



# 2022

**CITY OF PANAMA CITY, FLORIDA**

# **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2022**





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# *City of Panama City, Florida*

*Annual Comprehensive Financial Report*

*For the fiscal year ended September 30, 2022*

Prepared by:

The City of Panama City

Accounting Division



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**ANNUAL COMPREHENSIVE FINANCIAL REPORT  
OF THE CITY OF PANAMA CITY, FLORIDA  
FISCAL YEAR ENDED SEPTEMBER 30, 2022  
TABLE OF CONTENTS**

	<u>Page</u>
<b>I. INTRODUCTORY SECTION</b>	
Letter of Transmittal	i
Principal Officials	viii
City Organization Chart	ix
GFOA Certificate of Achievement for Excellence in Financial Reporting	x
 <b>II. FINANCIAL SECTION</b>	
Independent Auditor's Report	1
 <b>A. MANAGEMENT DISCUSSION AND ANALYSIS</b> (Required Supplementary Information)	
	5
 <b>B. BASIC FINANCIAL STATEMENTS</b>	
 <b>Government-Wide Financial Statements</b>	
Statement of Net Position	18
Statement of Activities	19
 <b>Fund Financial Statements</b>	
<b>Governmental Fund Financial Statements</b>	
Balance Sheet	21
Statement of Revenues, Expenditures, and Changes in Fund Balances	23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
<b>Proprietary Fund Financial Statements</b>	
Statement of Net Position - Business-type Activities - Enterprise Funds - Governmental Activities - Internal Service Funds	26
Statement of Revenues, Expenses, and Changes in Fund Net Position - Business-type Activities - Enterprise Funds - Governmental Activities - Internal Service Funds	27
Statement of Cash Flows - Business-type Activities - Enterprise Funds - Governmental Activities - Internal Service Funds	28
<b>Fiduciary Fund Financial Statements</b>	
Statement of Fiduciary Net Position	30
Statement of Changes in Fiduciary Net Position	31
<b>Notes to Financial Statements</b>	32

**C. REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN  
MANAGEMENT DISCUSSION AND ANALYSIS**

**Budget to Actual Comparison - Major Funds (General and Special Revenue Funds)**

General Fund - Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget (GAAP Basis) and Actual	130
State Housing Initiative Partnership - City - Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget (GAAP Basis) and Actual	131
Disaster Fund - Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget (GAAP Basis) and Actual	132

**Pension and Other Post Employment Schedules**

Pension Funds - Schedules of Changes in Net Pension Liability and Related Ratios, Contributions, Proportionate Share of Net Pension Liability and Investment Returns	133
Other Post-Employment Benefits (OPEB) Schedule of Change in Net OPEB Liability and Related Ratios	151

**D. COMBINING AND INDIVIDUAL FINANCIAL STATEMENTS AND SCHEDULES**

**Non-Major Governmental Funds**

Combining Balance Sheet	152
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	156

**Budget to Actual Comparison - General Fund**

General Fund - Schedule of Expenditures by Department - Budget (GAAP Basis) and Actual	160
---	-----

**Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget  
(GAAP Basis) and Actual - Other Major and Non-Major Governmental Funds**

Special Revenue Funds:	
Infrastructure Surtax	161
Community Planning and Development	162
Panama City Community Redevelopment Agency - St. Andrews	163
Panama City Community Redevelopment Agency - Downtown	164
Panama City Community Redevelopment Agency - Downtown North	165
Panama City Community Redevelopment Agency - Millville	166
Debt Service Funds:	
Hurricane Recovery and Refunding Note, Series 2019	167
Hurricane Recovery and Refunding Note, Series 2020a	168
Hurricane Recovery Revenue Note, Series 2020B	169
Capital Improvement Revenue Note, Series 2013B	170
Capital Improvement Revenue Note, Series 2016	171
Revenue Note, Series 2008 (Modified)	172
Capital Improvement Revenue Note, Series 2018	173
Infrastructure Sales Surtax Revenue Note, Series 2018	174

<b>Internal Service Funds</b>	
Combining Statement of Net Position	175
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	176
Combining Statement of Cash Flows	177
<b>Fiduciary Funds</b>	
Combining Statement of Fiduciary Net Position	179
Combining Statement of Changes in Fiduciary Net Position	180

## E. SUPPLEMENTAL INFORMATION

Summary of Debt Service Requirements to Maturity	181
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## III. STATISTICAL SECTION

<b>Financial Trends</b>	
Changes in Net Position	183
Net Position by Component	184
Program Revenues by Function/Program	185
Fund Balances - Governmental Funds	186
Changes in Fund Balances - Governmental Funds	187
<b>Revenue Capacity</b>	
Assessed Value and Estimated Actual Value of Taxable Property	188
Direct and Overlapping Property Tax Rates	189
Principal Property Taxpayers	190
Property Tax Levies and Collections	191
Merchant Services Fees and Business Tax Receipts	192
Principal Merchant License Payers	193
Water Purchases and Sales	194
Principal Utility Customers	195
<b>Debt Capacity</b>	
Ratios of Outstanding Debt by Type	196
Direct and Overlapping Governmental Activities Debt	197
Pledged - Revenue Coverage - Governmental Activities	198
Pledged - Revenue Coverage - Business-type Activities	199
<b>Demographic and Economic Information</b>	
Demographic and Economic Statistics	200
Principal Employers	201
<b>Operating Information</b>	
Operating Indicators by Function/Program	202
Capital Asset Statistics by Function/Program	203
Full - Time Equivalent - City Government Employees by Function/Program	204

#### IV. SINGLE AUDIT SECTION

Schedule of Expenditures of Federal Awards and State Financial Assistance	205
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	209
Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and on Internal Control Over Compliance Required by Chapter 10.550, Rules of the Auditor General	211
Schedule of Findings and Questioned Costs - Primary Government	214
Summary Schedule of Prior Year Audit Findings	219
Management's Corrective Action Plan	222
Independent Accountant's Report on Compliance with Florida Statute 218.415 Related to Local Government Investment Policies	224
Independent Auditor's Management Letter	225
Schedule of Expenditures of Funds Related to the Deepwater Horizon Oil Spill	227



# 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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August 31, 2023

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, 2022. 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 five 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 2022 was estimated to be 36,139. The City acts as the county seat of Bay County. The City has a commission-manager form of government and provides a full range of municipal services including public safety, transportation improvements, comprehensive planning and zoning, culture and recreation, economic development and related general and administrative services. In addition, the City operates three enterprise activities: water and sewer utilities, solid waste management, and marina operations.

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**

With the aid of the Federal and State of Florida governments, the City of Panama City has been able to overcome the effects of Hurricane Michael and the COVID pandemic and rebuild its economy slowly and steadily. The Federal Emergency Management Agency, FEMA has obligated over \$133 million for the restoration of the City after Hurricane Michael struck on October 10, 2018. The City has expended over \$95.5 million in recovery efforts over the past four years. Several of the large FEMA projects are close to their construction phases and the remainder of those obligated funds are expected to be received over the next few years.

The City received just over \$10 million in Coronavirus State and Local Fiscal Recovery Funds. Those funds have been used to provide scholarships at local colleges and universities; to fund parks infrastructure improvements and to rehabilitate two critical lift stations in the wastewater treatment system. There is no requirement for the City to reimburse the Federal Government for these funds.

The City has received over \$105 million of Revolving Fund Loans from the State of Florida. These loans will be used to upgrade water and sewer infrastructure and include over \$27 million in grant funds that do not require reimbursement to the State of Florida. The loan terms are 20 years and 0% interest for the term of the loans.

Additionally, the City has been awarded over \$199 million of other grants from the Federal and State of Florida governments. Most of these grants have a three-year completion date and no matching fund requirements. More information on these projects is available below in the "Major Initiatives" section of this transmittal letter.

The Panama City Port Authority East terminal development is nearing completion. 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.

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.

On a macro-economic scale, the Federal Open Market Committee opted to pause in June 2023, maintaining the federal funds rate target range at 5% to 5.25%, and taking a break from the 10 straight rate hikes since January 2022. Even so, the economy continues to grow and expand at an accelerated rate. The current concern surrounds the low level of unemployment and high inflation rates. The Committee continues to pursue a course to dampen inflation without pushing the economy into a recession.

Overall, the City anticipates continued improvements in the local economy due to the rebuilding and revitalizing projects associated with the aforementioned funding sources and opportunities. 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.

## **Major Initiatives**

During Fiscal Year 2022 the following projects were accomplished:

The Public Works Department completed several projects at the Millville Wastewater Treatment Plant to include sand media and bar screen replacement and the reject pond berm was shored up to avoid future failure. The Water Main was upgraded at the 1400 block of Chestnut Avenue and a major utility relocation was completed along Highway 390 as a component of the Florida Department of Transportation’s widening project.

The Quality of Life Department completed upgrades, repairs and remediation projects at Millville Waterfront Park, Villa Gateway Waterfront Park, Calhoun Waterfront Park, Kraft Field, Bob George Park and at Kidd Harris Park, a food forest and beehive were added to create an educational park. Throughout the year, the Department planted 1573 trees; rented 6,503 hours of facilities; co-sponsored 29 community events; provided programming for over 3,500 youth participants; reviewed and issued 72 special event permits; provided sidewalk art, murals and other artistic enhancements around the City and increased the social media and marketing reach by 4,000%.

The Project Management Office completed replacement of the 23<sup>rd</sup> Street Culvert and planning, design, engineering and budgeting for upcoming FEMA and grant funded projects.

The Administration implemented a new pay plan including a step plan to reward longevity; a new applicant tracking system; a debt service software program; a new bank contract; issued \$1.7 million of new debt for firefighting vehicles and equipment; and satisfied the Hurricane Recovery Note, Series 2019 prior to maturity.

The Community Development Department is diligently working to change the housing dynamics in Panama City by working with citizens to create resident stability and resiliency through homeownership opportunities. The Department recently updated its Local Housing Assistance Plan (LHAP), and increased program assistance amounts for qualified applicants. For example, the purchase assistance award amount increased from \$50,000 for down payment and closing costs assistance to \$60,000. This increases the opportunity for low to moderate income residents to obtain affordable mortgages in a high-cost market.

The City of Panama City was awarded two Hurricane Housing Recovery Program (HHRP) grants following Hurricane Michael (2018) through the Florida Housing Finance Corporation. HHRP1 totaled \$8,431,800 and HHRP2 totaled \$2,594,400 = Total Award \$11,026,200. The Community Development Department has had the following accomplishments to date (Total Expended, \$4.8 million):

- Purchase Assistance – 57 clients served, totaling \$2.5 million.
  - 37 homes were new construction/replacement homes with impact fees.
- Rehabilitation & Emergency Repairs – 17 clients served, totaling \$280,000.
- Rental Assistance – 34 clients served, totaling \$70,000.
- Infill Assistance/New Construction – 8 new construction homes, totaling \$1.2 million.
- Multifamily Replacement Homes – totaling \$620,000.
- Demolition/Reconstruction Assistance – 9 clients served, totaling \$500,000.

Along with working to increase affordable housing within the City of Panama City, the Department is also working on other projects to expend the remainder of HHRP funds. The projects that are in the pipeline for the department are:

- Purchase Assistance, Replacement Homes - \$3 million
- Rehabilitation & Emergency Repairs - \$1 million
- Replacement Homes with Impact Fees - \$500,000
- Rental Rehab & Construction - \$500,000
- Total in pipeline/encumbered for HHRP - \$5 million

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. Multiple phases of residential development have been completed with new phases being planned. The apartment community, the Residences at SweetBay has also completed construction. Additional apartments will be under construction, including the 219-dwelling unit Ascend at SweetBay.

The housing development in Panama City North called Liberty will provide 1,900 single family homes and 2 complexes of multi-family apartments when fully developed. Several single-family subdivision phases have already been completed with Phases 4, 6, and 8 beginning construction. There are a number of in-fill apartment developments at various stages of construction including Fletcher Black Apartments, the Park at Massalina, and Bid-A-Wee Apartments. These communities will update the city's overall housing stock, as well as provide more housing options for the city's urban areas.

New retail development is also in progressing in Panama City North in the vicinity of Highway 231 and Highway 390. A Publix Super Market will anchor the development and 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 attracting developers and new residents to the area. In just the last year, Vitamin Shop, Nothing Bundt Cake, Fazoli's and other retail establishments have located in Bay City Point with Starbuck's and Tommy's Car Wash soon to be under construction. The project is expected to provide a total of 800 jobs to the area. Across Highway 77, the Panama City Mall is also contemplating redevelopment by reconfiguring its retail development while supporting its existing tenants, Dillard's and JCPenney's.

The CRA continues a grant program which allows for commercial and residential improvement incentives, and a residential paint voucher program. In addition, a commercial sign voucher program was created. These programs are intended to attract investment, reverse blight and create new jobs. The Millville CRA paid its final debt payment for the purchase of the Millville Waterfront Park and now with the available annual Tax Increment Financing revenue is planning for a full build-out of the park to create a beautiful community amenity. The City has finalized negotiations for a land swap for a building in the historic downtown CRA that will eventually be renovated to create a public breezeway with restrooms and micro-retail spaces for entrepreneurs and start-ups.

The City of Panama City entered a contract with the St. Joe Company for a ground lease of a portion of the Panama City Marina. St. Joe has completed the Harrison's restaurant on the marina as well as a 124-room boutique hotel, Hotel Indigo, with an on-site restaurant and rooftop bar. These developments are the beginning stages of a larger revitalization effort for the City's marina and are expected to generate significant additional revenues for the City, the Downtown Improvement Board, and the Community Redevelopment Agency.

## **For the Future**

Several transformative projects have begun 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 Snug Harbor redevelopment project is well underway and scheduled to be completed early next fiscal year. Panama City North continues to see investment which calls for the expansion and continued investment of our utilities system and infrastructure including improvements at Lindsey Crossing and Commerce Boulevard; improvements to pump stations 11, 61 and 22; and additional projects at the Millville Wastewater Treatment Plant include installation of a new scrubber and rehabilitation of the headworks.

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 with a water main upgrade extending to 7<sup>th</sup> Street.

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) funding. 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. The Vehicle Maintenance Facility is undergoing major upgrades along with Carl Gray Park, multiple sidewalks, curbs and drainage inlets that were all damaged by Hurricane Michael will be repaired or replaced.

The City is well underway on the redevelopment of the Panama City Marina in partnership with the St. Joe Company. The restaurant, Harrison's and the hotel, Hotel Indigo are now complete and open for business. 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 continues to engage the St. Joe company for assistance with additional infrastructure improvements at the Panama City Marina.

The Administration will continue with its initiative to move toward a paperless environment. A new time and attendance software will complete implementation that will provide employees with digital copies of check stubs and W-2 forms, eliminating the need for the City to print will reduce costs of labor and supplies. Implementation of a document storage software program for the General Ledger system is nearing completion. Digital storage will reduce the space needed by the Accounting Department and will increase the efficiency of document retrieval for auditors and public records requests. A new performance appraisal program will be implemented for all employees. The results of the appraisals will be used to evaluate staff pay levels and possibly a pay for performance initiative. Flexible scheduling will be tested to determine whether allowing certain individuals, divisions or departments can create a more employee-friendly environment in order to retain valuable employees while maintaining a productive, efficient and effective work product.

Besides the \$62.5 million that the City has in FEMA obligations from Hurricane Michael, the following grants and appropriations totaling \$199,375,000 have been awarded to the City and will be planned and constructed over the next three to five years:

Community Development Block Grants – Disaster Recovery	
Hometown Revitalization Grants	\$24,092,779
Project RESTORE Grants	\$89,478,521
Hurricane Mitigation Grant Programs	
Hurricane Michael Projects	\$63,559,465
Hurricane Sally Projects	\$ 1,016,551
COVID Projects	\$ 1,335,364
Watershed Planning Grants	\$ 424,000
State Appropriations	\$10,000,000
Florida Department of Transportation	\$ 8,000,000
FEMA	\$ 1,468,320

### **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, 2022 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 which 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.

### **Budgetary Controls**

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.

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 year end. Encumbrances are generally reappropriated 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, 2021. This was the 29th 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 manner 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,



Brandy Waldron  
Interim 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 II**

Kenneth Brown

### **Ward III**

Billy Rader

### **Ward IV**

Josh Street

### **City Manager**

Mark McQueen

### **City Attorney**

Nevin Zimmerman

### **City Clerk - Treasurer**

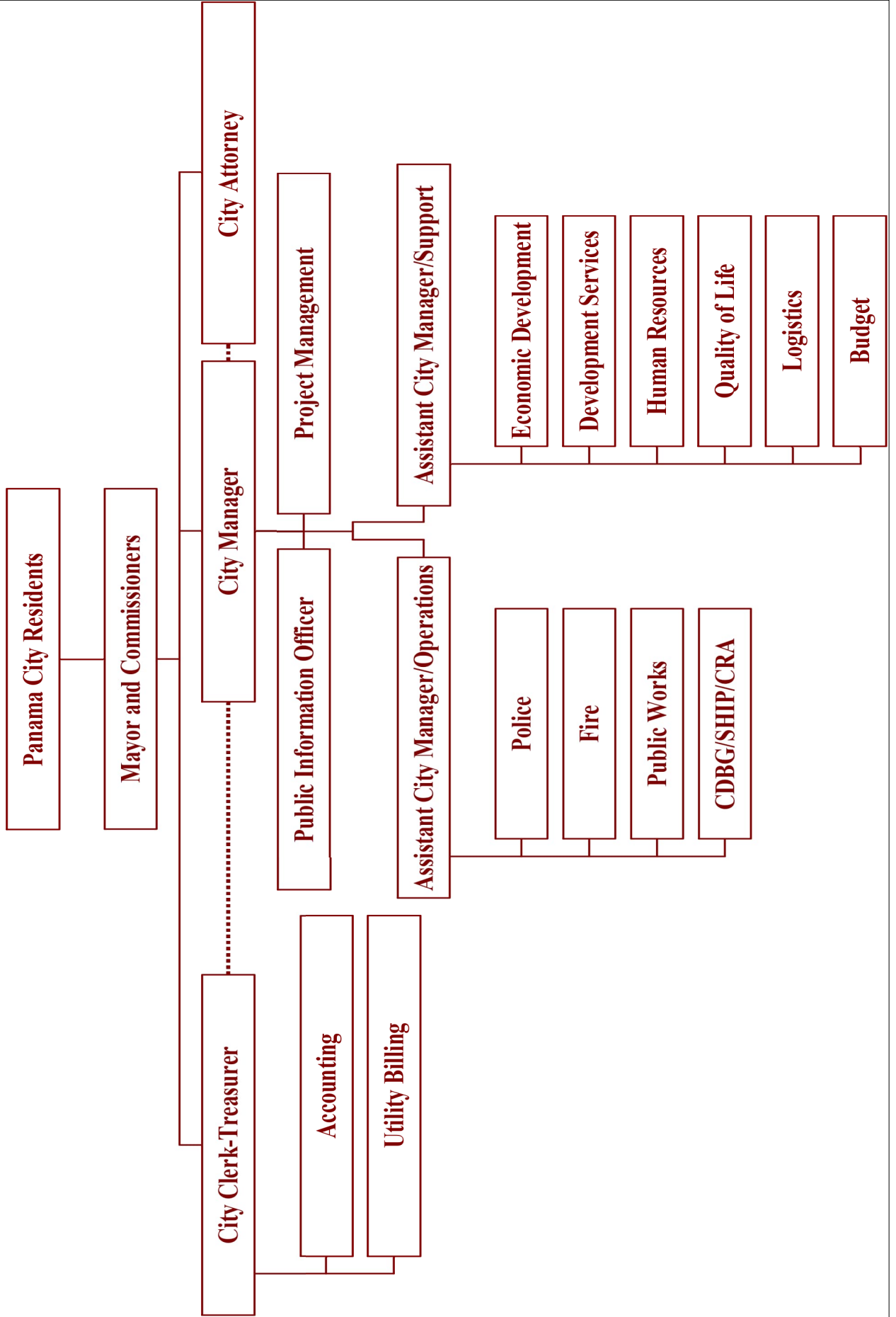
Jan Smith

### **Independent Auditors**

Tipton, Marler, Garner & Chastain

**Fiscal Year  
October 1, 2021 - September 30, 2022**

**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, 2021

*Christopher P. Morrill*

Executive Director/CEO

# 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 Audited Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Panama City, Florida, as of and for the year ended September 30, 2022, 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.

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, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

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

#### *Emphasis of Matter*

As described in Note 17 to the financial statements, in 2022, the City adopted new accounting guidance, GASB Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

## ***Management's Responsibilities for the Audit of 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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



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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 17, budget to actual comparison –major funds (general and special revenue funds) on pages 130 through 131, and pension and other post employment schedules on pages 133 through 151 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary 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 accompanying combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards and state financial assistance, and the schedule of expenditures of funds related to the Deepwater Horizon Oil spill, as required by 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, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America in our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2023, 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, Mauler, Garner & Chastain*

Panama City, Florida  
August 31, 2023

**City of Panama City, Florida**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2022**

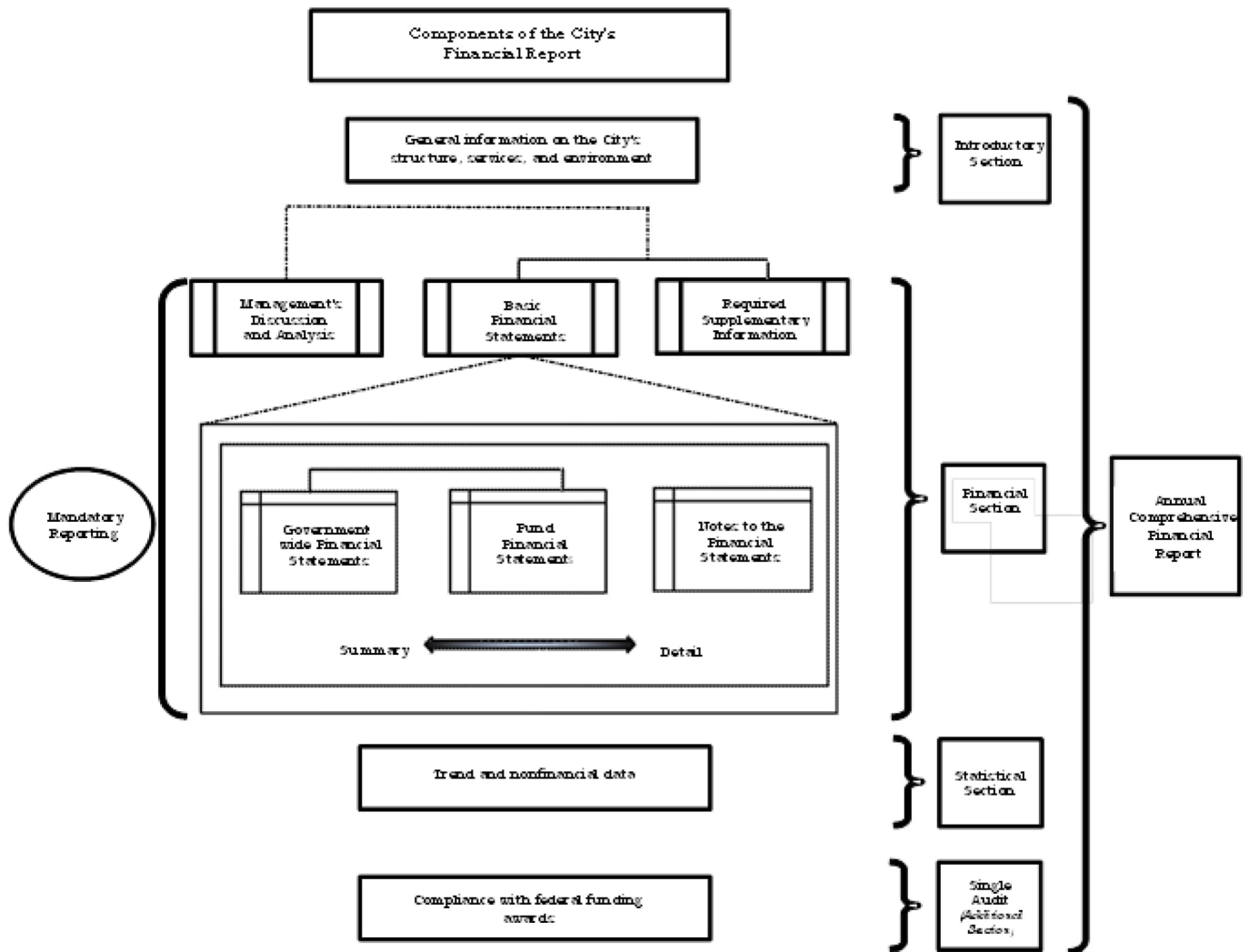
The City of Panama City, Florida's Management Discussion and Analysis provides an overview of the City's financial activities for the fiscal year ended September 30, 2022 and offers a comparative analysis between fiscal years 2022 and 2021. It serves as an introduction to the City's basic financial statements 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 18, and the Letter of Transmittal, located in the Introductory Section.

**Financial Highlights**

- The City's assets (\$417,221,719) and deferred outflows of resources (\$10,843,642) exceeded its liabilities (\$154,164,274) and deferred inflows of resources (\$10,542,809) as of September 30, 2022, by \$263,358,278. Of this amount, \$57,759,973 (unrestricted net position \$215,048,859 less the prior period adjustment \$5,015,285) 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, \$164,116,208 is net investment in capital assets and the remaining \$41,482,097 is restricted.
- Total net position for the City increased \$53,324,704 (25.4%) over fiscal year 2021 restated ending net position of \$210,033,574. Governmental activities had increased by 46.4% (\$49,641,798) at the end of fiscal year 2022 and accounted for \$156,701,907 of the City's total net position. Business-type activities increased 3.6% (\$3,682,906) over the previous fiscal year to \$106,656,371. Unrestricted net position for governmental activities equaled \$40,683,476 and restricted equaled \$37,596,009. Business-type activities reported net positions of \$17,076,497 in unrestricted and \$3,886,088 in restricted.
- Capital assets increased 13.7% from fiscal year 2021 to \$235,078,225 at the close of fiscal year 2022. Of this amount, \$120,604,964 are assets held in governmental activities and \$114,473,261 are assets held in business type activities.
- The General Fund reported a total fund balance of \$28,952,300 on September 30, 2022, an increase of \$4,593,607 (18.9%) from fiscal year 2021. The general fund ending balance represents 55.7% of general fund expenditures and transfers out for fiscal year 2022.
- Total debt for fiscal year 2022 decreased 21.4% from fiscal year 2021. The decrease of \$36,057,115 was primarily due to payments towards the Hurricane Recovery lines of credits.

**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. 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-three governmental funds. The General Fund, Hurricane Michael Fund, Capital Projects Fund, Capital Projects Infrastructure Surtax Fund, Disaster Fund, State Housing Initiative Partnership City, Hurricane Recovery Revenue Note Series 2019, and Hurricane Recovery Revenue Note Series 2020A are the major funds. Therefore, a balance sheet and statement of revenues, expenditures, and changes in fund balances are presented beginning on page 21. Data from the other fifteen 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 21 through 25 of this report.

*Proprietary fund* financial statements can be found beginning on page 26. 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 30.

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 32 through 129 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 152.

### **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 (62.3%) of the City's net position on September 30, 2022, is net investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure). This amount (\$164,116,208) 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 net investment in 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 21.9% (\$57,759,973) remains available to meet the City's ongoing obligations to citizens, creditors and customers. The remaining 15.8% of total net position (\$41,482,097) 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, 2022 and 2021**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Current and Other assets	\$ 150,460,819	\$ 152,530,299	\$ 31,682,675	\$ 29,263,849	\$ 182,143,494	\$ 181,794,148
Capital assets	120,604,964	97,900,111	114,473,261	108,841,622	235,078,225	206,741,733
<b>Total assets</b>	<u>271,065,783</u>	<u>250,430,410</u>	<u>146,155,936</u>	<u>138,105,471</u>	<u>417,221,719</u>	<u>388,535,881</u>
<b>Total deferred outflows of resources</b>	<u>9,959,237</u>	<u>9,718,429</u>	<u>884,405</u>	<u>568,514</u>	<u>10,843,642</u>	<u>10,286,943</u>
Current and Other liabilities	18,896,412	12,599,615	7,288,948	3,935,350	26,185,360	16,534,965
Noncurrent liabilities	95,524,559	132,244,071	32,454,355	30,721,437	127,978,914	162,965,508
<b>Total liabilities</b>	<u>114,420,971</u>	<u>144,843,686</u>	<u>39,743,303</u>	<u>34,656,787</u>	<u>154,164,274</u>	<u>179,500,473</u>
<b>Total deferred inflows of resources</b>	<u>9,902,142</u>	<u>3,229,759</u>	<u>640,667</u>	<u>1,043,733</u>	<u>10,542,809</u>	<u>4,273,492</u>
Net position:						
Net investment in capital assets	78,422,422	66,646,034	85,693,786	79,651,843	164,116,208	146,297,877
Restricted	37,596,009	35,476,004	3,886,088	8,737,986	41,482,097	44,213,990
Unrestricted	40,683,476	9,953,356	17,076,497	14,583,636	57,759,973	24,536,992
<b>Total net position</b>	<u>\$ 156,701,907</u>	<u>\$ 112,075,394</u>	<u>\$ 106,656,371</u>	<u>\$ 102,973,465</u>	<u>\$ 263,358,278</u>	<u>\$ 215,048,859</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, 2022 increased by \$53,324,704 from fiscal year 2021. (See table above and on next page.) 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 2021 and 2022 can be compared by examining changes in net position on the *Statement of Activities* (See next page). The Statement of Activities shows the governmental and business-type activities during the previous two fiscal years.

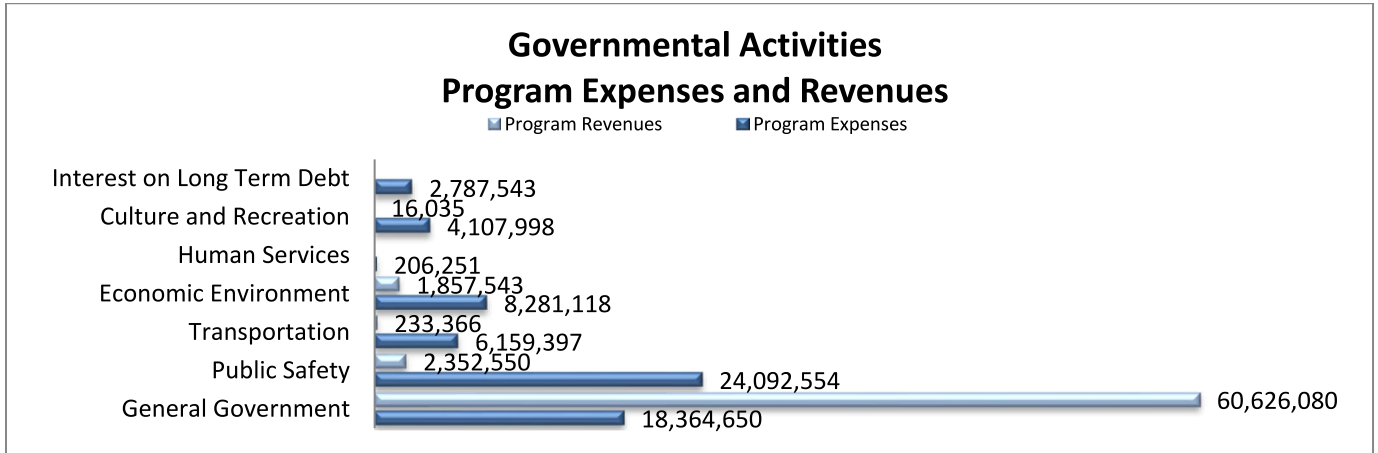
**City of Panama City, Florida**  
**Statement of Activities**  
**Fiscal Years Ended September 30, 2022 and 2021**

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Revenues</b>						
Program Revenues:						
Charges for services-governmental	\$ 44,353,842	\$ 19,956,216			\$ 44,353,842	\$ 19,956,216
Charges for services-utilities			\$ 23,031,915	\$ 20,441,289	23,031,915	20,441,289
Charges for services-solid waste			9,059,231	8,448,378	9,059,231	8,448,378
Charges for services-marinas			2,532,233	1,929,890	2,532,233	1,929,890
Operating grants and contributions	20,731,732	18,671,976	5,041,259	219,250	25,772,991	18,891,226
Capital grants and contributions			1,172,852	2,305,300	1,172,852	2,305,300
General Revenues:						
Taxes:						
Ad valorem	11,657,602	10,576,138			11,657,602	10,576,138
Fire assessment	5,305,577	5,026,835			5,305,577	5,026,835
Nuisance abatement	504,158	833,945			504,158	833,945
Tax increment	1,876,658	1,269,030			1,876,658	1,269,030
Gas tax	1,421,272	1,256,957			1,421,272	1,256,957
Franchise fees based on gross receipts	4,524,020	3,950,194			4,524,020	3,950,194
Utility service taxes	4,864,266	4,365,383			4,864,266	4,365,383
Communications service taxes	1,533,527	1,483,903			1,533,527	1,483,903
Local option sales tax	4,713,569	4,196,581			4,713,569	4,196,581
State revenue sharing	7,123,337	6,365,799			7,123,337	6,365,799
Investment earnings	461,328	117,318	96,123	14,707	557,451	132,025
Miscellaneous	2,341,624	1,657,885	14,981	8,656	2,356,605	1,666,541
Gain on extinguishment of debt		5,000,000			0	5,000,000
Contributions		(1,501,815)			0	(1,501,815)
<b>Total Revenues</b>	<b>111,412,512</b>	<b>83,226,345</b>	<b>40,948,594</b>	<b>33,367,470</b>	<b>152,361,106</b>	<b>116,593,815</b>
<b>Expenses</b>						
General government	18,364,650	29,239,169			18,364,650	29,239,169
Public safety	24,092,554	22,686,653			24,092,554	22,686,653
Transportation	6,159,397	6,119,401			6,159,397	6,119,401
Economic environment	8,281,118	9,512,498			8,281,118	9,512,498
Culture and recreation	4,107,998	3,651,062			4,107,998	3,651,062
Human services	206,251	343,236			206,251	343,236
Interest on long-term debt	2,787,543	1,577,494			2,787,543	1,577,494
Water and sewer utilities			24,258,952	20,470,364	24,258,952	20,470,364
Solid waste operations			7,948,084	8,017,814	7,948,084	8,017,814
Marinas operations			2,829,855	2,223,734	2,829,855	2,223,734
<b>Total Expenses</b>	<b>63,999,511</b>	<b>73,129,513</b>	<b>35,036,891</b>	<b>30,711,912</b>	<b>99,036,402</b>	<b>103,841,425</b>
Increase (decrease) in net position before transfers	47,413,001	10,096,832	5,911,703	2,655,558	53,324,704	12,752,390
Transfers in (out)	2,228,797	(5,913,510)	(2,228,797)	5,913,510		
<b>Increase (decrease) in net position</b>	<b>49,641,798</b>	<b>4,183,322</b>	<b>3,682,906</b>	<b>8,569,068</b>	<b>53,324,704</b>	<b>12,752,390</b>
<b>Net position-beginning 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>
Prior Period Adjustment	(5,015,285)	(439,750)		439,750	(5,015,285)	0
Net position -beginning of year, as restated	107,060,109	107,892,072	102,973,465	94,404,397	210,033,574	202,296,469
<b>Net position - end of year</b>	<b>\$ 156,701,907</b>	<b>\$ 112,075,394</b>	<b>\$ 106,656,371</b>	<b>\$ 102,973,465</b>	<b>\$ 263,358,278</b>	<b>\$ 215,048,859</b>

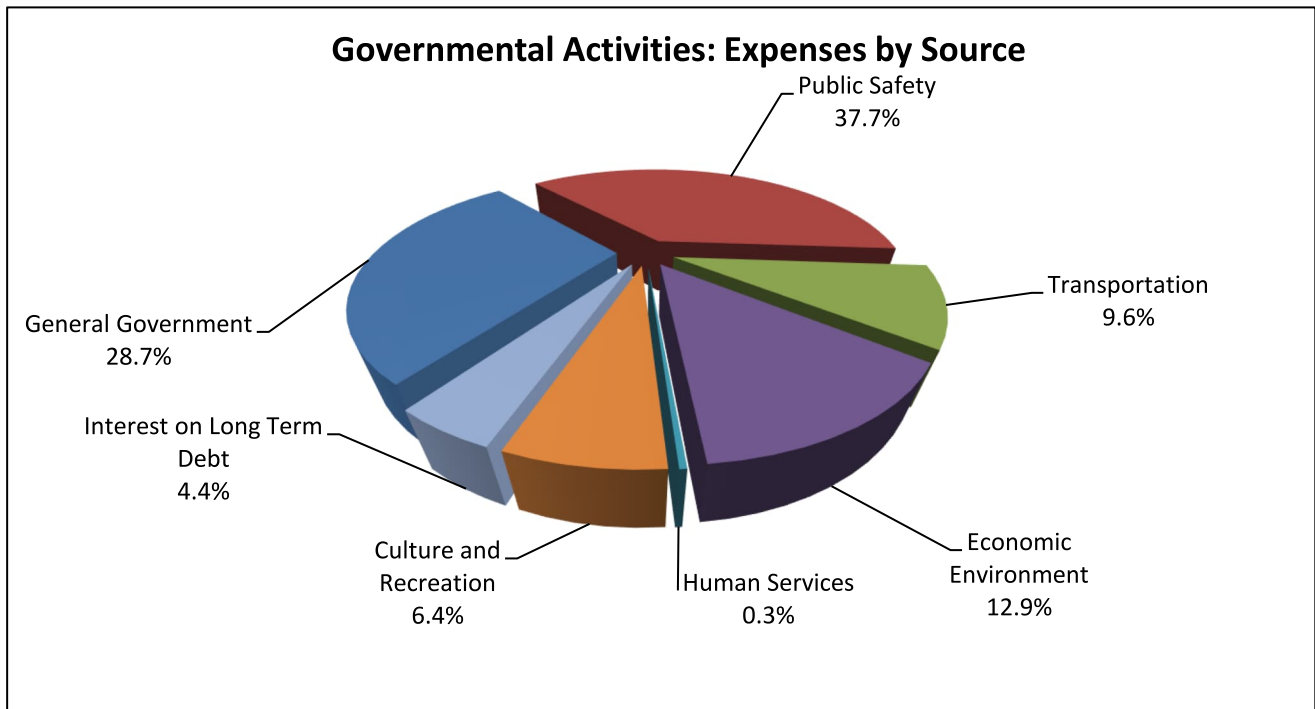


## Governmental Activities

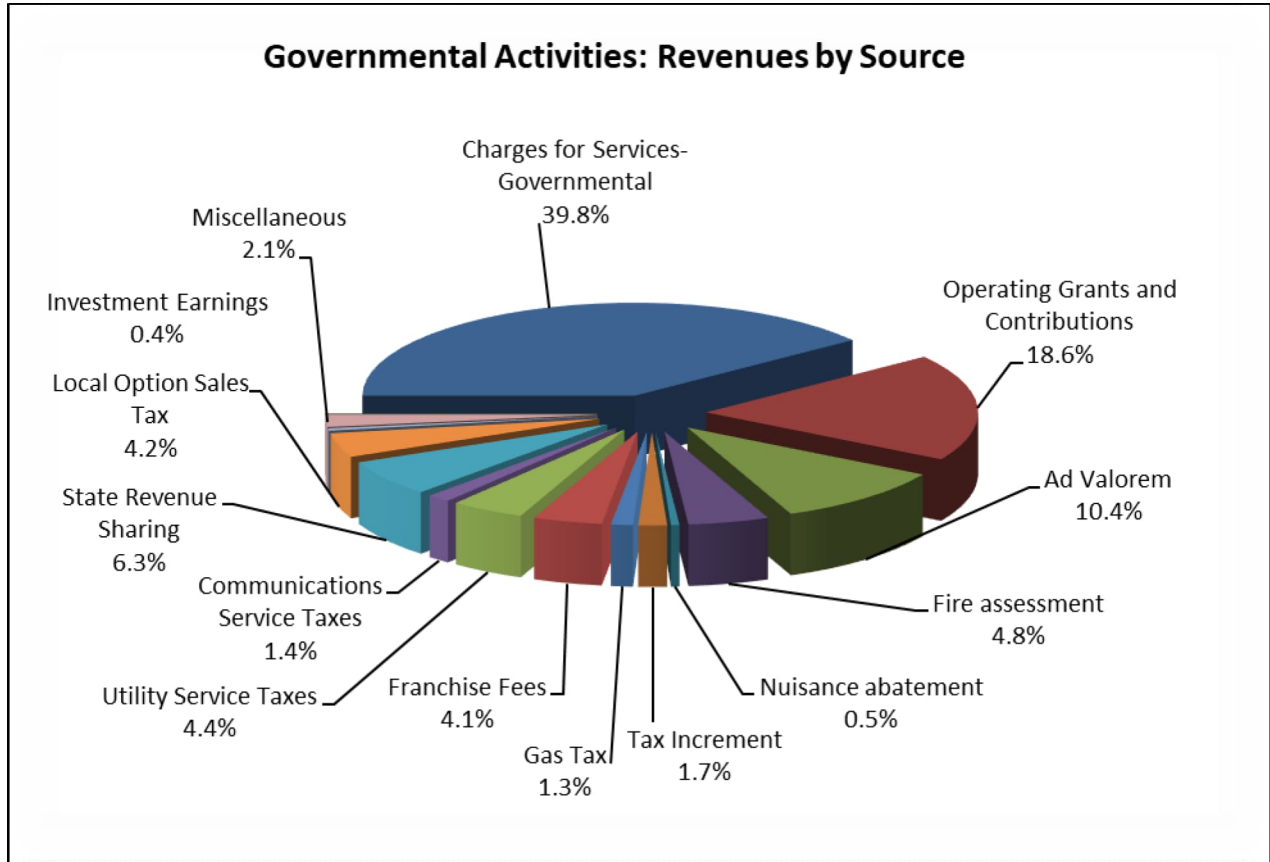
GASB Statement No. 34 reporting requires that functional expenses are matched with revenues that directly support the function. The bar chart below gives a clear indication of which functions are dependent on general revenues to support their operations. Public Safety, consisting of police and fire services,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



Expenses in the governmental activities are highest in the public safety category (37.7%) followed by general government (28.7%) and economic environment (12.9%). Total governmental activity expenses decreased by 12.5% (\$9,130,002) in fiscal year 2022. The largest dollar increase and decrease for expenses occurred in the public safety category in the amount of \$1,405,901 and in the general government category in the amount of \$10,874,519, respectively. The overall governmental activities and general government category decreases are mainly due to a continued decrease in Hurricane Michael recovery expenditures.

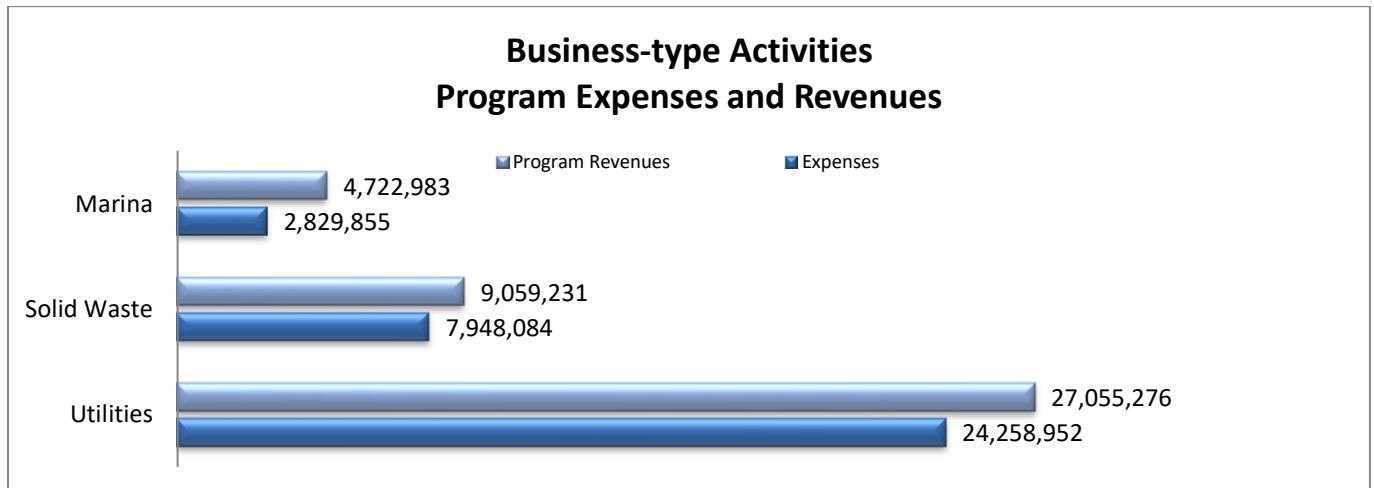


Revenues from governmental activities increased \$28,186,167 from fiscal year 2021. This increase is mainly due to \$30 million insurance settlement regarding Hurricane Michael. After charges for services (39.8%), operating grants and contributions (18.6%) is the second largest revenue source in governmental activities followed by ad valorem taxes (10.4%).

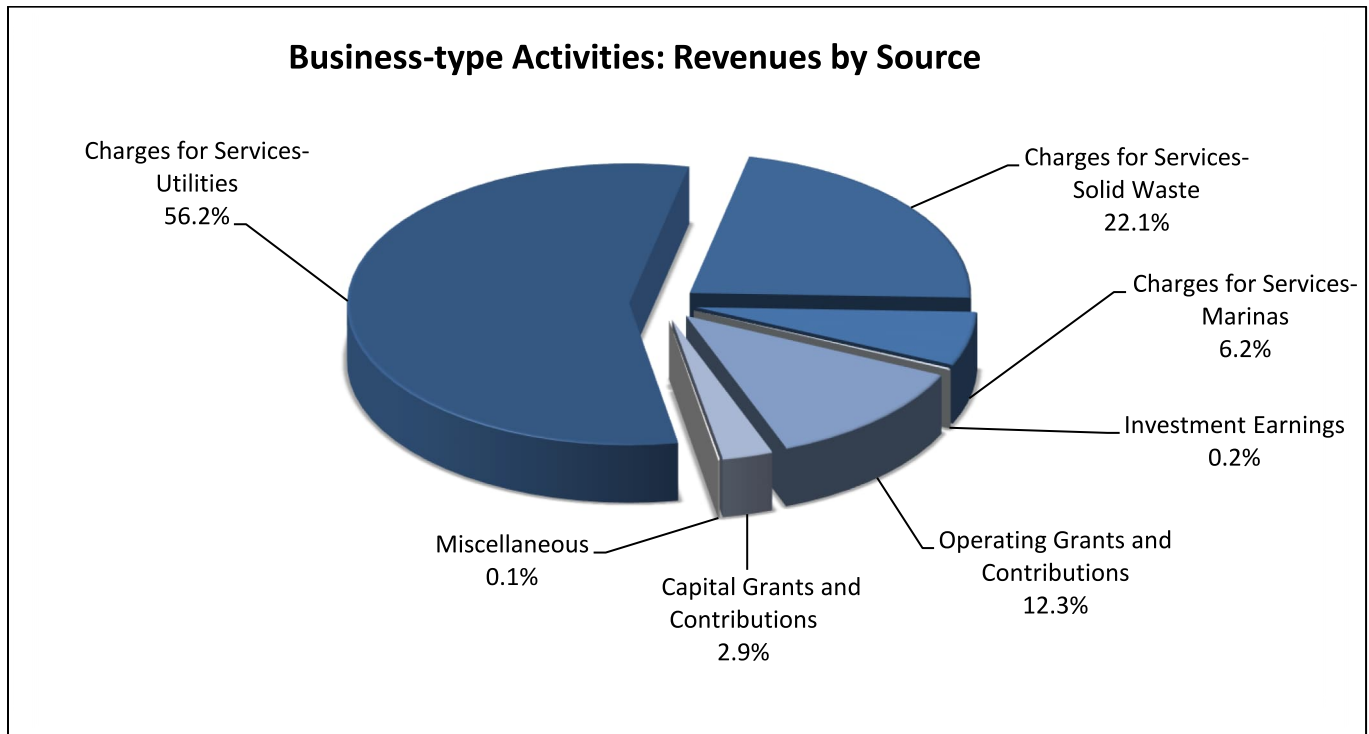


### Business-Type Activities

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 2022.



Total expenses for business-type activities increased 14.1% (\$4,324,979) in fiscal year 2022. Expenses for utility activities, solid waste services, and marina activities had increases (decreases) 18.5%, (0.9%), and 27.3% respectively. Combined business-type expenses, for the fiscal year ended September 30, 2022, were \$35,036,891. Charges for services are the major source of revenue (84.5%) for business-type activities. These charges represent \$34,623,379 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 \$3,803,822 (12.3%) from fiscal year 2021. Increases in revenue and expenses are due in part to residents and businesses returning to area as the result of rebuilding after Hurricane Michael.



## 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, 2022, the total fund balance in the general fund was \$28,952,300, of which \$2,620,019 was non-spendable, \$1,625,888 was assigned, and \$24,706,393 was unassigned. Compared to fiscal year 2021, the total fund balance increased by \$4,593,607 (18.9%). This was due to an increase in revenue as result of inflation and higher property tax values.

General revenue increased \$4,354,799 (9.1%) in fiscal year 2022. Both Taxes and Licenses and Permits revenue increased from 2021 by \$2,317,068 (8.4%) and \$1,000,834 (8.9%), respectively. The increases were a result of higher property values and higher costs of goods resulting in more revenue collections. Intergovernmental, Investment Earnings, and Miscellaneous revenue increased while Charges for Services decreased for the fiscal year ended September 30, 2022. General fund expenditures increased in fiscal year 2022 by \$9,194,419 (23.6%). Public safety increased by 26.1% (\$5,057,449), which was the greatest dollar increase of all the categories, resulting mainly from employee pay raises and reporting health insurance costs at the department level in 2022. The largest dollar decrease occurred in human services (\$136,985) (39.9%) compared to the previous fiscal year. This decrease is due from a timing issue resulting in more invoices in 2021 compared to 2022.

During fiscal year 2022, special revenue fund balances increased by \$25,577,463. 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 \$24,802,469 in the Hurricane Michael Fund. This fund was created in fiscal year 2019 to account for the Hurricane Michael disaster. The fund balance increase was the result of a \$30 million insurance settlement with the Florida Municipal Insurance Trust (FMIT) regarding Hurricane Michael damages. The City administers State Housing Initiative Partnership (SHIP) funds for housing initiatives and funding was received in fiscal year 2021 to aid in housing stability programs. The SHIP City fund balance decreased by \$709,329. The Panama City Community Redevelopment Agency (CRA) 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, 2022 was \$7,243,393, a decrease of \$12,933,427 from fiscal year 2021. This fund balance decrease was due to expenditures in excess of revenue as the City continues to rebuild from Hurricane Michael. The available fund balance is assigned for pending capital projects. Capital projects are funded by transfers from the general fund or other City funds, debt for related projects, and grants.

## 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 \$87,435,138 at fiscal year-end, an increase of \$1,956,631 over the prior fiscal year. Operating revenues increased \$2,590,626 in fiscal year 2022, and operating expenses increased in the amount of \$5,048,651.

The Solid Waste Fund had a total net position of \$8,129,210 at the end of fiscal year 2022. Total net position decreased by \$166,688. Operating revenues increased by \$610,853 and operating expenses increased \$575,793.

The Marina Fund had a total net position of \$9,965,336 in fiscal year 2022, which was an increase of \$1,624,756 from the prior fiscal year. Operating revenues increased by \$602,343 and operating expenses increased in the amount of \$640,710.

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>2022</b>	<b>2021</b>
Utility Fund	\$ (607,453)	\$ 1,850,572
Solid Waste Fund	992,664	957,604
Marina Fund	(300,742)	(262,375)
Total	\$ 84,469	\$ 2,545,801

The Solid Waste Fund had operating revenues exceed operating expenses before transfers. Both the Utility and Marina Funds incurred operating expenses in excess of operating revenues. The Utility Fund has had increased repairs and maintenance expenditures including a sand filter media replacement at the Millville waste water treatment facility. The City has two marinas, one which is not generating revenue and the other which is not operating at full capacity because of Hurricane Michael damage.

The individual internal service funds are reported on pages 178-181.

## General Fund Budgetary Highlights

A budget to actual statement is provided for the General Fund on page 130. Columns for both the original budget, adopted for fiscal year 2022, 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 2022 were \$47,601,913, while amended and final budgeted revenues were \$47,606,416 during the year. Actual revenues for fiscal year 2022 totaled \$52,197,089 which was \$4,590,673 more than the final budget. The revenue differences are mainly the result of increases in collections of property taxes, merchant licenses fees, half cent sales tax, and electric utility service tax and franchise fees. Part of the reason the collections were higher than budgeted was increased collections as result of inflation and higher property values.

Original budgeted expenditures for fiscal year 2022 were \$47,295,136, amended in the amount of \$4,963,073 to a final fiscal year 2022 budget of \$52,258,209. Actual expenditures for fiscal year 2022 totaled \$48,082,140 which was \$4,176,069 less than the final budget. Expenditures for general government, public safety, and transportation had final expenditures *less* than the final budget due to the City's conservative spending practices. The total amount carried forward from fiscal year 2021 budget to fiscal year 2022 budget was \$207,128. Overall, revenues exceeded actual expenditures for fiscal year 2022.

### Capital Assets

The City's investment in capital assets for its governmental and business-type activities, as of September 30, 2022, was \$235,078,225 (net of accumulated depreciation). This is an increase of \$28,336,492 from fiscal year 2021. Investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, and drainage systems. Governmental activities accounted for \$120,604,964 and business-type activities \$114,473,261 of total capital assets of the City of Panama City on September 30, 2022. 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, 2022 and 2021

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 20,221,345	\$ 20,181,582	\$ 1,828,384	\$ 1,828,384	\$ 22,049,729	\$ 22,009,966
Construction in Progress	40,668,611	16,956,988	26,139,656	17,546,308	66,808,267	34,503,296
Buildings	17,196,442	17,915,274	47,293,781	45,832,910	64,490,223	63,748,184
Improvements Other Than Buildings	13,277,784	14,353,008	34,958,106	39,010,506	48,235,890	53,363,514
Machinery and Equipment	4,568,156	4,033,472	4,247,280	4,622,444	8,815,436	8,655,916
Intangibles	75,372	81,218	269	1,070	75,641	82,288
Infrastructure	24,376,959	24,378,569			24,376,959	24,378,569
Right to use lease assets	220,295		5,785		226,080	
<b>Total</b>	<b>\$ 120,604,964</b>	<b>\$ 97,900,111</b>	<b>\$ 114,473,261</b>	<b>\$ 108,841,622</b>	<b>\$ 235,078,225</b>	<b>206,741,733</b>

Additional information regarding the City's capital assets may be found in the notes to the financial statements beginning on page 56.

## Debt Management

At the end of the fiscal year, the City had total bonded debt outstanding of \$100,886,642. The City's debt maintains an "Aa2" rating from Moody's Investors Services. Additional information regarding the activities of the City's bonded debt during fiscal year 2022 may be found in the notes to the financial statements beginning on page 61.

### Outstanding Bonded Debt As Of September 30, 2022 and 2021

Governmental Activities		Business-type Activities		Total	
2022	2021	2022	2021	2022	2021
\$ 72,533,908	\$ 104,413,997	\$ 28,352,734	\$ 29,267,000	\$ 100,886,642	\$ 133,680,997

## Economic Factors

The City of Panama City in 2022 had an unemployment rate of 2.7%. This was a decrease of 1.2% from the prior fiscal year.

Taxable property values in Panama City increased 12.2% from \$3,046,244,134 in 2021 to \$3,418,881,144 in 2022.

## 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, 501 Harrison Avenue, Panama City, Florida 32401.



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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, 2022**

	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	\$ 83,325,164	\$ 16,358,306	\$ 99,683,470	\$ 273,336	\$ 5,458,442
Investments	8,130,342	1,302,427	9,432,769		
Receivables, net:					
Accounts	8,722,121	4,291,273	13,013,394	29,850	3,743,668
Special assessments					
Insurance		35,091	35,091		
Leases receivable	2,264,783		2,264,783		8,840,486
Internal balances	6,365,196	(6,365,196)			
Prepaid items	6,420,423	3,338	6,423,761		669,974
Due from other governmental entities	28,185,214	6,723,291	34,908,505		
Inventories	5,708,941	783,897	6,492,838		
Restricted assets:					
Cash and cash equivalents		8,550,248	8,550,248		
Notes receivable	1,338,635		1,338,635		
Capital assets:					
Non-depreciable	60,889,956	27,968,040	88,857,996	424,999	43,411,903
Depreciable (net)	59,715,008	86,505,221	146,220,229	8,171	104,427,123
<b>Total assets</b>	<u>271,065,783</u>	<u>146,155,936</u>	<u>417,221,719</u>	<u>736,356</u>	<u>166,551,596</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Outflows from hedging					54,737
OPEB related outflows	1,640,585	576,422	2,217,007		1,035
Pension related outflows	8,318,652	307,983	8,626,635		26,756
<b>Total deferred outflows of resources</b>	<u>9,959,237</u>	<u>884,405</u>	<u>10,843,642</u>		<u>82,528</u>
<b>LIABILITIES</b>					
Accounts payable	5,732,447	3,455,218	9,187,665	20,870	2,117,892
Due to other governmental entities	275,559		275,559		
Accrued salaries	694,734	204,267	899,001		
Accrued taxes payable		2,752	2,752		
Unearned revenue	6,395,165	3,459,888	9,855,053		82,963
Deposits	6,255		6,255		
Accrued interest payable					
Accrued other liabilities	406		406		199,658
Noncurrent liabilities:					
Due within one year:					
Claims and judgments					23,449
Compensated absences	500,332	133,347	633,679		24,942
Bonds, notes, leases, and loans payable	4,250,739		4,250,739		1,586,886
Lease liability	100,934	1,572	102,506		8,706
Finance purchase liability	939,841	31,904	971,745		36,387
Due in more than one year:					
Deposits		1,625,246	1,625,246		
Claims and judgments					340,406
Compensated absences	1,500,997	400,044	1,901,041		74,823
OPEB liability	3,099,315	1,088,923	4,188,238		173,662
Bonds, notes, leases, and loans payable	68,250,435	28,352,734	96,603,169		19,019,354
Net pension liability	19,843,755	837,725	20,681,480		116,234
Lease liability	81,978	4,356	86,334		555,990
Finance purchase liability	2,748,079	145,327	2,893,406		
Interest rate swap agreement (net)					54,737
<b>Total liabilities</b>	<u>114,420,971</u>	<u>39,743,303</u>	<u>154,164,274</u>	<u>20,870</u>	<u>24,416,089</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
OPEB related inflows	1,366,269	480,040	1,846,309		154,808
Lease related inflows	1,987,892		1,987,892		8,473,410
Pension related inflows	6,547,981	160,627	6,708,608		108,902
<b>Total deferred inflows of resources</b>	<u>9,902,142</u>	<u>640,667</u>	<u>10,542,809</u>		<u>8,737,120</u>
<b>NET POSITION</b>					
Net investment in capital assets	78,422,422	85,693,786	164,116,208	433,170	127,178,049
Restricted for:					
General Government					
Housing and Urban Development	17,583,364		17,583,364		
Infrastructure	4,911,319		4,911,319		
Debt service	7,087,652	3,886,088	10,973,740		
Self-insurance	6,142,834		6,142,834		
Community redevelopment	1,676,851		1,676,851		
Disaster and Hurricane Michael	193,989		193,989		
Unrestricted	40,683,476	17,076,497	57,759,973	282,316	6,302,866
<b>Total net position</b>	<u>\$ 156,701,907</u>	<u>\$ 106,656,371</u>	<u>\$ 263,358,278</u>	<u>\$ 715,486</u>	<u>\$ 133,480,915</u>

See the accompanying notes.

**CITY OF PANAMA CITY, FLORIDA  
STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED SEPTEMBER 30, 2022**

<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	\$ 18,364,650	\$ 42,781,747	\$ 17,844,333	
Public safety	24,092,554	1,296,969	1,055,581	
Transportation	6,159,397	233,366		
Economic environment	8,281,118	25,725	1,831,818	
Culture and recreation	4,107,998	16,035		
Human services	206,251			
Interest on long-term debt	2,787,543			
Total governmental activities	63,999,511	44,353,842	20,731,732	
Business-type activities:				
Utilities	24,258,952	23,031,915	2,850,509	\$ 1,172,852
Solid Waste	7,948,084	9,059,231		
Marina	2,829,855	2,532,233	2,190,750	
Total business-type activities	35,036,891	34,623,379	5,041,259	1,172,852
Total primary government	\$ 99,036,402	\$ 78,977,221	\$ 25,772,991	\$ 1,172,852
<b>Component units:</b>				
Panama City Downtown Improvement Board	\$ 74,716	\$ -		\$ -
Panama City Port Authority	21,382,188	21,422,308		3,900,541
Total component units	\$ 21,456,904	\$ 21,422,308		\$ 3,900,541

General revenues:

Taxes:

Ad valorem taxes

Fire assessment

Nuisance abatement

Tax Increment Ad valorem taxes

Local option gasoline tax

Franchise fees based on gross receipts

Utility service tax

Communications service tax

Local option sales tax

Unrestricted state revenue sharing

Unrestricted investment earnings

Lease interest income

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

**Net position - beginning of year**

Prior period adjustment

Net position - beginning of year, as restated

**Net position - end of year**

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>
\$ 42,261,430		\$ 42,261,430		
(21,740,004)		(21,740,004)		
(5,926,031)		(5,926,031)		
(6,423,575)		(6,423,575)		
(4,091,963)		(4,091,963)		
(206,251)		(206,251)		
(2,787,543)		(2,787,543)		
<u>1,086,063</u>		<u>1,086,063</u>		
	\$ 2,796,324	2,796,324		
	1,111,147	1,111,147		
	1,893,128	1,893,128		
	5,800,599	5,800,599		
<u>1,086,063</u>	<u>5,800,599</u>	<u>6,886,662</u>		
			\$ (74,716)	\$ -
			<u>(74,716)</u>	<u>3,940,661</u>
				<u>3,940,661</u>
11,657,602		11,657,602	145,799	
5,305,577		5,305,577		
504,158		504,158		
1,876,658		1,876,658		
1,421,272		1,421,272		
4,524,020		4,524,020		
4,864,266		4,864,266		
1,533,527		1,533,527		
4,713,569		4,713,569		
7,123,337		7,123,337		
461,328	96,123	557,451		9,754
				193,004
2,341,624	14,981	2,356,605	29,971	
2,228,797	(2,228,797)			
<u>48,555,735</u>	<u>(2,117,693)</u>	<u>46,438,042</u>	<u>175,770</u>	<u>202,758</u>
<u>49,641,798</u>	<u>3,682,906</u>	<u>53,324,704</u>	<u>101,054</u>	<u>4,143,419</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>
<u>(5,015,285)</u>		<u>(5,015,285)</u>		<u>151,997</u>
<u>107,060,109</u>	<u>102,973,465</u>	<u>210,033,574</u>	<u>614,432</u>	<u>129,337,496</u>
<u>\$ 156,701,907</u>	<u>\$ 106,656,371</u>	<u>\$ 263,358,278</u>	<u>\$ 715,486</u>	<u>\$ 133,480,915</u>

See the accompanying notes.

**CITY OF PANAMA CITY, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2022**

	<u>General</u>	<u>Hurricane Michael</u>	<u>Capital Projects</u>	<u>Capital Projects Infrastructure Surtax</u>	<u>Disaster Fund</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 9,982,117	\$ 33,793,255	\$ 4,040,588	\$ 5,609,437	\$ 9,927,926
Investments	23,656		8,106,686		
Receivables, net:					
Accounts	106,955		3,626,248		
Lease asset receivable	2,035,706				
Due from other funds	18,375,200	7,753,554	5,363,050	3,484,801	
Due from other governmental entities	833,764	22,253,451	1,680,055		
Prepaid items	2,450,371		163		
Inventories	167,396				
Notes receivable					
<b>Total assets</b>	<u>\$ 33,975,165</u>	<u>\$ 63,800,260</u>	<u>\$ 22,816,790</u>	<u>\$ 9,094,238</u>	<u>\$ 9,927,926</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 1,634,535	\$ 221,299	\$ 2,099,442	\$ 567,080	\$ 138,533
Due to other funds	1,000,474		16,204,532		8,924,007
Due to other governmental entities					
Unearned revenue			5,071,102		811,469
Accrued salaries	608,764		25,055		
Accrued other liabilities	406				
Deposits	6,255				
<b>Total liabilities</b>	<u>3,250,434</u>	<u>221,299</u>	<u>23,400,131</u>	<u>567,080</u>	<u>9,874,009</u>
<b>Deferred inflows of resources:</b>					
Deferred inflows of resources-grants	13,018	3,861,855	700,424		
Deferred inflows of resources-lease revenue	1,759,413				
<b>Total deferred inflows of resources</b>	<u>1,772,431</u>	<u>3,861,855</u>	<u>700,424</u>		
<b>Fund balances:</b>					
Non-spendable	2,620,019		163		
Restricted					53,917
Committed		59,717,106			
Assigned	1,625,888			8,527,158	
Unassigned	24,706,393		(1,283,928)		
<b>Total fund balances</b>	<u>28,952,300</u>	<u>59,717,106</u>	<u>(1,283,765)</u>	<u>8,527,158</u>	<u>53,917</u>
<b>Total liabilities and fund balances</b>	<u>\$ 33,975,165</u>	<u>\$ 63,800,260</u>	<u>\$ 22,816,790</u>	<u>\$ 9,094,238</u>	<u>\$ 9,927,926</u>

See the accompanying notes.

State Housing Initiative Partnership City	Hurricane Recovery and Refunding Revenue Note, Series 2019	Hurricane Recovery Revenue Note, Series 2020A	Non-Major Other Governmental Funds	Total Governmental Funds
\$ 5,067,997	\$ 2,092,123		\$ 6,049,325	\$ 76,562,768 8,130,342
4,936,973				8,670,176
1,577,455	1,042,752		229,077	2,264,783
			386,622	37,983,434
			3,384,972	28,152,242
			3,953,911	6,404,445
4,930,152			428,543	5,526,091
			1,338,635	1,338,635
<u>\$ 16,512,577</u>	<u>\$ 3,134,875</u>		<u>\$ 15,771,085</u>	<u>\$ 175,032,916</u>
\$ 56,056			\$ 157,406	\$ 4,874,351
578		\$ 1,042,752	3,263,030	30,435,373
			275,559	275,559
			512,594	6,395,165
			44,298	678,117
				406
				6,255
<u>56,634</u>		<u>1,042,752</u>	<u>4,252,887</u>	<u>42,665,226</u>
			440,673	5,015,970
			228,479	1,987,892
			669,152	7,003,862
4,930,152			4,382,454	11,932,788
11,525,791	\$ 3,134,875		7,293,734	22,008,317
				59,717,106
				10,153,046
		(1,042,752)	(827,142)	21,552,571
<u>16,455,943</u>	<u>3,134,875</u>	<u>(1,042,752)</u>	<u>10,849,046</u>	<u>125,363,828</u>
<u>\$ 16,512,577</u>	<u>\$ 3,134,875</u>	<u>\$ -</u>	<u>\$ 15,771,085</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.	120,493,229
Deferred outflows for pension related items.	8,318,652
Deferred outflows for OPEB related items.	1,640,585
Deferred inflows for pension related items.	(6,547,981)
Deferred inflows for OPEB related items.	(1,366,269)
Deferred inflows of resources.	5,015,970
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.	4,978,401
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	(76,361,572)
Compensated absences	(1,973,629)
Net pension liability	(19,843,755)
Net OPEB liability	(3,015,552)
<b>Net position of governmental activities</b>	<u>\$ 156,701,907</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, 2022**

	<u>General</u>	<u>Hurricane Michael</u>	<u>Capital Projects</u>	<u>Capital Projects Infrastructure Surtax</u>
<b>REVENUES</b>				
Taxes	\$ 29,810,424	\$ -	\$ -	\$ -
Licenses and permits	12,260,516			
Intergovernmental	8,028,962	24,406,333	14,559,693	
Charges for services	1,367,286			
Investment earnings	172,594	64,059		77,395
Miscellaneous	557,307			
<b>Total revenues</b>	<u>52,197,089</u>	<u>24,470,392</u>	<u>14,559,693</u>	<u>77,395</u>
<b>EXPENDITURES</b>				
Current:				
General government	11,788,610	1,678,365	2,059,946	
Public safety	24,447,264		590	
Transportation	3,923,952		371,612	
Economic environment	916,135			
Human services	206,251			
Culture and recreation	3,799,643			
Debt service:				
Principal	814,542			
Interest and other charges	102,540			
Capital outlay	2,083,203		20,310,664	4,827,703
<b>Total expenditures</b>	<u>48,082,140</u>	<u>1,678,365</u>	<u>22,742,812</u>	<u>4,827,703</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>4,114,949</u>	<u>22,792,027</u>	<u>(8,183,119)</u>	<u>(4,750,308)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance proceeds	99,153	30,002,459		
Issuance of long-term debt	1,958,737			
Issuance of debt for leases	121,929			
Transfers in	2,221,293			
Transfers out	(3,922,454)	(27,992,017)		
<b>Total other financing sources (uses)</b>	<u>478,658</u>	<u>2,010,442</u>		
<b>Net change in fund balances</b>	4,593,607	24,802,469	(8,183,119)	(4,750,308)
<b>Fund Balances:</b>				
<b>Beginning of year</b>	<u>24,108,919</u>	<u>34,914,637</u>	<u>7,181,431</u>	<u>13,277,466</u>
Prior period adjustment	249,774		(282,077)	
Beginning of year, as restated	<u>24,358,693</u>	<u>34,914,637</u>	<u>6,899,354</u>	<u>13,277,466</u>
<b>End of year</b>	<u>\$ 28,952,300</u>	<u>\$ 59,717,106</u>	<u>\$ (1,283,765)</u>	<u>\$ 8,527,158</u>

See the accompanying notes.



<b>Disaster Fund</b>	<b>State Housing Initiative Partnership City</b>	<b>Hurricane Recovery and Refunding Revenue Note, Series 2019</b>	<b>Hurricane Recovery Revenue Note, Series 2020A</b>	<b>Non-Major Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ 4,713,569	\$ 34,523,993
743,921	237,629			4,764,057	12,260,516
41,684	44,057	13,953	2	47,585	52,740,595
109	1,218,803			260,527	1,367,286
785,714	1,500,489	13,953	2	9,785,738	461,329
					2,036,746
					103,390,465
					15,526,921
				223,554	24,671,408
408,223	2,215,643			4,757,542	4,295,564
					8,297,543
					206,251
					3,799,643
	9,823	69,054,497	16,782,592	4,107,993	90,769,447
	77	154,929	1,042,754	1,484,804	2,785,104
3,312	33,137			1,698,563	28,956,582
411,535	2,258,680	69,209,426	17,825,346	12,272,456	179,308,463
374,179	(758,191)	(69,195,473)	(17,825,344)	(2,486,718)	(75,917,998)
	15,725			10,000	30,127,337
		58,000,000			59,958,737
	33,137			128,779	283,845
		12,102,915	16,782,592	5,412,826	36,519,626
				(2,373,857)	(34,288,328)
	48,862	70,102,915	16,782,592	3,177,748	92,601,217
374,179	(709,329)	907,442	(1,042,752)	691,030	16,683,219
4,523,325	17,165,272	2,227,433		10,297,411	113,695,894
(4,843,587)				(139,395)	(5,015,285)
(320,262)	17,165,272	2,227,433		10,158,016	108,680,609
\$ 53,917	\$ 16,455,943	\$ 3,134,875	\$ (1,042,752)	\$ 10,849,046	\$ 125,363,828

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, 2022**

**Net change in fund balances - total governmental funds** \$ 16,683,219

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	28,956,582	
Less current year depreciation	<u>(6,289,240)</u>	22,667,342

The net effect of various miscellaneous transactions involving capital assets (e.g. sales, trade-ins, donations) is to decrease net position. (86)

Revenues in the statement of activities that do not provide current financial resources are deferred as revenues in the funds. 5,852,288

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. (27,957,492)

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. 30,524,426

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		(174,932)
Employer pension related costs		1,269,590
Other post employment benefits (OPEB) cost		113,607

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. 663,836

**Change in net position of governmental activities** \$ 49,641,798

See the accompanying notes.

**CITY OF PANAMA CITY, FLORIDA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2022**

	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	\$ 11,610,437	\$ 3,100,786	\$ 1,647,083	\$ 16,358,306	\$ 6,762,396
Investments		1,302,427		1,302,427	
Due from other governmental entities	6,723,291			6,723,291	32,972
Due from other funds	4,438,914	194,515	764,840	5,398,269	
Receivables, net:					
Accounts	3,078,787	1,192,031	20,455	4,291,273	51,945
Insurance		35,091		35,091	
Inventories	653,729		130,168	783,897	182,850
Prepaid items	3,321	17		3,338	15,978
<b>Total current assets</b>	<u>26,508,479</u>	<u>5,824,867</u>	<u>2,562,546</u>	<u>34,895,892</u>	<u>7,046,141</u>
<b>Noncurrent assets:</b>					
Restricted cash and cash equivalents:					
Impact fee account	4,664,160			4,664,160	
Revenue bond contingency (renewal and replacement) account	3,886,088			3,886,088	
Capital assets:					
Land	724,193	598,675	505,516	1,828,384	
Buildings	47,561,614	88,118	76,195	47,725,927	
Improvements other than buildings		2,223,689	11,331,903	13,555,592	
Machinery and equipment	6,264,526	9,008,505	110,581	15,383,612	285,122
Intangibles	4,007			4,007	
Utility system	95,148,415			95,148,415	
Lease-right-of-use assets	6,306			6,306	
Less accumulated depreciation	(67,678,734)	(7,630,458)	(10,009,446)	(85,318,638)	(173,384)
Construction work in progress	19,735,532		6,404,124	26,139,656	
<b>Total noncurrent assets</b>	<u>110,316,107</u>	<u>4,288,529</u>	<u>8,418,873</u>	<u>123,023,509</u>	<u>111,738</u>
<b>Total assets</b>	<u>136,824,586</u>	<u>10,113,396</u>	<u>10,981,419</u>	<u>157,919,401</u>	<u>7,157,879</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
OPEB related outflows	361,372	164,059	50,991	576,422	44,340
Pension related outflows	228,248	28,894	50,841	307,983	
<b>Total deferred outflows of resources</b>	<u>589,620</u>	<u>192,953</u>	<u>101,832</u>	<u>884,405</u>	<u>44,340</u>
<b>LIABILITIES</b>					
<b>Current liabilities:</b>					
Accounts payable	3,154,431	163,537	137,250	3,455,218	858,095
Due to other funds	11,752,372	371,023	766,757	12,890,152	56,178
Accrued salaries	145,012	55,194	4,061	204,267	16,617
Compensated absences	80,293	50,755	2,299	133,347	6,925
Accrued taxes payable			2,752	2,752	
Lease liabilities	1,572			1,572	
Finance purchase liability	16,002	15,902		31,904	1,877
Unearned revenue	3,444,263		15,625	3,459,888	
<b>Total current liabilities</b>	<u>18,593,945</u>	<u>656,411</u>	<u>928,744</u>	<u>20,179,100</u>	<u>939,692</u>
<b>Noncurrent liabilities:</b>					
Compensated absences	240,880	152,266	6,898	400,044	20,776
Net OPEB liability	682,664	309,930	96,329	1,088,923	83,763
Deposits	910,256	714,990		1,625,246	
Bonds, notes, and loans payable	28,352,734			28,352,734	
Lease liabilities	4,356			4,356	
Finance purchase liability	72,883	72,444		145,327	8,557
Net pension liability	682,788	131,767	23,170	837,725	
<b>Total noncurrent liabilities</b>	<u>30,946,561</u>	<u>1,381,397</u>	<u>126,397</u>	<u>32,454,355</u>	<u>113,096</u>
<b>Total liabilities</b>	<u>49,540,506</u>	<u>2,037,808</u>	<u>1,055,141</u>	<u>52,633,455</u>	<u>1,052,788</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
OPEB related inflows	300,948	136,627	42,465	480,040	36,926
Pension related inflows	137,614	2,704	20,309	160,627	
<b>Total deferred inflows of resources</b>	<u>438,562</u>	<u>139,331</u>	<u>62,774</u>	<u>640,667</u>	<u>36,926</u>
<b>NET POSITION</b>					
Net investment in capital assets	73,074,730	4,200,183	8,418,873	85,693,786	111,738
Restricted for:					
Debt service	3,886,088			3,886,088	
Claims					6,142,834
Unrestricted	10,474,320	3,929,027	1,546,463	15,949,810	(142,067)
<b>Total net position</b>	<u>\$ 87,435,138</u>	<u>\$ 8,129,210</u>	<u>\$ 9,965,336</u>	<u>105,529,684</u>	<u>\$ 6,112,505</u>
<b>Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds</b>				1,126,687	
<b>Net position of business-type activities</b>				<u>\$ 106,656,371</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, 2022**

	Business-type Activities - Enterprise Funds			Totals	Governmental Activities - Internal Service Funds
	Utilities	Solid Waste	Marina		
<b>Operating revenues:</b>					
Charges for services	\$ 22,319,358	\$ 9,036,119	\$ 2,382,706	\$ 33,738,183	\$ 1,510,152
Connection and hydrant fees	611,690			611,690	
Contributions					8,505,074
Miscellaneous	100,867	23,112	149,527	273,506	84,736
<b>Total operating revenues</b>	<u>23,031,915</u>	<u>9,059,231</u>	<u>2,532,233</u>	<u>34,623,379</u>	<u>10,099,962</u>
<b>Operating expenses:</b>					
Personnel services	6,182,096	2,650,695	222,353	9,055,144	736,612
Operating expenses	13,280,319	4,081,981	2,421,216	19,783,516	2,407,438
Insurance claims and expenses					6,036,528
Depreciation	4,176,953	1,333,891	189,406	5,700,250	26,373
<b>Total operating expenses</b>	<u>23,639,368</u>	<u>8,066,567</u>	<u>2,832,975</u>	<u>34,538,910</u>	<u>9,206,951</u>
<b>Operating income (loss)</b>	<u>(607,453)</u>	<u>992,664</u>	<u>(300,742)</u>	<u>84,469</u>	<u>893,011</u>
<b>Nonoperating revenues (expenses):</b>					
Investment earnings (loss)	120,662	(33,777)	9,238	96,123	38,728
Grant	2,850,509		2,190,750	5,041,259	
Interest expense	(687,472)			(687,472)	
Other debt service costs	(78,716)			(78,716)	
Scrap sales	2,575	12,406		14,981	2,805
<b>Total nonoperating revenues (expenses)</b>	<u>2,207,558</u>	<u>(21,371)</u>	<u>2,199,988</u>	<u>4,386,175</u>	<u>41,533</u>
<b>Income (loss) before contributions and transfers</b>	<u>1,600,105</u>	<u>971,293</u>	<u>1,899,246</u>	<u>4,470,644</u>	<u>934,544</u>
<b>Contributions and transfers:</b>					
Capital contributions	1,172,852			1,172,852	
Transfers in	225,000			225,000	
Transfers out	(1,041,326)	(1,137,981)	(274,490)	(2,453,797)	(2,501)
<b>Total contributions and transfers</b>	<u>356,526</u>	<u>(1,137,981)</u>	<u>(274,490)</u>	<u>(1,055,945)</u>	<u>(2,501)</u>
<b>Change in net position</b>	1,956,631	(166,688)	1,624,756	3,414,699	932,043
<b>Net position - beginning of year</b>	<u>85,478,507</u>	<u>8,295,898</u>	<u>8,340,580</u>		<u>5,180,462</u>
<b>Net position - end of year</b>	<u>\$ 87,435,138</u>	<u>\$ 8,129,210</u>	<u>\$ 9,965,336</u>		<u>\$ 6,112,505</u>
<b>Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds</b>				268,207	
<b>Change in net position of business-type activities</b>				<u>\$ 3,682,906</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, 2022**

	<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	\$ 24,687,133	\$ 9,149,338	\$ 1,780,908	\$ 35,617,379	\$ 1,541,409
Payments to suppliers	(7,230,901)	(4,089,419)	(1,648,762)	(12,969,082)	(769,904)
Payments to employees	(6,065,136)	(2,612,902)	(216,271)	(8,894,309)	(718,273)
Internal activity-payments (to) from other funds	(431,643)	(145,584)	(1,200)	(578,427)	
Cash received for insurance contributions					8,555,074
Cash paid for insurance claims					(8,562,477)
<b>Net cash provided by (used in) operating activities</b>	<u>10,959,453</u>	<u>2,301,433</u>	<u>(85,325)</u>	<u>13,175,561</u>	<u>45,829</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Grants	2,850,509		2,190,750	5,041,259	
Transfers in	225,000			225,000	
Transfers out	(1,041,326)	(1,137,981)	(274,490)	(2,453,797)	(2,501)
<b>Net cash provided by (used in) noncapital financing activities</b>	<u>2,034,183</u>	<u>(1,137,981)</u>	<u>1,916,260</u>	<u>2,812,462</u>	<u>(2,501)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchases of capital assets	(9,597,820)	(344,660)	(1,389,413)	(11,331,893)	(63,970)
Proceeds from disposition of capital assets	2,575	12,406		14,981	2,805
Principal paid on long term debt	88,885	88,346		177,231	10,434
Lease liabilities	5,928			5,928	
Interest and other debt service costs paid on capital debt	(1,680,453)			(1,680,453)	
Impact fees	1,172,852			1,172,852	
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(10,008,033)</u>	<u>(243,908)</u>	<u>(1,389,413)</u>	<u>(11,641,354)</u>	<u>(50,731)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from maturity of investments		1,353,740		1,353,740	
Purchase of investment securities		(1,302,427)		(1,302,427)	
Interest and dividends	120,662	(33,777)	9,238	96,123	38,728
<b>Net cash provided by (used in) investing activities</b>	<u>120,662</u>	<u>17,536</u>	<u>9,238</u>	<u>147,436</u>	<u>38,728</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	3,106,265	937,080	450,760	4,494,105	31,325
<b>Cash and cash equivalents:</b>					
<b>Balances - beginning 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>
<b>Balances - end of year</b>	<u>\$ 20,160,685</u>	<u>\$ 3,100,786</u>	<u>\$ 1,647,083</u>	<u>\$ 24,908,554</u>	<u>\$ 6,762,396</u>

See the accompanying notes.

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Utilities	Solid Waste	Marina	Total	
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>					
Operating income (loss)	\$ (607,453)	\$ 992,664	\$ (300,742)	\$ 84,469	\$ 893,011
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	4,176,953	1,333,891	189,406	5,700,250	26,373
Change in assets and liabilities:					
Receivables, net	(108,031)	62,897	19,045	(26,089)	(1,945)
Due from other governmental entities	(1,666,333)		(764,840)	(2,431,173)	(1,534)
Prepaid items	(2,001)	(17)	(16,186)	(18,204)	(15,978)
Deferred outflows of resources	(176,322)	(110,780)	(28,789)	(315,891)	(25,034)
Inventories	234,506		(56,204)	178,302	(136,192)
Accounts payable	1,826,658	(153,101)	100,940	1,774,497	(736,245)
Accrued salaries	37,145	15,634	319	53,098	5,126
Accrued interest payable	(287,922)			(287,922)	
Accrued taxes payable			(1,101)	(1,101)	
Compensated absences	27,642	29,095	2,132	58,869	10,057
Due to other funds	3,846,537	96	742,703	4,589,336	
Deposits	(14,684)	27,210		12,526	
Net pension liability	350,902	128,651		479,553	
Deferred inflows of resources	(303,131)	(106,853)	6,918	(403,066)	6,015
Net OPEB liability	180,724	82,046	25,501	288,271	22,175
Unearned revenue	3,444,263		(4,427)	3,439,836	
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 10,959,453</b>	<b>\$ 2,301,433</b>	<b>\$ (85,325)</b>	<b>\$ 13,175,561</b>	<b>\$ 45,829</b>
<b>Reconciliation of cash and cash equivalents per statement of cash flows to the statement of net position:</b>					
Cash and cash equivalents	\$ 11,610,437	\$ 3,100,786	\$ 1,647,083	\$ 16,358,306	\$ 6,762,396
Restricted cash and cash equivalents:					
Utility upgrade account					
Impact fee account	4,664,160			4,664,160	
Revenue bond - future debt reserve accounts	12			12	
Revenue bond contingency account	3,886,076			3,886,076	
<b>Total cash and cash equivalents</b>	<b>\$ 20,160,685</b>	<b>\$ 3,100,786</b>	<b>\$ 1,647,083</b>	<b>\$ 24,908,554</b>	<b>\$ 6,762,396</b>
<b>Supplemental schedule of non-cash capital and related financing activities:</b>					
Capital assets acquired via finance purchase liability	\$ (88,885)	\$ (88,346)			\$ (10,434)
Proceeds from finance purchase liability	88,885	88,346			10,434
Capital assets acquired via lease	(6,306)				
Proceeds from lease	6,306				

See the accompanying notes.

**CITY OF PANAMA CITY, FLORIDA  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2022**

	<b>Pension Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,011,157
Investments:	
Common stock	6,771,258
Corporate bonds and notes	3,716,673
Mutual funds	43,114,071
Pooled/common/commingled funds	21,065,487
Total investments	74,667,489
Accounts receivable	881,102
<b>Total assets</b>	<b>78,559,748</b>
<b>LIABILITIES</b>	
Accounts payable	89,520
<b>NET POSITION</b>	
Restricted for pension benefits	<b>\$ 78,470,228</b>

See the accompanying notes.



**CITY OF PANAMA CITY, FLORIDA  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	<u><b>Pension Trust</b></u>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 4,246,273
State	728,549
Plan members	808,528
Total contributions	<u>5,783,350</u>
Investment earnings:	
Net appreciation (depreciation) in fair value of investments	(15,316,286)
Interest	2,493,071
Total investment earnings	<u>(12,823,215)</u>
Less investment expense	(335,366)
Net investment earnings (losses)	<u>(13,158,581)</u>
<b>Total additions (deletions)</b>	<u>(7,375,231)</u>
<b>DEDUCTIONS</b>	
Benefits	6,676,015
Refunds of member contributions	198,799
Administrative expenses	106,957
<b>Total deductions</b>	<u>6,981,771</u>
<b>Change in net position</b>	(14,357,002)
<b>Net Position Restricted for Pension Benefits:</b>	
<b>Beginning of year</b>	<u>92,827,230</u>
<b>End of year</b>	<u><u>\$ 78,470,228</u></u>

See the accompanying notes.



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**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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 ward 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 2022, 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, 2022**

**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 Panama City  
Redevelopment Agency  
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, 2022**

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

**Discretely Presented Component Units**

The following component units were included, by discrete presentation for 2022, 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, 2022**

**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. 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. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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 *Disaster Fund* is a special revenue fund used to account for revenues received from small disasters.

The *Hurricane Recovery Revenue Note, Series 2019*, is a debt service fund used to account for the resources accumulated and payments made for principal and interest on long-term debt of the 2019 note.

The *Hurricane Recovery Revenue Note, Series 2020A*, is a debt service fund used to account for the resources accumulated and payments made for principal and interest on long-term debt of the 2020A note.

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.

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

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.

*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.

*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 and franchise fees.

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.



**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

**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.

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.

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

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.

*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, leased assets, right-to-use assets, 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 \$3,500 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 when 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, 2022**

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

*Right-to-Use Lease Assets and Lease Liability*

Lease contracts that provide the City with control of a nonfinancial asset, such as land, buildings or equipment, for a period of time in excess of twelve months are reported as a leased asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The intangible leased asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. Leased assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment.

*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 assets that applies to future periods 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 assets that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has four items that qualify for reporting in this category which is related to 1) pensions as discussed in Note 9, 2) other post-employment benefits as discussed in Note 10, 3) leases as discussed in Note 7, and 4) 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.

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

*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.

*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.

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

*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, 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 \$168,713 in the General Fund, and \$9,900 in State Housing Initiative Partnership-City for the fiscal year ended September 30, 2022.

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

**New Accounting Pronouncements**

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 has implemented GASB Statement No. 87 in this report.

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 has implemented GASB Statement No. 89 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 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 GASB Statement No. 92 in this report, however it does not have any current impact on the City

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 was updated with the release of GASB Statement No. 99. All other requirements of this statement are effective for reporting periods beginning after June 15, 2021. The City has implemented GASB Statement No. 93 in this report, however it does not have any current impact on the City.

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)

**CITY OF PANAMA CITY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

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

and availability payment arrangements (APAs) and by enhancing the understanding, relevance, and consistency of information about PPS 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 (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 has implemented GASB Statement No. 97 in this report.

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing 1) practice issues that have been identified during implementation and application of certain GASB Statements and 2) accounting and financial reporting for financial guarantees. Certain provisions of this statement are effective upon issuance, while other provisions are effective for years beginning after June 15, 2022 and 2023. The City has implemented the provisions of GASB Statement No. 99 that are effective upon issuance. The City is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption of all other provisions.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections—an Amendment of GASB Statement No. 62*. This statement prescribes the accounting and financial reporting for 1) each type of accounting change and 2) error corrections. This statement requires that

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this statement are effective for financial statements for reporting period beginning after June 15, 2023. The City is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This statement clarifies the recognition and measurement guidance for compensated absences. This statement requires that liabilities for compensated absences be recognized for 1) leave that has not been used and 2) leave that has been used but not yet paid in cash or settled through noncash means. The requirements of this statement are effective for financial statements for reporting periods beginning after December 15, 2023. The City is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

**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 meet 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, 2022:

***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



**CITY OF PANAMA CITY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

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

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 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, 2022**

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

As of September 30, 2022, 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 the 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, 2022, 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, 2022**

**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, 2022 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, 2022, 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, 2022**

**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 12 days and a weighted average life (WAL) of 83 days.

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

The City uses the weighted average maturity method for Florida PRIME which results in a WAM of 21 days, and a weighted average life (WAL) of 72 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, 2022 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and cash equivalents	\$ 99,683,470
Restricted cash and cash equivalents	8,550,248
Investments	9,432,769

Statement of fiduciary net position:

Cash and cash equivalents	3,011,157
Investments	<u>74,667,489</u>
Total cash and investments	<u>\$ 195,345,133</u>

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

Cash on hand, deposits, and investments as of September 30, 2022 consist of the following:

Governmental and business-type investments:	
Cash on hand	\$ 23,184
Deposits with financial institutions	81,630,452
SBA	6,005,205
FL FIT	65,594
Investments in federal instrumentalities	29,942,052
Senior management pension plan:	
Deposits with financial institutions	35,486
Investments in pooled/common/commingled funds	3,513,118
Police officers and firefighters pension plan:	
Deposits with financial institutions	2,975,671
Investments in mutual funds	43,114,071
Investments in equity/common stock	6,771,258
Investments in corporate bonds and notes	3,716,673
Investments in pooled/common/commingled funds	<u>17,552,369</u>
Total cash and investments	<u>\$ 195,345,133</u>

***Deposits and Investment Risk Disclosures:***

As of September 30, 2022, the City held the following investments as categorized below in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosure*:

Primary Government: Investment Type	Investment Maturities				Total	Average Rating (1)
	Less than 1 Year	1 to 5 Years	6 to 10 Years	More than 10 Years		
Federal Instrumentalities	\$ 21,651,851	\$ 7,504,464	\$ 785,737		\$ 29,942,052	AA
State Board of Administration						
Florida PRIME	6,005,205				6,005,205	AAAm
Florida Fixed Income Trust	<u>65,594</u>				<u>65,594</u>	AAAf/S1
Total primary government	<u>\$ 27,722,650</u>	<u>\$ 7,504,464</u>	<u>\$ 785,737</u>		<u>\$ 36,012,851</u>	
<b>Fiduciary Funds:</b>						
Fiduciary Funds: Investment Type	Less than 1 Year	1 to 5 Years	6 to 10 Years	More than 10 Years	Total	Average Rating (1)
Common stock	\$ 6,771,258				\$ 6,771,258	N/A
Corporate bonds and notes	3,716,673				3,716,673	N/A
Pooled/common/ commingled funds	21,065,487				21,065,487	NR
Mutual funds	<u>43,114,071</u>				<u>43,114,071</u>	NR
Total fiduciary funds	<u>\$ 74,667,489</u>				<u>\$ 74,667,489</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, 2022**

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

Fair Value

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

**Primary Government**

	<u>Total</u> 9/30/22	<u>Fair Value Measurements Using</u>		
		Quoted prices	Other significant observable inputs	Significant unobservable inputs
		Level 1	Level 2	Level 3
<b>Investments by fair value level</b>				
Government agency securities	\$ 29,942,052		\$ 29,942,052	

**Fiduciary Funds**

	<u>Total</u> 9/30/22	<u>Fair Value Measurements Using</u>		
		Quoted prices	Other significant observable inputs	Significant unobservable inputs
		Level 1	Level 2	Level 3
<b>Investments by fair value level</b>				
Stocks	\$ 6,771,258	\$ 6,771,258	\$ -	\$ -
Corporate bonds and notes	3,716,673	3,716,673		
Mutual funds – fixed income	20,164,009	20,164,009		
Mutual funds – equity	22,950,062	22,950,062		
Pooled – real estate investment trust	7,063,182			7,063,182
Pooled – fixed income	528,742		528,742	
Pooled – equity	13,473,563		1,884,308	11,589,255
<b>Total Investment by fair value level</b>	<u>\$ 74,667,489</u>	<u>\$ 53,602,002</u>	<u>\$ 2,413,050</u>	<u>\$ 18,652,437</u>

**Primary Government**

	<u>Total</u> 9/30/22
<b>Investments by net asset value (NAV)</b>	
Florida Fixed Income Trust	<u>\$ 65,594</u>

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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, 2022:

<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>09/30/2022 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.	\$ (54,737)

Derivative instrument A is considered a hedging derivative instrument for 2022. 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, 2022**

**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, 2022, variable interest rate and LIBOR-based rate of the swap was as follows:

	<u>Variable Rate</u>	<u>LIBOR Based Rate</u>
Derivative A	4.43000%	2.22568%

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, 2022 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, 2022**

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

Derivative Instruments – Fair Value

The fair value balance of the derivative instrument outstanding at September 30, 2022, classified by type, and the changes in fair value of such derivative instrument are as follows:

	Changes in Fair Value		Fair Value at September 30, 2022		
	Classification	Amount	Classification	Amount	Notional
Business-type activities					
Cash flow hedges:					
Pay-fixed interest rate swap					
Derivative A	Deferred outflow	\$ 231,646	Debt	\$ (54,737)	\$ 7,500,000

	Total	Fair Value Measurements	
		Quoted Prices	Other Significant Observable Inputs
		Level 1	Level 2
Investment derivative by fair value level	9/30/22		
Pay-fixed interest rate swap	\$ (54,737)	\$	(54,737)

Derivative instruments classified in Level 2 of the fair value hierarchy are valued using a market approach that considers benchmark interest rates.

**NOTE 3 – NOTES RECEIVABLE**

Special Revenue Fund:

The City participates in loan rehabilitation programs that assist low income residents in obtaining safe and sanitary housing, businesses in downtown improvement areas, and rental housing improvements. The loans, accounted for in the special revenue fund, are due and payable at their respective maturity dates or change of home ownership, whichever occurs first. The City maintains a security interest in the property. These loans are non-interest bearing and will mature at various dates up to 2052.

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2022 was as follows:

**Primary Government**

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 20,181,582	\$ 39,763	\$ -	\$ -	\$ 20,221,345
Construction in progress	16,956,988	26,000,933		(2,289,310)	40,668,611
Total capital assets, not being depreciated	<u>37,138,570</u>	<u>26,040,696</u>		<u>(2,289,310)</u>	<u>60,889,956</u>
Capital assets, being depreciated:					
Buildings	26,980,264	30,766		2,549	27,013,579
Improvements other than buildings	31,604,541	9,674		1,357,041	32,971,256
Machinery and equipment	20,068,657	2,020,769	54,101	(21,781)	22,013,544
Intangibles-amortizable	172,584	23,000			195,584
Infrastructure, excluding bridges	70,333,413	614,117		929,720	71,877,250
Right-of-use lease assets-amortizable		283,846			283,846
Total capital assets, being depreciated	<u>149,159,459</u>	<u>2,982,172</u>	<u>54,101</u>	<u>2,267,529</u>	<u>154,355,059</u>
Less accumulated depreciation for:					
Buildings	9,064,990	752,147			9,817,137
Improvements other than buildings	17,251,533	2,441,939			19,693,472
Machinery and equipment	16,035,185	1,483,683	51,699	(21,781)	17,445,388
Intangibles-amortizable	91,366	28,846			120,212
Infrastructure, excluding bridges	45,954,844	1,545,447			47,500,291
Right-of-use lease assets-amortizable		63,551			63,551
Total accumulated depreciation	<u>88,397,918</u>	<u>6,315,613</u>	<u>51,699</u>	<u>(21,781)</u>	<u>94,640,051</u>
Total capital assets, being depreciated, net	<u>60,761,541</u>	<u>(3,333,441)</u>	<u>2,402</u>	<u>2,289,310</u>	<u>59,715,008</u>
Governmental activities capital assets, net	<u>\$ 97,900,111</u>	<u>\$ 22,707,255</u>	<u>\$ 2,402</u>	<u>\$ -</u>	<u>\$ 120,604,964</u>

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

**Primary Government (Continued)**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Business-type Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 1,828,384	\$ -	\$ -	\$ -	\$ 1,828,384
Construction in progress	17,546,308	9,837,578		(1,244,230)	26,139,656
Total capital assets, not being depreciated	<u>19,374,692</u>	<u>9,837,578</u>		<u>(1,244,230)</u>	<u>27,968,040</u>
Capital assets, being depreciated:					
Buildings	46,230,008	251,689		1,244,230	47,725,927
Improvements other than buildings	108,704,007				108,704,007
Intangibles-amortizable	4,007				4,007
Machinery and equipment	16,887,396	1,236,315	2,761,880	21,781	15,383,612
Right-of-use lease assets-amortizable		6,306			6,306
Total capital assets, being depreciated	<u>171,825,418</u>	<u>1,494,310</u>	<u>2,761,880</u>	<u>1,266,011</u>	<u>171,823,859</u>
Less accumulated depreciation for:					
Buildings	397,098	35,048			432,146
Improvements other than buildings	69,693,501	4,052,400			73,745,901
Intangibles-amortizable	2,937	801			3,738
Machinery and equipment	12,264,952	1,611,479	2,761,880	21,781	11,136,332
Right-of-use lease assets-amortizable		521			521
Total accumulated depreciation	<u>82,358,488</u>	<u>5,700,249</u>	<u>2,761,880</u>	<u>21,781</u>	<u>85,318,638</u>
Total capital assets, being depreciated, net	<u>89,466,930</u>	<u>(4,205,939)</u>		<u>1,244,230</u>	<u>86,505,221</u>
Business-type activities capital assets, net	<u>\$ 108,841,622</u>	<u>\$ 5,631,639</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114,473,261</u>

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

Total depreciation expense for governmental activities for fiscal year 2022 is \$6,315,613. Total depreciation expense for business-type activities for fiscal year 2022 is \$5,700,249.

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

Governmental activities:	
General government	\$ 2,660,822
Public safety	1,280,066
Highways and streets, including depreciation of general infrastructure assets	1,976,716
Culture and recreation	<u>371,636</u>
	6,289,240
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>26,373</u>
Total depreciation expense - governmental activities	<u>\$ 6,315,613</u>
Business-type activities:	
Utilities	\$ 4,176,953
Solid waste	1,333,891
Marina	<u>189,405</u>
Total depreciation expense - business-type activities	<u>\$ 5,700,249</u>

**Discretely Presented Component Units**

Activity for the Panama City Downtown Improvement Board for the year ended September 30, 2022, 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>91,834</u>	<u>7,469</u>	<u>          </u>	<u>99,303</u>
Total capital assets, being depreciated, net	<u>15,640</u>	<u>(7,469)</u>	<u>          </u>	<u>8,171</u>
Downtown Improvement Board capital assets, net	<u>\$ 440,639</u>	<u>\$ (7,469)</u>	<u>\$ -</u>	<u>\$ 433,170</u>

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

Activity for the Panama City Port Authority for the year ended September 30, 2022, 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	\$ -	\$ 214,724	\$ 26,182,874
Construction in progress	9,151,484	9,794,554	1,717,009	17,229,029
Total capital assets, not being depreciated	<u>35,549,082</u>	<u>9,794,554</u>	<u>1,931,733</u>	<u>43,411,903</u>
Capital assets, being depreciated:				
Buildings and improvements	89,583,943	69,924		89,653,867
Improvements other than buildings	74,716,784	1,259,361		75,976,145
Machinery and equipment	22,716,823	460,809		23,177,632
Right-of-use assets-amortizable	876,391			876,391
Total capital assets, being depreciated	<u>187,893,941</u>	<u>1,790,094</u>		<u>189,684,035</u>
Less accumulated depreciation for:				
Buildings and improvements	31,018,142	2,686,301		33,704,443
Improvements other than buildings	34,582,159	3,162,389		37,744,548
Machinery and equipment	12,141,940	1,169,509		13,311,449
Right-of-use assets-amortizable	487,620	8,852		496,472
Total accumulated depreciation	<u>78,229,861</u>	<u>7,027,051</u>		<u>85,256,912</u>
Total capital assets, being depreciated, net	<u>109,664,080</u>	<u>(5,236,957)</u>		<u>104,427,123</u>
Port Authority capital assets, net	<u>\$145,213,162</u>	<u>\$ 4,557,597</u>	<u>\$ 1,931,733</u>	<u>\$147,839,026</u>

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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 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. Claim 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, 2022, have been estimated and accrued at present value as a liability as of September 30, 2022. Changes in the balances of claim liabilities during the fiscal years 2022 and 2021 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>
2022	\$ 1,455,880	\$ 7,472,963	\$ 8,293,786	\$ 635,057
2021	895,395	7,824,036	7,263,551	1,455,880

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 6 - LONG-TERM DEBT**

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

Long-term obligations at September 30, 2022, includes the following debt issues:

	Authorized And Issued	Balance September 30, 2022
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	\$ 149,000
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	5,888,000
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	2,122,000
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	13,094,000
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	9,874,000
Hurricane Recovery and Refunding Revenue Note, Series 2020a, Revolving Line of Credit, amount authorized is \$70,000,000, amount unused is \$28,593,092, 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.	41,406,908	41,406,908
<b>Total</b>	<b>\$ 90,964,908</b>	<b>\$ 72,533,908</b>



**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**Primary Government - *Business-Type Activities*:**

Long-term obligations at September 30, 2022 includes the following debt issues:

	<u>Authorized And Issued</u>	<u>Balance September 30, 2022</u>
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.	25,891,000	25,891,000
0% State Revolving Fund promissory note payable, (DW0302G0) in the amount of \$25,249,300; with loan payments beginning in fiscal year 2026, secured by the net wastewater utility revenue of the City.	25,249,300	2,162,397
0% State Revolving Fund promissory note payable, (WW0302F0) in the amount of \$12,350,000; with loan payments beginning in fiscal year 2026, secured by the net wastewater utility revenue of the City.	<u>12,350,000</u>	<u>299,337</u>
Total	<u>\$ 63,490,300</u>	<u>\$ 28,352,734</u>

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

Long-term liability activity Governmental activities for the year ended September 30, 2022, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Revenue Note, Series 2008 (Modified)	\$ 300,000	\$ -	\$ 151,000	\$ 149,000	\$ 149,000
Capital Improvement Revenue Note, Series 2013B	6,793,000		905,000	5,888,000	926,000
Capital Improvement Revenue Note, Series 2016	2,330,000		208,000	2,122,000	212,000
Capital Improvement Revenue Note, Series 2018	14,069,000		975,000	13,094,000	1,007,000
Infrastructure Sales Surtax Revenue Note, Series 2018	11,678,000		1,804,000	9,874,000	1,859,000
Add (Deduct) deferred amounts on premium	<u>(35,172)</u>	<u>2,438</u>		<u>(32,734)</u>	<u>(2,518)</u>
Total bonds/notes payable	35,134,828	2,438	4,043,000	31,094,266	4,150,482
Finance purchase liability	2,507,142	1,969,195	788,417	3,687,920	939,841
Lease liability		283,846	100,934	182,912	100,177
Net pension liability	26,487,943	6,644,188	13,288,376	19,843,755	
Net OPEB liability	2,278,853	820,462		3,099,315	
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	58,000,000	16,782,592	41,406,908	
Compensated absences	<u>1,816,341</u>	<u>2,059,527</u>	<u>1,874,539</u>	<u>2,001,329</u>	<u>500,332</u>
Total long-term liabilities	<u>\$137,469,104</u>	<u>\$ 69,779,656</u>	<u>\$105,932,355</u>	<u>\$101,316,405</u>	<u>\$ 5,690,832</u>

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

Long-term liability activity Business -type activities for the year ended September 30, 2022, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Water and Sewer					
Refunding Revenue Note, Series 2012	\$ 3,376,000	\$ -	\$ 3,376,000	\$ -	\$ -
Revenue Note, Series 2021	<u>25,891,000</u>			<u>25,891,000</u>	
Total bonds/notes payable	29,267,000	-	3,376,000	25,891,000	-
Direct Borrowings:					
State Revolving Fund- DW0302G0		2,162,397		2,162,397	
State Revolving Fund- WW0302F0		<u>299,337</u>		<u>299,337</u>	
Total direct borrowings:		2,461,734		2,461,734	
Finance purchase liability		177,231		177,231	
Lease liability		6,305	377	5,928	1,572
Net OPEB liability	800,652	288,271		1,088,923	
Net pension liability	358,172	505,400	25,847	837,725	
Compensated absences	<u>474,524</u>	<u>58,867</u>		<u>533,391</u>	<u>133,348</u>
Total long-term liabilities	<u>\$30,900,348</u>	<u>\$3,497,808</u>	<u>\$ 3,402,224</u>	<u>\$30,995,932</u>	<u>\$ 134,920</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**

*Direct Borrowings:*

On October 29, 2021, the City issued Clean Water State Revolving Fund Construction Loan Agreement in the amount of \$25,249,300, with a rate of 0.00%. The agreement provides funds for wastewater treatment works and drinking water facilities impacted by Hurricanes Florence and Michael. Based on the agreement, the City has qualified for forgiveness of \$7,121,051 of the loan principal. The balance of \$18,128,249 is payable over 20 years with estimated semi-annual payments of \$467,106 (based on the final loan amount drawn) beginning May 2026. The loan is drawn down as project work is completed. Through September 30, 2022, \$2,162,397 had been drawn. At September 30, 2022 the balance was \$2,162,397.

On October 29, 2021, the City issued Drinking Water State Revolving Fund Planning and Design Loan Agreement in the amount of \$12,350,000 with a rate of 0.00%. The agreement provides funds for

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

wastewater treatment works and drinking water facilities impacted by Hurricanes Florence and Michael. The City has qualified for forgiveness of \$3,087,500 of the loan principal. The balance of \$9,262,500 is payable over 20 years with estimated semi-annual payments of \$237,737 (based on the final loan amount drawn) beginning May 2026. The loan is drawn down as project work is completed, through September 30, 2022, \$299,337 had been drawn. At September 30, 2022 the balance was \$299,337.

*Panama City Port Authority*

Changes in long-term liability obligations for the year ended September 30, 2022, 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.	\$ 2,888,321	\$ -	\$ 451,239	\$ 2,437,082	\$ 471,564
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		

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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 2032.	3,062,652		245,401	2,817,251	255,219
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.	1,483,609		86,956	1,396,653	90,433
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.	11,179,736		289,987	10,889,749	298,687
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>2,931,955</u>		<u>166,450</u>	<u>2,765,505</u>	<u>170,983</u>

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

Total notes payable	23,646,273		3,040,033	20,606,240	1,586,886
Claims and judgments	475,345	11,293	122,783	363,855	23,449
Lease liability*	573,231		8,535	564,696	8,706
Finance purchase liability		153,600	117,213	36,387	36,387
Net pension liability	75,558	40,676		116,234	
Net OPEB liability	253,765		80,103	173,662	
Compensated absences	<u>103,513</u>	<u>187,815</u>	<u>191,563</u>	<u>99,765</u>	<u>24,942</u>
Total long-term liabilities	<u>\$ 25,127,685</u>	<u>\$ 393,384</u>	<u>\$ 3,560,230</u>	<u>\$ 21,960,839</u>	<u>\$ 1,680,370</u>

\* The October 1, 2021 balances in the above table has been adjusted for the implementation of GASB 87, *Leases*, as of that date.

Debt service requirements to maturity subsequent to September 30, 2022, are as follows:

Year Ended <u>September 30</u>	<u>Notes Payable</u>		<u>Bank Swap</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 470,983	\$ 72,294	\$ 471,564	\$ 99,090
2024	175,640	67,638	492,804	75,047
2025	180,423	62,854	515,000	51,802
2026	185,337	57,941	538,196	29,596
2027	190,384	52,983	419,518	7,545
2028-2032	1,032,578	183,809		
2033-2036	<u>830,160</u>	<u>41,583</u>		
Total	<u>\$3,065,505</u>	<u>\$ 539,012</u>	<u>\$2,437,082</u>	<u>\$ 263,080</u>

Year Ended <u>September 30</u>	<u>State Infrastructure Loan Agreements</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 644,339	\$ 495,249
2024	667,126	472,462
2025	690,734	448,853
2026	715,195	424,393
2027	740,539	399,049
2028-2032	3,869,183	1,581,824
2033-2037	2,442,051	1,016,855
2038-2042	2,470,582	656,318
2043-2047	<u>2,863,904</u>	<u>262,818</u>
Total	<u>\$15,103,653</u>	<u>\$5,757,821</u>

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

Derivative instruments outstanding as of September 30, 2022 are as follows:

Item	Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	9/30/2022 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	\$ (54,737)

Derivative instrument A is considered a hedging derivative instrument for 2022. 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, 2022, 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
2023	\$ 471,564	\$ 99,090	\$ (81,867)	\$ 488,787
2024	492,804	75,047	(61,407)	506,444
2025	515,000	51,802	(38,402)	528,400
2026	538,196	29,596	(21,285)	546,507
2027	419,518	7,545	(5,382)	421,681
	<u>\$ 2,437,082</u>	<u>\$ 263,080</u>	<u>\$ (208,343)</u>	<u>\$ 2,491,819</u>

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

**Compensated Absences**

The amount of accrued annual and sick leave pay at September 30, 2022, is as follows:

<b>Primary Government</b>	<u>Current Portion</u>	<u>Long-Term Portion</u>	<u>Total</u>
Governmental activities	\$ 500,332	\$ 1,500,997	\$ 2,001,329
Business-type activities	<u>133,347</u>	<u>400,044</u>	<u>533,391</u>
Total	<u>\$ 633,679</u>	<u>\$ 1,901,041</u>	<u>\$ 2,534,720</u>

**Discretely Present Component Units**

	<u>Current Portion</u>	<u>Long-Term Portion</u>	<u>Total</u>
Panama City Port Authority	\$ 24,942	\$ 74,823	\$ 99,765

**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 9/30/22</u>
Water and Sewer Revenue Refunding Bonds - Series 2003 B	Utility	2003	\$ 4,980,000	9/30/23	\$ 1,745,000
Water and Sewer Revenue Note, Series 2015	Utility	2015	\$32,135,000	9/30/36	\$ 25,775,000



**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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 Improvement Revenue Note, Series 2016		Infrastructure Sales Surtax Revenue Note, Series 2018		Capital Improvement Revenue Note, Series 2018	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 149,000	\$ 2,143	\$ 926,000	\$ 69,655	\$ 212,000	\$ 28,275	\$ 1,859,000	\$ 121,027	\$ 1,007,000	\$ 199,436
2024			948,000	126,002	216,000	34,202	1,915,000	213,137	1,040,000	381,711
2025			969,000	99,092	220,000	30,135	1,973,000	154,428	1,074,000	346,830
2026			992,000	71,564	225,000	25,993	2,033,000	93,937	1,110,000	310,794
2027			1,015,000	43,390	229,000	21,758	2,094,000	31,619	1,146,000	273,570
2028			1,038,000	14,571	1,020,000	43,439			6,324,000	765,106
									1,393,000	22,984
	<u>\$ 149,000</u>	<u>\$ 2,143</u>	<u>\$ 5,888,000</u>	<u>\$ 424,274</u>	<u>\$ 2,122,000</u>	<u>\$ 183,802</u>	<u>\$ 9,874,000</u>	<u>\$ 614,148</u>	<u>\$ 13,094,000</u>	<u>\$ 2,300,431</u>

**Business-type Activities**

Year Ending September 30	Water & Sewer Revenue Note, Series 2021		State Revolving Fund DW0302G0		State Revolving Fund DW0302F0	
	Principal	Interest	Principal	Interest	Principal	Interest
2023		\$ 647,275				
2024	\$ 1,710,000	625,900				
2025	1,754,000	582,600				
2026	1,798,000	538,200	\$ 237,738		\$ 299,337	
2027	1,842,000	492,700	475,476			
2028-2032	9,917,000	1,740,839	1,449,183			
2033-2037	8,870,000	450,398				
	<u>\$ 25,891,000</u>	<u>\$ 5,077,912</u>	<u>\$ 2,162,397</u>	<u>\$ -</u>	<u>\$ 299,337</u>	<u>\$ -</u>

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 7 - LEASES**

**Primary Government:**

*Lessee*

The City has entered into lease agreements that convey the right to use buildings and equipment in agreements that do not automatically transfer the underlying assets to the City at the end of the lease for six copiers, one turf tank robot, twenty-six falcon cameras, one building, one postage meter, and one inserter. The terms and conditions for these leases vary. Some leases are fixed, periodic payments over the lease term, which ranges between one and seven years. Total annual rent for these leases for the fiscal year ended September 30, 2022 was \$100,934 for governmental activities and \$376 for business-type activities.

Minimum future lease payments are as follows:

Fiscal Year	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$100,177	\$ 2,105	\$102,282	\$ 1,572	\$ 109	\$ 1,681
2024	32,981	655	33,636	1,605	76	1,681
2025	17,700	438	18,138	1,639	42	1,681
2026	12,266	270	12,536	1,112	9	1,121
2027	9,847	153	10,000			
2028	9,941	59	10,000			
Total	<u>\$182,912</u>	<u>\$ 3,680</u>	<u>\$186,592</u>	<u>\$ 5,928</u>	<u>\$ 236</u>	<u>\$ 6,164</u>

*Lessor*

The City, as a lessor, recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with exceptions for certain short-term leases and leases that transfer ownership of the underlying asset. As lessor, the asset underlying the lease is not unrecognized. The lease receivable is measured at the present value of the lease payments, expected to be received during the lease term. The deferred inflows of resources is measured at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods.

The leases held by the City do not have an implicit rate of return, therefore, the City used their incremental borrowing rate on the date of lease commencement, or the date of implementation, to discount the lease revenue to the net present value. These rates vary from 0.632% to 1.882%.

The City's operations consist of agreements for use of land and buildings. The agreements are made up of various non-cancelable agreements which expire between the years 2026 and 2066. The City recognized \$190,204 of lease revenue principal and \$32,671 of lease interest for the year ended September 30, 2022.

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 7 - LEASES** (Continued)

Minimum future lease receipts to be received under lease agreements are as follow:

Fiscal Year	Governmental Activities		
	Principal	Interest	Total
2023	\$ 196,955	\$ 30,720	\$ 227,675
2024	199,188	28,486	227,674
2025	201,450	26,225	227,675
2026	203,739	23,936	227,675
2027	159,057	21,743	180,800
2028-2032	560,228	80,572	640,800
2033-2037	203,069	56,931	260,000
2038-2042	133,702	40,964	174,666
2043-2047	66,375	33,625	100,000
2048-2052	72,861	27,139	100,000
2053-2057	79,980	20,020	100,000
2058-2062	87,795	12,205	100,000
2063-2066	76,373	3,627	80,000
Total	<u>\$ 2,240,772</u>	<u>\$ 406,193</u>	<u>\$ 2,646,965</u>

**Discretely Presented Component Unit:**

*Panama City Port Authority*

*Lessor:*

The Port Authority, as a lessor, recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with exceptions for certain short-term leases and leases that transfer ownership of the underlying asset. As lessor, the asset underlying the lease is not unrecognized. The leases held by the Port Authority do not have an implicit rate of return, therefore, the Port Authority used their incremental borrowing rate on the date of lease commencement, or the date of implementation, to discount the lease revenue to the net present value. These rates vary from 2.00% to 4.25% depending on the date of lease commencement.

The Port Authority leases a substantial portion of its property to various lessees under operating lease agreements, both cancelable and noncancelable. The terms of the leases include monthly payments ranging from \$1,030 to \$65,395, expiring May 2023 to March 2029. For leases in which the Port Authority is the lessor, the Port Authority recognized lease receivables on noncancelable lease periods of \$8,840,486 for the year ended September 30, 2022. For the year ended September 30, 2022, the Port Authority reported lease revenue of \$2,953,436, of which \$2,184,735 is noncancelable, and interest revenue of \$193,004 related to noncancelable lease payments received.

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 7 - LEASES** (Continued)

Minimum future lease receipts to be received under lease agreements are as follows:

Year Ended <u>09/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 2,291,328	\$ 155,501	\$ 2,446,829
2024	1,522,173	115,288	1,637,461
2025	1,194,101	89,493	1,283,594
2026	1,145,503	66,195	1,211,698
2027	1,120,258	43,315	1,163,573
2028- 2029	<u>1,567,123</u>	<u>23,499</u>	<u>1,590,622</u>
	<u>\$ 8,840,486</u>	<u>\$ 493,291</u>	<u>\$ 9,333,777</u>

*Lessee:*

The Port Authority is the lessee in an agreement with the City 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, 2022. The Port Authority monitors changes in circumstances that would require a re-measurement of a lease and will re-measure the lease asset and liability if changes occur that are expected to significantly affect the amount of the lease liability.

Key estimates and judgements related to leases include how the Port Authority determines the discount rate it uses to discount the expected lease payments to present value, lease term, and lease payments.

Discount Rate – When readily available or determinable, the Port Authority uses the interest rate charged by the lessor. If not readily available or determinable, the Port Authority uses its estimated incremental borrowing rate.

Lease Term – The lease term includes the non-cancellable period of the lease.

Lease Payments – Lease payments included in the measurement of the lease liability are comprised of fixed payments and, if applicable, the purchase option price the Port Authority is reasonably certain to exercise.

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 8 - INTERFUND BALANCES AND TRANSFERS**

The composition of interfund balances at September 30, 2022, are summarized as follows:

	<u>Due From</u>	<u>Due To</u>
Primary Government:		
Governmental Funds -		
Major -		
General Fund	\$18,375,200	\$ 1,000,474
Capital Projects	5,363,050	16,204,532
Capital Projects Infrastructure Surtax	3,484,801	
Hurricane Michael	7,753,554	
Disaster Fund		8,924,007
State Housing Initiative Partnership-City	1,577,455	578
Revenue Note, Series 2019	1,042,752	
Revenue Note, Series 2020A		1,042,752
Nonmajor Special Revenue Funds –		
Infrastructure Surtax	86,739	57,987
Community Planning and Development	274,292	323,078
State Housing Initiative Partnership-County		1,577,524
Panama City Community Redevelopment		
Agency-Downtown North	9,050	109,060
Panama City Community Redevelopment		
Agency-Millville	551	
Panama City Florida Hurricane Disaster		
Relief Fund		7,880
General Grants	15,990	1,146,808
Nonmajor Debt Service Funds -		
Revenue Note, Series 2008 (Modified)		13,906
Revenue Note, Series 2020B		26,787
Proprietary Funds -		
Major -		
Utilities	4,438,914	11,752,372
Solid Waste	194,515	371,023
Marina	764,840	766,757
Nonmajor -		
Equipment Maintenance	<u>                    </u>	<u>56,178</u>
 Total	 <u>\$43,381,703</u>	 <u>\$43,381,703</u>

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, 2022**

**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	\$ 2,221,293	\$ 3,922,454
Hurricane Michael		27,992,017
Debt Service Hurricane Series 2019	12,102,915	
Debt Service Hurricane Series 2020A	<u>16,782,592</u>	
Aggregate Major	<u>31,106,800</u>	<u>31,914,471</u>
Nonmajor Special Revenue Funds -		
Community Planning and Development	318,454	10,006
Panama City Community Redevelopment Agency - Downtown North		50,028
Panama City Community Redevelopment Agency - Millville		156,628
Infrastructure Surtax		2,157,195
Nonmajor Debt Service Funds -		
Debt Service Series 2008	156,628	
Debt Service Series 2013B	1,091,307	
Debt Service Series 2016	250,140	
Debt Service Infrastructure Series 2018	2,157,195	
Debt Service Series 2018	<u>1,439,102</u>	
Aggregate Nonmajor	<u>5,412,826</u>	<u>2,373,857</u>
Proprietary Funds -		
Major		
Utilities	225,000	1,041,326
Solid Waste		1,137,981
Marina		<u>274,490</u>
Aggregate Major	<u>225,000</u>	<u>2,453,797</u>
Nonmajor		
Equipment Maintenance		<u>2,501</u>
	<u>\$ 36,744,626</u>	<u>\$ 36,744,626</u>

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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, 2022**

**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,



**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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, 2021 through June 30, 2022 and from July 1, 2021 through September 30, 2022, respectively, were as follows: Regular – 8.28% and 6.75%; Senior Management Service – 27.29% and 29.01%; and DROP participants – 15.3% and 12.94%. 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, 2022 are as follows:

<u>Primary Government</u>	<u>Component Unit</u>
\$159,192	\$9,716

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

***Primary Government:***

At September 30, 2022, the City reported a liability of \$1,203,353 for its proportionate share of the Pension Plan’s net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The City’s proportionate share of the net pension liability was based on the City’s 2021-22 fiscal year contributions relative to the 2020-21 fiscal year contributions of all participating members. At June 30, 2022, the City’s proportionate share was .003234122 percent, which was an increase of .000205555 percent from its proportionate share measured as of June 30, 2021.

***Discretely Presented Component Unit:***

At September 30, 2022, the Port Authority reported a liability of \$89,035 for its proportionate share of the Pension Plan’s net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The Port Authority’s proportionate share of the net pension liability was based on the Port Authority’s 2021-22 fiscal year contributions relative to the 2020-21 fiscal year contributions of all participating members. At June 30, 2022, the Port Authority’s proportionate share was .000239287 percent, which was a decrease of .000161808 percent from its proportionate share measured as of June 30, 2021.

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

The pension expense (income) amounts recognized for the fiscal year ended September 30, 2022 are as follows:

<u>Primary Government</u>	<u>Discretely Presented Component Unit</u>
\$82,746	\$(8,418)

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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	\$ 57,152	\$ -	\$ 4,229	\$ -
Changes in assumptions	148,198		10,965	
Net difference between projected and actual earnings on investments	79,457		5,879	
Differences in proportion and differences between Pension Plan contributions and proportionate share of contributions	46,156	185,174	1,155	68,771
Pension Plan contributions subsequent to the measurement date	<u>39,605</u>		<u>1,809</u>	
<b>Total Pension Plan</b>	<u>\$ 370,568</u>	<u>\$ 185,174</u>	<u>\$ 24,037</u>	<u>\$ 68,771</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, 2023. Subsequent contributions are as follows:

<u>Primary Government</u>	<u>Discretely Presented Component Unit</u>
\$39,605	\$1,809

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:

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

Fiscal Year Ending September 30:	Primary Government	Discretely Presented Component Unit
2023	\$ (15,530)	\$ (14,706)
2024	2,459	(14,392)
2025	18,531	(11,550)
2026	63,305	(7,179)
2027	58,356	(99)
Thereafter	18,668	1,383
Total	\$ 145,789	\$ (46,543)

***Actuarial Assumptions:***

The total pension liability in the June 30, 2022 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	6.70%, 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, 2022 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:

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	2.60%	2.60%	1.10%
Fixed income	19.80%	4.40%	4.40%	3.20%
Global equity	54.00%	8.80%	7.30%	17.80%
Real estate	10.30%	7.40%	6.30%	15.70%
Private equity	11.10%	12.00%	8.90%	26.30%
Strategic investments	3.80%	6.20%	5.90%	7.00%
Assumed Inflation - Mean			2.40%	1.3%

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

***Discount Rate:***

The discount rate used to measure the total pension liability was 6.7%. 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 6.7%, 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 (5.7%) or one percentage point higher (7.7%) than the current rate:

	1% Decrease 5.7%	Current Discount Rate 6.7%	1% Increase 7.7%
City's proportionate share of the net pension liability	\$ 2,081,117	\$ 1,203,353	\$ 469,439
Port Authority's proportionate share of the net pension liability	\$ 153,978	\$ 89,035	\$ 34,733

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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, 2022, the City reported a payable in the amount of \$16,122 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2022.

***Discretely Presented Component Unit:***

At September 30, 2022, the Port Authority reported a payable in the amount of \$560 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2022.

**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, 2022, 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, 2022, 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  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

The contributions to the HIS Plan totaled for the fiscal year ended September 30, 2022, are as follows:

<u>Primary Government</u>	Discretely Presented <u>Component Unit</u>
\$17,281	\$1,267

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

***Primary Government:***

At September 30, 2022, the City reported a liability of \$282,483 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The City's proportionate share of the net pension liability was based on the City's 2021-22 fiscal year contributions relative to the 2020-21 fiscal year contributions of all participating members. At June 30, 2022, the City's proportionate share was .002667052 percent, which was a decrease of .000042155 percent from its proportionate share measured as of June 30, 2021.

***Discretely Presented Component Unit:***

At September 30, 2022, the Port Authority reported a liability of \$27,199 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The Port Authority's proportionate share of the net pension liability was based on the Port Authority's 2021-22 fiscal year contributions relative to the 2020-21 fiscal year contributions of all participating members. At June 30, 2022, the Port Authority's proportionate share was .000256795 percent, which was a decrease of .000112173 percent from its proportionate share measured as of June 30, 2021.

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

The pension expense (income) amounts recognized for the fiscal year ended September 30, 2022, are as follows:

<u>Primary Government</u>	Discretely Presented <u>Component Unit</u>
(\$54,702)	(\$9,925)

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  
SEPTEMBER 30, 2022**

**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	\$ 8,574	\$ 1,243	\$ 826	\$ 120
Changes in assumptions	16,192	43,700	1,559	4,208
Net difference between projected and actual earnings on investments	409		39	
Differences in proportion and differences between HIS Plan contributions and proportionate share of contributions		154,049		35,803
HIS Plan contributions subsequent to the measurement date	4,533		295	
<b>Total HIS Plan</b>	<b>\$ 29,708</b>	<b>\$ 198,992</b>	<b>\$ 2,719</b>	<b>\$ 40,131</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, 2023. Subsequent contributions are as follows:

<u>Primary Government</u>	<u>Discretely Presented Component Unit</u>
\$4,533	\$295

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>
2023	\$ (52,749)	\$ (10,131)
2024	(43,740)	(8,881)
2025	(33,656)	(8,320)
2026	(28,838)	(5,884)
2027	(10,120)	(3,271)
Thereafter	(4,714)	(1,220)
Total	<u>\$ (173,817)</u>	<u>\$ (37,707)</u>

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

*Actuarial Assumptions:*

The total pension liability in the July 1, 2022 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	3.54%

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

The actuarial assumptions used in the July 1, 2022 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 3.54%. 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 3.54%, 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 (2.54%) or one percentage point higher (4.54%) than the current rate:

	1% Decrease 2.54%	Current Discount Rate 3.54%	1% Increase 4.54%
City's proportionate share of the net pension liability	\$ 323,184	\$ 282,483	\$ 248,804
Port Authority's proportionate share of the net pension liability	\$ 31,118	\$ 27,199	\$ 23,956



**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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, 2022, the City reported a payable in the amount of \$1,747 for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2022.

***Discretely Presented Component Unit:***

At September 30, 2022, the Port Authority reported a payable in the amount of \$91 for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2022.

**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 2021-2022 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, for the periods from October 1, 2021 through June 30, 2022, and from July 1 through September 30, 2022, respectively, as follows: Regular class 6.30% and 9.30%, Special Risk Administrative Support class 7.95% and 10.95%, and County Elected Officers class 11.34% and 14.34%.

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,

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

the member must have the years of service required for Pension Plan vesting (including the service credit 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, 2022, 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, 2022.

**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.

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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>10/1/21</u>	Firefighters' Pension <u>10/1/21</u>	Senior Management Pension <u>10/1/22</u>
Inactive plan members or beneficiaries currently receiving benefits	102	80	17
Inactive plan members entitled to but not yet receiving benefits	38	14	2
Active plan members	<u>81</u>	<u>68</u>	<u>17</u>
Total members	<u>221</u>	<u>162</u>	<u>36</u>
Number of participating employers	1	1	1

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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, 2021 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, 2021 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.

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

Pre-Retirement Death Benefits

<u>Police Officers’ Pension</u>	<u>Firefighters’ Pension</u>	<u>Senior Management Pension</u>
<p>Greater of: 1) death benefit provided in Chapter 185, F.S., 2) accumulated member contributions, or, 3) 3 times annual salary.</p>	<p>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.</p>	<p>Return of accumulated employee contributions.</p>

Supplement

<p>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.</p>	<p>\$575 per month to earlier of death or Social Security retirement age.</p>	<p>None provided</p>
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Cost-of-Living  
Adjustment

<p>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.</p>	<p>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.</p>	<p>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.</p>
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**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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, 2022:

	<u>Police Officers’ Pension</u>	<u>Firefighters’ Pension</u>	<u>Senior Management Pension</u>
<u>Asset Class</u>	<u>Target Allocation</u>	<u>Target Allocation</u>	<u>Target Allocation</u>
Domestic equity	40.00%	38.00%	Core bonds 15.00%
International equity	12.00%	12.00%	Core plus 15.00%
Bonds	18.00%	19.00%	U. S. large cap equity 25.00%
High yield bonds	5.00%	5.00%	U. S. small cap equity 14.00%
Convertibles	12.00%	10.00%	Non-U.S. equity 21.00%
Private real estate	6.00%	5.00%	Core real estate 10.00%
REITS	2.00%	5.00%	
Infrastructure	4.00%	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.

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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, 2022 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense was (14.31%).	For the year ended September 30, 2022 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense was (14.47%).	For the year ended September 30, 2022, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was (13.19%).
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, 2022**

**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, 2022 is \$142,941.	6.5% per annum, credited quarterly. The DROP balance as of September 30, 2022 is \$558,411.	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, 2022) and for the City’s reporting period (the year ended September 30, 2022). 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, 2022, the City has chosen to use the end of the prior fiscal year (September 30, 2021) as the measurement date, and the year ended September 30, 2021 as the measurement period for the Police Officers’ and Firefighters’ Pensions and September 30, 2022 as the measurement date, and the year ended September 30, 2022 as the measurement period for Senior Management Pension.

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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, 2020 to the measurement date of September 30, 2021 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, 2021 to the measurement date of September 30, 2022 for the Senior Management Pension.

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

The components of the net pension liability of the sponsor on September 30, 2022 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, 2021	\$ 47,054,795	\$ 37,474,669	\$ 9,580,126
Changes for a year:			
Service cost	936,928		936,928
Interest	3,526,225		3,526,225
Change in Excess State Money	8,928		8,928
Differences between expected and actual experience	957,566		957,566
Changes of assumptions	1,016,505		1,016,505
Contributions – Employer		1,336,324	(1,336,324)
Contributions – State		356,877	(356,877)
Contributions – Employee		363,828	(363,828)
Net investment income		7,601,493	(7,601,493)
Benefit payments, including refunds of employee contributions	(3,152,037)	(3,152,037)	
Administrative expense		(51,827)	51,827
Net changes	3,294,115	6,454,658	(3,160,543)
Reporting Period Ending September 30, 2022	<u>\$ 50,348,910</u>	<u>\$ 43,929,327</u>	<u>\$ 6,419,583</u>

**CITY OF PANAMA CITY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**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, 2021	\$ 55,000,296	\$ 37,929,837	\$ 17,070,459
Changes for a year:			
Service cost	906,287		906,287
Interest	4,117,235		4,117,235
Differences between expected and actual experience	(4,931)		(4,931)
Changes of assumptions	488,921		488,921
Contributions – Employer		2,337,612	(2,337,612)
Contributions – State		306,137	(306,137)
Contributions – Employee		276,969	(276,969)
Net investment income		7,359,819	(7,359,819)
Benefit payments, including refunds of employee contributions	(3,452,261)	(3,452,261)	
Administrative expense		(53,413)	53,413
Net changes	<u>2,055,251</u>	<u>6,774,863</u>	<u>(4,719,612)</u>
Reporting Period Ending September 30, 2022	<u>\$ 57,055,547</u>	<u>\$ 44,704,700</u>	<u>\$ 12,350,847</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, 2021	\$ 3,827,631	\$ 4,193,202	\$ (365,571)
Changes for a Year:			
Service cost	131,636		131,636
Expected interest growth	268,992	290,484	(21,492)
Unexpected investment income		(836,414)	836,414
Demographic experience	(7,115)		(7,115)
Contributions – Employer		93,248	(93,248)
Contributions – Employee		73,687	(73,687)
Benefit payments, including refunds of employee contributions	(237,009)	(237,009)	
Administrative expense		(18,276)	18,276
Net changes	<u>156,504</u>	<u>(634,280)</u>	<u>790,784</u>
Balances at September 30, 2022	<u>\$ 3,984,135</u>	<u>\$ 3,558,922</u>	<u>\$ 425,213</u>

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

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

For the year ended September 30, 2022, the Sponsor will recognize a pension expense of:

Police Officers'	Firefighters'	Senior Management
\$1,478,468	\$1,944,091	\$119,865

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

On September 30, 2022, 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	\$ 887,936	\$ 52,187	\$ 262,418	\$ 131,863	\$ 31,670	\$ 38,246
Changes in assumptions	793,863	122,420	782,211		167,268	92,792
Net difference between projected and actual earnings on pension plan investments		3,742,207		2,144,727	419,419	
Pension Plan contributions subsequent to the measurement date	1,908,672		2,972,902			
Total	\$ 3,590,471	\$ 3,916,814	\$ 4,017,531	\$ 2,276,590	\$ 618,357	\$ 131,038

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, 2023. Subsequent contributions are as follows:

Police Officers'	Firefighters'
\$1,908,672	\$2,972,902

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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	\$ (18,169)	\$ 142,896	\$ 104,842
2023	(288,600)	(121,441)	107,394
2024	(973,846)	(353,540)	108,092
2025	(959,400)	(899,876)	166,991
2026			
Total	<u>\$ (2,235,015)</u>	<u>\$ (1,231,961)</u>	<u>\$ 487,319</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, 2022**

**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	7.5%	7.5%	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, 2022**

**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, 2021

<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	38.00%	8.3%	8.3%
International equity	12.00%	4.1%	4.1%
Bonds	19.00%	3.1%	3.1%
High yield bonds	5.00%	5.6%	5.6%
Convertibles	10.00%	7.8%	7.8%
Private real estate	5.00%	5.5%	5.5%
REITS	5.00%	8.2%	8.2%
Infrastructure	5.00%	7%	7%
Cash	1.00%	.2%	.2%

Senior Management as of September 30, 2022

<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 7.5% 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.

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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
	6.50%	7.50%	8.50%
Police Officers'	\$ 12,239,169	\$ 6,419,583	\$ 1,580,292
Firefighters'	\$ 19,344,260	\$ 12,350,847	\$ 6,582,557
Senior Management	\$ 859,573	\$ 425,213	\$ 60,642

***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, 2022. 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, 2022. 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' Pension	Firefighters' Pension	Senior Management Pension
Total pension liability	\$ 50,602,912	\$ 57,920,710	\$ 3,984,135
Plan fiduciary net position	(36,748,004)	(38,163,302)	(3,558,922)
Sponsor's net pension liability	\$ 13,854,908	\$ 19,757,408	\$ 425,213
Plan fiduciary net position as a percentage of total pension liability	72.62%	65.89%	89.33%



**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

*Actuarial Assumptions (Plan Reporting):*

The September 30, 2022 total pension liability for Police Officers' and Firefighters' was determined by rolling forward the total pension liability as of September 30, 2021 to September 30, 2022, using the actuarial assumptions and methods used in the October 1, 2021 actuarial valuation on the plans. Except for the changes listed as follows there have been no other changes. For the 2022 fiscal year, amounts reported as changes of assumptions for the pension plan resulted from:

Changes of assumptions

Police Officers' Pension

No assumptions were changed since the prior measurement date.

Firefighters' Pension

No assumptions were changed since the prior measurement date.

Senior Management Pension

No assumptions were changed since the prior measurement date.

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, 2022 are summarized in the following table:

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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	7.1%	7.1%
International equity	3.1%	3.1%
Bonds	2.0%	2.0%
High yield bonds	4.2%	4.2%
Convertibles	6.4%	6.4%
Private real estate	6.4%	6.4%
REITS	6.9%	6.9%
Infrastructure	5.6%	5.6%
Cash	-1%	-1%

***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	Current Discount		
	1% Decrease 6.5%	Rate 7.5%	1% Increase 8.5%
Police Officers’	\$ 19,658,123	\$ 13,854,908	\$ 9,025,496
		Current Discount	
	1% Decrease 6.5%	Rate 7.5%	1% Increase 8.5%
Firefighters’	\$ 26,852,562	\$ 19,757,408	\$ 13,903,329
		Current Discount	
	1% Decrease 6.0%	Rate 7.0%	1% Increase 8.0%
Senior Management	\$ 859,573	\$ 425,213	\$ 60,642

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

**Combining Statement of Pension Plan Net Position  
September 30, 2022**

	Police Officers' Pension	Firefighters' Pension	Senior Management Pension	Total
<b>Assets:</b>				
Cash and cash equivalents:				
Short term investments	\$ 1,424,794	\$ 1,550,877	\$ -	\$ 2,975,671
Cash			35,486	35,486
<b>Total cash and equivalents</b>	<b>1,424,794</b>	<b>1,550,877</b>	<b>35,486</b>	<b>3,011,157</b>
Receivables:				
Member contributions in transit	9,661	6,676		16,337
City contributions	36,588	54,304	10,318	101,210
State contributions	394,143	334,407		728,550
From Broker	2,362			2,362
Investment income	23,570	9,073		32,643
<b>Total receivables</b>	<b>466,324</b>	<b>404,460</b>	<b>10,318</b>	<b>881,102</b>
Investments:				
Common stocks	6,771,258			6,771,258
Corporate bonds	3,716,673			3,716,673
Mutual funds:				
Fixed income	8,520,333	11,643,676		20,164,009
Equity	12,700,219	10,249,843		22,950,062
Pooled/common/commingled funds:				
Fixed income			528,742	528,742
Equity		11,074,707	2,398,856	13,473,563
Real estate investment trust	3,221,470	3,256,192	585,520	7,063,182
<b>Total investments</b>	<b>34,929,953</b>	<b>36,224,418</b>	<b>3,513,118</b>	<b>74,667,489</b>
<b>Total assets</b>	<b>36,821,071</b>	<b>38,179,755</b>	<b>3,558,922</b>	<b>78,559,748</b>
<b>Liabilities:</b>				
Accounts Payable:				
Administrative expenses	1,638	1,304		2,942
Investment expenses	25,291	15,149		40,440
Prior refunds	668			668
Other payables	45,470			45,470
<b>Total accounts payable</b>	<b>73,067</b>	<b>16,453</b>		<b>89,520</b>
<b>Total liabilities</b>	<b>73,067</b>	<b>16,453</b>		<b>89,520</b>
<b>Net Position:</b>				
Restricted for pension benefits	<u>\$ 36,748,004</u>	<u>\$ 38,163,302</u>	<u>\$ 3,558,922</u>	<u>\$ 78,470,228</u>

**CITY OF PANAMA CITY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

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

**Combining Statement of Changes in Net Position**  
**Fiscal Year Ended September 30, 2022**

	Police Officers' Pension	Firefighters' Pension	Senior Management Pension	Total
<b>Additions</b>				
Contributions:				
Plan members	\$ 410,486	\$ 324,355	\$ 73,687	\$ 808,528
Employer	1,514,530	2,638,495	93,248	4,246,273
State	394,142	334,407		728,549
Total contributions	<u>2,319,158</u>	<u>3,297,257</u>	<u>166,935</u>	<u>5,783,350</u>
Investment earnings:				
Net appreciation (depreciation) in fair value of investments	(7,287,480)	(7,482,875)	(545,931)	(15,316,286)
Interest	1,274,383	1,218,688		2,493,071
Total investment earnings (losses)	<u>(6,013,097)</u>	<u>(6,264,187)</u>	<u>(545,931)</u>	<u>(12,823,215)</u>
Less investment expense	(172,230)	(163,136)		(335,366)
Net investment earnings (losses)	<u>(6,185,327)</u>	<u>(6,427,323)</u>	<u>(545,931)</u>	<u>(13,158,581)</u>
Total additions (deletions)	<u>(3,866,169)</u>	<u>(3,130,066)</u>	<u>(378,996)</u>	<u>(7,375,231)</u>
<b>Deductions</b>				
Distributions to members:				
Benefit payments	2,908,069	3,118,909	237,009	6,263,987
Lump sum DROP distributions	198,356	213,672		412,028
Refunds of member contributions	164,579	34,220		198,799
Total distributions	<u>3,271,004</u>	<u>3,366,801</u>	<u>237,009</u>	<u>6,874,814</u>
Administrative expenses	44,150	44,531	18,276	106,957
Total deductions	<u>3,315,154</u>	<u>3,411,332</u>	<u>255,285</u>	<u>6,981,771</u>
<b>Change in Net Position</b>	<b>(7,181,323)</b>	<b>(6,541,398)</b>	<b>(634,281)</b>	<b>(14,357,002)</b>
<b>Net Position Restricted for Pension Benefits</b>				
Beginning of year	<u>43,929,327</u>	<u>44,704,700</u>	<u>4,193,203</u>	<u>92,827,230</u>
End of year	<u>\$ 36,748,004</u>	<u>\$ 38,163,302</u>	<u>\$ 3,558,922</u>	<u>\$ 78,470,228</u>

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

**9.3 Aggregate Schedule of Retirement Plan Information**

For the fiscal year ended September 30, 2022, 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	\$ 1,247,750	\$ 223,539	\$ 5,055	\$ 120
Changes in assumptions	1,907,732	258,912	12,524	4,208
Net difference between projected and actual earnings on investments	499,285	5,886,934	5,918	
Differences in proportion and differences between Pension Plan contributions and proportionate share of contributions	46,156	339,223	1,155	104,574
Pension Plan contributions subsequent to the measurement date	4,925,712		2,104	
<b>Total</b>	<b>\$ 8,626,635</b>	<b>\$ 6,708,608</b>	<b>\$ 26,756</b>	<b>\$ 108,902</b>

***Pension Expense***

For the fiscal year ended September 30, 2022, the City recognized total pension expense of \$3,570,468.

For the fiscal year ended September 30, 2022, the Port Authority recognized total pension income of \$18,344.

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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 \$1,388,793, of which \$202,701 was forfeitures, for the fiscal year ended September 30, 2022. This is a noncontributory plan. Contributions are as follows:

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

	<u>Required Contribution</u>	<u>Percentage of the Amount Contributed</u>
9/30/22	\$ 1,388,793	100%
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%

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, 2022**

**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 \$184,012, of which \$73,196 was forfeitures, for the fiscal year ended September 30, 2022. This is a noncontributory plan. Contributions are as follows:

		<u>Required Contribution</u>	<u>Percentage of the Amount Contributed</u>
9/30/22	\$	184,012	100%
9/30/21		175,013	100%
9/30/20		198,926	100%
9/30/19		183,661	100%
9/30/18		172,563	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*

	City	Discretely Presented Component Unit
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, 2022**

**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, 2022**

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

	Primary Government	Discretely Presented Component Unit
Retirees and beneficiaries currently receiving benefits	28	-
Active members	<u>425</u>	<u>69</u>
	<u>453</u>	<u>69</u>

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

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

The Net OPEB Liability was measured as of September 30, 2022. The Total OPEB Liability was determined from an actuarial valuation as of October 1, 2021. 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	\$ 4,188,238	\$ 173,662
Less: Fiduciary Net Position	-	-
Net OPEB Liability	\$ 4,188,238	\$ 173,662

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Primary Government:			
Change in Net OPEB Liability			
Beginning Net OPEB Liability	\$ 3,079,505		\$ 3,079,505
Service Cost	267,289		267,289
Interest	154,218		154,218
Changes of Assumptions	(625,460)		(625,460)
Benefit Payments	(230,100)		(230,100)
Difference between expected and actual experience	1,542,786		1,542,786
Net Change	1,108,733		1,108,733
Ending Net OPEB Liability	\$ 4,188,238		\$ 4,188,238

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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	\$ 253,765		\$ 253,765
Service Cost	17,377		17,377
Interest	12,705		12,705
Demographic Loss	(8,705)		(8,705)
Assumption Changes	(91,775)		(91,775)
Benefit Payments	(9,705)		(9,705)
Net Change	(80,103)		(80,103)
Ending Net OPEB Liability	\$ 173,662		\$ 173,662

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

The OPEB expense (income) amounts recognized for the fiscal year ended September 30, 2022 are as follows:

Primary Government	Discretely Presented Component Unit
\$ 157,787	\$ 7,876

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	\$ 2,122,324	\$ 1,050,621	\$ -	\$ -
Change of assumptions	94,683	795,688	1,035	154,808
<b>Total</b>	\$ 2,217,007	\$ 1,846,309	\$ 1,035	\$ 154,808

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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
2023	\$ (33,620)	\$ (12,501)
2024	(33,620)	(12,501)
2025	(33,620)	(12,501)
2026	(33,620)	(12,501)
2027	(33,620)	(12,501)
Thereafter	538,798	(91,268)
Total	<u>\$ 370,698</u>	<u>\$ (153,773)</u>

***Actuarial Assumption:***

	City	Discretely Presented Component Unit
Discount Rate	4.77% 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.	4.77% 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 8.00% for the 2021/22 fiscal year graded down by 0.50% per year to 5.00% for the 2027/28 and later fiscal years.	Increases in healthcare costs are assumed to be 8.00% for the 2021/22 fiscal year graded down by 0.50% per year to 5.00% for the 2027/28 and later fiscal years.

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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 \$15,800 per covered individual for the 2021/22 fiscal year; buy-up plan retiree claims were assumed to be 7.34% greater than the basic plan retiree claims and buy-up plan spousal claims; were assumed to be 8.63% greater than the basic plan spousal claims these amounts were determined based on actual claims during the preceding three 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 \$700 for the retiree and \$375 for the retiree’s spouse has been assumed at age 62 for the 2021/22 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, 2022**

**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, 2022**

**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 ten 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 2.43% per annum to 4.77% per annum; the healthcare cost trend rates were increased from 6.00% for the 2021/22 fiscal year graded down to 5.00% for the 2023/24 and later fiscal years to the amounts shown above; expected claims at age 59 for the 2021/22 fiscal year were increased from \$14,590 per covered individual to \$15,800 under the basic plan per covered individual, to \$16,960 for the retiree under the buy-up plan, and \$17,164 for the retiree’s spouse under the buy-up plan; and the loading factor for retiree life insurance has been increased from four to ten.	Since the prior measurement date, the discount rate was increased from 2.43% to 4.77% per annum; the healthcare cost trend rates were increased from 6.00% for the 2021/22 fiscal year graded down to 5.00% for the 2023/24 and later fiscal years to the amounts shown above; and the implied subsidy at age 62 for the 2021/22 fiscal year was decreased from \$712 for the retiree and \$513 for the retiree’s spouse to the amounts shown above.

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

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

	1.00% Decrease 3.77%	Current Discount Rate 4.77%	1.00% Increase 5.77%
City's OPEB Liability	\$ 4,609,319	\$ 4,188,238	\$ 3,826,858
Port Authority's OPEB Liability	191,020	173,662	158,248

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

	1.00% Decrease 4.00%	8.00% graded down to 5.00%	1.00% Increase 6.00%
Primary Government	\$ 3,730,912	\$ 4,188,238	\$ 4,733,156
Discretely Presented Component Unit	151,047	173,662	201,286

***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. The City does not make any matching or discretionary contributions to the deferred compensation plan. The deferred compensation plan is considered as an other employee benefit plan in accordance with paragraph 6 of GASBS No. 97. And the deferred compensation plan is not considered as a fiduciary activity of the City under the provisions of GASBS No. 84. The deferred compensation funds are not available until termination, retirement, death, or unforeseeable emergency.



**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 11 - 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, 2022, is as follows:

Governmental Funds-	
General Fund	\$ 1,625,888
Hurricane Michael	173,228
Disaster Fund	22,995
General Grants	822,450
Capital Projects	8,780,548
Capital Projects Infrastructure Sales Tax	9,228,818
Infrastructure Surtax	295,906
Panama City Redevelopment Agency - Downtown North	60,694
Panama City Redevelopment Agency - Millville	49,543
Panama City Redevelopment Agency - Downtown	139
Proprietary Funds-	
Equipment Maintenance	29,011
Marina	3,247,195
Solid Waste	1,128,634
Utilities	<u>34,761,463</u>
Total	<u>\$60,226,512</u>

**NOTE 12 - 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, 2022**

**NOTE 12 – FUND BALANCES** (Continued)

**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, 2022**

**NOTE 12 - FUND BALANCES** (Continued)

*Fund Balance Summary*

A summary of the nature and purpose of fund balances at September 30, 2022 is as follows:

	<b>Major Funds</b>			
	<b>General</b>	<b>Hurricane Michael</b>	<b>Capital Projects</b>	<b>Capital Projects Infrastructure Surtax</b>
Fund Balances:				
<b>Non-spendable:</b>				
Inventory	\$ 167,396	\$ -	\$ -	\$ -
Prepaid items	2,450,371		163	
Other	2,252			
<b>Total non-spendable</b>	2,620,019		163	
<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		59,717,106		
<b>Assigned</b>	1,625,888			8,527,158
<b>Unassigned</b>	24,706,393		(1,283,928)	
<b>Total</b>	\$ 28,952,300	\$ 59,717,106	\$ (1,283,765)	\$ 8,527,158

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 12 - FUND BALANCES** (Continued)

*Fund Balance Summary*

A summary of the nature and purpose of fund balances at September 30, 2022 is as follows:

<b>Major Funds</b>				<b>Non-Major Special Revenue Funds</b>	
<b>Disaster Fund</b>	<b>State Housing Initiative Partnership City</b>	<b>Hurricane Recovery and Refunding Revenue Note, Series 2019</b>	<b>Hurricane Recovery Revenue Note, Series 2020A</b>	<b>Infrastructure Surtax</b>	<b>General Grants</b>
\$ -	\$ 4,930,152	\$ -	\$ -	\$ -	\$ -
	4,930,152				
	11,525,791			4,911,319	
		3,134,875			
53,917	11,525,791	3,134,875		4,911,319	
53,917			(1,042,752)		(225,932)
\$ 53,917	\$ 16,455,943	\$ 3,134,875	\$ (1,042,752)	\$ 4,911,319	\$ (225,932)

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 12 - FUND BALANCES** (Continued)

*Fund Balance Summary*

A summary of the nature and purpose of fund balances at September 30, 2022 is as follows:

	<b>Non-Major Special Revenue Funds</b>			
	<b>Community Planning and Development</b>	<b>State Housing Initiative Partnership County</b>	<b>Panama City Florida Hurricane Disaster Relief Fund</b>	<b>Panama City Community Redevelopment Agency St. Andrews</b>
Fund Balances:				
<b>Non-spendable:</b>				
Inventory	\$ 124,763	\$ -	\$ -	\$ -
Prepaid items	865			15,523
Other				
	<u>125,628</u>			<u>15,523</u>
<b>Restricted for:</b>				
General Government				
Housing and Urban Development	773,314			
Infrastructure				
Community Redevelopment				661,473
Debt Service				
Hurricane Michael			193,989	
<b>Total restricted</b>	<u>773,314</u>		<u>193,989</u>	<u>661,473</u>
<b>Committed to:</b>				
Disaster/Emergency Reserve				
<b>Assigned</b>				
<b>Unassigned</b>		<u>(574,423)</u>		
<b>Total</b>	<u>\$ 898,942</u>	<u>\$ (574,423)</u>	<u>\$ 193,989</u>	<u>\$ 676,996</u>

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 12 - FUND BALANCES** (Continued)

*Fund Balance Summary*

A summary of the nature and purpose of fund balances at September 30, 2022 is as follows:

<b>Non-Major Debt Service Fund</b>					
<b>Panama City Community Redevelopment Agency Downtown</b>	<b>Panama City Community Redevelopment Agency Downtown North</b>	<b>Panama City Community Redevelopment Agency Millville</b>	<b>Hurricane Recovery Revenue Note, Series 2020A</b>	<b>Hurricane Recovery Revenue Note, Series 2020B</b>	<b>Capital Improvement Revenue Note, Series 2013B</b>
\$ - 15,523	\$ 303,780	\$ -	\$ -	\$ -	\$ - 926,000
15,523	303,780				926,000
86,817	157,485	451,773			21,345
86,817	157,485	451,773			21,345
				(26,787)	
\$ 102,340	\$ 461,265	\$ 451,773	\$ -	\$ (26,787)	\$ 947,345

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 12 - FUND BALANCES** (Continued)

*Fund Balance Summary*

A summary of the nature and purpose of fund balances at September 30, 2022 is as follows:

	<b>Non-Major Debt Service Funds</b>			
	<b>Capital Improvement Revenue Note, Series 2016</b>	<b>Revenue Note, Series 2008 (Modified)</b>	<b>Capital Improvement Revenue Note, Series 2018</b>	<b>Infrastructure Sales Surtax Revenue Note Series 2018</b>
Fund Balances:				
<b>Non-spendable:</b>				
Inventory	\$ -	\$ -	\$ -	\$ -
Prepaid items	53,000	77,000	1,007,000	1,859,000
Other				
<b>Total non-spendable</b>	<u>53,000</u>	<u>77,000</u>	<u>1,007,000</u>	<u>1,859,000</u>
<b>Restricted for:</b>				
General Government				
Housing and Urban Development				
Infrastructure				
Community Redevelopment				
Debt Service	1,083	5,205	16,678	13,253
Hurricane Michael				
<b>Total restricted</b>	<u>1,083</u>	<u>5,205</u>	<u>16,678</u>	<u>13,253</u>
<b>Committed to:</b>				
Disaster/Emergency Reserve				
<b>Assigned</b>				
<b>Unassigned</b>				
<b>Total</b>	<u>\$ 54,083</u>	<u>\$ 82,205</u>	<u>\$ 1,023,678</u>	<u>\$ 1,872,253</u>



**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 13 – MERCHANT LICENSE TAX ABATEMENT**

The City considers economic incentives to encourage retail businesses to build or expand within the city limits of Panama City. The 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, 2022, the City abated merchant license taxes totaling \$502,824, all of which were to this business.

**NOTE 14 – 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 67 FEMA projects in progress for Hurricane Michael. The total costs of debris removal, repairs and restoration of the City is expected to be approximately \$160 million excluding the civic center and will take several more years to complete. The City received \$15,540,349 from FEMA in FY22, \$4,898,106 in FY21, \$36,011,797 in FY20, and \$14,961,504 in FY19. The City expects to receive an additional \$19 million in FY23. The City is also receiving funding from the State for the percentage not reimbursed by FEMA.

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 15 - 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 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.

**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 \$2,559,372 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, 2022, are as follows:

Governmental Funds:	
General Fund	\$ 14,963
Hurricane Michael	170,368
Capital Projects	8,515,144
Capital Projects Infrastructure Sales Tax	8,721,227
Community Redevelopment Agency-Downtown North	54,274
Community Redevelopment Agency-Millville	49,543
Infrastructure Surtax	295,905
General Grants	815,000
Proprietary Funds:	
Utilities	\$ 34,201,438
Marina	2,756,179

**Debt Issuance.** On January 10, 2023, the Commission issued Drinking Water State Revolving Fund Construction Loan Agreement in the amount of \$61,061,597, with a rate of 0.00%. The agreement provides funds for wastewater treatment works and drinking water facilities impacted by Hurricanes Florence and Michael. The City has qualified for forgiveness of \$15,265,399 of the loan principal. The balance of \$45,796,198 is payable over 20 years with estimated semi-annual payments of \$1,175,436 (based on the final loan amount drawn) beginning May 2026.

On February 14, 2023, the Commission approved an amendment to the Clean Water State Revolving Fund Construction Loan Agreement. The amendment increased the agreement amount by \$6,688,500 to \$31,987,800. An additional \$1,882,627 will be forgiven, making the total forgiven \$9,003,678. The balance of \$4,805,873, added to the original loan of \$18,128,249 for a total of \$22,934,122, is payable over 20 years beginning May 2026 with estimated semi-annual payments beginning of \$590,597.

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 15 - COMMITMENTS, CONTINGENCIES, AND SUBSEQUENT EVENTS**  
(Continued)

On August 23, 2023, the City issued \$150,000,000 in principal amount of Capital Improvement Note, Series 2023 to provide funds for capital improvements and the repayment of the Hurricane Recovery Revenue Note, Series 2020A. The term is for 36 months at an interest rate of 5.82%. The Hurricane Recovery Revenue Note, Series 2020B was also satisfied on the same day. There was no outstanding principal balance at the time of closing.

*Other Subsequent Events.* The City did not have any other subsequent events requiring disclosure or recording in these financial statements through August 31, 2023, which is the date these financial statements were issued.

**NOTE 16 – INSURANCE PROCEEDS**

The City has recorded related insurance recoveries as reflected in charges for service for the year ended September 30, 2022.

	<u>Government-wide Statement of Activities</u>	
	Primary	
	Government	
	<u>Insurance Proceeds</u>	
General Government	\$	30,012,075
Public Safety		88,256
Culture and Recreation		1,040
Propriety Fund-Utilities		3,931
Propriety Fund-Solid Waste		36,359
Transportation		243
Economic Environment		15,725
Panama City Community Redevelopment Agency		
-Downtown North		10,000

**NOTE 17 – CHANGE IN ACCOUNTING PRINCIPLE**

In fiscal year 2022, the City implemented GASB Statement No. 87, *Leases*. In accordance with generally accepted accounting principles, the implementation of this statement requires the restatement of the September 30, 2021 net position in the statement of activities to record the cumulative effect of recording the original basis of the leased assets less accumulated amortization, net of the respective lease liabilities as of September 30, 2021.

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 17 – CHANGE IN ACCOUNTING PRINCIPLE (Continued)**

	Governmental Activities	Component Unit- Government- wide Activities
Net position, September 30, 2021 as previously reported	\$ 112,075,394	\$ 129,185,499
Lease receivable	2,284,756	10,994,603
Deferred inflow related to leases	(2,034,982)	(10,658,146)
Right-of-use assets		876,391
Lease liability		(573,231)
Accumulated amortization-leases		(487,620)
	(5,265,059)	
Prior period adjustment (see note 18)		
Net position	\$ 107,060,109	\$ 129,337,496

**NOTE 18 – PRIOR PERIOD ADJUSTMENT**

During the year ended September 30, 2022, a prior period adjustment was made to the Panama City Community Redevelopment Agency Downtown North due to a correction in prior year notes receivable and an adjustment for misappropriation of funds by a prior key employee.

Also, during the audit it was determined that the prior year revenue was overstated due to disallowed costs in the CDBG and Capital Projects funds.

The City also identified an overstatement in the Disaster Fund prior year revenue, due to early recognition of unearned funds.

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

	CDBG	Panama City Community Redevelopment Agency Downtown North
Beginning fund balance, as previously reported	\$ 1,175,669	\$ 874,972
Prior period adjustments:		
Classification of expenditures	(259,447)	83,390
Notes receivable		60,605
Classification of revenues		(23,943)
Beginning fund balance, as restated	\$ 916,222	\$ 995,024

**CITY OF PANAMA CITY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

	<u>Disaster Fund</u>	<u>Capital Projects</u>
Beginning fund balance, as previously reported	\$ 4,523,325	\$ 7,181,431
Prior period adjustments:		
Unearned revenue	4,709,106	
Due to other funds	(8,741,223)	
Deferred inflows	(811,470)	
Due from other funds		(282,077)
Beginning fund balance, as restated	<u>\$ (320,262)</u>	<u>\$ 6,899,354</u>



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# 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, 2022**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 22,674,056	\$ 22,674,056	\$ 29,810,424	\$ 7,136,368
Licenses and permits	10,775,000	10,775,000	12,260,516	1,485,516
Intergovernmental	6,846,757	6,846,757	8,028,962	1,182,205
Charges for services	6,715,500	6,715,500	1,367,286	(5,348,214)
Investment earnings	80,000	80,000	172,594	92,594
Miscellaneous	510,600	515,103	557,307	42,204
Total revenues	<u>47,601,913</u>	<u>47,606,416</u>	<u>52,197,089</u>	<u>4,590,673</u>
<b>Expenditures:</b>				
Current:				
General government	10,105,498	11,930,862	11,788,610	142,252
Public safety	23,318,749	25,615,098	24,447,264	1,167,834
Transportation	4,924,591	4,618,322	3,923,952	694,370
Economic environment	899,558	899,558	916,135	(16,577)
Human services	285,000	285,000	206,251	78,749
Culture and recreation	3,190,598	3,738,316	3,799,643	(61,327)
Debt Service:				
Debt service principal	915,968	862,891	814,542	48,349
Debt service interest		11,731	102,540	(90,809)
Capital outlay	3,655,174	4,296,431	2,083,203	2,213,228
Total expenditures	<u>47,295,136</u>	<u>52,258,209</u>	<u>48,082,140</u>	<u>4,176,069</u>
Excess of revenues over expenditures	306,777	(4,651,793)	4,114,949	8,766,742
<b>Other Financing Sources (Uses):</b>				
Insurance proceeds		42,296	99,153	56,857
Issuance of debt for leases			121,929	121,929
Transfers in	2,234,293	2,234,293	2,221,293	(13,000)
Transfers out	(7,684,981)	(5,454,585)	(3,922,454)	1,532,131
Issuance of long-term debt		1,722,485	1,958,737	236,252
Total other financing sources (uses)	<u>(5,450,688)</u>	<u>(1,455,511)</u>	<u>478,658</u>	<u>1,934,169</u>
Net change in fund balance	(5,143,911)	(6,107,304)	4,593,607	10,700,911
<b>Fund Balance:</b>				
Beginning of year	<u>24,108,919</u>	<u>24,108,919</u>	<u>24,108,919</u>	
Prior period adjustment	<u>249,774</u>	<u>249,774</u>	<u>249,774</u>	
Beginning of year, as restated	<u>24,358,693</u>	<u>24,358,693</u>	<u>24,358,693</u>	
End of year	<u>\$ 19,214,782</u>	<u>\$ 18,251,389</u>	<u>\$ 28,952,300</u>	<u>\$ 10,700,911</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, 2022**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 288,019	\$ 288,019	\$ 237,629	\$ (50,390)
Charges for services	250,000	250,000		(250,000)
Investment earnings	12,000	12,000	44,057	32,057
Miscellaneous	230,000	230,000	1,218,803	988,803
Total revenues	<u>780,019</u>	<u>780,019</u>	<u>1,500,489</u>	<u>720,470</u>
<b>Expenditures:</b>				
Current:				
Economic environment:				
Housing and Urban Development	6,777,801	7,076,885	2,215,643	4,861,242
Capital outlay	1,350,000	1,350,000	33,137	1,316,863
Debt service				
Debt service principal			9,823	(9,823)
Debt service interest			77	(77)
Total expenditures	<u>8,127,801</u>	<u>8,426,885</u>	<u>2,258,680</u>	<u>6,168,205</u>
Excess (deficiency) of revenues over expenditures	(7,347,782)	(7,646,866)	(758,191)	6,888,675
<b>Other Financing Sources (Uses):</b>				
Insurance proceeds			15,725	15,725
Issuance of debt for leases			33,137	33,137
Transfers out	(21,788)	(83)		83
Total other financing sources (uses)	<u>(21,788)</u>	<u>(83)</u>	<u>48,862</u>	<u>48,945</u>
Net change in fund balance	(7,369,570)	(7,646,949)	(709,329)	6,937,620
<b>Fund Balance:</b>				
Beginning of year	<u>17,165,272</u>	<u>17,165,272</u>	<u>17,165,272</u>	
End of year	<u>\$ 9,795,702</u>	<u>\$ 9,518,323</u>	<u>\$ 16,455,943</u>	<u>\$ 6,937,620</u>

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA  
DISASTER FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	Original	Budgeted Amounts		Variance
		Final	Actual	
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ 6,598,978	\$ 743,921	\$ (5,855,057)
Interest		41,685	41,684	(1)
Miscellaneous		109	109	
Total revenues		<u>6,640,772</u>	<u>785,714</u>	<u>(5,855,058)</u>
<b>Expenditures:</b>				
Current:				
Economic environment		770,355	408,223	362,132
Capital outlay		3,312	3,312	
Total expenditures		<u>773,667</u>	<u>411,535</u>	<u>362,132</u>
Excess (deficiency) of revenues over (under) expenditures		<u>5,867,105</u>	<u>374,179</u>	<u>(5,492,926)</u>
Net change in fund balance		5,867,105	374,179	(5,492,926)
<b>Fund Balance:</b>				
Beginning of year	<u>4,523,325</u>	<u>4,523,325</u>	<u>4,523,325</u>	
Prior period adjustment	<u>(4,843,587)</u>	<u>(4,843,587)</u>	<u>(4,843,587)</u>	
Beginning of year, as restated	<u>(320,262)</u>	<u>(320,262)</u>	<u>(320,262)</u>	
End of year	<u>\$ (320,262)</u>	<u>\$ 5,546,843</u>	<u>\$ 53,917</u>	<u>\$ (5,492,926)</u>

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, 2022  
Last 10 Fiscal Years**

**Police Officers' Pension**

	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>
<b>Total Pension Liability</b>			
Service cost	\$ 936,928	\$ 940,064	\$ 996,560
Interest	3,526,225	3,446,525	3,366,495
Change in Excess State Money	8,928	7,102	8,697
Changes in benefit terms			1,564
Differences between expected and actual experience	957,566	748,674	(208,747)
Changes in assumptions	1,016,505	(367,260)	464,770
Contributions - buy back			
Benefit payments, including refunds of employee contributions	(3,152,037)	(3,102,445)	(2,822,952)
Net change in total pension liability	3,294,115	1,672,660	1,806,387
Total pension liability - beginning	47,054,795	45,382,135	43,575,748
Total pension liability - ending (a)	50,348,910	47,054,795	45,382,135
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	1,336,324	1,237,615	969,030
Contributions - state	356,877	353,224	356,414
Contributions - employee	363,828	363,306	365,560
Contributions - buy back			
Net investment income	7,601,493	2,790,101	2,493,084
Benefit payments including refunds of employee contributions	(3,152,037)	(3,102,445)	(2,822,952)
Administrative expense	(51,827)	(76,591)	(91,542)
Net change in plan fiduciary net position	6,454,658	1,565,210	1,269,594
Plan fiduciary net position - beginning	37,474,669	35,909,459	34,639,865
Plan fiduciary net position - ending (b)	43,929,327	37,474,669	35,909,459
Net pension liability - ending (a) - (b)	\$ 6,419,583	\$ 9,580,126	\$ 9,472,676
Plan fiduciary net position as a percentage of the total pension	87.25%	79.64%	79.13%
Covered payroll	\$ 4,472,741	\$ 4,468,701	\$ 4,496,435
Net pension liability as a percentage of covered payroll	143.53%	214.38%	210.67%

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, 2022  
Last 10 Fiscal Years**

**Police Officers' Pension**

9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
\$ 880,010	\$ 861,961	\$ 885,176	\$ 1,254,367	\$ 1,110,917
3,259,155	3,181,465	3,099,797	2,907,190	2,710,277
2,209			619,363	
(37,800)	(565,730)	(452,178)	726,890	
879,242			184,891	
	13,249	11,054		
(2,533,001)	(2,542,719)	(2,456,851)	(2,136,270)	(2,108,924)
2,449,815	948,226	1,086,998	3,556,431	1,712,270
41,125,933	40,177,707	39,090,709	35,534,278	33,822,008
43,575,748	41,125,933	40,177,707	39,090,709	35,534,278
924,910	957,303	1,372,342	1,292,438	1,411,641
343,438	336,697	325,836	312,431	292,899
346,586	329,705	334,052	221,583	220,523
	13,249	11,054		
2,258,395	2,827,366	2,640,449	(966,448)	2,905,224
(2,533,001)	(2,542,719)	(2,456,851)	(2,136,270)	(2,108,924)
(64,719)	(40,885)	(46,785)	(41,641)	(29,479)
1,275,609	1,880,716	2,180,097	(1,317,907)	2,691,884
33,364,256	31,483,540	29,303,443	30,621,350	27,929,466
34,639,865	33,364,256	31,483,540	29,303,443	30,621,350
\$ 8,935,883	\$ 7,761,677	\$ 8,694,167	\$ 9,787,266	\$ 4,912,928
79.49%	81.13%	78.36%	74.96%	86.17%
\$ 4,263,073	\$ 4,055,417	\$ 4,184,070	\$ 4,041,893	\$ 3,952,031
209.61%	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, 2022  
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 re-employed 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 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 ten or less years of service and decrease expected termination rates for Members with greater than 10 years of service.
4. Generally decrease expected rates of retirement for both early and normal retirement.

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.

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, 2022  
Last 10 Fiscal Years**

- 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, 2022  
Last 10 Fiscal Years**

**Police Officers' Pension**

	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
Actuarially determined contribution	\$ 1,747,614	\$ 1,687,048	\$ 1,584,017	\$ 1,321,483	\$ 1,271,961
Contributions in relation to the actuarially determined contributions	<u>1,881,112</u>	<u>1,684,273</u>	<u>1,583,737</u>	<u>1,316,747</u>	<u>1,266,139</u>
Contribution deficiency (excess)	<u>\$ (133,498)</u>	<u>\$ 2,775</u>	<u>\$ 280</u>	<u>\$ 4,736</u>	<u>\$ 5,822</u>
Covered payroll	\$ 5,049,031	\$ 4,472,741	\$ 4,468,701	\$ 4,496,435	\$ 4,263,073
Contributions as a percentage of covered payroll	37.26%	37.66%	35.44%	29.28%	29.70%
	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>	
Actuarially determined contribution	\$ 1,290,387	\$ 1,688,178	\$ 1,604,869	\$ 1,704,540	
Contributions in relation to the actuarially determined contributions	<u>1,294,000</u>	<u>1,698,178</u>	<u>1,604,869</u>	<u>1,704,540</u>	
Contribution deficiency (excess)	<u>\$ (3,613)</u>	<u>\$ (10,000)</u>	<u>\$ -</u>	<u>\$ -</u>	
Covered payroll	\$ 4,055,417	\$ 4,184,070	\$ 4,041,893	\$ 3,952,031	
Contributions as a percentage of covered payroll	31.91%	40.59%	39.71%	43.13%	

**Notes to Schedules:**

Valuation Date: 10/1/2020

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 can be found in the October 1, 2020 Actuarial Valuation for the City of Panama City Municipal Police Officer's Pension Trust Fund prepared by Foster & Foster Actuaries and Consultants.

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.





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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, 2022  
Last 10 Fiscal Years**

	<b>Firefighters' Pension</b>		
	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>
<b>Total Pension Liability</b>			
Service cost	\$ 906,287	\$ 803,636	\$ 833,187
Interest	4,117,235	4,010,409	3,924,315
Changes in benefit terms			(627)
Differences between expected and actual experience	(4,931)	384,420	(320,412)
Changes in assumptions	488,921	122,669	576,569
Contributions - buy back			
Benefit payments, including refunds of employee contributions	<u>(3,452,261)</u>	<u>(3,213,489)</u>	<u>(3,211,705)</u>
Net change in total pension liability	2,055,251	2,107,645	1,801,327
Total pension liability - beginning	<u>55,000,296</u>	<u>52,892,651</u>	<u>51,091,324</u>
Total pension liability - ending (a)	57,055,547	55,000,296	52,892,651
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	2,337,612	2,134,496	1,942,755
Contributions - state	306,137	315,605	290,472
Contributions - employee	276,969	269,326	263,161
Contributions - buy back			
Net investment income	7,359,819	1,227,269	1,883,317
Benefit payments including refunds of employee contributions	(3,452,261)	(3,213,489)	(3,211,705)
Administrative expense	<u>(53,413)</u>	<u>(45,563)</u>	<u>(45,233)</u>
Net change in plan fiduciary net position	<u>6,774,863</u>	<u>687,644</u>	<u>1,122,767</u>
Plan fiduciary net position - beginning	<u>37,929,837</u>	<u>37,242,193</u>	<u>36,119,426</u>
Plan fiduciary net position - ending (b)	<u>44,704,700</u>	<u>37,929,837</u>	<u>37,242,193</u>
Net pension liability - ending (a) - (b)	<u>\$ 12,350,847</u>	<u>\$ 17,070,459</u>	<u>\$ 15,650,458</u>
Plan fiduciary net position as a percentage of the total pension	78.35%	68.96%	70.41%
Covered payroll	\$ 3,692,909	\$ 3,591,012	\$ 3,508,805
Net pension liability as a percentage of covered payroll	334.45%	475.37%	446.03%

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, 2022  
Last 10 Fiscal Years**

**Firefighters' Pension**

9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
\$ 807,572	\$ 932,890	\$ 814,109	\$ 840,054	\$ 753,886
3,813,594	3,844,945	3,713,228	3,604,980	3,478,697
158,830	(656,507)	(839,486)	196,997	
556,455	(212,715)	1,689,388		
		20,069		
(3,434,408)	(3,709,120)	(4,030,129)	(2,495,847)	(2,984,580)
1,902,043	199,493	1,367,179	2,146,184	1,248,003
49,189,281	48,989,788	47,622,609	45,476,425	44,228,422
51,091,324	49,189,281	48,989,788	47,622,609	45,476,425
1,912,733	1,730,909	1,641,064	1,568,772	1,433,019
313,843	305,820	331,496	327,139	355,576
252,579	248,753	229,393	218,870	207,185
		20,069		
2,119,621	3,139,126	2,897,802	(1,162,379)	3,164,093
(3,434,408)	(3,709,120)	(4,030,129)	(2,495,847)	(2,984,580)
(58,383)	(38,203)	(38,737)	(33,019)	(26,647)
1,105,985	1,677,285	1,050,958	(1,576,464)	2,148,646
35,013,441	33,336,156	32,285,198	33,861,662	31,713,016
36,119,426	35,013,441	33,336,156	32,285,198	33,861,662
\$ 14,971,898	\$ 14,175,840	\$ 15,653,632	\$ 15,337,411	\$ 11,614,763
70.70%	71.18%	68.05%	67.79%	74.46%
\$ 3,367,671	\$ 3,316,702	\$ 3,058,582	\$ 3,402,962	\$ 2,656,214
444.58%	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, 2022  
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 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 10 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.
4. Increase expected termination rates for Members with less than five years of service and decrease expected termination rates for Members with 16 or more years of service.

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 7.90% to 7.80% 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%.

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, 2022  
Last 10 Fiscal Years**

\* 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, 2022  
Last 10 Fiscal Years**

**Firefighters' Pension**

	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
Actuarially determined contribution	\$ 2,682,290	\$ 2,534,111	\$ 2,430,902	\$ 2,231,911	\$ 2,252,865
Contributions in relation to the actuarially determined contributions	<u>2,972,902</u>	<u>2,643,749</u>	<u>2,450,101</u>	<u>2,233,227</u>	<u>2,226,576</u>
Contribution deficiency (excess)	<u>\$ (290,612)</u>	<u>\$ (109,638)</u>	<u>\$ (19,199)</u>	<u>\$ (1,316)</u>	<u>\$ 26,289</u>
Covered payroll	\$ 4,324,706	\$ 3,692,909	\$ 3,591,012	\$ 3,508,805	\$ 3,367,671
Contributions as a percentage of covered payroll	68.74%	71.59%	68.23%	63.65%	66.12%
	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>	
Actuarially determined contribution	\$ 2,003,301	\$ 1,969,699	\$ 1,895,911	\$ 1,788,595	
Contributions in relation to the actuarially determined contributions	<u>2,036,729</u>	<u>1,972,560</u>	<u>1,895,911</u>	<u>1,788,595</u>	
Contribution deficiency (excess)	<u>\$ (33,428)</u>	<u>(2,861)</u>	<u>\$ -</u>	<u>\$ -</u>	
Covered payroll	\$ 3,316,702	\$ 3,058,582	\$ 3,402,962	\$ 2,656,214	
Contributions as a percentage of covered payroll	61.41%	64.49%	55.71%	67.34%	

**Notes to Schedules:**

Valuation Date: 10/1/2020

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 can be found in the October 1, 2020 Actuarial Valuation for the Panama City Firefighter's Retirement System.

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.



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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, 2022**  
**Last 10 Fiscal Years**

	<b>Senior Management Pension</b>			
	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>
<b>Total Pension Liability</b>				
Service cost	\$ 131,636	\$ 127,467	\$ 130,384	\$ 110,201
Interest	268,992	260,369	252,856	248,762
Differences Between Expected and Actual Experience	(7,115)	33,490	(54,748)	(75,694)
Changes in Assumptions		(61,481)		
Benefit payments, including refunds of employee contributions	(237,009)	(234,646)	(210,248)	(244,545)
Net change in total pension liability	156,504	125,199	118,244	38,724
Total pension liability - beginning	3,827,631	3,702,432	3,584,188	3,545,464
Total pension liability - ending (a)	3,984,135	3,827,631	3,702,432	3,584,188
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	93,248	77,457	85,472	126,650
Contributions - employee	73,687	58,191	59,447	60,396
Net investment income	(545,930)	693,626	226,738	174,734
Benefit payments including refunds of employee contributions	(237,009)	(234,646)	(210,248)	(244,545)
Administrative expense	(18,276)	(16,961)	(14,464)	(14,254)
Net change in plan fiduciary net position	(634,280)	577,667	146,945	102,981
Plan fiduciary net position - beginning	4,193,202	3,615,535	3,468,590	3,365,609
Plan fiduciary net position - ending (b)	3,558,922	4,193,202	3,615,535	3,468,590
Net pension liability - ending (a) - (b)	<u>\$ 425,213</u>	<u>\$ (365,571)</u>	<u>\$ 86,897</u>	<u>\$ 115,598</u>
Plan fiduciary net position as a percentage of the total pension	89.33%	109.55%	97.65%	96.77%
Covered payroll	\$ 1,415,721	\$ 1,329,141	\$ 1,380,552	\$ 1,124,599
Net pension liability as a percentage of covered payroll	Not applicable	Not applicable	6.29%	10.28%

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, 2022  
Last 10 Fiscal Years**

**Senior Management Pension**

9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
\$ 120,363	\$ 132,908	\$ 111,867	\$ 77,922	\$ 82,808
251,099	225,197	175,476	230,283	194,644
(196,369)	85,036	(14,017)	58,580	
	178,858	599,329	(250,495)	
<u>(187,835)</u>	<u>(238,268)</u>	<u>(181,415)</u>	<u>(178,688)</u>	<u>(119,587)</u>
(12,742)	383,731	691,240	(62,398)	157,865
<u>3,558,206</u>	<u>3,174,475</u>	<u>2,483,235</u>	<u>2,545,633</u>	<u>2,387,768</u>
<u>3,545,464</u>	<u>3,558,206</u>	<u>3,174,475</u>	<u>2,483,235</u>	<u>2,545,633</u>
133,443	120,859	94,097	75,852	83,416
51,728	56,300	57,925	54,179	59,205
234,985	378,842	218,716	1,838	218,211
(187,835)	(238,268)	(181,415)	(174,790)	(142,266)
<u>(21,537)</u>	<u>(22,323)</u>	<u>(15,276)</u>	<u>(18,501)</u>	<u>(18,611)</u>
<u>210,784</u>	<u>295,410</u>	<u>174,047</u>	<u>(61,422)</u>	<u>199,955</u>
<u>3,154,825</u>	<u>2,859,415</u>	<u>2,685,368</u>	<u>2,746,790</u>	<u>2,546,835</u>
<u>3,365,609</u>	<u>3,154,825</u>	<u>2,859,415</u>	<u>2,685,368</u>	<u>2,746,790</u>
<u>\$ 179,855</u>	<u>\$ 403,381</u>	<u>\$ 315,060</u>	<u>\$ (202,133)</u>	<u>\$ (201,157)</u>
94.93%	88.66%	90.08%	108.14%	107.90%
\$ 1,147,863	\$ 1,338,740	\$ 1,203,982	\$ 1,177,075	\$ 1,250,562
15.67%	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, 2022  
Last 10 Fiscal Years**

**Senior Management Pension**

	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Actuarially determined contribution	\$ 93,248	\$ 77,457	\$ 85,472	\$ 122,134	\$ 133,443
Contributions in relation to the actuarially determined contributions	93,248	77,457	85,472	126,650	133,443
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,516</u>	<u>\$ -</u>
Covered payroll	\$ 1,415,721	\$ 1,329,141	\$ 1,380,552	\$ 1,124,599	\$ 1,147,863
Contributions as a percentage of covered payroll	6.59%	5.83%	6.19%	11.26%	11.63%
	9/30/2017	9/30/2016	9/30/2015	9/30/2014	
Actuarially determined contribution	\$ 120,859	\$ 94,097	\$ 77,852	\$ 83,416	
Contributions in relation to the actuarially determined contributions	120,859	94,097	77,852	83,416	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Covered payroll	\$ 1,338,740	\$ 1,203,982	\$ 1,177,075	\$ 1,250,562	
Contributions as a percentage of covered payroll	9.03%	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, 2022**  
**Last 10 Fiscal Years**

**Florida Retirement System**

	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
City's proportion of the net pension liability	0.003234122%	0.003028567%	0.003033245%	0.004179199%	0.004192135%
City's proportionate share of the net pension liability	\$ 1,203,353	\$ 228,774	\$ 1,314,653	\$ 1,439,258	\$ 1,262,693
City's covered payroll	\$ 999,152	\$ 981,464	\$ 1,077,402	\$ 1,434,755	\$ 1,485,888
City's proportionate share of the net pension liability as a percentage of its covered payroll	120.44%	23.31%	122.02%	100.31%	84.98%
Plan fiduciary net position as a percentage of the total pension liability	82.89%	96.40%	78.85%	82.61%	84.26%
	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>		
City's proportion of the net pension liability	0.005168281%	0.005341020%	0.007041064%		
City's proportionate share of the net pension liability	\$ 1,528,743	\$ 1,348,612	\$ 909,448		
City's covered payroll	\$ 1,709,792	\$ 1,783,283	\$ 2,166,895		
City's proportionate share of the net pension liability as a percentage of its covered payroll	89.41%	75.63%	41.97%		
Plan fiduciary net position as a percentage of the total pension liability	83.39%	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, 2022  
Last 10 Fiscal Years**

**Florida Retirement System**

	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
Actuarially determined contribution	\$ 148,407	\$ 121,640	\$ 105,899	\$ 125,644	\$ 119,349
Contributions in relation to the actuarially determined contributions	<u>148,407</u>	<u>121,640</u>	<u>105,899</u>	<u>125,644</u>	<u>119,349</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,041,051	\$ 972,610	\$ 1,044,659	\$ 1,373,757	\$ 1,455,964
Contributions as a percentage of covered payroll	14.26%	12.51%	10.14%	9.15%	8.20%
	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>		
Actuarially determined contribution	\$ 133,004	\$ 132,720	\$ 133,750		
Contributions in relation to the actuarially determined contributions	<u>133,004</u>	<u>132,720</u>	<u>133,750</u>		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
Covered payroll	\$ 1,665,463	\$ 1,761,327	\$ 1,979,255		
Contributions as a percentage of covered payroll	7.99%	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, 2022  
Last 10 Fiscal Years**

**Health Insurance Subsidy Program**

	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
City's proportion of the net pension liability	0.002667052%	0.002709207%	0.003120317%	0.004281595%	0.004510270%
City's proportionate share of the net pension liability	\$ 282,483	\$ 332,325	\$ 380,986	\$ 479,068	\$ 477,372
City's covered payroll	\$ 999,152	\$ 981,464	\$ 1,077,402	\$ 1,434,755	\$ 1,485,888
City's proportionate share of the net pension liability as a percentage of its covered payroll	28.27%	33.86%	35.36%	33.39%	32.13%
Plan fiduciary net position as a percentage of the total pension liability	4.81%	3.56%	3.00%	2.63%	2.15%
	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>		
City's proportion of the net pension liability	0.005285613%	0.005781922%	0.007153432%		
City's proportionate share of the net pension liability	\$ 565,162	\$ 673,859	\$ 729,538		
City's covered payroll	\$ 1,709,792	\$ 1,783,283	\$ 2,166,895		
City's proportionate share of the net pension liability as a percentage of its covered payroll	33.05%	37.79%	33.67%		
Plan fiduciary net position as a percentage of the total pension liability	1.64%	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, 2022  
Last 10 Fiscal Years**

	<b>Health Insurance Subsidy Program</b>				
	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
Actuarially determined contribution	\$ 17,281	\$ 16,145	\$ 17,341	\$ 22,804	\$ 24,169
Contributions in relation to the contributions	<u>17,281</u>	<u>16,145</u>	<u>17,341</u>	<u>22,804</u>	<u>24,169</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,041,051	\$ 972,610	\$ 1,044,659	\$ 1,373,757	\$ 1,455,964
Contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%	1.66%
	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>		
Actuarially determined contribution	\$ 27,647	\$ 29,402	\$ 27,071		
Contributions in relation to the contributions	<u>27,647</u>	<u>29,402</u>	<u>27,071</u>		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
Covered payroll	\$ 1,665,463	\$ 1,771,190	\$ 2,003,319		
Contributions as a percentage of covered payroll	1.66%	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, 2022  
Last 10 Fiscal Years**

Police Officers' Pension					
	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
Annual Money-Weighted Rate of Return Net of Investment Expense	(14.31%)	20.50%	7.93%	7.32%	6.89%
	<u>9/30/2017</u>	<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%	9.14%	(3.19%)	10.49%	
Firefighters' Pension					
	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
Annual Money-Weighted Rate of Return Net of Investment Expense	(14.47%)	19.50%	3.33%	5.26%	6.16%
	<u>9/30/2017</u>	<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	9.71%	9.15%	(3.45%)	10.13%	
Senior Management Pension					
	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
Annual Money-Weighted Rate of Return Net of Investment Expense	(13.19%)	19.51%	6.29%	4.94%	7.50%
	<u>9/30/2017</u>	<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	13.41%	8.23%	0.07%	8.60%	
Florida Retirement System					
	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
Annual Money-Weighted Rate of Return Net of Investment Expense	(7.20%)	30.41%	3.35%	5.98%	9.28%
	<u>9/30/2017</u>	<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	13.59%	0.57%	3.77%	17.57%	
Health Insurance Subsidy					
	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
Annual Money-Weighted Rate of Return Net of Investment Expense	(7.20%)	30.41%	3.35%	5.98%	9.28%
	<u>9/30/2017</u>	<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	13.59%	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, 2022  
Last 10 Fiscal Years**

	OPEB				
	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
<b>Total OPEB Liability</b>					
Service cost	\$ 267,289	\$ 234,145	\$ 162,171	\$ 162,702	\$ 202,889
Interest	154,218	57,909	66,610	140,393	140,999
Changes in Assumptions	(625,460)	(104,670)	297,345	(293,437)	
Difference between actual and expected experience	1,542,786	834,324	(1,150,573)	(611,146)	
Benefit payments, including refunds of employee contributions	(230,100)	(181,218)	(173,069)	(239,660)	(271,432)
Net change in total pension liability	1,108,733	840,490	(797,516)	(841,148)	72,456
Total OPEB liability - beginning	3,079,505	2,239,015	3,036,531	3,877,679	3,805,223
Total OPEB liability - ending (a)	4,188,238	3,079,505	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)	\$ 4,188,238	\$ 3,079,505	\$ 2,239,015	\$ 3,036,531	\$ 3,877,679
Plan fiduciary net position as a percentage of the total OPEB					
Covered - employee payroll	\$ 20,612,969	\$ 18,179,171	\$ 16,996,166	\$ 18,201,713	\$ 17,336,337
Net OPEB liability as a percentage of covered - employee payroll	20.32%	16.94%	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.

**Changes of assumptions:**

Since the prior measurement date, the discount rate was increased from 2.43% per annum to 4.77% per annum; the healthcare cost trend rates were increased from 6.00% for the 2021/2022 fiscal year graded down to 5.00% for the 2023/24 and later fiscal years to the amounts shown above; expected claims at age 59 for the 2021/22 fiscal year were increased from \$14,590 per covered individual to \$15,800 under the basic plan per covered individual, to \$16,960 for the retiree under the buy-up plan, and to \$17,164 for the retiree's spouse under the buy-up plan; and the loading factor for retiree life insurance has been increased from 4 to 10.

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.

*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 fund 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 Hurricane Recovery Revenue Note, Series 2020B*, accounts for the resources accumulated and payments made for principal and interest on long-term debt of the 2020B note.

*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.



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**CITY OF PANAMA CITY, FLORIDA  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2022**

ASSETS	Special Revenue			
	Infrastructure Surtax	General Grants	Community Planning and Development	State Housing Initiative Partnership County
<b>Assets:</b>				
Cash and cash equivalents	\$ 4,531,821	\$ -	\$ -	\$ -
Due from other governmental entities	350,746	1,419,979	272,733	1,258,124
Due from other funds	86,739	15,990	274,292	
Leases asset receivable				
Prepaid items			865	
Inventories			124,763	
Notes receivable			1,112,644	
<b>Total Assets</b>	<b>\$ 4,969,306</b>	<b>\$ 1,435,969</b>	<b>\$ 1,785,297</b>	<b>\$ 1,258,124</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 74,420	\$ 12,187	\$ 3,407
Due to other funds	57,987	1,146,808	323,078	1,577,524
Due to other governmental entities				251,616
Unearned revenue			512,594	
Accrued salaries			38,496	
<b>Total liabilities</b>	<b>57,987</b>	<b>1,221,228</b>	<b>886,355</b>	<b>1,832,547</b>
<b>Deferred Inflows of Resources:</b>				
Deferred inflows of resources-grants		440,673		
Deferred inflows of resources-lease revenue				
<b>Total deferred inflows of resources</b>		<b>440,673</b>		
<b>Fund Balances:</b>				
Non-Spendable			125,628	
Restricted	4,911,319		773,314	
Unassigned		(225,932)		(574,423)
<b>Total fund balances</b>	<b>4,911,319</b>	<b>(225,932)</b>	<b>898,942</b>	<b>(574,423)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,969,306</b>	<b>\$ 1,435,969</b>	<b>\$ 1,785,297</b>	<b>\$ 1,258,124</b>

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2022**

Special Revenue				
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
\$ 216,932	\$ 667,009	\$ 95,659	\$ 12,370	\$ 454,064
			83,390	
			9,050	551
			229,077	
	15,523	15,523		
			303,780	
		700	225,291	
\$ 216,932	\$ 682,532	\$ 111,882	\$ 862,958	\$ 454,615
\$ 15,063	\$ 4,065	\$ 7,880	\$ 37,542	\$ 2,842
7,880			109,060	
			23,943	
	1,471	1,662	2,669	
22,943	5,536	9,542	173,214	2,842
			228,479	
			228,479	
	15,523	15,523	303,780	
193,989	661,473	86,817	157,485	451,773
193,989	676,996	102,340	461,265	451,773
\$ 216,932	\$ 682,532	\$ 111,882	\$ 862,958	\$ 454,615

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2022**

	Debt Service		
<b>ASSETS</b>	<b>Hurricane Recovery Revenue Note, Series 2020B</b>	<b>Capital Improvement Revenue Note, Series 2013B</b>	<b>Capital Improvement Revenue Note, Series 2016</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ -	\$ 21,345	\$ 1,083
Due from other governmental entities			
Due from other funds			
Leases asset receivable			
Prepaid items		926,000	53,000
Inventories			
Notes receivable			
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 947,345</b>	<b>\$ 54,083</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	26,787		
Due to other governmental entities			
Unearned revenue			
Accrued salaries			
Total liabilities	26,787		
<b>Deferred Inflows of Resources:</b>			
Deferred inflows of resources-grants			
Deferred inflows of resources-lease revenue			
Total deferred inflows of resources			
<b>Fund Balances:</b>			
Non-Spendable		926,000	53,000
Restricted		21,345	1,083
Unassigned	(26,787)		
Total fund balances	(26,787)	947,345	54,083
<b>Total Liabilities and Fund Balances</b>	<b>\$ -</b>	<b>\$ 947,345</b>	<b>\$ 54,083</b>

See independent auditor's report.



**CITY OF PANAMA CITY, FLORIDA  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2022**

Debt Service			
Revenue Note, Series 2008 (Modified)	Capital Improvement Revenue Note, Series 2018	Infrastructure Sales Surtax Revenue Note, Series 2018	Total Non-Major Governmental Funds
\$ 19,111	\$ 16,678	\$ 13,253	\$ 6,049,325
			3,384,972
			386,622
			229,077
77,000	1,007,000	1,859,000	3,953,911
			428,543
			1,338,635
<u>\$ 96,111</u>	<u>\$ 1,023,678</u>	<u>\$ 1,872,253</u>	<u>\$ 15,771,085</u>
\$ -	\$ -	\$ -	\$ 157,406
13,906			3,263,030
			275,559
			512,594
			44,298
<u>13,906</u>			<u>4,252,887</u>
			440,673
			228,479
			669,152
77,000	1,007,000	1,859,000	4,382,454
5,205	16,678	13,253	7,293,734
<u>82,205</u>	<u>1,023,678</u>	<u>1,872,253</u>	<u>10,849,046</u>
<u>\$ 96,111</u>	<u>\$ 1,023,678</u>	<u>\$ 1,872,253</u>	<u>\$ 15,771,085</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, 2022**

	<u>Special Revenue</u>			
	<u>Infrastructure Surtax</u>	<u>General Grants</u>	<u>Community Planning and Development</u>	<u>State Housing Initiative Partnership County</u>
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ 1,055,581	\$ 141,813	\$ 1,690,005
Taxes	4,713,569			
Investment earnings	19,805		6,076	
Miscellaneous			13,647	107,961
Total revenues	<u>4,733,374</u>	<u>1,055,581</u>	<u>161,536</u>	<u>1,797,966</u>
<b>Expenditures:</b>				
Current:				
Economic environment			487,264	1,929,708
Public Safety		223,554		
Debt service-				
Principal				
Interest and other charges				
Capital outlay	320,791	1,039,943		
Total expenditures	<u>320,791</u>	<u>1,263,497</u>	<u>487,264</u>	<u>1,929,708</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,412,583</u>	<u>(207,916)</u>	<u>(325,728)</u>	<u>(131,742)</u>
<b>Other Financing</b>				
<b>Sources (Uses):</b>				
Insurance proceeds				
Issuance of debt for lease				
Transfers in			318,454	
Transfers out	(2,157,195)		(10,006)	
Total other financing sources (uses)	<u>(2,157,195)</u>		<u>308,448</u>	
Net change in fund balances	2,255,388	(207,916)	(17,280)	(131,742)
<b>Fund Balances:</b>				
Beginning of year	<u>2,655,931</u>	<u>(18,016)</u>	<u>1,175,669</u>	<u>(442,681)</u>
Prior period adjustment			<u>(259,447)</u>	
Beginning of year, as restated	<u>2,655,931</u>	<u>(18,016)</u>	<u>916,222</u>	<u>(442,681)</u>
End of year	<u>\$ 4,911,319</u>	<u>\$ (225,932)</u>	<u>\$ 898,942</u>	<u>\$ (574,423)</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, 2022**

Special Revenue				
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
\$ -	\$ 410,877	\$ 247,555	\$ 838,705	\$ 379,521
101	3,099	442	1,662	2,089
36	457	30,615	93,763	14,048
137	414,433	278,612	934,130	395,658
48,130	388,641	481,318	1,249,074	173,407
	6,499	12,024	34,446	12,024
	1	1	4	1
	37,828	23,824	212,590	63,587
48,130	432,969	517,167	1,496,114	249,019
(47,993)	(18,536)	(238,555)	(561,984)	146,639
	12,878	23,824	10,000	23,824
			68,253	23,824
			(50,028)	(156,628)
	12,878	23,824	28,225	(132,804)
(47,993)	(5,658)	(214,731)	(533,759)	13,835
241,982	682,654	317,071	874,972	437,938
			120,052	
241,982	682,654	317,071	995,024	437,938
\$ 193,989	\$ 676,996	\$ 102,340	\$ 461,265	\$ 451,773

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, 2022**

	Debt Service		
	Hurricane Recovery Revenue Note, Series 2020B	Capital Improvement Revenue Note, Series 2013B	Capital Improvement Revenue Note, Series 2016
<b>Revenues:</b>			
Intergovernmental	\$ -	\$ -	\$ -
Taxes			
Investment earnings		2,788	132
Miscellaneous			
Total revenues	2,788	2,788	132
<b>Expenditures:</b>			
Current:			
Economic environment			
Public Safety			
Debt service-			
Principal		905,000	208,000
Interest and other charges	26,787	260,665	52,033
Capital outlay			
Total expenditures	26,787	1,165,665	260,033
Excess (deficiency) of revenues over (under) expenditures	(26,787)	(1,162,877)	(259,901)
<b>Other Financing</b>			
<b>Sources (Uses):</b>			
Insurance proceeds			
Issuance of debt for lease			
Transfers in		1,091,307	250,140
Transfers out			
Total other financing sources (uses)		1,091,307	250,140
Net change in fund balances	(26,787)	(71,570)	(9,761)
<b>Fund Balances:</b>			
Beginning of year		1,018,915	63,844
Prior period adjustment			
Beginning of year, as restated		1,018,915	63,844
End of year	\$ (26,787)	\$ 947,345	\$ 54,083

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, 2022**

Debt Service			
Revenue Note, Series 2008 (Modified)	Capital Improvement Revenue Note, Series 2018	Infrastructure Sales Surtax Revenue Note, Series 2018	Total Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ 4,764,057
			4,713,569
390	3,314	7,687	47,585
			260,527
390	3,314	7,687	9,785,738
			4,757,542
			223,554
151,000	975,000	1,804,000	4,107,993
6,538	664,241	474,533	1,484,804
157,538	1,639,241	2,278,533	1,698,563
(157,148)	(1,635,927)	(2,270,846)	(2,486,718)
			10,000
			128,779
156,628	1,439,102	2,157,195	5,412,826
156,628	1,439,102	2,157,195	(2,373,857)
(520)	(196,825)	(113,651)	3,177,748
82,725	1,220,503	1,985,904	691,030
			10,297,411
			(139,395)
82,725	1,220,503	1,985,904	10,158,016
\$ 82,205	\$ 1,023,678	\$ 1,872,253	\$ 10,849,046

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, 2022**

	Original Budget	Final Budget	Actual	Variance
Legislative	\$ 358,233	\$ 423,533	\$ 393,491	\$ 30,042
Executive	1,014,913	1,172,453	1,216,141	(43,688)
Finance and Administration - City Clerk	970,025	1,175,526	1,165,497	10,029
Finance and Administration - Purchasing	269,512	217,746	195,330	22,416
Finance and Administration - Human Resources	657,105	801,777	682,441	119,336
Finance and Administration - Data Processing	1,385,654	1,344,034	1,327,576	16,458
Finance and Administration - Logistics	361,525	435,260	462,463	(27,203)
Finance and Administration - Legal Counsel	951,000	1,671,000	1,659,612	11,388
Public Works - Engineering	2,771,200	3,038,434	2,895,096	143,338
Public Works - Street	6,822,398	5,369,151	5,009,814	359,337
Public Works - Other	1,199,856	1,356,234	1,369,987	(13,753)
Police	14,509,585	15,569,223	14,741,416	827,807
Fire	10,782,575	13,416,131	11,005,788	2,410,343
Leisure Services	2,817,578	3,685,893	3,675,896	9,997
Non-departmental	2,423,977	2,581,814	2,281,592	300,222
<b>Total General Fund Expenditures by Department</b>	<u>\$ 47,295,136</u>	<u>\$ 52,258,209</u>	<u>\$ 48,082,140</u>	<u>\$ 4,176,069</u>

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, 2022**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 4,022,330	\$ 4,022,330	\$ 4,713,569	\$ 691,239
Investment earnings	50,000	50,000	19,805	(30,195)
Total revenues	<u>4,072,330</u>	<u>4,072,330</u>	<u>4,733,374</u>	<u>661,044</u>
<b>Expenditures:</b>				
Capital outlay	<u>1,915,135</u>	<u>1,514,332</u>	<u>320,791</u>	<u>1,193,541</u>
Excess (deficiency) of revenues over expenditures	2,157,195	2,557,998	4,412,583	1,854,585
<b>Other Financing Sources (Uses):</b>				
Transfers out	<u>(157,195)</u>	<u>(2,157,195)</u>	<u>(2,157,195)</u>	<u>                    </u>
Net change in fund balance	2,000,000	400,803	2,255,388	1,854,585
<b>Fund Balance:</b>				
Beginning of year	<u>2,655,931</u>	<u>2,655,931</u>	<u>2,655,931</u>	<u>                    </u>
End of year	<u>\$ 4,655,931</u>	<u>\$ 3,056,734</u>	<u>\$ 4,911,319</u>	<u>\$ 1,854,585</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, 2022**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 500,000	\$ 500,000	\$ 141,813	\$ (358,187)
Investment earnings	2,500	2,500	6,076	3,576
Miscellaneous			13,647	13,647
Total revenues	<u>502,500</u>	<u>502,500</u>	<u>161,536</u>	<u>(340,964)</u>
<b>Expenditures:</b>				
Current:				
Economic environment:				
Housing and Urban Development	794,805	837,151	487,264	349,887
Capital outlay	75,000	75,000		75,000
Total expenditures	<u>869,805</u>	<u>912,151</u>	<u>487,264</u>	<u>424,887</u>
Excess (deficiency) of revenues over (under) expenditures	(367,305)	(409,651)	(325,728)	83,923
<b>Other Financing Sources (Uses):</b>				
Transfers in			318,454	318,454
Transfers out	(42,399)	(11,584)	(10,006)	1,578
Total other financing sources (uses)	<u>(42,399)</u>	<u>(11,584)</u>	<u>308,448</u>	<u>320,032</u>
Net change in fund balance	(409,704)	(421,235)	(17,280)	403,955
<b>Fund Balance:</b>				
Beginning of year	<u>1,175,669</u>	<u>1,175,669</u>	<u>1,175,669</u>	
Prior period adjustment	<u>(259,447)</u>	<u>(259,447)</u>	<u>(259,447)</u>	
Beginning of year, as restated	<u>916,222</u>	<u>916,222</u>	<u>916,222</u>	
End of year	<u>\$ 506,518</u>	<u>\$ 494,987</u>	<u>\$ 898,942</u>	<u>\$ 403,955</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, 2022**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 408,253	\$ 408,253	\$ 410,877	\$ 2,624
Investment earnings			3,099	3,099
Miscellaneous			457	457
Total revenues	<u>408,253</u>	<u>408,253</u>	<u>414,433</u>	<u>6,180</u>
<b>Expenditures:</b>				
Current:				
Economic environment	425,256	832,806	388,641	444,165
Debt service				
Debt service principal			6,499	(6,499)
Debt service interest			1	(1)
Capital outlay	375,000	225,640	37,828	187,812
Total expenditures	<u>800,256</u>	<u>1,058,446</u>	<u>432,969</u>	<u>625,477</u>
Excess (deficiency) of revenues over (under) expenditures	(392,003)	(650,193)	(18,536)	631,657
<b>Other Financing Sources (Uses):</b>				
Issuance of debt for lease			12,878	12,878
Transfers out	(10,815)			
Total other financing sources (uses)	<u>(10,815)</u>		<u>12,878</u>	<u>12,878</u>
Net change in fund balance	(402,818)	(650,193)	(5,658)	644,535
<b>Fund Balance:</b>				
Beginning of year	<u>682,654</u>	<u>682,654</u>	<u>682,654</u>	
End of year	<u>\$ 279,836</u>	<u>\$ 32,461</u>	<u>\$ 676,996</u>	<u>\$ 644,535</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, 2022**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 248,095	\$ 248,095	\$ 247,555	\$ (540)
Investment earnings			442	442
Miscellaneous			30,615	30,615
Total revenues	<u>248,095</u>	<u>248,095</u>	<u>278,612</u>	<u>30,517</u>
<b>Expenditures:</b>				
Current:				
Economic environment	411,101	507,812	481,318	26,494
Debt service				
Debt service principal			12,024	(12,024)
Debt service interest			1	(1)
Capital outlay	22,500	150,000	23,824	126,176
Total expenditures	<u>433,601</u>	<u>657,812</u>	<u>517,167</u>	<u>140,645</u>
Excess (deficiency) of revenues over (under) expenditures	(185,506)	(409,717)	(238,555)	171,162
<b>Other Financing Sources (Uses):</b>				
Issuance of debt for lease			23,824	23,824
Transfers out	(5,450)			
Total other financing sources (uses)	<u>(5,450)</u>		<u>23,824</u>	<u>23,824</u>
Net change in fund balance	(190,956)	(409,717)	(214,731)	194,986
<b>Fund Balance:</b>				
Beginning of year	<u>317,071</u>	<u>317,071</u>	<u>317,071</u>	
End of year	<u>\$ 126,115</u>	<u>\$ (92,646)</u>	<u>\$ 102,340</u>	<u>\$ 194,986</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, 2022**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 583,232	\$ 583,232	\$ 838,705	\$ 255,473
Investment earnings			1,662	1,662
Miscellaneous	237,064	237,064	93,763	(143,301)
Total revenues	<u>820,296</u>	<u>820,296</u>	<u>934,130</u>	<u>113,834</u>
<b>Expenditures:</b>				
Current:				
Economic environment	1,037,716	1,243,334	1,249,074	(5,740)
Debt service				
Debt service principal			34,446	(34,446)
Debt service interest			4	(4)
Capital outlay	340,700	664,771	212,590	452,181
Total expenditures	<u>1,378,416</u>	<u>1,908,105</u>	<u>1,496,114</u>	<u>411,991</u>
Excess (deficiency) of revenues over (under) expenditures	(558,120)	(1,087,809)	(561,984)	525,825
<b>Other Financing Sources (Uses):</b>				
Insurance proceeds			10,000	10,000
Issuance of debt for lease			68,253	68,253
Transfers out	(61,053)	(51,853)	(50,028)	1,825
Total other financing sources (uses)	<u>(61,053)</u>	<u>(51,853)</u>	<u>28,225</u>	<u>80,078</u>
Net change in fund balance	(619,173)	(1,139,662)	(533,759)	605,903
<b>Fund Balance:</b>				
Beginning of year	<u>874,972</u>	<u>874,972</u>	<u>874,972</u>	
Prior period adjustment	<u>120,052</u>	<u>120,052</u>	<u>120,052</u>	
Beginning of year, as restated	<u>995,024</u>	<u>995,024</u>	<u>995,024</u>	
End of year	<u>\$ 375,851</u>	<u>\$ (144,638)</u>	<u>\$ 461,265</u>	<u>\$ 605,903</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, 2022**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 374,611	\$ 374,611	\$ 379,521	\$ 4,910
Investment earnings	170	170	2,089	1,919
Miscellaneous			14,048	14,048
Total revenues	<u>374,781</u>	<u>374,781</u>	<u>395,658</u>	<u>20,877</u>
<b>Expenditures:</b>				
Current:				
Economic environment	285,081	388,914	173,407	215,507
Debt service				
Debt service principal			12,024	(12,024)
Debt service interest			1	(1)
Capital outlay	250,000	77,944	63,587	14,357
Total expenditures	<u>535,081</u>	<u>466,858</u>	<u>249,019</u>	<u>217,839</u>
Excess (deficiency) of revenues over expenditures	(160,300)	(92,077)	146,639	238,716
<b>Other Financing Sources (Uses):</b>				
Issuance of debt for lease			23,824	23,824
Transfers out	(160,461)	(246,628)	(156,628)	90,000
Total other financing sources (uses)	<u>(160,461)</u>	<u>(246,628)</u>	<u>(132,804)</u>	<u>113,824</u>
Net change in fund balance	(320,761)	(338,705)	13,835	352,540
<b>Fund Balance:</b>				
Beginning of year	<u>437,938</u>	<u>437,938</u>	<u>437,938</u>	
End of year	<u>\$ 117,177</u>	<u>\$ 99,233</u>	<u>\$ 451,773</u>	<u>\$ 352,540</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, 2022**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues:</b>				
Investment earnings	\$ -	\$ -	\$ 13,953	\$ (13,953)
<b>Expenditures:</b>				
Debt service:				
Principal retirement		69,054,497	69,054,497	
Interest and other charges	894,000	894,200	154,929	739,271
Total expenditures	894,000	69,948,697	69,209,426	739,271
Deficiency of revenues under expenditures	(894,000)	(69,948,697)	(69,195,473)	753,224
<b>Other Financing Sources (Uses):</b>				
Issuance of debt			58,000,000	58,000,000
Transfers in	894,000	70,894,000	12,102,915	(58,791,085)
Total other financing sources (uses)		70,894,000	70,102,915	(791,085)
Net change in fund balance		945,303	907,442	(37,861)
<b>Fund Balance:</b>				
Beginning of year	2,227,433	2,227,433	2,227,433	
End of year	\$ 2,227,433	\$ 3,172,736	\$ 3,134,875	\$ (37,861)

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA  
HURRICANE RECOVERY REVENUE NOTE, SERIES 2020A  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues:</b>				
Investment earnings		\$ -	\$ 2	\$ 2
<b>Expenditures:</b>				
Debt service:				
Principal retirement		16,782,592	16,782,592	
Interest and other charges		1,042,754	1,042,754	
Total expenditures		17,825,346	17,825,346	
Deficiency of revenues over expenditures		(17,825,346)	(17,825,344)	2
<b>Other Financing Sources (Uses):</b>				
Transfers in		16,882,592	16,782,592	(100,000)
Net change in fund balance		(942,754)	(1,042,752)	(99,998)
<b>Fund Balance:</b>				
Beginning of year				
End of year		\$ (942,754)	\$ (1,042,752)	\$ (99,998)

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA**  
**HURRICANE RECOVERY REVENUE NOTE, SERIES 2020B**  
**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Expenditures:</b>				
Debt service:				
Interest and other charges			\$ 26,787	(26,787)
Net change in fund balance			(26,787)	(26,787)
<b>Fund Balance:</b>				
Beginning of year				
End of year			\$ (26,787)	\$ (26,787)

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, 2022**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues:</b>				
Investment earnings	\$ 5,000	\$ 5,000	\$ 2,788	\$ (2,212)
<b>Expenditures:</b>				
Debt service:				
Principal retirement	905,000	1,831,000	905,000	926,000
Interest and other charges	146,466	260,665	260,665	
Total expenditures	<u>1,051,466</u>	<u>2,091,665</u>	<u>1,165,665</u>	<u>926,000</u>
Deficiency of revenues under expenditures	(1,046,466)	(2,086,665)	(1,162,877)	923,788
<b>Other Financing Sources (Uses):</b>				
Transfers in	<u>1,062,013</u>	<u>1,062,013</u>	<u>1,091,307</u>	<u>29,294</u>
Net change in fund balance	15,547	(1,024,652)	(71,570)	953,082
<b>Fund Balance:</b>				
Beginning of year	<u>1,018,915</u>	<u>1,018,915</u>	<u>1,018,915</u>	
End of year	<u>\$ 1,034,462</u>	<u>\$ (5,737)</u>	<u>\$ 947,345</u>	<u>\$ 953,082</u>

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, 2022**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues:</b>				
Investment earnings	\$ -	\$ -	\$ 132	132
<b>Expenditures:</b>				
Debt service:				
Principal retirement	208,000	261,000	208,000	53,000
Interest and other charges	42,112	52,033	52,033	
Total expenditures	250,112	313,033	260,033	53,000
Deficiency of revenues under expenditures	(250,112)	(313,033)	(259,901)	53,132
<b>Other Financing Sources (Uses):</b>				
Transfers in	250,140	250,140	250,140	
Net change in fund balance	28	(62,893)	(9,761)	53,132
<b>Fund Balance:</b>				
Beginning of year	63,844	63,844	63,844	
End of year	\$ 63,872	\$ 951	\$ 54,083	\$ 53,132

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, 2022**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues:</b>				
Investment earnings	\$ -	\$ -	\$ 390	\$ 390
<b>Expenditures:</b>				
Debt service:				
Principal retirement	151,000	228,000	151,000	77,000
Interest and other charges	5,093	6,538	6,538	
Total expenditures	<u>156,093</u>	<u>234,538</u>	<u>157,538</u>	<u>77,000</u>
Deficiency of revenues under expenditures	(156,093)	(234,538)	(157,148)	77,390
<b>Other Financing Sources (Uses):</b>				
Transfers in	<u>156,628</u>	<u>156,628</u>	<u>156,628</u>	
Net change in fund balance	535	(77,910)	(520)	77,390
<b>Fund Balance:</b>				
Beginning of year	<u>82,725</u>	<u>82,725</u>	<u>82,725</u>	
End of year	<u><u>\$ 83,260</u></u>	<u><u>\$ 4,815</u></u>	<u><u>\$ 82,205</u></u>	<u><u>\$ 77,390</u></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, 2022**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues:</b>				
Investment earnings	\$ 5,000	\$ 5,000	\$ 3,314	\$ (1,686)
<b>Expenditures:</b>				
Debt service:				
Principal retirement	975,000	1,982,000	975,000	1,007,000
Interest and other charges	448,190	664,241	664,241	
Total expenditures	1,423,190	2,646,241	1,639,241	1,007,000
Deficiency of revenues under expenditures	(1,418,190)	(2,641,241)	(1,635,927)	1,005,314
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,439,102	1,439,102	1,439,102	
Net change in fund balance	20,912	(1,202,139)	(196,825)	1,005,314
<b>Fund Balance:</b>				
Beginning of year	1,220,503	1,220,503	1,220,503	
End of year	\$ 1,241,415	\$ 18,364	\$ 1,023,678	\$ 1,005,314

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, 2022**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues:</b>				
Investment earnings	\$ -	\$ -	\$ 7,687	\$ 7,687
<b>Expenditures:</b>				
Debt service:				
Principal retirement	1,804,000	3,663,000	1,804,000	1,859,000
Interest and other charges	325,435	474,533	474,533	
Total expenditures	2,129,435	4,137,533	2,278,533	1,859,000
Deficiency of revenues under expenditures	(2,129,435)	(4,137,533)	(2,270,846)	1,866,687
<b>Other Financing Sources (Uses):</b>				
Transfers in	2,157,195	2,157,195	2,157,195	
Net change in fund balance	27,760	(1,980,338)	(113,651)	1,866,687
<b>Fund Balance:</b>				
Beginning of year	1,985,904	1,985,904	1,985,904	
End of year	<u>\$ 2,013,664</u>	<u>\$ 5,566</u>	<u>\$ 1,872,253</u>	<u>\$ 1,866,687</u>

See independent auditor's report.

## **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, 2022**

	Equipment Maintenance	Medical Self- Insurance	Dental Insurance	Total
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ -	\$ 6,339,402	\$ 422,994	\$ 6,762,396
Accounts receivable	1,945	50,000		51,945
Due from other governmental entities	32,972			32,972
Inventories	182,850			182,850
Prepaid items		15,978		15,978
Total current assets	<u>217,767</u>	<u>6,405,380</u>	<u>422,994</u>	<u>7,046,141</u>
<b>Noncurrent Assets:</b>				
<b>Capital Assets:</b>				
Machinery and equipment	285,122			285,122
Less accumulated depreciation	(173,384)			(173,384)
Total noncurrent assets	<u>111,738</u>			<u>111,738</u>
Total assets	<u>329,505</u>	<u>6,405,380</u>	<u>422,994</u>	<u>7,157,879</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
OPEB related outflows	<u>44,340</u>			<u>44,340</u>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Due to other funds	56,178			56,178
Accounts payable	172,555	635,057	50,483	858,095
Accrued salaries	16,617			16,617
Compensated absences	6,925			6,925
Current portion of finance purchase liability	1,877			1,877
Total current liabilities	<u>254,152</u>	<u>635,057</u>	<u>50,483</u>	<u>939,692</u>
<b>Noncurrent Liabilities:</b>				
Compensated absences	20,776			20,776
Net OPEB liability	83,763			83,763
Finance purchase liability	8,557			8,557
Total noncurrent liabilities	<u>113,096</u>			<u>113,096</u>
Total liabilities	<u>367,248</u>	<u>635,057</u>	<u>50,483</u>	<u>1,052,788</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
OPEB related inflows	<u>36,926</u>			<u>36,926</u>
<b>NET POSITION</b>				
Net investment in capital assets	111,738			111,738
Restricted for claims		5,770,323	372,511	6,142,834
Unrestricted	(142,067)			(142,067)
Total net position	<u>\$ (30,329)</u>	<u>\$ 5,770,323</u>	<u>\$ 372,511</u>	<u>\$ 6,112,505</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, 2022**

	Equipment Maintenance	Medical Self- Insurance	Dental Insurance	Total
<b>Operating Revenues:</b>				
Charges for services	\$ 1,510,152	\$ -	\$ -	\$ 1,510,152
Insurance premiums		8,205,872	299,202	8,505,074
Miscellaneous	34,736	50,000		84,736
Total operating revenues	<u>1,544,888</u>	<u>8,255,872</u>	<u>299,202</u>	<u>10,099,962</u>
<b>Operating Expenses:</b>				
Personnel services	736,612			736,612
Operating expenses:				
Operating expenses	667,807			667,807
Administration fees		1,436,435	303,196	1,739,631
Depreciation	26,373			26,373
Insurance claims and expenses		6,036,528		6,036,528
Total operating expenses	<u>1,430,792</u>	<u>7,472,963</u>	<u>303,196</u>	<u>9,206,951</u>
Operating income (loss)	<u>114,096</u>	<u>782,909</u>	<u>(3,994)</u>	<u>893,011</u>
<b>Nonoperating Revenues (Expenses):</b>				
Scrap sales	2,805			2,805
Investment earnings		36,663	2,065	38,728
Total nonoperating revenues (expenses)	<u>2,805</u>	<u>36,663</u>	<u>2,065</u>	<u>41,533</u>
Income (loss) before transfers	<u>116,901</u>	<u>819,572</u>	<u>(1,929)</u>	<u>934,544</u>
<b>Transfers:</b>				
Transfers out	<u>(2,501)</u>			<u>(2,501)</u>
<b>Change in Net Position</b>	114,400	819,572	(1,929)	932,043
<b>Net Position - beginning of year</b>	<u>(144,729)</u>	<u>4,950,751</u>	<u>374,440</u>	<u>5,180,462</u>
<b>Net Position - end of year</b>	<u>\$ (30,329)</u>	<u>\$ 5,770,323</u>	<u>\$ 372,511</u>	<u>\$ 6,112,505</u>

See independent auditor's report.





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**CITY OF PANAMA CITY, FLORIDA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	Equipment Maintenance	Medical Self- Insurance	Dental Insurance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 1,541,409	\$ -	\$ -	\$ 1,541,409
Payments to suppliers	(769,904)			(769,904)
Payments to employees	(718,273)			(718,273)
Cash received for insurance contributions		8,255,872	299,202	8,555,074
Cash paid for insurance claims		(8,309,764)	(252,713)	(8,562,477)
Net cash provided by (used in) operating activities	<u>53,232</u>	<u>(53,892)</u>	<u>46,489</u>	<u>45,829</u>
<b>FINANCING ACTIVITIES</b>				
Transfers out	<u>(2,501)</u>			<u>(2,501)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of capital assets	(63,970)			(63,970)
Proceeds from sales of capital assets	2,805			2,805
Principal paid on long term debt	10,434			10,434
Net cash used in capital and related financing activities	<u>(50,731)</u>			<u>(50,731)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends		36,663	2065	38,728
<b>Net increase (decrease) in cash and cash equivalents</b>		(17,229)	48,554	31,325
<b>Cash and cash equivalents</b>				
Beginning of year		<u>6,356,631</u>	<u>374,440</u>	<u>6,731,071</u>
End of Year	<u>\$ -</u>	<u>\$ 6,339,402</u>	<u>\$ 422,994</u>	<u>\$ 6,762,396</u>

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	<u>Equipment Maintenance</u>	<u>Medical Self - Insurance</u>	<u>Dental Insurance</u>	<u>Total</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used) in operating activities:</b>				
Operating income (loss)	\$ 114,096	\$ 782,909	\$ (3,994)	\$ 893,011
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	26,373			26,373
Change in assets and liabilities:				
(Increase) Decrease:				
Accounts receivable	(1,945)			(1,945)
Inventories	(136,192)			(136,192)
Due from other governmental entities	(1,534)			(1,534)
Prepaid items		(15,978)		(15,978)
Deferred outflows of resources	(25,034)			(25,034)
Increase (Decrease):				
Accounts payable	34,095	(820,823)	50,483	(736,245)
Accrued salaries	5,126			5,126
Compensated absences	10,057			10,057
Deferred inflows of resources	6,015			6,015
Net OPEB liability	22,175			22,175
Net cash provided by (used in) operating activities	<u>\$ 53,232</u>	<u>\$ (53,892)</u>	<u>\$ 46,489</u>	<u>\$ 45,829</u>

**Supplemental Schedule of Non-Cash Capital and Related Financing Activities:**

Capital assets acquired via finance purchase liability	\$ (10,434)
Proceeds from finance purchase liability	10,434

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 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*



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**CITY OF PANAMA CITY, FLORIDA  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2022**

	Police Officers' Pension	Firefighters' Pension	Senior Management Pension	Total
<b>Assets:</b>				
Cash and cash equivalents:				
Short term investments	\$ 1,424,794	\$ 1,550,877	\$ -	\$ 2,975,671
Cash			35,486	35,486
Total cash and equivalents	<u>1,424,794</u>	<u>1,550,877</u>	<u>35,486</u>	<u>3,011,157</u>
Receivables:				
Member contributions in transit	9,661	6,676		16,337
City contributions	36,588	54,304	10,318	101,210
From broker	2,362			2,362
State contributions	394,143	334,407		728,550
Investment income	23,570	9,073		32,643
Total receivables	<u>466,324</u>	<u>404,460</u>	<u>10,318</u>	<u>881,102</u>
Investments:				
Common Stocks	6,771,258			6,771,258
Corporate bonds	3,716,673			3,716,673
Mutual funds:				
Fixed income	8,520,333	11,643,676		20,164,009
Equity	12,700,219	10,249,843		22,950,062
Pooled/common/commingled funds:				
Fixed income			528,742	528,742
Equity		11,074,707	2,398,856	13,473,563
Real estate investment trust	3,221,470	3,256,192	585,520	7,063,182
Total investments	<u>34,929,953</u>	<u>36,224,418</u>	<u>3,513,118</u>	<u>74,667,489</u>
<b>Total assets</b>	<u>36,821,071</u>	<u>38,179,755</u>	<u>3,558,922</u>	<u>78,559,748</u>
<b>Liabilities:</b>				
Accounts Payable:				
Administrative expenses	1,638	1,304		2,942
Investment expenses	25,291	15,149		40,440
Prior refunds	668			668
Other payables	45,470			45,470
Total accounts payable	<u>73,067</u>	<u>16,453</u>		<u>89,520</u>
<b>Total liabilities</b>	<u>73,067</u>	<u>16,453</u>		<u>89,520</u>
<b>Net Position:</b>				
Restricted for pension benefits	<u>\$ 36,748,004</u>	<u>\$ 38,163,302</u>	<u>\$ 3,558,922</u>	<u>\$ 78,470,228</u>

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, 2022**

	Police Officers' Pension	Firefighters' Pension	Senior Management Pension	Total
<b>Additions</b>				
Contributions:				
Plan members	\$ 410,486	\$ 324,355	\$ 73,687	\$ 808,528
Employer	1,514,530	2,638,495	93,248	4,246,273
State	394,142	334,407		728,549
Total contributions	<u>2,319,158</u>	<u>3,297,257</u>	<u>166,935</u>	<u>5,783,350</u>
Investment earnings:				
Net appreciation in fair value of investments	(7,287,480)	(7,482,875)	(545,931)	(15,316,286)
Interest	1,274,383	1,218,688		2,493,071
Total investment earnings	<u>(6,013,097)</u>	<u>(6,264,187)</u>	<u>(545,931)</u>	<u>(12,823,215)</u>
Less investment expense	(172,230)	(163,136)		(335,366)
Net investment earnings	<u>(6,185,327)</u>	<u>(6,427,323)</u>	<u>(545,931)</u>	<u>(13,158,581)</u>
Total additions	<u>(3,866,169)</u>	<u>(3,130,066)</u>	<u>(378,996)</u>	<u>(7,375,231)</u>
<b>Deductions</b>				
Distributions to members:				
Benefit payments	2,908,069	3,118,909	237,009	6,263,987
Lump sum DROP distributions	198,356	213,672		412,028
Refunds of member contributions	164,579	34,220		198,799
Total distributions	<u>3,271,004</u>	<u>3,366,801</u>	<u>237,009</u>	<u>6,874,814</u>
Administrative expenses	44,150	44,531	18,276	106,957
Total deductions	<u>3,315,154</u>	<u>3,411,332</u>	<u>255,285</u>	<u>6,981,771</u>
<b>Change in Net Position</b>	<b>(7,181,323)</b>	<b>(6,541,398)</b>	<b>(634,281)</b>	<b>(14,357,002)</b>
<b>Net Position Restricted for Pension Benefits</b>				
Beginning of year	<u>43,929,327</u>	<u>44,704,700</u>	<u>4,193,203</u>	<u>92,827,230</u>
End of year	<u>\$ 36,748,004</u>	<u>\$ 38,163,302</u>	<u>\$ 3,558,922</u>	<u>\$ 78,470,228</u>

See independent auditor's report.



# 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, 2022**

**Governmental Activities**

Year Ending September 30	Revenue Note, Series 2008 (Modified)		Capital Improvement Revenue Note, Series 2013B	
	Principal	Interest	Principal	Interest
	2023	\$ 149,000	\$ 2,143	926,000
2024			948,000	126,002
2025			969,000	99,092
2026			992,000	71,564
2027			1,015,000	43,390
2028			1,038,000	14,571
	<u>\$ 149,000</u>	<u>\$ 2,143</u>	<u>\$ 5,888,000</u>	<u>\$ 424,274</u>

	Capital Improvement Revenue Note, Series 2016		Infrastructure Sales Surtax Revenue Note, Series 2018		Infrastructure Sales Surtax Revenue Note, Series 2018	
	Principal	Interest	Principal	Interest	Principal	Interest
	2023	\$ 212,000	\$ 28,275	\$ 1,859,000	\$ 121,027	\$ 1,007,000
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	229,000	21,758	2,094,000	31,619	1,146,000	273,570
2028	233,000	17,447			1,184,000	235,125
2029	237,000	13,063			1,223,000	195,410
2030	242,000	8,597			1,264,000	154,374
2031	246,000	4,042			1,305,000	111,986
2032	62,000	290			1,348,000	68,211
2033					1,393,000	22,984
	<u>\$ 2,122,000</u>	<u>\$ 183,802</u>	<u>\$ 9,874,000</u>	<u>\$ 614,148</u>	<u>\$ 13,094,000</u>	<u>\$ 2,300,431</u>

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA  
SUMMARY OF DEBT SERVICE REQUIREMENTS TO MATURITY  
FISCAL YEAR ENDED SEPTEMBER 30, 2022**

**Business-type Activities**

Year Ending September 30	Water & Sewer Revenue Note, Series 2021		State Revolving Fund DW0302G0		State Revolving Fund DW0302F0	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ -	\$ 647,275				
2024	1,710,000	625,900				
2025	1,754,000	582,600				
2026	1,798,000	538,200	\$ 237,738		\$ 299,337	
2027	1,842,000	492,700	475,476			
2028	1,886,000	446,100	475,476			
2029	1,934,000	398,350	475,476			
2030	1,983,000	349,388	475,476			
2031	2,031,000	299,213	22,755			
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>\$ 25,891,000</u>	<u>\$ 5,077,912</u>	<u>\$ 2,162,397</u>	<u>\$ -</u>	<u>\$ 299,337</u>	<u>\$ -</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**

	2013	2014	2015	Fiscal Year		2017	2018	2019	2020	2021	2022
				2016							
<b>Expenses</b>											
Governmental activities:											
General government	\$ 6,364,801	\$ 6,094,551	\$ 7,332,537	\$ 7,202,957	\$ 8,047,155	\$ 8,232,205	\$ 84,430,144	\$ 41,876,490	\$ 29,239,169	\$ 18,364,650	
Public safety	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	24,092,554	
Physical environment											
Transportation	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	6,159,397	
Leisure Services				5,748							
Economic environment	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	8,281,118	
Culture and recreation	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	4,107,998	
Human services	301,127	341,100	298,840	244,089	282,512	244,479	235,158	271,247	343,236	206,251	
Interest on long-term debt	462,930	415,035	364,137	385,657	531,878	205,222	1,593,953	2,305,974	1,577,494	2,787,543	
Total governmental activities expenses	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	63,999,511	
Business-type activities:											
Utilities	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	24,258,952	
Solid waste	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	7,948,084	
Marina	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	2,829,855	
Total business-type activities expenses	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	35,036,891	
Total primary government expenses	\$ 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	\$ 99,036,402	
<b>Program Revenues</b>											
Governmental activities:											
Charges for services:											
General government	\$ 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	\$ 42,781,747	
Public safety	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	1,296,969	
Transportation	483,251	455,887	281,775	188,709	194,373	200,205	615,382	259,216	226,335	233,366	
Economic environment			19,978		5,119	1,489	499,945	787,449		25,725	
Culture and recreation	199,286	184,717	275,060	250,591	279,223	378,443	5,653,271	5,303,085	6,801,553	16,035	
Other											
Operating grants and contributions	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	20,731,732	
Capital grants and contributions	20,494	25,000	25,000								
Total governmental activities program revenues	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	65,085,574	
Business-type activities:											
Charges for services:											
Utilities	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	23,031,915	
Solid waste	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	9,059,231	
Marina	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	2,532,233	
Operating grants and contributions			65,550		17,476	218,225	9,699,648	54,631	219,250	5,041,259	
Capital grants and contributions	142,542	138,515	178,999	200,432	591,888	361,400	637,468	506,409	2,305,300	1,172,852	
Total business-type activities program revenues	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	40,837,490	
Total primary government program revenues	\$ 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	\$ 105,923,064	
<b>Net (Expense)/Revenue</b>											
Governmental activities	\$ (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)	\$ 1,086,063	
Business-type activities	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	5,800,599	
Total primary government net expenses	\$ (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)	\$ 6,886,662	
<b>General Revenues and Other Changes in Net Position</b>											
Governmental activities:											
Taxes											
Ad valorem taxes	\$ 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	\$ 11,657,602	
Fire assessment									5,026,835	5,305,577	
Nuisance abatement									833,945	504,158	
Tax increment ad valorem taxes	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	1,876,658	
Local option gasoline tax	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	1,421,272	
Franchise fees	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	4,524,020	
Utility service tax	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	4,864,266	
Communications service tax	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	1,533,527	
Local option sales tax	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	4,713,569	
Unrestricted state revenue sharing	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	7,123,337	
Unrestricted investment earnings	225,263	346,393	343,489	176,342	472,139	663,874	1,253,276	707,005	117,318	461,328	
Gain (loss) on disposal of capital assets	16,980	14,930	23,980	28,398	33,503	(107,719)					
Miscellaneous	2,950,334	608,564	941,573	1,389,553	563,515	618,970	1,937,466	2,127,706	1,657,885	2,341,624	
Gain on extinguishment of debt									5,000,000		
Contributions									(1,501,815)		
Transfers	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)	2,228,797	
Total governmental activities general revenues	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	48,555,735	
Business-type activities:											
Unrestricted investment earnings	90,477	99,797	144,474	207,665	395,756	488,472	560,802	250,612	14,707	96,123	
Gain on disposal of capital assets		3,145	22,964	24,775	(265,461)	8,585	-	-	-	-	
Miscellaneous	50,689	13,196	6,807	2,433	4,258	12,844	1,846	61,732	8,656	14,981	
Transfers	(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	(2,228,797)	
Total business-type activities general revenues	(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	(2,117,693)	
Total primary government general revenues	\$ 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	\$ 46,438,042	
<b>Changes in Net Position</b>											
Governmental activities	\$ 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	\$ 49,641,798	
Business-type activities	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	3,682,906	
Total primary government changes in net position	\$ 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	\$ 53,324,704	

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
UNAUDITED**

	Fiscal Year									
	<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>2022</u>
Governmental activities:										
Net investment in capital assets	\$ 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	\$ 78,422,422
Restricted	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	37,596,009
Unrestricted	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	40,683,476
Total governmental activities net position	<u>\$ 98,734,829</u>	<u>\$ 101,705,231</u>	<u>\$ 87,049,961</u>	<u>\$ 88,706,629</u>	<u>\$ 91,192,727</u>	<u>\$ 93,974,238</u>	<u>\$ 114,283,095</u>	<u>\$ 108,331,822</u>	<u>\$ 112,075,394</u>	<u>\$ 156,701,907</u>
Business-type activities:										
Net investment in capital assets	\$ 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	\$ 85,693,786
Restricted	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	3,886,088
Unrestricted	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	17,076,497
Total business-type activities net position	<u>\$ 72,228,567</u>	<u>\$ 76,073,031</u>	<u>\$ 80,264,278</u>	<u>\$ 83,820,242</u>	<u>\$ 88,001,008</u>	<u>\$ 91,773,729</u>	<u>\$ 90,823,963</u>	<u>\$ 93,964,647</u>	<u>\$ 102,973,465</u>	<u>\$ 106,656,371</u>
Primary government:										
Net investment in capital assets	\$ 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	\$ 164,116,208
Restricted	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	41,482,097
Unrestricted	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	57,759,973
Total primary government net position	<u>\$ 170,963,396</u>	<u>\$ 177,778,262</u>	<u>\$ 167,314,239</u>	<u>\$ 172,526,871</u>	<u>\$ 179,193,735</u>	<u>\$ 185,747,967</u>	<u>\$ 205,107,058</u>	<u>\$ 202,296,469</u>	<u>\$ 215,048,859</u>	<u>\$ 263,358,278</u>

See independent auditor's report.



**CITY OF PANAMA CITY, FLORIDA  
PROGRAM REVENUES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS  
UNAUDITED**

	Fiscal Year									
Function/Program Revenues	<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>2022</u>
Governmental activities:										
General government	\$ 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	\$ 60,626,080
Public safety	1,993,601	2,192,020	2,576,709	1,196,295	1,188,058	1,156,941	6,063,332	2,750,089	6,513,939	2,352,550
Transportation	483,251	455,887	281,775	188,709	194,373	200,205	645,489	297,351	231,783	233,366
Economic environment	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	1,857,543
Culture and recreation	199,286	184,717	275,060	250,591	279,223	378,443	5,701,825	5,499,889	6,836,604	16,035
Other										
Total governmental activities	<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>	<u>65,085,574</u>
Business-type activities:										
Utilities	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	27,055,276
Solid waste	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	9,059,231
Marina	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	4,722,983
Total business-type activities	<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>	<u>40,837,490</u>
Total primary government function/program revenues	<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>	<u>\$ 105,923,064</u>

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA  
FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
UNAUDITED**

	Fiscal Year									
	<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>2022</u>
<b>Governmental Funds</b>										
General fund:										
Non-spendable	\$ 160,252	\$ 212,444	\$ 355,237	\$ 292,545	\$ 293,011	\$ 319,010	\$ 304,141	\$ 383,043	\$ 431,939	\$ 2,620,019
Spendable:										
Restricted										
Committed	10,496,928	10,882,597	11,396,432	11,164,211	12,045,554	12,906,796				
Assigned	230,253	228,760	228,760	286,399	546,933	546,933	242,020	534,724	506,656	1,625,888
Unassigned	11,542,588	13,262,912	12,591,442	14,868,795	8,207,390	11,543,501	14,585,827	17,327,208	23,170,324	24,706,393
Total general fund	<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>	<u>28,952,300</u>
All other governmental funds:										
Non-spendable	161,352	166,328	1,931,733	1,947,538	2,322,141	2,285,632	2,532,757	4,264,991	437,547	9,312,769
Spendable:										
Restricted	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	22,008,317
Committed	2,544,340	1,759,587	2,260,097				71,961,293	39,185,680	34,914,637	59,717,106
Assigned	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	8,527,158
Unassigned							(554,790)	(780,960)	(3,153,822)	
Total all other governmental funds	<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>	<u>96,411,528</u>
<b>Total governmental funds</b>	<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>	<u>\$ 125,363,828</u>

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**

	Fiscal Year									
	<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>2022</u>
<b>Revenues</b>										
Taxes	\$ 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	\$ 34,523,993
Licenses and permits	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	12,260,516
Intergovernmental	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	52,740,595
Charges for services	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	1,367,286
Investment earnings	225,263	346,626	343,489	176,342	472,139	663,874	1,253,276	707,005	117,318	461,329
Miscellaneous	969,360	532,062	890,468	1,320,962	640,337	555,772	3,144,764	1,961,119	1,281,498	2,036,746
Total revenues	<u>38,237,422</u>	<u>39,793,825</u>	<u>41,909,265</u>	<u>41,430,746</u>	<u>43,399,562</u>	<u>45,804,609</u>	<u>130,489,458</u>	<u>63,343,231</u>	<u>73,745,713</u>	<u>103,390,465</u>
<b>Expenditures</b>										
Current:										
General government	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	15,526,921
Public safety	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	24,671,408
Physical environment				5,748						
Transportation	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	4,295,564
Economic environment	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	8,297,543
Human services	274,702	313,463	265,926	244,089	282,512	244,479	235,158	271,247	343,236	206,251
Culture and recreation	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	3,799,643
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	1,387,000	1,187,000	1,802,000	1,838,000	3,243,000	216,000	1,821,000	4,032,000	3,933,000	90,769,447
Interest and other charges	715,680	418,705	370,427	332,915	493,141	175,387	1,550,357	2,217,163	1,480,563	2,785,104
Capital outlay	7,464,200	7,298,532	8,729,922	3,302,128	13,782,228	16,793,745	16,178,164	10,646,121	9,321,059	28,956,582
Total expenditures	<u>40,659,350</u>	<u>40,896,125</u>	<u>43,443,237</u>	<u>37,943,888</u>	<u>50,237,940</u>	<u>52,553,241</u>	<u>135,013,963</u>	<u>90,169,644</u>	<u>77,388,991</u>	<u>179,308,463</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,421,928)</u>	<u>(1,102,300)</u>	<u>(1,533,972)</u>	<u>3,486,858</u>	<u>(6,838,378)</u>	<u>(6,748,632)</u>	<u>(4,524,505)</u>	<u>(26,826,413)</u>	<u>(3,643,278)</u>	<u>(75,917,998)</u>
<b>Other Financing Sources (Uses)</b>										
Transfers in	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	36,519,626
Transfer out	(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)	(34,288,328)
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	59,958,737
Original issue discount						(40,825)				
Issuance of debt for leases										283,845
Issuance of refunding bonds	3,315,000						41,185,195			
Payment to bond refunding escrow agent	(3,289,219)						(41,185,195)			
Insurance Proceeds							20,100,610	13,439,200	6,885,802	30,127,337
BP recovery	1,900,000									
Total other financing sources (uses)	<u>15,111,956</u>	<u>(1,080,105)</u>	<u>685,484</u>	<u>(1,456,031)</u>	<u>1,674,692</u>	<u>30,252,145</u>	<u>78,230,119</u>	<u>24,063,627</u>	<u>(890,408)</u>	<u>92,601,217</u>
Net change in fund balances	<u>\$ 12,690,028</u>	<u>\$ (2,182,405)</u>	<u>\$ (848,488)</u>	<u>\$ 2,030,827</u>	<u>\$ (5,163,686)</u>	<u>\$ 23,503,513</u>	<u>\$ 73,705,614</u>	<u>\$ (2,762,786)</u>	<u>\$ (4,533,686)</u>	<u>\$ 16,683,219</u>
Debt service as a percentage of noncapital expenditures	6.33%	5.99%	8.60%	8.61%	11.42%	2.69%	3.40%	8.46%	8.96%	62.22%

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 Value	Total Direct Rate
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
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
2022	2,972,114	3,219,650	432,427	435,385	14,340	15,795	3,418,881	3,670,830	93.14%	4.8999

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			
2013	3.8723		3.8723	4.8025		4.8025	6.8580		6.8580	2.7578	0.0400	18.3306
2014	3.8723		3.8723	3.6500		3.6500	6.7610		6.7610	2.8918	0.0400	17.2151
2015	3.8570		3.8570	4.6500		4.6500	6.8890		6.8890	2.8918	0.0039	18.2917
2016	3.9740		3.9740	4.6500		4.6500	6.9070		6.9070	3.0000	0.0378	18.5688
2017	3.9740		3.9740	4.6500		4.6500	6.4750		6.4750	3.0000	0.0366	18.1356
2018	3.9740		3.9740	4.4362		4.4362	6.3410		6.3410	3.0000	0.0353	17.7865
2019	4.3500		4.3500	4.4362		4.4362	6.1220		6.1220	3.0000	0.0338	17.9420
2020	5.5469		5.5469	4.4362		4.4362	5.9476		5.9476	3.0000	0.0327	18.9634
2021	4.9999		4.9999	4.4362		4.4362	5.9680		5.9680	3.0000	0.0311	18.4352
2022	4.8999		4.8999	4.4362		4.4362	5.8470		5.8470	3.0000	0.0294	18.2125

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**

Taxpayer	2022			2013		
	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)	\$ 69,949,863	1	2.05%	\$ 48,863,597	2	2.20%
Hospital Corp of America (Gulf Coast Hospital)	57,450,127	2	1.68%	31,435,778	3	1.41%
Berg Steel Pipe Corp	38,623,188	3	1.13%	20,762,443	5	0.93%
MFG Waterstone Owner LLC	26,930,487	4	0.79%			
LCP Panama City, LLC	18,155,926	5	0.53%			
St Andrews Bay Land Co	17,010,585	6	0.50%	17,187,736	6	0.77%
Oceaneering International	16,418,150	7	0.48%			
Hawkins Point Partners	16,362,019	8	0.48%			
Brixmore GA Panama City	14,149,323	9	0.41%	13,254,936	9	0.60%
Eastern Shipbuilding - Bay Fabrication	14,131,599	10	0.41%	15,327,521	7	0.69%
Bay Medical Center				119,752,324	1	5.38%
Panama City Mall				29,896,033	4	1.34%
The Bay Line Railroad, LLC				13,526,825	8	0.61%
Hancock Bank				11,656,282	10	0.52%
<b>Total Principal Taxpayers</b>	<b>\$ 289,181,267</b>		<b>8.46%</b>	<b>\$ 321,663,475</b>		<b>14.46%</b>
<b>Total Taxable Assessed Value</b>	<b>\$ 3,418,881,144</b>			<b>\$ 2,224,538,249</b>		

Source: Office of the Property Appraiser, Bay County, Florida

See independent auditor's report.

**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
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%
2022	12,060,613	11,638,809	96.50%	18,793	11,657,603	96.66%

(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  
 MERCHANT SERVICES FEES AND BUSINESS TAX RECEIPTS  
 LAST TEN FISCAL YEARS  
 UNAUDITED**

Fiscal Year	Merchant License Fees Collected Fiscal Year	Merchant License Fees Abated Fiscal Year	Net Merchant License Fees Collected	Business Tax Receipts Issued
2013	\$ 7,678,323	\$ -	\$ 7,678,323	Not Available
2014	8,507,506	-	8,507,506	2,306
2015	8,751,278	-	8,751,278	3,771
2016	9,086,190	-	9,086,190	4,396
2017	9,289,533	-	9,289,533	3,818
2018	9,805,769	58,415	9,747,354	3,907
2019	9,548,451	179,930	9,368,521	3,603
2020	10,084,776	189,629	9,895,147	3,703
2021	11,415,498	423,628	10,991,870	3,437
2022	12,483,960	502,824	11,981,136	3,350

Source: City Departments

See independent auditor's report.



**CITY OF PANAMA CITY, FLORIDA  
PRINCIPAL MERCHANT LICENSE PAYERS  
CURRENT YEAR ONLY  
UNAUDITED**

<u>Merchant</u>	2022		
	Merchant License Amount	Rank	Percentage of Total Merchant License
Sam's Club	\$ 1,081,518	1	8.66%
Home Depot USA	858,329	2	6.88%
Wal-Mart	635,987	3	5.09%
Lowe's Home Centers	611,851	4	4.90%
Target Corp	432,366	5	3.46%
Publix Super Markets Inc	324,443	6	2.60%
Winn Dixie Stores Inc	294,094	7	2.36%
Best Buy Stores	256,158	8	2.05%
Food for Less PC, Inc	202,463	9	1.62%
Bay Cars South	199,718	10	1.60%
<b>Total Principal Merchants</b>	<b>\$ 4,896,928</b>		<b>39.23%</b>
 Total Merchant License Revenue	 \$ 12,483,960		

Note due to change in software, the 2013 data is not available

Source: City Departments

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA  
WATER PURCHASES AND SALES  
LAST TEN FISCAL YEARS  
UNAUDITED**

Fiscal Year	Water Gallons Purchased (In Thousands)	Water Gallons Sold (In Thousands)	Loss Percentage	Water Revenue	Sewer Revenue
2013	2,078,506	1,728,699	16.8%	\$ 6,696,911	\$ 10,281,571
2014	1,868,642	1,699,972	9.0%	6,923,608	10,577,263
2015	1,953,289	1,786,966	8.5%	7,429,793	11,180,078
2016	1,938,300	1,728,059	10.8%	7,220,879	10,791,016
2017	2,073,247	1,748,758	15.7%	7,643,801	10,305,634
2018	1,962,580	1,673,498	14.7%	7,575,622	11,437,601
2019	2,035,900	1,452,737	28.6%	6,260,463	9,120,371
2020	2,100,493	1,540,421	26.7%	7,320,053	10,595,447
2021	2,290,684	1,516,568	33.8%	8,070,075	11,752,457
2022	2,352,777	1,579,833	32.9%	9,091,062	13,228,295

Source: City Departments

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA  
PRINCIPAL UTILITY CUSTOMERS  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED**

Utility Customer	2022			2013		
	Utilities Billed	Rank	Percentage of Total Utilities Billed	Utilities Billed	Rank	Percentage of Total Utilities Billed
Bay Medical Center	\$ 460,014	1	2.06%	\$ 268,273	1	1.58%
Hospital Corp of America (Gulf Coast Hospital)	238,575	2	1.07%	218,374	2	1.29%
Hallmark Andrews Place LLC	229,945	3	1.03%	164,731	3	0.97%
Stone Container	167,016	4	0.75%			
Gulf Coast State College	99,851	5	0.45%	101,663	4	0.60%
Turtle Lake HC3 LLC	96,488	6	0.43%	64,618	7	0.38%
Panama Commons Apt	89,852	7	0.40%			
St. Andrews Bay Rehab Center	87,079	8	0.39%			
Pana Villa Garden Apt	76,557	9	0.34%			
Pruitt Health Management	70,701	10	0.32%			
Hilton Development				73,498	5	0.43%
St Andrews Towers				71,778	6	0.42%
Harbour Village				62,805	8	0.37%
Macedonia Apt				60,910	9	0.36%
Royal Arms Garden Apt				56,627	10	0.33%
<b>Total Principal Utility Customers</b>	<b>\$ 1,616,079</b>		<b>7.24%</b>	<b>\$ 1,143,277</b>		<b>6.73%</b>
<b>Total Utilities Billed</b>	<b>\$ 22,319,358</b>			<b>\$ 16,978,481</b>		

Source: City Departments

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 (2)	Per Capita (2)
	Revenue Bonds/Notes	Finance Purchase Liability (1)	Lease Obligations	Revenue Bonds/Notes	Finance Purchase Liability (1)	Lease Obligations			
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	102,150,284	1,357,541		35,045,000			138,552,825	5.20%	2,359
2020	113,119,967	1,468,956		32,139,000			146,727,923	4.52%	2,000
2021	104,378,825	2,507,142		29,267,000			136,152,967	3.55%	1,928
2022	72,501,174	3,687,920	\$ 182,912	28,352,735	\$ 177,231	\$ 5,928	104,907,900	Not Available	2,903

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) Prior to 2022 was Capital lease obligation

(2) See the Schedule of Demographic and Economic Statistics 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	\$ 72,177	15.19%	\$ 10,962
Leases	2,223	15.19%	338
Notes payable	202,488	15.19%	30,752
	<u>276,888</u>		<u>42,052</u>
Bay County School Board:			
Revenue Anticipation Note	1,053	16.34%	172
Certificates of participation	105,536	16.34%	17,242
	<u>106,589</u>		<u>17,414</u>
Subtotal of overlapping debt			59,466
City of Panama City direct debt	76,372		<u>76,372</u>
Total direct and overlapping debt			<u><u>\$ 135,838</u></u>

<sup>1</sup> The percentage of overlapping debt applicable is estimated using taxable assessed property values, for 2022, 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, 2022

- District School Board of Bay County Superintendent's Annual Financial Report for the fiscal year ended June 30, 2022

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA**  
**PLEGDED - REVENUE COVERAGE - GOVERNMENTAL ACTIVITIES**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**

Fiscal Year	Local Option Gas Transportation Bonds				Utility Service Tax Bonds			
	Revenue Collected	Debt Service		Coverage	Revenue Collected	Debt Service		Coverage
		Principal	Interest			Principal	Interest	
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	-	-	-
2022	1,421,272	-	-	-	1,533,527	-	-	-

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	-	-	-
2022	18,881,753	-	-	-

(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	Coverage
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
2022	26,003,086	19,541,131	6,461,955	2,988,000	687,472	3,675,472	1.76

- 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.

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN FISCAL YEARS  
 UNAUDITED**

<u>Fiscal Year</u>	<u>Estimated City Population (1)</u>	<u>Estimated County Population (1)</u>	<u>City to County Population Ratio</u>	<u>Personal Income in '000's (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate (3)</u>
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%	9,671,542	53,980	3.9%
2022	36,139	184,002	19.64%	Not Available	Not Available	2.7%

Source: (1) Florida Legislature, Office of Economic and Demographic Research  
 (2) U.S. Bureau of Economic Analysis  
 (3) U.S. Bureau of Labor Statistics

See independent auditor's report.



**CITY OF PANAMA CITY, FLORIDA  
PRINCIPAL EMPLOYERS (1)  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED**

Employer	2022			2013		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Bay District Schools	4,181	1	4.80%	4,046	3	4.69%
Tyndall Air Force Base	2,540	2	2.92%	7,352	1	8.53%
Ascension Sacred Heart/Bay Medical Center	1,436	3	1.65%	2,000	4	2.32%
Maximus Federal (formerly General Dynamics)	1,376	4	1.58%			
Gulf Coast Hospital - Hospital Corp of America	988	5	1.13%	631	6	0.73%
Trane	698	6	0.80%	575	8	0.67%
Publix Supermarkets	671	7	0.77%			
Bay County Board of County Commissioners	636	8	0.73%	560	7	0.65%
Gulf Coast State College	633	9	0.73%	665	9	0.77%
Royal American Management	612	10	0.70%			
Naval Support Activity				4,791	2	5.56%
Eastern Shipbuilding				1,200	5	1.39%
City of Panama City				537	10	0.62%
						0.00%
	<u>13,771</u>		<u>15.81%</u>	<u>22,357</u>		<u>25.92%</u>
Total Bay County Labor Force	<u>87,100</u>			<u>86,240</u>		

(1) Data presented reflects Bay County

Source: Bay County ACFR

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA  
OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS  
UNAUDITED**

	Fiscal Year									
	<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>2022</u>
<u>Governmental activities:</u>										
<b>Police:</b>										
Total crime arrests	4,074	5,807	5,297	5,346	4,177	4,834	5,220	5,212	5,507	5,302
Traffic violations	10,286	6,683	9,179	8,385	8,438	5,427	6,870	4,434	4,912	5,336
Parking violations	135	154	98	42	70	61	31	19	13	-
Code enforcement reports	2,059	2,707	3,160	4,164	4,971	4,104	2,256	4,468	5,737	3,537
Calls for service	54,480	53,421	53,343	55,069	55,876	61,206	57,113	68,808	65,461	68,676
<b>Fire:</b>										
Structure fires	48	44	35	62	29	44	38	39	45	31
Total calls for service	1,821	2,479	2,735	2,779	5,206	6,186	5,185	4,897	4,397	4,534
Inspections	1,721	1,870	2,358	2,508	3,396	2,502	2,606	2,607	2,996	2,870
<u>Business-type activities:</u>										
<b>Wastewater system:</b>										
Number of service connections	14,643	14,730	14,683	14,734	14,885	15,038	13,532	13,141	14,165	14,501
<b>Water system:</b>										
Number of service connections	17,011	17,052	17,139	17,221	17,449	17,668	15,929	16,443	16,841	17,273

Source: City Departments

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA  
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS  
UNAUDITED**

	Fiscal Year									
	<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>2022</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	2	2	2	2	2	0	0	0	0
Number of vehicles in fleet	121	120	121	122	126	137	137	137	132	186
<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	199	201	201	204	204	204	234	234
Number of street lights	4,846	4,857	4,949	4,952	5,036	5,060	5,060	5,060	5,189	5,188
<b>Culture and recreation:</b>										
Community centers	8	8	8	8	8	8	8	8	8	8
Parks	33	34	35	35	35	35	35	35	35	35
Park acreage	146	150	156	156	156	156	156	228	268	268
Baseball and softball fields	13	13	10	10	10	10	10	10	10	10
Soccer fields	0	0	1	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	295	292	293	295	295	297	293	293	296	321
Number of treatment plants	2	2	2	2	2	2	2	2	2	2
Daily average treatment in gallons	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	4,272,658
<b>Water system:</b>										
Miles of water mains	338	337	339	339	339	341	341	341	361	355
Number of fire hydrants	1,681	1,683	1,701	1,718	1,730	1,759	1,615	1,615	1,791	1,766
Daily average consumption in gallons	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	4,229,679

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>	Fiscal Year									
	<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>2022</u>
<u>Governmental activities:</u>										
General government	67	67	71	82	74	69	69	87	92	111
Public safety	220	213	216	224	243	233	257	226	229	239
Transportation	50	39	36	40	43	35	46	37	36	36
Culture and recreation	25	24	24	22	24	25	30	24	25	25
Economic environment	7	14	13	14	14	12	15	16	22	22
<u>Business-type activities:</u>										
Utilities	91	79	83	79	77	82	90	92	93	105
Solid waste	39	39	39	39	40	39	44	41	42	46
Marinas	9	13	13	14	14	14	15	7	7	7
<b>Total</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>	<b>591</b>

Source: City of Panama City Annual Budget

See independent auditor's report.

# SINGLE AUDIT SECTION

THIS SECTION CONTAINS THE FOLLOWING:

- SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL ASSISTANCE..... *p. 205*
- 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. 209*
- INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY CHAPTER 10.550, RULES OF THE AUDITOR GENERAL.....*p. 211*
- SCHEDULE OF FINDINGS AND QUESTIONED COSTS – PRIMARY GOVERNMENT.....*p. 214*
- 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. 227*



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**CITY OF PANAMA CITY, FLORIDA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
FISCAL YEAR ENDED SEPTEMBER 30, 2022**

<b>Federal/State Agency, Pass-Through Entity, Federal Program/State Projects</b>	<b>CFDA/ CSFA Number</b>	<b>Expenditures</b>
<b><u>Federal Awards</u></b>		
<b>U.S. Department of Housing and Urban Development</b>		
Direct programs:		
Community Development Block Grants	14.219	\$ 141,813
<i>Passed through Department of Economic Opportunity:</i>		
Community Development Block Grant-Disaster Recovery (CDBG-DR) Hazard Mitigation Grant	14.228	827,592
Total U.S. Department of Housing and Urban Development		<u>969,405</u>
<b>U.S Department of Justice:</b>		
Direct Programs:		
Bulletproof Vest Partnership Program - 2020 PCPD	16.607	8,075
Edward Byrne Justice Assistance Grant	16.738	38,400
Total U.S. Department of Justice		<u>46,475</u>
<b>U.S. Department of Homeland Security</b>		
Direct Programs:		
Staffing for Adequate Fire and Emergency Response Grant	97.083	145,777
<i>Passed through Florida Division of Emergency Management:</i>		
Disaster Grants - Public Assistance (Presidential Declared Disasters)	97.036	5,180,294
Hazard Mitigation Grant	97.039	84,830
Total U.S. Department of Homeland Security		<u>5,410,901</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	560,340
<b>U.S. Department of Commerce</b>		
Direct Programs:		
<i>Passed through the Florida Department of Environmental Protection:</i>		
Coastal Zone Management Administration	11.419	13,127
<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	12,250

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, 2022**

**U.S. Department of Environmental Protection**

Drinking Water State Revolving Fund	66.468	2,752,784
Clean Water State Revolving Fund	66.458	416,599
Total U.S. Department of Environmental Protection		3,169,383

**U.S. Department of Transportation**

State and Community Highway Safety	20.600	35,680
Highway Planning and Construction	20.205	1,840
Total U.S. Department of Transportation		37,520

**Total Expenditures of Federal Awards** \$ 10,219,401

**COMPONENT - UNIT - Panama City Port Authority**

**U.S. Department of Transportation:**

*Passed through the Florida Department of Transportation*

COVID-19 State and Local Fiscal Recovery Funds	21.027	\$ 412,756
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**CITY OF PANAMA CITY, FLORIDA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
FISCAL YEAR ENDED SEPTEMBER 30, 2022**

<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	\$ 238,573
State Housing Institutions Partnership Program- Hurricane Housing Recovery Program	40.902	2,480,725
<i>Passed through Bay County:</i>		
State Housing Institutions Partnership Program	40.901	6,817
State Housing Institutions Partnership Program- Hurricane Housing Recovery Program	40.902	<u>1,889,513</u>
Total Florida Housing Finance Corp		<u>4,615,628</u>
<b>Florida Department of Economic Opportunity:</b>		
Economic Development Tax Refund, Tax Credit, and Grant Program	40.043	<u>968,075</u>
<b>Executive Office of the Governor</b>		
Hurricane Loss Mitigation Program	31.066	<u>153,057</u>
<b>Total Expenditures of State Financial Assistance</b>		<u><u>\$ 5,736,760</u></u>
<b><u>COMPONENT UNIT - Panama City Port Authority</u></b>		
<b>Florida Department of Transportation:</b>		
Grant No. 43876319405	55.005	\$ 297,312
Grant No. 43876319404	55.005	371,805
Grant No. 43482839402	55.005	1,412,094
Grant No. 44496919401	55.005	<u>338,660</u>
<b>Total Expenditures of State Financial Assistance</b>		<u><u>\$ 2,419,871</u></u>

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, 2022**

**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, 2022. 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, 2022, \$2,837,628 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, 2022, 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 August 31, 2023.

**Report on 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) as a basis for designing 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 were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-002, 2022-003, and 2022-004, that we consider to be material weaknesses.

### **Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

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

### **Purpose of this Report**

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

*Lipton, Mauler, Garner & Chastain*

Panama City, Florida  
August 31, 2023



**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**

***Opinion on Each Major Federal Program and State Project***

We have audited the City of Panama City, Florida's compliance with the types of compliance requirements identified as a subject to audit 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, 2022. 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.

In our opinion, the City of Panama City, Florida complied, in all material respects, with the 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, 2022.

***Basis for Opinion on Each Major Federal Program and State Project***

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

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

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Panama City, Florida's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Panama City, Florida's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Panama City, Florida's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Panama City, Florida's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the City of Panama City, Florida's internal control over compliance. Accordingly, no such opinion is expressed.

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

## ***Other Matters***

The results of our auditing 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 2022-005 and 2022-006. Our opinion on each major federal program and state project is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the City of Panama City, Florida's response to the noncompliance findings identified in our compliance audit 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**

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

*Lipton, Mauler, Garner & Chastain*

Panama City, Florida  
August 31, 2023

**CITY OF PANAMA CITY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – PRIMARY GOVERNMENT  
FISCAL YEAR ENDED SEPTEMBER 30, 2022**

**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. No significant deficiencies or material weaknesses in internal control relating to the audit of the major federal award programs and state financial assistance projects, are reported in the Independent Auditor's Report on Compliance for Each Major Federal Program or State Project and on Internal Control over Compliance required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General.
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>
Disaster Grants-Public Assistance (Presidential Declared Disasters)	97.036
Drinking Water State Revolving Fund	66.468
Community Development Block Grant- Disaster Recovery (CDBG-DR)	
Hazard Mitigation Grant	14.228
<u>State Projects</u>	<u>State CSFA No.</u>
State Housing Institutions Partnership Program- Hurricane Housing Recovery Program	40.902
Economic Development Tax Refund, Tax Credit, and Grant Program	40.043

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, 2022**

**B. Findings - Financial Statements Audit**

**2022 – 001  
(Previously 2021 – 001)**

Condition: Bank accounts should be reconciled on a timely and regular basis to help prevent misappropriation and ensure the proper recording 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.

**2022 – 002**

Condition: Several deficiencies were noted during the year regarding the Panama City Community Redevelopment Agency's policies, procedures, and plan documents.

Criteria: The Panama City Community Redevelopment Agency's policies, procedures, and plan documents should be written to minimize risks and protect assets, and encourage adherence to policies, rules, regulations, and laws.

Cause: The Panama City Community Redevelopment Agency's policies, procedures, and plan documents did not ensure expenditures were proper.

Effect: Assets could be misappropriated, and expenditures could be made that are not allowed if the CRA policies, procedures, and plan documents do not ensure compliance with Florida Statutes.

Recommendation: It is our recommendation that the Panama City Community Redevelopment Agency update their policies, procedures, and plan including verifying compliance with Florida Statutes.

Views of Responsible Officials and Planned Corrective Actions: The Panama City Community Redevelopment Agency agrees with the auditors'. See attached Managements Corrective Action Plan.

**CITY OF PANAMA CITY, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – PRIMARY GOVERNMENT**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2022**

**2022 – 003**

**(Previously 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.

**2022 – 004**

Condition: The City’s management did not have adequate policies, processes, and procedures in place over Capital Assets.

Criteria: The City’s management is responsible for establishing and maintaining policies, processes, and procedures that prevent, or detect and correct the recording and disposal of Capital Assets.

Cause: We noted in several instances that appropriate asset tags on the Capital Assets examined were missing and some assets could not be located for testing.

Effect: The City’s policies, processes, and procedures were not in place and did not ensure Capital Assets were properly tagged or properly disposed of.

Recommendation: We recommend the City design and implement effective policies, processes, and procedures to ensure Capital Assets are properly recorded.

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, 2022**

**C. Findings and Questioned Costs – Major Federal Award Program and State Project**

**2022 – 005  
(Previously 2021 – 011)**

Condition: The data 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 implementation of GASB 87, *Leases* and the delays in preparing the Schedule of Federal Awards and State Financial Assistance, 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 audit and timely prepare expenditure reports and support for purposes of being subject to a 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, 2022**

**2022 – 006**

**(Previously 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 implementation of GASB 87, *Leases* and the delays in preparing the Schedule of Federal Awards and State Financial Assistance, 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 audit and timely prepare expenditure reports and support for purposes of being subject to a single audit.

Views of Responsible Officials and Planned Corrective Actions: The City agrees with the auditors' recommendations. See attached Managements Corrective Action Plan.



August 31, 2023

City of Panama City, Florida  
Summary Schedule of Prior Audit Findings  
For the Fiscal Year Ended September 30, 2022

**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 City's bank accounts.

**Anticipated Completion Date:** December 31, 2022

**Current Status:**

The final completion date was March 14, 2023.

**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.

**Anticipated Completion Date:** January 1, 2023

**Current Status:**

The final completion date was March 14, 2023.

**Finding Number 2021-003**

**Planned Correction 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.

**Anticipated Completion Date:** September 30, 2023

**Current Status:**

The final completion date was March 14, 2023.

**Finding Number 2021-004**

**Planned Correction 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.

**Anticipated Completion Date:** September 30, 2023

**Current Status:**

The final completion date was March 14, 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.

**Anticipated Completion Date:** November 20, 2022

**Current Status:**

The final completion date was March 14, 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 duties and training were needed which required additional time.

**Anticipated Completion Date:** December 31, 2022

**Current Status:**

The final completion date was March 14, 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.

**Anticipated Completion Date:** September 30, 2023

**Current Status:**

The corrective action plan is proceeding on time as planned.

**Finding Number 2021-008**

**Planned Correction 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.

**Anticipated Completion Date:** December 31, 2022

**Current Status:**

The final completion date was May 31, 2023.

**Finding Number 2021-009**

**Planned Correction 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.

**Anticipated Completion Date:** December 31, 2022

**Current Status:**

The final completion date was March 14, 2023.

**Finding Number 2021-010**

**Planned Correction 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.

**Anticipated Completion Date:** December 31, 2022

**Current Status:**

The final completion date was March 14, 2023.

**Finding Number 2021-011**

**Planned Correction 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 timely manner and thus timely submission of the required reports.

**Anticipated Completion Date:** September 30, 2023

**Current Status:**

The corrective action plan is proceeding on time as planned.

**Finding Number 2021-012**


**Planned Correction 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 timely manner and thus timely submission of the required reports.

**Anticipated Completion Date:** September 30, 2023

**Current Status:**

The corrective action plan is proceeding on time as planned.

Responsible Contact Person: Janette Smith

  
\_\_\_\_\_  
City Clerk-Treasurer



August 31, 2023

City of Panama City, Florida  
Management's Corrective Action Plan  
For the Fiscal Year Ended September 30, 2022

**Finding Number 2022-001 (Previously 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 City's bank accounts.

**Anticipated Completion Date:** December 31, 2022

**Current Status:**

The final completion date was March 14, 2023.

**Finding Number 2022-002**

**Planned Corrective Action:**

The City has reorganized the CRA and Housing Departments. There is a new Economic Development/CRA Director who has been attending educational classes and seminars. The City is committed to supporting the development and revision of CRA plans, policies and procedures as needed to ensure proper expenditure of funds.

**Anticipated Completion Date:** September 30, 2024

**Current Status:**

The process is ongoing.

**Finding Number 2022-003 (Previously 2021-008)**

**Planned Correction 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.

**Anticipated Completion Date:** December 31, 2022

**Current Status:**

The final completion date was May 31, 2023.



**Finding Number 2022-004**

**Planned Correction Action:** The City has recently hired a Asset and Inventory Control Administrator. Along with the reorganization of the asset accounting function because of an employee separation and associated loss of institutional knowledge, the City will re-establish this function and properly account for capital assets.

**Anticipated Completion Date:** September 30, 2024

**Current Status:**

The process is in its beginning stages.

**Finding Number 2022-005 (Previously 2021-011)**

**Planned Correction 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 timely manner and thus timely submission of the required reports.

**Anticipated Completion Date:** September 30, 2023

**Current Status:**

The corrective action plan is proceeding on time as planned.

**Finding Number 2022-006 (Previously 2021-012)**

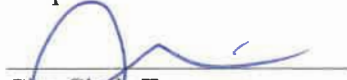
**Planned Correction Action:** The City has hired additional accounting staff and an outside consultant to assist with the additional accounting requirements resulting from grants and other funding sources resulting from Hurricane Michael. This will assist in completing each fiscal year's accounting in a timely manner and thus timely submission of the required reports.

**Anticipated Completion Date:** September 30, 2023

**Current Status:**

The corrective action plan is proceeding on time as planned.

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, 2022. 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, 2022.

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  
August 31, 2023



## 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, 2022, and have issued our report thereon dated August 31, 2023.

### 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 August 31, 2023, 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 2021-13 was included in the prior year management letter. For the current fiscal year, this finding 2022-004 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 did not have any such recommendations.

### **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, Mauler, Garner & Chastain*

Panama City, Florida  
August 31, 2023

**CITY OF PANAMA CITY, FLORIDA  
SCHEDULE OF EXPENDITURES OF FUNDS  
RELATED TO THE DEEPWATER HORIZON OIL SPILL  
FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	<b>2022</b>	
<b>Source</b>	Amount Received	Amount Expended
<b>PRIMARY GOVERNMENT</b>		
British Petroleum: Triumph Gulf Coast Inc.	<u>\$10,274,628</u>	<u>\$ 10,035,952</u>
<b>COMPONENT UNIT-Panama City Port Authority</b>		
British Petroleum: Triumph Gulf Coast Inc.	<u>\$ -</u>	<u>\$ 1,067,914</u>

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.