



**Panama City Beach
Community Redevelopment Agency**

FINANCIAL STATEMENTS

September 30, 2020



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**Panama City Beach Community Redevelopment Agency
Agency Officials
Year Ended September 30, 2020**

CRA Board Members

Mayor Mark Sheldon

Ward 1 Councilman Paul Casto

Ward 2 Councilman Phil Chester

Ward 3 Councilman Geoff McConnell

Ward 4 Councilman Michael Jarman

INDEPENDENT AUDITORS' REPORT

To the Honorable Chairman and Board members
Panama City Beach Community Redevelopment Agency

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Panama City Beach Community Redevelopment Agency (the "Agency"), a component unit of the City of Panama City Beach, Florida, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Panama City Beach Community Redevelopment Agency as of September 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 – 7, and the budgetary comparison information on pages 20 – 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2021, on our consideration of the Agency'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 Agency'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 Agency's internal control over financial reporting and compliance.

Carly Riggs & Ingram, L.L.C.

Certified Public Accountants
Panama City Beach, Florida
October 21, 2021

Panama City Beach Community Redevelopment Agency Management's Discussion and Analysis

Management of the Panama City Beach Community Redevelopment Agency (the “Agency”), offers readers of the Agency’s financial statements this narrative overview and analysis of the Agency’s financial performance during the fiscal year ended September 30, 2020. This information is designed in a manner to enhance the readers understanding of the Agency’s financial position and activities in conjunction with the audited basic financial statements which follow.

Financial Highlights

- The total assets and deferred outflows of resources of the Agency exceeded its liabilities and deferred inflows of resources by \$100 at the end of the fiscal year.
- The Agency’s total net position decreased \$2,667,409 from the prior year.
- The Agency’s operating revenues increased by 8% from the prior year.
- The Agency’s operating expenditures increased by less than 1% from the prior year.

Overview of the Financial Statements

The financial section of this annual report consists of three parts – management’s discussion and analysis (this section), the basic financial statements, and required supplementary information.

Government-wide Financial Statements

The government-wide financial statements include the *statement of net position* and *statement of activities*. These statements are designed to provide readers with a broad overview of the Agency’s financial position, in a manner like that of private-sector companies. All of the Agency’s activities are reported as governmental activities in the government-wide financial statements.

The *statement of net position* presents information on all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Agency, with the difference between them reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of the Agency’s improving or declining financial position.

The *statement of activities* presents information on all revenues and expenses of the Agency and the change in net position for the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Panama City Beach Community Redevelopment Agency Management's Discussion and Analysis

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Fund financial statements provide financial information for the Agency's general fund and more detailed information about the Agency's activities. Governmental fund financial statements provide information on the *current* assets and liabilities of the funds, changes in *current* financial resources (revenues and expenditures), and *current* available resources.

Fund financial statements for the Agency's general fund include a *balance sheet*, a *statement of revenues, expenditures, and change in fund balance*, and a *statement of revenues, expenditures, and changes in fund balance – budget and actual*.

The *government-wide financial statements* and the *fund financial statements* provide different presentations of the Agency's financial position. The government-wide financial statements provide an overall picture of the Agency's financial standing. These statements, which are comparable to private-sector companies, provide a good understanding of the Agency's overall financial health and present the means used to pay for various activities, or functions provided by the Agency.

Notes to basic financial statements provide additional detail concerning the financial activities and financial balances of the Agency. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI) which is a comparison between the Agency's adopted and final budget and actual financial results for its general fund. The Agency adopts an annual budget for its general fund, and a budgetary comparison schedule has been provided to demonstrate compliance with this budget.

Panama City Beach Community Redevelopment Agency Management's Discussion and Analysis

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of an Agency's financial position. In the case of the Panama City Beach Community Redevelopment Agency, assets exceeded liabilities by \$100 at the close of the most recent fiscal year.

The following table reflects the condensed statement of net position:

Panama City Beach Community Redevelopment Agency's Net Position

<i>September 30,</i>	2020	2019
Current and other assets	\$ 100	\$ 2,677,509
Total assets	100	2,677,509
Net position		
Unrestricted	50	50
Restricted	50	2,677,459
Total net position	\$ 100	\$ 2,677,509

The following table shows condensed revenue and expense data:

Panama City Beach Community Redevelopment Agency's Changes in Net Position

<i>September 30,</i>	2020	2019
Revenues		
Tax increment funds	\$ 11,188,355	\$ 10,778,965
Interest	964	1,865
Total revenues	11,189,319	10,780,830
Expenses		
Economic environment	462,872	462,487
Total expenses	462,872	462,487
Change in net position before transfers	10,726,447	10,318,343
Transfers out	(13,866,728)	(7,641,023)
(Decrease) increase in net position	\$ (3,140,281)	\$ 2,677,320

Panama City Beach Community Redevelopment Agency Management's Discussion and Analysis

Financial Analysis of the Agency's Funds

As of September 30, 2020, total assets were \$100 and total net position was \$100. Assets and net position both decreased by \$2,677,409 because the fourth quarter fiscal year 2019 payment made from Bay County was not received until fiscal year 2020. After receipt, funds were transferred out of the Agency in fiscal year 2020 as well. Tax increment funds increased by \$872,262 due to an increase in property tax values, on which the tax increment funds are based. Transfers out increased by \$6,225,705 due to the timing of the amounts received from Bay County and subsequently transferred as noted above.

Requests for Information

This report was prepared by the City of Panama City Beach's finance department. Questions concerning this report or requests for additional information should be addressed to City of Panama City Beach, 17007 Panama City Beach Parkway, Panama City Beach, Florida 32413-2199, and attention: Karen Ellis, Finance Director.

**Panama City Beach Community Redevelopment Agency
Statement of Net Position - Government-wide**

<i>September 30, 2020</i>	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 100
Total assets	100
NET POSITION	
Restricted for:	
Community redevelopment	50
Unrestricted	50
Total net position	\$ 100

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

**Panama City Beach Community Redevelopment Agency
Statement of Activities - Government-wide**

For the year ended September 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Economic environment	\$ 462,872	\$ -	\$ 462,872	\$ 11,188,355	\$ 11,188,355
Total governmental activities	462,872	-	462,872	11,188,355	11,188,355

General revenues:

Interest	964
Transfers out	(13,866,728)
Total general revenues and transfers	(13,865,764)

Change in net position	(2,677,409)
Net position, beginning of year	2,677,509
Net position, end of year	\$ 100

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

**Panama City Beach Community Redevelopment Agency
Balance Sheet – Governmental Fund**

September 30, 2020

ASSETS

Cash and cash equivalents	\$	100
Total assets		100

LIABILITIES AND FUND BALANCE

Fund balance:

Restricted		50
Unrestricted		50
Total fund balance		100
Total liabilities and fund balance		\$ 100

There are no reconciling items necessary to arrive at the amounts reported
for governmental activities in the statement of net position. -

Net position of governmental activities	\$	100
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The accompanying notes are an integral part of the basic financial statements.

**Panama City Beach Community Redevelopment Agency
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Governmental Fund**

For the year ended September 30, 2020

Revenues	
Tax increment funds	\$ 11,651,227
Interest	964
Total revenues	11,652,191
Expenditures	
Current:	
Economic environment	462,872
Total expenditures	462,872
Excess of revenues over expenditures	11,189,319
Other financing sources (uses)	
Transfers out	(13,866,728)
Total other financing sources (uses)	(13,866,728)
Net change in fund balance	(2,677,409)
Fund balance, beginning of year	2,677,509
Fund balance, end of year	\$ 100

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance -
Governmental Fund to the Statement of Activities**

Net change in fund balance (from above)	(2,677,409)
There are no reconciling items necessary to arrive at the amounts reported for governmental activities in the statement of activities.	-
Change in net position of governmental activities	\$ (2,677,409)

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

Panama City Beach Community Redevelopment Agency

Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Panama City Beach Community Redevelopment Agency (the “Agency”), a component unit of the City of Panama City Beach, Florida (the “City” and “Primary Government”), was created to effect and carry out community redevelopment purposes and projects within the City of Panama City Beach’s community redevelopment areas as determined by the City of Panama City Beach, Florida City Council (“City Council”) pursuant to Florida Statutes. The Agency was established by the City Council via Resolution 00-23 on November 30, 2000. The Agency is constituted as a public instrumentality separate and distinct from the City. Pursuant to Florida Statutes, Section 163.357, the City Council declared itself to sit ex-officio to the governing body of the Agency. The Agency does not exercise control over other governmental agencies or authorities.

Revenue sources for the Agency consist primarily of tax increment funds.

The accompanying financial statements present only the operations of the Agency and are not intended to present the financial position and results of the City of Panama City Beach, Florida. Complete financial statements for the City of Panama City Beach, Florida may be obtained at the City’s administrative offices located at 17007 Panama City Beach Parkway, Panama City Beach, Florida 32413-2199

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the Agency. *Governmental activities* are those which normally are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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.

Panama City Beach Community Redevelopment Agency Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources

Tax increment funds 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the Agency.

Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental fund. Separate financial statements are provided for the governmental fund.

Fund Financial Statements

The fund financial statements provide information about the Agency's fund. The emphasis of fund financial statements is on the major governmental fund.

The Agency reports the following major governmental fund:

The *Community Redevelopment Agency Fund* is the Agency's operating fund. It accounts for all financial resources of the Agency.

Budgetary Information

The Agency has elected, as permitted by Section 2400: *Budgetary Reporting* of the GASB Codification, to disclose all budgetary information in the notes to the required supplementary information.

Panama City Beach Community Redevelopment Agency Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Cash and cash equivalents

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

Categories and Classification of Fund Equity

Net position flow assumption – Sometimes the Agency will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Agency's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance flow assumptions – Sometimes the Agency will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Agency's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance.

Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Agency itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

Nonspendable fund balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. There are no nonspendable funds as of September 30, 2020.

Restricted fund balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. The restricted fund balance as of September 30, 2020 is \$50.

Panama City Beach Community Redevelopment Agency Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

Fund balance policies (Continued)

Committed fund balance – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Agency’s highest level of decision-making authority. The governing council is the highest level of decision-making authority for the Agency that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. There are no committed funds as of September 30, 2020.

Assigned fund balance – Amounts in the assigned fund balance classification are intended to be used by the Agency for specific purposes but do not meet the criteria to be classified as committed. The Council may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment. There are no assigned funds as of September 30, 2020.

Unassigned fund balance – Unassigned fund balance is the residual classification for fund balance not meeting criteria to be reported as nonspendable, restricted, committed, or assigned. The unassigned fund balance as of September 30, 2020 is \$50.

Revenues and Expenditures/Expenses

Program revenues – Amounts reported as 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues. The Agency has no program revenues in the fiscal year ended September 30, 2020.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 21, 2021. See Note 3 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Panama City Beach Community Redevelopment Agency Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements

In fiscal year 2020, the Agency implemented GASB Statement No. 83, *Certain Asset Retirement Obligations*. The objective of this statement is to provide for the measurement and accounting of legally enforceable liabilities associated with the retirement of tangible capital assets. The implementation of this statement did not result in any change in the Agency's financial statements.

In fiscal year 2020, the Agency implemented GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The implementation of this statement did not result in any change in the Agency's financial statements. GASB Statement No. 88 requires that additional essential information related to debt be disclosed in the notes to the financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to the financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placement of debt separately from other debt. The implementation of this statement did not result in any change in the Agency's financial statements.

In fiscal year 2020, the Agency early implemented GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The implementation of this statement did not result in any change in the Agency's financial statements.

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement seeks to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 will be effective for the fiscal years beginning after December 15, 2019.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. 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 payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Panama City Beach Community Redevelopment Agency Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are 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. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

In May 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objectives of this Statement are to address financial reporting issues that result from the replacement of an Interbank Offered Rate (IBOR) by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment and clarification of the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; replacing LIBOR as an appropriate benchmark interest rate for the evaluation of the effectiveness of an interest rate swap with a Secured Overnight Financing Rate or the Effective Federal Funds Rate; and providing exceptions to the lease modifications guidance in Statement 87 for lease contracts that are amended solely to replace an IBOR used to determine variable payments. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Panama City Beach Community Redevelopment Agency Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

In June 2020, the GASB issued GASB 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, and a 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 that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

**Panama City Beach Community Redevelopment Agency
Notes to Financial Statements**

Note 2: DETAILED NOTES ON ALL FUNDS

Intragovernmental Receivables, Payables, and Transfers

Transfers for the year ended September 30, 2020:

	Transfers in:		Total
	Primary Government	Community Redevelopment Agency	
Transfers out:			
Primary Government	\$ -	\$ -	\$ -
Community Redevelopment Agency	13,866,728	-	13,866,728
Total	\$ 13,866,728	\$ -	\$ 13,866,728

Transfers are used to move revenues from the fund that is required (per statute or budget) to collect them to the fund that is required (per local legislation) to expend them.

Governmental Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Agency is bound to observe constraints imposed upon the use of the resources in the governmental funds. The Agency has \$100 in fund balance at September 30, 2020.

Note 3: SUBSEQUENT EVENTS

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Agency. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

REQUIRED SUPPLEMENTARY INFORMATION

**Panama City Beach Community Redevelopment Agency
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual**

<i>For the year ended September 30, 2020</i>	Budgeted Amounts		Variance with Final Budget -	Actual Amounts	Actual Amounts	Budget to GAAP	Actual Amounts
	Original	Final	Budget Basis	Budget Basis	Difference	GAAP Basis	
Revenues							
Tax increment funds	\$ 11,661,595	\$ 14,328,640	\$ -	\$ 14,328,640	\$ (2,677,413)	\$ 11,651,227	
Interest	-	969	(5)	964	-	964	
Total revenues	11,661,595	14,329,609	(5)	14,329,604	(2,677,413)	11,652,191	
Expenditures							
Current:							
Economic environment	460,517	462,872	-	462,872	-	462,872	
Total expenditures	460,517	462,872	-	462,872	-	462,872	
Excess of revenues over expenditures	11,201,078	13,866,737	(5)	13,866,732	(2,677,413)	11,189,319	
Other financing sources (uses)							
Transfers out	(11,201,078)	(13,866,764)	36	(13,866,728)	-	(13,866,728)	
Total other financing sources (uses)	(11,201,078)	(13,866,764)	36	(13,866,728)	-	(13,866,728)	
Net change in fund balance	-	(27)	31	4	(2,677,413)	(2,677,409)	
Fund balance, beginning of year	101	96	-	96	2,677,413	2,677,509	
Fund balance, end of year	\$ 101	\$ 69	\$ 31	\$ 100	\$ -	\$ 100	

Panama City Beach Community Redevelopment Agency Budgetary Notes to Required Supplementary Information

Note 1. BUDGETARY INFORMATION

An annual budget is adopted by the Agency's Board on a cash basis of accounting. All annual appropriations lapse at fiscal year-end. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. Budget transfer authority is provided to the City of Panama City Beach City Manager, ex-officio as manager of the Agency within a fund as long as the total budget of the fund is not increased. Agency Board action is required for the approval of a supplemental budget.

INDEPENDENT AUDITORS' MANAGEMENT LETTER

The Honorable Chairman and Board Members
Panama City Beach Community Redevelopment Agency

Report on the Financial Statements

We have audited the financial statements of the Panama City Beach Community Redevelopment Agency (the "Agency") as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated October 21, 2021.

Auditors' 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; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' 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, which are dated October 21, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

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

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. The legal authority of the Agency is disclosed in the footnotes. The Agency has no component units.

Financial Condition and Management

Section 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 Agency 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 Agency 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 Agency. It is management's responsibility to monitor the Agency's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by 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 Joint Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Agency's Board Members, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Caru, Riggs & Ingram, L.L.C.

Certified Public Accountants
Panama City Beach, Florida
October 21, 2021

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

Honorable Chairman and Board Members
Panama City Beach Community Redevelopment Agency

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 Panama City Beach Community Redevelopment Agency, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Panama City Beach Redevelopment Agency's basic financial statements, and have issued our report thereon dated October 21, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Carri Riggs & Ingram, L.L.C.

Certified Public Accountants
Panama City Beach, Florida
October 21, 2021

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

The Honorable Chairman and Board Members
Panama City Beach Community Redevelopment Agency

We have examined the Panama City Beach Community Redevelopment Agency's (the "Agency") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2020. Management of the Agency is responsible for the Agency's compliance with the specified requirements. Our responsibility is to express an opinion on the Agency'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 Agency complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Agency 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 obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the Agency complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2020.

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

Carr, Riggs & Ingram, LLC

Certified Public Accountants
Panama City Beach, Florida
October 21, 2021

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH SECTION 163.387(6) AND SECTION 163.387(7), FLORIDA STATUTES

The Honorable Chairman and Board Members
Panama City Beach Community Redevelopment Agency

We have examined the Panama City Beach Community Redevelopment Agency's (the "Agency") compliance with the requirements of Section 163.387(6) and (7), Florida Statutes, *Redevelopment Trust Fund Policies*, during the year ended September 30, 2020. Management of the Agency is responsible for the Agency's compliance with the specified requirements. Our responsibility is to express an opinion on the Agency'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 Agency complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Agency 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 obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

Our examination disclosed the following material noncompliance with Section 163.387(6) and (7), Florida Statutes, *Redevelopment Trust Fund Policies* applicable to the Agency during the year ended September 30, 2020:

Condition: The Agency did not submit its original annual budget or the budget amendment to the Bay County Board of County Commissioners within 10 days after adoption.

Criteria: Section 163.387(6)(b), Florida Statutes, states that "A community redevelopment agency created by a municipality shall submit its annual budget to the board of county commissioners for the county in which the agency is located within 10 days after the adoption of such budget and submit amendments of its annual budget to the board of county commissioners within 10 days after the adoption date of the amended budget."

Effect: The Agency was not in compliance with Section 163.387(6) Florida Statutes.

Cause: The Agency was not aware of the budget submission requirement.

Recommendation: We recommend that the Agency implement procedures to ensure compliance with all applicable requirements.

Response: The Agency has implemented procedures to ensure compliance with regard to budget submissions. The budget for fiscal year 2022 was approved September 9, 2021 and submitted to Bay County September 16, 2021 within the required ten days.

In our opinion, except for the material noncompliance described in the preceding paragraph, the Agency complied, in all material respects, with the requirements of Sections 163.387(6) and 163.387(7), Florida Statutes, *Redevelopment Trust Fund*, during the year ended September 30, 2020.

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

Carri Riggs & Ingram, L.L.C.

Certified Public Accountants
Panama City Beach, Florida
October 21, 2021