

PANAMA CITY - BAY COUNTY

AIRPORT AND INDUSTRIAL DISTRICT

PANAMA CITY, FLORIDA

FINANCIAL STATEMENTS

AND SUPPLEMENTARY INFORMATION

YEARS ENDED SEPTEMBER 30, 2021 AND 2020



Tipton, Marler, Garner & Chastain
The CPA Group

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
PANAMA CITY, FLORIDA
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Panama City - Bay County
Airport and Industrial District
Panama City, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Panama City - Bay County Airport and Industrial District, as of and for the years ended September 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise Panama City - Bay County Airport and Industrial District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that

are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Panama City - Bay County Airport and Industrial District, as of September 30, 2021 and 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the years 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 4-12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Panama City - Bay County Airport and Industrial District's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards, state financial assistance, and passenger facility charges is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Chapter 10.550, Rules of the Auditor General, and as specified in the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards, state financial assistance, and passenger facility charges is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, state financial assistance, and passenger facility charges is fairly stated in all material respects in relation to the basic financial statements as a whole.

The other supplementary information section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2022, on our consideration of Panama City - Bay County Airport and Industrial District'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 Panama City - Bay County Airport and Industrial District'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 Panama City - Bay County Airport and Industrial District's internal control over financial reporting and compliance.

Lipton, Maule, Garner & Chastain

Panama City, Florida
January 21, 2022

**PANAMA CITY-BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

The following Management's Discussion and Analysis ("MD&A") of the Panama City-Bay County Airport and Industrial District's (the "District") activities and financial performance provides an introduction to the basic financial statements of the District for the year ended September 30, 2021 with comparative information for the year ended September 30, 2020. The information contained in this MD&A should be considered in conjunction with the information contained in the financial statements and the notes thereto, which are essential to a full understanding of the financial statement data.

District Background and History

The District was established pursuant to a special act of the Florida Legislature in 1967, recodified and amended by Chapter 2005-311, Laws of Florida, and subsequently amended by Chapter 2010-274, Laws of Florida. It is a political subdivision of the state and is an independent special district pursuant to the constitution and laws of Florida. The District owns and operates the Northwest Florida Beaches International Airport (the "Airport"), which opened on May 23, 2010. The Federal Aviation Administration ("FAA") Airport identifier is ECP.

The District is governed by a seven-member Board of Directors who are appointed to four-year terms. The Act requires that two members of the Board be appointed by the City Commission of the City of Panama City, two members be appointed by the Board of County Commissioners of Bay County, two members be appointed by the City Council of Panama City Beach, and one member be appointed by the Board of County Commissioners of Walton County.

The Airport is situated on approximately 4,000 acres located in Bay County, Florida, 12 miles north of Panama City Beach. It is classified as a small hub airport by the Federal Aviation Administration ("FAA"). Phase One of development of the Airport property includes approximately 1,200 acres.

The Airport has one concrete/grooved runway, Runway 16/34. It measures 10,000 feet in length and is used by both commercial, general aviation and military aircraft.

ECP was the first commercial international airport designed and built after September 11, 2001. The Terminal Building measures approximately 129,000 square feet and houses seven gates.

The District is self-supporting, using aircraft landing fees, airline rentals and fees, terminal and airport property rentals, and revenues from concessions and parking to fund operating expenses. Operating expenses of the District are not taxpayer funded. Construction programs are funded by federal and state grants, Passenger Facility Charges ("PFCs"), and District revenues.

**PANAMA CITY-BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Brief Discussion of Basic Financial Statements

This Report consists of a series of financial statements that are designed to help the reader understand the District's financial position. Two of these statements, the *Statements of Net Position* and the *Statements of Revenues, Expenses and Changes in Net Position* report information about the District and its activities in a way that helps illustrate if the District is better or worse financially as a result of the year's activities.

These two statements inform the reader of the District's net position and changes in that net position. The District's net position – the difference between assets and liabilities – is one way to measure the District's financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial position is improving or weakening.

Since the District charges fees to tenants and concessionaires to cover the costs of the services it provides, the District records its activities in one proprietary fund. Proprietary funds are reported using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. Under this method of accounting, all of the current year's revenues and expenses are considered regardless of when cash is received or paid.

Financial Highlights

- Total assets of the District exceeded total liabilities by \$258,467,349 (net position). Of this amount, \$20,442,985 is unrestricted.
- Operating revenues increased by \$1,281,567, or 10.6%, over prior year operating revenues.
- Operating expenses increased by \$1,378,461, or 6.1%, over prior year operating expenses.
- Terminal complex revenues increased \$1,095,814, or 35.9%, compared to prior year.
- The District's outstanding long-term debt decreased by \$1,510,411, or 4.4%, from prior year.
- Total net position decreased by \$564,150, or 0.2%, from FY 2020.

COVID-19 continued to affect revenues throughout the aviation industry. For ECP, however, passenger related revenues including concessions, parking, rental car fees, Passenger Facility Charges and Consolidated Facility Charges at the Airport increased in FY 2021. According to SimpleFlying.com, ECP ranks fourth in percentage growth among commercial airports in the country in capacity growth since the Pandemic began. The Panhandle airports with beach access and Florida airports in general have rebounded much more quickly than other airports in the country.

In Fiscal 2021, the Airport renegotiated its two outstanding loans with the Florida Department of Transportation's ("FDOT") State Infrastructure Bank. In doing so, the interest rate of Loan 1 was reduced from 4.6% to 1.97% and the interest rate of Loan 2 was reduced from 4.6% to 2.71%, resulting in a savings of approximately \$7 million in interest over the remaining lives of the loans.

ECP negotiated a new Airline-Airport Use and Lease Agreement with its airline partners in FY 2021. The Agreement with the signatory airlines, American Airlines, Delta Airlines, Southwest Airlines and United Airlines, was executed with an initial term of three years beginning October 1, 2021 and includes options for 2 additional two-year terms beginning October 1, 2024 and October 1, 2026.

**PANAMA CITY-BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
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The Airport received two COVID-19 related grants in FY 2021, the Airport Coronavirus Response Grant Program in the amount of \$3,748,929 and the Airport Coronavirus Response Grant Program – Concessions Relief Addendum in the amount \$133,089. Also, subsequent to year-end, two additional grants were accepted, the American Rescue Plan Act totaling \$6,600,531 and the American Rescue Plans Act – Concessions Relief Addendum for \$532,356. The total funding received from the FAA for COVID related grants is \$17,342,830 and is detailed as follows:

Grant Name	Date Accepted	Amount	Expires
Coronavirus Aid, Relief and Economic Security Act (CARES)	June 3, 2020	\$ 6,327,925	June 3, 2020
Airport Coronavirus Response Grant Program (ACRGP)	April 22, 2021	\$ 3,748,929	April 21, 2025
Airport Coronavirus Response Grant Program (ACRGP) - Concessions Relief Addendum	July 30, 2021	\$ 133,089	April 21, 2025
American Rescue Plan Act 2021 (ARPA)	November 16, 2021	\$ 6,600,531	November 15, 2025
American Rescue Plan Act 2021 (ARPA) - Concessions Relief Addendum	December 20, 2021	\$ 532,356	December 19, 2025
		\$ 17,342,830	

These grants funds have been/will be used for a combination of capital and operating expenditures as well as concessions relief, where applicable.

Condensed Comparative Financial Statements

The following table provides a summary of the assets, liabilities and net assets of the District for the current and prior year:

	Net Position	
	<u>2021</u>	<u>2020</u>
Current and Other Assets	\$ 36,477,562	\$ 28,081,811
Capital Assets	261,318,268	269,167,093
Total Assets	<u>297,795,830</u>	<u>297,248,904</u>
Long-Term Debt Outstanding	32,819,205	34,329,616
Other Liabilities	6,509,276	3,887,789
Total Liabilities	<u>39,328,481</u>	<u>38,217,405</u>
Net Position:		
Net Investment in Capital Assets	228,499,063	234,837,477
Restricted	9,525,301	5,599,723
Unrestricted	20,442,985	18,594,299
Total Net Position	<u>\$ 258,467,349</u>	<u>\$ 259,031,499</u>

**PANAMA CITY-BAY COUNTY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
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Investment in capital assets (e.g., land, buildings, and equipment), net of any related outstanding debt used to acquire those assets, represents the District's largest portion of net assets. These capital assets are utilized to provide services to the public; consequently, these assets are not available for future spending. Unrestricted net position, which is available for future spending, increased by \$1,848,686, or 9.9% in FY 2021.

The following schedule provides a summary of the changes in net assets for the current and prior year:

Changes in Net Position

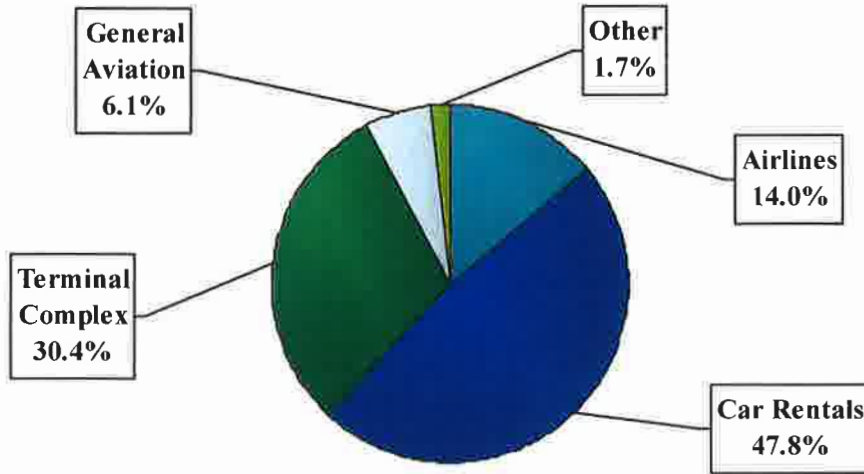
	2021	2020
Revenues		
Operating Revenues	\$ 13,428,769	\$ 12,147,202
Grants and Entitlements	7,208,155	8,913,312
PFC Revenues	2,714,234	1,619,871
CFC Revenues	1,159,320	541,921
Interest	1,858	6,589
Total Revenues	24,512,336	23,228,895
Expenses		
Operating Expenses	23,815,442	22,436,981
Interest Expense	1,447,755	1,645,586
Total Expenses	25,263,197	24,082,567
Excess (Deficiency) Before Special Items	(750,861)	(853,672)
Special Items		
Net Insurance Proceeds	72,663	8,394
Unrealized Gain (Loss)	-	(4,512)
Forfeiture Funds Received	80,673	-
Disaster/COVID-19 Expense	(15,750)	(64,410)
Gain (Loss) on Disposal of Assets	49,125	7,230
Total Special Items	186,711	(53,298)
Increase (Decrease) in Net Position	\$ (564,150)	\$ (906,970)

Analysis of Financial Position and Results of Operations

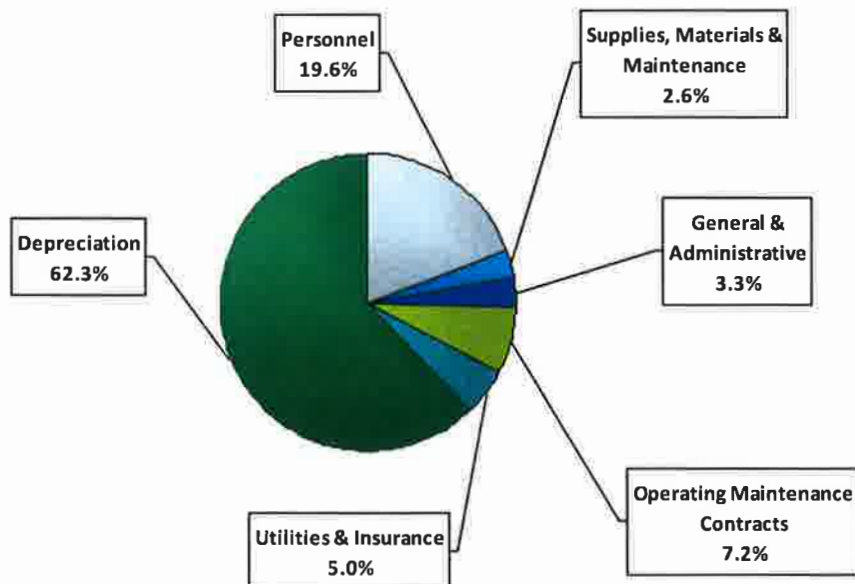
Operating revenues are generated from users of the Airport and include airline fees and charges, concessions, parking, car rentals, general aviation space rentals and building rentals. These collections are accounted for in the District's one proprietary fund.

**PANAMA CITY-BAY COUNTY
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The largest sources of operating revenues for the District are rental cars at \$6,300,227, the Terminal Complex at \$4,149,396 which includes parking and concessions, and the airlines at \$1,914,187. The following chart shows the major sources of revenues for the year ended September 30, 2021:



Depreciation accounts for the largest portion of operating expenses at \$14,842,574. Depreciation is not budgeted, and it also represents a high percentage of the District's expenses compared to other airports. Since the facility is relatively new, having opened in 2010, other airports of similar size may have fully depreciated facilities and depreciation is not such a large portion of expenses. Other major operating expenses include personnel at \$4,659,115, utilities and insurance at \$1,194,502 and operating maintenance contracts totaling \$1,711,917. The following chart shows the major categories of expenses for the year:



**PANAMA CITY-BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Budgetary Analysis

As an Independent Special District, the District must adopt a budget each fiscal year. This adopted budget regulates expenditures of the District. It is unlawful for the District to expend or contract for expenditures in any fiscal year except in fulfillment of appropriations.

The 2021 budget projected operating revenues of \$12,088,423 and operating expenses in the amount of \$9,186,672. The budget also included Airport funds and grants for the cost of capital projects, capital reserves and capital purchases of \$10,377,749, while debt service was budgeted at \$3,089,574. No budget amendments were made during the course of the year.

Without regard to depreciation, the District's operating expenses were under budget by \$213,804, or 2.3%, due in large part to staff efforts to control costs and operate as efficiently as possible. Actual operating expenses, including unbudgeted depreciation expense of \$14,842,574, exceeded budget by \$14,628,770.

The District's agreement with the signatory airlines provides for a rent and fees rebate and revenue sharing based on the financial results of operations of the Airport ("Settlement"). The Settlement amount of \$5,239,046 includes rent rebates of \$316,466, landing fee rebates of \$2,620,301, and revenue sharing of \$2,302,279.

Capital Assets

At September 30, 2021, the District had \$411,287,681 invested in a broad range of capital assets, including buildings, furniture and fixtures, police and fire equipment, maintenance equipment, vehicles, and capital improvement projects. This amount represents a net increase before depreciation (including additions and disposals of capital assets) of \$6,905,785, or 1.7%, compared to last year. Total Net Capital Assets, after depreciation, decreased \$7,848,825, or 2.9%, from FY 2020.

Capital Assets

	<u>2021</u>	<u>2020</u>
Land	\$ 70,669,561	\$ 70,669,561
Buildings	190,315,958	186,423,540
Improvements Other than Buildings	140,363,345	129,635,452
Furniture & Equipment	8,978,218	8,008,511
Construction Work-in-Progress	1,060,599	9,744,832
Total Before Depreciation	<u>411,387,681</u>	<u>404,481,896</u>
Depreciation	<u>(150,069,413)</u>	<u>(135,314,803)</u>
Total Net Capital Assets	<u>\$ 261,318,268</u>	<u>\$ 269,167,093</u>

**PANAMA CITY-BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Major capital asset notable changes during the current fiscal year included the following:

- Capital equipment additions totaled \$1,057,671 with disposals equaling \$87,964;
- Improvements additions totaled \$10,727,893;
- Buildings increased by \$3,892,418 and included the Terminal Expansion project. The total cost of the building, passenger boarding bridges, ramp and furnishings was \$5,847,250, of which \$5,197,080 was funded by the FAA and FDOT;
- Mitigation site development was ongoing at a cost of \$249,789, of which \$42,052 was funded by FAA grants;
- The Transient Apron and Taxiway E-1 projects were completed at a cost of \$6,905,520, of which the FAA funded \$6,175,553;
- The Transient Apron Expansion – Phase 1 project was completed at a cost of \$1,822,751, of which the Florida Department of Transportation (“FDOT”) funded \$800,000; and
- Due to the completion of projects and the related additions to Buildings, Improvements and Furniture and Equipment, the Construction Work-in Progress decreased by \$8,684,233.

Total capital expenditures for fiscal year 2021 were \$6,993,749 for grant and non-grant projects and equipment. Federal and state contributions to these expenditures totaled \$4,910,351 with the remaining \$2,083,398 being funded by the District.

Debt Activity

At year-end, the District had long-term debt of \$32,819,205 with the State Infrastructure Bank of Florida (“SIB”) as shown below:

	Outstanding Debt	
	<u>FY 2021</u>	<u>FY 2020</u>
SIB Loan #1	\$ 17,762,076	\$ 18,575,670
SIB Loan #2	15,057,129	15,753,946
Total Debt	<u>\$ 32,819,205</u>	<u>\$ 34,329,616</u>

These loans mature in Fiscal Year 2036 and are collateralized by a pledge of net revenues and eligible Passenger Facility Charge revenues.

Statistical Information and Rates & Charges

Airport activities during FY 2021 as compared to FY 2020 are as follows:

	<u>FY 2021</u>	<u>FY 2020</u>	<u>% Increase (Decrease)</u>
Enplanements	742,094	436,547	70.0%
Total Passengers	1,484,618	878,113	69.0%
Aircraft Operations	82,496	65,561	25.8%
Aircraft Landed Weight	1,003,929,917	659,746,789	52.2%

**PANAMA CITY-BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Fiscal year 2021 traffic reflects a record year in passenger, aircraft operations and landed weight at ECP. Prior to the pandemic outbreak in March 2020, ECP passenger traffic was poised to have a record year for FY 2020. However, the effects of the pandemic resulted in that year seeing a 27.1% decrease in passenger traffic versus FY 2019 and a decrease of 4.7% in aircraft landed weight. ECP has been very fortunate to have rebounded much more quickly than other airports, with strong numbers in both passenger traffic and flight operations as well as the revenues related to the increases.

Budgeted Airport Rates & Charges are as follows:

	<u>FY 2021</u>	<u>FY 2020</u>	<u>% Increase (Decrease)</u>
Terminal Rental Rate	\$ 61.06	\$ 63.64	(4.1%)
Landing Fee	\$ 4.50	\$ 5.10	(11.8%)
Signatory Cost Per Enplanement	\$ 12.26	\$ 6.11	100.7%

The District's agreement with its signatory airline partners requires the Settlement calculation be done at the end of each fiscal year. This calculation takes into consideration all operating revenues and expenses and recalculates the terminal rental rate and landing fee. Any difference in the recalculated rate and the budgeted rate is either refunded or invoiced to the airlines. The agreement also provides for revenue sharing with the signatory partners, and this amount is calculated at the same time as the settlement.

The Settlement rates and charges, as recalculated, are as follows:

	<u>FY 2021</u>	<u>FY 2020</u>	<u>% Increase (Decrease)</u>
Terminal Rental Rate	\$ 54.40	\$ 60.80	(10.5%)
Landing Fee	\$ 1.89	\$ 4.75	(60.2%)
Signatory Cost Per Enplanement	\$ 2.60	\$ 9.42	(72.4%)

The settlement and revenue sharing calculations resulted in a rebate to the signatory airlines in the amount of \$5,239,046.

Currently Known Facts, Decisions or Conditions

Northwest Florida Beaches International Airport opened on May 23, 2010 and has shown significant growth since that time. Passenger volumes consistently increased each fiscal year since 2015, with 2018 and 2019 seeing double-digit growth of 11.5% and 14.8% respectively, with more than one million total passengers for each of the two years. As a result of the COVID-19 Pandemic, ECP saw a decline in passengers with a total of 878,113 travelers in FY 2020. Comparatively speaking, ECP rebounded much stronger than many airports both in Florida and around the country, and FY 2021 was a record-breaking year recognizing nearly 1.5 million passengers. The forecast for FY 2022 is optimistic that conditions for the Airport continue to remain strong.

**PANAMA CITY-BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

The Airport has increased its market share of total passengers in the Panhandle region to 25%, as compared to 24% in FY 2020. The Panhandle region airports include ECP, Tallahassee International, Destin-Ft. Walton Beach and Pensacola International.

As we complete FY 2021, the District continues to have a sound financial structure. In order to move forward and carry on this trend, the District's goals for 2022 include working with the FAA and FDOT to further efforts in the development of the terminal facility and airfield, as well as working with the Bay County Economic Development Alliance to encourage aviation-related businesses to locate at the Airport. Currently, ECP is working with a number of prospective tenants on airfield development projects, and the District plans to continue to develop both additional air service and other airport related business opportunities for our region.

The Airport recently completed a new transient apron for aircraft parking and related taxiway and an expansion of the newly constructed transient apron. A new Airport Master Plan Update, which will shape our future growth, was completed and has been submitted to the FAA and FDOT for final approval.

Additionally, the District continues to work with the Florida National Guard to relocate the Panama City Armory to the Airport and will be working with the FAA and the U.S. Army Corp of Engineers on the basic Environmental Assessment on various parcels not included in the Phase One Permit.

Future construction projects in the planning phases include the North Terminal Concourse Expansion, the North Terminal Apron Expansion, the TSA Screening Checkpoint Expansion, a Baggage Make-up Facilities Expansion, continued Environmental Mitigation, and Long-Term Parking Expansion.

Our continued refinement of the business process, improved cost effectiveness and marketing initiatives, and other strategic initiatives will guide our vision for the upcoming fiscal year. The outlook for the Airport and its growth is bright.

Contacting the District's Financial Management

This financial report is designed to provide our partners, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives.

If you have questions about this report or need additional financial information, please contact the Director of Finance and Administration, Northwest Florida Beaches International Airport, 6300 West Bay Parkway, Box A, Panama City, Florida 32409.

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**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2021 AND 2020**

ASSETS

	2021	2020
Current Assets		
Cash and cash equivalents	\$ 18,671,718	\$ 15,115,661
Investments	-	5,107
Accounts receivable - trade	1,984,957	1,464,296
Accounts receivable - grants	6,189,538	5,803,596
Prepaid items	106,048	93,428
Total current assets	26,952,261	22,482,088
Noncurrent Assets		
Restricted assets	9,525,301	5,599,723
Capital assets:		
Land	70,669,561	70,669,561
Buildings and improvements	190,315,958	186,423,540
Improvements other than buildings	140,363,345	129,635,452
Furniture and equipment	8,978,218	8,008,511
Less accumulated depreciation	(150,069,413)	(135,314,803)
Construction work-in-process	1,060,599	9,744,832
Net capital assets	261,318,268	269,167,093
Total noncurrent assets	270,843,569	274,766,816
Total Assets	\$ 297,795,830	\$ 297,248,904

LIABILITIES AND NET POSITION

	2021	2020
Current Liabilities		
Accounts payable	\$ 5,889,992	\$ 3,178,903
Accrued expenses	255,048	365,860
Current maturities of long-term liabilities	19,852	17,906
Total current liabilities	6,164,892	3,562,669
 Long-Term Liabilities		
Long-term debt, less current maturities	32,819,205	34,329,616
Accrued vacation	310,302	299,706
Accrued sick leave	34,082	25,414
Total long-term liabilities	33,163,589	34,654,736
 Total liabilities	39,328,481	38,217,405
 Net Position		
Net investment in capital assets	228,499,063	234,837,477
Restricted	9,525,301	5,599,723
Unrestricted	20,442,985	18,594,299
Total net position	258,467,349	259,031,499
 Total Liabilities and Net Position	\$ 297,795,830	\$ 297,248,904

See accompanying notes to the financial statements.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Operating Revenues		
Airlines	\$ 1,914,187	\$ 4,126,367
Car rentals	6,300,227	3,955,225
Terminal complex	4,149,396	3,053,582
General aviation	837,398	768,711
Other tenants and miscellaneous	227,561	243,317
Total operating revenues	<u>13,428,769</u>	<u>12,147,202</u>
Operating Expenses		
Personnel costs	4,659,115	4,220,735
Supplies, materials, and maintenance	619,194	513,839
General and administrative expenses	788,140	760,029
Operating maintenance contracts	1,711,917	1,686,335
Utilities and insurance	1,194,502	1,063,483
Depreciation	14,842,574	14,192,560
Total operating expenses	<u>23,815,442</u>	<u>22,436,981</u>
Loss from operations	<u>(10,386,673)</u>	<u>(10,289,779)</u>
Nonoperating Revenues (Expenses)		
COVID-19 expenses	(5,850)	(8,748)
Interest income	1,858	6,589
PFC revenues	2,714,234	1,619,871
CFC revenues	1,159,320	541,921
Interest expense	(1,447,755)	(1,645,586)
Grant revenues	7,208,155	8,913,312
Gain on disposal of assets	49,125	7,230
Unrealized loss on investments	-	(4,512)
Disaster expenses	(9,900)	(55,662)
Forfeiture revenue	80,673	-
Net insurance proceeds	72,663	8,394
Total nonoperating revenues (expenses)	<u>9,822,523</u>	<u>9,382,809</u>
Change in Net Position	(564,150)	(906,970)
Total Net Position at Beginning of Year	<u>259,031,499</u>	<u>259,938,469</u>
Total Net Position at End of Year	<u>\$ 258,467,349</u>	<u>\$ 259,031,499</u>

See accompanying notes to the financial statements.

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**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	2021	2020
Cash Flows From Operating Activities		
Cash received from customers	\$ 12,976,161	\$ 11,924,581
Cash paid to suppliers for goods and services	(1,723,009)	(5,097,477)
Cash paid to employees for services	(4,525,599)	(4,170,176)
Net cash provided by operating activities	6,727,553	2,656,928
Cash Flows From Capital and Related Financing Activities		
Acquisition of capital assets	(6,993,749)	(10,868,908)
Proceeds from disposition of assets	45,112	19,730
PFC/CFC revenues	3,758,676	2,117,356
Proceeds from insurance	72,663	8,394
SIB loan proceeds (principal paid)	(1,510,411)	(1,443,988)
Interest expense on debt	(1,447,755)	(1,645,586)
Grants received:		
FEMA/SERT	-	43,649
Florida Department of Transportation	178,114	507,008
Federal Aviation Administration	6,525,579	6,522,247
Net cash provided by (used in) capital and related financing activities	628,229	(4,740,098)
Cash Flows From Investing Activities		
Proceeds from disposition of stock	9,120	-
Interest earned on investments	1,858	6,589
Net cash provided by investing activities	10,978	6,589
Net Increase (Decrease) in Cash and Cash Equivalents	7,366,760	(2,076,581)
Cash and Cash Equivalents at Beginning of Year	20,503,008	22,579,589
Cash and Cash Equivalents at End of Year	\$ 27,869,768	\$ 20,503,008

	<u>2021</u>	<u>2020</u>
Reconciliation of Operating Loss to Net Cash Provided		
By Operating Activities		
Operating loss	\$ (10,386,673)	\$ (10,289,779)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	14,842,574	14,192,560
Disaster/COVID-19 expenses	(15,750)	(64,410)
Forfeiture revenue	80,673	-
TSA	118,520	97,480
(Increase) decrease in assets:		
Accounts receivable	(520,661)	(196,426)
Prepaid items	(12,620)	(26,194)
Increase (decrease) in liabilities:		
Accounts payable	2,711,089	(1,154,305)
Accrued expenses	(108,863)	12,587
Accrued vacation	10,596	75,657
Accrued sick leave	8,668	9,758
Net cash provided by operating activities	<u>\$ 6,727,553</u>	<u>\$ 2,656,928</u>
 Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	<u>\$ 1,447,755</u>	<u>\$ 1,645,586</u>
 Reconciliation of Cash and Cash Equivalents per Statements of Cash Flows to the Statements of Net Position		
Cash and cash equivalents	\$ 18,671,718	\$ 15,115,661
Restricted cash and cash equivalents	<u>9,198,050</u>	<u>5,387,347</u>
	<u>\$ 27,869,768</u>	<u>\$ 20,503,008</u>

See accompanying notes to the financial statements.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity:

The Panama City - Bay County Airport and Industrial District (“the District”) is an independent special district created by an act of the Legislature of the State of Florida and is not considered a component unit of any other local governmental unit. The special act which created the District was Chapter 67-1099 of House Bill 1608 filed June 19, 1967, which was later repealed and replaced by Chapter 98-527 of House Bill 4545 filed May 22, 1998, Chapter 2005-311 of House Bill 939 filed June 14, 2005, and Chapter 2005-311 of House Bill 1635 filed July 1, 2010. The Panama City - Bay County Airport and Industrial District operates the Northwest Florida Beaches International Airport.

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

The financial statements are reported using the economic resources measurement focus (accrual basis of accounting). This means that all assets and liabilities (whether current or noncurrent) associated with this activity are included on the statements of net position. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The annual budget is adopted on a basis consistent with generally accepted accounting principles.

The District is accounted for as an enterprise fund. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The District operates as a proprietary (enterprise) fund and applies Financial Accounting Standards Board (FASB) Codification pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements, in which case, GASB prevails.

Enterprise 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 an enterprise fund’s principal ongoing operations. The principal operating revenues of the District are lease fees and related charges. Operating

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

expenses of the District include personnel costs, supplies, materials, maintenance, general and administrative expenses, operating maintenance contracts, utilities and insurance, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Capital grants are reported as nonoperating revenues in compliance with GASB Statement No. 33.

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

Advertising:

Advertising costs are generally charged to operations in the year incurred. Advertising expense was \$273,786 and \$237,800 for the years ended September 30, 2021 and 2020, respectively.

Investments:

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.

Capital Assets:

Capital assets are recorded at cost and are depreciated principally by the straight-line method over the estimated useful lives of individual assets. Donated capital assets are recorded at estimated fair market value at the date of donation.

Estimated useful lives are generally as follows:

Buildings and improvements	10-39 years
Improvements other than buildings	5-39 years
Furniture and equipment	3-15 years

Cash Equivalents:

For purposes of the statements of cash flows, the District considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable:

Accounts are charged to bad debt expense as they are deemed uncollectible. At September 30, 2021 and 2020, no allowance for uncollectible accounts was considered necessary.

Estimates:

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Recently Issued Accounting Pronouncements:

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This statement will enhance consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2019. The District has implemented GASB Statement No. 84 in this annual report, however it does not have any current impact on the District.

In June 2017, the GASB issued Statement No. 87, *Leases*. This statement increased 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 District is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

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

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests*. This statement will improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and will improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. The District has implemented GASB Statement No. 90 in this annual report, however it does not have any current impact on the District.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. 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 District 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 are effective for reporting periods beginning after June 15, 2021. The District is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

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

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. 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-public partnership arrangements (PPPS) and availability payment arrangements (APAs) and by enhancing the understanding, relevance, and consistency of information about PPPS and APAs. The requirements of this statement are effective for reporting periods beginning after June 15, 2022. The District is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. 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 District 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, 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 are effective for reporting periods beginning after June 15, 2021. The District is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

In October 2021, the GASB issued Statement No. 98, *the Annual Comprehensive Financial Report*. This statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. The requirements of this statement are effective for reporting periods ending after December 15, 2021. The District has implemented GASB No. 98 in this annual report, however it does not have any current impact on the District.

NOTE 2 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; business interruption; job-related illnesses or injuries to employees; and natural disasters for which the District carries commercial insurance.

There have been no significant reductions in insurance coverage from coverage in the prior year. The amounts of settlements have not exceeded insurance coverage for any of the past three fiscal years.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

NOTE 3 – RESTRICTED ASSETS

The restricted assets primarily represent cash and investments reserved in accordance with the loan ordinances and with requirements of the Passenger Facility Charge program.

At September 30, 2021 and 2020, restricted assets consisted of the following:

	2021	2020
Cash and Cash Equivalents –		
CFC Account	\$ 5,775,621	\$ 4,644,951
PFC Excess Cash	3,322,847	723,488
Forfeiture Funds	3,816	1,822
Law Enforcement Trust	605	605
Escrow Fund	12,000	12,000
Treasury Funds	83,161	4,481
Accounts Receivable - PFC	327,251	212,376
	\$ 9,525,301	\$ 5,599,723

NOTE 4 – LONG-TERM LIABILITIES

Changes in long-term liabilities are summarized as follows:

	Balance October 1, 2020	Increases	Decreases	Balance September 30, 2021	Due in One Year
State Infrastructure Bank Loan:					
Agreement dated December 21, 2007 authorized a total principal of \$25,000,000; interest payable at 4.60% beginning October 1, 2011 with principal and interest payments of \$1,668,074 due annually beginning October 1, 2011. The agreement was amended August 1, 2021, interest payable at 1.97% with principal and interest payments of \$1,379,241 beginning August 1, 2021 and maturing in 2036; the loan is collateralized by a pledge of net revenues and eligible PFC revenues.	\$ 18,575,670	\$ -	\$ 813,594	\$ 17,762,076	\$ -

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

NOTE 4 – LONG-TERM LIABILITIES (Continued)

State Infrastructure Bank Loan:

Agreement dated April 27, 2009 authorized a total principal of \$20,000,000; interest payable at 4.60% beginning October 1, 2011 with principal and interest payments of \$1,421,500 due annually beginning October 1, 2012. The agreement was amended August 1, 2021, interest payable at 2.71% with principal and interest payments of \$1,234,976 beginning August 1, 2021 and maturing in 2036; the loan is collateralized by a pledge of net revenues and eligible PFC revenues.

	<u>15,753,946</u>	-	<u>696,817</u>	<u>15,057,129</u>	-
Total Long-Term Debt	<u>34,329,616</u>	-	<u>1,510,411</u>	<u>32,819,205</u>	-
Total Compensated Absences	<u>343,026</u>	<u>74,644</u>	<u>53,434</u>	<u>364,236</u>	<u>19,852</u>
Total Long-Term Debt and Compensated Absences	<u>\$34,672,642</u>	<u>\$ 74,644</u>	<u>\$ 1,563,845</u>	<u>\$ 33,183,441</u>	<u>\$ 19,852</u>

Debt service requirements to maturity for long-term debt subsequent to September 30, 2021, are as follows:

Fiscal Year Ended	State Infrastructure Bank Loan Agreement		State Infrastructure Bank Loan Agreement	
	Principal	Interest	Principal	Interest
2023	\$ 1,029,328	\$ 349,913	\$ 826,928	\$ 408,048
2024	1,049,606	329,635	849,337	385,638
2025	1,070,284	308,958	872,355	362,621
2026	1,091,368	287,873	895,995	338,981
2027	1,112,868	266,373	920,277	314,699
2028-2032	5,901,960	994,248	4,989,271	1,185,578
2033-2037	<u>6,506,662</u>	<u>389,543</u>	<u>5,702,966</u>	<u>471,914</u>
	<u>\$ 17,762,076</u>	<u>\$ 2,926,543</u>	<u>\$ 15,057,129</u>	<u>\$ 3,467,479</u>

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

NOTE 4 – LONG-TERM LIABILITIES (Continued)

The Florida Department of Environmental Protection (“DEP”) required the District to establish a management endowment to earn interest, which would be used to pay mitigation costs. In lieu of an endowment, the District established a \$6,000,000 letter of credit as agreed upon with the DEP. The DEP is authorized to draw down on the letter of credit. As of September 30, 2021, there were no draws on the letter of credit.

NOTE 5 – LEASES

The District leases a substantial portion of its property to various organizations under operating leases. Rental income was as follows:

	2021	2020
Noncancellable leases –		
Minimum rentals	\$ 6,882,033	\$ 6,283,048
Contingent rentals	5,079,824	4,795,554
	\$ 11,961,857	\$ 11,078,602

The bases of rentals are as follows:

Airlines — A fixed amount annually, plus a variable amount based on aircraft operations and enplaned passengers.

Rental Cars — The greater of an amount fixed annually or a percentage of revenues, and a fixed amount for terminal area and maintenance facility rent.

Restaurant/Gift Shop — The greater of a fixed annual amount or a percentage of revenues, which percentage is periodically renegotiated.

Fixed Base Operations — Fixed amounts annually based on amounts of acreage plus a variable amount based on gallons of fuel flowage.

All Others — Advertisements in the airport are the greater of a fixed annual amount or a percentage of revenues; all others are fixed monthly amounts.

Future minimum rental commitments as of September 30, 2021, for the next five years are as follows:

2022	\$ 60,727
2023	1,548
2024	3,742,568
2025	3,417,484
2026	3,374,174

The approximate carrying value and accumulated depreciation pertaining to property held for rental included on the Statements of Net Position at September 30, 2021 is not readily determinable.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

NOTE 6 – PASSENGER FACILITY CHARGES

The District imposes a passenger facility charge (“PFC”) of \$4.50 per enplaned passenger (except for those passengers exempt under the application or the regulation) at the District. The air carriers receive a \$0.11 handling fee per passenger, so the District nets \$4.39 per enplaned passenger. The PFC application allows PFC funds to be collected up to five years in advance of an anticipated project or an alternative project in the event the anticipated project is not undertaken.

NOTE 7 – COMMITMENTS, CONTINGENCIES, AND SUBSEQUENT EVENTS

Litigation:

There is no pending or, to the knowledge of the District, threatened litigation.

Contract Commitments:

At September 30, 2021, the District had contractual commitments of approximately \$3,251,147 for construction of airport projects. Funding of these future expenditures is expected to be received from federal grants, state grants, and current operations.

Subsequent Events:

The District did not have any other subsequent events requiring disclosure or recording in these financial statements through January 21, 2022, which is the date these financial statements were available to be issued.

NOTE 8 – COMPENSATED ABSENCES

All full-time employees of the District earn vacation pay based on years of service.

Employees are not paid in lieu of vacation except in the event of resignation or termination, in which case unused vacation pay is paid up to the amount earned. Vacation benefits are accrued in the period they are earned. The liability for accumulated annual leave (excluding payroll taxes) at September 30, 2021 and 2020, is \$271,027 and \$262,198, respectively.

All full-time employees, excluding firefighters, of the District earn or accumulate sick leave with pay at the rate of one day per month and may accumulate a maximum of 60 days. Firefighters earn or accumulate sick leave with pay at 4.89 hours per pay period or 127 hours annually and may accumulate a maximum of 636 hours. Employees accumulating the maximum sick leave may be paid annually for one-third of the excess sick leave earned over the maximum, provided the maximum accumulation is maintained. A percentage of accumulated sick leave may be paid upon termination. The liability for accumulated annual sick leave at September 30, 2021 and 2020, is \$34,082 and \$25,414, respectively.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

NOTE 9 – RETIREMENT PLAN

The District provides pension benefits for all of its full-time employees through the Panama City - Bay County Airport and Industrial District Money Purchase Plan, a defined contribution plan. The plan is administered by the District with Regions Morgan Keegan Trust serving as trustee and can only be amended by an action of the Board. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate one month after the date of employment. Benefits fully vest after six years of employment. Plan forfeitures are used to pay Plan administrative fees. Contributions in the amount of 10% of the preceding month's compensation are made each month by the District, as outlined in the adoption agreement which was approved by the Board on November 2, 1982. The Plan is noncontributory. Plan assets are invested in annuity contracts. Contributions made equaled required contributions for the current and two preceding years. The plan had 68 active participants at September 30, 2021.

The District's total personnel costs in fiscal year 2021 and 2020 were \$4,659,115 and \$4,220,735, respectively. The District's contributions were calculated using the salary amount of approximately \$3,302,425 and \$2,982,200 for September 30, 2021 and 2020, respectively. The retirement expense by the District was \$333,184 and the amount contributed was \$333,184 for the year ended September 30, 2021; the expense for the year ended September 30, 2020 was \$299,061 and the amount contributed was \$299,061.

NOTE 10 – DEPOSITS AND INVESTMENTS

The District has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415, Florida Statutes. The District may invest any surplus public funds in the following:

- a) The Local Government Surplus Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act;
- b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
- c) Interest-bearing time deposits or savings accounts in qualified public depositories;
- d) Direct Obligations of the U.S. Treasury.

Securities listed in c and d shall be invested to provide sufficient liquidity to pay obligations as they come due. In addition, surplus funds may be deposited into certificates of deposit which are insured.

The District records all interest income related to investment activities in the respective funds and reports investments at fair value.

Included in the District'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.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

NOTE 10 – DEPOSITS AND INVESTMENTS (Continued)

The District held the following investments:

<u>Investment Type</u>	<u>Investment Maturities</u>			
	<u>9/30/21</u>		<u>9/30/20</u>	
	<u>Less than 1 Year</u>	<u>More than 1 Year</u>	<u>Less than 1 Year</u>	<u>More than 1 Year</u>
Other	\$ -	\$ -	\$ -	\$ 5,107

Fair Value

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

	<u>9/30/21</u>		<u>9/30/20</u>	
	<u>Total</u>	<u>Quoted Prices Level 1</u>	<u>Total</u>	<u>Quoted Prices Level 1</u>
	Investments by fair value level:			
Stocks	\$ -	\$ -	\$ 5,107	\$ 5,107

Investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

NOTE 11 – BUDGET TO ACTUAL - REVENUES AND EXPENSES

The annual budget is adopted on a basis consistent with generally accepted accounting principles. Management may not increase a department's total expenditures without seeking the approval of the Board of Directors, 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.

For the year ended September 30, 2021, the District's actual operating revenues were more than budgeted operating revenues by \$1,340,346, due to revenue sharing with the airlines of \$2,302,279, and actual operating expenses exceeded budgeted operating expenses by \$14,628,770. The actual operating expenses increase over budgeted operating expenses was due to the following:

- \$14,842,574 in depreciation expense that was not budgeted by the District in 2021.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

NOTE 11 – BUDGET TO ACTUAL - REVENUES AND EXPENSES (Continued)

For the year ended September 30, 2020, the District's actual operating revenues were less than budgeted operating revenues by \$4,200,072, due to revenue sharing with the airlines of \$1,438,684, and actual operating expenses exceeded budgeted operating expenses by \$13,560,721. The actual operating expenses increase over budgeted operating expenses was primarily due to the \$14,192,560 in depreciation expense that was not budgeted by the District in 2020.

NOTE 12 – COVID-19 PANDEMIC

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted thousands of individuals worldwide. In response, many countries have implemented measures to combat the outbreak that have impacted global business operations. These measures included international travel restrictions and, in some states, orders to stay home. As a result, domestic travel across the United States has significantly declined. The pandemic and the resulting restrictions have caused disruption in aviation activity and passenger traffic at the Panama City - Bay County Airport And Industrial District and at airports around the world.

On March 25, 2020, Congress and the White House agreed to a COVID-19 assistance package, which includes \$10 billion from the federal General Fund to remain available until expended for airports to prevent, prepare for, and respond to coronavirus. Through the assistance package, which was signed into law as the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), the District received a grant award of \$6,327,925, of which \$1,288,009 was used as of September 30, 2021, and a grant award of \$3,749,826, of which \$1,419,920 was used as of September 30, 2021.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

NOTE 13 – CAPITAL ASSETS

Changes in capital assets were as follows:

	Balance 9/30/2019	Increases	Decreases	Balance 10/1/2020	Increases	Decreases	Balance 9/30/2021
Capital assets, not being depreciated:							
Land	\$ 70,669,561	\$ -	\$ -	\$ 70,669,561	\$ -	\$ -	\$ 70,669,561
Construction work-in-process	2,319,341	10,381,840	2,956,349	9,744,832	6,173,030	14,857,263	1,060,599
Total capital assets, not being depreciated	72,988,902	10,381,840	2,956,349	80,414,393	6,173,030	14,857,263	71,730,160
Capital assets, being depreciated:							
Buildings and improvements	186,423,540	-	-	186,423,540	3,892,418	-	190,315,958
Improvements other than buildings	126,722,689	2,912,763	-	129,635,452	10,727,893	-	140,363,345
Furniture and equipment	7,832,627	518,154	342,270	8,008,511	1,057,671	87,964	8,978,218
Total capital assets, being depreciated	320,978,856	3,430,917	342,270	324,067,503	15,677,982	87,964	339,657,521
Less accumulated depreciation for:							
Buildings and improvements	44,161,785	4,783,945	-	48,945,730	5,173,185	-	54,118,915
Improvements other than buildings	70,584,300	9,012,950	-	79,597,250	9,222,902	-	88,820,152
Furniture and equipment	6,718,427	395,666	342,270	6,771,823	446,487	87,964	7,130,346
Total accumulated depreciation	121,464,512	14,192,561	342,270	135,314,803	14,842,574	87,964	150,069,413
Total capital assets being depreciated, net	199,514,344	(10,761,644)	-	188,752,700	835,408	-	189,588,108
Capital assets, net	\$ 272,503,246	\$ (379,804)	\$ 2,956,349	\$ 269,167,093	\$ 7,008,438	\$ 14,857,263	\$ 261,318,268

See independent auditor's report.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
SCHEDULES OF BUDGETED AND ACTUAL RECEIPTS AND EXPENSES
YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	2021		2020
	Budget	Actual	Actual
Operating Revenues			
Airlines -			
Airline landing fees	\$ 2,301,696	\$ 1,897,385	\$ 3,134,783
Cargo airline landing fees	12,591	14,700	14,589
Airline terminal rent	2,440,533	2,304,381	2,415,679
Signatory airline revenue sharing	-	(2,302,279)	(1,438,684)
Total airlines	<u>4,754,820</u>	<u>1,914,187</u>	<u>4,126,367</u>
Car rentals -			
Rental cars concession fees	2,078,032	4,786,108	2,433,416
Rental cars customer facility charges	1,514,071	1,514,119	1,521,809
Total car rentals	<u>3,592,103</u>	<u>6,300,227</u>	<u>3,955,225</u>
Terminal complex -			
Public and employee parking	2,083,926	3,035,345	2,367,394
Ground transportation fees	62,203	118,710	86,592
Advertising concessions	75,000	59,691	72,744
Retail merchandise concessions	66,692	145,904	83,175
Food and beverage concessions	238,222	591,704	295,737
Other terminal revenue	190,480	198,042	147,940
Total terminal complex	<u>2,716,523</u>	<u>4,149,396</u>	<u>3,053,582</u>
General aviation -			
Fixed base operator rents	351,071	353,634	344,311
Fuel flowage fees	55,862	98,444	64,879
Hangar/land rentals	402,287	385,320	359,521
Total general aviation	<u>809,220</u>	<u>837,398</u>	<u>768,711</u>
Other tenants and miscellaneous -			
Other tenants and miscellaneous	47,759	59,563	75,319
Fuel farm	139,714	139,714	139,714
Cargo building rental	28,284	28,284	28,284
Total other tenants and miscellaneous	<u>215,757</u>	<u>227,561</u>	<u>243,317</u>
Total operating revenues	<u>12,088,423</u>	<u>13,428,769</u>	<u>12,147,202</u>

See independent auditor's report.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
SCHEDULES OF BUDGETED AND ACTUAL RECEIPTS AND EXPENSES
YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	2021		2020
	Budget	Actual	Actual
Operating Expenses			
Personnel costs -			
Salary and wages	3,418,071	3,290,311	3,000,954
Overtime	96,528	85,690	52,665
FICA contributions	264,810	244,617	218,576
Group insurance	595,020	580,251	559,072
Retirement	349,156	333,184	299,061
Workers compensation insurance	103,481	117,872	88,279
Other personnel costs	33,535	7,190	2,128
Total personnel costs	<u>4,860,601</u>	<u>4,659,115</u>	<u>4,220,735</u>
Supplies, materials, and maintenance -			
Airfield and grounds	147,300	99,861	102,271
Computer supplies and software	42,450	30,869	47,497
Machinery and equipment	27,820	21,528	27,995
Miscellaneous supplies	6,500	6,216	4,319
Radio equipment	10,216	9,600	9,285
Safety and security	32,500	28,929	26,842
Small tools and equipment	11,600	6,996	7,654
Fuel farm	-	682	772
Terminal facility services and supplies	212,617	338,124	234,680
Uniforms, clothing, and boots	16,650	11,550	10,629
Vehicles, oil, tires, and fuel	54,900	64,839	41,895
Total supplies, materials, and maintenance	<u>562,553</u>	<u>619,194</u>	<u>513,839</u>
General and administrative expenses -			
Bank charges	59,500	60,491	58,616
Bad debt expense	2,000	-	1,318
Business meetings and events	7,000	5,504	4,350
Dues, licenses, publications, and training	95,480	66,550	53,789
Marketing and advertising	275,000	273,786	237,800
Office services and supplies	27,898	24,851	25,400
Financial consulting services	64,300	76,546	57,539
Legal services	60,000	43,182	44,125
Professional services	268,000	227,289	267,667
Travel and conferences	19,840	9,941	9,425
Total general and administrative expenses	<u>879,018</u>	<u>788,140</u>	<u>760,029</u>

See independent auditor's report.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
SCHEDULES OF BUDGETED AND ACTUAL RECEIPTS AND EXPENSES
YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	2021		2020
	Budget	Actual	Actual
Operating Expenses (continued)			
Operating maintenance contracts			
Computer services	170,000	159,560	155,841
Contract cleaning	748,181	743,981	729,393
Elevator and escalator	50,000	45,816	50,834
Passenger loading bridges	389,000	313,747	313,759
Parking lot management	431,055	448,813	436,508
Total operating maintenance contracts	<u>1,788,236</u>	<u>1,711,917</u>	<u>1,686,335</u>
Utilities and insurance			
Electricity	640,000	701,779	633,915
Telephone	28,000	38,943	28,281
Water and sewer	216,000	239,852	226,761
Building and contents insurance	119,086	119,085	95,749
Liability and auto insurance	93,178	94,843	78,777
Total utilities and insurance	<u>1,096,264</u>	<u>1,194,502</u>	<u>1,063,483</u>
Total	9,186,672	8,972,868	8,244,421
Depreciation	-	14,842,574	14,192,560
Total operating expenses	<u>9,186,672</u>	<u>23,815,442</u>	<u>22,436,981</u>
Operating (loss) income	<u>2,901,751</u>	<u>(10,386,673)</u>	<u>(10,289,779)</u>
Nonoperating Revenues (Expenses)			
COVID-19 expenses	-	(5,850)	(8,748)
Interest income	5,860	1,858	6,589
PFC revenues	1,374,802	2,714,234	1,619,871
CFC revenues	164,106	1,159,320	541,921
Interest expense	(1,579,162)	(1,447,755)	(1,645,586)
Grant revenues	23,533,635	7,208,155	8,913,312
Gain on disposal of assets	-	49,125	7,230
Unrealized loss on investments	-	-	(4,512)
Disaster expenses	-	(9,900)	(55,662)
Forfeiture revenue	-	80,673	-
Net insurance proceeds	-	72,663	8,394
Total nonoperating revenues (expenses)	<u>23,499,241</u>	<u>9,822,523</u>	<u>9,382,809</u>
Income (Loss)	<u>\$ 26,400,992</u>	<u>\$ (564,150)</u>	<u>\$ (906,970)</u>

See independent auditor's report.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
SCHEDULE OF CONSTRUCTION WORK-IN-PROGRESS
SEPTEMBER 30, 2021**

<u>Funding Source</u>		
AIP 3-12-0159-012-2018/FDOT ARB-67	Master Plan	\$ 740,630
FDOT JPA 423364-7-94-01	Escalator upgrade	74,445
FDOT JPA 423599-3-94-01	Bag make-up expansion	109,525
FDOT JPA 423599-2-94-01	North concourse expansion	82,010
FDOT JPA 423599-2-94-01	North apron expansion	5,806
Airport Funding	Apron expansion-phase 2	48,183
		\$ 1,060,599

See independent auditor's report.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
SCHEDULE OF NON-GRANT FUNDED CAPITAL ITEMS
ACQUIRED DURING THE YEAR ENDED SEPTEMBER 30, 2021**

Baggage scale	\$ 1,617
Desktop computer	1,414
Parking revenue control system	<u>338,000</u>
	<u>\$ 341,031</u>

See independent auditor's report.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
SCHEDULE OF GRANT FUNDED CAPITAL ITEMS
EXPENDED DURING THE YEAR ENDED SEPTEMBER 30, 2021**

Project Number	Description	Airport Funding	FAA Funding	FDOT Funding	Total
Capital Projects:					
AIP 3-12-0159-012-2018	Master plan update	\$ 12,842	\$ 115,575	\$ -	\$ 128,417
AIP 3-12-0159-014-2019	Mitigation site development	207,737	36,981	-	244,718
AIP 3-12-0159-016-2020	Mitigation site development	-	5,071	-	5,071
	Total mitigation site development	<u>207,737</u>	<u>42,052</u>	<u>-</u>	<u>249,789</u>
AIP 3-12-0159-015-2019	Transient Apron & Taxiway E-1	337,114	2,677,674	-	3,014,788
AIP 3-12-0159-015-2019	Terminal building expansion	72,784	655,060	-	727,844
JPA 423599-2-94-01	North concourse expansion design	56,440	-	31,375	87,815
JPA 423599-3-94-01	Outbound baggage system design	83,548	-	21,164	104,712
JPA 423364-6-94-01	Aircraft Apron expansion	937,036	-	800,000	1,737,036
JPA 423364-7-94-01	Doors & equipment	37,223	-	37,223	74,446
Total Grant Funding		<u>1,744,724</u>	<u>3,490,361</u>	<u>889,762</u>	<u>6,124,847</u>
Capital Equipment:					
CARES Act 3-12-0159-018-2020	Polycom phone system	-	3,151	-	3,151
CARES Act 3-12-0159-018-2020	LED wallpack lighting	-	10,730	-	10,730
CARES Act 3-12-0159-018-2020	ATCT radio	-	68,155	-	68,155
CARES Act 3-12-0159-018-2020	Mower	-	9,527	-	9,527
CARES Act 3-12-0159-018-2020	Security cameras	-	14,915	-	14,915
CARES Act 3-12-0159-018-2020	ARFF SCBA equipment	-	15,972	-	15,972
CARES Act 3-12-0159-018-2020	ARFF vehicle equipment	-	3,076	-	3,076
CARES Act 3-12-0159-018-2020	ARFF turnout gear	-	3,520	-	3,520
CARES Act 3-12-0159-018-2020	800 MHz infrastructure and radios	-	401,185	-	401,185
		<u>-</u>	<u>530,231</u>	<u>-</u>	<u>530,231</u>
Total Grant Funded Capital		<u>\$ 1,744,724</u>	<u>\$ 4,020,592</u>	<u>\$ 889,762</u>	<u>\$ 6,655,078</u>

See independent auditor's report.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
SCHEDULES OF OPERATIONS, GRANTS, AND CAPITAL EXPENDITURES
LAST TEN FISCAL YEARS**

Year Ended 9/30	Percentage Increase (Decrease) of Operating Revenue Over Prior Year	Operating Revenue	Operating Expense	Net Operating Income (Loss)	PFC Revenues	Contributions/		Net Operating Income, PFC Revenues, and Contributions	Capital/ Grants Expenditures
						Grants for Capital Outlay	Operating Revenues, and Contributions		
2021	11%	\$ 13,428,769	\$ 23,815,442	\$ (10,386,673)	\$ 2,714,234	\$ 7,208,155	\$ (464,284)	\$ 6,993,749	
2020	-5%	12,147,202	22,436,981	(10,289,779)	1,619,871	8,798,424	128,516	10,868,908	
2019	8%	12,769,223	21,295,226	(8,526,003)	2,169,008	3,199,856	(3,157,139)	3,855,724	
2018	3%	11,845,657	20,907,556	(9,061,899)	1,795,951	4,070,819	(3,195,129)	5,356,885	
2017	3%	11,504,891	20,696,329	(9,191,438)	1,579,988	2,794,938	(4,816,512)	3,141,260	
2016	8%	11,152,922	21,281,096	(10,128,174)	1,530,157	1,279,147	(7,318,870)	1,402,366	
2015	3%	10,320,416	20,300,887	(9,980,471)	1,503,418	823,494	(7,653,559)	2,002,064	
2014	2%	9,973,071	19,950,890	(9,977,819)	1,435,586	2,793,047	(5,749,186)	3,680,103	
2013	-6%	9,737,443	20,800,222	(11,062,779)	1,482,204	4,000,105	(5,580,470)	5,773,800	
2012	27%	10,339,893	19,309,761	(8,969,868)	1,639,762	2,858,891	(4,471,215)	7,844,991	

The following are omitted from the above data:

- (1) Interest income
- (2) Interest expense
- (3) Gain on sale of fixed assets
- (4) Miscellaneous nonoperating revenues (expenses)

See independent auditor's report.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, STATE FINANCIAL
ASSISTANCE, AND PASSENGER FACILITY CHARGES
YEAR ENDED SEPTEMBER 30, 2021**

	CFDA/ CSFA Number	Balance October 1, 2020	Adjustments (1)	Cash Receipts	Expenditures	Balance September 30, 2021
Federal Aviation Administration						
3-12-0159-012-2018	20.106	\$ 89,503	\$ -	\$ 116,628	\$ (115,575)	\$ 88,450
3-12-0159-014-2019	20.106	-	-	36,981	(36,981)	-
3-12-0159-015-2019	20.106	3,429,862	(19,353)	5,614,190	(3,332,733)	1,167,758
3-12-0159-016-2020	20.106	-	-	-	(5,071)	5,071
3-12-0159-018-2020	20.106	8,748	-	757,780	(1,279,261)	530,229
3-12-0159-021-2021	20.106	-	-	-	(1,419,920)	1,419,920
Total Federal Aviation Administration		3,528,113	(19,353)	6,525,579	(6,189,541)	3,211,428
Department of Homeland Security						
70T02021-T6114N098	NA	-	-	74,820	(83,520)	8,700
HSTS02-16-H-SLR727	NA	17,720	-	43,700	(25,980)	-
Total Department of Homeland Security		17,720	-	118,520	(109,500)	8,700
FEMA						
15-SP-8Z-01-13-13-557	97.036	1,940,063	-	-	-	1,940,063
Total Federal Awards		\$ 5,485,896	\$ (19,353)	\$ 6,644,099	\$ (6,299,041)	\$ 5,160,191
Florida Department of Transportation						
423599-2-9401	55.004	\$ -	\$ -	\$ -	\$ (31,375)	\$ 31,375
423599-3-9401	55.004	-	-	-	(21,164)	21,164
423364-6-9401	55.004	-	-	178,114	(800,000)	621,886
423364-7-9401	55.004	-	-	-	(37,223)	37,223
Total Florida Department of Transportation		-	-	178,114	(889,762)	711,648
SERT						
SERT		317,701	-	-	-	317,701
Total State Financial Assistance		\$ 317,701	\$ -	\$ 178,114	\$ (889,762)	\$ 1,029,349
		Cash/Investments/ Receivables October 1, 2020	Adjustments	Revenue (2)	Expenditures	Cash/Investments/ Receivables September 30, 2021
Passenger Facility Charges		\$ 935,864	\$ -	\$ 2,714,234	\$ (1,538,247)	\$ 2,111,851

(1) Prior period expenses that were deemed eligible by the FAA/FDOT.

(2) Including interest earnings

See independent auditor's report.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, STATE FINANCIAL
ASSISTANCE, AND PASSENGER FACILITY CHARGES
YEAR ENDED SEPTEMBER 30, 2021**

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards, state financial assistance, and passenger facility charges (the Schedule), includes the grant activity of the District and is presented on the accrual basis of accounting.

The accompanying Schedule summarizes the federal, state, and passenger facility charge expenditures of the District under programs of the federal government, state departments, and Passenger Facility Charge Audit Guide for Public Agencies, for the year ended September 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Chapter 10.550, Rules of the Auditor General, and as specified in the Passenger Facility Charge Audit Guide for Public Agencies. The amounts reported as federal awards, state projects, and passenger facility charge expenditures were obtained from the District's general ledger. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to, and does not present the financial position, changes in net assets, or cash flows of the District.

For purposes of the Schedule, federal awards, state projects, and passenger facility charges include all grants, contracts, and similar agreements entered into directly with the federal government, state departments, and passenger facility charge programs. The District has obtained Catalog of Federal Domestic Assistance (CFDA) and Catalog of State Financial Assistance (CSFA) numbers to ensure that all programs and projects have been identified in 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

To the Board of Directors
Panama City - Bay County
Airport and Industrial District
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 business-type activities of Panama City - Bay County Airport and Industrial District, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise Panama City - Bay County Airport and Industrial District's basic financial statements, and have issued our report thereon dated January 21, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Panama City - Bay County Airport and Industrial District'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 - Bay County Airport and Industrial District's internal control. Accordingly, we do not express an opinion on the effectiveness of Panama City - Bay County Airport and Industrial District'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 Panama City - Bay County Airport and Industrial District'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.

Lipton, Marley, Gainer : Chastain

Panama City, Florida
January 21, 2022



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, STATE PROJECT, AND PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, CHAPTER 10.550, RULES OF THE AUDITOR GENERAL, AND PASSENGER FACILITY CHARGE AUDIT GUIDE FOR PUBLIC AGENCIES

To the Board of Directors
Panama City - Bay County
Airport and Industrial District
Panama City, Florida

Report on Compliance for Each Major Federal Program, State Project, and Passenger Facility Charge Program

We have audited Panama City - Bay County Airport and Industrial District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, the *Department of Financial Services' State Projects Compliance Supplement*, and the requirements described in the Passenger Facility Audit Guide for Public Agencies, issued by the Federal Aviation Administration for its Passenger Facility Charge program that could have a direct and material effect on each of Panama City - Bay County Airport and Industrial District's major federal programs, state projects, and Passenger Facility Charge programs for the year ended September 30, 2021. Panama City - Bay County Airport and Industrial District's major federal programs, state projects, and Passenger Facility Charge programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal and state statutes, regulations, and the terms and conditions of its federal awards, state financial assistance, and passenger facility charges applicable to its federal programs, state projects, and Passenger Facility Charge programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Panama City - Bay County Airport and Industrial District's major federal programs, state projects, and Passenger Facility Charge programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the

Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); Chapter 10.550, Rules of the Auditor General; and the requirements described in the Passenger Facility Audit Guide for Public Agencies issued by the Federal Aviation Administration. Those standards, the Uniform Guidance, Chapter 10.550, Rules of the Auditor General, and the Passenger Facility Audit Guide for Public Agencies require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program, state project, or Passenger Facility Charge program occurred. An audit includes examining, on a test basis, evidence about Panama City - Bay County Airport and Industrial District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program, state project, and Passenger Facility Charge program. However, our audit does not provide a legal determination of Panama City - Bay County Airport and Industrial District's compliance.

Opinion on Each Major Federal Program, State Project, and Passenger Facility Charge Program

In our opinion, Panama City - Bay County Airport and Industrial District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs, state projects, and Passenger Facility Charge programs for the year ended September 30, 2021.

Report on Internal Control over Compliance

Management of Panama City - Bay County Airport and Industrial District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Panama City - Bay County Airport and Industrial District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program, state project, and Passenger Facility Charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program, state project, and Passenger Facility Charge program and to test and report on internal control over compliance in accordance with the Uniform Guidance, Chapter 10.550, Rules of the Auditor General, and the Passenger Facility Audit Guide for Public Agencies, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Panama City - Bay County Airport and Industrial District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program, state project, and Passenger Facility Charge program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance

with a type of compliance requirement of a federal program, state project, and Passenger Facility Charge program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program, state project, and Passenger Facility Charge program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Lipton, Marley, Gainer : Chastain

Panama City, Florida
January 21, 2022

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2021**

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Panama City - Bay County Airport and Industrial District were prepared in accordance with GAAP.
2. No significant deficiencies 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 Panama City - Bay County Airport and Industrial District, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal controls relating to the audit of the major federal award programs or state projects are reported in the Independent Auditor's Report on Compliance for Each Major Federal Program, State Project, and Passenger Facility Charge Program and on Internal Control Over Compliance Required by the Uniform Guidance, Chapter 10.550, Rules of the Auditor General, and Passenger Facility Charge Audit Guide for Public Agencies.
5. The auditor's report on compliance for the major federal award programs, state projects, and Passenger Facility Charge programs for Panama City - Bay County Airport and Industrial District expresses an unmodified opinion on all major federal programs, state projects, and Passenger Facility Charge programs.
6. Our audit disclosed no findings that are required to be reported 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:

Federal Program	Federal CFDA No.
Federal Aviation Administration	20.106
 State Project	 State CSFA No.
Florida Department of Transportation	55.004

8. The threshold used for distinguishing between Type A and Type B programs was \$750,000.
9. Panama City - Bay County Airport and Industrial District was determined to be a low-risk auditee for federal programs and did not qualify to be a low-risk auditee for state projects.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2021**

FINDINGS – FINANCIAL STATEMENT AUDIT

NONE

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AND
STATE PROJECTS AUDIT**

NONE



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Board of Directors
Panama City - Bay County
Airport and Industrial District
Panama City, Florida

Report on the Financial Statements

We have audited the financial statements of Panama City - Bay County Airport and Industrial District, as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated January 21, 2022.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program, State Project, and Passenger Facility Charge Program and 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 January 21, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no 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. Panama City - Bay County Airport and Industrial District is an independent special district created by an act of the Legislature of the State of Florida and is not considered a component unit of any other local governmental unit. The special act which created the District was Chapter 67-1099 of House Bill 1608 filed June 19, 1967, which was later repealed and replaced by Chapter 98-527 of House Bill 4545 filed May 22, 1998, Chapter 2005-311 of House Bill 939 filed June 14, 2005, and Chapter 2005-311 of House Bill 1635 filed July 1, 2010.

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 Panama City - Bay County Airport and Industrial District 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 Panama City - Bay County Airport and Industrial District 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 Panama City - Bay County Airport and Industrial District. It is management's responsibility to monitor Panama City - Bay County Airport and Industrial District'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 which 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 Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Lipton, Marley, Garner : Chastain

Panama City, Florida
January 21, 2022

Panama City-Bay County Airport & Industrial District

Responses to Request for Additional Information

(1) The total number of district employees compensated in the last pay period of the fiscal year:

Response: 59

(2) The total number of independent contractors compensated in the last month of the fiscal year:

Response: 0

(3) All compensation paid or accrued to employees:

Response: \$3,343,705

(4) All compensation paid or accrued to independent contractors:

Response: \$0

(5) Each construction project with cost of at least \$65,000 approved by the district and schedule to begin after October 1 of the reporting year and total expenditures on each project:

Response:

Terminal Expansion	\$ 727,843
Transient Apron	\$2,724,355
Taxiway E-1	\$ 290,433
Apron Expansion Phase 1	\$1,737,036
Mitigation	\$ 249,789
Baggage Makeup	\$ 104,712
Escalator Upgrades	\$ 74,445
North Concourse Expansion	\$ 82,010
Apron Expansion Phase 2	\$ 48,183
North Apron Expansion	\$ 5,806

(6) A budget variance report based on the budget adopted under Section 189.016(4), Florida Statutes, and the amended budget under Section 189.016(6), Florida Statutes.

Response: Please see attached Budget Variance Report. There were no budget amendments.

Northwest Florida Beaches International Airport
Schedules of Budgeted and Actual Receipts and Expenses
For the Twelve Months Ending September 30, 2021

	Twelve Month Actual	Twelve Month Budget	Variance Over(Under)	YTD % of Budget
Operating Revenues				
Airlines				
Airline Landing Fees	\$ 1,897,385	\$ 2,301,696	(404,311)	82.43
Cargo Airline Landing Fees	14,700	12,591	2,109	116.75
Terminal Rentals & Common Use	2,304,381	2,440,533	(136,152)	94.42
Signatory Airline Revenue Shar	(2,302,280)	0	(2,302,280)	0.00
	<u>1,914,186</u>	<u>4,754,820</u>	<u>(2,840,634)</u>	
Total Airline Revenue				40.26
Car Rentals				
Concession Fees	4,786,108	2,078,032	2,708,076	230.32
Facility Income from CFCs	1,514,119	1,514,071	48	100.00
	<u>6,300,227</u>	<u>3,592,103</u>	<u>2,708,124</u>	
Total Car Rental Revenue				175.39
Terminal Complex				
Parking	3,035,345	2,083,926	951,419	145.66
Ground Transportation Fees	118,710	62,203	56,507	190.84
Advertising Concession	59,691	75,000	(15,309)	79.59
Retail Merchandise Concession	145,904	66,692	79,212	218.77
Food & Beverage Concession	591,704	238,222	353,482	248.38
Terminal Rental Revenue	198,042	190,480	7,562	103.97
	<u>4,149,396</u>	<u>2,716,523</u>	<u>1,432,873</u>	
Total Terminal Complex Revenue				152.75
General Aviation				
Fixed Base Operator Rents	353,634	351,071	2,563	100.73
Fuel Flowage Fees	98,444	55,862	42,582	176.23
Hangar Rentals	385,320	402,287	(16,967)	95.78
	<u>837,398</u>	<u>809,220</u>	<u>28,178</u>	
Total General Aviation Revenue				103.48
Other Revenue				
Other Tenants/Miscellaneous	59,563	47,759	11,804	124.72
Fuel Farm	139,714	139,714	0	100.00
Cargo Building	28,284	28,284	0	100.00
	<u>227,561</u>	<u>215,757</u>	<u>11,804</u>	
Total Other Revenue				105.47
Total Operating Revenues	<u>13,428,768</u>	<u>12,088,423</u>	<u>1,340,345</u>	111.09
Operating Expenses				
Personnel Expense				
Salaries and Wages	3,290,312	3,418,071	(127,759)	96.26
Overtime	85,690	96,528	(10,838)	88.77
FICA Contributions	244,618	264,810	(20,192)	92.37
Group Insurance	580,250	595,020	(14,770)	97.52
Retirement	333,185	349,156	(15,971)	95.43
Worker's Compensation Insurance	117,872	103,481	14,391	113.91
Other Personnel Expense	7,190	33,535	(26,345)	21.44
	<u>4,659,117</u>	<u>4,860,601</u>	<u>(201,484)</u>	
Total Personnel Expense				95.85
General Operating Expenses				
Airfield and Grounds	126,801	147,300	(20,499)	86.08
Bad Debt Expense	0	2,000	(2,000)	0.00

May 10, 2022

Northwest Florida Beaches International Airport
Schedules of Budgeted and Actual Receipts and Expenses
For the Twelve Months Ending September 30, 2021

	Twelve Month Actual	Twelve Month Budget	Variance Over(Under)	YTD % of Budget
Bank Charges	60,491	59,500	991	101.67
Business Meetings and Events	5,504	7,000	(1,496)	78.63
Computer Services	159,560	170,000	(10,440)	93.86
Computer Supplies and Software	30,869	42,450	(11,581)	72.72
Dues, Licenses, Publications, Training	66,551	95,980	(29,429)	69.34
Elevator and Escalator Services	45,816	50,000	(4,184)	91.63
Financial Consulting Services	76,546	64,300	12,246	119.05
Insurance - Building and Contents	119,085	119,086	(1)	100.00
Insurance - Liability	94,843	93,178	1,665	101.79
Janitorial Service and Supplies	748,089	748,181	(92)	99.99
Legal Services	43,182	60,000	(16,818)	71.97
Loading Bridge Contract and Parts	409,487	389,000	20,487	105.27
Machinery and Equipment	21,526	27,820	(6,294)	77.38
Marketing and Advertising	273,786	275,000	(1,214)	99.56
Miscellaneous Supplies	6,216	6,000	216	103.60
Office Services and Supplies	24,851	27,898	(3,047)	89.08
Parking Lot Management	448,813	431,055	17,758	104.12
Professional Services	227,289	268,000	(40,711)	84.81
Radio Equipment	9,600	10,216	(616)	93.97
Safety and Security	28,930	32,500	(3,570)	89.02
Small Tools and Equipment	6,996	11,600	(4,604)	60.31
Terminal / Facility Services and Supplies	212,016	212,617	(601)	99.72
Travel	9,940	19,840	(9,900)	50.10
Uniforms	11,551	16,650	(5,099)	69.38
Utilities - Electricity	701,779	650,000	51,779	107.97
Utilities - Telephone	38,943	28,000	10,943	139.08
Utilities - Water and Sewer	239,852	206,000	33,852	116.43
Vehicles, Oil, Tires, Fuel	64,840	54,900	9,940	118.11
Depreciation Expense	14,842,574	0	14,842,574	0.00
Total General Operating Expenses	19,156,326	4,326,071	14,830,255	442.81
Total Operating Expenses	23,815,443	9,186,672	14,628,771	259.24
Excess Operating Revenues (Expenses)	(10,386,675)	2,901,751	(13,288,426)	(357.95)
Nonoperating Revenues (Expenses)				
Interest Income Revenue Accts	1,585	5,860	(4,275)	27.05
CFC Revenue Restricted	1,158,830	163,106	995,724	710.48
CFC Interest Income Restricted	490	1,000	(510)	49.00
Insurance Proceeds	107,792	0	107,792	0.00
Insurance Claims	(35,129)	0	(35,129)	0.00
Gain on Sale of Assets	49,125	0	49,125	0.00
PFC Revenue Restricted	2,714,053	1,374,502	1,339,551	197.46
PFC Interest Income Restricted	182	300	(118)	60.67
Capital Reserve Int Income	273	0	273	0.00
Forfeiture Fund Income	80,673	0	80,673	0.00
FAA Grant Funds	3,509,713	1,310,075	2,199,638	267.90
FDOT Grant Funds	889,762	7,362,042	(6,472,280)	12.09
CARES Act Grant	2,699,181	1,680,718	1,018,463	160.60
Other Funds	0	13,180,800	(13,180,800)	0.00
TSA Grant	109,500	0	109,500	0.00
Disaster Expense	(9,900)	0	(9,900)	0.00
COVID19 Expenses	(5,850)	0	(5,850)	0.00
Interest Expense SIB Loans	(1,447,755)	(1,579,162)	131,407	91.68

Northwest Florida Beaches International Airport
Schedules of Budgeted and Actual Receipts and Expenses
For the Twelve Months Ending September 30, 2021

	Twelve Month Actual	Twelve Month Budget	Variance Over(Under)	YTD % of Budget
Total Nonoperating Revenues (Expenses)	<u>9,822,525</u>	<u>23,499,241</u>	<u>(13,676,716)</u>	41.80
Excess Revenues (Expenses)	\$ <u><u>(564,150)</u></u>	\$ <u><u>26,400,992</u></u>	<u><u>(26,965,142)</u></u>	(2.14)



INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Directors
Panama City - Bay County
Airport and Industrial District
Panama City, Florida

We have examined Panama City - Bay County Airport and Industrial District's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2021. Management of Panama City - Bay County Airport and Industrial District is responsible for Panama City - Bay County Airport and Industrial District's compliance with the specified requirements. Our responsibility is to express an opinion on Panama City - Bay County Airport and Industrial District'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 Panama City - Bay County Airport and Industrial District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Panama City - Bay County Airport and Industrial District 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 misstatement, 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 Panama City - Bay County Airport and Industrial District's compliance with specified requirements.

In our opinion, Panama City - Bay County Airport and Industrial District complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2021.

This report is intended solely for the information and use of Panama City - Bay County Airport and Industrial District and the Florida Auditor General 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
January 21, 2022