (NAV)</b>	
Florida Fixed Income Trust	\$ 20,016,862

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)**

Investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Investments classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique provided by third party custodians. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Investments classified at Level 3 are valued based on unobservable inputs.

**Discretely Presented Component Unit**

*Panama City Port Authority*

Derivative instruments outstanding as of September 30, 2021:

<u>Item</u>	<u>Type</u>	<u>Objective</u>	<u>Notional Amount</u>	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Terms</u>	<u>09/30/2021 Fair Value (Negative)</u>
A	Pay-fixed interest rate swap	Hedge the variable rate risk associated with the first draw on the \$7,500,000 debt.	\$7,500,000	06/01/2007	06/01/2027	Pay 4.43%, receive 67% of LIBOR plus 70 basis points.	\$(286,382)

Derivative instrument A is considered a hedging derivative instrument for 2021. The fair value of the interest rate swap was estimated using a proprietary valuation model developed by the counterparty. This method calculates future cash flows by projecting forward rates, then discounting those cash flows at their present value.

Risks

1. *Credit Risk:*

The Port Authority's derivative instrument is held with a counterparty whose credit rating is "A3". The counterparty bears the risk of non-payment.

2. *Interest Rate Risk:*

The Port Authority is exposed to interest rate risk on its interest rate swap. On its pay-fixed, variable-rate interest rate swap, as LIBOR decreases, the Port Authority's net payment on the swap increases.



**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)**

3. *Basis Risk:*

The Port Authority is exposed to basis risk on its pay-fixed swap derivative instrument because the variable-rate payments received by the Port Authority on this derivative instrument is based on a rate or index other than interest rates the Port Authority pays on its hedged variable-rate debt. At September 30, 2021, variable interest rate and LIBOR-based rate of the swap was as follows:

	<u>Variable Rate</u>	<u>LIBOR Based Rate</u>
Derivative A	.0080	1.5920

4. *Termination Risk:*

The swap may be terminated by the Port Authority or the counterparty if the other party fails to perform under the terms of the swap agreement. If the swap is terminated, the Port Authority would prospectively pay the variable-rate on the Line of Credit. The termination of the swap agreement could increase the Port Authority's total debt service if, at the time of termination, the swap has a negative fair value by the amount of such negative fair value. As noted below under fair value, the Port Authority has a negative fair value for derivative instrument A as of September 30, 2021 and would be liable to the counterparty if the swap was terminated prematurely.

5. *Rollover Risk:*

Derivative instrument A's swap agreement termination date is June 1, 2027. The Port Authority may not be able to replicate the hedge associated with the current swap agreement on the termination date.



CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2021 was as follows:

**Primary Government**

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 19,817,495	\$ 364,087	\$ -	\$ -	\$ 20,181,582
Construction in progress	11,705,781	6,753,021		(1,501,814)	16,956,988
Total capital assets, not being depreciated	<u>31,523,276</u>	<u>7,117,108</u>		<u>(1,501,814)</u>	<u>37,138,570</u>
Capital assets, being depreciated:					
Buildings	26,963,231	17,033			26,980,264
Improvements other than buildings	31,560,069	44,472			31,604,541
Machinery and equipment	18,895,664	2,187,714	1,049,203	34,482	20,068,657
Intangibles	172,584				172,584
Infrastructure, excluding bridges	70,333,413				70,333,413
Total capital assets, being depreciated	<u>147,924,961</u>	<u>2,249,219</u>	<u>1,049,203</u>	<u>34,482</u>	<u>149,159,459</u>
Less accumulated depreciation for:					
Buildings	8,306,089	758,901			9,064,990
Improvements other than buildings	14,730,882	2,520,651			17,251,533
Machinery and equipment	15,766,689	1,258,061	1,024,047	34,482	16,035,185
Intangibles - amortizable	60,034	31,332			91,366
Infrastructure, excluding bridges	44,409,398	1,545,446			45,954,844
Total accumulated depreciation	<u>83,273,092</u>	<u>6,114,391</u>	<u>1,024,047</u>	<u>34,482</u>	<u>88,397,918</u>
Total capital assets, being depreciated, net	<u>64,651,869</u>	<u>(3,865,172)</u>	<u>25,156</u>		<u>60,761,541</u>
Governmental activities capital assets, net	<u>\$ 96,175,145</u>	<u>\$ 3,251,936</u>	<u>\$ 25,156</u>	<u>\$ (1,501,814)</u>	<u>\$ 97,900,111</u>

CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

NOTE 4 - CAPITAL ASSETS (Continued)

**Primary Government (Continued)**

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-type Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 1,828,384	\$ -	\$ -	\$ -	\$ 1,828,384
Construction in progress	49,577,027	8,783,635	42,316,168	1,501,814	17,546,308
Total capital assets, not being depreciated	<u>51,405,411</u>	<u>8,783,635</u>	<u>42,316,168</u>	<u>1,501,814</u>	<u>19,374,692</u>
Capital assets, being depreciated:					
Buildings	2,905,700	43,324,308			46,230,008
Improvements other than buildings	108,696,507	7,500			108,704,007
Intangibles	4,007				4,007
Machinery and equipment	16,447,120	1,128,086	653,328	(34,482)	16,887,396
Total capital assets, being depreciated	<u>128,053,334</u>	<u>44,459,894</u>	<u>653,328</u>	<u>(34,482)</u>	<u>171,825,418</u>
Less accumulated depreciation for:					
Buildings	361,607	35,491			397,098
Improvements other than buildings	66,729,142	2,964,359			69,693,501
Intangibles - amortizable	2,136	801			2,937
Machinery and equipment	11,390,423	1,470,980	561,969	(34,482)	12,264,952
Total accumulated depreciation	<u>78,483,308</u>	<u>4,471,631</u>	<u>561,969</u>	<u>(34,482)</u>	<u>82,358,488</u>
Total capital assets, being depreciated, net	<u>49,570,026</u>	<u>39,988,263</u>	<u>91,359</u>		<u>89,466,930</u>
Business-type activities capital assets, net	<u>\$ 100,975,437</u>	<u>\$ 48,771,898</u>	<u>\$ 42,407,527</u>	<u>\$ 1,501,814</u>	<u>\$ 108,841,622</u>

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 4 - CAPITAL ASSETS (Continued)**

Total depreciation expense for governmental activities for fiscal year 2021 is \$6,114,391 Total depreciation expense for business-type activities for fiscal year 2021 is \$4,471,631.

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

Governmental activities:	
General government	\$ 2,659,191
Public safety	1,219,136
Highways and streets, including depreciation of general infrastructure assets	1,890,078
Culture and recreation	<u>336,244</u>
	6,104,649
Other: Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>9,742</u>
Total depreciation expense - governmental activities	<u>\$ 6,114,391</u>
Business-type activities:	
Utilities	\$ 3,006,383
Solid waste	1,276,003
Marina	<u>189,245</u>
Total depreciation expense - business-type activities	<u>\$ 4,471,631</u>

**Discretely Presented Component Units**

Activity for the Panama City Downtown Improvement Board for the year ended September 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 424,999	\$ -	\$ -	\$ 424,999
Capital assets, being depreciated:				
Improvements other than buildings	<u>107,474</u>	<u>          </u>	<u>          </u>	<u>107,474</u>
Less accumulated depreciation for:				
Improvements other than buildings	<u>84,062</u>	<u>7,772</u>	<u>          </u>	<u>91,834</u>
Total capital assets, being depreciated, net	<u>23,412</u>	<u>(7,772)</u>	<u>          </u>	<u>15,640</u>
Downtown Improvement Board capital assets, net	<u>\$ 448,411</u>	<u>\$ (7,772)</u>	<u>\$ -</u>	<u>\$ 440,639</u>

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 4 - CAPITAL ASSETS (Continued)**

Activity for the Panama City Port Authority for the year ended September 30, 2021, was as follows:

	<u>Beginning Balance, as restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 26,397,598	\$ -	\$ -	\$ 26,397,598
Construction in progress	<u>26,313,983</u>	<u>12,463,188</u>	<u>29,625,687</u>	<u>9,151,484</u>
Total capital assets, not being depreciated	<u>52,711,581</u>	<u>12,463,188</u>	<u>29,625,687</u>	<u>35,549,082</u>
Capital assets, being depreciated:				
Buildings and improvements	67,200,995	22,382,948		89,583,943
Improvements other than buildings	71,192,968	3,523,816		74,716,784
Machinery and equipment	<u>18,487,584</u>	<u>4,229,239</u>		<u>22,716,823</u>
Total capital assets, being depreciated	<u>156,881,547</u>	<u>30,136,003</u>		<u>187,017,550</u>
Less accumulated depreciation for:				
Buildings and improvements	28,819,042	2,199,100		31,018,142
Improvements other than buildings	31,606,701	2,975,458		34,582,159
Machinery and equipment	<u>10,978,356</u>	<u>1,163,584</u>		<u>12,141,940</u>
Total accumulated depreciation	<u>71,404,099</u>	<u>6,338,142</u>		<u>77,742,241</u>
Total capital assets, being depreciated, net	<u>85,477,448</u>	<u>23,797,861</u>		<u>109,275,309</u>
Port Authority capital assets, net	<u>\$138,189,029</u>	<u>\$36,261,049</u>	<u>\$29,625,687</u>	<u>\$144,824,391</u>

CITY OF PANAMA CITY, FLORIDA  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2021

NOTE 5 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchased commercial insurance for all risks of loss except medical claims of the City of Panama City employees and their covered dependents. There was no significant reduction in insurance coverage during the current year. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The City has established a medical self-insurance fund and a dental insurance fund which are accounted for as Internal Service Funds. The purpose of the medical self-insurance fund is to pay medical claims and minimize the total cost of annual insurance to the municipality. The purpose of the dental insurance fund is to pay the for the cost of the dental insurance of the City of Panama City employees and their covered dependents. Medical claims exceeding \$175,000 per insured with an aggregating specific deductible of \$270,000 are covered through private carriers. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Contributions to the self-insurance fund are determined by projected losses based on historical claims experience. Claims liabilities are based on the estimated ultimate cost of settling the claims, using past experience adjusted for current trends, and any other factors that would modify past experience. Claim liabilities include specific incremental claim adjustment expenses. Unpaid losses occurring prior to September 30, 2021, have been estimated and accrued at present value as a liability as of September 30, 2021. Changes in the balances of claims liabilities during the fiscal years 2021 and 2020 were as follows:

**Medical Self Insurance**

<u>Year</u>	<u>Balance Fiscal Year Beginning October 1</u>	<u>Current Year Claims/Fees and Changes in Estimates</u>	<u>Claims/Fees Payments</u>	<u>Balance Fiscal Year Ending September 30</u>
2021	\$ 895,395	\$ 7,824,036	\$ 7,263,551	\$ 1,455,880
2020	993,058	6,686,460	6,784,123	895,395

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 6 - LONG-TERM DEBT**

**Primary Government - *Governmental Activities*:**

Long-term obligations at September 30, 2021, includes the following debt issues:

	<u>Authorized And Issued</u>	<u>Balance September 30, 2021</u>
Revenue Note, Series 2008 (Modified), interest 1.94%, principal and interest payable semi-annually on April 1 and October 1; principal matures April 1, 2023; collateralized by and payable from pledged funds of non-ad valorem revenues.	\$ 1,922,000	\$ 300,000
Capital Improvement Revenue Note, Series 2013B, interest 2.81%, payable semi-annually on April 1 and October 1; principal is payable on October 1; collateralized by a lien and pledge of the business tax receipts.	12,999,000	6,793,000
Capital Improvement Revenue Note, Series 2016, interest 1.87%, Interest and principal are payable quarterly on January 1, April 1, July 1, and October 1; collateralized by a lien and pledge of the business tax receipts.	3,207,000	2,330,000
Capital Improvement Revenue Note, Series 2018, interest 3.30%, payable semi-annually on April 1 and October 1; principal is payable on October 1; collateralized by a lien and pledge of the business tax receipts.	16,330,000	14,069,000
Infrastructure Sales Surtax Revenue Note, Series 2018, interest 3.02%, payable semi-annually on April 1 and October 1; principal is payable on October 1; collateralized by a lien and pledge of the sales surtax revenues and all moneys in the related funds.	15,100,000	11,678,000
Hurricane Recovery and Refunding Revenue Note, Series 2019, Revolving Line of Credit, amount authorized is \$75,000,000, amount unused is \$5,945,503, interest at 2.384%, interest payable on January 1 and October 1, Principal payable in full at January 1, 2022, collateralized by a lien and payable from pledged funds on non-ad valorem revenues.	69,054,497	69,054,497



CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

NOTE 6 - LONG-TERM DEBT (Continued)

Hurricane Recovery and Refunding Revenue Note, Series 2020a, Revolving Line of Credit, amount authorized is \$70,000,000, amount unused is \$69,811,000, interest at 1.201%, interest payable on April 1 and October 1, Principal payable in full at April 1, 2023, collateralized by pledge of and lien on all FEMA and State receipts from the fund managed by FEMA and related to Hurricane Michael projects from pledged funds on non-ad valorem revenues.

	<u>189,500</u>	<u>189,500</u>
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Total

	<u>\$ 118,801,997</u>	<u>\$ 104,413,997</u>
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**Primary Government - *Business-Type Activities*:**

Long-term obligations at September 30, 2021 includes the following issues:

Water and Sewer Refunding Revenue Note, Series 2012: dated April 19, 2012, interest 2.36%, principal payable annually on October 1, interest payable semi-annually on April 1 and October 1; collateralized by a lien on and pledge of the net revenues of the water and wastewater system.

	<u>Authorized And Issued</u>	<u>Balance September 30, 2021</u>
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	\$ 5,465,000	\$ 3,376,000
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Water and Sewer Refunding Revenue Note, Series 2021: dated May 13, 2021, interest 2.50%, principal payable annually on October 1; interest payable semi-annually on April 1 and October 1; collateralized by a lien on and pledge of the net revenues of the water and wastewater system.

	<u>25,891,000</u>	<u>25,891,000</u>
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Total

	<u>\$ 31,356,000</u>	<u>\$ 29,267,000</u>
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**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 6 - LONG-TERM DEBT** (Continued)

Long-term liability activity Governmental activities for the year ended September 30, 2021, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
<b>Governmental Activities:</b>					
Revenue Note, Series 2008 (Modified)	\$ 449,000	\$ -	\$ 149,000	\$ 300,000	\$ 151,000
Capital Improvement Revenue Note, Series 2013B	7,678,000		885,000	6,793,000	905,000
Capital Improvement Revenue Note, Series 2016	2,534,000		204,000	2,330,000	208,000
Capital Improvement Revenue Note, Series 2018	15,012,000		943,000	14,069,000	975,000
Infrastructure Sales Surtax Revenue Note, Series 2018	13,430,000		1,752,000	11,678,000	1,804,000
FEMA Community Disaster Loan, Series 2019	5,000,000		5,000,000		
Add (Deduct) deferred amounts on premium	<u>(37,530)</u>	<u>2,358</u>		<u>(35,172)</u>	<u>(2,438)</u>
Total bonds/notes payable	44,065,470	2,358	8,933,000	35,134,828	4,040,562
Capital lease obligation	1,468,956	1,628,090	589,904	2,507,142	730,416
Net pension liability	26,058,736	429,207		26,487,943	
Net OPEB liability	1,656,890	621,963		2,278,853	
Hurricane Recovery and Refunding Note, Series 2019 (Line of Credit)	69,054,497			69,054,497	
Hurricane Recovery and Refunding Note, Series 2020a (Line of Credit)		189,500		189,500	
Compensated absences	<u>1,556,052</u>	<u>1,733,007</u>	<u>1,472,718</u>	<u>1,816,341</u>	<u>454,086</u>
Total long-term liabilities	<u>\$143,860,601</u>	<u>\$ 4,604,125</u>	<u>\$10,995,622</u>	<u>\$137,469,104</u>	<u>\$ 5,225,064</u>

CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

NOTE 6 - LONG-TERM DEBT (Continued)

Long-term liability activity Business -type activities for the year ended September 30, 2021, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
<b>Business-type Activities:</b>					
Water and Sewer					
Refunding Revenue Note, Series 2012	\$ 5,014,000	\$ -	\$ 1,638,000	\$ 3,376,000	\$ 1,673,000
Revenue Note, Series 2015	27,125,000		27,125,000		
Revenue Note, Series 2021		<u>25,891,000</u>		<u>25,891,000</u>	
Total bonds/notes payable	32,139,000	25,891,000	28,763,000	29,267,000	1,673,000
Net OPEB liability	582,125	218,527		800,652	
Net pension liability	846,935		488,763	358,172	
Compensated absences	<u>423,602</u>	<u>482,045</u>	<u>431,123</u>	<u>474,524</u>	<u>118,631</u>
Total long-term liabilities	<u>\$ 33,991,662</u>	<u>\$ 26,591,572</u>	<u>\$ 29,682,886</u>	<u>\$ 30,900,348</u>	<u>\$ 1,791,631</u>

Pension liabilities, OPEB liability, and compensated absences are generally liquidated by the fund that reports the liability and pays the related costs. Therefore, the general and utility funds liquidate a majority of the pension liabilities, OPEB liability, and compensated absences liability.

**Debt Issuances and Refundings**

On May 13, 2021, the City issued Water and Sewer Refunding Revenue Note, Series 2021, in the amount of \$25,891,000. Proceeds were placed in the Utility Fund to provide funds to refund the City's outstanding water and sewer revenue notes, Series 2015.

Note Series	True Interest Cost	Average Coupon Rate	Maturity Date	Net Proceeds	Underwriters Cost of Issuance
2021	2.50	2.50	10/01/28	\$25,891,000	\$ 90,741

On November 17, 2020, the City issued Hurricane Recovery Revenue Note, Series 2020a and 2020b, both lines of credit, in the amounts of \$70,000,000 and \$10,000,000, respectively.

Note Series	True Interest Cost	Average Coupon Rate	Maturity Date	Line of Credit Available	Line of Credit Drawn	Underwriters Cost of Issuance
2020a	1.20	1.20	04/1/2023	\$70,000,000	\$189,500	\$137,000
2020b	0.53	0.53	04/1/2023	\$10,000,000	\$ -	\$ 50,000

CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

NOTE 6 - LONG-TERM DEBT (Continued)

*Panama City Port Authority*

Changes in long-term liability obligations for the year ended September 30, 2021, are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
Bank Line of Credit - Interest currently at 4.43%; principal and interest is due based on equal quarterly installments amortized over the period to the final maturity date of the note; collateralized by the pledge of the net revenues of the facility, maturity date June 2027.	\$ 3,425,120	\$ -	\$ 536,799	\$ 2,888,321	\$ 451,239
Note payable - Interest at 3%; interest payable quarterly and principal balance payable upon the earlier of the sale or lease of any portion of the specified Industrial Park property or upon demand; collateralized by specified Industrial Park property.	300,000			300,000	300,000
Note payable- Interest at 2%; interest payable quarterly and principal balance payable upon the earlier of the sale or lease of any portion of the specified Industrial Park property or upon demand; collateralized by specified Industrial Park property.	1,800,000			1,800,000	1,800,000
State Infrastructure Bank Loan- Interest currently at 4%; principal and interest is due based on equal annual installments amortized over the period to the final maturity date of the note; collateralized by the pledge of the net revenues of the facility, maturity date October 2032.	3,298,617		235,965	3,062,652	245,402

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 6 - LONG-TERM DEBT (Continued)**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
State Infrastructure Bank Loan- Interest currently at 4%; principal and interest is due based on equal annual installments amortized over the period to the final maturity date of the note; collateralized by the pledge of the net revenues of the facility, maturity date October 2035.	1,567,219		83,610	1,483,609	86,955
State Infrastructure Bank Loan- Interest currently at 3%; principal and interest is due based on equal annual installments amortized over the period to the final maturity date of the note; collateralized by the pledge of the net revenues of the facility, maturity date October 2047.	11,461,278		281,542	11,179,736	289,987
Note Payable- Interest currently at 2.69%; principal and interest is due based on equal annual installments amortized over the period to the final maturity date of the note; collateralized by the pledge of the net revenues of the facility, maturity date April 2036.		<u>3,000,000</u>	<u>68,045</u>	<u>2,931,955</u>	<u>166,450</u>
Total notes payable	21,852,234	3,000,000	1,205,961	23,646,273	3,340,033
Claims and judgments	351,895	147,584	24,134	475,345	31,270
Net pension liability	266,536		190,978	75,558	
Net OPEB liability	238,553	15,212		253,765	
Compensated absences	<u>116,109</u>	<u>229,100</u>	<u>241,696</u>	<u>103,513</u>	<u>25,879</u>
Total long-term liabilities	<u>\$ 22,825,327</u>	<u>\$ 3,391,896</u>	<u>\$ 1,662,769</u>	<u>\$ 24,554,454</u>	<u>\$ 3,397,182</u>

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 6 - LONG-TERM DEBT (Continued)**

Debt service requirements to maturity subsequent to September 30, 2021, are as follows:

Year Ended <u>September 30</u>	Notes Payable		Bank Swap	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$2,266,450	\$ 121,827	\$ 451,239	\$ 122,144
2023	170,983	72,294	471,564	101,302
2024	175,640	67,638	492,804	79,466
2025	180,423	62,854	515,000	56,290
2026	185,337	57,941	538,196	32,808
2027-2031	1,005,202	211,185	419,518	8,493
2032-2036	<u>1,047,920</u>	<u>67,100</u>		
Total	<u>\$5,031,955</u>	<u>\$ 660,839</u>	<u>\$2,888,321</u>	<u>\$ 400,503</u>

Year Ended <u>September 30</u>	State Infrastructure Loan Agreements	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 622,344	\$ 517,242
2023	644,339	495,249
2024	667,126	472,462
2025	690,734	448,853
2026	715,195	424,393
2027-2031	3,974,964	1,722,975
2032-2036	2,625,017	1,101,095
2037-2041	2,398,623	728,276
2042-2046	2,780,662	346,238
2047	<u>606,993</u>	<u>18,210</u>
Total	<u>\$15,725,997</u>	<u>\$6,274,993</u>

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 6 - LONG-TERM DEBT (Continued)**

Derivative instruments outstanding as of September 30, 2021 are as follows:

Item	Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	9/30/2021 Fair Value (negative)
A	Pay-fixed interest rate swap	Hedge the variable rate risk associated with the first draw on the \$7,500,000 debt.	\$ 7,500,000	6/1/2007	6/1/2027	Pay 4.43%, receive 67% of LIBOR plus 70 basis points	\$ (286,382)

Derivative instrument A is considered a hedging derivative instrument for 2021. The fair value of the interest rate swap was estimated using a proprietary valuation model developed by the counterparty. This method calculates future cash flows by projecting forward rates, then discounting those cash flows at their present value.

Derivative Instrument Payments and Hedged Debt – Derivative A

As of September 30, 2021, aggregate debt service requirements of the Port Authority's debt (fixed-rate and variable-rate) and net receipts/payments on associated hedging derivative instruments are presented below. These amounts assume a forward implied interest rate on the variable interest rates that the Port Authority will receive from the hedging derivative instrument. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instrument will vary. The hedging derivative instrument column reflects only net receipts/payments on the derivative instrument that qualify for hedge accounting.

Fiscal Year Ended September 30	Principal	Interest	Hedging Derivatives, Net	Total
2022	\$ 451,239	\$ 122,144	\$ (22,352)	\$ 551,031
2023	471,564	101,302	(24,720)	548,146
2024	492,804	79,466	(26,940)	545,330
2025	515,000	56,290	(22,275)	549,015
2026	538,196	32,808	(14,051)	556,953
2027	<u>419,518</u>	<u>8,493</u>	<u>(3,783)</u>	<u>424,228</u>
	<u>\$ 2,888,321</u>	<u>\$ 400,503</u>	<u>\$ (114,121)</u>	<u>\$ 3,174,703</u>

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 6 - LONG-TERM DEBT (Continued)**

**Compensated Absences**

The amount of accrued annual and sick leave pay at September 30, 2021, is as follows:

<b>Primary Government</b>	<u>Current Portion</u>	<u>Long-Term Portion</u>	<u>Total</u>
Governmental activities	\$ 454,086	\$ 1,362,255	\$ 1,816,341
Business-type activities	<u>118,631</u>	<u>355,893</u>	<u>474,524</u>
Total	<u>\$ 572,717</u>	<u>\$ 1,718,148</u>	<u>\$ 2,290,865</u>

**Discretely Present Component Units**

	<u>Current Portion</u>	<u>Long-Term Portion</u>	<u>Total</u>
Panama City Port Authority	\$ 25,879	\$ 77,634	\$ 103,513

**Advance Refundings**

The City has provided for the advance refunding of several bond issues. Under the terms of the refunding issues, sufficient assets to pay all principal and interest on the refunded issues have been placed in special escrow accounts. Because the escrow accounts are sufficient to pay principal, interest, and redemption premiums on the refunded bonds, the bonds are not recorded as a liability in the financial statements of the City.

The various bond issues that have been refunded are as follows:

	<u>Fund Affected</u>	<u>Date Issued</u>	<u>Amount of Original Issue</u>	<u>Final Maturity Date</u>	<u>Amount of Bonds Outstanding at 9/30/21</u>
Water and Sewer Revenue Refunding Bonds - Series 2003 B	Utility	2003	\$ 4,980,000	9/30/23	\$ 3,405,000
Water and Sewer Revenue Note, Series 2015	Utility	2015	\$32,135,000	9/30/36	\$ 27,125,000



CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

NOTE 6 - LONG-TERM DEBT (Continued)

Bonded debt service requirements to maturity are as follows:

**Governmental Activities**

Year Ending September 30	Revenue Note, Series 2008 (Modified)		Capital Improvement Revenue Note, Series 2013B		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 151,000	\$ 5,092	\$ 905,000	\$ 178,011	\$ 730,416	\$ 90,543
2023	149,000	2,143	926,000	152,309	625,746	62,138
2024			948,000	126,002	581,008	39,271
2025			969,000	99,092	440,036	18,982
2026			992,000	71,564	129,936	3,872
2027-2028			2,053,000	57,961		
	<u>\$ 300,000</u>	<u>\$ 7,235</u>	<u>\$ 6,793,000</u>	<u>\$ 684,939</u>	<u>\$ 2,507,142</u>	<u>\$ 214,806</u>

Year Ending September 30	Capital Improvement Revenue Note, Series 2016		Infrastructure Sales Surtax Revenue Note, Series 2018		Capital Improvement Revenue Note, Series 2018	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 208,000	\$ 42,114	\$ 1,804,000	\$ 325,435	\$ 975,000	\$ 448,190
2023	212,000	38,195	1,859,000	270,124	1,007,000	415,486
2024	216,000	34,202	1,915,000	213,137	1,040,000	381,711
2025	220,000	30,135	1,973,000	154,428	1,074,000	346,830
2026	225,000	25,993	2,033,000	93,937	1,110,000	310,794
2027-2031	1,187,000	64,907	2,094,000	31,619	6,122,000	970,465
2032-2033	62,000	290			2,741,000	91,195
	<u>\$ 2,330,000</u>	<u>\$ 235,836</u>	<u>\$ 11,678,000</u>	<u>\$ 1,088,680</u>	<u>\$ 14,069,000</u>	<u>\$ 2,964,671</u>

**Business-type Activities**

Year Ending September 30	Water & Sewer Refunding Revenue Note, Series 2012		Water & Sewer Revenue Note, Series 2021	
	Principal	Interest	Principal	Interest
2022	\$ 1,673,000	\$ 40,154	\$ -	\$ 571,760
2023	1,703,000			647,275
2024			1,710,000	625,900
2025			1,754,000	582,600
2026			1,798,000	538,200
2027-2031			9,676,000	1,985,751
2032-2036			10,953,000	698,186
	<u>\$ 3,376,000</u>	<u>\$ 40,154</u>	<u>\$ 25,891,000</u>	<u>\$ 5,649,672</u>

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 7 - LEASES**

*Primary Government:*

**Operating Lease.** The City leases a portion of its property in the capital assets. All revenues from rentals are accounted for by the operating lease method. The cost of leased property in the capital assets is not determinable and is included in the municipal waterfront land, buildings, and improvements of \$1,638,279. Rental income totaled \$245,834 in the General Fund during the fiscal year ended September 30, 2021. As of September 30, 2021, minimum rentals collectible on the noncancellable lease in the General Fund totaled \$880,000 as follows:

<u>Year</u>	
2022	\$ 20,000
2023	20,000
2024	20,000
2025	20,000
2026	20,000
2027-2031	100,000
2032-2036	100,000
2037-2041	100,000
2042-2046	100,000
2047-2051	100,000
2052-2056	100,000
2057-2061	100,000
2062-2065	<u>80,000</u>
Total	<u>\$ 880,000</u>

**Capital Leases.** The City has entered into lease agreements to finance equipment. These lease agreements qualify as capital leases for accounting purposes and have been recorded at the present value of their future minimum lease payments as of the inception date. The cost of assets acquired through capital leases is \$5,157,700 and is included in equipment. Accumulated depreciation for the equipment is \$2,964,864 as of September 30, 2021, which makes the net value \$2,192,836. Interest in the amount of \$94,574 was incurred and charged to expense for the fiscal year ended September 30, 2021. The future minimum lease obligations and the net present value of these lease payments as of September 30, 2021 are as follows:

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 7 - LEASES** (Continued)

	Year	
	2022	\$ 820,958
	2023	687,885
	2024	620,279
	2025	459,018
	2026	<u>133,808</u>
		2,721,948
Less amount representing interest		<u>(214,806)</u>
Present value of minimum lease payments		<u>\$ 2,507,142</u>

***Discretely Presented Component Unit:***

*Panama City Port Authority*

**Operating Lease.** The Port Authority leases a portion of its property to various lessees under operating lease agreements, both cancellable and noncancellable. Total minimum future rentals for noncancellable leases at September 30, 2021, are as follows:

	Year	
	2022	\$ 1,948,915
	2023	1,972,230
	2024	1,405,710
	2025	1,107,135
	2026	<u>1,046,118</u>
	Total	<u>\$ 7,480,108</u>

The cost and accumulated depreciation of property held for rental included on the balance sheet are as follows:

Land	\$ 360,383
Buildings and improvements	12,781,657
Accumulated depreciation	<u>(8,539,162)</u>
Total	<u>\$ 4,602,878</u>

The Port Authority recognized \$2,883,669 of revenue from property leases during the year, none of which was from contingent rentals.

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 7 - LEASES** (Continued)

The Port Authority is the lessee in an agreement with the City of Panama City, Florida, for the lease of the land occupied by the Port Authority. The lease is for a period of 99 years, expiring August 31, 2065. The terms of the lease include a minimum annual payment of \$20,000 plus additional rent as the Port Authority deems appropriate in view of its surplus. This additional amount is arbitrary and subject to mutual agreement. Annual rent in the amount of \$24,000, \$4,000 above the minimum, was paid for the year ended September 30, 2021.

Future minimum rental commitments at September 30, 2021, are as follows:

<u>Year</u>	
2022	\$ 20,000
2023	20,000
2024	20,000
2025	20,000
2026	20,000
2027-2031	100,000
2032-2036	100,000
2037-2041	100,000
2042-2046	100,000
2047-2051	100,000
2052-2056	100,000
2057-2061	100,000
2062-2065	<u>80,000</u>
Total	<u>\$ 880,000</u>

**Capital Leases.** The Port Authority entered into a capital lease for machinery and equipment during the year ended September 30, 2019. The lease has a bargain purchase option of \$1 with monthly payments of \$1,397. The lease was paid off during the year ended September 30, 2021. Minimum lease payments have been capitalized for the financial statements. The cost of assets acquired through capital leases is \$33,527 and is included in machinery and equipment. Accumulated depreciation for the machinery and equipment is \$10,058 as of September 30, 2021, which makes the net value \$23,469.

CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

NOTE 8 - INTERFUND BALANCES AND TRANSFERS

The composition of interfund balances at September 30, 2021, are summarized as follows:

	Due From	Due To
Primary Government:		
Governmental Funds -		
Major -		
General Fund	\$10,111,765	\$ 682,014
Capital Projects	374,107	8,684,901
Hurricane Michael	7,721,260	12,045
State Housing Initiative Partnership-City	2,277,304	139,823
Nonmajor Special Revenue Funds –		
Disaster Fund		300,855
Community Planning and Development		600,993
State Housing Initiative Partnership-County	100,597	2,498,690
Panama City Community Redevelopment Agency-St. Andrews	89,597	
Panama City Community Redevelopment Agency-Downtown	43,861	
Panama City Community Redevelopment Agency-Downtown North	21,372	22,164
Panama City Community Redevelopment Agency-Millville	33,574	
Panama City Florida Hurricane Disaster Relief Fund		7,880
General Grants		433,378
Nonmajor Debt Service Funds -		
Revenue Note, Series 2008 (Modified)		13,906
Proprietary Funds -		
Major -		
Utilities	821,848	7,905,835
Solid Waste	194,515	370,927
Marina		24,054
Nonmajor -		
Equipment Maintenance	_____	92,335
 Total	 \$21,789,800	 \$21,789,800

Because the City does not employ a true cash pool, interfund balances occur because of the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures are incurred, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 8 - INTERFUND BALANCES AND TRANSFERS (Continued)**

Transfers in/out are summarized as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
Governmental Funds -		
Major		
General Fund	\$ 3,775,229	\$ 8,192,602
Capital Projects		5,070,161
Capital Projects Infrastructure Sales Tax		1,141,078
State Housing Initiative Partnership-City		28,838
Aggregate Major	<u>3,775,229</u>	<u>14,432,679</u>
Nonmajor		
General Grants		21,737
Community Planning and Development	166,875	41,035
State Housing Initiative Partnership-County		29,531
Panama City Community Redevelopment Agency - St. Andrews		15,895
Panama City Community Redevelopment Agency - Downtown		6,996
Panama City Community Redevelopment Agency - Downtown North		55,612
Panama City Community Redevelopment Agency - Millville		161,991
Infrastructure Surtax		5,656,676
Debt Service Series 2008	156,547	
Debt Service Series 2013B	1,095,716	
Debt Service Series 2016	250,001	
Debt Service Infrastructure Series 2018	2,156,676	
Debt Service Series 2018	1,439,277	
Debt Service Hurricane Series 2019	1,788,000	
Aggregate Nonmajor	<u>7,053,092</u>	<u>5,989,473</u>
Proprietary Funds -		
Major		
Utilities	4,866,078	1,842,586
Solid Waste		1,527,787
Marina	3,418,424	303,861
Aggregate Major	<u>8,284,502</u>	<u>3,674,234</u>
Nonmajor		
Medical Self-Insurance	4,960,867	
Dental Insurance	122,446	
Equipment Maintenance		99,750
Aggregate Nonmajor	<u>5,083,313</u>	<u>99,750</u>
	<u>\$ 24,196,136</u>	<u>\$ 24,196,136</u>

CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

NOTE 8 - INTERFUND BALANCES AND TRANSFERS (Continued)

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers are used to provide for debt service requirements, grant matches, funding capital projects, and allocating administrative costs, insurance costs, and equipment maintenance expenses.

NOTE 9 - RETIREMENT PLANS

The City and component unit, the Panama City Port Authority (Port Authority), have provided retirement plans covering substantially all employees. All participants except Police Officers' and Firefighters' are included in the Florida Retirement System or the Retirement Plan and Trust for the General Employees of the City of Panama City, Florida. The City and the Port Authority maintain a separate Pension Fund for each of the groups excluded by the Florida Retirement System or the Retirement Plan and Trust for the General Employees of the City of Panama City, Florida. The City also provides a Senior Management Pension Plan.

9.1 **Florida Retirement System**

*Plan Administration:*

All full time City and Port Authority employees hired before January 1, 1996, except Police and Fire sworn personnel, are eligible to participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost-sharing, multiple-employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan ("Pension Plan") and the Retiree Health Insurance Subsidy ("HIS Plan"). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan ("Investment Plan") alternative to the FRS Pension Plan, which is administered by the State Board of Administration ("SBA"). As a general rule, membership in the FRS is compulsory for employees filling a regularly established position in a state agency, county agency, district school board, state university, or state community college. Participation by municipalities, special districts, charter schools and metropolitan planning organizations is optional. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The FRS was established and administered in accordance with Chapter 121, Florida Statutes. The Florida legislature establishes and amends the contribution requirements and benefit terms of the FRS pension plan.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the Department of Management Services, Division of Retirement, Research and Education Section, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the web site: [www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications).

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 9 - RETIREMENT PLANS (Continued)**

**Pension Plan**

***Plan Description:***

The Pension Plan is a cost-sharing multiple-employer qualified defined benefit pension plan, with a Deferred Retirement Option Program (“DROP”) for eligible employees.

a. *Benefits Provided*

Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, and Elected Officers’ class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3.0% determined by dividing the sum of the pre-July 2011 service credit at retirement multiplied by 3.0%. Plan members initially enrolled on or after July 1, 2011 will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

b. *Contributions*

Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute 3.0% of their salary to the FRS. In addition to member contributions,



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NOTE 9 - RETIREMENT PLANS (Continued)

governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2020 through June 30, 2021 and from July 1, 2021 through September 30, 2021, respectively, were as follows: Regular – 10.47% and 10.82%; Senior Management Service – 27.29% and 29.01%; and DROP participants – 16.98% and 18.34%. These employer contribution rates include 1.66% HIS Plan subsidy for both periods.

The contributions, including employee contributions, to the Pension Plan for the fiscal year ended September 30, 2021 are as follows:

<u>Primary Government</u>	<u>Component Unit</u>
\$134,640	\$18,078

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

***Primary Government:***

At September 30, 2021, the City reported a liability of \$981,464 for its proportionate share of the Pension Plan’s net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The City’s proportionate share of the net pension liability was based on the City’s 2020-21 fiscal year contributions relative to the 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the City’s proportionate share was .003028567 percent, which was a decrease of .000004678 percent from its proportionate share measured as of June 30, 2020.

***Discretely Presented Component Unit:***

At September 30, 2021, the Port Authority reported a liability of \$30,299 for its proportionate share of the Pension Plan’s net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The Port Authority’s proportionate share of the net pension liability was based on the Port Authority’s 2020-21 fiscal year contributions relative to the 2019-20 fiscal year contributions of all participating members. At June 30, 2021, the Port Authority’s proportionate share was .000401095 percent, which was a decrease of .000079272 percent from its proportionate share measured as of June 30, 2020.

***Primary Government and Discretely Presented Component Unit:***

The pension expense (income) amounts recognized for the fiscal year ended September 30, 2021 are as follows:

<u>Primary Government</u>	<u>Discretely Presented Component Unit</u>
\$(139,542)	\$(15,749)

CITY OF PANAMA CITY, FLORIDA  
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NOTE 9 - RETIREMENT PLANS (Continued)

In addition, the reported deferred outflows of resources and deferred inflows of resources related to pensions were from the following sources:

	<b>Primary Government</b>		<b>Discretely Presented Component Unit</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 39,212	\$ -	\$ 5,193	\$ -
Change of assumptions	156,538		20,732	
Net difference between projected and actual earnings on investments		798,134		105,703
Differences in proportion and differences between Pension Plan contributions and proportionate share of contributions		281,666	1,980	46,111
Pension Plan contributions subsequent to the measurement date	<u>32,622</u>		<u>4,475</u>	
<b>Total Pension Plan</b>	<u>\$ 228,372</u>	<u>\$ 1,079,800</u>	<u>\$ 32,380</u>	<u>\$ 151,814</u>

The deferred outflows of resources related to the Pension Plan, resulting from contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2022. Subsequent contributions are as follows:

<u>Primary Government</u>	<u>Discretely Presented Component Unit</u>
\$32,622	\$4,475

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

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NOTE 9 - RETIREMENT PLANS (Continued)

Fiscal Year Ending September 30:	Primary Government	Discretely Presented Component Unit
2022	\$ (221,776)	\$ (29,439)
2023	(204,300)	(27,162)
2024	(186,310)	(26,849)
2025	(170,238)	(24,007)
2026	(125,465)	(19,635)
Thereafter	24,039	3,183
Total	\$ (884,050)	\$ (123,909)

***Actuarial Assumptions:***

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Investment rate of return	6.8%, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return on the Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

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NOTES TO FINANCIAL STATEMENTS  
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**NOTE 9 - RETIREMENT PLANS (Continued)**

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	2.10%	2.10%	1.10%
Fixed income	20.00%	3.80%	3.70%	3.30%
Global equity	54.20%	8.20%	6.70%	17.80%
Real estate	10.30%	7.10%	6.20%	13.80%
Private equity	10.80%	11.70%	8.50%	26.40%
Strategic investments	3.70%	5.70%	5.40%	8.40%
Assumed Inflation - Mean			2.40%	1.2%

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

***Discount Rate:***

The discount rate used to measure the total pension liability was 6.8%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation of the total pension liability is equal to the long-term expected rate of return.

***Sensitivity of the Proportionate Share of the Net Position Liability to Changes in the Discount Rate:***

The following represents the proportionate shares of the net pension liability calculated using the discount rate of 6.8%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.8%) or one percentage point higher (7.8%) than the current rate:

	1% Decrease 5.8%	Current Discount Rate 6.8%	1% Increase 7.8%
City's proportionate share of the net pension liability	\$ 1,023,092	\$ 228,774	\$ (435,187)
Port Authority's proportionate share of the net pension liability	\$ 135,495	\$ 30,299	\$ (57,635)

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NOTES TO FINANCIAL STATEMENTS  
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NOTE 9 - RETIREMENT PLANS (Continued)

***Pension Plan Fiduciary Net Position:***

Detailed information regarding the Pension Plan's 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:***

***Primary Government:***

At September 30, 2021, the City reported a payable in the amount of \$12,087 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2021.

***Discretely Presented Component Unit:***

At September 30, 2021, the Port Authority reported a payable in the amount of \$1,884 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2021.

**HIS Plan**

***Plan Description:***

The HIS Plan is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of the State, administered by the Florida Department of Management Services, Division of Retirement.

a. ***Benefits Provided***

For the fiscal year ended September 30, 2021, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

b. ***Contributions***

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2021, the HIS contribution for the period was 1.66%. The City and the Port Authority contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

CITY OF PANAMA CITY, FLORIDA  
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NOTE 9 - RETIREMENT PLANS (Continued)

The contributions to the HIS Plan totaled for the fiscal year ended September 30, 2021, are as follows:

<u>Primary Government</u>	Discretely Presented <u>Component Unit</u>
\$16,145	\$2,307

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

***Primary Government:***

At September 30, 2021, the City reported a liability of \$332,325 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The City's proportionate share of the net pension liability was based on the City's 2020-21 fiscal year contributions relative to the 2019-20 fiscal year contributions of all participating members. At June 30, 2021, the City's proportionate share was .002709207 percent, which was a decrease of .0004111 percent from its proportionate share measured as of June 30, 2020.

***Discretely Presented Component Unit:***

At September 30, 2021, the Port Authority reported a liability of \$45,259 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The Port Authority's proportionate share of the net pension liability was based on the Port Authority's 2020-21 fiscal year contributions relative to the 2019-20 fiscal year contributions of all participating members. At June 30, 2021, the Port Authority's proportionate share was .000368968 percent, which was a decrease of .000108814 percent from its proportionate share measured as of June 30, 2020.

***Primary Government and Discretely Presented Component Unit:***

The pension expense (income) amounts recognized for the fiscal year ended September 30, 2021, are as follows:

<u>Primary Government</u>	Discretely Presented <u>Component Unit</u>
(\$67,411)	(\$8,261)

In addition, the reported deferred outflows of resources and deferred inflows of resources related to pensions were from the following sources:

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 9 - RETIREMENT PLANS (Continued)**

	<b>Primary Government</b>		<b>Discretely Presented Component Unit</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 11,120	\$ 139	\$ 1,514	\$ 19
Change of assumptions	26,113	13,693	3,556	1,865
Net difference between projected and actual earnings on investments	346		47	
Differences in proportion and differences between HIS Plan contributions and proportionate share of contributions		218,564		34,359
HIS Plan contributions subsequent to the measurement date	3,833		581	
<b>Total HIS Plan</b>	<b>\$ 41,412</b>	<b>\$ 232,396</b>	<b>\$ 5,698</b>	<b>\$ 36,243</b>

The deferred outflows of resources related to the HIS Plan, resulting from contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2022. Subsequent contributions are as follows:

<u>Primary Government</u>	<u>Discretely Presented Component Unit</u>
\$3,833	\$581

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

<b>Fiscal Year Ending September 30:</b>	<b>Primary Government</b>	<b>Discretely Presented Component Unit</b>
2021	\$ (64,840)	\$ (8,829)
2022	(45,202)	(7,331)
2023	(36,194)	(6,081)
2024	(26,110)	(5,520)
2025	(21,291)	(3,084)
Thereafter	(1,180)	(281)
Total	<u>\$ (194,817)</u>	<u>\$ (31,126)</u>

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 9 - RETIREMENT PLANS (Continued)**

*Actuarial Assumptions:*

The total pension liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Municipal Bond Rate	2.16%

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2018.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018 of the FRS Pension Plan.

*Discount Rate:*

The discount rate used to measure the total pension liability was 2.16%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the FRS Actuarial Assumption Conference. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

*Sensitivity of the Proportionate Share of the Net Position Liability to Changes in the Discount Rate:*

The following represents the City and the Port Authority's proportionate share of the net pension liability calculated using the discount rate of 2.16%, as well as what the City and the Port Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.16%) or one percentage point higher (3.16%) than the current rate:

	1% Decrease <u>1.16%</u>	Current Discount Rate <u>2.16%</u>	1% Increase <u>3.16%</u>
City's proportionate share of the net pension liability	\$ 384,200	\$ 332,325	\$ 289,825
Port Authority's proportionate share of the net pension liability	\$ 52,324	\$ 45,259	\$ 39,471



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NOTE 9 - RETIREMENT PLANS (Continued)

***Pension Plan Fiduciary Net Position:***

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

***Payables to the HIS Plan:***

***Primary Government:***

At September 30, 2021, the City reported a payable in the amount of \$1,318 for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2021.

***Discretely Presented Component Unit:***

At September 30, 2021, the Port Authority reported a payable in the amount of \$244 for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2021.

**Investment Plan**

The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular class, Elected County Officers, etc.) as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2019-20 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 6.30%, Special Risk Administrative Support class 7.95%, and County Elected Officers class 11.34%.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit

CITY OF PANAMA CITY, FLORIDA  
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NOTE 9 - RETIREMENT PLANS (Continued)

represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account.

If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2021, the information for the amount of forfeitures was unavailable from the SBA.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The City did not have any participants in the Investment Plan for the fiscal year ended September 30, 2021.

**9.2 Police Officers', Firefighters', and Senior Management Pension Trust Funds**

***Plan Description:***

*a. Plan Names*

The Police Officers, Firefighters, and Senior Management participate in single-employer contributory defined benefit retirement plans. They are as follows:

City of Panama City Municipal Police Officers' Pension Trust Fund (Police Officers')  
City of Panama City Municipal Firefighters' Pension Trust Fund (Firefighters')  
City of Panama City Supplemental Retirement Plan for Designated General Employees  
(Senior Management)

*b. Plan Administration, Police Officers', Firefighters', and Senior Management Pension Trust Funds*

The sole and exclusive administration of and responsibility for the proper operation of the systems and for making effective the provisions of this division are hereby vested in each Board of Trustees. Each Board is hereby designated as its plan administrator. Each Board shall consist of five Trustees, two of whom, unless otherwise prohibited by law, shall be legal residents of the City, who shall be appointed by the City Commission, and two of whom shall be members of the system, who shall be elected by a majority of the respective police officers, firefighters, or senior management participants who are members of that system. The fifth Trustee shall be chosen by a majority of the previous four trustees as provided for herein, and such person's name shall be submitted to the City Commission. The Police Officers', Firefighters', and Senior Management Pension Trust Funds do not issue audited stand-alone financial statements but rely on the audit performed for the City. Full-time sworn police officers participate as a condition of employment.

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**NOTE 9 - RETIREMENT PLANS** (Continued)

Full-time firefighters participate as a condition of employment. Designated employees (Senior Management) of the City of Panama City, including designated managers and directors, the City Engineer, the City Commission, the City Manager, the Assistant City Managers, and the City Clerk participate as a condition of employment.

*c. Plan Membership*

Membership of each plan consisted of the following:

	Police Officers' Pension <u>10/1/20</u>	Firefighters' Pension <u>10/1/20</u>	Senior Management Pension <u>10/1/21</u>
Inactive plan members or beneficiaries currently receiving benefits	101	81	16
Inactive plan members entitled to but not yet receiving benefits	32	10	2
Active plan members	<u>83</u>	<u>74</u>	<u>17</u>
Total members	<u>216</u>	<u>165</u>	<u>35</u>
Number of participating employers	1	1	1

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NOTE 9 - RETIREMENT PLANS (Continued)

*d. Benefits Provided*

Normal Retirement

	Police Officers' <u>Pension</u>	Firefighters' <u>Pension</u>	Senior Management <u>Pension</u>
Date	Earlier of: 1) age 50 and the completion of 15 years of credited service, 2) the completion of 23 years of credited service, regardless of age, 3) age 55 and the completion of 10 years of credited service.	Earlier of: 1) Age 55 and the completion of 10 years of credited service, or 2) 25 years of credited service, regardless of age.	Age 59 with 10 years of credited service for Category 1 employees, or at least 6 years of credited service for Category 2 and 3 employees.
Benefit	The Plan provides retirement, termination, disability and death benefits. A summary of the benefit provisions can be found in the October 1, 2020 Actuarial Valuation Report for the City of Panama City Municipal Police Officers' Pension Trust Fund prepared by Foster & Foster Actuaries and Consultants.	The Plan provides retirement, termination, disability and death benefits. A summary of the benefit provisions can be found in the October 1, 2020 Actuarial Valuation Report for the City of Panama City Municipal Firefighters' Retirement System prepared by Foster & Foster Actuaries and Consultants.	1% of average earnings times the years of credited service, or a minimum benefit of \$50 per month times up to 20 years each year of credited service for Category 1 and 2 employees, or \$100 per month for each year of service up to 10 years for Category 3 employees.

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NOTE 9 - RETIREMENT PLANS (Continued)

Early Retirement

	<u>Police Officers’ Pension</u>	<u>Firefighters’ Pension</u>	<u>Senior Management Pension</u>
Date	Earlier of: 1) Age 40 and completion of 15 years of credited service, or 2) age 50 and the completion of 10 years of credited service.	Age 45 and completion of 10 years of credited service.	None provided
Benefit	Determined as for normal retirement and reduced 3% for each year the commencement of benefits precedes normal retirement date.	Determined as for normal retirement (without supplement) reduced 3% per year to age 50 and actuarially for years prior to age 50.	None provided

Termination of Employment

Benefit	Less than 10 years: refund of accumulated member contributions without interest. 10 or more: refund of contributions or vested accrued benefit payable at age 50 (or reduced as early as age 40).	Less than 10 years: refund of member contributions without interest. 10 or more: refund of contributions or vested accrued benefit (supplemental benefit not included) payable at age 55 (or reduced as early as age 45).	Less than 6 years: refund of accumulated member contributions without interest. More than 6 years: vested accrued benefit payable at normal retirement date.
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Disability

Eligibility	Total and permanent as determined by the Board (medical proof required) after completing 10 years of service.	Total and permanent as determined by the Board (medical proof required). One year of service required for not-in-line of duty.	None provided
Benefit	Accrued benefit but not less than 42% of average final compensation (service incurred) and 25% of average final compensation (non-service incurred).	Accrued benefit but not less than 42% of average final compensation (service incurred) and 25% of average final compensation (non-service incurred).	None provided

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NOTE 9 - RETIREMENT PLANS (Continued)

Pre-Retirement Death Benefits

Police Officers' Pension	Firefighters' Pension	Senior Management Pension
Greater of: 1) death benefit provided in Chapter 185, F.S., 2) accumulated member contributions, or, 3) 3 times annual salary.	Vested: Greater of: 1) actuarial equivalent of participant's accrued benefit payable as a Ten Year Certain and Life Annuity, or 2) 3 times annual salary. Prior to vesting: 3 times annual salary.	Return of accumulated employee contributions.

Supplement

Service retirees (Early and Normal) and members with vested deferred benefits who terminate on or after 10/1/2000, receive a \$450 per month benefit payable to the earlier of death or age 65. Those who terminate on or after 10/1/2006 and prior to 10/1/2016 will receive this benefit for the life of the member. Those who terminate on or after 10/1/2016 will receive \$650 per month for the life of the member.	\$575 per month to earlier of death or Social Security retirement age.	None provided
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Cost-of-Living Adjustment

Members retiring on or after 1/1/1998, receive a 2% per year increase beginning on January 1 following the later of age 50 or the date of retirement and ending on January 1 of the year the member reaches Social Security retirement age.	Each January 1, following retirement, the base benefit is increased annually by 3.0% (1.0% if retired prior to January 1, 1999). Adjustments cease at Social Security retirement age (age 65 if retired between 1/1/1994 and 9/30/1997). Supplemental benefits are not adjusted.	Cost of living increases of 2% per year for Category 1 employees with 15 continuous years of credited service and Category 2 and 3 employees with 10 continuous years of credited service.
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NOTES TO FINANCIAL STATEMENTS  
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NOTE 9 - RETIREMENT PLANS (Continued)

*e. Contributions*

	<u>Police Officers’ Pension</u>	<u>Firefighters’ Pension</u>	<u>Senior Management Pension</u>
Employee	8.13% of salary	7.5% of salary	4.5% of pensionable earnings
Employer	Remaining amount necessary after member and State contributions for payment of normal cost and amortization of accrued past service liability over 30 years.	Remaining amount necessary after member and State contributions for payment of normal cost and amortization of accrued past service liability over 30 years. In no event less than 7.5% of total salaries of the members.	Subject to State minimums.
State	0.85% tax on insurance premiums.	1.85% tax on insurance premiums.	None provided

***Investments:***

*a. Investment Policy:*

The following was the Board’s adopted asset allocation policy as of September 30, 2021:

	<u>Police Officers’ Pension</u>	<u>Firefighters’ Pension</u>	<u>Senior Management Pension</u>	
<u>Asset Class</u>	Target <u>Allocation</u>	Target <u>Allocation</u>	<u>Asset Class</u>	Target <u>Allocation</u>
Domestic equity	32.00%	32.00%	Core bonds	15.00%
International equity	15.00%	12.00%	Core plus	15.00%
Bonds	24.00%	19.00%	U. S. large cap equity	25.00%
High yield bonds	5.00%	5.00%	U. S. small cap equity	14.00%
Convertibles	8.00%	10.00%	Non-U.S. equity	21.00%
Private real estate	5.00%	5.00%	Core real estate	10.00%
REITS	5.00%	5.00%		
Infrastructure	5.00%	5.00%		
Cash	1.00%	1.00%		

*b. Concentrations:*

The Plans did not hold investments in any one organization that represent 5 percent or more of each Pension Plan’s fiduciary net position.

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NOTE 9 - RETIREMENT PLANS (Continued)

*c. Rate of Return:*

Police Officers' <u>Pension</u>	Firefighters' <u>Pension</u>	Senior Management <u>Pension</u>
For the year ended September 30, 2021 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense was 20.50%.	For the year ended September 30, 2021 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense was 19.50%.	For the year ended September 30, 2021, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 19.51%.
The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.	The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.	The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

***Deferred Retirement Option Program:***

Eligibility

Police Officers' <u>Pension</u>	Firefighters' <u>Pension</u>	Senior Management <u>Pension</u>
Satisfaction of Normal Retirement requirements.	Satisfaction of Normal Retirement requirements (earlier of (1) Age 55 and 10 years of credited service, or (2) 25 years of credited service).	None provided



CITY OF PANAMA CITY, FLORIDA  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2021

NOTE 9 - RETIREMENT PLANS (Continued)

<u>Participation</u>	<u>Police Officers’ Pension</u>	<u>Firefighters’ Pension</u>	<u>Senior Management Pension</u>
	If a member has completed less than 25 years of service, not to exceed 60 months. If a member has completed at least 25 but less than 27 years of service, not to exceed 60 months. If a member has completed at least 27 but less than 30 years of service, not to exceed 36 months. Members with 30 years and 1 day of service are ineligible.	If normal retirement is 55 with 10 years of service, not to exceed 36 months. If a member has completed 25-27 years of service, not to exceed 60 months. If a member has completed 27-30 years of service, not to exceed 36 months. Members with 30 years and 1 day of service are ineligible.	Categories are as follows: Category 1 - designated managers and directors and the City engineer. Category 2 – City Commission, Assistant City Managers, and City Clerk Category 3 – City Manager
<u>Rate of Return</u>	6.5% per annum, credited quarterly. The DROP balance as of September 30, 2021 is \$242,379.	6.5% per annum, credited quarterly. The DROP balance as of September 30, 2021 is \$506,827.	None provided

***Employer Reporting of Pension Liabilities, Pension Expense, Deferred Outflows of Resources, Deferred Inflows of Resources, and Actuarial Assumptions (Employer Reporting)***

***Reporting Date, Measurement Date, and Valuation Date (Employer Reporting):***

Net pension liabilities, deferred pension outflows of resources, deferred pension inflows of resources, and pension expense are all presented as of the City’s reporting date (September 30, 2021) and for the City’s reporting period (the year ended September 30, 2021). These amounts are measured as of the measurement date and for the measurement period (the period between the prior and current measurement dates). GASB Statement No. 68 requires that the current measurement date be no earlier than the end of the employer’s prior fiscal year. For the reporting date of September 30, 2021, the City has chosen to use the end of the prior fiscal year (September 30, 2020) as the measurement date, and the year ended September 30, 2020 as the measurement period for the Police Officers’ and Firefighters’ Pensions and September 30, 2021 as the measurement date, and the year ended September 30, 2021 as the measurement period for Senior Management Pension.

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 9 - RETIREMENT PLANS (Continued)**

The total pension liability is determined by an actuarial valuation performed as of the measurement date, or by the use of update procedures to roll forward to the measurement date amounts from an actuarial valuation as of a date no more than 30 months and 1 day earlier than the employer's most recent fiscal year-end. The City has elected to apply update procedures to roll forward amounts from an actuarial valuation performed as of October 1, 2019 to the measurement date of September 30, 2020 for the Police Officers' and Firefighters' Pensions, and to apply update procedures to roll forward amounts from an actuarial valuation performed as of October 1, 2020 to the measurement date of September 30, 2021 for the Senior Management Pension.

***Net Pension Liability (Employer Reporting):***

The components of the net pension liability of the sponsor on September 30, 2021 were as follows:

<b>Police Officers'</b> Changes in Net Pension Liability	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Reporting Period Ending September 30, 2020	\$ 45,382,135	\$ 35,909,459	\$ 9,472,676
Changes for a year:			
Service cost	940,064		940,064
Interest	3,446,525		3,446,525
Change in Excess State Money	7,102		7,102
Differences between expected and actual experience	748,674		748,674
Changes of assumptions	(367,260)		(367,260)
Contributions – Employer		1,237,615	(1,237,615)
Contributions – State		353,224	(353,224)
Contributions – Employee		363,306	(363,306)
Net investment income		2,790,101	(2,790,101)
Benefit payments, including refunds of employee contributions	(3,102,445)	(3,102,445)	
Administrative expense		(76,591)	76,591
Net changes	1,672,660	1,565,210	107,450
Reporting Period Ending September 30, 2021	<u>\$ 47,054,795</u>	<u>\$ 37,474,669</u>	<u>\$ 9,580,126</u>

**CITY OF PANAMA CITY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 9 - RETIREMENT PLANS (Continued)**

**Firefighters'**

Changes in Net Pension Liability	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Reporting Period Ending September 30, 2020	\$ 52,892,651	\$ 37,242,193	\$ 15,650,458
Changes for a year:			
Service cost	803,636		803,636
Interest	4,010,409		4,010,409
Differences between expected and actual experience	384,420		384,420
Changes of assumptions	122,669		122,669
Contributions – Employer		2,134,496	(2,134,496)
Contributions – State		315,605	(315,605)
Contributions – Employee		269,326	(269,326)
Net investment income		1,227,269	(1,227,269)
Benefit payments, including refunds of employee contributions	(3,213,489)	(3,213,489)	
Administrative expense		(45,563)	45,563
Net changes	<u>2,107,645</u>	<u>687,644</u>	<u>1,420,001</u>
Reporting Period Ending September 30, 2021	<u>\$ 55,000,296</u>	<u>\$ 37,929,837</u>	<u>\$ 17,070,459</u>

**Senior Management**

Changes in Net Pension Liability	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at September 30, 2020	\$ 3,702,432	\$ 3,615,535	\$ 86,897
Changes for a Year:			
Service cost	127,467		127,467
Expected interest growth	260,369	249,098	11,271
Unexpected investment income		444,528	(444,528)
Demographic experience	33,490		33,490
Contributions – Employer		77,457	(77,457)
Contributions – Employee		58,191	(58,191)
Benefit payments, including refunds of employee contributions	(234,646)	(234,646)	
Administrative expense		(16,961)	16,961
Assumption changes	(61,481)		(61,481)
Net changes	<u>125,199</u>	<u>577,667</u>	<u>(452,468)</u>
Balances at September 30, 2021	<u>\$ 3,827,631</u>	<u>\$ 4,193,202</u>	<u>\$ (365,571)</u>

CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

NOTE 9 - RETIREMENT PLANS (Continued)

***Pension Expense (Employer Reporting):***

For the year ended September 30, 2021, the Sponsor will recognize a pension expense of:

Police Officers'	Firefighters'	Senior Management
\$1,609,012	\$2,481,909	\$604

***Deferred Pension Outflows of Resources and Deferred Pension Inflows of Resources (Employer Reporting):***

On September 30, 2021, the Sponsor reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Police Officers'		Firefighters'		Senior Management	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected actual experience	\$ 499,116	\$ 113,824	\$ 371,068	\$ 463,461	\$ 45,229	\$ 92,575
Changes in assumptions	452,197	244,840	948,225	42,543	228,991	131,221
Net difference between projected and actual earnings on pension plan investments	118,146		1,974,704			327,272
Pension Plan contributions subsequent to the measurement date	1,693,201		2,643,749			
Total	\$ 2,762,660	\$ 358,664	\$ 5,937,746	\$ 506,004	\$ 274,220	\$ 551,068

The deferred outflows of resources related to the Pension Plan, resulting from contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2022. Subsequent contributions are as follows;

Police Officers'	Firefighters'
\$1,693,201	\$2,643,749

CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

NOTE 9 - RETIREMENT PLANS (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in Pension Expense as follows:

Fiscal Year Ending September 30:	Police Officers' Pension	Firefighters' Pension	Senior Management Pension
2022	\$ 424,258	\$ 783,481	\$ (100,445)
2023	283,207	921,775	(60,735)
2024	17,776	657,438	(58,183)
2025	(14,446)	425,339	(57,485)
2026			
Total	<u>\$ 710,795</u>	<u>\$ 2,788,033</u>	<u>\$ (276,848)</u>

***Actuarial Assumptions (Employer Reporting):***

	Police Officers' <u>Pension</u>	Firefighters' <u>Pension</u>	Senior Management <u>Pension</u>
Funding method	Entry age normal actuarial cost method. The following loads are utilized for determination of the total required contribution: -Interest – a half-year, based on the 8.0% assumption. -Salary – a full-year, based on the 6% assumption.	Entry age normal actuarial cost method. The following loads are utilized for determination of the total required contribution: -Interest – a half-year, based on the 7.9% assumption. -Salary – a full-year, based on the 5.9% assumption.	Aggregate cost method
Amortization method	Level % of pay, Closed	Level % of pay, Closed	Level % of pay, Open
Remaining amortization period	30 years	30 years	30 years

CITY OF PANAMA CITY, FLORIDA  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2021

NOTE 9 - RETIREMENT PLANS (Continued)

	<u>Police Officers’ Pension</u>	<u>Firefighters’ Pension</u>	<u>Senior Management Pension</u>
Asset Valuation Method	Each year, the Actuarial Value of Assets is brought forward utilizing the historical geometric four-year average of Market Value return (net-of-fees). It is possible that over time this technique will produce an insignificant bias above or below Market Value of Assets.	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric four-year average of Market Value return (net-of-fees). It is possible that over time this technique will produce an insignificant bias above or below Market Value of Assets.	Market Value
Post Retirement COLA	2% per year from the later of retirement or age 50 to Social Security Retirement Age	3% per year from the later of retirement or age 50 to Social Security Retirement Age	2% per year for category 1 with 15 years and category 2 and 3 with 10 years of service.
Inflation	2.7%	2.7%	2.62%
Salary Increases	Service based	Service based	4.00%
Investment Rate of Return	7.7%	7.7%	4.38%
Mortality Rates	RP-2000 Generational, with projection scale BB tables	RP-2000 Generational, with projection scale BB tables	* See Below

Senior Management Pension

\*Pre-retirement mortality is based on the sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Below Median Employee Mortality Table for general employees, with full generational improvements in mortality using Scale MP-2018 and with male ages set back one year; post-retirement mortality is based on the sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Below Median Healthy Retiree Mortality Table for general employees, with full generational improvements in mortality using Scale MP-2018 and with male ages set back one year.

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 9 - RETIREMENT PLANS (Continued)**

Long-term expected rate of return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following tables:

Police Officers' and Firefighters' as of September 30, 2020

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Police Officers' Long-Term Expected Real Rate of Return</u>	<u>Firefighters' Long-Term Expected Real Rate of Return</u>
Domestic equity	32.00%	8.5%	8.5%
International equity	15.00%	4.1%	4.1%
Bonds	24.00%	3.7%	3.7%
High yield bonds	5.00%	6.4%	6.4%
Convertibles	8.00%	7.9%	7.9%
Private real estate	5.00%	5.0%	5.0%
REITS	5.00%	7.9%	7.9%
Infrastructure	5.00%	6.4%	6.4%
Cash	1.00%	.5%	.5%

Senior Management as of September 30, 2021

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Core bonds	15.00%	1.6%
Core plus	15.00%	2.1%
U.S. large cap equity	25.00%	4.6%
U.S. small cap equity	14.00%	5.5%
Non-U.S. equity	21.00%	6.7%
Core real estate	10.00%	5.0%

***Discount Rate (Employer Reporting):***

The discount rate used to measure the total pension liability was 7.6% for Police Officers', 7.6% for Firefighters', and 7.0% for senior management. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 9 - RETIREMENT PLANS (Continued)**

***Sensitivity of the Net Pension Liability to Changes in the Discount Rate (Employer Reporting):***

Sponsor's Net Pension Liability	1% Decrease	Current Discount Rate	1% Increase
	6.60%	7.60%	8.60%
Police Officers'	\$ 14,858,355	\$ 9,580,126	\$ 5,174,890
Firefighters'	\$ 23,720,730	\$ 17,070,459	\$ 11,570,702
Senior Management	\$ 54,295	\$ (365,571)	\$ (717,565)

***Net Pension Liability and Disclosures Required by GASB Statement No. 67 (Plan Reporting)***

This section includes the information that is required to be presented by GASB Statement No. 67, reporting on the financial statement for the defined benefit plans for the year ended September 30, 2021. Separate valuations were performed by actuaries to calculate the total pension liability in accordance with this standard for financial reporting by pension plans and calculates the net pension liability (NPL). The plans elected to base the valuations on plan data as of September 30, 2021. In addition to presenting the NPL, this section also includes information on the actuarial assumptions used in the valuation, the discount rate that was used to calculate the NPL, and disclosures as to the sensitivity of the NPL to changes in the discount rate.

***Net Pension Liabilities (Plan Reporting):***

	Police Officers' <u>Pension</u>	Firefighters' <u>Pension</u>	Senior Management <u>Pension</u>
Total pension liability	\$ 50,348,910	\$ 57,055,547	\$ 3,827,631
Plan fiduciary net position	<u>(43,929,327)</u>	<u>(44,704,700)</u>	<u>(4,193,202)</u>
Sponsor's net pension liability	<u>\$ 6,419,583</u>	<u>\$ 12,350,847</u>	<u>\$ (365,571)</u>
Plan fiduciary net position as a percentage of total pension liability	87.25%	78.35%	109.55%



CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

NOTE 9 - RETIREMENT PLANS (Continued)

*Actuarial Assumptions (Plan Reporting):*

The September 30, 2021 total pension liability for Police Officers' and Firefighters' was determined by rolling forward the total pension liability as of September 30, 2020 to September 30, 2021, using the actuarial assumptions and methods used in the October 1, 2020 actuarial valuation on the plans. Except for the changes listed as follows there have been no other changes. For the 2021 fiscal year, amounts reported as changes of assumptions for the pension plan resulted from:

Changes of assumptions

Police Officers' Pension

For measurement date 09/30/2021, the Board approved the following assumption changes based on the March 4, 2021 actuarial experience study: 1) Reduce the investment return assumption from 7.60% to 7.50% per year, net of investment related expenses; 2) Increase expected salary increases for Members following their initial year of employment and decrease expected salary increases for Members with one to ten years of service; 3) Increase expected termination rates for Members with greater than 10 years of service; and 4) Generally decrease expected rates of retirement for both early and normal retirement.

Firefighters' Pension

For measurement date 09/30/2021, the Board approved the following assumption changes based on the March 4, 2021 actuarial experience study: 1) Reduce the investment return assumption from 7.60% to 7.50% per year, net of investment related expenses; 2) Increase expected salary increases for Members with less than ten years of service and decrease expected salary increases for Members with ten or more years of service; 3) Add a 2.0% expected retirement rate for Members eligible for early retirement; and 4) Increase expected termination rates for Members with less than five years of service and decrease expected termination rates for Members with sixteen or more years of service.

Senior Management Pension

Since the prior measurement date, the mortality basis was changed from the RP-2000 Combined Mortality Table with generational improvement in mortality using Scale BB to selected PUB-2010 Mortality Tables with generational improvements in mortality using Scale MP-2018.

The long-term expected rate of return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2021 are summarized in the following table:

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 9 - RETIREMENT PLANS (Continued)**

<u>Asset Class</u>	<u>Police Officers’ Pension Long-Term Expected Real Rate of Return</u>	<u>Firefighters’ Pension Long-Term Expected Real Rate of Return</u>
Domestic equity	8.3%	8.3%
International equity	4.1%	4.1%
Bonds	3.1%	3.1%
High yield bonds	5.6%	5.6%
Convertibles	7.8%	7.8%
Private real estate	5.5%	5.5%
REITS	8.2%	8.2%
Infrastructure	7.0%	7.0%
Cash	0.2%	0.2%

***Discount Rate (Plan Reporting):***

The discount rate used to measure the total pension liability was 7.5% for Police Officers’, 7.5% for Firefighters’, and 7.0% for senior management. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

***Sensitivity of the Net Pension Liability to Changes in the Discount Rate (Plan Reporting):***

Sponsor’s Net Pension Liability	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Police Officers’	\$ 12,239,169	\$ 6,419,583	\$ 1,580,292
	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Firefighters’	\$ 19,344,260	\$ 12,350,847	\$ 6,582,557
	1% Decrease 6.0%	Current Discount Rate 7.0%	1% Increase 8.0%
Senior Management	\$ 54,295	\$ (365,571)	\$ (717,565)

CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

NOTE 9 - RETIREMENT PLANS (Continued)

**Combining Statement of Pension Plan Net Position  
September 30, 2021**

	Police Officers' Pension	Firefighters' Pension	Senior Management Pension	Total
<b>Assets:</b>				
Cash and cash equivalents:				
Short term investments	\$ 1,142,019	\$ 1,092,079	\$ -	\$ 2,234,098
Cash			29,257	29,257
Total cash and equivalents	1,142,019	1,092,079	29,257	2,263,355
Receivables:				
Member contributions in transit	7,176	4,991	7,742	19,909
City contributions	25,596	41,938	5,816	73,350
Additional City contributions	40,065			40,065
State contributions	356,877	306,137		663,014
Investment income	17,956	5,643		23,599
Total receivables	447,670	358,709	13,558	819,937
Investments:				
Common stocks	7,853,608			7,853,608
Corporate bonds	5,380,275			5,380,275
Mutual funds:				
Fixed income	9,806,500	14,439,763		24,246,263
Equity	15,906,353	13,556,229		29,462,582
Pooled/common/commingled funds:				
Fixed income			647,845	647,845
Equity		12,690,533	3,151,453	15,841,986
Real estate investment trust	3,433,572	2,593,613	351,090	6,378,275
Total investments	42,380,308	43,280,138	4,150,388	89,810,834
<b>Total assets</b>	<b>43,969,997</b>	<b>44,730,926</b>	<b>4,193,203</b>	<b>92,894,126</b>
<b>Liabilities:</b>				
Accounts Payable:				
Administrative expenses		669		669
Investment expenses	29,899	16,873		46,772
Prior refunds	668			668
Other payables	10,103	8,684		18,787
Total accounts payable	40,670	26,226		66,896
<b>Total liabilities</b>	<b>40,670</b>	<b>26,226</b>		<b>66,896</b>
<b>Net Position:</b>				
Restricted for pension benefits	\$ 43,929,327	\$ 44,704,700	\$ 4,193,203	\$ 92,827,230

CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

NOTE 9 - RETIREMENT PLANS (Continued)

**Combining Statement of Changes in Net Position  
Fiscal Year Ended September 30, 2021**

	Police Officers' Pension	Firefighters' Pension	Senior Management Pension	Total
<b>Additions</b>				
Contributions:				
Plan members	\$ 363,828	\$ 276,969	\$ 58,191	\$ 698,988
Employer	1,336,324	2,337,612	77,457	3,751,393
State	356,877	306,137		663,014
Total contributions	<u>2,057,029</u>	<u>2,920,718</u>	<u>135,648</u>	<u>5,113,395</u>
Investment earnings:				
Net appreciation in fair value of investments	6,913,641	6,855,075	693,627	14,462,343
Interest	867,963	696,849		1,564,812
Total investment earnings	<u>7,781,604</u>	<u>7,551,924</u>	<u>693,627</u>	<u>16,027,155</u>
Less investment expense	<u>(180,111)</u>	<u>(192,105)</u>		<u>(372,216)</u>
Net investment earnings	<u>7,601,493</u>	<u>7,359,819</u>	<u>693,627</u>	<u>15,654,939</u>
Total additions	<u>9,658,522</u>	<u>10,280,537</u>	<u>829,275</u>	<u>20,768,334</u>
<b>Deductions</b>				
Distributions to members:				
Benefit payments	2,863,308	3,083,126	224,326	6,170,760
Lump sum DROP distributions	182,684	314,509		497,193
Refunds of member contributions	106,045	54,626	10,320	170,991
Total distributions	<u>3,152,037</u>	<u>3,452,261</u>	<u>234,646</u>	<u>6,838,944</u>
Administrative expenses	51,827	53,413	16,961	122,201
Total deductions	<u>3,203,864</u>	<u>3,505,674</u>	<u>251,607</u>	<u>6,961,145</u>
<b>Change in Net Position</b>	6,454,658	6,774,863	577,668	13,807,189
<b>Net Position Restricted for Pension Benefits</b>				
Beginning of year	<u>37,474,669</u>	<u>37,929,837</u>	<u>3,615,535</u>	<u>79,020,041</u>
End of year	<u>\$ 43,929,327</u>	<u>\$ 44,704,700</u>	<u>\$ 4,193,203</u>	<u>\$ 92,827,230</u>

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 9 - RETIREMENT PLANS (Continued)**

**9.3 Aggregate Schedule of Retirement Plan Information**

For the fiscal year ended September 30, 2021, in total, reported deferred outflows of resources and deferred inflows of resources related to pensions were from the following sources:

	<b>Primary Government</b>		<b>Discretely Presented Component Unit</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 965,745	\$ 669,999	\$ 6,707	\$ 19
Change of assumptions	1,812,064	432,297	24,288	1,865
Net difference between projected and actual earnings on investments	2,093,196	1,125,406	47	105,703
Differences in proportion and differences between Pension Plan contributions and proportionate share of contributions		500,230	1,980	80,470
Pension Plan contributions subsequent to the measurement date	4,373,405		5,056	
<b>Total</b>	<b>\$ 9,244,410</b>	<b>\$ 2,727,932</b>	<b>\$ 38,078</b>	<b>\$ 188,057</b>

***Pension Expense***

For the fiscal year ended September 30, 2021, the City recognized total pension expense of \$3,884,572.

For the fiscal year ended September 30, 2021, the Port Authority recognized total pension expense of \$24,010.

CITY OF PANAMA CITY, FLORIDA  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2021

NOTE 9 - RETIREMENT PLANS (Continued)

9.4 **The Retirement Plan and Trust for the General Employees of the City of Panama City, Florida**

a. *Plan Description:*

The Retirement Plan and Trust for the General Employees of the City of Panama City, Florida (Fund), is a single-employer defined contribution plan administered by Voya Financial.

b. *Plan Provisions and Eligibility:*

All full-time City employees hired after January 1, 1996, are eligible to participate in the Plan. The City ordinances establish these plan provisions. Participants must be 18 years or older with three months of service. The effective date of participation is the first day of the month coinciding with or following ninety days of employment. Members qualify for normal retirement on the participant's 65th birthday. See City Code section 2-334.11.

Each participant who is an employee on his or her attainment of normal retirement age or is terminated as a result of death or disability, to the extent not then vested, shall become fully vested. Upon the death of the participant, the participant's vested plan account shall be paid to the participant's beneficiary. If a participant's employment terminates for any reason other than retirement, disability or death, the benefits shall be vested as follows:

Years of Service	Vested Percentage
Less than 2	0%
2	20%
3	40%
4	60%
5	80%
6 or more	100%

The unvested portion shall be forfeited on the day the participant's employment is terminated. Any forfeitures that result from a participant's termination before he or she completes at least 12 months of service will be returned to the employer. All other forfeitures are allocated to the employer contribution accounts of eligible participants.

c. *Contribution Obligations :*

The City is required by a resolution of the City of Panama City, Florida to contribute 10% of participants' salaries to the plan. The City Commission has the authority to change contribution amounts. Total pension expense amounted to \$1,227,833, of which \$120,267 was forfeitures, for the fiscal year ended September 30, 2021. This is a noncontributory plan. Contributions are as follows:

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 9 - RETIREMENT PLANS (Continued)**

	<u>Required Contribution</u>	<u>Percentage of the Amount Contributed</u>
9/30/21	\$ 1,227,833	100%
9/30/20	1,050,263	100%
9/30/19	961,011	100%
9/30/18	929,999	100%
9/30/17	907,119	100%

d. A separately issued annual report of the Fund is available from the Voya Financial, Plan Number 666935, 1 Orange Way C35, Windsor, CT 06095.

**9.5 Discretely Presented Component Unit**

Retirement Plan and Trust for the General Employees

The Port Authority participated in the Retirement Plan and Trust for the General Employees of the Panama City Port Authority for employees hired after January 1, 1996, who were not eligible to participate in the Florida Retirement System.

a. *Plan Description:*

The Retirement Plan and Trust for the General Employees of the Panama City Port Authority is a single- employer defined contribution plan administered by the Florida League of Cities, Inc.

b. *Plan Provisions and Eligibility:*

All Port Authority full-time employees hired after January 1, 1996 are eligible to participate in the Fund. Employees must be 18 years or older with three months of service. The effective date of participation is the first day of the month coinciding with or following ninety days of employment. Members qualify for normal retirement, after obtaining ten years of creditable service, on the first of the month coinciding with or following the participant's 65th birthday. Benefits fully vest after participant reaches ten years of service, with partial vesting after the completion of six through nine years of service. The benefits shall be vested as follows:

<u>Years of Service</u>	<u>Vested Percentage</u>
1-5	0%
6	60%
7	70%
8	80%
9	90%
10	100%

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 9 - RETIREMENT PLANS (Continued)**

Any forfeited amounts are allocated to future plan contributions, and plan administrative expenditures.

*c. Contribution Obligations:*

The Port Authority is required to contribute 7% of participants' salaries to the plan. The City Commission has the authority to change contribution amounts. Total pension expense amounted to \$175,013, of which \$60,081 was forfeitures, for the fiscal year ended September 30, 2021. This is a noncontributory plan. Contributions are as follows:

		<u>Required Contribution</u>	<u>Percentage of the Amount Contributed</u>
9/30/21	\$	175,013	100%
9/30/20		198,926	100%
9/30/19		183,661	100%
9/30/18		172,563	100%
9/30/17		138,205	100%

d. A separately issued annual report of the Fund is available from the Florida League of Cities, Inc., 301 S. Bronough Street, Tallahassee, Florida 32302.

**NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (OPEB)**

*Plan Description:*

The City administers a single-employer defined benefit healthcare plan (the "OPEB Plan"). Retirees under all of the City's Pension Plans continue their life insurance benefit (at a reduced level of \$1,000) and continue to receive health insurance benefits if they so choose. Pursuant to Section 112.0801, Florida Statutes, the City is required to permit participation in the health insurance program by retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees.

*a. Contribution requirement*

	<u>City</u>	<u>Discretely Presented Component Unit</u>
Contribution requirement	Retirees must contribute an amount determined periodically by the City based on actual claims experience; there are no minimum required employer contributions.	Retirees must contribute an amount determined periodically by the Authority equal to 100% of the applicable health insurance premium charged by the insurance carrier; there are no minimum required employer contributions.



**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)**

*b. Benefits Provided*

	City	Discretely Presented Component Unit
Employees covered	Regular, full time employees of the City of Panama City.	Regular, full time employees of the Panama City Port Authority.
Types of benefits provided	Post-retirement medical, dental, vision, and life insurance benefits.	Post-retirement medical benefits.
Medical coverage	Post-retirement medical coverage is provided to eligible individuals under the same self-insured plan that covers active employees; no explicit subsidy is provided to retirees.	Post-retirement medical coverage is provided to eligible individuals under the same fully-insured plan that covers active employees; no explicit subsidy is provided to retirees.
Plan choice	For health insurance coverage, retirees may choose from a basic plan or a buy-up plan.	None provided
Life insurance	The City provides a fully-insured life insurance benefit of \$1,000 to all retirees.	None provided
Legal authority	Under Florida State law, the City is required to offer retirees health insurance on the same basis as employees provided that the retiree pays the full premium for the relevant coverage.	Under Florida State law, the Authority is required to offer retirees health insurance on the same basis as employees provided that the retiree pays the full premium for the relevant coverage.
Changes	The benefit terms did not change from the prior measurement date.	The benefit terms did not change from the prior measurement date.

*c. Membership*

As of the most recent actuarial valuation of the net OPEB liability, membership data is as follows:

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)**

	Primary Government	Discretely Presented Component Unit
Retirees and beneficiaries currently receiving benefits	30	-
Active members	<u>369</u>	<u>63</u>
	<u>399</u>	<u>63</u>

***OPEB Liability, OPEB Expense, and Actuarial Assumptions***

***Measurement Date, and Valuation Date***

The Net OPEB Liability was measured as of September 30, 2021. The Total OPEB Liability was determined from an actuarial valuation as of October 1, 2020, for the primary government and October 1, 2019 for the discretely presented component unit. The Net OPEB Liability is the Total OPEB Liability less the Plan Fiduciary Net Position. The Total OPEB Liability is the present value of all future benefit payments for current retirees and active employees, considering assumptions about demographics, turnover, mortality, disability, retirement, health care trends, and other actuarial assumptions.

***Net OPEB Liability:***

	Primary Government	Discretely Presented Component Unit
Total OPEB Liability	\$ 3,079,505	\$ 253,765
Less: Fiduciary Net Position	-	-
Net OPEB Liability	<u>\$ 3,079,505</u>	<u>\$ 253,765</u>

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Primary Government:			
Change in Net OPEB Liability			
Beginning Net OPEB Liability	\$ 2,239,015		\$ 2,239,015
Service Cost	234,145		234,145
Interest	57,909		57,909
Changes of Assumptions	(104,670)		(104,670)
Benefit Payments	(181,218)		(181,218)
Difference between expected and actual experience	834,324		834,324
Net Change	<u>840,490</u>		<u>840,490</u>
Ending Net OPEB Liability	<u>\$ 3,079,505</u>		<u>\$ 3,079,505</u>

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)**

Discretely Presented Component Unit:	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Change in Net OPEB Liability			
Beginning Net OPEB Liability	\$ 238,553		\$ 238,553
Service Cost	25,875		25,875
Interest	6,305		6,305
Demographic Gain	(3,966)		(3,966)
Assumption Changes	(2,983)		(2,983)
Benefit Payments	(10,019)		(10,019)
Net Change	15,212		15,212
Ending Net OPEB Liability	\$ 253,765		\$ 253,765

***OPEB Expense (Income):***

The OPEB expense (income) amounts recognized for the fiscal year ended September 30, 2021 are as follows:

Primary Government	Discretely Presented Component Unit
\$ (18,538)	\$ 16,533

Deferred OPEB Outflows of Resources and Deferred OPEB inflows of Resources

	Primary Government		Discretely Presented Component Unit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 834,324	\$ 1,263,516	\$ -	\$ -
Change of assumptions	130,988	282,044	1,160	66,954
<b>Total</b>	\$ 965,312	\$ 1,545,560	\$ 1,160	\$ 66,954

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending September 30:	Primary Government	Discretely Presented Component Unit
2022	\$ (129,374)	\$ (5,628)
2023	(129,374)	(5,628)
2024	(129,374)	(5,628)
2025	(129,374)	(5,628)
2026	(129,374)	(5,628)
Thereafter	66,622	(37,654)
Total	<u>\$ (580,248)</u>	<u>\$ (65,794)</u>

***Actuarial Assumption:***

	City	Discretely Presented Component Unit
Discount Rate	2.43% per annum: this rate was used to discount all future benefit payments and is based on the return on the S&P Municipal Bond 20-year High Grade index as of the measurement date.	2.43% per annum: this rate was used to discount all future benefit payments and is based on the return on the S&P Municipal Bond 20-year High Grade index as of the measurement date.
Salary increases	3.0% per annum	3.0% per annum
Cost-of-living increases	Retiree contributions and health insurance premiums have been assumed to increase in accordance with the healthcare cost trend rates.	Retiree contributions, health insurance premiums, and the implied subsidy have been assumed to increase in accordance with the healthcare cost trend rates.
Healthcare cost trend rates	Increases in healthcare costs are assumed to be 6.50% for the 2020/21 fiscal year graded down by 0.50% per year to 5.00% for the 2023/24 and later fiscal years.	Increases in healthcare costs are assumed to be 7.00% for the 2019/20 fiscal year graded down by 0.50% per year to 5.00% for the 2023/24 and later fiscal years.

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)**

	City	Discretely Presented Component Unit
Age-related morbidity	Healthcare costs are assumed to increase at the rate of 3.50% for each year of age.	Healthcare costs are assumed to increase at the rate of 3.50% for each year of age.
Expected claims/Implied subsidy	Claims cost at age 59 is assumed to be \$13,700 per covered individual for the 2020/21 fiscal year; this amount was determined based on actual claims during the preceding two years, with greater weight given to more recent experience.	Because the insurance carrier charges the same monthly rate for health insurance regardless of age, an implied monthly subsidy of \$625 for the retiree and \$450 for the retiree's spouse has been assumed at age 62 for the 2019/20 fiscal year; at other ages, the implied subsidy was developed based on the age-related morbidity assumption and, for other fiscal years, the implied subsidy was increased in accordance with the healthcare cost trend rates; the implied subsidy is assumed to disappear at age 65.
Mortality basis	Sex-distinct rates set forth in the PUB-2010 mortality table (without income adjustments) for general and public safety employees with full generational improvements in mortality using Scale MP-2020.	Sex-distinct rates set forth in the PUB-2010 Mortality Table, with full generational improvements in mortality using Scale MP-2017.
Retirement	For general employees, retirement is assumed to occur at age 59 with 10 years of service or at any age with 30 years of service; for firefighters, retirement is assumed to occur at age 55 with 10 years of service or at any age with 25 years of service; for police officers, retirement is assumed to occur at age 55 with 10 years of service, at age 50 with 15 years of service, or at any age with 23 years of service.	For employees hired prior to July 1, 2011, retirement is assumed to occur at age 62 with six years of service or at any age with 30 years of service; for employees hired on or after July 1, 2011, retirement is assumed to occur at age 65 with 8 years of service or at any age with 33 years of service.

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)**

	City	Discretely Presented Component Unit
Other decrements	Assumed employment termination is based on the Scale 155 table; assumed disability is based on the Wyatt 1985 Disability Study (Class 1 for general employees and Class 4 for firefighters and police officers).	Assumed employment termination is based on the Scale 155 table; assumed disability is based on the Wyatt 1985 Disability Study (Class 1).
Coverage election	15% of eligible employees are assumed to elect medical coverage upon retirement or disability until age 65 in accordance with their current health plan and coverage election; retirees are not assumed to have any dependent children.	20% of eligible employees are assumed to elect medical coverage upon retirement or disability until age 65 under the “buy-up” plan upon retirement or disability; spouses are assumed to be covered in accordance with the employee’s current election.
Spousal and dependents	Husbands are assumed to be three years older than wives; retirees are not assumed to have any dependent children.	Husbands are assumed to be three years older than wives; retirees are not assumed to have any dependent children.
COBRA	Future healthcare coverage provided solely pursuant to COBRA was not included in the OPEB valuation; because the COBRA premium is determined periodically based on plan experience, the COBRA premium to be paid by the participant is assumed to fully cover the cost of providing healthcare coverage during the relevant period.	Future healthcare coverage provided solely pursuant to COBRA was not included in the OPEB valuation; because the COBRA premium is determined periodically based on plan experience, the COBRA premium to be paid by the participant is assumed to fully cover the cost of providing healthcare coverage during the relevant period.

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)**

	City	Discretely Presented Component Unit
Life Insurance	Life insurance premiums are assumed to be 25% higher than the pure insurance cost; because data was not provided for retirees who have not elected to continue their health insurance coverage under the City's plan, retiree life insurance liability has been loaded by a factor of four to account for the estimated number of covered retirees as well as the assumption that the unknown retirees are generally older than those retirees who are covered under the City's health insurance plan.	None provided
Changes	Since the prior measurement date, the discount rate was increased from 2.14% per annum to 2.43% per annum.	Since the prior measurement date, the discount rate was increased from 2.14% to 2.43% per annum.

***Sensitivity of the Net OPEB Liability to Changes in the Discount Rate:***

	1% Decrease 1.43%	Current Discount Rate 2.43%	1% Increase 3.43%
City's OPEB Liability	\$ 3,473,286	\$ 3,079,505	\$ 2,765,710
Port Authority's OPEB Liability	281,069	253,765	229,686

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)**

*Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates:*

	<u>1.00% Decrease</u>	<u>6.50% graded down to 5.00%</u>	<u>1.00% Increase</u>
Primary Government	\$ 2,705,000	\$ 3,079,505	\$ 3,550,440
		<u>7.00% graded down to 5.00%</u>	<u>1.00% Increase</u>
Discretely Presented Component Unit	\$ 215,444	\$ 253,765	\$ 301,874

**NOTE 11 - CUSTODIAL FUNDS**

- a. ***Deferred Compensation Plans.*** The City offers its employees three deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all City employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

As required by Internal Revenue Code Section 457, the assets are held in a trust for the employees' benefit. An administrator or committee, selected by the government, is responsible for the administration of the plan, including approval of certain investment alternatives (funds) which are made available to plan participants. The government has a fiduciary duty to administer the plans properly and to assure that the investment alternatives made available are reasonable. However, since plan participants select the investment fund or funds in which their deferred compensation accounts are invested, the government has no liability for investment losses which occur as a result of the investments selected by the plan participants.

Assets of the plans are valued at market value and amount to \$7,839,606 as of September 30, 2021. Since the City has no fiduciary responsibilities other than administrative in connection with the plans, the assets are not presented in these financial statements.

- b. ***Cafeteria Plan Custodial Fund.*** The City offers a flexible compensation program on an annual basis to all employees who have completed their initial probationary period. Enrolled employees make pre-tax contributions to pay for benefits which can include health care, dental care, vision care, and child care. The employee chooses among various health benefit programs that best meet the needs of the employee and the employee's family.



**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 12 - ENCUMBRANCES**

The amount of encumbrances at year-end do not constitute expenditures or liabilities; therefore, they are not reflected in the financial statements. The amount of encumbrances outstanding as of September 30, 2021, is as follows:

Governmental Funds-	
General Fund	\$ 506,656
Hurricane Michael	221,128
Disaster Fund	23,473
General Grants	839,167
Capital Projects	8,392,316
Capital Projects Infrastructure Sales Tax	9,979,246
Infrastructure Surtax	295,905
Panama City Redevelopment Agency - St. Andrews	41,856
Panama City Redevelopment Agency - Downtown North	71,634
Panama City Redevelopment Agency - Millville	49,543
Panama City Redevelopment Agency - Downtown	26,344
State Housing Initiative Partnership – County	1,992
State Housing Initiative Partnership – City	273,329
Community Planning and Development	7,414
Proprietary Funds-	
Equipment Maintenance	122,090
Marina	482,414
Solid Waste	396,633
Utilities	<u>13,501,821</u>
Total	<u>\$35,232,961</u>

**NOTE 13 - FUND BALANCES**

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies governmental fund balances as follows:

**Non-spendable** – the portion of a fund balance that cannot be spent because they are either not in spendable form (such as inventories and prepaid amounts) or legally or contractually required to be maintained intact.

**CITY OF PANAMA CITY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 13 – FUND BALANCES** (Continued)

**Spendable –**

**Restricted** – the portion of a fund balance for which external constraints are placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws or regulation of other governments; or imposed by law through constitutional provisions or enabling legislation.

**Committed** – the portion of fund balance that can be used only for specific purposes that are internally imposed by the government through formal action of the City’s highest level of decision making authority. Such formal action may only be modified or rescinded by the same formal action that imposed the original constraint. An ordinance adopted by City Commission establishes a fund balance commitment.

**Assigned** – the portion of fund balance amounts established by City Commission that are intended to be used for specific purposes that are neither restricted nor committed.

**Unassigned** – residual net resources, the general fund is the only fund that reports a positive unassigned fund balance amount. In the event that funds other than the general fund include an unassigned fund balance, it would be a deficit.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City Commission, as the highest decision-making authority for the City, authorized the City of Panama City Fund Balance Management Policy by adopting an ordinance, which establishes the Disaster/Emergency reserve in order to meet unforeseen expenditures caused by disasters or emergencies. This commitment of fund balance is established due to the City’s coastal location, hurricanes, and other natural disasters, as well as economic changes that can severely impact the City’s ability to continue operations and provide services. The drawdown of Disaster/Emergency reserves may be utilized to respond and provide relief and recovery to disasters and emergencies which include, but are not limited to:

- Hurricanes or Tropical Storms
- Flooding
- Wildfires
- Terrorist activity

The City Commission authorized the commitment of fund balance and established a target balance of 30% of annual budgeted operating expenditures, including debt service and self-insurance fund transfers. Use of the reserves requires approval by the City Commission with a majority vote.



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CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

NOTE 13 - FUND BALANCES (Continued)

*Fund Balance Summary*

A summary of the nature and purpose of fund balances at September 30, 2021 is as follows:

	Major Funds			
	General	Hurricane Michael	Capital Projects	Capital Projects Infrastructure Surtax
Fund Balances:				
<b>Non-spendable:</b>				
Inventory	\$ 170,815	\$ -	\$ -	\$ -
Prepaid items	258,872			
Other	2,252			
<b>Total non-spendable</b>	431,939			
<b>Restricted for:</b>				
General Government				
Housing and Urban Development				
Infrastructure				
Community Redevelopment				
Debt Service				
Disaster and Hurricane Michael				
<b>Total restricted</b>				
<b>Committed to:</b>				
Disaster/Emergency Reserve		34,914,637		
<b>Assigned</b>	506,656		7,181,431	13,277,466
<b>Unassigned</b>	23,170,324			
<b>Total</b>	\$ 24,108,919	\$ 34,914,637	\$ 7,181,431	\$ 13,277,466

CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

NOTE 13 - FUND BALANCES (Continued)

*Fund Balance Summary*

A summary of the nature and purpose of fund balances at September 30, 2021 is as follows:

<b>Non-Major Special Revenue Funds</b>					
State Housing Initiative Partnership City	Infrastructure Surtax	General Grants	Disaster Fund	Community Planning and Development	State Housing Initiative Partnership County
\$ -	\$ -	\$ -	\$ -	\$ 124,761 421	\$ -
				125,182	
17,165,272	2,655,931			1,050,487	
<u>17,165,272</u>	<u>2,655,931</u>		<u>4,843,588</u> <u>4,843,588</u>	<u>1,050,487</u>	
		<u>(18,016)</u>	<u>(320,263)</u>		<u>(442,681)</u>
<u>\$ 17,165,272</u>	<u>\$ 2,655,931</u>	<u>\$ (18,016)</u>	<u>\$ 4,523,325</u>	<u>\$ 1,175,669</u>	<u>\$ (442,681)</u>

CITY OF PANAMA CITY, FLORIDA  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2021

NOTE 13 - FUND BALANCES (Continued)

*Fund Balance Summary*

A summary of the nature and purpose of fund balances at September 30, 2021 is as follows:

	<u>Non-Major Special Revenue Funds</u>			
	<u>Panama City Florida Hurricane Disaster Relief Fund</u>	<u>Panama City Community Redevelopment Agency St. Andrews</u>	<u>Panama City Community Redevelopment Agency Downtown</u>	<u>Panama City Community Redevelopment Agency Downtown North</u>
Fund Balances:				
<b>Non-spendable:</b>				
Inventory	\$ -	\$ -	\$ -	\$ 303,780
Prepaid items		8,585		
Other				
		<u>8,585</u>		<u>303,780</u>
<b>Restricted for:</b>				
General Government				
Housing and Urban Development				
Infrastructure				
Community Redevelopment		674,069	317,071	571,192
Debt Service				
Hurricane Michael	241,982			
<b>Total restricted</b>	<u>241,982</u>	<u>674,069</u>	<u>317,071</u>	<u>571,192</u>
<b>Committed to:</b>				
Disaster/Emergency Reserve				
<b>Assigned</b>				
<b>Unassigned</b>				
<b>Total</b>	<u>\$ 241,982</u>	<u>\$ 682,654</u>	<u>\$ 317,071</u>	<u>\$ 874,972</u>

CITY OF PANAMA CITY, FLORIDA  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2021

NOTE 13 - FUND BALANCES (Continued)

*Fund Balance Summary*

A summary of the nature and purpose of fund balances at September 30, 2021 is as follows:

<b>Non-Major Debt Service Fund</b>		
<b>Capital Improvement Revenue Note, Series 2013B</b>	<b>Capital Improvement Revenue Note, Series 2016</b>	<b>Revenue Note, Series 2008 (Modified)</b>
\$ -	\$ -	\$ -
1,018,915	63,844	82,725
1,018,915	63,844	82,725
\$ 1,018,915	\$ 63,844	\$ 82,725

CITY OF PANAMA CITY, FLORIDA  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2021

NOTE 13 - FUND BALANCES (Continued)

*Fund Balance Summary*

A summary of the nature and purpose of fund balances at September 30, 2021 is as follows:

	<b>Non-Major Debt Service Funds</b>		
	<b>Capital Improvement Revenue Note, Series 2018</b>	<b>Infrastructure Sales Surtax Revenue Note Series 2018</b>	<b>Hurricane Recovery and Refunding Revenue Note, Series 2019</b>
Fund Balances:			
<b>Non-spendable:</b>			
Inventory	\$ -	\$ -	\$ -
Prepaid items			
Other			
<b>Total non-spendable</b>			
<b>Restricted for:</b>			
General Government			
Housing and Urban Development			
Infrastructure			
Community Redevelopment			
Debt Service	1,220,503	1,985,904	2,227,433
Hurricane Michael			
<b>Total restricted</b>	<u>1,220,503</u>	<u>1,985,904</u>	<u>2,227,433</u>
<b>Committed to:</b>			
Disaster/Emergency Reserve			
<b>Assigned</b>			
<b>Unassigned</b>			
<b>Total</b>	<u>\$ 1,220,503</u>	<u>\$ 1,985,904</u>	<u>\$ 2,227,433</u>



**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 14 – MERCHANT LICENSE TAX ABATEMENT**

The City considers economic incentives to encourage retail businesses to build or expand within the city limits of Panama City. City Commission uses both qualitative and quantitative economic factors in approving abatements. To incentivize the development of a retail center located in Panama City, the City entered into an agreement with a real estate developer to refund a portion of the City's operating merchant license tax attributable to the merchants' operations on the retail center site. The agreement refunds 90% of the operating merchant license tax collected on the property, with a maximum reinvestment amount by the City of \$15,142,467 over a period of up to 15 years. As conditions for payments by the City, the developer must certify that 50% or more of the business units are new business units which are open to the public. The City's promise to pay is evidenced and secured by an annual covenant to budget and appropriate from lawfully available, non-ad valorem revenues containing a disclaimer of the City maintaining any particular revenue source, all in a form traditionally used in municipal borrowings and often validated under Florida Statutes Chapter 75. For the fiscal year ended September 30, 2021, the City abated merchant license taxes totaling \$423,628, all of which were to this business.

**NOTE 15 – HURRICANE MICHAEL**

The City continues its primary focus on recovery and restoration of the City from Hurricane Michael, the catastrophic category 5 hurricane and third strongest storm on record to impact the U.S. mainland, that struck the area on October 10, 2018. Our consultants, Federal Emergency Management Agency (FEMA) and the State continue to work with the City to complete damage assessments and restoration costs. The City created a Project Management Office (PMO) specifically to manage the rebuilding process and all of the various funding sources available to the City in its recovery efforts. Currently, the funding sources available are from FEMA, the State of Florida, FEMA Section 428 Alternative Public Assistance Programs, insurance, FEMA Hazard Mitigation Grant Program (HMGP), Community Development Block Grant Disaster Recovery Funds (CDBG-DR), Community Disaster Recovery Funds Mitigation Funds (CDBG-MIT), FEMA Building Resilient Infrastructure and Communities (BRIC), FEMA Flood Mitigation Assistance (FMA) and the Florida's State Revolving Fund (SRF).

There are currently 70 FEMA projects in progress for Hurricane Michael. The total costs of debris removal, repairs and restoration of the City is expected to be approximately \$260 million and will take about five years to complete. The City received \$4,898,106 from FEMA in FY21, \$36,011,797 in FY20, \$14,961,504 in FY19 and expects to receive an additional \$16 million by September 30, 2022. The City is also receiving funding from the State for the percentage not reimbursed by FEMA.

**NOTE 16 - COMMITMENTS, CONTINGENCIES, AND SUBSEQUENT EVENTS**

*Grant Program.* The City participates in various federal and state grants. These programs are subject to audit and adjustment by the funding agency or their representatives. If grant revenues are received

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 16 - COMMITMENTS, CONTINGENCIES, AND SUBSEQUENT EVENTS**  
(Continued)

for expenditures which are subsequently disallowed, the City may be required to repay the revenues to the funding agency. In the opinion of management, liabilities resulting from such disallowed expenditures, if any, will not be material to the accompanying financial statements.

The U.S. Department of Housing and Urban Development has approved a Community Development Block Grant in the amount of \$405,179 that begins on October 1, 2021.

**Self-Insurance Programs.** The City is self-insured for employee health. See Note 5 for further details.

**Marina Project.** The City borrowed \$12,999,000 in 2013 of which \$3,408,304 remains unspent. The remaining portion of the project is still in the planning phase.

**Construction Commitments.** The City has outstanding commitments for construction contracts at year end. The commitments represent the difference between the contract prices of the various projects and the amounts paid on each contract. Outstanding construction commitments by fund at September 30, 2021, are as follows:

Governmental Funds:	
General Fund	\$ 24,738
Hurricane Michael	178,736
Capital Projects	7,177,984
Capital Projects Infrastructure Sales Tax	9,946,275
Community Redevelopment Agency-Downtown North	54,274
Community Redevelopment Agency-Millville	49,543
Infrastructure Surtax	289,142
General Grants	815,000
Proprietary Funds:	
Utilities	\$ 13,157,156
Marina	347,151

**Debt Issuance.** On October 29, 2021, the City issued 0% interest Clean Water State Revolving Fund Note in the amount of \$25,299,300 for wastewater treatment works and drinking water facilities impacted by Hurricanes Florence and Michael. If, at the end of the project, all requirements are met, the State will forgive 25% of the loan principal, \$7,121,051.

On October 29, 2021, the City issued 0% interest Drinking Water State Revolving Fund Note in the amount of \$12,350,000 for wastewater treatment works and drinking water facilities impacted by Hurricanes Florence and Michael. If, at the end of the project, all requirements are met, the State will forgive 25% of the loan principal, \$3,087,500

On June 13, 2022, the City issued a Business Loan Agreement for the purchase of a fire truck in the amount of \$1,722,485.

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 16 - COMMITMENTS, CONTINGENCIES, AND SUBSEQUENT EVENTS**  
(Continued)

*Insurance Settlement.* On June 16, 2022 the City received an insurance settlement in the amount of \$30,000,000 from FMIT for insurance recoveries from Hurricane Michael which made landfall in October 2018.

*Other Subsequent Events.* The City did not have any other subsequent events requiring disclosure or recording in these financial statements through September 26, 2022, which is the date these financial statements were issued.

**NOTE 17 – INSURANCE PROCEEDS**

As a result of Hurricane Michael which made landfall in October 2018, the City has recorded related insurance recoveries as reflected in charges for service for the year ended September 30, 2021.

	<u>Government-wide Statement of Activities</u>	
	Primary Government	
	<u>Insurance Proceeds</u>	
General Government	\$	738
Public Safety		123,309
Culture and Recreation		6,761,756
Propriety Fund-Utilities		505,129
Propriety Fund-Solid Waste		50,227
Propriety Fund-Marina		115

**NOTE 18 – PRIOR PERIOD ADJUSTMENT**

During the year ended September 30, 2021, an adjustment was made to the General Fund, CDBG Fund, Utilities Fund, and Capital Projects Fund due to a correction for the account classifications of expenditures.

Also, during the audit, it was determined that the Panama City Port Authority component unit received \$1,232,687 and \$85,394 of capital grants in 2021 and 2022 respectively, that was attributable to expense reimbursement for the year ended September 30, 2020.

In addition, an adjustment was made due to timing of the FEMA receivable in the Hurricane Michael Fund.

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 18 – PRIOR PERIOD ADJUSTMENT (Continued)**

The aggregate impact of these adjustments is shown on the financial statements. Details of the adjustments are as follows:

	Hurricane Michael	CDBG	Component Unit- Government- wide Activities
Beginning balance, as previously reported	\$ 39,195,680	\$ 1,191,650	\$ 122,741,593
Prior period adjustments:			
Deferred Inflows	2,533,667		
Classification of expenditures Capital Grants		(299,901)	1,318,081
Beginning balance, as restated	\$ 41,729,347	\$ 891,749	\$ 124,059,674

	Proprietary Fund - Utilities	General Fund	Capital Projects
Beginning balance, as previously reported	\$ 80,110,067	\$ 18,244,975	\$ 15,311,206
Prior period adjustments:			
Classification of expenditures	439,750	(422,930)	283,081
Beginning balance, as restated	\$ 80,549,817	\$ 17,822,045	\$ 15,594,287

# REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT DISCUSSION AND ANALYSIS

THIS SUBSECTION CONTAINS THE FOLLOWING:

- BUDGET TO ACTUAL COMPARISON – MAJOR FUNDS (GENERAL AND SPECIAL REVENUE FUNDS)
  
- PENSION AND OTHER POST EMPLOYMENT SCHEDULES



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**CITY OF PANAMA CITY, FLORIDA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 19,488,477	\$ 19,488,477	\$ 27,493,356	\$ 8,004,879
Licenses and permits	9,775,000	9,775,000	11,259,682	1,484,682
Intergovernmental	5,366,346	5,366,346	7,175,958	1,809,612
Charges for services	7,101,319	7,101,319	1,398,056	(5,703,263)
Investment earnings	200,000	200,000	83,895	(116,105)
Miscellaneous	235,000	268,300	431,343	163,043
Total revenues	<u>42,166,142</u>	<u>42,199,442</u>	<u>47,842,290</u>	<u>5,642,848</u>
<b>Expenditures:</b>				
Current:				
General government	9,409,744	10,474,637	9,269,321	1,205,316
Public safety	19,765,705	19,827,909	19,389,815	438,094
Transportation	4,650,094	4,151,639	3,550,341	601,298
Economic environment	715,912	715,912	700,448	15,464
Human services	285,000	285,000	343,236	(58,236)
Culture and recreation	2,943,608	3,037,389	2,953,157	84,232
Debt Service:				
Capital lease principal	776,736	826,659	589,903	236,756
Capital lease interest			94,574	(94,574)
Capital outlay	946,861	1,330,144	1,996,926	(666,782)
Total expenditures	<u>39,493,660</u>	<u>40,649,289</u>	<u>38,887,721</u>	<u>1,761,568</u>
Excess of revenues over expenditures	2,672,482	1,550,153	8,954,569	7,404,416
<b>Other Financing Sources (Uses):</b>				
Insurance proceeds		(13,178)	121,557	134,735
Transfers in	2,151,492	2,151,492	3,775,229	1,623,737
Transfers out	(8,154,196)	(8,251,203)	(8,192,602)	58,601
Issuance of long-term debt			1,628,121	1,628,121
Total other financing sources (uses)	<u>(6,002,704)</u>	<u>(6,112,889)</u>	<u>(2,667,695)</u>	<u>3,445,194</u>
Net change in fund balance	(3,330,222)	(4,562,736)	6,286,874	10,849,610
<b>Fund Balance:</b>				
Beginning of year	<u>18,244,975</u>	<u>18,244,975</u>	<u>18,244,975</u>	
Prior period adjustment	<u>(422,930)</u>	<u>(422,930)</u>	<u>(422,930)</u>	
Beginning of year, as restated	<u>17,822,045</u>	<u>17,822,045</u>	<u>17,822,045</u>	
End of year	<u>\$ 14,491,823</u>	<u>\$ 13,259,309</u>	<u>\$ 24,108,919</u>	<u>\$ 10,849,610</u>

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA  
STATE HOUSING INITIATIVE PARTNERSHIP - CITY  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 56,365	\$ 3,056,365	\$ 3,051,549	\$ (4,816)
Charges for services	250,000	250,000		(250,000)
Investment earnings	40,000	40,000	12,244	(27,756)
Miscellaneous	210,000	210,000	599,429	389,429
Total revenues	<u>556,365</u>	<u>3,556,365</u>	<u>3,663,222</u>	<u>106,857</u>
<b>Expenditures:</b>				
Current:				
Economic environment:				
Housing and Urban Development	9,706,901	9,768,572	1,585,041	8,183,531
Capital outlay			1,699	(1,699)
Total expenditures	<u>9,706,901</u>	<u>9,768,572</u>	<u>1,586,740</u>	<u>8,181,832</u>
Excess (deficiency) of revenues over expenditures	<u>(9,150,536)</u>	<u>(6,212,207)</u>	<u>2,076,482</u>	<u>8,288,689</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	<u>(8,360)</u>	<u>(8,360)</u>	<u>(28,838)</u>	<u>(20,478)</u>
Net change in fund balance	(9,158,896)	(6,220,567)	2,047,644	8,268,211
<b>Fund Balance:</b>				
Beginning of year	<u>15,117,628</u>	<u>15,117,628</u>	<u>15,117,628</u>	
End of year	<u><u>\$ 5,958,732</u></u>	<u><u>\$ 8,897,061</u></u>	<u><u>\$ 17,165,272</u></u>	<u><u>\$ 8,268,211</u></u>

See independent auditor's report.





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**CITY OF PANAMA CITY, FLORIDA  
SCHEDULES OF CHANGES IN NET PENSION  
LIABILITY AND RELATED RATIOS  
REQUIRED SUPPLEMENTARY INFORMATION  
FISCAL YEAR ENDED SEPTEMBER 30, 2021  
Last 10 Fiscal Years**

**Police Officers' Pension**

	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>
<b>Total Pension Liability</b>			
Service cost	\$ 940,064	\$ 996,560	\$ 880,010
Interest	3,446,525	3,366,495	3,259,155
Change in Excess State Money	7,102	8,697	2,209
Changes in benefit terms		1,564	
Differences between expected and actual experience	748,674	(208,747)	(37,800)
Changes in assumptions	(367,260)	464,770	879,242
Contributions - buy back			
Benefit payments, including refunds of employee contributions	<u>(3,102,445)</u>	<u>(2,822,952)</u>	<u>(2,533,001)</u>
Net change in total pension liability	1,672,660	1,806,387	2,449,815
Total pension liability - beginning	<u>45,382,135</u>	<u>43,575,748</u>	<u>41,125,933</u>
Total pension liability - ending (a)	47,054,795	45,382,135	43,575,748
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	1,237,615	969,030	924,910
Contributions - state	353,224	356,414	343,438
Contributions - employee	363,306	365,560	346,586
Contributions - buy back			
Net investment income	2,790,101	2,493,084	2,258,395
Benefit payments including refunds of employee contributions	(3,102,445)	(2,822,952)	(2,533,001)
Administrative expense	<u>(76,591)</u>	<u>(91,542)</u>	<u>(64,719)</u>
Net change in plan fiduciary net position	<u>1,565,210</u>	<u>1,269,594</u>	<u>1,275,609</u>
Plan fiduciary net position - beginning	<u>35,909,459</u>	<u>34,639,865</u>	<u>33,364,256</u>
Plan fiduciary net position - ending (b)	<u>37,474,669</u>	<u>35,909,459</u>	<u>34,639,865</u>
Net pension liability - ending (a) - (b)	<u>\$ 9,580,126</u>	<u>\$ 9,472,676</u>	<u>\$ 8,935,883</u>
Plan fiduciary net position as a percentage of the total pension	79.64%	79.13%	79.49%
Covered payroll	\$ 4,468,701	\$ 4,496,435	\$ 4,263,073
Net pension liability as a percentage of covered payroll	214.38%	210.67%	209.61%

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA  
SCHEDULES OF CHANGES IN NET PENSION  
LIABILITY AND RELATED RATIOS  
REQUIRED SUPPLEMENTARY INFORMATION  
FISCAL YEAR ENDED SEPTEMBER 30, 2021  
Last 10 Fiscal Years**

**Police Officers' Pension**

9/30/2018	9/30/2017	9/30/2016	9/30/2015
\$ 861,961	\$ 885,176	\$ 1,254,367	\$ 1,110,917
3,181,465	3,099,797	2,907,190	2,710,277
		619,363	
(565,730)	(452,178)	726,890	
13,249	11,054	184,891	
<u>(2,542,719)</u>	<u>(2,456,851)</u>	<u>(2,136,270)</u>	<u>(2,108,924)</u>
948,226	1,086,998	3,556,431	1,712,270
<u>40,177,707</u>	<u>39,090,709</u>	<u>35,534,278</u>	<u>33,822,008</u>
41,125,933	40,177,707	39,090,709	35,534,278
957,303	1,372,342	1,292,438	1,411,641
336,697	325,836	312,431	292,899
329,705	334,052	221,583	220,523
13,249	11,054		
2,827,366	2,640,449	(966,448)	2,905,224
(2,542,719)	(2,456,851)	(2,136,270)	(2,108,924)
<u>(40,885)</u>	<u>(46,785)</u>	<u>(41,641)</u>	<u>(29,479)</u>
<u>1,880,716</u>	<u>2,180,097</u>	<u>(1,317,907)</u>	<u>2,691,884</u>
31,483,540	29,303,443	30,621,350	27,929,466
<u>33,364,256</u>	<u>31,483,540</u>	<u>29,303,443</u>	<u>30,621,350</u>
<u>\$ 7,761,677</u>	<u>\$ 8,694,167</u>	<u>\$ 9,787,266</u>	<u>\$ 4,912,928</u>
81.13%	78.36%	74.96%	86.17%
\$ 4,055,417	\$ 4,184,070	\$ 4,041,893	\$ 3,952,031
191.39%	207.79%	242.15%	124.31%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, we have only presented information for those years for which information is available.

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA  
SCHEDULES OF CHANGES IN NET PENSION  
LIABILITY AND RELATED RATIOS  
REQUIRED SUPPLEMENTARY INFORMATION  
FISCAL YEAR ENDED SEPTEMBER 30, 2021  
Last 10 Fiscal Years**

**Notes to Schedules:**

*Changes of benefit terms:*

For measurement date 09/30/2019, the following benefit changes were implemented:

- 1) Amending the eligibility requirement for not-in-line of duty disability benefits from immediate coverage to coverage upon completion of ten years of credited service.
- 2) Adding clarifying language regarding in-service distributions for plan members who are reemployed with the City as a general employee.

For measurement date 09/30/2015, amounts reported as changes of benefit terms were resulted from:

- The member contribution rate increased from 5.58% to 8.13%, effective October 1, 2015.
- Effective October 1, 2015, the supplemental benefit shall increase from \$450 to \$650 per month for Members who retire on or after October 1, 2015. This supplemental benefit is payable to service retirees (Early and Normal) and Members with vested deferred benefits who terminate employment.

*Changes of assumption:*

For measurement date 9/30/2020, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics. Additionally, as approved by the Board of Trustees, the assumed rate of investment return was lowered from 7.70% per year to 7.60% per year, net of investment related expenses.

For measurement date 9/30/2019, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.80% to 7.70%

For measurement date 9/30/2018, the investment rate of return was lowered from 8.00% to 7.80%

For measurement date 09/30/2016, the inflation assumption rate was lowered from 3.00% to 2.70%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

For measurement date 09/30/2015, amounts reported as changes of assumptions were resulted from an actuarial experience study dated December 2, 2015.

For the 2016 Reporting Period Ending year, amounts reported as changes of assumptions were resulted from an actuarial experience study dated December 2, 2015. The Board has approved a number of changes to the actuarial assumptions including the following:

- The assumed rate of salary increases has been changed from a flat assumption of 6.00% per year to a service-based assumption table.
- The mortality table assumption has been changed from the RP-2000 Combined Healthy Mortality Table (sex distinct) with no adjustment for future mortality improvements for healthy lives and a 5-year set forward for disabled lives to the mortality table assumption that is in compliance with Chapter 2015-157, Florida Statutes. Specifically, the new mortality table assumption is the special risk mortality tables reflected in the Florida Retirement System Actuarial Valuation as of July 1, 2014.
- The assumed probability of Early Retirement has increased from 5.0% to 10.0% per year.
- The assumed probability of Normal Retirement has been changed from 100% retirement probability for any member who has satisfied the requirements for Normal Retirement eligibility to a table with a 50% probability at first eligibility, 75% the following year and 100% two (2) years following first eligibility.
- The assumed rate of termination has been changed from an age-based table to a service-based table.
- The assumed rate of disablement has been reduced in half at each age.

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA  
SCHEDULES OF CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
FISCAL YEAR ENDED SEPTEMBER 30, 2021  
Last 10 Fiscal Years**

**Police Officers' Pension**

	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>
Actuarially determined contribution	\$ 1,687,048	\$ 1,584,017	\$ 1,321,483	\$ 1,271,961	\$ 1,290,387
Contributions in relation to the actuarially determined contributions	<u>1,684,273</u>	<u>1,583,737</u>	<u>1,316,747</u>	<u>1,266,139</u>	<u>1,294,000</u>
Contribution deficiency (excess)	<u>\$ 2,775</u>	<u>\$ 280</u>	<u>\$ 4,736</u>	<u>\$ 5,822</u>	<u>\$ (3,613)</u>
Covered payroll	\$ 4,472,741	\$ 4,468,701	\$ 4,496,435	\$ 4,263,073	\$ 4,055,417
Contributions as a percentage of covered payroll	37.66%	35.44%	29.28%	29.70%	31.91%
	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>		
Actuarially determined contribution	\$ 1,688,178	\$ 1,604,869	\$ 1,704,540		
Contributions in relation to the actuarially determined contributions	<u>1,698,178</u>	<u>1,604,869</u>	<u>1,704,540</u>		
Contribution deficiency (excess)	<u>\$ (10,000)</u>	<u>\$ -</u>	<u>\$ -</u>		
Covered payroll	\$ 4,184,070	\$ 4,041,893	\$ 3,952,031		
Contributions as a percentage of covered payroll	40.59%	39.71%	43.13%		

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, we have only presented information for those years for which information is available.

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA  
SCHEDULES OF CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
FISCAL YEAR ENDED SEPTEMBER 30, 2021  
Last 10 Fiscal Years**

**Notes to Schedules:**

Valuation Date: 10/1/2019

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost Method.

Amortization Method: Level Percentage of Pay, closed.

Remaining Amortization Period: 30 Years (as of 10/01/2017).

Mortality Rate Healthy Active Lives: Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.  
Male: RP-2000 Generational, 10% Annuitant White Collar/90% Annuitant Blue Collar, Scale BB.

Healthy Inactive: Female: RP-2000 Generational, 100% Combined Healthy, White Collar, Scale BB.  
Male: RP-2000 Generational, 10% Combined Healthy, White Collar/90% Annuitant Healthy Blue Collar, Scale BB.

Mortality Rate Disabled Lives: Female: 60% RP2000 Disabled Female set forward two years/40% Annuitant White Collar with no setback, no projection scale.  
Male: 60 % RP2000 Disabled Male setback four years/40% Annuitant White Collar with no setback, no projection scale.

Interest Rate: 8% per year, compounded annually, net of investment related expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.

Normal Retirement:	Number of Years Following First	
	Eligibility	Retirement Probability
	0	50%
	1	75%
	2	100%

This assumption was approved by the Board in conjunction with our December 2, 2015 actuarial experience study.

Early Retirement: Commencing with the earliest Early Retirement Age (40), Members are assumed to retire with an immediate subsidized benefit at the rate of 10% per year. This assumption was approved by the Board in conjunction with our December 2, 2015 actuarial experience study.

Payroll Growth: 1.52% per year. The assumption is in compliance with Part VII of Chapter 112, Florida Statutes.

Disability Rates: See table below (1207 \* 0.5). It is assumed that 75% of disablements are service related.

Age	Probability
25	0.045%
35	0.07%
45	0.15%
55	0.48%
65	0.00%

The assumed rates of disablement were approved by the Board in conjunction with our December 2, 2015

**CITY OF PANAMA CITY, FLORIDA  
SCHEDULES OF CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
FISCAL YEAR ENDED SEPTEMBER 30, 2021  
Last 10 Fiscal Years**

Termination Rates:

Service	Probability
<1	12.0%
1	11.5%
2	11.0%
3	10.5%
4	10.0%
5	8.0%
6	7.5%
7	7.0%
8	6.5%
9	6.0%
10	5.5%
11	5.0%
12	4.5%
13	4.0%
14	3.5%
15+	2.0%

This assumption was approved by the Board in conjunction with our December 2, 2015 actuarial experience study.

Salary Increases:

Service	Increase
<1	8.5%
1	7.5%
2	6.5%
3-10	5.5%
11+	5.0%

This assumption was approved by the Board in conjunction with our December 2, 2015 actuarial experience study.

Additionally, the projected salary in the year of retirement is increased on an individual basis to account for payouts of non-regular compensation.

Cost-of-Living:

2% per year from the later retirement of age 50 to Social Security Retirement Age.

Asset Valuation Method:

Each year, the Actuarial Value of Assets is brought forward using the historical geometric four-year average of Market Value Return (net-of-fees). It is possible that over time, this technique will produce an insignificant bias above or below the Market Value of Assets.

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA  
SCHEDULES OF CHANGES IN NET PENSION  
LIABILITY AND RELATED RATIOS  
REQUIRED SUPPLEMENTARY INFORMATION  
FISCAL YEAR ENDED SEPTEMBER 30, 2021  
Last 10 Fiscal Years**

	<b>Firefighters' Pension</b>		
	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>
<b>Total Pension Liability</b>			
Service cost	\$ 803,636	\$ 833,187	\$ 807,572
Interest		3,924,315	3,813,594
Changes in benefit terms		(627)	
Differences between expected and actual experience	384,420	(320,412)	158,830
Changes in assumptions	122,669	576,569	556,455
Contributions - buy back			
Benefit payments, including refunds of employee contributions	<u>(3,213,489)</u>	<u>(3,211,705)</u>	<u>(3,434,408)</u>
Net change in total pension liability	(1,902,764)	1,801,327	1,902,043
Total pension liability - beginning	<u>52,892,651</u>	<u>51,091,324</u>	<u>49,189,281</u>
Total pension liability - ending (a)	50,989,887	52,892,651	51,091,324
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	2,134,496	1,942,755	1,912,733
Contributions - state	315,605	290,472	313,843
Contributions - employee	269,326	263,161	252,579
Contributions - buy back			
Net investment income	1,227,269	1,883,317	2,119,621
Benefit payments including refunds of employee contributions	(3,213,489)	(3,211,705)	(3,434,408)
Administrative expense	<u>(45,563)</u>	<u>(45,233)</u>	<u>(58,383)</u>
Net change in plan fiduciary net position	<u>687,644</u>	<u>1,122,767</u>	<u>1,105,985</u>
Plan fiduciary net position - beginning	<u>37,242,193</u>	<u>36,119,426</u>	<u>35,013,441</u>
Plan fiduciary net position - ending (b)	<u>37,929,837</u>	<u>37,242,193</u>	<u>36,119,426</u>
Net pension liability - ending (a) - (b)	<u>\$ 13,060,050</u>	<u>\$ 15,650,458</u>	<u>\$ 14,971,898</u>
Plan fiduciary net position as a percentage of the total pension	68.96%	70.41%	70.70%
Covered payroll	\$ 3,591,012	\$ 3,508,805	\$ 3,367,671
Net pension liability as a percentage of covered payroll	363.69%	446.03%	444.58%

See independent auditor's report.



**CITY OF PANAMA CITY, FLORIDA  
SCHEDULES OF CHANGES IN NET PENSION  
LIABILITY AND RELATED RATIOS  
REQUIRED SUPPLEMENTARY INFORMATION  
FISCAL YEAR ENDED SEPTEMBER 30, 2021  
Last 10 Fiscal Years**

**Firefighters' Pension**

<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>
\$ 932,890	\$ 814,109	\$ 840,054	\$ 753,886
3,844,945	3,713,228	3,604,980	3,478,697
(656,507)	(839,486)	196,997	
(212,715)	1,689,388		
	20,069		
<u>(3,709,120)</u>	<u>(4,030,129)</u>	<u>(2,495,847)</u>	<u>(2,984,580)</u>
199,493	1,367,179	2,146,184	1,248,003
48,989,788	47,622,609	45,476,425	44,228,422
<u>49,189,281</u>	<u>48,989,788</u>	<u>47,622,609</u>	<u>45,476,425</u>
1,730,909	1,641,064	1,568,772	1,433,019
305,820	331,496	327,139	355,576
248,753	229,393	218,870	207,185
	20,069		
3,139,126	2,897,802	(1,162,379)	3,164,093
(3,709,120)	(4,030,129)	(2,495,847)	(2,984,580)
<u>(38,203)</u>	<u>(38,737)</u>	<u>(33,019)</u>	<u>(26,647)</u>
<u>1,677,285</u>	<u>1,050,958</u>	<u>(1,576,464)</u>	<u>2,148,646</u>
<u>33,336,156</u>	<u>32,285,198</u>	<u>33,861,662</u>	<u>31,713,016</u>
<u>35,013,441</u>	<u>33,336,156</u>	<u>32,285,198</u>	<u>33,861,662</u>
<u>\$ 14,175,840</u>	<u>\$ 15,653,632</u>	<u>\$ 15,337,411</u>	<u>\$ 11,614,763</u>
71.18%	68.05%	67.79%	74.46%
\$ 3,316,702	\$ 3,058,582	\$ 3,402,962	\$ 2,656,214
427.41%	511.79%	450.71%	437.27%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, we have only presented information for those years for which information is available.

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA  
SCHEDULES OF CHANGES IN NET PENSION  
LIABILITY AND RELATED RATIOS  
REQUIRED SUPPLEMENTARY INFORMATION  
FISCAL YEAR ENDED SEPTEMBER 30, 2021  
Last 10 Fiscal Years**

**Notes to Schedules:**

The Covered Payroll numbers shown are in compliance with GASB 82, except for the 09/30/2015 measurement period which includes DROP payroll.

*Changes of benefit terms:*

For measurement date 09/30/2019, amounts reported as changes of benefit terms resulted from the provisions of Chapter 112.816, Florida Statutes. The Statutes state that effective July 1, 2019, a death or disability (under the Plan's definition of total and permanent disability) for a Firefighter due to the diagnosis of cancer or circumstances that arise out of the treatment of cancer will be treated as duty-related.

For measurement date 09/30/2016, the 30-year maximum accrual benefit cap for future retirees has been removed. The new benefit cap will be 100% of Average Final Compensation.

*Changes of assumption:*

For measurement date 9/30/2020, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics. Additionally, as approved by the Board of Trustees, the assumed rate of investment return was lowered from 7.70% per year to 7.60% per year, net of investment related expenses.

For measurement date 9/30/2019, amounts reported as changes of assumptions resulted from lowering the investment rate from 7.80% to 7.70% per year, net of investment related expenses.

For measurement date 9/30/2018, the investment rate of return was lowered from 7.9% to 7.8% per year net of investment related expenses.

For measurement date 09/30/2017, as a result of an actuarial experience study dated November 16, 2017, the following changes have been incorporated:

- \* The assumed rate of investment return was lowered from 8.00% to 7.90% per year, net of investment related expenses.
- \* The assumed rates of salary increases were amended from a flat rate of 6.00% per year to a service-based table.
- \* As mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed from the rates used by the Florida Retirement System actuary in July 1, 2015 actuarial valuation to the rates used in the July 1, 2016 actuarial valuation for special risk lives.
- \* The assumed rates of retirement were amended to remove the assumption that members eligible for normal retirement on the valuation date will continue employment for one additional year. Additionally, the retirement rates were amended to be 75% upon completion of 25 or 26 years of service (previously 100% at completion of 25 years), and the assumed rates of early retirement were amended from 2% per year to 0% per year.
- \* The assumed rates of withdrawal were amended from an age-based table to a service-based table.
- \* The assumed rates of disablement were reduced at each age by 30%.
- \* The payroll growth assumption was reduced from 0.9% to 0.0% per year.
- \* Prior to measuring the impact of the assumption changes stated directly above, a "fresh start" to the existing Unfunded Actuarial Accrued Liability (UAAL) was implemented. The "fresh start" effectively consolidated all existing UAAL layers into one single layer which will be amortized over a 16-year period. As approved by the Board of Trustees, all future UAAL layers will be amortized as a level dollar over a 15-year period.

For measurement date 09/30/2016, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees.

The inflation assumption rate was lowered from 3.00% to 2.70%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA  
SCHEDULES OF CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
FISCAL YEAR ENDED SEPTEMBER 30, 2020  
Last 10 Fiscal Years**

**Firefighters' Pension**

	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>
Actuarially determined contribution	\$ 2,534,111	\$ 2,430,902	\$ 2,231,911	\$ 2,252,865	\$ 2,003,301
Contributions in relation to the actuarially determined contributions	<u>2,643,749</u>	<u>2,450,101</u>	<u>2,233,227</u>	<u>2,226,576</u>	<u>2,036,729</u>
Contribution deficiency (excess)	<u>\$ (109,638)</u>	<u>\$ (19,199)</u>	<u>\$ (1,316)</u>	<u>\$ 26,289</u>	<u>\$ (33,428)</u>
Covered payroll	\$ 3,692,909	\$ 3,591,012	\$ 3,508,805	\$ 3,367,671	\$ 3,316,702
Contributions as a percentage of covered payroll	71.59%	68.23%	63.65%	66.12%	61.41%
	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>		
Actuarially determined contribution	\$ 1,969,699	\$ 1,895,911	\$ 1,788,595		
Contributions in relation to the actuarially determined contributions	<u>1,972,560</u>	<u>1,895,911</u>	<u>1,788,595</u>		
Contribution deficiency (excess)	<u>\$ (2,861)</u>	<u>\$ -</u>	<u>\$ -</u>		
Covered payroll	\$ 3,058,582	\$ 3,402,962	\$ 2,656,214		
Contributions as a percentage of covered payroll	64.49%	55.71%	67.34%		

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, we have only presented information for those years for which information is available.

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA  
SCHEDULES OF CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
FISCAL YEAR ENDED SEPTEMBER 30, 2021  
Last 10 Fiscal Years**

**Notes to Schedules:**

Valuation Date: 10/1/2019

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost Method. The following loads are utilized for determination of the Total Required Contribution:  
- Interest - a half-year, based on the 7.9% assumption.  
- Salary - a full-year, based on the 5.9% assumption.

Amortization Method: Level Percentage of Pay, Layered closed

Remaining Amortization Period: 30 Years (as of 10/01/2017)

Mortality Rate Healthy Lives: Female: RP-2000 Generational, 100% Combined Healthy, White Collar, Scale BB.  
Male: RP-2000 Generational, 10% Annuitant White Collar/90% Annuitant Blue Collar, Scale BB.

Mortality Rate Disabled Lives: Female: 60% RP-2000 Disabled Female set forward two years/40% Annuitant White Collar with no setback, no projection scale.  
Male: 60% RP-2000 Disabled Male setback four years/40% Annuitant White Collar with no setback, no projection scale.

The above assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumption used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2015 FRS valuation report. We feel this assumption sufficiently accommodates future mortality improvements.

Interest Rate: 7.9% per year, compounded annually, net of investment related expenses.

Retirement Age:	Age	Service	Rate
	55+	Less than 25 years	100.0%
	All	25 years	75.0%
	All	26 years	75.0%
	All	27+ years	100.0%

The assumed rates were approved in conjunction with an actuarial experience study dated November 2017.

Early Retirement: Commencing with the eligibility for Early Retirement Age (45), Members are assumed to retire with an immediate subsidized benefit at the rate of 0% per year.

Disability and Termination Rates: See table below. It is assumed that 75% of disablements are service related.

Disability Rates		Termination Rates	
Age	Rate	Service	Rate
20	0.049%	<10	6.0%
30	0.077%	10-15	4.0%
40	0.130%	16+	2.0%
50	0.357%		

The assumed rates were approved in conjunction with an actuarial experience study dated November 2017.

Salary Increases:	Service	Rate
	<1	10.00%
	1-9	5.50%
	10-15	5.50%
	16+	4.50%

The assumed rates were approved in conjunction with an actuarial experience study dated November 2017.

Payroll Growth: 0.9% per year

Cost-of-Living Increase: 3% per year from retirement to Social Security Retirement Age.

Asset Valuation Method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric four-year average of Market Value Return (net-of-fees). It is possible that over time this technique will produce an insignificant bias above or below the Market Value of Assets.

See independent auditor's report.



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**CITY OF PANAMA CITY, FLORIDA**  
**SCHEDULES OF CHANGES IN NET PENSION**  
**LIABILITY AND RELATED RATIOS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2021**  
**Last 10 Fiscal Years**

	<b>Senior Management Pension</b>			
	9/30/2021	9/30/2020	9/30/2019	9/30/2018
<b>Total Pension Liability</b>				
Service cost	\$ 127,467	\$ 130,384	\$ 110,201	\$ 120,363
Interest	260,369	252,856	248,762	251,099
Differences Between Expected and Actual Experience	33,490	(54,748)	(75,694)	(196,369)
Changes in Assumptions	(61,481)			
Benefit payments, including refunds of employee contributions	(234,646)	(210,248)	(244,545)	(187,835)
Net change in total pension liability	125,199	118,244	38,724	(12,742)
Total pension liability - beginning	3,702,432	3,584,188	3,545,464	3,558,206
Total pension liability - ending (a)	3,827,631	3,702,432	3,584,188	3,545,464
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	77,457	85,472	126,650	133,443
Contributions - employee	58,191	59,447	60,396	51,728
Net investment income	693,626	226,738	174,734	234,985
Benefit payments including refunds of employee contributions	(234,646)	(210,248)	(244,545)	(187,835)
Administrative expense	(16,961)	(14,464)	(14,254)	(21,537)
Net change in plan fiduciary net position	577,667	146,945	102,981	210,784
Plan fiduciary net position - beginning	3,615,535	3,468,590	3,365,609	3,154,825
Plan fiduciary net position - ending (b)	4,193,202	3,615,535	3,468,590	3,365,609
Net pension liability - ending (a) - (b)	\$ (365,571)	\$ 86,897	\$ 115,598	\$ 179,855
Plan fiduciary net position as a percentage of the total pension	109.55%	97.65%	96.77%	94.93%
Covered payroll	\$ 1,329,141	\$ 1,380,552	\$ 1,124,599	\$ 1,147,863
Net pension liability as a percentage of covered payroll	Not applicable	6.29%	10.28%	15.67%

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA  
SCHEDULES OF CHANGES IN NET PENSION  
LIABILITY AND RELATED RATIOS  
REQUIRED SUPPLEMENTARY INFORMATION  
FISCAL YEAR ENDED SEPTEMBER 30, 2021  
Last 10 Fiscal Years**

<b>Senior Management Pension</b>			
9/30/2017	9/30/2016	9/30/2015	9/30/2014
\$ 132,908	\$ 111,867	\$ 77,922	\$ 82,808
225,197	175,476	230,283	194,644
85,036	(14,017)	58,580	
178,858	599,329	(250,495)	
(238,268)	(181,415)	(178,688)	(119,587)
383,731	691,240	(62,398)	157,865
3,174,475	2,483,235	2,545,633	2,387,768
3,558,206	3,174,475	2,483,235	2,545,633
120,859	94,097	75,852	83,416
56,300	57,925	54,179	59,205
378,842	218,716	1,838	218,211
(238,268)	(181,415)	(174,790)	(142,266)
(22,323)	(15,276)	(18,501)	(18,611)
295,410	174,047	(61,422)	199,955
2,859,415	2,685,368	2,746,790	2,546,835
3,154,825	2,859,415	2,685,368	2,746,790
<u>\$ 403,381</u>	<u>\$ 315,060</u>	<u>\$ (202,133)</u>	<u>\$ (201,157)</u>
88.66%	90.08%	108.14%	107.90%
\$ 1,338,740	\$ 1,203,982	\$ 1,177,075	\$ 1,250,562
30.13%	26.17%	Not applicable	Not applicable

**Notes to Schedule:**

The amortization period for demographic experience and assumption changes was 10.56 years for the 2014/15 fiscal year, 9.71 years for the 2015/16 fiscal year, 4.97 years for the 2016/17 fiscal year, 4.72 years for the 2017/18 fiscal year, and 4.59 years for the 2018/19 fiscal year, 4.62 years for the 2019/20 fiscal year, and 4.18 years for the 2020/21 fiscal year.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, we have only presented information for those years for which information is available.

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA  
SCHEDULES OF CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
FISCAL YEAR ENDED SEPTEMBER 30, 2021  
Last 10 Fiscal Years**

**Senior Management Pension**

	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017
Actuarially determined contribution Contributions in relation to the	\$ 77,457	\$ 85,472	\$ 122,134	\$ 133,443	\$ 120,859
actuarially determined contributions	77,457	85,472	126,650	133,443	120,859
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,516</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,329,141	\$ 1,380,552	\$ 1,124,599	\$ 1,147,863	\$ 1,338,740
Contributions as a percentage of covered payroll	5.83%	6.19%	11.26%	11.63%	9.03%
	9/30/2016	9/30/2015	9/30/2014		
Actuarially determined contribution Contributions in relation to the	\$ 94,097	\$ 77,852	\$ 83,416		
actuarially determined contributions	94,097	77,852	83,416		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
Covered payroll	\$ 1,203,982	\$ 1,177,075	\$ 1,250,562		
Contributions as a percentage of covered payroll	7.82%	6.61%	6.67%		

**Notes to Schedules:**

Actuarially determined contribution rates are calculated as of October 1, 2020 one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method:	Aggregate actuarial cost method
Amortization Method:	Level Percentage of Pay, Open
Remaining Amortization Period:	30 Years (as of 10/01/2018)
Asset Valuation Method:	Market Value
Inflation:	2.62% per year
Salary Increases:	4%
Interest Rate:	7% per year, compounded annually, net of investment related expenses.
Retirement Age:	Age 59 with 10 years of credited service for Category I employees, or age 59 with 6 years of credited service for Category II and III employees. Categories are as follows: Category I - Designated managers and directors and the City Engineer. Category II - City Commission, Assistant City Manager, and City Clerk. Category III - City Manager.
Mortality:	Pre-retirement mortality is based on the sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Below Median Employee Mortality Table for general employees, with full generational improvements in mortality using Scale MP-2018 and with male ages set back one year; post-retirement mortality is based on the sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Below Median Healthy Retiree Mortality Table for general employees, with full generational improvements in mortality using Scale MP-2018 and with male ages set back one year.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, we have only presented information for those years for which information is available.

See independent auditor's report.



**CITY OF PANAMA CITY, FLORIDA  
SCHEDULES OF PROPORTIONATE SHARE OF  
NET PENSION LIABILITY  
REQUIRED SUPPLEMENTARY INFORMATION  
FISCAL YEAR ENDED SEPTEMBER 30, 2021  
Last 10 Fiscal Years**

**Florida Retirement System**

	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>
City's proportion of the net pension liability	0.003028567%	0.003033245%	0.004179199%	0.004192135%	0.005168281%
City's proportionate share of the net pension liability	\$ 228,774	\$ 1,314,653	\$ 1,439,258	\$ 1,262,693	\$ 1,528,743
City's covered payroll	\$ 981,464	\$ 1,077,402	\$ 1,434,755	\$ 1,485,888	\$ 1,709,792
City's proportionate share of the net pension liability as a percentage of its covered payroll	23.31%	122.02%	100.31%	84.98%	89.41%
Plan fiduciary net position as a percentage of the total pension liability	96.40%	78.85%	82.61%	84.26%	83.39%
	<u>9/30/2016</u>	<u>9/30/2015</u>			
City's proportion of the net pension liability	0.005341020%	0.007041064%			
City's proportionate share of the net pension liability	\$ 1,348,612	\$ 909,448			
City's covered payroll	\$ 1,783,283	\$ 2,166,895			
City's proportionate share of the net pension liability as a percentage of its covered payroll	75.63%	41.97%			
Plan fiduciary net position as a percentage of the total pension liability	84.88%	92.00%			

**Notes to Schedules:**

The amounts presented were determined by an actuarial valuation on July 1 of the fiscal year. The measurement period and measurement date is June 30 of the fiscal year.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, we have only presented information for those years for which information is available.

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA  
SCHEDULES OF CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
FISCAL YEAR ENDED SEPTEMBER 30, 2021  
Last 10 Fiscal Years**

**Florida Retirement System**

	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>
Actuarially determined contribution	\$ 121,640	\$ 105,899	\$ 125,644	\$ 119,349	\$ 133,004
Contributions in relation to the actuarially determined contributions	<u>121,640</u>	<u>105,899</u>	<u>125,644</u>	<u>119,349</u>	<u>133,004</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 972,610	\$ 1,044,659	\$ 1,373,757	\$ 1,455,964	\$ 1,665,463
Contributions as a percentage of covered payroll	12.51%	10.14%	9.15%	8.20%	7.99%
	<u>9/30/2016</u>	<u>9/30/2015</u>			
Actuarially determined contribution	\$ 132,720	\$ 133,750			
Contributions in relation to the actuarially determined contributions	<u>132,720</u>	<u>133,750</u>			
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>			
Covered payroll	\$ 1,761,327	\$ 1,979,255			
Contributions as a percentage of covered payroll	7.54%	6.76%			

**Notes to Schedules:**

Actuarially determined contribution rates are calculated as of July 1, 2021 one year prior to the end of the plan year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method:	Individual Entry Age Normal
Amortization Method:	Level Percent, Closed, Layered
Amortization Period at July 1, 2021	20 Years
2019 Actuarial Cost Method Change	30 Years as level percentage of Tier 1 pay
Payroll Growth Rate	3.25%
Asset Valuation Method:	5 years, Asymptotic, 80%-120% of fair market value
Inflation:	2.40%
Salary Increases:	0.65%
Investment Rate of Return:	6.80%
Cost of Living Adjustments:	3% for pre-July 2011 benefit service; 0% thereafter
Mortality:	PUB-2010 base table varies by member category and gender, projected generationally with Scale MP-2018

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, we have only presented information for those years for which information is available.

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA  
SCHEDULES OF PROPORTIONATE SHARE OF  
NET PENSION LIABILITY  
REQUIRED SUPPLEMENTARY INFORMATION  
FISCAL YEAR ENDED SEPTEMBER 30, 2021  
Last 10 Fiscal Years**

**Health Insurance Subsidy Program**

	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017
City's proportion of the net pension liability	0.002709207%	0.003120317%	0.004281595%	0.004510270%	0.005285613%
City's proportionate share of the net pension liability	\$ 332,325	\$ 380,986	\$ 479,068	\$ 477,372	\$ 565,162
City's covered payroll	\$ 981,464	\$ 1,077,402	\$ 1,434,755	\$ 1,485,888	\$ 1,709,792
City's proportionate share of the net pension liability as a percentage of its covered payroll	33.86%	35.36%	33.39%	32.13%	33.05%
Plan fiduciary net position as a percentage of the total pension liability	3.56%	3.00%	2.63%	2.15%	1.64%
	<u>9/30/2016</u>	<u>9/30/2015</u>			
City's proportion of the net pension liability	0.005781922%	0.007153432%			
City's proportionate share of the net pension liability	\$ 673,859	\$ 729,538			
City's covered payroll	\$ 1,783,283	\$ 2,166,895			
City's proportionate share of the net pension liability as a percentage of its covered payroll	37.79%	33.67%			
Plan fiduciary net position as a percentage of the total pension liability	0.97%	0.50%			

**Notes to Schedules:**

The amounts presented were determined by an actuarial valuation on July 1 of the fiscal year. The measurement period and measurement date is June 30 of the fiscal year.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, we have only presented information for those years for which information is available.

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA  
SCHEDULES OF CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
FISCAL YEAR ENDED SEPTEMBER 30, 2021  
Last 10 Fiscal Years**

**Health Insurance Subsidy Program**

	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017
Actuarially determined contribution	\$ 16,145	\$ 17,341	\$ 22,804	\$ 24,169	\$ 27,647
Contributions in relation to the					
actuarially determined contributions	16,145	17,341	22,804	24,169	27,647
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 972,610	\$ 1,044,659	\$ 1,373,757	\$ 1,455,964	\$ 1,665,463
Contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%	1.66%
	9/30/2016	9/30/2015			
Actuarially determined contribution	\$ 29,402	\$ 27,071			
Contributions in relation to the					
actuarially determined contributions	29,402	27,071			
Contribution deficiency (excess)	\$ -	\$ -			
Covered payroll	\$ 1,771,190	\$ 2,003,319			
Contributions as a percentage of covered payroll	1.66%	1.35%			

**Notes to Schedules:**

Actuarially determined contribution rates are calculated as of July 1, 2021 one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method:	Individual Entry Age
Amortization Method:	Level Percent, Closed, Layered
Remaining Amortization Period:	30 years
Asset Valuation Method:	5 years, Asymptotic, 80%-120% of fair market value
Inflation:	2.40%
Salary Increases:	0.65%
Investment Rate of Return:	7.00%
Cost of Living Adjustments:	3% for pre-July 2011 benefit service; 0% thereafter
Mortality:	Generational RP-2000 with Projection Scale BB

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, we have only presented information for those years for which information is available.

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA  
SCHEDULES OF INVESTMENT RETURNS  
REQUIRED SUPPLEMENTARY INFORMATION  
FISCAL YEAR ENDED SEPTEMBER 30, 2021  
Last 10 Fiscal Years**

Police Officers Pension					
	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>
Annual Money-Weighted Rate of Return Net of Investment Expense	20.50%	7.93%	7.32%	6.89%	9.15%
	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>		
Annual Money-Weighted Rate of Return Net of Investment Expense	9.14%	(3.19%)	10.49%		
Firefighters' Pension					
	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>
Annual Money-Weighted Rate of Return Net of Investment Expense	19.50%	3.33%	5.26%	6.16%	9.71%
	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>		
Annual Money-Weighted Rate of Return Net of Investment Expense	9.15%	(3.45%)	10.13%		
Senior Management Pension					
	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>
Annual Money-Weighted Rate of Return Net of Investment Expense	19.51%	6.29%	4.94%	7.50%	13.41%
	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>		
Annual Money-Weighted Rate of Return Net of Investment Expense	8.23%	0.07%	8.60%		
Florida Retirement System					
	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>
Annual Money-Weighted Rate of Return Net of Investment Expense	30.41%	3.35%	5.98%	9.28%	13.59%
	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>		
Annual Money-Weighted Rate of Return Net of Investment Expense	0.57%	3.77%	17.57%		
Health Insurance Subsidy					
	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>
Annual Money-Weighted Rate of Return Net of Investment Expense	30.41%	3.35%	5.98%	9.28%	13.59%
	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>		
Annual Money-Weighted Rate of Return Net of Investment Expense	0.57%	3.77%	17.57%		

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, we have only presented information for those years for which information is available.

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA  
SCHEDULE OF CHANGE IN NET OPEB  
LIABILITY AND RELATED RATIOS  
REQUIRED SUPPLEMENTARY INFORMATION  
FISCAL YEAR ENDED SEPTEMBER 30, 2021  
Last 10 Fiscal Years**

	OPEB			
	9/30/2021	9/30/2020	9/30/2019	9/30/2018
<b>Total OPEB Liability</b>				
Service cost	\$ 234,145	\$ 162,171	\$ 162,702	\$ 202,889
Interest	57,909	66,610	140,393	140,999
Changes in Assumptions	(107,670)	297,345	(293,437)	
Difference between actual and expected experience	834,324	(1,150,573)	(611,146)	
Benefit payments, including refunds of employee contributions	(181,218)	(173,069)	(239,660)	(271,432)
Net change in total pension liability	837,490	(797,516)	(841,148)	72,456
Total OPEB liability - beginning	2,239,015	3,036,531	3,877,679	3,805,223
Total OPEB liability - ending (a)	3,076,505	2,239,015	3,036,531	3,877,679
<b>Plan Fiduciary Net Position</b>				
Contributions - employer				
Contributions - employee				
Net investment income				
Benefit payments including refunds of employee contributions				
Administrative expense				
Net change in plan fiduciary net position				
Plan fiduciary net position - beginning				
Plan fiduciary net position - ending (b)				
Net OPEB liability - ending (a) - (b)	<u>\$ 3,076,505</u>	<u>\$ 2,239,015</u>	<u>\$ 3,036,531</u>	<u>\$ 3,877,679</u>
Plan fiduciary net position as a percentage of the total OPEB				
Covered employee payroll	\$ 18,179,171	\$ 16,996,166	\$ 18,201,713	\$ 17,336,337
Net OPEB liability as a percentage of covered payroll	16.92%	13.17%	16.68%	22.37%

**Notes to Schedules:**

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 to P52.101 to pay related benefits for the OPEB plan.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, we have only presented information for those years for which information is available.

See independent auditor's report.

# COMBINING AND INDIVIDUAL FINANCIAL STATEMENTS AND SCHEDULES

THIS SUBSECTION CONTAINS THE FOLLOWING:

- NON-MAJOR GOVERNMENTAL FUNDS
  
- BUDGET TO ACTUAL COMPARISON – GENERAL FUND
  
- SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN  
FUND BALANCE – BUDGET (GAAP BASIS) AND ACTUAL – OTHER  
MAJOR AND NON-MAJOR GOVERNMENTAL FUNDS
  
- INTERNAL SERVICE FUNDS
  
- FIDUCIARY FUNDS



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## NON-MAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

*Infrastructure Surtax* – This special revenue fund is used to account for local option infrastructure sales surtax (pursuant to Florida Statutes 212.055) to provide for the construction of various infrastructure improvements including park and recreation improvements, street resurfacing, and street reconstruction.

*General Grants* – This special revenue fund is used to account for revenues received from various state and federal agencies other than grants accounted for in other special revenue funds.

*Disaster Fund* – This special revenue fund is used to account for revenues received from small disasters.

*Community Planning and Development* – This special revenue fund accounts for revenues from the Department of Housing and Urban Development and expenditures of these funds.

*State Housing Initiative Partnership – County* – This special revenue funds is used to account for revenues received from the State Housing Initiative Partnership program and expended on behalf of Bay County.

*Panama City Florida Hurricane Disaster Relief Fund* – This special revenue fund is a 501(c)3 not-for-profit entity created for the City to collect and disburse donations for purposes specified in the by-laws.

*Panama City Community Redevelopment Agency – St. Andrews, Downtown, Downtown North, and Millville* – These special revenue funds are used to account for revenues derived from the incremental increases in ad valorem taxes levied each year by taxing authorities on taxable real property in the project areas.

### Debt Service Funds

Debt service funds account for the payment of principal and interest on debt associated with governmental fund debt.

The *Capital Improvement Revenue Note, Series 2013B*, accounts for the resources accumulated and payments made for principal and interest on long-term debt of the 2013B note.

The *Capital Improvement Revenue Note, Series 2016*, accounts for the resources accumulated and payments made for principal and interest on long-term debt of the 2016 note.

The *Revenue Note, Series 2008 (Modified)* accounts for the resources accumulated and payments made for principal and interest on long-term general of the 2008 revenue note.

The *Capital Improvement Revenue Note, Series 2018*, accounts for the resources accumulated and payments made for principal and interest on long-term debt of the 2018 note.

The *Infrastructure Sales Surtax Revenue Note, Series 2018*, accounts for the resources accumulated and payments made for principal and interest on long-term debt of the 2018 note.

The *Hurricane Recovery Revenue Note and Refunding, Series 2019*, accounts for the resources accumulated and payments made for principal and interest on long-term debt of the 2019 note.



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CITY OF PANAMA CITY, FLORIDA  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2021

	<b>Special Revenue</b>			
<b>ASSETS</b>	<b>Infrastructure Surtax</b>	<b>General Grants</b>	<b>Disaster Fund</b>	<b>Community Planning and Development</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ 2,293,580	\$ -	\$ 4,843,588	\$ 139,122
Due from other governmental entities	362,351	438,338		390,367
Due from other funds				
Prepaid items				421
Inventories				124,761
Notes receivable				1,131,363
<b>Total Assets</b>	<b>\$ 2,655,931</b>	<b>\$ 438,338</b>	<b>\$ 4,843,588</b>	<b>\$ 1,786,034</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 18,975	\$ 19,408	\$ 4,564
Due to other funds		433,378	300,855	600,993
Due to other governmental entities				
Accrued salaries		4,001		4,808
Total liabilities		456,354	320,263	610,365
<b>Fund Balances:</b>				
Non-Spendable				125,182
Restricted	2,655,931		4,843,588	1,050,487
Unassigned		(18,016)	(320,263)	
Total fund balances	2,655,931	(18,016)	4,523,325	1,175,669
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,655,931</b>	<b>\$ 438,338</b>	<b>\$ 4,843,588</b>	<b>\$ 1,786,034</b>

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2021

**Special Revenue**

State Housing Initiative Partnership County	Panama City Florida Hurricane Disaster Relief Fund	Panama City Community Redevelopment Agency St. Andrews	Panama City Community Redevelopment Agency Downtown	Panama City Community Redevelopment Agency Downtown North	Panama City Community Redevelopment Agency Millville
\$ 114,577	\$ 249,862	\$ 617,064	\$ 276,282	\$ 247,627	\$ 404,410
2,222,760		89,597	43,861	21,372	33,574
100,597		8,585		303,780	
				330,796	2,836
<u>\$ 2,437,934</u>	<u>\$ 249,862</u>	<u>\$ 715,246</u>	<u>\$ 320,143</u>	<u>\$ 903,575</u>	<u>\$ 440,820</u>
\$ 125,959	\$ -	\$ 29,520	\$ 1,869	\$ 5,493	\$ 1,938
2,498,690	7,880			22,164	
251,616		3,072	1,203	946	944
4,350					
<u>2,880,615</u>	<u>7,880</u>	<u>32,592</u>	<u>3,072</u>	<u>28,603</u>	<u>2,882</u>
		8,585		303,780	
(442,681)	241,982	674,069	317,071	571,192	437,938
<u>(442,681)</u>	<u>241,982</u>	<u>682,654</u>	<u>317,071</u>	<u>874,972</u>	<u>437,938</u>
<u>\$ 2,437,934</u>	<u>\$ 249,862</u>	<u>\$ 715,246</u>	<u>\$ 320,143</u>	<u>\$ 903,575</u>	<u>\$ 440,820</u>

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2021

	<b>Debt Service</b>		
<b>ASSETS</b>	<b>Capital Improvement Revenue Note, Series 2013B</b>	<b>Capital Improvement Revenue Note, Series 2016</b>	<b>Revenue Note, Series 2008 (Modified)</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 1,018,915	\$ 63,844	\$ 96,631
Due from other governmental entities			
Due from other funds			
Prepaid items			
Inventories			
Notes receivable			
<b>Total Assets</b>	<b>\$ 1,018,915</b>	<b>\$ 63,844</b>	<b>\$ 96,631</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds			13,906
Due to other governmental entities			
Accrued salaries			
Total liabilities			13,906
<b>Fund Balances:</b>			
Non-Spendable			
Restricted	1,018,915	63,844	82,725
Unassigned			
Total fund balances	1,018,915	63,844	82,725
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,018,915</b>	<b>\$ 63,844</b>	<b>\$ 96,631</b>

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2021

Debt Service			
Capital Improvement Revenue Note, Series 2018	Infrastructure Sales Surtax Revenue Note, Series 2018	Hurricane Recovery and Refunding Revenue Note, Series 2019	Total Non-Major Governmental Funds
\$ 1,220,503	\$ 1,985,904	\$ 2,227,433	\$ 15,799,342 3,413,816 289,001 9,006 428,541 1,464,995
\$ 1,220,503	\$ 1,985,904	\$ 2,227,433	\$ 21,404,701
\$ -	\$ -	\$ -	\$ 207,726 3,877,866 251,616 19,324
			4,356,532
1,220,503	1,985,904	2,227,433	437,547 17,391,582 (780,960)
1,220,503	1,985,904	2,227,433	17,048,169
\$ 1,220,503	\$ 1,985,904	\$ 2,227,433	\$ 21,404,701

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FISCAL YEAR ENDED SEPTEMBER 30, 2021

	<b>Special Revenue</b>			
	<b>Infrastructure Surtax</b>	<b>General Grants</b>	<b>Disaster Fund</b>	<b>Community Planning and Development</b>
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ 187,591	\$ 5,085,578	\$ 375,478
Taxes	4,196,581			
Investment earnings				3,506
Miscellaneous		12,245	1,889	72,671
Total revenues	<u>4,196,581</u>	<u>199,836</u>	<u>5,087,467</u>	<u>451,655</u>
<b>Expenditures:</b>				
Current:				
Economic environment			486,927	215,070
Public Safety		213,063		
Debt service-				
Principal retirement				
Interest and other charges				
Capital outlay		93,640	14,800	78,505
Total expenditures		<u>306,703</u>	<u>501,727</u>	<u>293,575</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,196,581</u>	<u>(106,867)</u>	<u>4,585,740</u>	<u>158,080</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in				166,875
Transfers out	(5,656,676)	(21,737)		(41,035)
Total other financing sources (uses)	<u>(5,656,676)</u>	<u>(21,737)</u>		<u>125,840</u>
Net change in fund balances	(1,460,095)	(128,604)	4,585,740	283,920
<b>Fund Balances:</b>				
Beginning of year	<u>4,116,026</u>	<u>110,588</u>	<u>(62,415)</u>	<u>1,191,650</u>
Prior period adjustment				(299,901)
Beginning of year, as restated	<u>4,116,026</u>	<u>110,588</u>	<u>(62,415)</u>	<u>891,749</u>
End of year	<u>\$ 2,655,931</u>	<u>\$ (18,016)</u>	<u>\$ 4,523,325</u>	<u>\$ 1,175,669</u>

See independent auditor's report.



CITY OF PANAMA CITY, FLORIDA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FISCAL YEAR ENDED SEPTEMBER 30, 2021

**Special Revenue**

State Housing Initiative Partnership County	Panama City Florida Hurricane Disaster Relief Fund	Panama City Community Redevelopment Agency St. Andrews	Panama City Community Redevelopment Agency Downtown	Panama City Community Redevelopment Agency Downtown North	Panama City Community Redevelopment Agency Millville
\$ 4,557,991	\$ -	\$ 377,026	\$ 140,294	\$ 478,660	\$ 273,050
	158				
2,244	25,525	7,166		108,959	20,027
<u>4,560,235</u>	<u>25,683</u>	<u>384,192</u>	<u>140,294</u>	<u>587,619</u>	<u>293,077</u>
4,505,535	126,907	363,685	220,542	1,062,646	104,148
		19,548		4,678	
<u>4,505,535</u>	<u>126,907</u>	<u>383,233</u>	<u>220,542</u>	<u>1,067,324</u>	<u>104,148</u>
54,700	(101,224)	959	(80,248)	(479,705)	188,929
<u>(29,531)</u>		<u>(15,895)</u>	<u>(6,996)</u>	<u>(55,612)</u>	<u>(161,991)</u>
<u>(29,531)</u>		<u>(15,895)</u>	<u>(6,996)</u>	<u>(55,612)</u>	<u>(161,991)</u>
25,169	(101,224)	(14,936)	(87,244)	(535,317)	26,938
<u>(467,850)</u>	<u>343,206</u>	<u>697,590</u>	<u>404,315</u>	<u>1,410,289</u>	<u>411,000</u>
<u>(467,850)</u>	<u>343,206</u>	<u>697,590</u>	<u>404,315</u>	<u>1,410,289</u>	<u>411,000</u>
<u>\$ (442,681)</u>	<u>\$ 241,982</u>	<u>\$ 682,654</u>	<u>\$ 317,071</u>	<u>\$ 874,972</u>	<u>\$ 437,938</u>

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FISCAL YEAR ENDED SEPTEMBER 30, 2021

	<b>Debt Service</b>		
	<b>Capital Improvement Revenue Note, Series 2013B</b>	<b>Capital Improvement Revenue Note, Series 2016</b>	<b>Revenue Note, Series 2008 (Modified)</b>
<b>Revenues:</b>			
Intergovernmental	\$ -	\$ -	\$ -
Taxes			
Investment earnings			
Miscellaneous			
Total revenues			
<b>Expenditures:</b>			
Current:			
Economic environment			
Public Safety			
Debt service-			
Principal retirement	885,000	204,000	149,000
Interest and other charges	203,141	45,963	7,993
Capital outlay			
Total expenditures	1,088,141	249,963	156,993
Excess (deficiency) of revenues over (under) expenditures	(1,088,141)	(249,963)	(156,993)
<b>Other Financing Sources (Uses):</b>			
Transfers in	1,095,716	250,001	156,547
Transfers out			
Total other financing sources (uses)	1,095,716	250,001	156,547
Net change in fund balances	7,575	38	(446)
<b>Fund Balances:</b>			
Beginning of year	1,011,340	63,806	83,171
Prior period adjustment			
Beginning of year, as restated	1,011,340	63,806	83,171
End of year	\$ 1,018,915	\$ 63,844	\$ 82,725

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FISCAL YEAR ENDED SEPTEMBER 30, 2021

<b>Debt Service</b>			
<b>Capital Improvement Revenue Note, Series 2018</b>	<b>Infrastructure Sales Surtax Revenue Note, Series 2018</b>	<b>Hurricane Recovery and Refunding Revenue Note, Series 2019</b>	<b>Total Non-Major Governmental Funds</b>
\$ -	\$ -	\$ -	\$ 11,475,668
			4,196,581
			3,664
			250,726
			15,926,639
			7,085,460
			213,063
943,000	1,752,000		3,933,000
479,837	379,131	364,498	1,480,563
			211,171
1,422,837	2,131,131	364,498	12,923,257
(1,422,837)	(2,131,131)	(364,498)	3,003,382
1,439,277	2,156,676	1,788,000	7,053,092
			(5,989,473)
1,439,277	2,156,676	1,788,000	1,063,619
16,440	25,545	1,423,502	4,067,001
1,204,063	1,960,359	803,931	13,281,069
			(299,901)
1,204,063	1,960,359	803,931	12,981,168
\$ 1,220,503	\$ 1,985,904	\$ 2,227,433	\$ 17,048,169

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA  
GENERAL FUND  
SCHEDULE OF EXPENDITURES BY DEPARTMENT - BUDGET (GAAP BASIS) AND ACTUAL  
FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Original Budget	Final Budget	Actual	Variance
Legislative	\$ 319,016	\$ 319,016	\$ 291,963	\$ 27,053
Executive	1,144,936	1,192,475	1,162,030	30,445
Finance and Administration - City Clerk	1,027,568	970,278	992,807	(22,529)
Finance and Administration - Purchasing	42,964	38,342	37,942	400
Finance and Administration - Human Resources	664,216	589,894	567,442	22,452
Finance and Administration - Data Processing	1,019,680	987,370	921,648	65,722
Finance and Administration - Logistics	278,414	276,895	223,311	53,584
Finance and Administration - Legal Counsel	711,000	1,611,000	1,610,181	819
Public Works - Engineering	2,557,975	2,530,791	1,909,387	621,404
Public Works - Street	5,041,402	4,584,987	3,772,103	812,884
Public Works - Other	972,740	1,167,119	1,079,957	87,162
Police	12,309,400	12,358,715	12,417,806	(59,091)
Fire	8,673,402	8,646,275	8,913,869	(267,594)
Leisure Services	2,576,987	2,891,899	2,844,863	47,036
Non-departmental	2,153,960	2,484,233	2,142,412	341,821
<b>Total General Fund Expenditures by Department</b>	<b><u>\$ 39,493,660</u></b>	<b><u>\$ 40,649,289</u></b>	<b><u>\$ 38,887,721</u></b>	<b><u>\$ 1,761,568</u></b>

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA  
 INFRASTRUCTURE SURTAX  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
 FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 2,900,000	\$ 2,900,000	\$ 4,196,581	\$ 1,296,581
Investment earnings	65,000	65,000		(65,000)
Total revenues	<u>2,965,000</u>	<u>2,965,000</u>	<u>4,196,581</u>	<u>1,231,581</u>
<b>Expenditures:</b>				
Capital outlay	<u>768,869</u>	<u>4,063,262</u>		<u>4,063,262</u>
Excess (deficiency) of revenues over expenditures	<u>2,196,131</u>	<u>(1,098,262)</u>	<u>4,196,581</u>	<u>5,294,843</u>
<b>Other Financing Sources (Uses):</b>				
Transfers - out	<u>(2,156,676)</u>	<u>(5,656,676)</u>	<u>(5,656,676)</u>	
Net change in fund balance	39,455	(6,754,938)	(1,460,095)	5,294,843
<b>Fund Balance:</b>				
Beginning of year	<u>4,116,026</u>	<u>4,116,026</u>	<u>4,116,026</u>	
End of year	<u>\$ 4,155,481</u>	<u>\$ (2,638,912)</u>	<u>\$ 2,655,931</u>	<u>\$ 5,294,843</u>

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA  
GENERAL GRANTS  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 25,060	\$ 4,034,289	\$ 187,591	\$ (3,846,698)
Miscellaneous	13,000	13,000	12,245	(755)
Total revenues	<u>38,060</u>	<u>4,047,289</u>	<u>199,836</u>	<u>(3,847,453)</u>
<b>Expenditures:</b>				
Current:				
Public Safety	25,060	238,871	213,063	25,808
Capital outlay		247,124	93,640	153,484
Total expenditures	<u>25,060</u>	<u>485,995</u>	<u>306,703</u>	<u>179,292</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13,000</u>	<u>3,561,294</u>	<u>(106,867)</u>	<u>(3,668,161)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in		65,990		(65,990)
Transfers out	(13,000)	(34,151)	(21,737)	12,414
Total other financing sources (uses)	<u>(13,000)</u>	<u>31,839</u>	<u>(21,737)</u>	<u>(53,576)</u>
Net change in fund balance		3,593,133	(128,604)	(3,721,737)
<b>Fund Balance:</b>				
Beginning of year	<u>110,588</u>	<u>110,588</u>	<u>110,588</u>	
End of year	<u>\$ 110,588</u>	<u>\$ 3,703,721</u>	<u>\$ (18,016)</u>	<u>\$ (3,721,737)</u>

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA  
COMMUNITY PLANNING AND DEVELOPMENT  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 300,000	\$ 300,000	\$ 375,478	\$ 75,478
Investment earnings	2,500	2,500	3,506	1,006
Miscellaneous			72,671	72,671
Total revenues	<u>302,500</u>	<u>302,500</u>	<u>451,655</u>	<u>149,155</u>
<b>Expenditures:</b>				
Current:				
Economic environment:				
Housing and Urban Development	550,825	544,911	215,070	329,841
Capital outlay			78,505	(78,505)
Total expenditures	<u>550,825</u>	<u>544,911</u>	<u>293,575</u>	<u>251,336</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(248,325)</u>	<u>(242,411)</u>	<u>158,080</u>	<u>400,491</u>
<b>Other Financing Sources (Uses):</b>				
Transfers - in			166,875	166,875
Transfers out	(40,850)	(40,850)	(41,035)	(185)
Total other financing sources (uses)	<u>(40,850)</u>	<u>(40,850)</u>	<u>125,840</u>	<u>166,690</u>
Net change in fund balance	(289,175)	(283,261)	283,920	567,181
<b>Fund Balance:</b>				
Beginning of year	<u>1,191,650</u>	<u>1,191,650</u>	<u>1,191,650</u>	
Prior period adjustment	<u>(299,901)</u>	<u>(299,901)</u>	<u>(299,901)</u>	
Beginning of year, as restated	<u>891,749</u>	<u>891,749</u>	<u>891,749</u>	
End of year	<u>\$ 602,574</u>	<u>\$ 608,488</u>	<u>\$ 1,175,669</u>	<u>\$ 567,181</u>

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA  
STATE HOUSING INITIATIVE PARTNERSHIP - COUNTY  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 9,347,000	\$ 9,347,000	\$ 4,557,991	\$ (4,789,009)
Miscellaneous			2,244	2,244
Total revenues	<u>9,347,000</u>	<u>9,347,000</u>	<u>4,560,235</u>	<u>(4,786,765)</u>
<b>Expenditures:</b>				
Current:				
Economic environment:				
Housing and Urban Development	<u>9,479,668</u>	<u>10,202,891</u>	<u>4,505,535</u>	<u>5,697,356</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(132,668)</u>	<u>(855,891)</u>	<u>54,700</u>	<u>910,591</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	<u>(6,215)</u>	<u>(6,215)</u>	<u>(29,531)</u>	<u>(23,316)</u>
Net change in fund balance	(138,883)	(862,106)	25,169	887,275
<b>Fund Balance:</b>				
Beginning of year	<u>(467,850)</u>	<u>(467,850)</u>	<u>(467,850)</u>	
End of year	<u><u>\$ (606,733)</u></u>	<u><u>\$ (1,329,956)</u></u>	<u><u>\$ (442,681)</u></u>	<u><u>\$ 887,275</u></u>

See independent auditor's report.



CITY OF PANAMA CITY, FLORIDA  
PANAMA CITY FLORIDA HURRICANE DISASTER RELIEF FUND -  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues:</b>				
Contributions	\$ 89,364	\$ 89,364	\$ 25,525	\$ (63,839)
Investment earnings			158	158
Total revenues	<u>89,364</u>	<u>89,364</u>	<u>25,683</u>	<u>(63,681)</u>
<b>Expenditures:</b>				
Current:				
Economic environment		129,990	126,907	3,083
Net change in fund balance	89,364	(40,626)	(101,224)	(60,598)
<b>Fund Balance:</b>				
Beginning of year	<u>\$ 343,206</u>	<u>343,206</u>	<u>343,206</u>	
End of year	<u>\$ 432,570</u>	<u>\$ 302,580</u>	<u>\$ 241,982</u>	<u>\$ (60,598)</u>

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA  
PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY -  
ST. ANDREWS  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 390,855	\$ 390,855	\$ 377,026	\$ (13,829)
Miscellaneous			7,166	7,166
Total revenues	<u>390,855</u>	<u>390,855</u>	<u>384,192</u>	<u>(6,663)</u>
<b>Expenditures:</b>				
Current:				
Economic environment	433,039	230,033	363,685	(133,652)
Capital outlay	<u>525,000</u>	<u>525,000</u>	<u>19,548</u>	<u>505,452</u>
Total expenditures	<u>958,039</u>	<u>755,033</u>	<u>383,233</u>	<u>371,800</u>
Excess (deficiency) of revenues over (under) expenditures	(567,184)	(364,178)	959	365,137
<b>Other Financing Sources (Uses):</b>				
Transfers out	<u>(10,300)</u>	<u>(10,300)</u>	<u>(15,895)</u>	<u>(5,595)</u>
Net change in fund balance	(577,484)	(374,478)	(14,936)	359,542
<b>Fund Balance:</b>				
Beginning of year	<u>697,590</u>	<u>697,590</u>	<u>697,590</u>	
End of year	<u>\$ 120,106</u>	<u>\$ 323,112</u>	<u>\$ 682,654</u>	<u>\$ 359,542</u>

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA  
 PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY -  
 DOWNTOWN  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
 FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 145,154	\$ 145,154	\$ 140,294	\$ (4,860)
<b>Expenditures:</b>				
Current:				
Economic environment	307,383	433,265	220,542	212,723
Capital outlay	240,000	140,000	140,000	140,000
Total expenditures	<u>547,383</u>	<u>573,265</u>	<u>220,542</u>	<u>352,723</u>
Excess (deficiency) of revenues over (under) expenditures	(402,229)	(428,111)	(80,248)	347,863
<b>Other Financing Sources (Uses):</b>				
Transfers out	(5,200)	(5,200)	(6,996)	(1,796)
Net change in fund balance	(407,429)	(433,311)	(87,244)	346,067
<b>Fund Balance:</b>				
Beginning of year	404,315	404,315	404,315	
End of year	<u>\$ (3,114)</u>	<u>\$ (28,996)</u>	<u>\$ 317,071</u>	<u>\$ 346,067</u>

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA  
 PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY -  
 DOWNTOWN NORTH  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
 FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 492,775	\$ 742,775	\$ 478,660	\$ (264,115)
Miscellaneous	237,064	237,064	108,959	(128,105)
Total revenues	<u>729,839</u>	<u>979,839</u>	<u>587,619</u>	<u>(392,220)</u>
<b>Expenditures:</b>				
Current:				
Economic environment	1,217,630	1,493,721	1,062,646	431,075
Capital outlay	375,000	838,555	4,678	833,877
Total expenditures	<u>1,592,630</u>	<u>2,332,276</u>	<u>1,067,324</u>	<u>1,264,952</u>
Excess (deficiency) of revenues over (under) expenditures	(862,791)	(1,352,437)	(479,705)	872,732
<b>Other Financing Sources (Uses):</b>				
Transfers out	<u>(60,500)</u>	<u>(60,500)</u>	<u>(55,612)</u>	<u>4,888</u>
Net change in fund balance	(923,291)	(1,412,937)	(535,317)	877,620
<b>Fund Balance:</b>				
Beginning of year	<u>1,410,289</u>	<u>1,410,289</u>	<u>1,410,289</u>	
End of year	<u>\$ 486,998</u>	<u>\$ (2,648)</u>	<u>\$ 874,972</u>	<u>\$ 877,620</u>

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA  
 PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY -  
 MILLVILLE  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
 FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 282,149	\$ 282,149	\$ 273,050	\$ (9,099)
Investment earnings	170	170		(170)
Miscellaneous			20,027	20,027
Total revenues	<u>282,319</u>	<u>282,319</u>	<u>293,077</u>	<u>10,758</u>
<b>Expenditures:</b>				
Current:				
Economic environment	188,711	268,880	104,148	164,732
Capital outlay	65,000	150,775		150,775
Total expenditures	<u>253,711</u>	<u>419,655</u>	<u>104,148</u>	<u>315,507</u>
Excess (deficiency) of revenues over expenditures	28,608	(137,336)	188,929	326,265
<b>Other Financing Sources (Uses):</b>				
Transfers out	<u>(160,199)</u>	<u>(160,199)</u>	<u>(161,991)</u>	<u>(1,792)</u>
Net change in fund balance	(131,591)	(297,535)	26,938	324,473
<b>Fund Balance:</b>				
Beginning of year	<u>411,000</u>	<u>411,000</u>	<u>411,000</u>	
End of year	<u>\$ 279,409</u>	<u>\$ 113,465</u>	<u>\$ 437,938</u>	<u>\$ 324,473</u>

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA  
 CAPITAL IMPROVEMENT REVENUE NOTE, SERIES 2013B  
 DEBT SERVICE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
 FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues:</b>				
Investment earnings	\$ 5,000	\$ 5,000		\$ (5,000)
<b>Expenditures:</b>				
Debt service:				
Principal retirement	885,000	885,000	\$ 885,000	
Interest and other charges	167,140	207,140	203,141	3,999
Total expenditures	1,052,140	1,092,140	1,088,141	3,999
Deficiency of revenues under expenditures	(1,047,140)	(1,087,140)	(1,088,141)	(1,001)
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,061,918	1,061,918	1,095,716	33,798
Net change in fund balance	14,778	(25,222)	7,575	32,797
<b>Fund Balance:</b>				
Beginning of year	1,011,340	1,011,340	1,011,340	
End of year	\$ 1,026,118	\$ 986,118	\$ 1,018,915	\$ 32,797

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA  
CAPITAL IMPROVEMENT REVENUE NOTE, SERIES 2016  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Expenditures:</b>				
Debt service:				
Principal retirement	\$ 204,000	\$ 204,000	\$ 204,000	\$ -
Interest and other charges	45,955	45,955	45,963	(8)
Total expenditures	<u>249,955</u>	<u>249,955</u>	<u>249,963</u>	<u>(8)</u>
Deficiency of revenues under expenditures	(249,955)	(249,955)	(249,963)	(8)
<b>Other Financing Sources (Uses):</b>				
Transfers in	<u>250,001</u>	<u>250,001</u>	<u>250,001</u>	
Net change in fund balance	46	46	38	(8)
<b>Fund Balance:</b>				
Beginning of year	<u>63,806</u>	<u>63,806</u>	<u>63,806</u>	
End of year	<u>\$ 63,852</u>	<u>\$ 63,852</u>	<u>\$ 63,844</u>	<u>\$ (8)</u>

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA  
REVENUE NOTE, SERIES 2008 (MODIFIED)  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Expenditures:</b>				
Debt service:				
Principal retirement	\$ 149,000	\$ 149,000	\$ 149,000	
Interest and other charges	7,993	7,993	7,993	
Total expenditures	<u>156,993</u>	<u>156,993</u>	<u>156,993</u>	
Deficiency of revenues under expenditures	(156,993)	(156,993)	(156,993)	
<b>Other Financing Sources (Uses):</b>				
Transfers in	<u>156,549</u>	<u>156,549</u>	<u>156,547</u>	\$ (2)
Net change in fund balance	(444)	(444)	(446)	(2)
<b>Fund Balance:</b>				
Beginning of year	<u>83,171</u>	<u>83,171</u>	<u>83,171</u>	
End of year	<u>\$ 82,727</u>	<u>\$ 82,727</u>	<u>\$ 82,725</u>	<u>\$ (2)</u>

See independent auditor's report.



CITY OF PANAMA CITY, FLORIDA  
 CAPITAL IMPROVEMENT REVENUE NOTE, SERIES 2018  
 DEBT SERVICE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
 FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues:</b>				
Investment earnings	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)
<b>Expenditures:</b>				
Debt service:				
Principal retirement	943,000	943,000	943,000	
Interest and other charges	479,837	479,837	479,837	
Total expenditures	<u>1,422,837</u>	<u>1,422,837</u>	<u>1,422,837</u>	
Deficiency of revenues under expenditures	(1,417,837)	(1,417,837)	(1,422,837)	(5,000)
<b>Other Financing Sources (Uses):</b>				
Transfers in	<u>1,439,277</u>	<u>1,439,277</u>	<u>1,439,277</u>	
Net change in fund balance	21,440	21,440	16,440	(5,000)
<b>Fund Balance:</b>				
Beginning of year	<u>1,204,063</u>	<u>1,204,063</u>	<u>1,204,063</u>	
End of year	<u>\$ 1,225,503</u>	<u>\$ 1,225,503</u>	<u>\$ 1,220,503</u>	<u>\$ (5,000)</u>

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA  
 INFRASTRUCTURE SALES SURTAX REVENUE NOTE, SERIES 2018  
 DEBT SERVICE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
 FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Expenditures:</b>				
Debt service:				
Principal retirement	\$ 1,752,000	\$ 1,752,000	\$ 1,752,000	
Interest and other charges	379,131	379,131	379,131	
Total expenditures	<u>2,131,131</u>	<u>2,131,131</u>	<u>2,131,131</u>	
Deficiency of revenues under expenditures	(2,131,131)	(2,131,131)	(2,131,131)	
<b>Other Financing Sources (Uses):</b>				
Transfers in	<u>2,156,676</u>	<u>2,156,676</u>	<u>2,156,676</u>	
Net change in fund balance	25,545	25,545	25,545	
<b>Fund Balance:</b>				
Beginning of year	<u>1,960,359</u>	<u>1,960,359</u>	<u>1,960,359</u>	
End of year	<u><u>\$ 1,985,904</u></u>	<u><u>\$ 1,985,904</u></u>	<u><u>\$ 1,985,904</u></u>	

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA  
HURRICANE RECOVERY AND REFUNDING REVENUE NOTE, SERIES 2019  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Expenditures:</b>				
Debt service:				
Interest and other charges	\$ 1,788,000	\$ 1,788,000	\$ 364,498	\$ 1,423,502
Deficiency of revenues under expenditures	(1,788,000)	(1,788,000)	(364,498)	1,423,502
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,788,000	1,788,000	1,788,000	
Net change in fund balance			1,423,502	1,423,502
<b>Fund Balance:</b>				
Beginning of year	803,931	803,931	803,931	
End of year	\$ 803,931	\$ 803,931	\$ 2,227,433	\$ 1,423,502

See independent auditor's report.



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## INTERNAL SERVICE FUNDS

These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies on the cost-reimbursement basis.

The following funds account for the City's insurance operations:

*Medical Self-Insurance*

*Dental Insurance*

The following fund accounts for labor and repairs on City owned equipment:

*Equipment Maintenance Fund*



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**CITY OF PANAMA CITY, FLORIDA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET POSITION  
SEPTEMBER 30, 2021**

	Equipment Maintenance	Medical Self- Insurance	Dental Insurance	Total
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ -	\$ 6,356,631	\$ 374,440	\$ 6,731,071
Accounts receivable		50,000		50,000
Due from other government entities	31,438			31,438
Inventories	46,658			46,658
Total current assets	<u>78,096</u>	<u>6,406,631</u>	<u>374,440</u>	<u>6,859,167</u>
<b>Noncurrent Assets:</b>				
<b>Capital Assets:</b>				
Machinery and equipment	221,152			221,152
Less accumulated depreciation	(147,011)			(147,011)
Total noncurrent assets	<u>74,141</u>			<u>74,141</u>
Total assets	<u>152,237</u>	<u>6,406,631</u>	<u>374,440</u>	<u>6,933,308</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
OPEB related outflows	<u>19,306</u>			<u>19,306</u>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Due to other funds	92,335			92,335
Accounts payable	102,301	1,455,880		1,558,181
Accrued salaries	11,491			11,491
Compensated absences	4,412			4,412
Total current liabilities	<u>210,539</u>	<u>1,455,880</u>		<u>1,666,419</u>
<b>Noncurrent Liabilities:</b>				
Net OPEB liability	61,589			61,589
Compensated absences	13,233			13,233
Total noncurrent liabilities	<u>74,822</u>			<u>74,822</u>
Total liabilities	<u>285,361</u>	<u>1,455,880</u>		<u>1,741,241</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
OPEB related inflows	<u>30,911</u>			<u>30,911</u>
<b>NET POSITION</b>				
Net investment in capital assets	74,141			74,141
Restricted for claims		4,950,751	374,440	5,325,191
Unrestricted	(218,870)			(218,870)
Total net position	<u>\$ (144,729)</u>	<u>\$ 4,950,751</u>	<u>\$ 374,440</u>	<u>\$ 5,180,462</u>

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION  
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	Equipment Maintenance	Medical Self- Insurance	Dental Insurance	Total
<b>Operating Revenues:</b>				
Charges for services	\$ 986,134	\$ -	\$ -	\$ 986,134
Contributions:				
Employee contributions		796,977	82,285	879,262
Other agency contributions		1,221,736	38,557	1,260,293
Retired employee contributions		443,508	50,498	494,006
Miscellaneous	2,983	50,000		52,983
Total operating revenues	<u>989,117</u>	<u>2,512,221</u>	<u>171,340</u>	<u>3,672,678</u>
<b>Operating Expenses:</b>				
Personnel services	539,275			539,275
Operating expenses:				
Operating expenses	485,441			485,441
Administration fees		1,243,398	308,481	1,551,879
Depreciation	9,741			9,741
Insurance claims and expenses		6,580,638		6,580,638
Total operating expenses	<u>1,034,457</u>	<u>7,824,036</u>	<u>308,481</u>	<u>9,166,974</u>
Operating income (loss)	<u>(45,340)</u>	<u>(5,311,815)</u>	<u>(137,141)</u>	<u>(5,494,296)</u>
<b>Nonoperating Revenues (Expenses):</b>				
Gain (loss) on disposal of assets	1,355			1,355
Scrap sales	1,555			1,555
Investment earnings		3,373		3,373
Total nonoperating revenues (expenses)	<u>2,910</u>	<u>3,373</u>		<u>6,283</u>
Income (loss) before transfers	<u>(42,430)</u>	<u>(5,308,442)</u>	<u>(137,141)</u>	<u>(5,488,013)</u>
<b>Transfers:</b>				
Transfers in		4,960,867	122,446	5,083,313
Transfers out	(99,750)			(99,750)
Total transfers	<u>(99,750)</u>	<u>4,960,867</u>	<u>122,446</u>	<u>4,983,563</u>
<b>Change in Net Position</b>	(142,180)	(347,575)	(14,695)	(504,450)
<b>Net Position - beginning of year</b>	<u>(2,549)</u>	<u>5,298,326</u>	<u>389,135</u>	<u>5,684,912</u>
<b>Net Position - end of year</b>	<u>\$ (144,729)</u>	<u>\$ 4,950,751</u>	<u>\$ 374,440</u>	<u>\$ 5,180,462</u>

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**CITY OF PANAMA CITY, FLORIDA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	Equipment Maintenance	Medical Self- Insurance	Dental Insurance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 977,096	\$ -	\$ -	\$ 977,096
Payments to suppliers	(295,222)			(295,222)
Payments to employees	(539,769)			(539,769)
Cash received for insurance contributions		2,512,221	171,340	2,683,561
Cash paid for insurance claims		(7,190,712)	(308,481)	(7,499,193)
Net cash provided by (used in) operating activities	<u>142,105</u>	<u>(4,678,491)</u>	<u>(137,141)</u>	<u>(4,673,527)</u>
<b>FINANCING ACTIVITIES</b>				
Transfers in		4,960,867	122,446	5,083,313
Transfers out	(99,750)			(99,750)
Net cash provided by (used in) noncapital financing activities	<u>(99,750)</u>	<u>4,960,867</u>	<u>122,446</u>	<u>4,983,563</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of capital assets	(45,265)			(45,265)
Proceeds from sales of capital assets	2,910			2,910
Net cash used in capital and related financing activities	<u>(42,355)</u>			<u>(42,355)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends		3,373		3,373
<b>Net increase (decrease) in cash and cash equivalents</b>		285,749	(14,695)	271,054
<b>Cash and cash equivalents</b>				
Beginning of year		<u>6,070,882</u>	<u>389,135</u>	<u>6,460,017</u>
End of Year	<u>\$ -</u>	<u>\$ 6,356,631</u>	<u>\$ 374,440</u>	<u>\$ 6,731,071</u>

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	<u>Equipment Maintenance</u>	<u>Medical Self - Insurance</u>	<u>Dental Insurance</u>	<u>Total</u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>				
Operating income (loss)	\$ (45,340)	\$ (5,311,815)	\$ (137,141)	\$ (5,494,296)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	9,741			9,741
Change in assets and liabilities: (Increase) Decrease:				
Inventories	113,099			113,099
Due from other governmental entities	(12,020)			(12,020)
Prepaid items		72,839		72,839
Deferred outflows of resources	(14,087)			(14,087)
Increase (Decrease):				
Accounts payable	77,120	560,485		637,605
Accrued salaries	(2,517)			(2,517)
Compensated absences	2,394			2,394
Deferred inflows of resources	(3,095)			(3,095)
Net OPEB liability	16,810			16,810
Net cash provided by (used in) operating activities	<u>\$ 142,105</u>	<u>\$ (4,678,491)</u>	<u>\$ (137,141)</u>	<u>\$ (4,673,527)</u>

See independent auditor's report.



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## FIDUCIARY FUNDS

These funds are used to account for assets held in a trust by the City for others. They include Trust and Custodial Funds.

*Pension Trust Funds.* These funds account for the activities of the police officers', firefighters', and senior management defined benefit pension plans. These funds are as follows:

*Police Officers' Pension*

*Firefighters' Pension*

*Senior Management Pension*

*Cafeteria Plan Custodial Fund.* This fund accounts for pre-tax contributions of enrolled employees for benefits which can include health care, dental care, vision care, and child care.



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**CITY OF PANAMA CITY, FLORIDA  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2021**

	Police Officers' Pension	Firefighters' Pension	Senior Management Pension	Total
<b>Assets:</b>				
Cash and cash equivalents:				
Short term investments	\$ 1,142,019	\$ 1,092,079	\$ -	\$ 2,234,098
Cash			29,257	29,257
Total cash and equivalents	1,142,019	1,092,079	29,257	2,263,355
Receivables:				
Member contributions in transit	7,176	4,991	7,742	19,909
City contributions	25,596	41,938	5,816	73,350
Additional City contributions	40,065			40,065
State contributions	356,877	306,137		663,014
Investment income	17,956	5,643		23,599
Total receivables	447,670	358,709	13,558	819,937
Investments:				
Common Stocks	7,853,608			7,853,608
Corporate bonds	5,380,275			5,380,275
Mutual funds:				
Fixed income	9,806,500	14,439,763		24,246,263
Equity	15,906,353	13,556,229		29,462,582
Pooled/common/commingled funds:				
Fixed income			647,845	647,845
Equity		12,690,533	3,151,453	15,841,986
Real estate investment trust	3,433,572	2,593,613	351,090	6,378,275
Total investments	42,380,308	43,280,138	4,150,388	89,810,834
<b>Total assets</b>	<b>43,969,997</b>	<b>44,730,926</b>	<b>4,193,203</b>	<b>92,894,126</b>
<b>Liabilities:</b>				
Accounts Payable:				
Administrative expenses		669		669
Investment expenses	29,899	16,873		46,772
Prior refunds	668			668
Other payables	10,103	8,684		18,787
Total accounts payable	40,670	26,226		66,896
<b>Total liabilities</b>	<b>40,670</b>	<b>26,226</b>		<b>66,896</b>
<b>Net Position:</b>				
Restricted for pension benefits	\$ 43,929,327	\$ 44,704,700	\$ 4,193,203	\$ 92,827,230

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	Police Officers' Pension	Firefighters' Pension	Senior Management Pension	Total
<b>Additions</b>				
Contributions:				
Plan members	\$ 363,828	\$ 276,969	\$ 58,191	\$ 698,988
Employer	1,336,324	2,337,612	77,457	3,751,393
State	356,877	306,137		663,014
Total contributions	<u>2,057,029</u>	<u>2,920,718</u>	<u>135,648</u>	<u>5,113,395</u>
Investment earnings:				
Net appreciation in fair value of investments	6,913,641	6,855,075	693,627	14,462,343
Interest	867,963	696,849		1,564,812
Total investment earnings	<u>7,781,604</u>	<u>7,551,924</u>	<u>693,627</u>	<u>16,027,155</u>
Less investment expense	<u>(180,111)</u>	<u>(192,105)</u>		<u>(372,216)</u>
Net investment earnings	<u>7,601,493</u>	<u>7,359,819</u>	<u>693,627</u>	<u>15,654,939</u>
Total additions	<u>9,658,522</u>	<u>10,280,537</u>	<u>829,275</u>	<u>20,768,334</u>
<b>Deductions</b>				
Distributions to members:				
Benefit payments	2,863,308	3,083,126	224,326	6,170,760
Lump sum DROP distributions	182,684	314,509		497,193
Refunds of member contributions	106,045	54,626	10,320	170,991
Total distributions	<u>3,152,037</u>	<u>3,452,261</u>	<u>234,646</u>	<u>6,838,944</u>
Administrative expenses	51,827	53,413	16,961	122,201
Total deductions	<u>3,203,864</u>	<u>3,505,674</u>	<u>251,607</u>	<u>6,961,145</u>
<b>Change in Net Position</b>	6,454,658	6,774,863	577,668	13,807,189
<b>Net Position Restricted for Pension Benefits</b>				
Beginning of year	<u>37,474,669</u>	<u>37,929,837</u>	<u>3,615,535</u>	<u>79,020,041</u>
End of year	<u>\$ 43,929,327</u>	<u>\$ 44,704,700</u>	<u>\$ 4,193,203</u>	<u>\$ 92,827,230</u>

See independent auditor's report.



**CITY OF PANAMA CITY, FLORIDA  
CUSTODIAL FUND - CAFETERIA PLAN  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	Balance October 1, 2020	Additions	Deductions	Balance September 30, 2021
<b>ASSETS</b>				
Cash	\$ 158,605	\$ -	\$ 59,590	\$ 99,015
Accounts receivable		57,320		57,320
Prepaid expenses	12,938		12,938	
<b>Total Assets</b>	<b>\$ 171,543</b>	<b>\$ 57,320</b>	<b>\$ 72,528</b>	<b>\$ 156,335</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 5,620	\$ 204,053	\$ 209,673	\$ -
Accrued payroll deductions and matching	165,923		9,588	156,335
<b>Total Liabilities</b>	<b>\$ 171,543</b>	<b>\$ 204,053</b>	<b>\$ 219,261</b>	<b>\$ 156,335</b>

See independent auditor's report.



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# SUPPLEMENTAL INFORMATION

THIS SUBSECTION CONTAINS THE FOLLOWING:

- SUMMARY OF DEBT SERVICE REQUIREMENTS TO MATURITY



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**CITY OF PANAMA CITY, FLORIDA  
SUMMARY OF DEBT SERVICE REQUIREMENTS TO MATURITY  
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

**Business-type Activities**

Year Ending September 30	Water & Sewer Refunding Revenue Note, Series 2012		Water & Sewer Revenue Note, Series 2021	
	Principal	Interest	Principal	Interest
2022	\$ 1,673,000	\$ 40,154	\$ -	\$ 571,760
2023	1,703,000			647,275
2024			1,710,000	625,900
2025			1,754,000	582,600
2026			1,798,000	538,200
2027			1,842,000	492,700
2028			1,886,000	446,100
2029			1,934,000	398,350
2030			1,983,000	349,388
2031			2,031,000	299,213
2032			2,083,000	247,788
2033			2,136,000	195,050
2034			2,188,000	141,000
2035			2,245,000	85,588
2036			2,301,000	28,760
	<u>\$ 3,376,000</u>	<u>\$ 40,154</u>	<u>\$ 25,891,000</u>	<u>\$ 5,649,672</u>

See independent auditor's report.

# STATISTICAL SECTION

THIS SECTION CONTAINS THE FOLLOWING:

- FINANCIAL TRENDS
- REVENUE CAPACITY
- DEBT CAPACITY
- DEMOGRAPHIC AND ECONOMIC INFORMATION
- OPERATING INFORMATION



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**CITY OF PANAMA CITY, FLORIDA  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
UNAUDITED**

	2012	2013	2014	Fiscal Year 2015	2016	2017	2018	2019	2020	2021
<b>Expenses</b>										
Governmental activities:										
General government	\$ 5,529,101	\$ 6,364,801	\$ 6,094,551	\$ 7,332,537	\$ 7,202,957	\$ 8,047,155	\$ 8,232,205	\$ 8,430,144	\$ 41,876,490	\$ 29,239,169
Public safety	17,954,974	18,443,729	19,060,516	18,241,148	21,345,141	21,091,964	21,197,707	22,418,938	23,707,967	22,686,653
Physical environment										
Transportation	5,877,854	5,455,287	5,481,149	5,320,025	5,293,976	5,781,421	5,824,445	5,478,278	5,966,864	6,119,401
Leisure Services					5,748					
Economic environment	3,779,765	3,309,023	3,728,293	3,553,702	3,584,832	3,528,539	4,956,197	4,195,606	7,586,803	9,512,498
Culture and recreation	3,375,322	3,470,268	3,505,846	3,373,667	3,322,205	3,625,195	3,665,526	7,002,602	3,987,749	3,651,062
Human services	326,609	301,127	341,100	298,840	244,089	282,512	244,479	235,158	271,247	343,236
Interest on long-term debt	465,549	462,930	415,035	364,137	385,657	531,878	205,222	1,593,953	2,305,974	1,577,494
Total governmental activities expenses	37,309,174	37,807,165	38,626,490	38,484,056	41,384,605	42,888,664	44,325,781	125,354,679	85,703,094	73,129,513
Business-type activities:										
Utilities	13,889,586	14,032,601	13,575,865	13,818,774	15,018,401	15,252,532	15,981,122	23,524,617	18,138,534	20,470,364
Solid waste	5,422,422	5,591,570	5,450,759	5,592,968	5,764,430	6,012,230	6,440,541	6,569,405	7,045,202	8,017,814
Marina	3,669,461	3,213,703	3,025,662	2,895,496	2,500,262	2,707,680	2,842,914	2,656,578	2,838,965	2,223,734
Total business-type activities expenses	22,981,469	22,837,874	22,052,286	22,307,238	23,283,093	23,972,442	25,264,577	32,750,600	28,022,701	30,711,912
Total primary government expenses	\$ 60,290,643	\$ 60,645,039	\$ 60,678,776	\$ 60,791,294	\$ 64,667,698	\$ 66,861,106	\$ 69,590,358	\$ 158,105,279	\$ 113,725,795	\$ 103,841,425
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 7,882,958	\$ 8,221,000	\$ 8,854,998	\$ 9,516,380	\$ 9,674,256	\$ 9,882,404	\$ 10,332,074	\$ 13,367,604	\$ 16,896,365	\$ 11,715,431
Public safety	777,578	928,896	1,002,506	942,066	1,081,365	1,127,848	1,106,826	4,897,479	2,145,159	1,212,897
Transportation	442,727	483,251	455,887	281,775	188,709	194,373	200,205	615,382	259,216	226,335
Economic environment	584,160			19,978		5,119	1,489	499,945	787,449	
Culture and recreation	167,982	199,286	184,717	275,060	250,591	279,223	378,443	5,653,271	5,303,085	6,801,553
Other										
Operating grants and contributions	3,356,769	2,696,614	2,443,538	2,573,798	1,085,770	1,278,837	1,301,296	84,287,672	17,579,048	18,671,976
Capital grants and contributions	51,717	20,494	25,000	25,000						
Total governmental activities program revenues	13,263,891	12,549,541	12,966,646	13,634,057	12,280,691	12,767,804	13,320,333	109,321,353	42,970,322	38,628,192
Business-type activities:										
Charges for services:										
Utilities	15,962,245	17,409,907	17,861,187	19,054,265	18,524,781	19,565,041	19,622,582	15,934,927	18,404,388	20,441,289
Solid waste	6,513,969	6,499,983	6,607,800	6,749,482	6,716,863	6,906,065	7,186,148	5,943,083	7,287,431	8,448,378
Marina	3,511,819	3,123,838	2,976,178	3,099,610	2,772,635	3,050,304	3,148,592	748,905	1,791,249	1,929,890
Operating grants and contributions				65,550		17,476	218,225	9,699,648	54,631	219,250
Capital grants and contributions	172,820	142,542	138,515	178,999	200,432	591,888	361,400	637,468	506,409	2,305,300
Total business-type activities program revenues	26,160,853	27,176,270	27,583,680	29,147,906	28,214,711	30,130,774	30,536,947	32,964,031	28,044,108	33,344,107
Total primary government program revenues	\$ 39,424,744	\$ 39,725,811	\$ 40,550,326	\$ 42,781,963	\$ 40,495,402	\$ 42,898,578	\$ 43,857,280	\$ 142,285,384	\$ 71,014,430	\$ 71,972,299
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (24,045,283)	\$ (25,257,624)	\$ (25,659,844)	\$ (24,849,999)	\$ (29,103,914)	\$ (30,120,860)	\$ (31,005,448)	\$ (16,033,326)	\$ (42,732,772)	\$ (34,501,321)
Business-type activities	3,179,384	4,338,396	5,531,394	6,840,668	4,931,618	6,158,332	5,272,370	213,431	21,407	2,632,195
Total primary government net expenses	\$ (20,865,899)	\$ (20,919,228)	\$ (20,128,450)	\$ (18,009,331)	\$ (24,172,296)	\$ (23,962,528)	\$ (25,733,078)	\$ (15,819,895)	\$ (42,711,365)	\$ (31,869,126)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Ad valorem taxes	\$ 8,008,760	\$ 7,931,119	\$ 8,338,872	\$ 8,511,463	\$ 8,861,504	\$ 8,897,687	\$ 8,929,919	\$ 10,099,539	\$ 11,049,811	\$ 10,576,138
Fire assessment										5,026,835
Nuisance abatement										833,945
Tax increment ad valorem taxes	1,588,207	1,503,382	2,095,743	2,308,216	2,306,065	2,239,986	2,172,010	2,311,262	1,617,978	1,269,030
Local option gasoline tax	1,269,175	1,394,258	1,376,850	1,410,878	1,479,612	1,281,331	1,295,819	1,315,941	1,269,117	1,256,957
Franchise fees	3,798,295	4,066,491	4,149,648	4,409,262	4,373,282	4,112,022	4,261,663	3,490,296	3,612,700	3,950,194
Utility service tax	3,420,265	3,479,637	3,879,713	4,176,778	4,276,080	4,287,390	4,540,419	3,719,556	3,901,790	4,365,383
Communications service tax	1,823,525	1,945,790	1,713,347	1,619,995	1,537,187	1,614,810	1,574,325	1,361,929	1,542,282	1,483,903
Local option sales tax	2,644,093	2,736,855	2,947,185	3,110,963	3,285,075	2,120,937	3,279,225	3,596,071	3,405,468	4,196,581
Unrestricted state revenue sharing	1,336,070	1,344,526	1,355,933	1,403,496	1,436,957	4,871,519	5,117,650	5,531,002	5,181,838	6,365,799
Unrestricted investment earnings	228,562	225,263	346,393	343,489	176,342	472,139	663,874	1,253,276	707,005	117,318
Gain (loss) on disposal of capital assets	1,468	16,980	14,930	23,980	28,398	33,503	(107,719)			
Miscellaneous	738,522	2,950,334	608,564	941,573	1,389,553	563,515	618,970	1,937,466	2,127,706	1,657,885
Gain on extinguishment of debt										5,000,000
Contributions										(1,501,815)
Transfers	1,949,175	1,774,122	1,803,068	1,819,302	1,610,527	2,112,119	1,861,812	1,725,845	(1,373,984)	(5,913,510)
Total governmental activities general revenues	26,806,117	29,368,757	28,630,246	30,079,395	30,760,582	32,606,958	34,207,967	36,342,183	33,041,711	38,684,643
Business-type activities:										
Unrestricted investment earnings	112,395	90,477	99,797	144,474	207,665	395,756	488,472	560,802	250,612	14,707
Gain on disposal of capital assets			3,145	22,964	24,775	(265,461)	8,585			
Miscellaneous	182,378	50,689	13,196	6,807	2,433	4,258	12,844	1,846	61,732	8,656
Transfers	(1,949,175)	(1,774,122)	(1,803,068)	(1,819,302)	(1,610,527)	(2,112,119)	(1,861,812)	(1,725,845)	1,373,984	5,913,510
Total business-type activities general revenues	(1,654,402)	(1,632,956)	(1,686,930)	(1,645,057)	(1,375,654)	(1,977,566)	(1,351,911)	(1,163,197)	1,686,328	5,936,873
Total primary government general revenues	\$ 25,151,715	\$ 27,735,801	\$ 26,943,316	\$ 28,434,338	\$ 29,384,928	\$ 30,629,392	\$ 32,856,056	\$ 35,178,986	\$ 34,728,039	\$ 44,621,516
<b>Changes in Net Position</b>										
Governmental activities	\$ 2,760,834	\$ 4,111,133	\$ 2,970,402	\$ 5,229,396	\$ 1,656,668	\$ 2,486,098	\$ 3,202,519	\$ 20,308,857	\$ (9,691,061)	\$ 4,183,322
Business-type activities	1,524,982	2,705,440	3,844,464	5,195,611	3,555,964	4,180,766	3,920,459	(949,766)	1,707,735	8,569,068
Total primary government changes in net position	\$ 4,285,816	\$ 6,816,573	\$ 6,814,866	\$ 10,425,007	\$ 5,212,632	\$ 6,666,864	\$ 7,122,978	\$ 19,359,091	\$ (7,983,326)	\$ 12,752,390

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
UNAUDITED**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
Net investment in capital assets	\$ 48,578,821	\$ 41,666,862	\$ 57,092,075	\$ 60,426,245	\$ 61,541,617	\$ 70,309,572	\$ 70,572,052	\$ 72,191,254	\$ 60,326,001	\$ 66,646,034
Restricted	2,884,127	1,842,298	2,415,183	4,740,198	6,387,711	14,901,299	19,045,770	31,273,810	34,797,523	35,476,004
Unrestricted	45,135,862	55,225,669	42,197,973	21,883,518	20,777,301	5,981,856	4,356,416	10,818,031	13,208,298	9,953,356
Total governmental activities net position	\$ 96,598,810	\$ 98,734,829	\$ 101,705,231	\$ 87,049,961	\$ 88,706,629	\$ 91,192,727	\$ 93,974,238	\$ 114,283,095	\$ 108,331,822	\$ 112,075,394
Business-type activities:										
Net investment in capital assets	\$ 45,577,206	\$ 46,401,318	\$ 47,083,456	\$ 46,182,187	\$ 47,757,703	\$ 67,700,504	\$ 58,183,597	\$ 61,995,159	\$ 69,011,200	\$ 79,651,843
Restricted	2,023,696	5,038,071	3,510,242	5,726,784	8,787,979	6,841,454	10,248,871	12,679,599	12,788,051	8,737,986
Unrestricted	22,110,079	20,789,178	25,479,333	28,355,307	27,274,560	13,459,050	23,341,261	16,149,205	12,165,396	14,583,636
Total business-type activities net position	\$ 69,710,981	\$ 72,228,567	\$ 76,073,031	\$ 80,264,278	\$ 83,820,242	\$ 88,001,008	\$ 91,773,729	\$ 90,823,963	\$ 93,964,647	\$ 102,973,465
Primary government:										
Net investment in capital assets	\$ 94,156,027	\$ 88,068,180	\$ 104,175,531	\$ 106,608,432	\$ 109,299,320	\$ 138,010,076	\$ 128,755,649	\$ 134,186,413	\$ 129,337,201	\$ 146,297,877
Restricted	4,907,823	6,880,369	5,925,425	10,466,982	15,175,690	21,742,753	29,294,641	43,953,409	47,585,574	44,213,990
Unrestricted	67,245,941	76,014,847	67,677,306	50,238,825	48,051,861	19,440,906	27,697,677	26,967,236	25,373,694	24,536,992
Total primary government net position	\$ 166,309,791	\$ 170,963,396	\$ 177,778,262	\$ 167,314,239	\$ 172,526,871	\$ 179,193,735	\$ 185,747,967	\$ 205,107,058	\$ 202,296,469	\$ 215,048,859

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA  
PROGRAM REVENUES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS  
UNAUDITED**

Function/Program Revenues	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
General government	\$ 7,882,958	\$ 8,221,000	\$ 8,854,998	\$ 9,516,380	\$ 9,674,256	\$ 9,882,404	\$ 10,332,074	\$ 93,858,826	\$ 21,975,993	\$ 20,092,430
Public safety	3,142,050	1,993,601	2,192,020	2,576,709	1,196,941	1,188,058	1,156,941	6,063,332	2,750,089	6,513,939
Transportation	442,727	483,251	455,887	281,775	188,709	194,373	200,205	645,489	297,351	231,783
Economic environment	1,628,174	1,652,403	1,279,024	984,133	970,840	1,223,746	1,252,670	3,051,881	12,447,000	4,953,436
Culture and recreation	167,982	199,286	184,717	275,060	250,591	279,223	378,443	5,701,825	5,499,889	6,836,604
Other										
Total governmental activities	<u>13,263,891</u>	<u>12,549,541</u>	<u>12,966,646</u>	<u>13,634,057</u>	<u>12,280,691</u>	<u>12,767,804</u>	<u>13,320,333</u>	<u>109,321,353</u>	<u>42,970,322</u>	<u>38,628,192</u>
Business-type activities:										
Utilities	16,135,065	17,552,449	17,999,702	19,233,264	18,725,213	20,156,929	19,983,982	25,859,090	18,910,797	21,442,510
Solid waste	6,513,969	6,499,983	6,607,800	6,749,482	6,716,863	6,906,065	7,186,148	6,311,029	7,300,966	8,461,654
Marina	3,511,819	3,123,838	2,976,178	3,165,160	2,772,635	3,067,780	3,366,817	793,912	1,832,345	3,439,943
Total business-type activities	<u>26,160,853</u>	<u>27,176,270</u>	<u>27,583,680</u>	<u>29,147,906</u>	<u>28,214,711</u>	<u>30,130,774</u>	<u>30,536,947</u>	<u>32,964,031</u>	<u>28,044,108</u>	<u>33,344,107</u>
Total primary government function/program revenues	<u>\$ 39,424,744</u>	<u>\$ 39,725,811</u>	<u>\$ 40,550,326</u>	<u>\$ 42,781,963</u>	<u>\$ 40,495,402</u>	<u>\$ 42,898,578</u>	<u>\$ 43,857,280</u>	<u>\$ 142,285,384</u>	<u>\$ 71,014,430</u>	<u>\$ 71,972,299</u>

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA  
FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
UNAUDITED**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Governmental Funds</b>										
General fund:										
Non-spendable	\$ 432,325	\$ 160,252	\$ 212,444	\$ 355,237	\$ 292,545	\$ 293,011	\$ 319,010	\$ 304,141	\$ 383,043	\$ 431,939
Spendable:										
Restricted:										
Committed	9,838,400	10,496,928	10,882,597	11,396,432	11,164,211	12,045,554	12,906,796	242,020	534,724	506,656
Assigned	783,378	230,253	228,760	228,760	286,399	546,933	546,933	14,585,827	17,327,208	23,170,324
Unassigned	9,545,027	11,542,588	13,262,912	12,591,442	14,868,795	8,207,390	11,543,501	15,131,988	18,244,975	24,108,919
Total general fund	<u>20,599,130</u>	<u>22,430,021</u>	<u>24,586,713</u>	<u>24,571,871</u>	<u>26,611,950</u>	<u>21,092,888</u>	<u>25,316,240</u>	<u>15,131,988</u>	<u>18,244,975</u>	<u>24,108,919</u>
All other governmental funds:										
Non-spendable	164,350	161,352	166,328	1,931,733	1,947,538	2,322,141	2,285,632	2,532,757	4,264,991	437,547
Spendable:										
Restricted	11,914,160	8,823,094	9,664,348	8,059,411	9,821,489	10,344,149	14,176,471	27,250,949	24,673,971	34,556,854
Committed	4,388,146	2,544,340	1,759,587	2,260,097	18,426,642	17,884,755	33,369,103	7,196,283	39,185,680	34,914,637
Assigned	11,399,721	23,848,878	19,448,304	17,953,680	18,426,642	17,884,755	33,369,103	31,976,073	30,320,836	20,458,897
Unassigned	27,866,377	35,377,664	31,038,567	30,204,921	30,195,669	30,551,045	49,831,206	133,721,072	(54,790)	(780,960)
Total all other governmental funds	<u>27,866,377</u>	<u>35,377,664</u>	<u>31,038,567</u>	<u>30,204,921</u>	<u>30,195,669</u>	<u>30,551,045</u>	<u>49,831,206</u>	<u>133,721,072</u>	<u>97,890,688</u>	<u>89,586,975</u>
<b>Total governmental funds</b>	<u>\$ 48,465,507</u>	<u>\$ 57,807,685</u>	<u>\$ 55,625,280</u>	<u>\$ 54,776,792</u>	<u>\$ 56,807,619</u>	<u>\$ 51,643,933</u>	<u>\$ 75,147,446</u>	<u>\$ 148,853,060</u>	<u>\$ 116,135,663</u>	<u>\$ 113,695,894</u>

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
UNAUDITED**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>										
Taxes	\$ 18,320,020	\$ 18,817,297	\$ 19,458,430	\$ 20,128,376	\$ 20,527,665	\$ 22,314,178	\$ 23,881,370	\$ 23,583,332	\$ 24,781,168	\$ 31,689,937
Licenses and permits	7,590,601	7,966,335	8,657,993	9,163,514	9,361,261	9,573,480	10,013,624	9,650,287	10,164,936	11,259,682
Intergovernmental	10,321,430	9,006,077	9,623,619	10,174,102	8,888,292	9,150,093	9,372,046	91,693,380	24,601,564	27,999,222
Charges for services	1,011,432	1,253,090	1,175,095	1,209,316	1,156,224	1,249,335	1,317,923	1,164,419	1,127,439	1,398,056
Investment earnings	228,562	225,263	346,626	343,489	176,342	472,139	663,874	1,253,276	707,005	117,318
Miscellaneous	2,878,779	969,360	532,062	890,468	1,320,962	640,337	555,772	3,144,764	1,961,119	1,281,498
Total revenues	40,350,824	38,237,422	39,793,825	41,909,265	41,430,746	43,399,562	45,804,609	130,489,458	63,343,231	73,745,713
<b>Expenditures</b>										
Current:										
General government	4,555,892	5,357,993	4,928,462	5,465,271	5,043,149	5,314,495	5,631,954	81,212,990	38,740,031	25,870,729
Public safety	15,506,710	15,859,430	16,362,023	16,248,208	16,622,005	16,772,083	17,429,071	19,360,984	19,175,443	19,672,622
Physical environment					5,748					
Transportation	3,727,188	3,888,680	3,852,140	3,660,154	3,601,914	3,754,584	3,821,614	3,280,396	3,642,622	3,701,834
Economic environment	3,747,936	3,265,201	3,682,475	3,500,184	3,514,085	3,455,302	4,881,270	4,145,662	7,508,653	9,374,767
Human services	305,925	274,702	313,463	265,926	244,089	282,512	244,479	235,158	271,247	343,236
Culture and recreation	2,330,338	2,446,464	2,447,613	2,588,130	2,626,840	2,713,367	2,790,838	6,562,198	3,459,087	3,006,704
Debt service:										
Capital lease principal			395,642	806,349	750,414	381,959	535,300	622,728	390,148	589,903
Capital lease interest			10,070	6,666	62,601	45,269	33,583	44,326	87,129	94,574
Principal	1,771,000	1,387,000	1,187,000	1,802,000	1,838,000	3,243,000	216,000	1,821,000	4,032,000	3,933,000
Interest and other charges	1,618,578	715,680	418,705	370,427	332,915	493,141	175,387	1,550,357	2,217,163	1,480,563
Capital outlay	6,493,415	7,464,200	7,298,532	8,729,922	3,302,128	13,792,228	16,793,745	16,178,164	10,646,121	9,321,059
Total expenditures	40,056,982	40,659,350	40,896,125	43,443,237	37,943,888	50,237,940	52,553,241	135,013,963	90,169,644	77,388,991
Excess (deficiency) of revenues over (under) expenditures	293,842	(2,421,928)	(1,102,300)	(1,533,972)	3,486,858	(6,838,378)	(6,748,632)	(4,524,505)	(26,826,413)	(3,643,278)
<b>Other Financing Sources (Uses)</b>										
Transfers in	11,691,407	7,368,623	7,778,812	9,467,567	7,353,850	7,020,694	11,290,553	22,913,434	10,081,463	10,828,321
Transfer out	(12,611,868)	(8,377,393)	(8,858,917)	(10,670,379)	(8,809,881)	(8,642,793)	(13,080,073)	(24,861,834)	(14,958,600)	(20,422,152)
Issuance of long term debt		14,194,945		1,888,296		3,296,791	32,082,490	60,077,909	15,501,564	1,817,621
Original issue discount							(40,825)			
Issuance of refunding bonds	2,883,000	3,315,000					41,185,195			
Payment to bond refunding escrow agent	(2,817,717)	(3,289,219)					(41,185,195)			
Insurance Proceeds							20,100,610		13,439,200	6,885,802
BP recovery		1,900,000								
Total other financing sources (uses)	(855,178)	15,111,956	(1,080,105)	685,484	(1,456,031)	1,674,692	30,252,145	78,230,119	24,063,627	(890,408)
Net change in fund balances	\$ (561,336)	\$ 12,690,028	\$ (2,182,405)	\$ (848,488)	\$ 2,030,827	\$ (5,163,686)	\$ 23,503,513	\$ 73,705,614	\$ (2,762,786)	\$ (4,533,686)
Debt service as a percentage of noncapital expenditures	10.10%	6.33%	5.99%	8.60%	8.61%	11.42%	2.69%	3.40%	8.46%	8.96%

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
**(IN THOUSANDS OF DOLLARS)**  
**UNAUDITED**

Fiscal Year	Real Property		Personal Property		Centrally Assessed		Total		Ratio of Total Assessed Value to Total Estimated Actual Value	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Estimated Actual Value	Total Direct Rate
2012	\$ 1,873,704	\$ 3,094,310	\$ 282,033	\$ 429,748	\$ 13,794	\$ 14,003	\$ 2,169,531	\$ 3,538,061	61.32%	3.8152
2013	1,847,348	2,994,001	275,999	419,831	13,756	13,953	2,137,103	3,427,785	62.35%	3.8723
2014	1,910,954	2,882,465	300,007	418,383	13,761	14,011	2,224,722	3,314,859	67.11%	3.8723
2015	1,915,492	2,876,959	320,082	440,593	15,372	16,216	2,250,946	3,333,768	67.52%	3.8570
2016	1,925,554	2,837,577	361,462	459,143	15,210	15,503	2,302,226	3,312,223	69.51%	3.9740
2017	1,938,954	2,845,484	337,167	433,798	16,547	17,190	2,292,668	3,296,472	69.55%	3.9740
2018	1,981,248	2,897,689	320,030	417,208	20,272	20,624	2,321,550	3,335,521	69.60%	3.9740
2019	2,051,763	2,964,195	328,829	425,405	15,412	15,795	2,396,004	3,405,395	70.36%	4.3500
2020	2,416,478	2,492,004	402,164	407,563	14,711	14,711	2,833,353	2,914,278	97.22%	5.5469
2021	2,607,743	2,726,502	422,905	428,077	15,597	15,597	3,046,244	3,170,175	96.09%	4.9999

Source: Office of the Property Appraiser, Bay County, Florida

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS  
UNAUDITED**

Overlapping Rates

Fiscal Year	City of Panama City			Bay County			Bay District Schools			Panama City Downtown Improvement Board	Northwest Florida Water Management District	Total Direct and Overlapping Rates
	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage			
2012	3.8152	3.8152	3.8152	4.8025	4.8025	4.8025	7.1180	7.1180	7.1180	2.7180	0.0400	18.4937
2013	3.8723	3.8723	3.8723	4.8025	4.8025	4.8025	6.8580	6.8580	6.8580	2.7578	0.0400	18.3306
2014	3.8723	3.8723	3.8723	3.6500	3.6500	3.6500	6.7610	6.7610	6.7610	2.8918	0.0400	17.2151
2015	3.8570	3.8570	3.8570	4.6500	4.6500	4.6500	6.8890	6.8890	6.8890	2.8918	0.0039	18.2917
2016	3.9740	3.9740	3.9740	4.6500	4.6500	4.6500	6.9070	6.9070	6.9070	3.0000	0.0378	18.5688
2017	3.9740	3.9740	3.9740	4.6500	4.6500	4.6500	6.4750	6.4750	6.4750	3.0000	0.0366	18.1356
2018	3.9740	3.9740	3.9740	4.4362	4.4362	4.4362	6.3410	6.3410	6.3410	3.0000	0.0353	17.7865
2019	4.3500	4.3500	4.3500	4.4362	4.4362	4.4362	6.1220	6.1220	6.1220	3.0000	0.0338	17.9420
2020	5.5469	5.5469	5.5469	4.4362	4.4362	4.4362	5.9476	5.9476	5.9476	3.0000	0.0327	18.9634
2021	4.9999	4.9999	4.9999	4.4362	4.4362	4.4362	5.9680	5.9680	5.9680	3.0000	0.0311	18.4352

Source: Office of the Property Appraiser, Bay County, Florida

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED**

	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Florida Power & Light (Gulf Power Company)	\$ 66,915,226	1	2.20%	\$ 45,988,660	1	2.15%
Hospital Corporation of America (Bay Hospital)	57,650,217	2	1.89%	26,096,517	2	1.22%
Berg Steel Pipe Corp	40,986,812	3	1.35%	19,082,496	4	0.89%
MFG Waterstone Owner LLC	22,054,253	4	0.72%			
St. Andrew Bay Land Company	16,832,505	5	0.55%			
Panama City Port Authority	16,051,716	6	0.53%			
The Bay Line Railroad, LLC	14,338,862	7	0.47%	13,771,859	6	0.64%
Brixmor GA PC LLC	13,370,823	8	0.44%	13,254,936	7	0.62%
C W Roberts Contracting	12,972,725	9	0.43%			
Eastern Shipbuilding Group	12,777,476	10	0.42%	14,962,810	5	0.70%
Panama City Mall				24,224,211	3	1.13%
Macquarie Equipment Finance				9,467,966	8	0.44%
Hancock Bank				9,402,990	9	0.44%
Centro NP 23rd St				7,678,064	10	0.36%
<b>Total Principal Taxpayers</b>	<b>\$ 273,950,615</b>		<b>8.99%</b>	<b>\$ 183,930,509</b>		<b>8.61%</b>
<b>Total Taxable Assessed Value</b>	<b>\$ 3,046,244,134</b>			<b>\$ 2,136,929,148</b>		

Source: Office of the Property Appraiser, Bay County, Florida



**CITY OF PANAMA CITY, FLORIDA  
PROPERTY TAX LEVIES AND COLLECTIONS (1)  
LAST TEN FISCAL YEARS  
UNAUDITED**

Fiscal Year	Total Tax Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2012	\$ 8,274,835	\$ 7,985,216	96.50%	\$ 41,374	\$ 8,026,590	97.00%
2013	8,614,083	7,903,674	91.75%	27,445	7,931,119	92.07%
2014	8,680,847	8,310,016	95.73%	28,856	8,338,872	96.06%
2015	9,148,158	8,458,119	92.46%	53,346	8,511,465	93.04%
2016	9,110,571	8,813,050	96.73%	48,454	8,861,504	97.27%
2017	9,225,232	8,868,185	96.13%	29,502	8,897,687	96.45%
2018	9,227,409	8,905,109	96.51%	24,809	8,929,918	96.78%
2019	10,419,785	10,065,961	96.60%	33,578	10,099,539	96.93%
2020	11,411,124	11,017,961	96.55%	31,850	11,049,811	96.83%
2021	10,923,022	10,558,376	96.66%	17,762	10,576,138	96.82%

(1) By May 31, during each year for which taxes are levied, all taxes have been collected and remitted to the City or the delinquent taxes are raised by public auction of tax certificates and the proceeds are remitted to the City by the County Tax Collector. Therefore, there are no material unremitted tax revenues for each fiscal year on September 30.

Source: Based on information provided by Office of the Property Appraiser, Bay County, Florida

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**

Fiscal Year	Governmental Activities		Business-type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	Revenue Bonds/Notes	Capital Lease Obligations	Revenue Bonds/Notes				
2012	\$ 7,203,000		\$ 16,400,000	\$	23,603,000	5.75%	645
2013	18,605,000	\$ 295,945	15,202,000		34,102,945	4.42%	953
2014	17,418,000	200,303	13,129,000		30,747,303	5.00%	860
2015	15,638,480	1,582,251	44,878,789		62,099,520	2.58%	1,733
2016	13,790,621	1,131,837	43,379,092		58,301,550	2.90%	1,580
2017	13,748,090	839,668	37,899,394		52,487,152	3.36%	1,419
2018	44,917,517	956,857	37,891,697		83,766,071	2.70%	2,251
2019	43,095,787	1,357,541	35,045,000		79,498,328	5.20%	2,359
2020	44,065,470	1,468,956	32,139,000		77,673,426	4.52%	2,000
2021	35,134,828	2,507,142	29,267,000		66,908,970	Not Available	1,928

Note: For the fiscal years ended September 30. Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics on page 206 for personal income and population data. For the purpose of this schedule, personal income attributable to Panama City was utilized.

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
(IN THOUSANDS OF DOLLARS)  
UNAUDITED**

Governmental Unit	Debt Outstanding	Estimated Percent Applicable <sup>1</sup>	Estimated Share of Overlapping Debt
Bay County:			
Bonds payable	\$ 84,571	15.67%	\$ 13,248
Capital leases	2,437	15.67%	382
Notes payable	188,875	15.67%	29,588
	<u>275,883</u>		<u>43,218</u>
Bay County School Board:			
Community Disaster Loan	5,000	16.19%	809
Revenue Anticipation Note	2,079	16.19%	337
Certificates of participation	114,240	16.19%	18,492
	<u>121,319</u>		<u>19,637</u>
Subtotal of overlapping debt			62,856
City of Panama City direct debt	45,534		<u>45,534</u>
Total direct and overlapping debt			<u>\$ 108,390</u>

<sup>1</sup> The percentage of overlapping debt applicable is estimated using taxable assessed property values, for 2021, that are provided by the Bay County Property Appraiser's Office. The percentages were calculated by dividing the City's taxable assessed value by the County or School Board taxable assessed value.

Source: - Bay County Clerk of Court & Comptroller for fiscal year ended September 30, 2021

- District School Board of Bay County Superintendent's Annual Financial Report for the fiscal year ended June 30, 2021

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA  
 PLEDGED - REVENUE COVERAGE - GOVERNMENTAL ACTIVITIES  
 LAST TEN FISCAL YEARS  
 UNAUDITED**

Fiscal Year	Local Option Gas Transportation Bonds				Utility Service Tax Bonds			
	Revenue		Debt Service		Revenue		Debt Service	
	Collected	Interest	Principal	Coverage	Collected	Principal	Interest	Coverage
2012	\$ 1,269,175	-	-	-	\$ 3,100,905	\$ 910,000	\$ 73,420	3.15
2013	1,394,258	-	-	-	3,479,637	515,000	12,253	6.60
2014	1,376,850	-	-	-	3,879,713	291,000	7,900	12.98
2015	1,410,878	-	-	-	4,176,778	293,000	4,746	14.03
2016	1,479,612	-	-	-	4,276,080	293,000	1,582	14.52
2017	1,281,331	-	-	-	4,287,390	-	-	-
2018	1,295,819	-	-	-	4,540,419	-	-	-
2019	1,315,941	-	-	-	3,719,556	-	-	-
2020	1,269,117	-	-	-	1,542,282	-	-	-
2021	1,256,957	-	-	-	1,483,903	-	-	-

**Utility Service Tax, Communications Services Tax, and Merchants' License Fee Bonds**

Fiscal Year	Revenue Collected (1)	Debt Service		Coverage
		Principal	Interest	
2013	\$ 12,025,916	\$ 750,000	\$ 87,756	14.35
2014	13,801,666	349,000	66,438	33.22
2015	14,250,305	605,000	52,886	21.66
2016	14,604,875	621,000	38,976	22.13
2017	15,191,733	1,272,000	44,453	11.54
2018	15,920,513	-	-	-
2019	14,629,936	-	-	-
2020	15,528,848	-	-	-
2021	17,264,784	-	-	-

(1) Revenue collected for Utility Service Tax, Communications Services Tax, and Merchants' License Fee Bonds includes the amount remaining after principal and interest payments for the bonds covered solely by Utility Service Taxes, plus the Communications Services Tax and the Merchants' License Fees.

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA  
 PLEDGED - REVENUE COVERAGE - BUSINESS-TYPE ACTIVITIES (1)  
 LAST TEN FISCAL YEARS  
 UNAUDITED

Fiscal Year	Gross Revenue (2)	Expenses (3)	Net Revenue Available for Debt Service (4)	DEBT SERVICE REQUIREMENTS			
				Principal	Interest	Total	
2012	\$ 16,202,985	\$ 10,573,093	\$ 5,629,892	\$ 1,647,000	\$ 165,837	\$ 1,812,837	3.11
2013	17,500,817	10,642,101	6,858,716	1,198,000	519,315	1,717,315	3.99
2014	17,914,768	10,140,302	7,774,466	1,261,000	520,473	1,781,473	4.36
2015	19,140,180	10,440,568	8,699,612	416,000	225,781	641,781	13.56
2016	18,709,289	10,657,103	8,052,186	1,492,000	1,165,638	2,657,638	3.03
2017	19,906,474	10,941,850	8,964,624	2,692,000	1,080,841	3,772,841	2.38
2018	19,850,187	11,445,855	8,404,332	2,780,000	1,036,363	3,816,363	2.20
2019	25,683,597	19,074,971	6,608,626	2,839,000	979,519	3,818,519	1.73
2020	18,603,912	13,468,255	5,135,657	2,906,000	915,697	3,821,697	1.34
2021	20,652,142	15,812,204	4,839,938	2,988,000	731,875	3,719,875	1.30

- Notes:
- (1) Includes Utilities Fund only.
  - (2) Includes all operating and nonoperating revenues except impact fees.
  - (3) Includes all operating and nonoperating expenses except interest expense and depreciation expense.
  - (4) Before operating transfers out.

**CITY OF PANAMA CITY, FLORIDA  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED**

Fiscal Year	Estimated City Population (1)	Estimated County Population (1)	City to County Population Ratio	Personal Income in '000's (2)	Per Capita	
					Personal Income (2)	Unemployment Rate (3)
2012	35,800	169,392	21.13%	\$ 6,568,180	\$ 38,775	9.3%
2013	35,720	169,866	21.03%	6,634,581	42,179	7.8%
2014	35,773	170,781	20.95%	6,888,553	42,998	5.8%
2015	35,835	173,310	20.68%	7,214,062	44,731	5.1%
2016	36,909	176,016	20.97%	7,529,278	45,744	4.8%
2017	36,988	178,820	20.68%	7,796,975	47,648	3.3%
2018	37,208	181,199	20.53%	8,010,201	48,944	2.8%
2019	32,951	167,283	19.70%	7,982,208	45,690	3.9%
2020	34,517	174,410	19.79%	8,685,322	50,696	4.7%
2021	34,698	178,282	19.46%	Not Available	Not Available	3.9%

Source: (1) Florida Legislature, Office of Economic and Demographic Research  
(2) U.S. Bureau of Economic Analysis  
(3) U.S. Bureau of Labor Statistics

**CITY OF PANAMA CITY, FLORIDA  
PRINCIPAL EMPLOYERS (1)  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED**

Employer	2021				2012			
	Employees	Rank	Percentage of		Employees	Rank	Percentage of	
			Employment	Total County			Employment	Total County
Bay District Schools	4,181	1	4.79%		4,411	3	4.84%	
Tyndall Air Force Base	2,540	2	2.91%		7,352	1	8.07%	
LHP Bay County (formerly Bay Medical Center)	1,436	3	1.65%		2,000	4	2.20%	
Maximus Federal (formerly General Dynamics)	1,376	4	1.58%					
Gulf Coast Medical Center	988	5	1.13%		631	6	0.69%	
Trane	698	6	0.80%					
Publix Supermarkets	671	7	0.77%					
Gulf Coast State College	633	8	0.73%		600	7	0.66%	
Bay County Board of County Commissioners	633	8	0.73%		506	9	0.56%	
Royal American Management	612	10	0.70%					
Naval Support Activity					4,791	2	5.26%	
Eastern Shipbuilding					1,061	5	1.17%	
City of Panama City					537	8	0.59%	
BookIt.com					500	10	0.55%	
	<u>13,768</u>				<u>22,389</u>		<u>24.59%</u>	
Total Bay County Labor Force	<u>87,245</u>				<u>91,053</u>			

(1) Data presented reflects Bay County

Source: Bay County ACFR

**CITY OF PANAMA CITY, FLORIDA**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**

	Fiscal Year									
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>Governmental activities:</u>										
<b>Police:</b>										
Total crime arrests	4,190	4,074	5,807	5,297	5,346	4,177	4,834	5,220	5,212	5,507
Traffic violations	11,240	10,286	6,683	9,179	8,385	8,438	5,427	6,870	4,434	4,912
Parking violations	104	135	154	98	42	70	61	31	19	13
Code enforcement reports	1,022	2,059	2,707	3,160	4,164	4,971	4,104	2,256	4,468	5,737
Calls for service	56,880	54,480	53,421	53,343	55,069	55,876	61,206	57,113	68,808	65,461
<b>Fire:</b>										
Structure fires	49	48	44	35	62	29	44	38	39	45
Total calls for service	1,870	1,821	2,479	2,735	2,779	5,206	6,186	5,185	4,897	4,397
Inspections	2,132	1,721	1,870	2,358	2,508	3,396	2,502	2,606	2,607	2,996
<u>Business-type activities:</u>										
<b>Wastewater system:</b>										
Number of service connections	14,554	14,643	14,730	14,683	14,734	14,885	15,038	13,532	13,141	14,165
<b>Water system:</b>										
Number of service connections	16,928	17,011	17,052	17,139	17,221	17,449	17,668	15,929	16,443	16,841

Source: City Departments



**CITY OF PANAMA CITY, FLORIDA  
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS  
UNAUDITED**

	Fiscal Year									
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>Governmental activities:</u>										
<b>Police:</b>										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of substations	3	3	2	2	2	2	2	0	0	0
Number of vehicles in fleet	118	121	120	121	122	126	137	137	137	132
<b>Fire:</b>										
Number of stations	6	6	6	6	6	6	6	6	6	6
<b>Transportation:</b>										
Miles of paved streets	198	198	198	199	201	201	204	204	204	234
Number of street lights	4,832	4,846	4,857	4,949	4,952	5,036	5,060	5,060	5,060	5,189
<b>Culture and recreation:</b>										
Community centers	8	8	8	8	8	8	8	8	8	8
Parks	33	33	34	35	35	35	35	35	35	35
Park acreage	146	146	150	156	156	156	156	156	228	268
Baseball and softball fields	13	13	13	10	10	10	10	10	10	10
Soccer fields				1	1	1	1	1	1	1
Public marinas	2	2	2	2	2	2	2	2	2	2
Public boat launching areas	4	4	4	4	4	4	4	4	4	4
Civic centers	1	1	1	1	1	1	1	1	1	1
<u>Business-type activities:</u>										
<b>Wastewater system:</b>										
Miles of sanitary sewers	294	295	292	293	295	295	297	293	293	296
Number of treatment plants	2	2	2	2	2	2	2	2	2	2
Daily average treatment in gallons	4,775,000	6,074,000	5,244,000	4,200,000	5,200,000	5,000,000	6,200,000	4,983,000	5,505,753	5,840,000
<b>Water system:</b>										
Miles of water mains	368	338	337	339	339	339	341	341	341	361
Number of fire hydrants	1,677	1,681	1,683	1,701	1,718	1,730	1,759	1,615	1,615	1,791
Daily average consumption in gallons	5,754,000	6,049,000	5,190,000	5,351,000	5,310,000	5,680,000	4,926,000	3,980,000	4,272,014	4,153,688

Source: City Departments

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA**  
**FULL - TIME EQUIVALENT - CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**

<b>Function/Program</b>	<b>Fiscal Year</b>									
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>Governmental activities:</u>										
General government	65	67	67	71	82	74	69	69	87	92
Public safety	220	220	213	216	224	243	233	257	226	229
Transportation	50	50	39	36	40	43	35	46	37	36
Culture and recreation	28	25	24	24	22	24	25	30	24	25
Economic environment	8	7	14	13	14	14	12	15	16	22
<u>Business-type activities:</u>										
Utilities	93	91	79	83	79	77	82	90	92	93
Solid waste	39	39	39	39	39	40	39	44	41	42
Marinas	9	9	13	13	14	14	14	15	7	7
<b>Total</b>	<b>512</b>	<b>508</b>	<b>488</b>	<b>495</b>	<b>514</b>	<b>529</b>	<b>509</b>	<b>566</b>	<b>530</b>	<b>546</b>

Source: City of Panama City Annual Budget

See independent auditor's report.  
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# SINGLE AUDIT SECTION

THIS SECTION CONTAINS THE FOLLOWING:

- SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE. . . . . *p. 201*
- 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*. . . . . *p. 204*
- 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. . . . . *p. 206*
- SCHEDULE OF FINDINGS AND QUESTIONED COSTS – PRIMARY GOVERNMENT. . . . . *p. 209*
- SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS . . . *p. 219*
- MANAGEMENT'S CORRECTIVE ACTION PLAN. . . . . *P. 221*
- INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH FLORIDA STATUTE 218.415 RELATED TO LOCAL GOVERNMENT INVESTMENT POLICIES. . . . . *p. 224*
- INDEPENDENT AUDITOR'S MANAGEMENT LETTER . . . *p. 225*
- SCHEDULE OF EXPENDITURES OF FUNDS RELATED TO THE DEEPWATER HORIZON OIL SPILL . . . . . *p. 228*

**CITY OF PANAMA CITY, FLORIDA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

<u>Federal/State Agency, Pass-Through Entity, Federal Program/State Projects</u>	<u>CFDA/ CSFA Number</u>	<u>Expenditures</u>
<b><u>Federal Awards</u></b>		
<b>U.S. Department of Housing and Urban Development</b>		
Direct programs:		
Community Development Block Grants	14.219	\$ 479,236
<i>Passed through Department of Economic Opportunity:</i>		
Neighborhood Stabilization Program	14.228	153,287
Total U.S. Department of Housing and Urban Development		<u>632,523</u>
<b>U.S Department of Justice:</b>		
Direct Programs:		
Bulletproof Vest Partnership Program - 2019 PCPD	16.607	10,498
Bulletproof Vest Partnership Program - 2020 PCPD	16.607	4,248
FY2020 Coronavirus Emergency Supplement Funding Program	16.034	72,113
2020 Edward Byrne Justice Assistance Grant	16.738	17,533
Total U.S. Department of Justice		<u>104,392</u>
<b>U.S. Department of Homeland Security</b>		
Direct Programs:		
Staffing for Adequate Fire and Emergency Response Grant - 2019	97.083	91,526
<i>Passed through Florida Division of Emergency Management:</i>		
Disaster Grants - Public Assistance (Presidential Declared Disasters)	97.036	570,942
Total U.S. Department of Homeland Security		<u>662,468</u>
<b>U.S. Department of the Treasury</b>		
Direct Programs:		
<i>Passed through the Florida Department of Emergency Management:</i>		
Coronavirus State and Local Fiscal Recovery Funds	21.027	200,000
Coronavirus Relief Fund - CARES 1 - State Housing Institutions Partnership Program	21.019	924,368
Total U.S. Department of the Treasury		<u>1,124,368</u>
<b>U.S. Department of Commerce</b>		
Direct Programs:		
<i>Passed through the Florida Department of Environmental Protection:</i>		
Coronavirus State and Local Fiscal Recovery Funds	11.419	36,718
<b>U.S. Department of Agriculture</b>		
Direct Programs:		
<i>Passed through the Florida Department of Agriculture and Consumer Services:</i>		
Cooperative Forestry Assistance	10.664	64,585
<b>Total Expenditures of Federal Awards</b>		<u>\$ 2,625,054</u>
<b><u>COMPONENT - UNIT - Panama City Port Authority</u></b>		
<b>U.S. Department of Transportation:</b>		
<i>Passed through the Florida Department of Transportation</i>		
COVID-19 State and Local Fiscal Recovery Funds	21.027	\$ 394,016

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

<b>Federal/State Agency, Pass-Through Entity, Federal Program/State Projects</b>	<b>CFDA/ CSFA Number</b>	<b>Expenditures</b>
<b><u>State Financial Assistance</u></b>		
<b>Florida Housing Finance Corp:</b>		
State Housing Institutions Partnership Program	40.901	\$ 257,210
State Housing Institutions Partnership Program- Hurricane Housing Recovery Program	40.902	1,991,818
State Housing Institutions Partnership Program- Emergency Management	40.901	1,037,831
<i>Passed through Bay County:</i>		
State Housing Institutions Partnership Program	40.901	29,293
State Housing Institutions Partnership Program- Hurricane Housing Recovery Program	40.902	2,170,033
State Housing Institutions Partnership Program- Emergency Management	40.901	927,790
Total Florida Housing Finance Corp		6,413,975
<b>Florida Department of Transportation:</b>		
FDOT Beautification Grant Program	55.003	18,975
<b>Total Expenditures of State Financial Assistance</b>		<b>\$ 6,432,950</b>
<b><u>COMPONENT UNIT - Panama City Port Authority</u></b>		
<b>Florida Department of Transportation:</b>		
Grant No. 43482819401	55.005	\$ 95,761
Grant No. 43482839401	55.005	62,008
Grant No. 41818229402	55.005	604,331
Grant No. 41818229401	55.005	248,372
Grant No. 43876319405	55.005	813,244
Grant No. 42836439402	55.005	2,087,000
Grant No. 43876319404	55.005	1,941,195
Grant No. 43482839402	55.005	144,999
<b>Total Expenditures of State Financial Assistance</b>		<b>\$ 5,996,910</b>

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

**NOTES TO SCHEDULE**

The accompanying schedule of expenditures of federal awards and state financial assistance includes the grant activity of the City of Panama City, Florida and is presented on the accrual basis of accounting.

The accompanying schedule of expenditures of federal awards and state financial assistance summarizes the federal and state expenditures of the City under programs of the federal government and state departments for the year ended September 30, 2021. The information in this schedule is presented in accordance with the 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 the requirements of Chapter 10.550, Rules of the Auditor General. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

For purposes of the schedule, federal awards and state projects include all grants, contracts, and similar agreements entered into directly with the federal government and state departments. The City has obtained the Catalog of Federal Domestic Assistance (CFDA) and Catalog of State Financial Assistance (CSFA) numbers to ensure that all programs have been identified in the schedule.

***Disaster Grants - Public Assistance (CFDA No. 97.036)***

After a Presidential - Declared disaster, FEMA provides a Public Assistance Grant to reimburse eligible costs associated with repair, replacement, or restoration of disaster-damaged facilities. The Federal government reimburses in the form of cost-shared grants which requires state matching funds. For the fiscal year ended September 30, 2021, \$317,148 of approved eligible expenditures that were incurred in a prior year are included on the schedule.



**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**

Honorable Mayor, City Commissioners,  
and City Manager  
City of Panama City, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Panama City, Florida, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Panama City, Florida's basic financial statements and have issued our report thereon dated September 26, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Panama City, Florida's internal control over financial reporting (internal control) to determine the 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 of Panama City, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Panama City, Florida's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material

weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001, 2021-002, and 2021-008, that we consider to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Panama City, Florida'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

The City of Panama City, Florida's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Panama City's response was not subjected to the auditing procedures applied in the audit of financial statements, and accordingly, we express no opinion on it.

### **Purpose of this Report**

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

*Jipton, Marley, Gainer : Chastain*

Panama City, Florida  
September 26, 2022





**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, City Commissioners,  
and City Manager  
City of Panama City, Florida

**Report on Compliance for Each Major Federal Program and State Project**

We have audited the City of Panama City, Florida's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the City of Panama City, Florida's major federal programs and state projects for the year ended September 30, 2021. The City of Panama City, Florida'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 the federal and state statutes, regulations, and the terms and conditions of its federal awards and state financial assistance 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 of Panama City, Florida'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; 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. 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 programs and state project occurred. An audit includes examining, on a test basis, evidence about the City of Panama City, Florida'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 of Panama City, Florida's compliance.

### ***Opinion on Each Major Federal Program and State Project***

In our opinion, the City of Panama City, Florida 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, 2021.

### ***Other Matters***

The results of our audit procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2021-011 and 2021-012. Our opinion on each major federal program is not modified with respect to these matters.

The City of Panama City, Florida's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Panama City, Florida's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

Management of the City of Panama City, Florida 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 of Panama City, Florida'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 of Panama City, Florida'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 and 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 and 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 and 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2021-003, 2021-004, 2021-005, 2021-009, and 2021-010, that we consider to be significant deficiencies, and item 2021-006 and 2021-007, that we consider to be a material weakness.

The City of Panama City, Florida's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Panama City, Florida's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

*Jipton, Marley, Garner : Chastain*

Panama City, Florida  
September 26, 2022

**CITY OF PANAMA CITY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – PRIMARY GOVERNMENT  
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

**A. Summary of Auditor's Results**

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the City of Panama City, Florida were prepared in accordance with GAAP.
2. Material weaknesses relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of the City of Panama City, Florida, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. Federal Programs – Significant deficiencies in internal control over a major federal award program and an instance of noncompliance have been reported.  
State Projects - Material weaknesses and significant deficiencies in internal control over a major state project and an instance of noncompliance have been reported
5. The auditor's report on compliance for the major federal award programs and major state projects for the City of Panama City, Florida, expresses an unmodified opinion on all major federal award programs and major state projects.
6. Our audit includes findings to a federal award program and state projects that were required to be disclosed in accordance with 2 CFR Section 200.516 (a) and Chapter 10.550 Rules of the Auditor General.
7. The programs and projects tested as major programs and projects included the following:

<u>Federal Programs</u>	<u>Federal CFDA No.</u>
Coronavirus Relief Fund	21.019
<u>State Projects</u>	<u>State CSFA No.</u>
State Housing Institutions Partnership Program- Hurricane Housing Recovery Program	40.902
State Housing Institutions Partnership Program- Emergency Management	40.901
State Housing Institutions Partnership Program	40.901

8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. The City of the Panama City, Florida, did not qualify as a low-risk auditee for the federal programs or state projects.

**CITY OF PANAMA CITY, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – PRIMARY GOVERNMENT**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2021**

**B. Findings - Financial Statements Audit**

**2021 – 001**

Condition: Bank accounts should be reconciled on a timely and regular basis to help prevent misappropriation and ensure the proper recoding of all cash transactions.

Criteria: Bank reconciliations were not performed timely during the course of the year.

Cause: We noted that the City's bank accounts were not reconciled on a timely basis during the year.

Effect: Assets could potentially be misappropriated, or accounting records could be misstated, with such issues not being identified on a timely basis, if at all.

Recommendation: We recommend that the City perform bank reconciliations within thirty days after the end of the month and ensure all reconciled balances per the bank reconciliations agree to the general ledger.

Views of Responsible Officials and Planned Corrective Actions: The City agrees with the auditors' recommendations. See attached Managements Corrective Action Plan.

**2021 – 002**

**(Previously 2020 – 003)**

Condition: Material adjustments to the financial records were made in order for the financial statements to conform to generally accepted accounting principles.

Criteria: Internal controls should prevent, or detect and correct adjustment timely to provide materially correct financial information.

Cause: The City's controls did not identify the adjustments timely.

Effect: Adjustments were required for current year balances.

Recommendation: We recommend that the City staff continue to strive towards identifying adjustments more timely.

Views of Responsible Officials and Planned Corrective Actions: The City agrees with the auditors' recommendations. See attached Managements Corrective Action Plan.

**CITY OF PANAMA CITY, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – PRIMARY GOVERNMENT**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2021**

**2021 – 008**

Condition: The City’s management did not have adequate policies, processes, and procedures in place over the preparation of the Schedule of Expenditures of Federal Awards and State Financial Assistance (SEFA). The SEFA was not maintained in a timely or complete manner.

Criteria: The City’s management is responsible for establishing and maintaining policies, processes, and procedures that prevent or detects material misstatements to the SEFA. This includes identifying, recognizing, and properly presenting all federal and state activity.

Cause: The City’s policies, processes, and procedures were not in place and did not ensure expenditures were properly and timely reported.

Effect: The City’s policies, processes, and procedures over the preparation of the SEFA were not adequate to ensure that a misstatement would be prevented and/or detected.

Recommendation: The City must design and implement effective policies, processes, and procedures to ensure the SEFA is timely and free from material misstatement.

Views of Responsible Officials and Planned Corrective Actions: The City agrees with the auditors’ recommendations. See attached Managements Corrective Action Plan.

**CITY OF PANAMA CITY, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – PRIMARY GOVERNMENT**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2021**

**C. Findings and Questioned Costs - Major Federal Award Program and State Project**

**2021 – 003**

CSFA: 40.902

Program Title: State Housing Institutions Partnership Program – Hurricane Housing Recovery Program

Compliance Requirement: Activities Unallowed and Allowable Costs

State Entity: Florida Housing Finance Corporation

Questioned Cost:\$17,150

Condition: During our testing of the sample selected, a transaction totaling \$17,150 was selected for one recipient of the state funds. The recipient applied for and received assistance under the Local Housing Assistance Plan (LHAP) under the mortgage assistance strategy. The recipient received assistance for an ineligible cost related to that strategy as well as receiving assistance above the strategies threshold.

Criteria: The City must establish and maintain effective internal controls over the State awards that provides reasonable assurance that the City is managing the State project in compliance with Federal and State Statutes, regulations, and the terms and conditions of the state project.

Cause: Proper controls and procedures were not in place to ensure activities and costs were allowable.

Effect: The City was not compliant with the terms of the grant which could possibly result in termination of the grant or a reduction in future payments or fundings amount.

Recommendation: We recommend that the City staff establish controls to verify that costs are allocated to the correct strategies and costs are allowable.

Views of Responsible Officials and Planned Corrective Actions: The City agrees with the auditors' recommendations. See attached Managements Corrective Action Plan.

**CITY OF PANAMA CITY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – PRIMARY GOVERNMENT  
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

**2021 – 004**

CSFA: 40.902

Program Title: State Housing Institutions Partnership Program – Hurricane Housing  
Recovery Program

Compliance Requirement: Allowable Costs

State Entity: Florida Housing Finance Corporation

Questioned Cost: \$2,746

Condition: A recipient of the funds received assistance under the owner occupied rehabilitation strategy that has a maximum award of \$105,000. The recipient received assistance in the amount of \$107,746, which was \$2,746 above the maximum award amount.

Criteria: The City must establish and maintain effective internal controls over the State awards that provides reasonable assurance that the City is managing the State project in compliance with Federal and State Statutes, regulations, and the terms and conditions of the state project.

Cause: Proper controls and procedures were not in place to ensure activities were allowable.

Effect: The City was not compliant with the terms of the grant which could possibly result in termination of the grant or a reduction in future payments or fundings amount.

Recommendation: We recommend that the City staff establish controls to verify that costs are allowable.

Views of Responsible Officials and Planned Corrective Actions: The City agrees with the auditors' recommendations. See attached Managements Corrective Action Plan.



**CITY OF PANAMA CITY, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – PRIMARY GOVERNMENT**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2021**

**2021-005**

**(Previously 2020 – 004)**

Condition: Each year, the State Housing Initiatives Partnership Program must submit an annual report of its local affordable housing program expenditures, leveraging, and beneficiary characteristics (demographics). During our audit, we noted in several instances, the expenditures reported on the Annual Reports for closeout year 2018-2019 were submitted to Florida Housing Finance Corporation inaccurately by including expenditures outside of the time frame and contained amounts that did not correspond with the City’s financial statements.

Criteria: Guidelines determined by Florida Housing Finance Corporation for completing the Annual Report should be followed.

Cause: Proper controls and procedures were not in place to ensure expenditures were properly reported on the Annual Report.

Effect: The Annual Reports submitted to Florida Housing include inaccurate information.

Recommendation: We recommend that that City staff establish controls to ensure and verify the completeness and accuracy of the Annual Reports submitted to Florida Housing Finance Corporation.

Views of Responsible Officials and Planned Corrective Actions: The City agrees with the auditors’ recommendations. See attached Managements Corrective Action Plan.

**2021 – 006**

**(Previously 2020 – 005)**

Condition: Significant adjustments to the financial records were made in order to properly classify expenditures to the appropriate program State Housing Initiatives Partnership Funds.

Criteria: Program expenditures should be properly classified when they occur.

Cause: Proper controls and procedures were not in place to ensure that costs were allocated to programs correctly.

Effect: The cost of assistance may be disallowed.

Recommendation: We recommend that City staff establish controls to verify that costs are classified to the correct programs.

Views of Responsible Officials and Planned Corrective Actions: The City agrees with the auditors’ recommendations. See attached Managements Corrective Action Plan.

**CITY OF PANAMA CITY, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – PRIMARY GOVERNMENT**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2021**

**2021 – 007**

**(Previously 2020 – 006)**

Condition: Several State Housing Initiatives Partnership Program files that were tested were incomplete. All necessary documentation was not completed timely and properly maintained.

Criteria: Files in progress are required per the contract to include notes and checklists that track the progress of the file.

Cause: Proper controls and procedures were not in place to ensure files were completed in a timely manner.

Effect: Files and related expenses could be missed in filing annual reports and documenting eligible expenses, which could lead to questioned costs.

Recommendation: We recommend that City staff establish controls to ensure and verify files are reviewed on a scheduled basis and documentation is kept up with in a timely manner.

Views of Responsible Officials and Planned Corrective Actions: The City agrees with the auditors' recommendations. See attached Managements Corrective Action Plan.

**2021 – 009**

Condition: Per the Coronavirus Relief Funding Agreement (CRF) the City must provide Florida Housing Finance Corporation with monthly, quarterly, and closeout reports.

Criteria: Guidelines determined by Florida Housing Finance Corporation for completing the reports should be followed.

Cause: Proper controls and procedures were not in place to ensure expenditures were properly and timely filed on the appropriate reports.

Effect: The reports were not submitted to Florida Housing Finance Corporation.

Recommendation: We recommend that that City staff establish controls to ensure and verify the completeness and accuracy of the reports submitted to Florida Housing Finance Corporation.

Views of Responsible Officials and Planned Corrective Actions: The City agrees with the auditors' recommendations. See attached Managements Corrective Action Plan.

**CITY OF PANAMA CITY, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – PRIMARY GOVERNMENT**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2021**

**2021 – 010**

CFDA: 21.019

Program Title: Coronavirus Relief Fund

Compliance Requirement: Period of Performance

State Entity: Florida Housing Finance Corporation

Questioned Cost: \$1,490

Condition: A recipient of the funds received assistance for past due rent outside of the grants period of performance.

Criteria: The City must establish and maintain effective internal controls over the Federal Awards that provides reasonable assurance that the City is managing the Federal Awards in compliance with Federal and State Statutes, regulations, and the terms and conditions of the Federal Project

Cause: Proper controls and procedures were not in place to ensure activities were allowable in the reporting period.

Effect: The City was not compliant with the terms of the grant which could possibly result in termination of the grant or a reduction in future payments or fundings amount.

Recommendation: We recommend that the City staff establish controls to verify that costs are allowable in the respective period of performance of the grant.

Views of Responsible Officials and Planned Corrective Actions: The City agrees with the auditors' recommendations. See attached Managements Corrective Action Plan.

**CITY OF PANAMA CITY, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – PRIMARY GOVERNMENT**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2021**

**2021 – 011**

Condition: The date collection form was not submitted within the required timeframe.

Criteria: Audited compliance package and completion of the federal single audit is required to be submitted timely to the Federal Audit Clearinghouse (the FAC). The package must be electronically submitted through the FAC website within the earlier of 30 days after receipt of the auditors' report or nine months after the end of the audit period.

Cause: The delays in preparing bank reconciliations, the Schedule of Federal Awards and State Financial Assistance, and the amount of adjustments needed to the financial statements did not allow for the completion of the federal and state single audit within the required timeframe.

Effect: The City can be found to be out of compliance by individual granting agencies. As a result, the federal or state awarding agency could potentially withhold funds until the deficiency is remedied, completely suspend or terminate the award, or withhold further awards for the program.

Recommendation: We recommend that the City remedy remaining audit findings reported during the course of the federal single audit and timely prepare expenditure reports and support for purposes of being subject to a federal single audit.

Views of Responsible Officials and Planned Corrective Actions: The City agrees with the auditors' recommendations. See attached Managements Corrective Action Plan.

**CITY OF PANAMA CITY, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – PRIMARY GOVERNMENT**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2021**

**2021 – 012**

Condition: The compliance package for the City was not submitted within the required timeframe.

Criteria: Pursuant to section 10.558(4) of Chapter 10.550, Rules of the Auditor General, require submission of the completed audit report, including the auditee's responses and corrective action plans Audited compliance package. Copies of the audit report required by Section 163.387(8), Florida Statutes, and copies of the audit report required to be submitted pursuant to Sections 215.97 and 218.39, Florida Statutes, including the auditee's responses thereto, and the corrective action plans required for the Federal awards and Florida Single Audit Act audits, shall be submitted to the Auditor General and State awarding agencies (if applicable) within 45 days after delivery of the audit report to the local governmental entity but no later than 9 months after the end of the fiscal year of the local governmental entity.

Cause: The delays in preparing bank reconciliations, the Schedule of Federal Awards and State Financial Assistance, and the amount of adjustments needed to the financial statements did not allow for the completion of the federal and state single audit within the required timeframe.

Effect: The City can be found to be out of compliance by individual granting agencies. As a result, the federal or state awarding agency could potentially withhold funds until the deficiency is remedied, completely suspend or terminate the award, or withhold further awards for the program.

Recommendation: We recommend that the City remedy remaining audit findings reported during the course of the state single audit and timely prepare expenditure reports and support for purposes of being subject to a federal single audit.

Views of Responsible Officials and Planned Corrective Actions: The City agrees with the auditors' recommendations. See attached Managements Corrective Action Plan.



September 26, 2022

City of Panama City, Florida  
Schedule of Prior Audit Findings – Part D  
For the Fiscal Year Ended September 30, 2021

### **Summary Schedule of Prior Year Audit Findings**

#### **Financial Statements Audit:**

##### **Finding Number 2020-003**

**Condition** – Material adjustments to the financial records were made in order for the financial statements to conform to generally accepted accounting principles.

**Recommendation** – We recommend that the City staff continue to strive towards identifying proposed audit adjustments more timely.

**Current Status** – The recommendation was adopted and the corrective action is still in process. However, it has come to our attention that additional staffing, duties and training were needed which required additional time from the original estimated completion date of November 20, 2022. The corrective action plan is now expected to be completed by January 31, 2023.

#### **Major Federal Award Program and State Project:**

##### **Finding Number 2020-004**

**Condition** – Each year, the State Housing Initiatives Partnership Program must submit an annual report of its local affordable housing program expenditures, leveraging, and beneficiary characteristics (demographics). During our audit, we noted in several instances, the expenditures reported on the Annual Reports for closeout year 2017- 2018 were submitted to Florida Housing Finance Corporation inaccurately by including expenditures outside of the time frame and contained amounts that did not correspond with the City's financial statements.

**Recommendation** – We recommend that City staff establish controls to ensure and verify the completeness and accuracy of the Annual Reports submitted to Florida Housing Finance Corporation.

**Current Status** – The recommendation was adopted and the corrective action is still in process. However, it has come to our attention that additional staffing, duties and training were needed which required additional time from the original estimated completion date of November 20, 2022. The corrective action plan is now expected to be completed by September 30, 2023.

**Finding Number 2020-005**

**Condition** – Significant adjustments to the financial records were made in order to properly classify to the appropriate program State Housing Initiatives Partnership Funds.

**Recommendation** – We recommend that City staff establish controls to verify that costs are classified to the correct programs.

**Current Status** – The recommendation was adopted and the corrective action is still in process. However, it has come to our attention that additional staffing, duties and training were needed which required additional time from the original estimated completion date of January 31, 2022. The corrective action plan is now expected to be completed by September 30, 2023.

**Finding Number 2020-006**

**Condition** - Several State Housing Initiatives Partnership Program files that were tested were incomplete. All necessary documentation was not maintained timely.

**Recommendation** - We recommend that City staff establish controls to ensure and verify files are reviewed on a scheduled basis and documentation is kept up with in a timely manner.

**Current Status** – The recommendation was adopted and the corrective action is still in process. However, it has come to our attention that additional staffing, duties and training were needed which required additional time from the original estimated completion date of November 30, 2022. The corrective action plan is now expected to be completed by September 30, 2023.



September 26, 2022

City of Panama City, Florida  
Management's Corrective Action Plan  
For the Fiscal Year Ended September 30, 2021

**Finding Number 2021-001**

**Planned Corrective Action:**

The City has hired an outside consultant to assist in preparing bank reconciliations and to provide new processes and procedures to assist City staff in more efficiently and timely reconciling the bank accounts. Corrective action plan is proceeding on time as planned.

**Anticipated Completion Date:** December 31, 2022

**Finding Number 2021-002 (Previously 2020-003)**

**Planned Corrective Action:**

The prior year's planned corrective action is still in process and on target for the anticipated completion date listed. However, it has come to our attention that additional staffing, duties and training were needed which required additional time. Corrective action plan is proceeding on time as planned.

**Anticipated Completion Date:** January 31, 2023

**Finding Number 2021-003**

**Planned Corrective Action:** The City has implemented a check request and file review process before checks are issued. This review process will determine if the cost is allowable and if it meets the LHAP requirements. Corrective action plan is proceeding on time as planned.

**Anticipated Completion Date:** September 30, 2023

**Finding Number 2021-004**

**Planned Corrective Action:** The City has implemented a check request and file review process before checks are issued. This review process will determine if the cost is allowable and if it meets the LHAP requirements. Corrective action plan is proceeding on time as planned.

**Anticipated Completion Date:** September 30, 2023



**Finding Number 2021-005 (Previously 2020-004)**

**Planned Corrective Action:**

The prior year's planned corrective action is still in process and on target for the anticipated completion date listed. However, it has come to our attention that additional staffing, duties and training were needed which required additional time. Corrective action plan is proceeding on time as planned.

**Anticipated Completion Date:** September 30, 2023

**Finding Number 2021-006 (Previously 2020-005)**

**Planned Corrective Action:**

The prior year's planned corrective action is still in process. However, it has come to our attention that additional staffing, duties and training were needed which required additional time. Corrective action plan is proceeding on time as planned.

**Anticipated Completion Date:** September 30, 2023

**Finding Number 2021-007 (Previously 2020-006)**

**Planned Corrective Action:**

The prior year's planned corrective action is still in process and on target for the anticipated completion date listed. However, it has come to our attention that additional staffing, duties and training were needed which required additional time. Corrective action plan is proceeding on time as planned.

**Anticipated Completion Date:** September 30, 2023

**Finding Number 2021-008**

**Planned Corrective Action:** The City has hired an additional accountant to assist in preparing the SEFA. The City has also established a Project Management Office to handle the City's rebuilding and managing grants received for that purpose. Additionally, other City departments are providing more timely grant information to accounting for use in preparing the SEFA. Corrective action plan is proceeding on time as planned.

**Anticipated Completion Date:** January 31, 2023

**Finding Number 2021-009**

**Planned Corrective Action:** The City's past issues with not filing reports, not filing reports timely and/or not filing accurate reports were a result of the activity not being reviewed and recorded timely and appropriately. With the additional processes and procedures implemented and with the addition of the department accountant, the City is progressing toward timely and accurately filing required reports. Corrective action plan is proceeding on time as planned.

**Anticipated Completion Date:** September 30, 2023

**Finding Number 2021-010**

**Planned Corrective Action:** The City has implemented a check request and file review process before checks are issued. This review process will determine if the cost is allowable and if it meets the LHAP requirements. Corrective action plan is proceeding on time as planned.

**Anticipated Completion Date:** September 30, 2023

**Finding Number 2021-11**

**Planned Corrective Action:** The City has hired additional accounting staff and an outside consultant to assist with the additional accounting requirements resulting from grants and other funding sources resulting from Hurricane Michael. This will assist in completing each fiscal year's accounting in a more timely manner and thus submitting the required reports timely.

**Anticipated Completion Date:** September 30, 2023

**Finding Number 2021-12**

**Planned Corrective Action:** The City has hired additional accounting staff and an outside consultant to assist with the additional accounting requirements resulting from grants and other funding sources resulting from Hurricane Michael. This will assist in completing each fiscal year's accounting in a more timely manner and thus submitting the required reports timely.

**Anticipated Completion Date:** September 30, 2023

Responsible Contact Person: Janette Smith

  
\_\_\_\_\_  
City Clerk-Treasurer



## INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH FLORIDA STATUTE 218.415 RELATED TO LOCAL GOVERNMENT INVESTMENT POLICIES

Honorable Mayor, City Commissioners,  
and City Manager  
City of Panama City, Florida

We have examined the City of Panama City, Florida's (the "City") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds and with Federal and State laws, rules, regulations, contracts, or grant agreements related to the receipt and expenditure of funds (see section 288.8018(1), Florida Statutes) they received related to the Deepwater Horizon Oil Spill, during the year ended September 30, 2021. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements, based on our examination.

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

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, 2021.

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 the specified parties.

*Tipton, Marler, Garner & Chastain*

Panama City, Florida  
September 26, 2022



## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable Mayor, City Commissioners,  
and City Manager  
City of Panama City, Florida

### Report on the Financial Statements

We have audited the financial statements of the City of Panama City, Florida, as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated September 26, 2022.

### 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 Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for each Major Federal Program and State Project and Report on Internal Control over Compliance; 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 September 26, 2022, 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 annual financial audit report. Finding 2020-001 was included in the prior year management letter. For the current fiscal year, this finding 2021-001 has been reported in the 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*, as a material weakness.

### **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. We determined that the City of Panama City, Florida compiled this information in Note 1 to the financial statements.

### **Financial Condition and Management**

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

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we have the following recommendations:

#### **2021 – 013 (Previously 2020 – 002) Capital Assets Policies and Procedures:**

During our audit, we were unable to test the capital assets due to not timely receiving the capital asset reports. We recommend that the City follow their capital asset policies and procedures

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

*Lipton, Marley, Gainer : Chastain*

Panama City, Florida  
September 26, 2022

**CITY OF PANAMA CITY, FLORIDA  
SCHEDULE OF EXPENDITURES OF FUNDS  
RELATED TO THE DEEPWATER HORIZON OIL SPILL  
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	<b>2021</b>	
<b>Source</b>	<b>Amount Received</b>	<b>Amount Expended</b>
<b>PRIMARY GOVERNMENT</b>		
British Petroleum: Triumph Gulf Coast Inc.	\$171,627	\$ 3,445,005
<b>COMPONENT UNIT-Panama City Port Authority</b>		
British Petroleum: Triumph Gulf Coast Inc.	\$1,477,882	\$ 728,302

Note: This does not include funds related to the Deepwater Horizon Oil Spill that are considered Federal awards or State financial assistance. The Schedule of Expenditures of Federal Awards and State Financial Assistance includes \$0 of expenditures of Federal Awards and State financial assistance, that are related to the Deepwater Horizon Oil Spill.