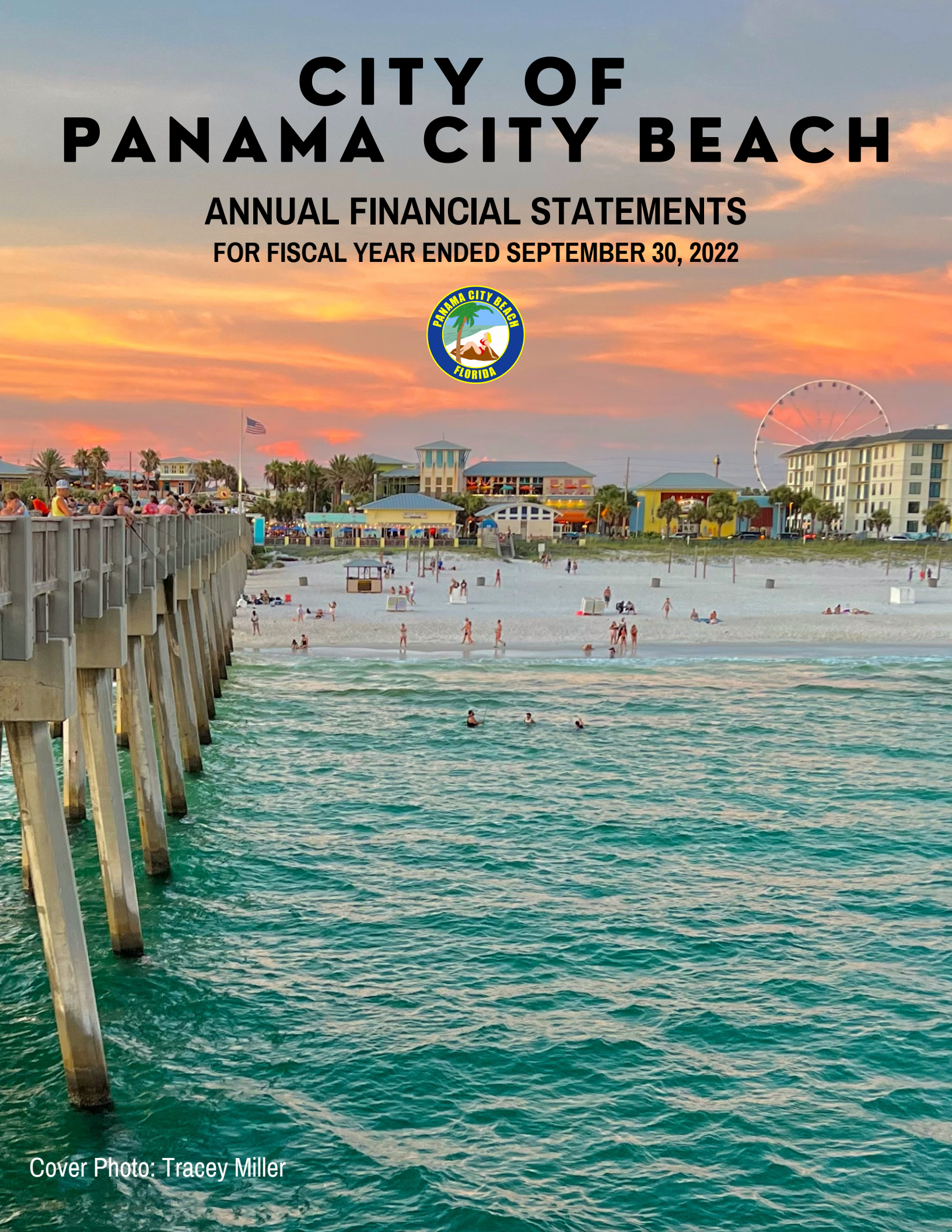
CITY OF PANAMA CITY BEACH

ANNUAL FINANCIAL STATEMENTS

FOR FISCAL YEAR ENDED SEPTEMBER 30, 2022

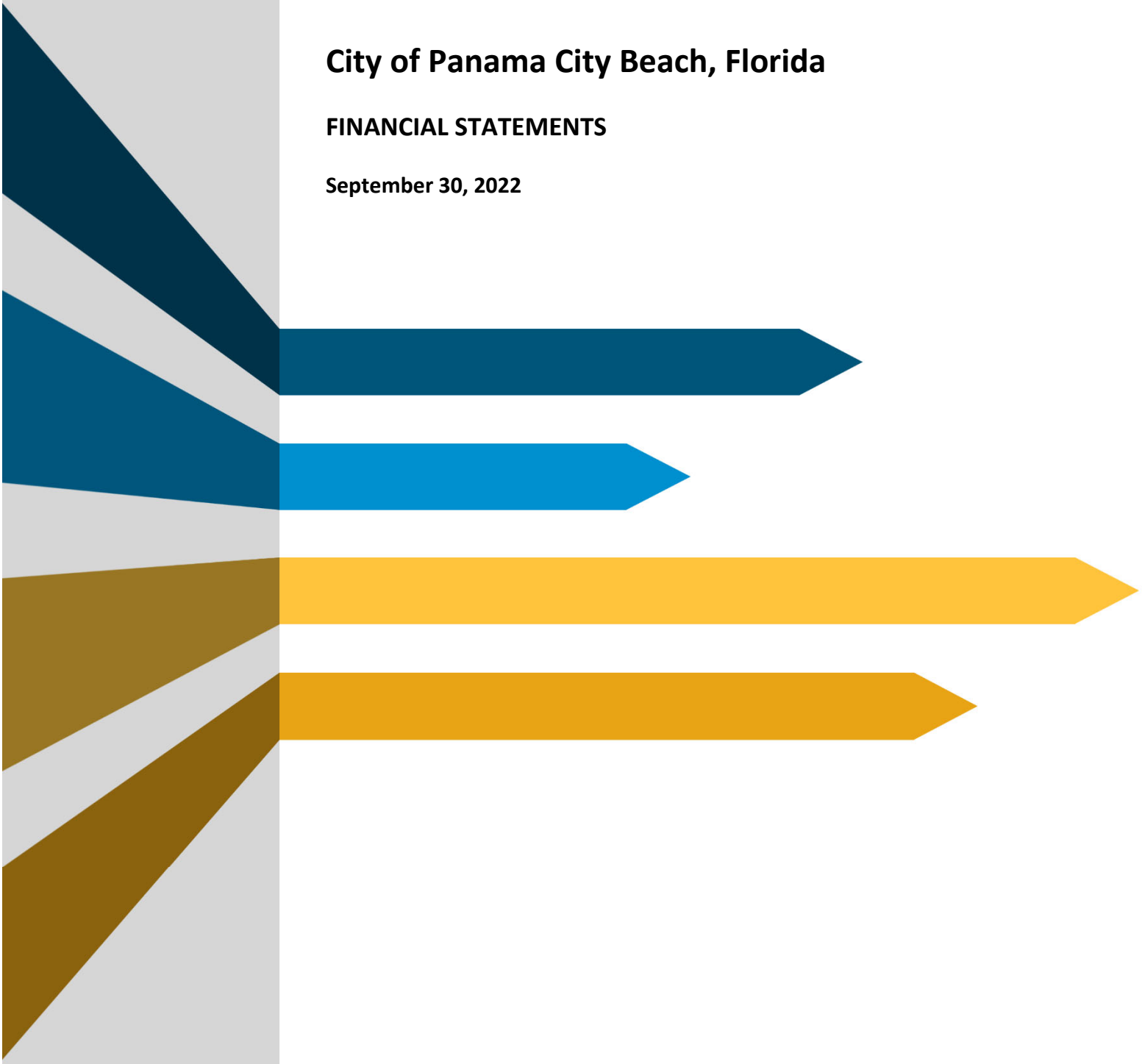


Cover Photo: Tracey Miller

City of Panama City Beach, Florida

FINANCIAL STATEMENTS

September 30, 2022



	Page
INTRODUCTORY SECTION	
Table of Contents	
FINANCIAL SECTION	
Independent Auditors' Report	1
Management's Discussion and Analysis	6
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	19
Statement of Activities	21
Fund Financial Statements	
Balance Sheet – Governmental Funds	22
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	25
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –Community Redevelopment Fund	27
Statement of Net Position – Proprietary Funds	28
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	30
Statement of Cash Flows – Proprietary Funds	31
Statement of Fiduciary Net Position – Fiduciary Funds	33
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	34
Notes to Financial Statements	35
Required Supplementary Information	
Schedules of Defined Benefit Pension Plans	83
Schedule of Other Postemployment Benefits	92

	Page
Other Supplementary Information	
Combining and Individual Fund Statements and Schedules	
Combining Balance Sheet – Nonmajor Governmental Funds	93
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	94
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Stormwater Fund	95
Combining Statement of Net Position – Nonmajor Proprietary Funds	96
Combining Statement of Revenues, Expenses and Changes in Net Position – Nonmajor Proprietary Funds	97
Combining Statement of Cash Flows – Nonmajor Proprietary Funds	98
Combining Statement of Fiduciary Net Position – Fiduciary Funds	100
Combining Statement of Changes in Fiduciary Net Position – Fiduciary Funds	101
REPORTS ON INTERNAL CONTROL AND COMPLIANCE MATTERS	
Independent Auditors' Management Letter	102
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	105
Independent Accountants' Report	108

CRI CARR RIGGS & INGRAM

Carr, Riggs & Ingram, LLC
14101 Panama City Beach Parkway
Suite 200
Panama City Beach, FL 32413

(850) 784- 6733
(850) 784-4866 (fax)
www.cricpa.com

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members
of the City Council
City of Panama City Beach, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Panama City Beach, Florida (the City), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Panama City Beach, Florida, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America and the respective budgetary comparison for the General Fund and the Community Redevelopment Fund.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 6-18 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and the budgetary schedule listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and the budgetary schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2023, on our consideration of the City of Panama City Beach, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Certified Public Accountants
Panama City Beach, Florida
June 22, 2023

Management's Discussion and Analysis

Management's Discussion and Analysis

The City of Panama City Beach's (the City) management's discussion and analysis (MD&A) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position, (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since MD&A is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the City's financial statements.

Financial Highlights

- Total assets of the City exceeded total liabilities by $400,768,631 (net position). Of this amount, $38,427,927 is unrestricted net position for governmental activities and $85,114,716 is unrestricted net position for business-type activities, while $49,000,233 is restricted net position for governmental activities and $22,776,285 is restricted net position for business-type activities.

- Total net position increased by $17,539,651. Of this amount, $3,144,052 is attributable to governmental activities and $14,395,599 is attributable to business-type activities. The increase in net position of governmental activities is attributable to tax increment revenue received by the Front Beach Road Community Redevelopment Area (FBRCRA), and business taxes, fire assessments, impact fees and contributions received by the General Fund. Current year tax increment revenue received by the FBRCRA was used to reduce the principal amount of debt outstanding, to finalize the construction efforts on Front Beach Road Segment 2, and to purchase land and continue additional improvements along Front Beach Road. The City received state grant and appropriation funds of $2,000,000 which were utilized for roadway construction. The increase in net position of business-type activities is the result of several factors, including the collection of $5,727,009 in impact fees and net income from operations, before depreciation of $15,150,524

- As of September 30, 2022, the general fund's unassigned fund balance was $28,069,241, or 89 percent of total general fund expenditures. Unassigned fund balance in the general fund increased by $4,599,878. Restricted fund balance in the general fund increased by $2,871,256. The City's general fund collected $722,299 in impact fees which drove this increase. Committed and assigned fund balances in the general fund both increased from prior year levels. The aggregate increase in the committed and assigned fund balances was $5,623,410. General Fund revenues for the fiscal year exceeded expenditures by $13,845,718.

- Governmental activities' revenues increased less than 1 percent to $63,815,540 and governmental activities' expenditures increased 64 percent to $61,577,488. Business-type activities' revenues increased 8 percent to $47,006,124 and business-type activities' expenditures increased 8 percent to $31,704,525.

Overview of the Financial Statements

The City's basic financial statements provide information on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the City's accountability.

Government-wide Financial Statements

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

Emphasis is placed on the net position of governmental activities and business-type activities, as well as the change in net position. Governmental activities are primarily supported by tax increment funds, business taxes, utility taxes, franchise fees, and state shared revenues, while business-type activities are supported by charges to the users of those activities, such as water, wastewater, and admission charges.

The *statement of net position* presents information on all assets, deferred outflows of resources, liabilities and deferred inflows of resources of the City, with the difference between them reported as *net position*. Assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position are reported separately for governmental activities and business-type activities. Increases or decreases in net position over time may serve as a useful indicator of the City's improving or declining financial position.

The *statement of activities* presents information on all revenues and expenditures of the City and the change in net position for the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement of activities for some items that will only result in cash flows in future fiscal periods (e.g., uncollected fees and earned, unused sick leave).

Expenses are reported by major function, along with program revenues relating to those functions, resulting in the net cost of all functions provided by the City. To better understand the City's operations, governmental activities expenses, include among others, general government services, public safety, highways and streets, culture and recreation and physical environment. Business-type activities expenses, which are financed by user fees and charges and assessments, include water, wastewater, pier and aquatic center services.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the following legally separate component unit: The Panama City Beach Community Redevelopment Agency (CRA). Financial information for this component unit is blended with activity in a special revenue fund, and the balances are reported within the City's financial statements as a single major fund.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific purposes or objectives. Individual funds have been established by the City to account for revenues that are restricted to certain uses or to comply with legal requirements. The three major categories of funds found in the City's *fund financial statements* include: governmental funds, proprietary funds, and fiduciary funds.

Fund financial statements provide financial information for the City's major funds and more detailed information about the City's activities. Governmental fund financial statements provide information on the *current* assets and liabilities of the funds, changes in *current* financial resources (revenues and expenditures), and *current* available resources. The proprietary funds financial statements provide information on all assets, deferred outflows of resources, liabilities and deferred inflows of resources of the funds, changes in the economic resources (revenues and expenses), and total economic resources. The fiduciary funds statements provide information concerning assets held in trust by the City for the benefit of parties outside the government.

Fund financial statements for all governmental funds include a *balance sheet* and a *statement of revenues, expenditures, and changes in fund balances*. The City's general and community redevelopment funds include a *statement of revenues, expenditures, and changes in fund balances-budget and actual*. For the proprietary funds, a *statement of net position, a statement of revenues, expenses, and changes in net position***,** and a *statement of cash flows* are presented.

A *statement of fiduciary net position* and a *statement of changes in fiduciary net position* are presented for the City's fiduciary funds.

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

All assets of the City, including buildings, land, and infrastructure are reported in the *statement of net position*, as well as all liabilities, including outstanding principal on bonds and future employee benefits obligated but not yet paid by the City. The *statement of activities* includes depreciation on all long-lived assets of the City, but all transactions between different functions of the City have been eliminated to avoid "doubling up" the revenues and expenditures.

The *fund financial statements* provide a presentation of the City's major funds, along with a column for all non-major funds. In the case of governmental activities, outlays for long lived assets are reported as expenditures and long-term liabilities, such as revenue bonds, are not included in the fund financial statements. A reconciliation is provided to facilitate a comparison between the *fund financial statements* and the *government-wide financial statements*.

Notes to basic financial statements provide additional detail concerning the financial activities and financial balances of the City. Additional information about the accounting practices of the City, investments, and long-term debt are just a few of the items included in the notes to basic financial statements.

Financial Analysis of the City

The following schedule provides a summary of the assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of the City. At the end of fiscal year 2022, the City can report positive balances in all three categories of net position, both for the government as a whole, as well as, for its governmental and business-type activities.

Net Position

	Governmental Activities		Business-type Activities		Total	
September 30,	**2022**	2021	**2022**	2021	**2022**	2021
Current and other assets	**$ 135,774,052**	$ 123,699,803	**$ 119,019,101**	$ 112,551,794	**$ 254,793,153**	$ 236,251,597
Capital assets	**149,790,402**	161,006,200	**125,223,889**	119,871,873	**275,014,291**	280,878,073
Total assets	**285,564,454**	284,706,003	**244,242,990**	232,423,667	**529,807,444**	517,129,670
Deferred outflows of resources	**19,488,351**	8,701,065	**6,383,857**	3,742,957	**25,872,208**	12,444,022
Current liabilities	**13,074,763**	11,924,450	**8,483,812**	7,156,373	**21,558,575**	19,080,823
Long-term liabilities	**93,147,311**	78,419,853	**37,553,639**	36,305,465	**130,700,950**	114,725,318
Total liabilities	**106,222,074**	90,344,303	**46,037,451**	43,461,838	**152,259,525**	133,806,141
Deferred inflows of resources	**2,133,299**	9,509,385	**518,197**	3,029,186	**2,651,496**	12,538,571
Net position						
Net investment in capital assets	**109,269,272**	123,667,738	**96,180,198**	87,848,798	**205,449,470**	211,516,536
Restricted	**49,000,233**	37,867,809	**22,776,285**	21,386,497	**71,776,518**	59,254,306
Unrestricted	**38,427,927**	32,017,833	**85,114,716**	80,440,305	**123,542,643**	112,458,138
Total net position	**$ 196,697,432**	$ 193,553,380	**$ 204,071,199**	$ 189,675,600	**$ 400,768,631**	$ 383,228,980

Net investment in capital assets (e.g., land, buildings, equipment and infrastructure), net of any related outstanding debt used to acquire those assets, represents the City's largest portion of net position (51 percent). These capital assets are utilized to provide services to citizens; consequently, these assets are not available for future spending. It should be noted that, although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Amounts comprising *restricted net position*, representing 18 percent of the City's net position, are subject to certain restrictions, and thus are limited as to how they may be used. The remaining balance of *unrestricted net position,* $123,542,643 may be used to help meet the government's ongoing obligations to citizens and creditors.

Net investment in capital assets decreased $6,067,066 (or 3%). Net investment in capital assets in the governmental activities decreased $14,398,466 and net investment in capital assets of the business-type activities increased by $8,331,400. The governmental activities decrease resulted from the transfer of Philip Griffitts, Sr. Parkway to the Florida Department of Transportation. Significant capital projects were also underway or completed in the business-type activities including improvements and replacements of utility service lines and sewer lift stations.

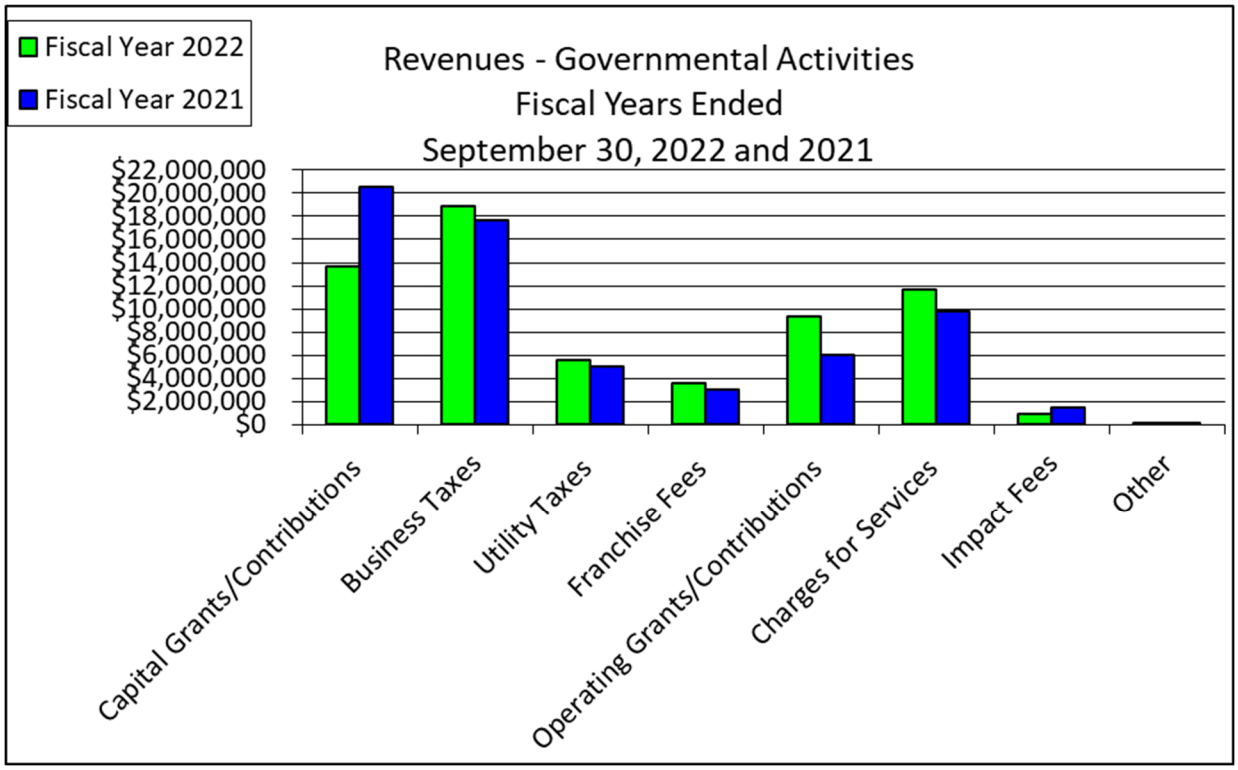
Restricted net position increased $12,522,212 (or 21%). Restricted net position in the governmental activities increased by $11,132,424 and restricted net position in the business-type activities increased by $1,389,788. The increase in restricted net position in the governmental activities was driven by general fund impact fees which were not expended in the current year. The increase in business-type activities restricted net position also resulted from utility fund impact fees which were not expended in the current year.

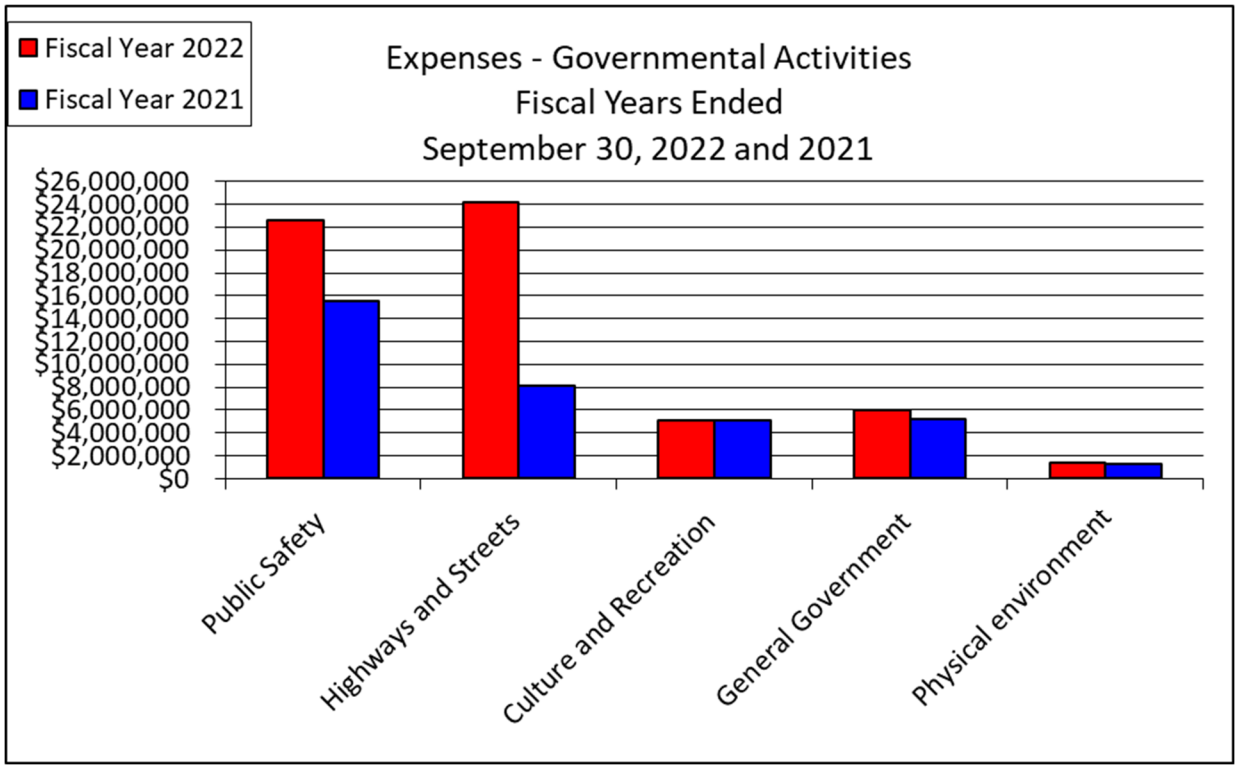
The increase in unrestricted net position was $11,084,505 (or 10%). The governmental activities' increase was $6,410,094 and the business-type activities' increase was $4,674,411. Significant governmental activities' capital expenditures were made in the current year with grants and contributions for roadway construction. This resulted in unrestricted revenues outpacing unrestricted expenses thus increasing unrestricted net position. The increase in the business-type activities' unrestricted net position is attributable to strong system performance resulting in net income from operations, before depreciation, of $15,150,524. The following schedule provides a summary of changes in net position for the years ended September 30, 2022 and 2021:

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
Year Ended September 30,	**2022**	2021	**2022**	2021	**2022**	2021
Program revenues						
Charges for services	**$ 11,631,811**	$ 9,775,349	**$ 40,495,689**	$ 38,714,376	**$ 52,127,500**	$ 48,489,725
Operating grants/contributions	**9,297,819**	6,003,548	**167,173**	106,580	**9,464,992**	6,110,128
Capital grants/contributions	**13,678,403**	20,584,507	**496,500**	125	**14,174,903**	20,584,632
General revenues						
Business taxes	**18,867,428**	17,617,806	-	-	**18,867,428**	17,617,806
Utility taxes	**5,613,975**	5,011,633	-	-	**5,613,975**	5,011,633
Franchise fees	**3,593,203**	3,051,512	-	-	**3,593,203**	3,051,512
Impact fees	**970,299**	1,498,300	**5,727,009**	4,787,029	**6,697,308**	6,285,329
Penalties on delinquent business taxes	**81,783**	53,595	-	-	**81,783**	53,595
Investment earnings	**80,819**	108,554	**119,753**	14,481	**200,572**	123,035
Total revenues	**63,815,540**	63,704,804	**47,006,124**	43,622,591	**110,821,664**	107,327,395
Expenses						
General government	**6,013,324**	5,218,052	-	-	**6,013,324**	5,218,052
Public safety	**22,629,794**	15,589,872	-	-	**22,629,794**	15,589,872
Highways and streets	**24,164,799**	8,099,751	-	-	**24,164,799**	8,099,751
Culture and recreation	**5,127,251**	5,110,780	-	-	**5,127,251**	5,110,780
Physical environment	**1,442,051**	1,270,120	-	-	**1,442,051**	1,270,120
Interest on long- term debt	**2,200,269**	2,195,425	**696,134**	918,076	**2,896,403**	3,113,501
Utility - water	-	-	**15,487,798**	14,369,408	**15,487,798**	14,369,408
Utility - wastewater	-	-	**13,069,578**	11,978,703	**13,069,578**	11,978,703
Pier	-	-	**1,314,536**	1,253,940	**1,314,536**	1,253,940
Aquatic center	-	-	**1,136,479**	971,806	**1,136,479**	971,806
Total expenses	**61,577,488**	37,484,000	**31,704,525**	29,491,933	**93,282,013**	66,975,933
Increase in net position before transfers	**2,238,052**	26,220,804	**15,301,599**	14,130,658	**17,539,651**	40,351,462
Transfers	**906,000**	(350,000)	**(906,000)**	350,000	**-**	-
Increase in net position	**$ 3,144,052**	$ 25,870,804	**$ 14,395,599**	$ 14,480,658	**$ 17,539,651**	$ 40,351,462

The charts below compare the revenues and expenses for the current and previous fiscal year.





Governmental activities' revenues exceeded expenses by $3,144,052, while business-type activities' revenues exceeded expenses by $14,395,599. Total revenues increased $3,494,269 from the previous year. The change in total revenues from business-type activities was an increase of $3,383,533 while the change in revenues from governmental activities was an increase of $110,736. Total charges for services increased $3,637,775, capital grants and contributions decreased $6,409,729, business taxes increased $1,249,622, impact fees increased $411,979, and investment earnings increased $77,537 in the current year. Governmental activities charges for services increased by $1,856,462. This increase resulted from a combination of factors including increases in fire rescue assessment revenues, CRA assessment revenues, fire inspection revenues, and recreational revenues. The increase of $1,781,313 in charges for services from business-type activities resulted primarily from an increase in water and wastewater sales attributable to a combination of a rate increase as well as growth in the City's customer base.

Capital grants and contributions decreased a total of $6,409,729 with governmental activities experiencing a decrease of $6,906,104 while business-type activities experienced an increase of $496,375. The decrease in governmental activities capital grants and contributions was driven by the completion of the Philip Griffitts Sr. Parkway while the increase in business-type activities was driven by Northwest Florida Water management District appropriations for the Parkway Reuse Transmission project.

Impact fees increased $411,979 in total, with a $528,001 decrease attributable to governmental activities and an increase of $939,980 attributable to business-type activities.

Investment earnings increased $105,272 in business-type activities and decreased $27,735 in governmental activities for a total increase of $77,537. The decrease is driven by lower interest rates and lower returns on investments.

Total expenses in governmental activities increased $24,093,488 from the previous year. Business-type activities expenses increased $2,212,592. The increase in governmental activities expenses resulted from a number of factors including increased efforts to resurface City roads as well as the contribution of Philip Griffitts Sr. Parkway to Florida Department of Transportation.

21% of the revenues for governmental activities were generated by capital grants and contributions, 30% by business taxes, and 18% from charges for services. Capital grants and contributions as a percentage of total revenues for governmental activities decreased by 11% from the prior year. Business taxes as a percentage of total revenues for governmental activities increased by 2% and utility taxes and franchise fees increased by 2% relative to the preceding year. Charges for services increased as a percentage of total revenues for governmental activities by 3%. Most of the governmental resources were expended for public safety (37%), highways and streets (39%), and general government (10%).

Charges for services provide 86% of the revenues for business-type activities, while 12% are provided from impact fees. Most of the resources are expended to operate the public utility systems (90%).

Financial Analysis of the City's Funds

Governmental Funds

General Fund

The main operating fund of the City is the general fund. As of September 30, 2022, total assets were $60,564,378 and total liabilities were $8,987,700. At the end of fiscal year 2022, unassigned fund balance of the general fund was $28,069,241, while total fund balance equaled $51,576,678. Total fund balance increased $13,669,281 (36%). Restricted fund balance increased $2,871,256 (60%), committed fund balance increased $75,139 (35%), assigned fund balance increased $5,548,271 (60%) and nonspendable fund balance increased $574,737 (267%). Unassigned fund balance increased $4,599,878 (20%). Fiscal year 2022 revenues in the general fund exceeded expenditures by $13,845,718.

Restricted fund balance increased because the City collected $752,699 in impact fees and this funding was not expended in the fiscal year. Committed and assigned fund balance increased primarily due the receipt of American Rescue Plan Act allocation. Unassigned fund balance increased from the excess of revenues over expenditures.

The general fund budget was amended during the year to reflect increases in available revenues as well as increases in current expenditures and increases in capital outlay expenditures. The increase in total budgeted revenues was $1,757,715 which represented a change from the original to the amended budget of 4%. The primary reason for the increase was an increase in tourism resulting in an increase in budgeted business taxes of $2,192,000. Budgeted current expenditures increased from the original by $1,790,113, while the budget for capital outlay expenditures increased by $528,571.

Community Redevelopment Fund

The other major governmental fund of the City is the community redevelopment fund. As of September 30, 2022, total assets were $70,578,707 and total liabilities were $1,340,223. At the end of fiscal year 2022, the total fund balance equaled $69,238,484. Total fund balance increased $37,124. Assigned fund balance increased from $197,085 to a balance of $245,519 at year end.

Nonmajor Governmental Funds

The *beach access public parking fund* accounts for the use of coastal development and redevelopment fees restricted for the construction of additional beach access public parking.

The s*tormwater fund* accounts for the use of stormwater special assessments which must be used for the construction and maintenance of the City's stormwater system. In the past, the stormwater function was a separate department within the Utility Fund. Beginning with fiscal year 2020, the stormwater fund is a standalone nonmajor governmental fund. The stormwater fund is the only nonmajor governmental fund for which a budget is prepared annually.

Because it is not possible to anticipate the activity in the special revenue funds (other than the community redevelopment fund and the stormwater fund), it is the City's policy not to prepare budgetary information for these funds.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in greater detail. The City's Utility Fund is reported as a major fund, while the City's Pier and Aquatic Center Funds are aggregated as nonmajor funds in the financial statements.

Unrestricted net position of proprietary funds at the end of the year is presented below:

Fund	**2022 Unrestricted Net Position**	2021 Unrestricted Net Position
Utility	**$ 81,990,044**	$ 77,623,354
Pier	**2,571,337**	2,239,388
Aquatic Center	**553,335**	577,563
Total	**$ 85,114,716**	$ 80,440,305

The *utility fund* is used to account for the operations of the City's water and wastewater systems. Operating revenues increased $1,968,392, or 6%, in 2022 compared to 2021 primarily due to an increase in water and wastewater sales attributable to a combination of a rate increase as well as growth in the City's customer base. The primary reason for the increase in the unrestricted net position of the utility fund was from net operating income of $9,368,940.

The *pier fund* accounts for the operations and maintenance of the City's Russell-Fields Pier. Operating revenues exceeded operating expenditures by $676,671. Personal services and depreciation expense accounted for a significant portion of operating expenses, 44% and 33%, respectively. Pier fund operations generated positive cash flows in 2022. $700,000 of this positive cash flow was transferred to the City's aquatic center fund to help subsidize its operating shortfall.

The *aquatic center fund* is being used to account for the operation of an aquatic center located at Frank Brown Park. For fiscal year 2022, operating expenses exceeded operating revenues by $750,752. The shortfall in operations was offset by transfers from the City's pier fund.

Capital Assets Activity

The following schedule provides a summary of the City's capital assets activity. The City's total investment in capital assets for both its governmental and business-type activities as of September 30, 2022, was $275,014,291 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress.

Major capital asset events during the current fiscal year included the following:

- During the year, the City expended approximately $9,043,175 on various water and wastewater capital projects. Approximately $1,344,000 was spent in the current year on sewer improvements in the Thomas Drive and Beach Drive area with an additional $740,000 spent on water improvements in that same area. $2,088,288 was expended in the current year for water and sewer relocation projects in conjunction with the SR30/Walton Heather project. Driftwood Lift Station #4 incurred $1.852.556 in expenditures in the current year. Land was purchased in the amount of $1,107,745 for Front Beach Road property.

- As of September 30, 2022, approximately $21.1 million dollars was reflected in construction in progress and land for various road projects within the FBRCRA. Planned improvements include expansion of road widths, additional turn lanes, burying utilities, and aesthetic improvements. Construction began for segment 3, and engineering and design services continued for the next phases of the reconstruction project, segments 4.1, 4.2, and 4.3. $8,009,647 was spent on these efforts during the current year. An additional $305,000 was spent on land.

Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
September 30,	**2022**	2021	**2022**	2021	**2022**	2021
Land	**$ 54,002,017**	$ 54,450,266	**$ 10,027,333**	$ 8,918,900	**$ 64,029,350**	$ 63,369,166
Construction in progress	**22,001,485**	13,161,839	**12,448,805**	5,466,832	**34,450,290**	18,628,671
Intangible assets	**-**	-	**194,788**	194,788	**194,788**	194,788
Buildings	**17,809,015**	18,389,743	**19,258,077**	20,255,998	**37,067,092**	38,645,741
Improvements	**49,076,829**	69,265,883	**78,827,114**	79,820,169	**127,903,943**	149,086,052
Machinery and equipment	**6,901,056**	5,738,469	**4,441,891**	5,215,186	**11,342,947**	10,953,655
Right-to-use lease asset	**-**	-	**25,881**	-	**25,881**	-
Total	**$ 149,790,402**	$ 161,006,200	**$ 125,223,889**	$ 119,871,873	**$ 275,014,291**	$ 280,878,073

Additional information on the City's capital assets can be found in note 3 of the notes to basic financial statements.

Debt Management

At the end of the current fiscal year, the City had total bond debt outstanding of $101,899,852. This debt amount represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

Outstanding Bond Debt

	Governmental Activities		Business-type Activities		Total	
September 30,	**2022**	2021	**2022**	2021	**2022**	2021
Revenue bonds	**$ 71,264,852**	$ 74,076,758	**$ 30,625,000**	$ 32,901,132	**$ 101,889,852**	$ 106,977,890

Total outstanding bond debt decreased by $5,088,038 in the current fiscal year. Principal payments totaled $4,825,000 in the current year and were adjusted by amortization of premiums. The City's Utility System Bonds currently maintain an "AA-" rating from Standard & Poor's and "AA+" rating from Fitch. The City's 2020 Capital Improvement Bonds (Front Beach Road) are assigned an A rating by Standard & Poor's while the 2015 Capital Improvement Bonds (Front Beach Road) are not rated as they are not a public issue but rather a bank loan.

The Florida Constitution and the City of Panama City Beach set no legal debt limits for revenue bonds. More detailed information about the City's liabilities is presented in note 3 of the notes to basic financial statements.

Other Financial Information

The City's economy was impacted in fiscal year 2020 by the COVID-19 pandemic which resulted in a drop-off in tourism and the resulting revenue generated from the same. During fiscal year 2022, the local economy has been very robust exceeding pre COVID-19 levels. In many of the City's funds, revenues have exceeded expenditures, resulting in increased reserves which the City will use to fund many upcoming construction projects.

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

City of Panama City Beach, Florida
Statement of Net Position

September 30, 2022	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 23,451,851	$ 33,600,788	$ 57,052,639
Accounts receivable, net	693,006	7,254,570	7,947,576
Taxes and fees receivable	829,458	-	829,458
Grants receivable	134,392	494,900	629,292
Accrued interest receivable	-	2,103	2,103
Due from other governments	690,803	9,879	700,682
Inventory	21,107	638,875	659,982
Investments	44,930,963	46,795,848	91,726,811
Prepaid items	768,793	110,259	879,052
Restricted assets			
Cash and cash equivalents	63,929,204	30,111,879	94,041,083
Accounts receivable, net	193	-	193
Accrued interest receivable	316	-	316
Due from other governments	260,174	-	260,174
Prepaids	24	-	24
Grants receivable	63,768	-	63,768
Capital assets			
Nondepreciable	76,003,502	22,670,926	98,674,428
Depreciable, net	73,786,900	102,527,082	176,313,982
Right-to-use lease assets, net	-	25,881	25,881
Total assets	285,564,454	244,242,990	529,807,444
Deferred Outflows of Resources			
Deferred outflows related to pensions	17,654,438	4,290,341	21,944,779
Deferred outflows related to OPEB	322,241	101,807	424,048
Deferred loss on refunding	1,511,672	1,991,709	3,503,381
Total deferred outflows of resources	19,488,351	6,383,857	25,872,208

(Continued)

The accompanying notes are an integral part of these financial statements.

City of Panama City Beach, Florida
Statement of Net Position (Continued)

September 30, 2022	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Accounts payable	$ 1,802,288	$ 1,608,650	$ 3,410,938
Accrued expenses and deposits	2,620,111	1,575,378	4,195,489
Accrued interest payable	988,373	165,702	1,154,075
Due to other governments	270,538	983,157	1,253,695
Internal balances	(134,874)	134,874	-
Unearned revenue	7,528,327	4,016,051	11,544,378
Long-term liabilities			
Due within one year			
Revenue certificates payable	-	1,967,592	1,967,592
Accrued compensated absences	631,199	165,192	796,391
Lease liability	-	5,708	5,708
Revenue bonds payable, net	2,886,906	2,325,000	5,211,906
Due in more than one year			
Accrued compensated absences	1,858,553	479,660	2,338,213
Net pension liability	17,963,529	3,841,360	21,804,889
Net OPEB obligation	1,429,178	451,530	1,880,708
Lease liability	-	17,597	17,597
Revenue bonds payable, net	68,377,946	28,300,000	96,677,946
Total liabilities	106,222,074	46,037,451	152,259,525
Deferred Inflows of Resources			
Deferred inflows related to pensions	1,783,325	407,627	2,190,952
Deferred inflows related to OPEB	349,974	110,570	460,544
Total deferred inflows of resources	2,133,299	518,197	2,651,496
Net position			
Net investment in capital assets	109,269,272	96,180,198	205,449,470
Restricted for			
Law enforcement	55,443	-	55,443
Beach access public parking	795,066	-	795,066
Impact fees	6,153,274	22,016,143	28,169,417
Reforestation	160,736	-	160,736
Highways and streets	1,311,568	-	1,311,568
Debt service	7,176,374	760,142	7,936,516
Community redevelopment	29,485,122	-	29,485,122
Storm water	3,862,650	-	3,862,650
Unrestricted	38,427,927	85,114,716	123,542,643
Total net position	$ 196,697,432	$ 204,071,199	$ 400,768,631

The accompanying notes are an integral part of these financial statements.

City of Panama City Beach, Florida
Statement of Activities

For the year ended September 30, 2022		Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
					Primary Government		
Functions / Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities							
General government	$ 6,013,324	$ 1,536,844	$ 3,288,133	$ -	$ (1,188,347)	$ -	$ (1,188,347)
Public safety	22,629,794	5,130,932	1,345,473	-	(16,153,389)	-	(16,153,389)
Highways and streets	24,164,799	1,472,479	4,383,383	13,473,848	(4,835,089)	-	(4,835,089)
Culture and recreation	5,127,251	574,711	280,830	204,527	(4,067,183)	-	(4,067,183)
Physical environment	1,442,051	2,916,845	-	28	1,474,822	-	1,474,822
Interest on long-term debt	2,200,269	-	-	-	(2,200,269)	-	(2,200,269)
Total governmental activities	61,577,488	11,631,811	9,297,819	13,678,403	(26,969,455)	-	(26,969,455)
Business-type activities							
Utility							
Water	15,487,798	21,034,086	4,173	1,725	-	5,552,186	5,552,186
Waste water	13,069,578	17,094,669	-	494,775	-	4,519,866	4,519,866
Pier	1,314,536	1,981,206	1,500	-	-	668,170	668,170
Aquatic center	1,136,479	385,728	161,500	-	-	(589,251)	(589,251)
Interest on long-term debt	696,134	-	-	-	-	(696,134)	(696,134)
Total business-type activities	31,704,525	40,495,689	167,173	496,500	-	9,454,837	9,454,837
Total primary government	$ 93,282,013	$ 52,127,500	$ 9,464,992	$ 14,174,903	(26,969,455)	9,454,837	(17,514,618)
General revenues and transfers							
Taxes							
Business taxes					18,867,428	-	18,867,428
Utility taxes					5,613,975	-	5,613,975
Franchise fees					3,593,203	-	3,593,203
Impact fees					970,299	5,727,009	6,697,308
Penalties on delinquent business taxes					81,783	-	81,783
Investment earnings					80,819	119,753	200,572
Transfers					906,000	(906,000)	-
Total general revenues					30,113,507	4,940,762	35,054,269
Change in net position					3,144,052	14,395,599	17,539,651
Net position, beginning of year					193,553,380	189,675,600	383,228,980
Net position, end of year					$ 196,697,432	$ 204,071,199	$ 400,768,631

The accompanying notes are an integral part of these financial statements.

City of Panama City Beach, Florida
Balance Sheet
Governmental Funds

September 30, 2022	General	Community Redevelopment	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 23,202,090	$ 232,121	$ 17,640	$ 23,451,851
Accounts receivable, net	233,360	22,571	-	255,931
Taxes and fees receivable	825,440	-	-	825,440
Grants receivable	134,392	-	-	134,392
Due from other governments	483,682	-	-	483,682
Due from other funds	170,742	-	-	170,742
Inventory	21,107	-	-	21,107
Investments	18,909,696	-	-	18,909,696
Prepaid items	768,793	16	-	768,809
Cash and cash equivalents - restricted	15,555,709	44,177,546	4,195,949	63,929,204
Accounts receivable, net - restricted	-	-	193	193
Investments- restricted	-	26,021,267	-	26,021,267
Grants receivable - restricted	-	63,768	-	63,768
Accrued interest receivable - restricted	-	-	316	316
Due from other governments - restricted	259,367	-	807	260,174
Due from other funds - restricted	-	61,418	180	61,598
Prepaid items - restricted	-	-	8	8
Total assets	$ 60,564,378	$ 70,578,707	$ 4,215,093	135,358,178
Liabilities and fund balances				
Liabilities				
Accounts payable	$ 444,581	$ 1,252,861	$ 104,846	1,802,288
Accrued expenses and deposits	745,581	4,141	9,736	759,458
Due to other governments	268,895	1,643	-	270,538
Due to other funds	75,319	6,575	15,572	97,466
Unearned revenue	7,453,324	75,003	-	7,528,327
Total liabilities	8,987,700	1,340,223	130,154	10,458,077
Fund balances				
Nonspendable	789,900	16	8	789,924
Restricted	7,632,200	68,992,949	4,070,147	80,695,296
Committed	288,012	-	-	288,012
Assigned	14,797,325	245,519	14,784	15,057,628
Unassigned	28,069,241	-	-	28,069,241
Total fund balances	51,576,678	69,238,484	4,084,939	124,900,101
Total liabilities and fund balances	$ 60,564,378	$ 70,578,707	$ 4,215,093	
Amounts reported for governmental activities in the statement of net position are different because:				
Receivables, on a modified accrual basis are not resources and, therefore, are not reported in the funds.				648,214
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				149,790,402
Long-term and claim liabilities, including bonds and self-insurance liability, are not due and payable in the current period and, therefore, are not reported in the funds.				(95,996,337)
Deferred outflows and inflows are not financial statement resources, assets or liabilities and, therefore, are not reported in the funds.				17,355,052
Net position of governmental activities				$ 196,697,432

The accompanying notes are an integral part of these financial statements.

City of Panama City Beach, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

For the year ended September 30, 2022	General	Community Redevelopment	Nonmajor Funds	Total Governmental Funds
Revenues				
Taxes				
Business taxes	$ 18,867,428	$ -	$ -	$ 18,867,428
Utility taxes	5,613,975	-	-	5,613,975
Tax increment funds	-	13,846,973	-	13,846,973
Franchise fees	3,589,185	-	-	3,589,185
Intergovernmental	5,398,304	-	-	5,398,304
Municipal services impact fees	722,299	248,000	-	970,299
Permits, fees and special assessments	5,702,978	815,687	2,900,354	9,419,019
Fines and forfeitures	319,342	6,774	10,304	336,420
Contributions and donations	1,192,517	-	20,019	1,212,536
Grants	2,460,889	226,596	28	2,687,513
Rents	300,743	8,012	-	308,755
Investment earnings	96,670	(23,948)	8,148	80,870
Other fees and miscellaneous	974,889	274,214	16,490	1,265,593
Total revenues	45,239,219	15,402,308	2,955,343	63,596,870
Expenditures				
Current				
General government	5,084,440	471,234	-	5,555,674
Public safety	18,122,094	-	48,170	18,170,264
Highways and streets	1,875,898	1,325,600	-	3,201,498
Culture and recreation	3,834,080	-	-	3,834,080
Physical environment	-	-	1,117,154	1,117,154
Capital outlay				
General government	29,148	-	-	29,148
Public safety	2,091,832	-	16,600	2,108,432
Highways and streets	228,121	8,453,459	-	8,681,580
Culture and recreation	127,888	-	-	127,888
Physical environment	-	-	930,945	930,945
Debt service				
Principal	-	2,575,000	-	2,575,000
Interest	-	2,410,811	-	2,410,811
Other debt service costs	-	750	-	750
Total expenditures	31,393,501	15,236,854	2,112,869	48,743,224
Excess of revenues over expenditures	13,845,718	165,454	842,474	14,853,646
Other Financing Sources (Uses)				
Transfers in	1,150,846	-	72,018	1,222,864
Transfers out	(72,018)	(124,396)	(81,470)	(277,884)
Grants and aid	(1,312,540)	(3,934)	(20,849)	(1,337,323)
Proceeds from disposal of assets	57,275	-	-	57,275
Net other financing sources (uses)	(176,437)	(128,330)	(30,301)	(335,068)
Net change in fund balances	13,669,281	37,124	812,173	14,518,578
Fund balances, beginning of year	37,907,397	69,201,360	3,272,766	110,381,523
Fund balances, end of year	$ 51,576,678	$ 69,238,484	$ 4,084,939	$ 124,900,101

The accompanying notes are an integral part of these financial statements.

City of Panama City Beach, Florida
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the year ended September 30,		2022
Net change in fund balances - total governmental funds	$	14,518,578
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expenditures exceeded depreciation expense in the current period.		5,653,316
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(16,850,314)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		(2,943,860)
Some revenues reported in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in the governmental funds.		120,819
The issuance of long-term debt (i.e. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		2,645,513
Change in net position of governmental activities	$	3,144,052

The accompanying notes are an integral part of these financial statements.

City of Panama City Beach, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – General Fund

For the year ended September 30, 2022	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget- Actual Amounts Budget Basis	Actual Amounts Budget Basis	Budget to GAAP Difference	Actual Amounts GAAP Basis
Revenues						
Taxes						
Business taxes	$ 15,478,000	$ 17,670,000	$ 1,203,751	$ 18,873,751	$ (6,323)	$ 18,867,428
Utility taxes	4,739,000	5,245,000	294,510	5,539,510	74,465	5,613,975
Franchise fees	2,778,000	3,117,000	404,302	3,521,302	67,883	3,589,185
Intergovernmental	4,090,170	4,825,176	444,552	5,269,728	128,576	5,398,304
Municipal services impact fees	1,232,000	637,000	144,499	781,499	(59,200)	722,299
Permits, fees and special assessments	5,450,900	5,491,900	207,890	5,699,790	3,188	5,702,978
Fines and forfeitures	83,000	225,000	98,046	323,046	(3,704)	319,342
Contributions and donations	1,102,100	1,287,776	14,954	1,302,730	(110,213)	1,192,517
Grants	4,082,200	2,213,083	3,163,024	5,376,107	(2,915,218)	2,460,889
Rents	220,100	246,050	72,489	318,539	(17,796)	300,743
Investment earnings	54,000	69,000	27,611	96,611	59	96,670
Other fees and miscellaneous	796,350	804,650	165,578	970,228	4,661	974,889
Total revenues	40,105,820	41,831,635	6,241,206	48,072,841	(2,833,622)	45,239,219
Expenditures						
Current						
General government						
Legislative	410,400	410,400	28,709	381,691	(9,537)	372,154
Administration	3,131,900	3,066,920	714,520	2,352,400	38,366	2,390,766
Legal	625,000	625,000	217,685	407,315	11,428	418,743
Comprehensive planning	505,340	513,200	158,099	355,101	(2,858)	352,243
Protective services	2,037,500	2,061,340	484,925	1,576,415	(25,881)	1,550,534
Total general government	6,710,140	6,676,860	1,603,938	5,072,922	11,518	5,084,440
Public safety						
Police	10,268,600	11,212,512	529,120	10,683,392	135,639	10,819,031
Fire	7,845,600	8,305,350	866,148	7,439,202	(136,139)	7,303,063
Total public safety	18,114,200	19,517,862	1,395,268	18,122,594	(500)	18,122,094
Highways and streets	3,689,800	2,161,640	133,781	2,027,859	(151,961)	1,875,898
Culture and recreation						
Library	277,600	292,200	16,825	275,375	908	276,283
Recreation	3,996,300	4,144,840	635,477	3,509,363	48,434	3,557,797
Total culture and recreation	4,273,900	4,437,040	652,302	3,784,738	49,342	3,834,080
Total current	32,788,040	32,793,402	3,785,289	29,008,113	(91,601)	28,916,512

(Continued)

The accompanying notes are an integral part of these financial statements.

City of Panama City Beach, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – General Fund (Continued)

For the year ended September 30, 2022	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget- Actual Amounts Budget Basis	Actual Amounts Budget Basis	Budget to GAAP Difference	Actual Amounts GAAP Basis
Expenditures (continued)						
Capital outlay						
General government						
Administration	$ 7,000	$ 9,600	$ 1,321	$ 8,279	$ -	$ 8,279
Comprehensive planning	2,000	2,000	987	1,013	-	1,013
Protective services	48,200	48,200	14,273	33,927	(14,071)	19,856
Total general government	57,200	59,800	16,581	43,219	(14,071)	29,148
Public safety						
Police	2,180,200	1,790,552	934,130	856,422	964	857,386
Fire	3,364,000	2,682,374	940,616	1,741,758	(507,312)	1,234,446
Total public safety	5,544,200	4,472,926	1,874,746	2,598,180	(506,348)	2,091,832
Highways and streets	1,258,500	2,032,500	419,427	1,613,073	(1,384,952)	228,121
Culture and recreation						
Recreation	1,712,000	2,535,255	2,424,001	111,254	16,634	127,888
Total culture and recreation	1,712,000	2,535,255	2,424,001	111,254	16,634	127,888
Total capital outlay	8,571,900	9,100,481	4,734,755	4,365,726	(1,888,737)	2,476,989
Total expenditures	41,359,940	41,893,883	8,520,044	33,373,839	(1,980,338)	31,393,501
Excess (deficiency) of revenues over (under) expenditures	(1,254,120)	(62,248)	14,761,250	14,699,002	(853,284)	13,845,718
Other Financing Sources (Uses)						
Transfers in	1,104,000	1,106,000	-	1,106,000	(44,846)	1,150,846
Transfers out	(200,000)	(71,838)	(180)	(72,018)	-	(72,018)
Grants and aid	(245,400)	(1,501,570)	144,030	(1,357,540)	(45,000)	(1,312,540)
Proceeds from disposal of assets	25,000	55,000	2,024	57,024	(251)	57,275
Total other financing sources (uses)	683,600	(412,408)	145,874	(266,534)	(90,097)	(176,437)
Net change in fund balance	(570,520)	(474,656)	14,907,124	14,432,468	(763,187)	13,669,281
Fund balance, beginning of year	28,108,959	41,805,394	1,418,014	43,223,408	(5,316,011)	37,907,397
Fund balance, end of year	$ 27,538,439	$ 41,330,738	$ 16,325,138	$ 57,655,876	$ (6,079,198)	$ 51,576,678

The accompanying notes are an integral part of these financial statements.

City of Panama City Beach, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – Community Redevelopment Fund

For the year ended September 30, 2022	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget-Actual Amounts Budget Basis	Actual Amounts Budget Basis	Budget to GAAP Difference	Actual Amounts GAAP Basis
Revenues						
Tax increment funds	$ 13,875,000	$ 13,846,973	$ -	$ 13,846,973	$ -	$ 13,846,973
Municipal services impact fees	258,000	200,000	(11,200)	188,800	59,200	248,000
Permits, fees and special assessments	811,000	816,000	(314)	815,686	1	815,687
Fines and forfeitures	-	7,500	679	8,179	(1,405)	6,774
Contributions and donations	300,000	-	-	-	-	-
Grants	3,502,000	63,300	121,972	185,272	41,324	226,596
Rents	9,500	6,000	12	6,012	2,000	8,012
Investment earnings	150,000	144,200	123,737	267,937	(291,885)	(23,948)
Other fees and miscellaneous	178,300	190,064	83,287	273,351	863	274,214
Total revenues	19,083,800	15,274,037	318,173	15,592,210	(189,902)	15,402,308
Expenditures						
Current						
General government	474,918	471,250	15	471,235	(1)	471,234
Highways and streets	1,652,290	2,090,830	790,678	1,300,152	25,448	1,325,600
Total current	2,127,208	2,562,080	790,693	1,771,387	25,447	1,796,834
Capital outlay						
Highways and streets	33,977,500	13,492,500	5,580,701	7,911,799	541,660	8,453,459
Total capital outlay	33,977,500	13,492,500	5,580,701	7,911,799	541,660	8,453,459
Debt service						
Principal	2,575,000	2,575,000	-	2,575,000	-	2,575,000
Interest	2,410,630	2,410,830	18	2,410,812	(1)	2,410,811
Other debt service costs	-	1,000	249	751	(1)	750
Total debt service	4,985,630	4,986,830	267	4,986,563	(2)	4,986,561
Total expenditures	41,090,338	21,041,410	6,371,661	14,669,749	567,105	15,236,854
Excess (deficiency) of revenues over (under) expenditures	(22,006,538)	(5,767,373)	6,689,834	922,461	(757,007)	165,454
Other Financing Sources (Uses)						
Transfers out	(123,082)	(123,000)	13,375,738	13,252,738	13,377,134	(124,396)
Grants and aids	-	(155,810)	151,876	(3,934)	-	(3,934)
Total other financing sources (uses)	(123,082)	(278,810)	13,527,614	13,248,804	13,377,134	(128,330)
Net change in fund balances	(22,129,620)	(6,046,183)	20,217,448	14,171,265	(14,134,141)	37,124
Fund balance, beginning of year	65,001,431	70,040,444	95,878	70,136,322	(934,962)	69,201,360
Fund balance, end of year	$ 42,871,811	$ 63,994,261	$ 20,313,326	$ 84,307,587	$ (15,069,103)	$ 69,238,484

The accompanying notes are an integral part of these financial statements.

City of Panama City Beach, Florida
Statement of Net Position
Proprietary Funds

September 30, 2022	Business-type Activities - Enterprise Funds		
	Utility Fund	Other Proprietary Funds	Total
Assets			
Current assets			
Cash and cash equivalents	$ 30,850,376	$ 2,750,412	$ 33,600,788
Accounts receivable, net	7,182,128	72,442	7,254,570
Grants receivable	494,900	-	494,900
Due from other funds	13,721	-	13,721
Due from other governments	9,879	-	9,879
Inventory	638,875	-	638,875
Investments	46,268,225	527,623	46,795,848
Accrued interest receivable	2,103	-	2,103
Prepaid items	110,259	-	110,259
Total current assets	85,570,466	3,350,477	88,920,943
Noncurrent assets			
Restricted assets			
Cash and cash equivalents	30,111,879	-	30,111,879
Capital assets			
Non-depreciable	22,670,926	-	22,670,926
Depreciable, net	93,889,474	8,637,608	102,527,082
Right-to-use lease assets, net	-	25,881	25,881
Total noncurrent assets	146,672,279	8,663,489	155,335,768
Total assets	$ 232,242,745	$ 12,013,966	$ 244,256,711
Deferred Outflows of Resources			
Deferred outflows related to pensions	3,759,693	530,648	4,290,341
Deferred outflows related to OPEB	91,125	10,682	101,807
Deferred loss on refunding	1,991,709	-	1,991,709
Total deferred outflows of resources	$ 5,842,527	$ 541,330	$ 6,383,857

The accompanying notes are an integral part of these financial statements.

City of Panama City Beach, Florida
Statement of Net Position
Proprietary Funds (Continued)

September 30, 2022	Business-type Activities - Enterprise Funds Utility Fund	 Other Proprietary Funds	 Total
Liabilities			
Current liabilities			
Accounts payable	$ 1,584,801	$ 23,849	$ 1,608,650
Accrued expenses and deposits	1,552,132	23,246	1,575,378
Accrued interest payable	165,702	-	165,702
Due to other funds	127,242	21,353	148,595
Due to other governments	955,656	27,501	983,157
Unearned revenue	3,981,966	34,085	4,016,051
Revenue certificates payable	1,967,592	-	1,967,592
Compensated absences	149,678	15,514	165,192
Current portion of lease liability	-	5,708	5,708
Current portion of revenue bonds payable, net	2,325,000	-	2,325,000
Total current liabilities	12,809,769	151,256	12,961,025
Noncurrent liabilities			
Compensated absences	442,584	37,076	479,660
Net pension liability	3,366,244	475,116	3,841,360
Total OPEB liability	404,153	47,377	451,530
Lease liability due after one year	-	17,597	17,597
Revenue bonds payable, net due after one year	28,300,000	-	28,300,000
Total noncurrent liabilities	32,512,981	577,166	33,090,147
Total liabilities	45,322,750	728,422	46,051,172
Deferred Inflows of Resources			
Deferred inflows related to pensions	357,210	50,417	407,627
Deferred inflows related to OPEB	98,969	11,601	110,570
Total deferred inflows of resources	456,179	62,018	518,197
Net Position			
Net investment in capital	87,540,014	8,640,184	96,180,198
Restricted for			
Impact fees	22,016,143	-	22,016,143
Debt service	760,142	-	760,142
Unrestricted	81,990,044	3,124,672	85,114,716
Total net position	$ 192,306,343	$ 11,764,856	$ 204,071,199

The accompanying notes are an integral part of these financial statements.

City of Panama City Beach, Florida
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds

For the year ended September 30, 2022	Business-type Activities - Enterprise Funds		
	Utility Fund	Other Proprietary Funds	Total
Operating Revenues			
Charges for services			
Water and waste water sales	$ 36,487,423	$ -	$ 36,487,423
Connection and reset fees	506,446	-	506,446
Administrative and review fees	117,465	-	117,465
Admissions and other fees	-	1,800,138	1,800,138
Rent	-	531,887	531,887
Miscellaneous	627,284	34,911	662,195
Total operating revenues	37,738,618	2,366,936	40,105,554
Operating Expenses			
Personal services	6,416,651	1,102,460	7,519,111
Professional services	279,277	30,006	309,283
Office supplies	19,122	2,332	21,454
Contractual services	514,802	60,827	575,629
Insurance	346,274	40,102	386,376
Repairs and maintenance	1,656,400	82,087	1,738,487
Operating supplies	1,827,104	190,094	2,017,198
Communication services	139,530	18,676	158,206
Public utility services	11,699,688	170,953	11,870,641
Transportation	94,384	55	94,439
Rentals	91,647	103,880	195,527
Printing and binding	5,771	3,054	8,825
Miscellaneous	49,092	10,762	59,854
Depreciation and amortization	5,229,936	625,729	5,855,665
Total operating expenses	28,369,678	2,441,017	30,810,695
Operating income (loss)	9,368,940	(74,081)	9,294,859
Nonoperating Revenues (Expenses)			
Investment earnings	113,627	6,126	119,753
Grants and contributions	500,673	163,000	663,673
Grants and aids	(179,679)	-	(179,679)
Contributions to other governments	-	(10,000)	(10,000)
Gain (loss) on disposal of assets	382,120	-	382,120
Interest expense	(696,103)	(33)	(696,136)
Total nonoperating revenues (expenses)	120,638	159,093	279,731
Income (Loss) Before Impact Fees and Transfers	9,489,578	85,012	9,574,590
Impact fees	5,727,009	-	5,727,009
Transfers in	-	700,000	700,000
Transfers out	(779,000)	(827,000)	(1,606,000)
Change in net position	14,437,587	(41,988)	14,395,599
Net position, beginning of year	177,868,756	11,806,844	189,675,600
Net position, end of year	$ 192,306,343	$ 11,764,856	$ 204,071,199

The accompanying notes are an integral part of these financial statements.

City of Panama City Beach, Florida
Statement of Cash Flows
Proprietary Funds

For the year ended September 30, 2022	Business-type Activities - Enterprise Funds		
	Utility Fund	Other Proprietary Funds	Total
Operating Activities			
Cash received from customers and users	$ 37,346,020	$ 2,597,174	$ 39,943,194
Cash payments to suppliers	(17,848,127)	(945,437)	(18,793,564)
Cash payments to employees	(4,454,457)	(833,124)	(5,287,581)
Net cash provided by operating activities	15,043,436	818,613	15,862,049
Noncapital Financing Activities			
Grants and contributions	4,274	166,854	171,128
Interest paid to other governments	(8,320)	-	(8,320)
Contributions to other governments	-	(10,000)	(10,000)
Repayment of loans to other funds	-	(66,000)	(66,000)
Short-term advances to other funds	136,891	-	136,891
Cash transfers (to) from other funds	(779,000)	(61,000)	(840,000)
Net cash provided by (used in) noncapital financing activities	(646,155)	29,854	(616,301)
Capital and Related Financing Activities			
Impact fees	6,762,235	-	6,762,235
Principal paid on revenue certificates	(514,449)	-	(514,449)
Principal paid on lease liabilities	-	(5,994)	(5,994)
Interest paid on lease liabilities	-	(33)	(33)
Principal paid on revenue bonds	(2,250,000)	-	(2,250,000)
Interest paid on revenue bonds	(556,285)	-	(556,285)
Revenue bonds issuance cost	(30,000)	-	(30,000)
Proceeds from sale of assets	388,807	-	388,807
Costs associated with sale of assets	(6,449)	-	(6,449)
Purchase of capital assets	(10,818,639)	(270,026)	(11,088,665)
Net cash (used in) capital and related financing activities	(7,024,780)	(276,053)	(7,300,833)
Investing Activities			
Purchase of investments	(15,366,009)	(4,130)	(15,370,139)
Proceeds from sale of investments	14,997,597	-	14,997,597
Grants and aids	(179,679)	-	(179,679)
Investment earnings	477,025	6,126	483,151
Net cash provided by (used in) investing activities	(71,066)	1,996	(69,070)
Net increase in cash and cash equivalents	7,301,435	574,410	7,875,845
Cash and cash equivalents, beginning of year	53,660,820	2,176,002	55,836,822
Cash and cash equivalents, end of year	$ 60,962,255	$ 2,750,412	$ 63,712,667
Classified as			
Current assets - cash and cash equivalents	$ 30,850,376	$ 2,750,412	$ 33,600,788
Restricted assets - cash and cash equivalents	30,111,879	-	30,111,879
Total	$ 60,962,255	$ 2,750,412	$ 63,712,667

(Continued)

The accompanying notes are an integral part of these financial statements.

City of Panama City Beach, Florida
Statement of Cash Flows
Proprietary Funds (Continued)
Year Ended September 30, 2022

For the year ended September 30, 2022	Business-type Activities - Enterprise Funds		
	Utility Fund	Other Proprietary Funds	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating income (loss)	$ 9,368,940	$ (74,081)	$ 9,294,859
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	5,229,936	622,311	5,852,247
Amortization	-	3,418	3,418
Bad debts	35,249	-	35,249
Forfeited deposits	(3,900)	-	(3,900)
Donated operating supplies	1,725	-	1,725
Change in assets, deferred outflows, liabilities and deferred inflows			
(Increase) decrease in assets and deferred outflows			
Accounts receivable, net	(595,860)	230,669	(365,191)
Due from other funds	23	-	23
Due from other governments	49,832	-	49,832
Inventory	15,765	-	15,765
Prepaids	31,000	3,327	34,327
Net pension asset	1,980,348	264,908	2,245,256
Deferred outflows related to pensions	(2,469,413)	(358,049)	(2,827,462)
Deferred outflows related to OPEB	36,820	(1,292)	35,528
Increase (decrease) in liabilities and deferred inflows			
Accounts payable	132,205	(22,985)	109,220
Accrued expenses and deposits	(117,814)	(14,127)	(131,941)
Due to other funds	93,592	14,403	107,995
Due to other governments	185,598	2,293	187,891
Unearned revenue	104,660	(2,745)	101,915
Accrued compensated absences	4,031	(35,075)	(31,044)
Net OPEB obligation	(187,958)	3,924	(184,034)
Net pension liability	3,366,244	475,116	3,841,360
Deferred inflows related to pensions	(2,279,371)	(302,274)	(2,581,645)
Deferred inflows related to OPEB	61,784	8,872	70,656
Total adjustments	5,674,496	892,694	6,567,190
Net cash provided by operating activities	$ 15,043,436	$ 818,613	$ 15,862,049

The accompanying notes are an integral part of these financial statements.

City of Panama City Beach, Florida
Statement of Fiduciary Net Position
Fiduciary Funds

September 30, 2022		Pension Trust Funds
Assets		
Cash and cash equivalents	$	226,778
Accounts receivable, net		999
Dividends receivable		13,261
Due from other governments		504,379
Investments, at fair value		
Money market funds		2,368,290
Municipal bonds		2,545,863
Corporate bonds		5,991,968
Government securities		4,166,052
Real estate investment funds		7,413,902
Real estate investment trusts		1,389,026
Mutual funds		58,908,116
Total assets		83,528,634
Liabilities		
Accounts payable		129,686
Refunds payable		38,995
Unearned Revenue		167,117
Total liabilities		335,798
Net position		
Restricted for		
Held in trust for pension benefits	$	83,192,836

The accompanying notes are an integral part of these financial statements.

City of Panama City Beach, Florida
Statement of Changes in Fiduciary Net Position
Fiduciary Funds

For the year ended September 30, 2022	Pension Trust Funds
Additions	
Contributions	
Employer	$ 2,521,991
Plan members	1,575,019
Buyback of service	169,131
Insurance premiums	504,379
Total contributions	4,770,520
Investment earnings	
Interest	863
Dividends	1,695,331
Net increase (decrease) in fair value of investments	(20,452,819)
Total investment earnings	(18,756,625)
Less investment expenses	(234,030)
Net investment earnings	(18,990,655)
Total additions	(14,220,135)
Deductions	
Benefits paid	5,156,013
Refunds of contributions	358,470
Administrative expenses	126,013
Total deductions	5,640,496
Net increase (decrease) in fiduciary net position	(19,860,631)
Net position, beginning of year	103,053,467
Net position, end of year	$ 83,192,836

The accompanying notes are an integral part of these financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Panama City Beach, Florida (the "City") was created on August 12, 1970 by Chapter 70-874 of the Constitution of the State of Florida. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: general government, public safety, highways and streets, culture and recreation, and utility services.

Reporting Entity

The City is governed by an elected mayor and four-member governing council (the "Council"). The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. The accounting policies of the City conform to generally accepted accounting principles (GAAP) as applied to governmental units. The more significant accounting policies used by the City are described below.

Component Unit – Panama City Beach Community Redevelopment Agency

This report includes financial statements of the funds required to account for those financial activities which are related to the City and are controlled by or dependent upon the City's legislative body, the City Council. The City has one component unit, the Panama City Beach Community Redevelopment Agency, as defined by GASB Statement No. 61, *The Financial Reporting Entity* and in publications cited in the State of Florida, Office of the Auditor General Rules, Rule 10.553, which is required to be blended in these financial statements.

The Panama City Beach Community Redevelopment Agency (the "Agency") is operated by the City. The Agency was created on November 30, 2000 by City Resolution 00-23 pursuant to Florida Statute 163.356. All of the City's council members serve as board members of the Agency. The Agency, in combination with the City's CRA special revenue fund, is presented as a governmental fund type with a fiscal year end of September 30.

Due to the nature and significance of the Agency's relationship with the City, exclusion of the Agency's financial operations would render the City's financial statements incomplete or misleading. The Agency's governing body is the same as the governing body of the City and the Agency provides services specifically to the Front Beach Road and Pier Park Community Redevelopment Areas of the City. The Agency is disclosed using the blended presentation method. The Agency also issues separate financial statements. These may be obtained from the City at 17007 Panama City Beach Parkway, Panama City Beach, Florida 32413-2199.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-Wide and Fund Financial Statements (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues.*

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility and timing requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers grant related revenues to be available if they are collected within 1 year of the end of the current fiscal period and all other revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Sales taxes, franchise taxes, licenses, interest, and other revenues associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 1 year of year end).

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The proprietary and pension funds are reported using the *economic resources measurement* focus and the *accrual basis of accounting*.

Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. The City chooses to eliminate the indirect costs between funds to avoid duplicating revenues and expenditures.

Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental, enterprise, and fiduciary funds each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. Fiduciary funds are used to report assets held in a trustee or custodial capacity for others that cannot be used to support the government's own programs. Custodial funds are purely custodial and do not involve measurement of results of operations.

The City reports the following major governmental funds:

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

The *Community Redevelopment Fund* is used to account for the activities of the Front Beach Road and Pier Park community redevelopment areas.

The City reports the following major enterprise fund:

The *Utility Fund* is used to account for operations and activities related to the water and waste water systems operated by the City.

Additionally, the City reports the following fund types:

Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes other than capital projects.

The *pension trust funds* account for the activities of the General Employees', Police Officers' and Firefighters' Pension Plans, which accumulate resources for pension benefit payments to qualified employees.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

***Fund Financial Statements* (continued)**

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Budgetary Information

Budgetary basis of accounting

Annual budgets are adopted on a cash basis for the General Fund, special revenue funds, and proprietary funds. Certain special revenue funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year.

The appropriated budget is prepared by fund, function, and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year.

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

Cash and cash equivalents

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Investments

All investments are recorded at fair value as described in Note 3.

Receivables and payables

Unbilled receivables – An amount for unbilled revenue is recorded in the Utility fund for services rendered, but not yet billed as of the end of the fiscal year. The receivable is derived from the cycle billings generated subsequent to fiscal year end and prorated for usage in September.

Allowance for doubtful accounts – Accounts receivable have been reported net of the allowance for doubtful accounts. The allowance amount is based on accounts sent to collections and evaluated quarterly.

Unearned revenue – Unearned revenue recorded on the governmental fund balance sheet represents amounts received before eligibility requirements are met.

Interfund Activities and Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” within the fund financial statements. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any residual balance outstanding between the governmental and business-type activities at the end of the fiscal year, which are reported in the government-wide financial statements as internal balances.

Interfund transactions are reflected as services provided, reimbursements, or transfers. Services provided, deemed to be at or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when a fund incurs a cost, charges the appropriate benefitting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or business-type funds are funds are netted as part of the reconciliation to the government-wide presentation.

Inventories and Prepaid Items

Inventory in governmental funds consists of fuel held for consumption and is valued at the lower of cost (first-in, first-out) or market. Reported inventory in these funds is equally offset by a fund balance reserve which indicates inventory amounts do not constitute “available spendable resources” even though they are a component of total assets. Inventory in proprietary funds consists of utility system supplies including pipes, meters, valves, etc., as well as fuel held for consumption, and is valued at the lower of cost (first-in, first-out) or market.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Restricted Assets

Certain assets of the City are classified as restricted assets on the statement of net position and the governmental funds balance sheet because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors or laws or regulations of other governments. Special restricted asset accounts have been established to account for the sources and uses of these limited use assets.

Capital Assets

Capital assets, which include property, plant, equipment, right-to-use assets, and infrastructure assets (e.g. roads, bridges, water and waste water distribution systems and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the City as assets with an initial, individual cost of $5,000 or more, or $15,000 or more for improvements, and an estimated useful life in excess of one year.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Capital asset classes	Lives
Buildings	10-40 Years
Improvements	3-50 Years
Machinery and equipment	2-25 Years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The City has three (3) items that qualify for reporting as deferred outflows of resources, the *deferred loss on refunding*, the *deferred outflows related to pensions*, and the *deferred outflows related to OPEB*, all reported in the government-wide and proprietary funds statements of net position. The deferred loss on refunding results from debt refinancing, whereby the reacquisition price of the funding debt instruments exceed their net carrying amount. The deferred loss on refunding is amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net pension liability in future reporting years.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two (2) items that qualify for reporting as deferred inflows of resources, the *deferred inflows related to pensions*, and the *deferred inflows related to OPEB*, reported in the government-wide and proprietary funds statements of net position. The *deferred inflows related to pensions* are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred inflows related to pensions will be recognized as a reduction to pension expense in future reporting years.

Compensated Absences

Each full-time employee shall accumulate annual leave with pay at the rates shown below. Annual leave may not be taken until six months of service is completed. A maximum of 240 hours of annual leave may be accumulated. Amounts in excess will be lost if not used by December 31st of each year.

During Years of Service	Annual Leave Cap (Days**Each Year)
1-5 years	12
6-10 years	15
11-15 years	18
16-20 years	21
21 plus	24

**For all employees except certified firefighters, a day shall equal 8 hours.
For certified firefighters, a day shift shall equal 10.6 hours.

One day of sick leave is granted for each month of employment and is cumulative. Those employees hired on or before August 1, 2001 are fully vested in their sick leave balances. For those employees hired subsequent to August 1, 2001 but before June 1, 2017, one-half of the sick leave balances become vested after ten years of employment, seventy-five percent becomes vested after fifteen years and all of the sick leave balances become vested after twenty years of employment. The vesting provisions described above apply only to unpaid sick leave balances that were frozen as of June 1, 2017.

There is no maximum for sick leave accumulation, but a maximum of 500 hours of sick leave accrual will be paid upon termination for all employees hired after January 1, 1998 but before June 1, 2017. Those hired on or prior to January 1, 1998 will be paid a maximum of 2,080 hours (2,756 hours for certified firefighters in a non-administrative position). Regular full-time employees hired after June 1, 2017 are not eligible to be paid for accumulated sick leave upon separation.

Accumulated unpaid annual and sick leave amounts are accrued in proprietary funds and reported as a fund liability.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and is recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB Codification Section I30: *Interest Costs – Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

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

Leases

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

Pensions

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

Other Post-Employment Benefits (OPEB) Liability

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Categories and Classification of Net Position and Fund Balance

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

Fund balance flow assumptions – Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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

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

Nonspendable fund balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

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

Committed fund balance – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Categories and Classification of Net Position and Fund Balance (continued)

Assigned fund balance – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The governing council (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance – Unassigned fund balance is the residual classification for the General Fund. Unassigned fund balance may also include negative balances for any governmental fund if the nonspendable amount exceeds amounts restricted, committed, or assigned for these specific purposes.

Revenues and Expenditures/Expenses

Program revenues – Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Proprietary funds operating and nonoperating revenues and expenses – Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Utility Fund are charges to customers for sales and services. The Utility Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make various estimates. Actual results could differ significantly from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to pension liability and OPEB liability.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 22, 2023 and determined there were no events that occurred that required disclosure.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recently Issued and Implemented Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The Statement is being applied prospectively, therefore, there were no significant impacts of implementing this Statement.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. There were no significant impacts of implementing this Statement.

In May 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objectives of this Statement are to address financial reporting issues that result from the replacement of an Interbank Offered Rate (IBOR) by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument’s variable payment and clarification of the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; replacing LIBOR as an appropriate benchmark interest rate for the evaluation of the effectiveness of an interest rate swap with a Secured Overnight Financing Rate or the Effective Federal Funds Rate; and providing exceptions to the lease modifications guidance in Statement 87 for lease contracts that are amended solely to replace an IBOR used to determine variable payments. There were no significant impacts of implementing this Statement.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

In June 2020, the GASB issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. There were no significant impacts of implementing this Statement.

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

In June 2022, the GASB issued GASB Statement No. 100, *Accounting Changes and Error Corrections*. This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

In June 2022, the GASB issued GASB Statement No. 101*, Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

The City is evaluating the requirements of the above statements and the impact on reporting.

Note 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net position:

The governmental funds balance sheet includes a reconciliation between *fund balances – total governmental funds* and *net position of governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation states, "Receivables, on a modified accrual basis are not resources and, therefore, are not reported in the funds." The details of this $648,214 difference are as follows:

Accounts receivable, net	$	437,075
Taxes and fees receivable		4,018
Due from other governments		207,121
Net adjustment to increase fund balances – total governmental funds to arrive at *net position of governmental activities*	$	648,214

Another element of that reconciliation states, "Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds." The details of this $149,790,402 difference are as follows:

Cost of capital assets	$	209,775,072
Less: accumulated depreciation		(59,984,670)
Net adjustment to increase fund balances – total governmental funds to arrive at *net position of governmental activities*	$	149,790,402

Another element of that reconciliation states, "Long-term and claim liabilities, including bonds and self-insurance liability, are not due and payable in the current period and, therefore, are not reported in the funds." The details of this $(95,966,337) difference are as follows:

Revenue bonds payable, net	$	(65,080,000)
Unamortized premium costs		(6,184,852)
Net OPEB obligation		(1,429,178)
Net pension liability		(17,963,529)
Self insurance liability		(1,860,653)
Accrued compensated absences		(2,489,752)
Accrued interest payable		(988,373)
Net adjustment to decrease fund balances – total governmental funds to arrive at *net position of governmental activities*	$	(95,996,337)

Note 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

Another element of that reconciliation states, "Deferred outflows and inflows are not financial statement resources, assets or liabilities and, therefore, are not reported in the funds." The details of this $17,355,052 difference are as follows:

Deferred outflows related to pensions	$	17,654,438
Deferred inflows related to pensions		(1,783,325)
Deferred outflows related to OPEB		322,241
Deferred inflows related to OPEB		(349,974)
Deferred loss on refunding		1,511,672
Net adjustment to increase fund balances - total governmental funds to arrive at *net position of governmental activities*	$	17,355,052

Explanation of certain differences between the governmental funds statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities:

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances - total governmental funds* and *change in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, "Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense." The details of this $5,653,316 difference are as follows:

Capital outlay expenditures	$	11,877,993
Less: depreciation expense		(6,224,677)
Net adjustment to increase *net change in fund balances - total governmental funds* to arrive at *change in net position of governmental activities*	$	5,653,316

Another element of that reconciliation states, "The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position." The details of this $(16,850,314) difference are as follows:

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from sales increase financial resources. Thus, the change in net position differs from the change in fund balances by the basis of the capital assets sold.	$	(38,006)
In the statement of activities, non-cash donations of assets donated or received are recognized at fair market value. However, in the governmental funds, the donations are not recognized.		(16,812,308)
Net adjustment to decrease *net change in fund balances – total governmental funds* to arrive at *change in net position of governmental activities*	$	(16,850,314)

Note 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

Another element of that reconciliation states, "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds." The details of this $(2,943,860) difference are as follows:

Compensated absences	$	184,076
Insurance		(103,602)
Various expenses		(20,729)
Interest		29,291
Interfund transfers		1,396
Pension expense		(2,863,794)
OPEB		(170,498)
Net adjustment to increase *net change in fund balances – total governmental funds* to arrive at *change in net position of governmental activities*	$	(2,943,860)

Another element of that reconciliation states, "Some revenues reported in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in the governmental funds." The details of this $120,819 difference are as follows:

Intergovernmental	$	1,710
Rents		(909)
Special assessments		(317)
Fines and forfeitures		58,459
Interfund transfers		(40,376)
Grants		99,111
Other fees and miscellaneous		3,141
Net adjustment to increase *net change in fund balances – total governmental funds* to arrive at *change in net position of governmental activities*	$	120,819

Another element of that reconciliation states, "The issuance of long-term debt (i.e., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this $2,645,513 difference are as follows:

Principal repayment of bonds	$	2,575,000
Plus, amortization of bond premium costs		236,906
Less, amortization of deferred loss on advance refunding		(166,393)
Net adjustment to increase *net change in fund balances – total governmental funds* to arrive at *change in net position of governmental activities*	$	2,645,513

Note 3: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

As of September 30, 2022, the City's bank balances are covered by federal depository insurance (FDIC) coverage limits and monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the City pursuant to Section 280.08, Florida Statutes.

The investment program is established in accordance with the City's investment policy, pertinent bond resolutions and Section 218.45, Florida Statutes, which allows the City to invest in the Florida State Board of Administration intergovernmental investment pool or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, direct obligations of the United States Government, obligations of the different agencies of the Federal Government, registered money market funds and accounts of state qualified public depositories.

Investment Policies (City) – Florida Statutes, Section 218.415, authorizes the City to invest surplus funds in the following:

- The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in Florida Statutes, Section 163.01.
- Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- Interest-bearing time deposits or savings accounts in qualified public depositories as defined in Florida Statutes, Section 280.02.
- Direct obligations of the United States Treasury.

Under GASB Codification I50: *Investments*, if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements. As of September 30, 2022, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the City's access to 100 percent of their account value in either external investment pool.

Deposits available within various funds, except pension trust funds, were consolidated for investment purposes. The pension trust funds are authorized to invest in cash equivalents, government securities, foreign equities, equities (including publicly traded REITS, infrastructure, and convertibles), corporate bonds and stocks, and money markets funds.

Custodial credit risk – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The financial institutions in which the City places its deposits are certified as "qualified public depositories," as required under the Florida Security for Public Deposits Act. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Note 3: DETAILED NOTES ON ALL FUNDS (continued)

Deposits and Investments (continued)

Interest Rate Risk – Interest rate risk is the possibility that interest rates will rise and reduce the fair value of an investment. The City does not have a policy regarding interest rate risk.

Credit Risk - Section I50: *Investments* of the GASB Codification requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations. The City has no investment policy that would limit its investment choices due to credit risk other than State statutes governing investments listed in Florida Statutes, Section 218.415. The City's investment policy and the investment policy for the pension trust funds limit investments to securities with specific ranking criteria.

Concentration Risk – Section I50: *Investments* of the GASB Codification requires disclosures of investments in any one issuer that represents five percent or more of total investments, excluding investments issued or explicitly guaranteed by the U.S government, investments in mutual funds, external investments pools and other pooled investments. The City's investment policy does not address concentration risk. The fiduciary funds' policy restricts the percentage of assets that may be held in the stock of any one company, the percentage of any one type of security type as a percentage of the total Fund's assets, and the bonds issued by any one issuer.

Fair Value – GASB Codification Section 3100: *Fair Value Measurements* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under the codification are described as follows:

Level 1 (L1): Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

Level 2 (L2): Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 (L3): Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Note 3: DETAILED NOTES ON ALL FUNDS (continued)

Deposits and Investments (continued)

The following table sets forth by level, within the fair value hierarchy, the City's assets at fair value as of September 30, 2022:

			Maturities (in years)	
		Fair Value	Less than 1	Level
Fiduciary fund				
Money market funds	$	2,368,290	$ 2,368,290	L1
Municipal bonds		2,545,863	2,545,863	L1
Corporate bonds		5,774,060	5,774,060	L1
Corporate bonds		217,908	217,908	L2
Government securities		4,166,052	4,166,052	L1
Real estate investment trusts		1,479,515	1,479,515	L1
Mutual funds		58,817,627	58,817,627	L1
Total investments measured by fair value level		75,369,315	$ 75,369,315	
Investments measured at the net asset value (NAV)				
Real estate investment funds		7,413,902		
Total fiduciary fund	$	82,783,217		
Investments measured at the net asset value (NAV)				
Primary government				
Florida Cooperative Liquid Assets Securities System		527,623		
Florida Local Government Investment Trust		39,060,317		
Florida Fixed Income Trust		52,138,871		
Total primary government		91,726,811		
Total investments	$	174,510,028		

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2022.

Debt and equity securities – Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using quoted market prices for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a discounted cash flow model based on the price or yield of similar debt securities.

Note 3: DETAILED NOTES ON ALL FUNDS (continued)

Deposits and Investments (continued)

Mutual Funds, Money Market Funds and Real Estate Investment Trusts – Mutual funds, money market funds and real estate investment trusts classified in Level 1 of the fair value hierarchy are valued using quoted market prices for those investments.

Fair Value of Investments in Entities that Use Net Asset Value (NAV) – Investments in the Florida Fixed Income Trust are in the Florida Fixed Income Trust Cash Pool and Florida Fixed Income Trust Select Cash Pool, with balances of $32,435,808 and $19,703,063 and weighted average maturity of .40 and .46 months respectively, at September 30, 2022. Both pools are rated AAAf/S1 by Fitch Rating. The Florida Fixed Income Trust Cash Pool investment strategy is a money market alternative that is managed to a dollar in/dollar out strategy. It utilizes a hybrid approach managing current market conditions and portfolio duration, to ensure maximum flexibility in all market conditions. The Cash Pool seeks to preserve principal while seeking to maximize yields, offers same day liquidity and provides an investment option for local governments' short term funds. The pool consists of commercial paper, certificates of deposit, qualified public deposits, money market funds, and short-term bond funds. The Florida Fixed Income Trust Select Cash Pool investment strategy offers diversification through multiple asset classes and is designed to minimize volatility while providing next day liquidity, interest income, and preservation of principal. The pool consists of mortgage-backed securities, corporate bonds, federal instrumentalities, short-term bond funds, US treasury bonds, US treasury futures, municipal bonds, certificates of deposit, and money market funds.

No specific investments are assigned to the City, rather the City's investments are equal to the total fund net asset value times the City's units as a percentage of total units outstanding. Investment earnings are utilized to purchase additional units within the pools. Additionally, the City may withdraw either a portion of or its entire investment at any time. The City's investments in the Florida Fixed Income Trust, at fair value measured at NAV, totaled $52,138,871 as of September 30, 2022.

Florida Cooperative Liquid Assets Securities System (FLCLASS) is an independent local government investment pool created under the laws of Florida to provide eligible units of local government the option to invest in a fund with an investment portfolio structured to maintain safety of principal and liquidity over return. The trust is administered by Public Trust Advisors, LLC and an appointed Board of Trustees. This investment pool is measured at the Stable Net Asset Value and is rated AAAm by S&P Global Ratings. The Net Asset Value is $527,623 and the weighted average maturity for the portfolio is 0.87 months as of September 30, 2022.

Florida Local Government Investment Trust (FLGIT) is an external local government investment pool developed through the joint efforts of the Florida Association of Court Clerks and Comptrollers and the Florida Association of Counties. The pool is supervised by an appointed Board of Trustees comprised of eligible participants of the program. The FLGIT Day to Day Fund is a fund with an investment portfolio structured to maintain safety of principal and maximize available yield through a balance of quality and diversification within the investment portfolio. This Fitch rated AAAm Trust invests in securities with effective maturities of less than five years. The Net Asset Value is $39,060,317 and the weighted average maturity for the portfolio is .96 months as of September 30, 2022.

TA Realty Core Property Fund invests in a related Master Fund which invests in industrial, multifamily, office, and retail real estate. Redemptions are permitted with 45 days' notice prior to quarter-end, but may be paid pro-rata or over subsequent quarters if available liquidity is insufficient to pay all requests. The Net Asset Value is $7,413,902 as of September 30, 2022.

Note 3: DETAILED NOTES ON ALL FUNDS (continued)

Accounts Receivable

For the Utility Fund, operating revenues are generally recognized on the basis of cycle billings rendered monthly. The amount of services delivered for the period from the last billing date to September 30, 2022 (unbilled receivable), is estimated and accrued at year end. The City deems all amounts collectable therefore an allowance for doubtful accounts is not necessary. If payments are not received from customers, services are shut off and deposits are applied against negative balances.

All account receivables are shown net of allowances for uncollectable accounts for governmental funds.

At September 30, 2022, accounts receivable in the governmental activities is summarized as follows:

Total accounts receivable	$	693,006
Less: allowance for doubtful accounts		-
Accounts receivable, net	$	693,006
Total restricted accounts receivable	$	193
Less: allowance for doubtful accounts		-
Restricted accounts receivable, net	$	193

At September 30, 2022, accounts receivable and allowance for uncollectible accounts in the business-type activities is summarized as follows:

Billed accounts receivable	$	453,769
Unbilled accounts receivable		7,032,250
Other receivables		72,442
Total accounts receivable		7,558,461
Less: allowance for doubtful accounts		(303,891)
Accounts receivable, net	$	7,254,570

Note 3: DETAILED NOTES ON ALL FUNDS (continued)

Interfund Receivables, Payables, and Transfers

The composition of due from/to other funds' balances as of September 30, 2022 is as follows:

Receivable fund	Payable fund	
General	CRA	$ 6,575
General	Stormwater	15,572
General	Utility	127,242
General	Aquatic	9,969
General	Pier	11,384
CRA	General	61,418
Stormwater	General	180
Utility	General	13,721

The interfund receivables and payables are the result of advances between the funds for operating and capital activities.

The composition of interfund transfers as of September 30, 2022 is as follows:

	Transfers in			
Transfers out	General fund	Nonmajor governmental funds	Nonmajor proprietary funds	Total
General fund	$ -	$ 72,018	$ -	$ 72,018
CRA fund	124,396	-	-	124,396
Nonmajor governmental funds	81,470	-	-	81,470
Utility fund	812,496	-	-	812,496
Nonmajor proprietary funds	132,484	-	700,000	832,484
Total	$ 1,150,846	$ 72,018	$ 700,000	

In the current year, there were transfers between the general fund, the community redevelopment fund, the nonmajor governmental funds, the utility fund, and the nonmajor proprietary funds that only impacted the modified accrual basis level of accounting.

Note 3: DETAILED NOTES ON ALL FUNDS (continued)

Capital Assets

Changes in capital assets of the governmental activities are summarized as follows:

	September 30, 2021	Increases	Decreases	September 30, 2022
Capital assets, not being depreciated				
Land	$ 54,450,266	$ 309,779	$ (758,028)	$ 54,002,017
Construction in progress	13,161,839	9,172,908	(333,262)	22,001,485
Total capital assets, not being depreciated	67,612,105	9,482,687	(1,091,290)	76,003,502
Capital assets, being depreciated				
Buildings	23,209,342	20,961	-	23,230,303
Improvements	110,923,565	398,432	(16,961,495)	94,360,502
Machinery and equipment	14,336,022	2,353,403	(508,660)	16,180,765
Total capital assets, being depreciated	148,468,929	2,772,796	(17,470,155)	133,771,570
Accumulated depreciation				
Buildings	(4,819,599)	(601,689)	-	(5,421,288)
Improvements	(41,657,682)	(4,469,928)	843,937	(45,283,673)
Machinery and equipment	(8,597,553)	(1,153,060)	470,904	(9,279,709)
Total accumulated depreciation	(55,074,834)	(6,224,677)	1,314,841	(59,984,670)
Total capital assets, being depreciated, net of accumulated depreciation	93,394,095	(3,451,881)	(16,155,314)	73,786,900
Total governmental activities' capital assets – net	$ 161,006,200	$ 6,030,806	$ (17,246,604)	$ 149,790,402

Depreciation expense was charged to functions/programs of the governmental activities as follows:

Governmental activities	
General government	$ 232,650
Public safety	1,005,645
Highways and streets	3,682,548
Culture and recreation	1,063,153
Physical Environment	240,681
Total depreciation and amortization expense – governmental activities	$ 6,224,677

Note 3: DETAILED NOTES ON ALL FUNDS (continued)

Capital Assets (continued)

Changes in capital assets of the business-type activities are summarized as follows:

	September 30, 2021	Increases	Decreases	September 30, 2022
Capital assets, not being depreciated				
Land	$ 8,918,900	$ 1,108,433	$ -	$ 10,027,333
Intangible assets	194,788	-	-	194,788
Construction in progress	5,466,832	9,043,175	(2,061,202)	12,448,805
Total capital assets, not being depreciated	14,580,520	10,151,608	(2,061,202)	22,670,926
Capital assets, being depreciated				
Buildings	37,523,172	-	-	37,523,172
Improvements	127,057,284	2,451,710	(3,484)	129,505,510
Machinery and equipment	23,325,276	636,653	(307,803)	23,654,126
Total capital assets, being depreciated	187,905,732	3,088,363	(311,287)	190,682,808
Accumulated depreciation				
Buildings	(17,267,174)	(997,921)	-	(18,265,095)
Improvements	(47,237,115)	(3,444,378)	3,097	(50,678,396)
Machinery and equipment	(18,110,090)	(1,409,948)	307,803	(19,212,235)
Total accumulated depreciation	(82,614,379)	(5,852,247)	310,900	(88,155,726)
Total capital assets, being depreciated, net of accumulated depreciation	105,291,353	(2,763,884)	(387)	102,527,082
Right-to-use lease assets, being amortized				
Land	-	29,299	-	29,299
Accumulated amortization				
Land	-	(3,418)	-	(3,418)
Right-to-use lease assets, being amortized, net of accumulated amortization	-	25,881	-	25,881
Total business-type activities' capital assets – net	$ 119,871,873	$ 7,413,605	$ (2,061,589)	$ 125,223,889

Note 3: DETAILED NOTES ON ALL FUNDS (continued)

Capital Assets (continued)

Depreciation expense was charged to functions/programs of the business-type activities as follows:

Business-type activities	
Utility fund	
Water	$ 1,101,620
Waste water	4,128,316
Other proprietary funds	625,729
Total depreciation and amortization expense – business-type activities	$ 5,855,665

The following schedule summarizes the capital assets of the City's business-type activities at September 30, 2022:

	Utility Fund	Other Proprietary Funds	Total
Land	$ 10,027,333	$ -	$ 10,027,333
Intangible assets	194,788	-	194,788
Buildings	33,369,148	4,154,024	37,523,172
Improvements	117,827,509	11,678,001	129,505,510
Machinery and equipment	22,909,090	745,036	23,654,126
Construction in progress	12,448,805	-	12,448,805
Total	196,776,673	16,577,061	213,353,734
Accumulated depreciation			
Buildings	(16,591,358)	(1,673,737)	(18,265,095)
Improvements	(44,780,946)	(5,897,450)	(50,678,396)
Machinery and equipment	(18,843,969)	(368,266)	(19,212,235)
Total accumulated depreciation	(80,216,273)	(7,939,453)	(88,155,726)
Right-to-use lease asset			
Land	-	29,299	29,299
Accumulated amortization			
Land	-	(3,418)	(3,418)
Total business-type activities' capital assets – net	$ 116,560,400	$ 8,663,489	$ 125,223,889

Note 3: DETAILED NOTES ON ALL FUNDS (continued)

Long Term Debt – Governmental Activities

Changes in long-term debt of the governmental activities' funds are summarized as follows:

	Balance September 30, 2021	Additions	Deductions	Balance September 30, 2022	Due within One Year
Bonds from direct placement					
Revenue bonds	$ 67,655,000	$ -	$ (2,575,000)	$ 65,080,000	$ 2,650,000
Adjusted for deferred amounts on issuance premium	6,421,758	-	(236,906)	$ 6,184,852	236,905
Total bonds from direct placement	74,076,758	-	(2,811,906)	71,264,852	2,886,905
Accrued compensated absences	2,673,828	359,890	(543,966)	2,489,752	631,199
Net pension liability (asset)					
General employees	(2,479,762)	7,402,877	-	4,923,115	-
Police officers	(1,160,851)	7,972,891	-	6,812,040	-
Firefighters	149,974	6,078,400	-	6,228,374	-
Net OPEB obligation	1,519,293	-	(90,115)	1,429,178	-
Total	$ 74,779,240	$ 21,814,058	$ (3,445,987)	$ 93,147,311	$ 3,518,104

Compensated absences, other postemployment benefits and the net pension liability will be liquidated in future periods primarily by the General Fund for governmental activities.

Bonds Payable

On March 26, 2015, the City issued $42,915,000 Capital Improvement Refunding Revenue Bonds, Series 2015 (Front Beach Road Project). The proceeds of the bonds were used to partially refund the outstanding Capital Improvement Revenue Bonds, Series 2006 (Front Beach Road Project) and to pay the costs of issuing the Series 2015 bonds. The principal amount refunded was $39,965,000, which represented the amounts maturing on or after November 1, 2017. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $2,762,584. This difference is reported as a deferred loss on the refunding, which is being amortized the life of the new debt. As a result of the refunding the City reduced its debt service payments over a period of seventeen years by $5,428,743, which resulted in an economic gain of $4,358,725. The bonds are special obligation bonds of the City payable from a pledge of and first lien upon Front Beach Road CRA tax increment revenue and the CRA assessment. If an event of default shall happen and shall not have been remedied, the Issuer or a trustee or receiver appointed for that purpose shall apply all Redevelopment Trust Fund Revenues as follows and in the following order (A) to the payment of the reasonable and proper charges, expenses and liabilities of the trustee or receiver, registrar and paying agent hereunder; and (B) to the payment of the interest and principal or redemption price, if applicable, then due on the bonds, as follows: (1) to the payment to the persons entitled thereto of all installments of interest then due (2) to the payment to the persons entitled thereto of the unpaid principal of any of the bonds which shall have become due at maturity or upon mandatory redemption prior to maturity (3) the payment of the redemption price of any bonds called for optional redemption pursuant to the provisions of the resolution.

Note 3: DETAILED NOTES ON ALL FUNDS (continued)

Long Term Debt – Governmental Activities (continued)

Bonds Payable (continued)

The bonds are payable in annual principal installments ranging from $350,000 to $3,370,000 over the life of the bonds beginning November 1, 2015. Semi-annual interest payments at a rate of 2.73% are due each May 1 and November 1. The pledge referenced above remains in effect until extinguishment or maturity of the debt in 2031, whichever occurs first. The remaining principal and interest payments on this debt as of September 30, 2022, totaled $34,241,495. Current year principal and interest payments paid on the bond required 24.2% of the pledged revenues. Principal and interest payments paid for the current year were $2,575,000 and $853,330, respectively, and the pledged revenues were $14,191,420.

On October 6, 2020, the City issued $35,110,000 Capital Improvement Revenue Bonds, Series 2020 (Front Beach Road Project). The proceeds of the bonds were used to fund the design, acquisition of land, rights, and easements, construction, improvement and streetscaping of: (a) Front Beach Road Segment 3 / Hwy 79, (b) Powell Adams Phase 2, (c) Front Beach Road Segment 4.1, and (d) any other project approved by Resolution No. 20-52. The bonds are special obligation bonds of the City payable from a pledge of and lien upon Front Beach Road CRA tax increment revenue. If an event of default shall happen and shall not have been remedied, the Issuer or a trustee or receiver appointed for that purpose shall apply all Redevelopment Trust Fund Revenues as follows and in the following order (A) to the payment of the reasonable and proper charges, expenses and liabilities of the trustee or receiver, registrar and paying agent hereunder; and (B) to the payment of the interest and principal or redemption price, if applicable, then due on the bonds, as follows: (1) to the payment to the persons entitled thereto of all installments of interest then due (2) to the payment to the persons entitled thereto of the unpaid principal of any of the bonds which shall have become due at maturity or upon mandatory redemption prior to maturity (3) the payment of the redemption price of any bonds called for optional redemption pursuant to the provisions of the resolution.

The bonds are payable in annual principal installments ranging from $1,385,000 to $2,830,000 over the life of the bonds beginning November 1, 2032. Semi-annual interest payments at a rate of 5% are due each May 1 and November 1 beginning May 1, 2021 through May 1, 2041. The interest rate then decreases to 4% through maturity on November 1, 2048. The pledge referenced above remains in effect until extinguishment or maturity of the debt in 2048, whichever occurs first. The remaining principal and interest payments on this debt as of September 30, 2022, totaled $64,840,950. No principal was paid in the current year. Current year interest payments paid on the bond required 11.0% of the pledged revenues. Interest payments paid for the current year were $1,557,300 and the pledged revenues were $14,191,420.

Note 3: DETAILED NOTES ON ALL FUNDS (continued)

Long Term Debt – Governmental Activities (continued)

Bonds Payable (continued)

The following is a summary of governmental activities bonds payable for the year ended September 30, 2022:

	Governmental Activities					
	Capital Improvement Revenue Refunding Bonds, Series 2015		Capital Improvement Revenue Bonds, Series 2020		Total	
For the years ending September 30,	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ 2,650,000	$ 782,009	$ -	$ 1,557,300	$ 2,650,000	$ 2,339,309
2024	2,720,000	708,708	-	1,557,300	2,720,000	2,266,008
2025	2,795,000	633,428	-	1,557,300	2,795,000	2,190,728
2026	2,870,000	556,101	-	1,557,300	2,870,000	2,113,401
2027	2,950,000	476,658	-	1,557,300	2,950,000	2,033,958
2028-2032	15,985,000	1,114,591	-	7,786,500	15,985,000	8,901,091
2033-2037	-	-	7,660,000	6,866,500	7,660,000	6,866,500
2038-2042	-	-	9,780,000	4,707,250	9,780,000	4,707,250
2043-2047	-	-	12,120,000	2,360,000	12,120,000	2,360,000
2048-2049	-	-	5,550,000	224,200	5,550,000	224,200
Total	29,970,000	4,271,495	35,110,000	29,730,950	65,080,000	34,002,445
Current Portion	(2,650,000)	(782,009)	-	(1,557,300)	(2,650,000)	(2,339,309)
Payable after one year	$ 27,320,000	$ 3,489,486	$ 35,110,000	$ 28,173,650	$ 62,430,000	$ 31,663,136

Long Term Debt – Business-Type Activities

Changes in long-term debt of the business-type activities' funds are summarized as follows:

	Balance September 30, 2021	**Additions**	**Deductions**	**Balance September 30, 2022**	**Due within One Year**
Bonds from direct placement					
Revenue bonds	$ 32,875,000	$ 12,455,000	$ (14,705,000)	$ 30,625,000	$ 2,325,000
Adjusted for deferred amounts on issuance premium	26,132	-	(26,132)	-	-
Total bonds from direct placement	32,901,132	12,455,000	(14,731,132)	30,625,000	2,325,000
Revenue certificates payable	2,092,874	12,750	(138,032)	1,967,592	1,967,592
Accrued compensated absences	675,895	146,336	(177,379)	644,852	165,192
Lease liability	-	29,299	(5,994)	23,305	5,708
Net pension liability (asset)	(2,245,256)	6,086,616	-	3,841,360	-
Net OPEB obligation	635,564	-	(184,034)	451,530	-
Total	$ 34,060,209	$ 18,730,001	$ (15,236,571)	$ 37,553,639	$ 4,463,492

Business-type activities compensated absences, other postemployment benefits, and net pension liability will be liquidated by the respective proprietary funds.

Note 3: DETAILED NOTES ON ALL FUNDS (continued)

Long Term Debt – Business-Type Activities (continued)

Bonds Payable

On November 20, 2020, the City issued $19,875,000 Utility Revenue Refunding Bond, Series 2020A. The proceeds of the bond were used to refund the outstanding principal amounts of the City's Utility Revenue Refunding Bonds, Series 2016, maturing on and after December 1, 2020, and to pay the costs of issuing the Series 2020A bond. The principal amount refunded was $22,100,000. As a result of the refunding, the City reduced its debt service payments over a period of sixteen years by $5,159,672, which resulted in an economic gain of $2,063,720. Upon the occurrence of an event of default, the interest rate on the bond shall be adjusted to the default rate until such time as the event of default has been cured by the Issuer. Additionally, if an event of default shall occur, the City shall pay all reasonable out of pocket expenses of the Lender in connection with the enforcement of the agreement. Interest is payable semi-annually on June 1 and December 1 at a fixed rate of 1.55%. Principal is payable annually on June 1 beginning June 1, 2021, with a final maturity on June 1, 2036.

The bond is payable from and secured by a lien upon and pledge of (a) net revenues of the systems, (b) sewer system development charges, (c) water system development charges, (d) until released, public service taxes, and (e) the moneys on deposit in the various funds and accounts created pursuant to the loan agreement and the original resolution, with the exception of the rebate fund. The remaining principal and interest payments on this debt as of September 30, 2022 totaled $20,352,168. Current year principal and interest payments on the bond required 7.1% of pledged revenues. Current year principal and interest payments paid from pledged revenues were $1,150,000 and $299,460, respectively, and the pledged revenues were $20,465,641.

On March 3, 2022, the City issued $12,535,000 Utility Revenue Refunding Bond, Series 2022. The proceeds of the bond were used to refund the outstanding principal amount of the City’s Utility System Revenue Bond, Series 2020B and to pay the costs of issuing the Series 2022 bond. The principal amount refunded was $12,535,000. As a result of the refunding, the City reduced its debt service payments over a period of 11 years by $264,129, which resulted in an economic gain of $220,439. Upon the occurrence of an event of default, the interest rate on the bond shall be adjusted to the default rate until such time as the event of default has been cured by the Issuer. Additionally, if an event of default shall occur, the City shall pay all reasonable out of pocket expenses of the Lender in connection with the enforcement of the agreement. Interest is payable semi-annually on June 1 and December 1 at a fixed rate of 1.37%. Principal is payable annually on June 1 beginning June 1, 2022, with a final maturity on June 1, 2032.

The bond is payable from and secured by a lien upon and pledge of (a) net revenues of the systems, (b) sewer system development charges, (c) water system development charges, (d) until released, public service taxes, and (e) the moneys on deposit in the various funds and accounts created pursuant to the loan agreement and the original resolution, with the exception of the rebate fund. The remaining principal and interest payments on this debt as of September 30, 2022 totaled $13,418,179. Current year principal and interest payments on the bond required 0.6% of pledged revenues. Current year principal and interest payments paid from pledged revenues were $80,000 and $41,978, respectively, and the pledged revenues were $20,465,641.

Note 3: DETAILED NOTES ON ALL FUNDS (continued)

Long Term Debt – Business-Type Activities (continued)

Bonds Payable (continued)

The following is a summary of business-type activities bonds payable for the year ended September 30, 2022.

	Business-type Activities					
	Water & Sewer Utility Revenue Refunding Bond, Series 2020A		Water & Sewer Utility Revenue Refunding Bond, Series 2022		Total	
For the years ending September 30,	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ 1,175,000	$ 281,635	$ 1,150,000	$ 170,634	$ 2,325,000	$ 452,269
2024	1,190,000	263,423	1,175,000	154,879	2,365,000	418,302
2025	1,210,000	244,978	1,185,000	138,781	2,395,000	383,759
2026	1,225,000	226,223	1,210,000	122,547	2,435,000	348,770
2027	1,245,000	207,235	1,230,000	105,970	2,475,000	313,205
2028-2032	6,530,000	740,202	6,505,000	270,368	13,035,000	1,010,570
2033-2036	5,595,000	218,472	-		5,595,000	218,472
Total	18,170,000	2,182,168	12,455,000	963,179	30,625,000	3,145,347
Current Portion	(1,175,000)	(281,635)	(1,150,000)	(170,634)	(2,325,000)	(452,269)
Payable after one year	$ 16,995,000	$ 1,900,533	$ 11,305,000	$ 792,545	$ 28,300,000	$ 2,693,078

Leases – Lessee

The City has entered into a lease agreement with the State of Florida Department of Environmental Protection to obtain the right-to-use a parcel of submerged land in order to operate a municipal fishing pier. The lease has a 5 year term and the annual fee is adjusted pursuant to Rule 18-21.011, Florida Administrative Code. The lease fee is the greater of the base fee or 6% of the annual income derived from the use of the submerged land. The base fee is a rate per square foot that is calculated each year based on changes to the Consumer Price Index figures established for the previous 5 years by the Bureau of Labor Statistics. For the fiscal year ended September 30, 2022, the base rate of the submerged land lease was $6,027 and the total annual rent that the City paid was $92,488.

The following is a schedule of minimum future lease payments from lease agreements as of September 30, 2022:

For the years ending September 30,	Principal Payments	Interest Expense	Total
2023	$ 5,708	$ 319	$ 6,027
2024	5,786	241	6,027
2025	5,865	162	6,027
2026	5,946	81	6,027
Total	$ 23,305	$ 803	$ 24,108

Note 3: DETAILED NOTES ON ALL FUNDS (continued)

Long Term Debt – Business-Type Activities (continued)

Revenue Certificates

This liability consists of revenue certificates payable to various developers for extensions made to the City's water and waste water systems. The revenue certificates are payable solely from a percentage of the impact fees collected by the City for water or waste water connections. In the event insufficient connections are made or the City is unable to collect sufficient impact fees to satisfy the certificate on or before its due date, the certificate shall be void. The City made payments related to the facilities shown below:

	Original Amount of Certificate	Balance at September 30, 2021	Net Changes During the Year	Balance at September 30, 2022
Wild Heron	$ 431,834	$ 27,964	$ (27,964)	$ -
Hills Road	71,550	6,263	-	6,263
Bayside Partners	142,993	116,014	-	116,014
Sunnyside Beach & Tennis	203,385	166,404	-	166,404
Tapestry Park North	96,430	80,117	(3,216)	76,901
Magnolia Beach	100,000	74,084	(3,200)	70,884
TW Olson-Magnolia	490,500	363,372	(15,699)	347,673
St. Andrews Land Company	670,414	496,650	(21,458)	475,192
Ocean Park Pavilion	68,494	68,494	-	68,494
Ocean Park Pavilion	239,795	199,358	(48,270)	151,088
St. Andrews Land Company	212,496	195,948	(2,662)	193,286
Antigua Developers	143,950	21,461	-	21,461
Shores of Panama	250,626	245,580	(2,788)	242,792
Sunset Ave Investments, LLC	12,750	-	12,750	12,750
Individual citizens	67,010	31,165	(12,775)	18,390
Total	$ 3,202,227	$ 2,092,874	$ (125,282)	$ 1,967,592

Payments on these revenue certificates are due 10 to 45 days after connections are made as specified in each revenue certificate.

Note 4: RETIREMENT PLANS

Description of Plans

The City maintains three contributory single-employer defined benefit pension plans (Plans) that provide for retirement, disability and death benefits as described below. These Plans are:

City of Panama City Beach, Florida General Employees' Retirement Plan (General Employees)
City of Panama City Beach, Florida Police Employees' Retirement Plan (Police Employees)
City of Panama City Beach, Florida Fire Employees' Retirement Plan (Fire Employees)

Each plan is administered by a separate board of trustees comprised of five members, two of whom are appointed by the City Council, two of whom are full-time participants of the respective employee group (General, Police, or Fire) and one is chosen by a majority of the previous four members. Each board of trustees is empowered to hire its own attorneys and consultants at the pension fund's expense, and to bring and defend lawsuits.

Summary of Significant Accounting Policies (All Plans)

Basis of Accounting

The Plans' financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits, refunds, and administrative costs are recognized when due and payable in accordance with the terms of each plan. On-behalf payments, made by the state totaling $294,279 and $210,100 for the Fire Employees and Police Employees plans, respectively, were recognized as revenues and expenditures in the General Fund during the year ended September 30, 2022.

Method Used to Value Investments

Investments are reported as disclosed in Note 3.

Presentation of Financial Statements

The Plans do not issue stand-alone financial reports and are not included in the reports of any other entity.

Funding Requirements

The City uses the entry age normal actuarial cost method (EAN) to determine required contributions. This method provides a stable pattern of minimum required contributions at a level dollar amount (for each plan) and allows a more transparent analysis of the changes experienced from one year to the next.

The General Employees plan requires employee contributions at 8.7% of basic compensation. City contributions are actuarially determined sufficient to pay current costs and amortize unfunded past service costs, if any, as provided in Chapter 112, Florida Statutes. For 2022, employee contributions to the plan totaled $892,818, while City contributions were $1,334,190 or 13% of covered payroll.

Note 4: RETIREMENT PLANS (Continued)

Summary of Significant Accounting Policies (All Plans) (continued)

Florida Statutes, Chapters 175 and 185, require members to contribute not less than .5% of their annual salary. The Police Employees plan, as approved by the City Council, requires members to contribute 11% of their basic compensation except for those police officers who elect the "20 & out" tier. These members are required to contribute 13% of their annual covered salary. The Fire Employees plan, as approved by the City Council, requires members to contribute 4.10% of their basic compensation except for those firefighters who elect the "25 & out" tier. These members are required to contribute 7.50% of their annual covered salary. The City is required to contribute at an actuarially determined rate, which includes the state's premium tax proceeds. Employer contributions for police officers and firefighters include on-behalf payments from the state of Florida related to state excise taxes collected on homeowners' insurance policies.

The current required employer contribution rate is 11.70% of annual covered payroll for police officers and 19.19% of covered payroll for firefighters. Employee contributions were $516,569 and $165,632 while City contributions were $543,011 and $644,790 for Police Employees and Fire Employees plans, respectively, for the year ended September 30, 2022. Municipalities that have established pension plans complying with the provisions of Chapters 175 and 185, Florida Statutes, and that have enacted appropriate taxing legislation are eligible to receive revenues generated from excise taxes on gross receipts of certain insurance premiums from policyholders covering property within the City limits.

These state premium tax proceeds are the Firefighters' Pension Fund Excise Tax, which is imposed on the gross receipts of property insurance policy premiums, and the Police Officers' Pension Fund Excise Tax, which is imposed on the gross receipts of casualty insurance policy premiums. These revenues, taken as a whole, amounted to $504,379 for the year ended September 30, 2022.

Plan Membership and Benefits

The makeup of plan participants as of the September 30, 2022, valuation was as follows:

Plan Membership	General Employees	Police Employees	Fire Employees
Inactive plan members or beneficiaries currently receiving benefits	96	32	18
Inactive plan members entitled to, but not yet receiving benefits	6	3	2
Active plan members	186	70	54
Total plan membership	288	105	74

Note 4: RETIREMENT PLANS (Continued)

Plan Membership and Benefits (continued)

All three plans provide retirement, termination, disability, and death benefits. A summary of those benefits, by plan, is outlined below.

	General Employees	Police Employees	Fire Employees
Normal Retirement:	The earlier of age 50 and 20 years of service or age 55 and 10 years of service.	The earlier of age 50 and 20 years of service, age 55 and 10 years of service, or 25 years of service regardless of age.	The earlier of age 50 and 20 years of service, age 55 and 10 years of service, or if elected the 25 & Out Tier, 25 years of service regardless of age.
	Benefit equals 2.5% x Avg Monthly Comp x credited service prior to 10/1/2005, plus 3.0% x Avg Monthly Comp x credited service after 9/30/2005, but the total not more than 100% of average final compensation (excluding COLA's).	Benefit equals 3.5% x Avg Monthly Comp x credited service, but not more than 100% of average final compensation (excluding COLA's).	Benefit equals 3.35% x Avg Monthly Comp x credited service, but not more than 100% of average final compensation (excluding COLA's).
Early Retirement:	Age 48 and 10 years of service, reduced at 1/15 per year first 5 years and 1/30 per year for each of the next 2 years by which the benefit commencement date precedes his Normal Retirement Date.	Age 50 and 10 years of service, reduced at 3% per year (.25% per month) for each period by which the benefit commencement date precedes his Normal Retirement Date.	Age 50 and 10 years of service, reduced at 3% per year (.25% per month) for each period by which the benefit commencement date precedes his Normal Retirement Date.

Note 4: RETIREMENT PLANS (Continued)

Plan Membership and Benefits (continued)

	General Employees	Police Employees	Fire Employees
Termination of Employment:	Employees who terminate their employment after completing 10 years of Credited Service for reason other than death, disability, or retirement shall be entitled to a vested deferred monthly benefit commencing at their Normal Retirement Date equal to their Accrued Benefit. If a participant terminates after completing 10 years but prior to being eligible for retirement then with less than 20 years of credited service, his annuity can begin unreduced at age 55 or reduced (1/15, 1/30 per year) between ages 45-55. With 20 or more years of Credited Service, his annuity can begin unreduced at age 50 or reduced (1/30 per year) between ages 48-50.	Employees who terminate their employment after completing 10 years of Credited Service for reason other than death, disability, or retirement shall be entitled to a vested deferred monthly benefit commencing at their Normal Retirement Date equal to their Accrued Benefit. If a participant terminates after completing 10 years but prior to being eligible for retirement then with less than 20 years of credited service, his annuity can begin unreduced at age 55 or reduced (3% per year) between ages 50-55. With 20 or more years of Credited Service, his annuity can begin unreduced at age 50.	Employees who terminate their employment after completing 10 years of Credited Service for reason other than death, disability, or retirement shall be entitled to a vested deferred monthly benefit commencing at their Normal Retirement Date equal to their Accrued Benefit. If a participant terminates after completing 10 years but prior to being eligible for retirement then with less than 20 years of credited service, his annuity can begin unreduced at age 55 or reduced (3% per year) between ages 50-55. With 20 or more years of Credited Service, his annuity can begin unreduced at age 50.
Disability Benefits:	Job-related disability benefit equal to the greater of the Accrued Benefit or 42% of Avg Final Comp as of the date of disability.	Job-related disability benefit equal to the greater of the Accrued Benefit or 42% of Avg Final Comp as of the date of disability.	Job-related disability benefit equal to the greater of the Accrued Benefit or 42% of Avg Final Comp as of the date of disability.

Note 4: RETIREMENT PLANS (Continued)

Plan Membership and Benefits (continued)

Disability Benefits (continued):	Non-job-related disability with ten or more years of Credited Service will receive a benefit equal to the participant's Accrued Benefit as of the date of disability.	Non-job-related disability with ten or more years of Credited Service will receive a benefit equal to the participant's Accrued Benefit as of the date of disability.	Non-job-related disability with ten or more years of Credited Service will receive a benefit equal to the participant's Accrued Benefit as of the date of disability.
Pre-retirement Death Benefits:	Survivor benefit is equal to 100 x plan member's monthly Accrued Benefit based on Credited Service & Avg Final Comp at time of death.	Survivor benefit is equal to 100 x plan member's monthly Accrued Benefit based on Credited Service & Avg Final Comp at time of death.	Survivor benefit is equal to 100 x plan member's monthly Accrued Benefit based on Credited Service & Avg Final Comp at time of death.
Deferred Retirement Option (DROP):	Employees eligible at normal retirement date. Accrued benefit frozen but earns interest plus cost-of-living adjustments, if any, until DROP exit (no more than 5 years later).	Employees eligible at normal retirement date. Accrued benefit frozen but earns interest plus cost-of-living adjustments, if any, until DROP exit (no more than 5 years later).	Employees eligible at normal retirement date. Accrued benefit frozen but earns interest plus cost-of-living adjustments, if any, until DROP exit (no more than 5 years later).

Pension Plan Investments

Each plan's investment policy was adopted by the respective Pension Board of Trustees, which has the authority for establishing and amending investment policy decisions for each of the plans that they administer. The policy outlines suitable, authorized investments along with asset allocations.

Independent investment managers and an independent custodian handle all pension investments and disbursements.

In order to provide for a diversified portfolio, several investment management firms are selected to be responsible for the assets and allocation of the Trustees' mandate only, and are provided specific performance objectives and investment criteria. In order to maintain a balanced portfolio, the allocation of assets are targeted at no more than 5% in common stock, capital stock, or convertible stock of any one issuing company. Fixed income investments issued to any single corporation shall not exceed 5% of the total fund and all investments. The plans did not hold investments in any one organization that represent 5% or more of the plans' fiduciary net position.

Note 4: RETIREMENT PLANS (Continued)

Pension Plan Investments (continued)

For the year ended September 30, 2022, the annual money-weighted rate of return on the plans' investments, net of pension investment expense, was as follows:

	General Employees	Police Employees	Fire Employees
Annual money-weighted rate of return net of investment expenses	-18.10%	-18.20%	-18.10%

Net Pension Liability, Significant Assumptions, And Discount Rate

The components of the net pension liability of the City as of September 30, 2022, were as follows:

General employees	
Total pension liability	$ 49,897,583
Plan fiduciary net position	(41,133,108)
City's net pension liability	$ 8,764,475
Plan fiduciary net position as a percentage of the total pension liability	82.44%
Police employees	
Total pension liability	$ 31,070,496
Plan fiduciary net position	(24,258,456)
City's net pension liability	$ 6,812,040
Plan fiduciary net position as a percentage of the total pension liability	78.08%
Fire employees	
Total pension liability	$ 24,029,646
Plan fiduciary net position	(17,801,272)
City's net pension liability	$ 6,228,374
Plan fiduciary net position as a percentage of the total pension liability	74.08%

Note 4: RETIREMENT PLANS (Continued)

Net Pension Liability, Significant Assumptions, And Discount Rate (continued)

The total pension liability was determined by an actuarial valuation as of October 1, 2021, using the following actuarial assumptions applied to all measurement periods for each plan.

	General Employees	Police Employees	Fire Employees
Inflation	2.50%	2.50%	2.50%
Salary increases (including inflation)	4.50%	5.00%	6.00%
Investment rate of return (net of investment expense, including inflation)	7.00%	7.00%	7.00%
Discount rate	7.00%	7.00%	7.00%

Mortality rates were based on the PUB 2010 adjusted for the safety classification, set forward one year, projected using scale MP 2018 (Florida Retirement System Special Risk mortality) for the Police and Fire Employees plans. The PUB 2010 adjusted for the below median general classification, set back on year for males, projected using scale MP 2018 (Florida Retirement System Regular Risk mortality) was used for the General Employees plan. Disabled tables were used for disabled lives.

For all three plans, actuarial assumptions, with the excpetion of the investment return and mortality, used in the October 1, 2021 valuation were selected as a result of an experience study, and are reviewed annually for reasonableness.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plans' target asset allocation as of September 30, 2022, are summarized in the following table:

	General Employees		Police Employees		Fire Employees	
Asset Class	Target Allocation	Long-term Expected Rate of Return	Target Allocation	Long-term Expected Rate of Return	Target Allocation	Long-term Expected Rate of Return
Large cap equity	30.00%	3.90%	30.00%	3.90%	30.00%	3.90%
Small cap equity	20.00%	4.40%	20.00%	4.40%	20.00%	4.40%
International equity	15.00%	5.00%	15.00%	5.00%	15.00%	5.00%
Emerging markets equity	0.00%	5.30%	0.00%	5.30%	0.00%	5.30%
Fixed income	25.00%	0.00%	25.00%	0.00%	25.00%	0.00%
Real estate	5.00%	3.10%	5.00%	3.10%	5.00%	3.10%
Cash	5.00%	N/A	5.00%	N/A	5.00%	N/A

Note 4: RETIREMENT PLANS (Continued)

Net Pension Liability, Significant Assumptions, And Discount Rate (continued)

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

Pension Expense and Deferred Inflows/Outflows of Resources Related to Pensions

For the year ended September 30, 2022, the City recognized a pension expense of $2,752,643 for the General Employees plan; $1,872,793 for the Police Employees plan; and $1,942,236 for the Fire Employees plan. On September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	General Employees		Police Employees		Fire Employees	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 1,089,567	$ 886,973	$ 953,083	$ 1,029,183	$ 1,392,480	$ 231,722
Changes of assumptions	2,079,580	-	1,391,214	-	1,257,640	-
Net difference between projected and actual earnings	6,619,731	43,073	4,258,186	-	2,903,298	-
Contributions made subsequent to the measurement date	-	-	-	-	-	-
Total	$ 9,788,878	$ 930,046	$ 6,602,483	$ 1,029,183	$ 5,553,418	$ 231,722

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

For the years ending September 30,	General Employees	Police Employees	Fire Employees
2023	$ 2,245,322	$ 1,504,403	$ 1,321,191
2024	2,091,474	1,164,898	1,144,801
2025	1,899,107	1,246,921	1,178,860
2026	2,622,929	1,657,078	1,547,246
2027	-	-	129,598
2028-2032	-	-	-
Total	$ 8,858,832	$ 5,573,300	$ 5,321,696

Note 4: RETIREMENT PLANS (Continued)

Changes in Net Pension Liability and Sensitivity to Changes in Discount Rate

General Employees

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at September 30, 2021	$ 46,174,005	$ 50,899,024	$ (4,725,019)
Changes for the year			
Service cost	1,736,456	-	1,736,456
Interest	3,261,345	-	3,261,345
Differences between expected and actual experience	1,410,824	-	1,410,824
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - employer	-	1,334,190	(1,334,190)
Contributions - employee	-	892,818	(892,818)
Net investment income	-	(9,156,543)	9,156,543
Benefit payments, including refunds of employee contributions	(2,685,047)	(2,685,047)	-
Administrative expense	-	(151,334)	151,334
Net changes	3,723,578	(9,765,916)	13,489,494
Balances at September 30, 2022	$ 49,897,583	$ 41,133,108	$ 8,764,475

The sensitivity of the net pension liability to changes in the discount rate is shown below.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's net pension liability - General Employees	$ 12,961,905	$ 8,764,475	$ 2,175,107

Note 4: RETIREMENT PLANS (Continued)

Changes in Net Pension Liability and Sensitivity to Changes in Discount Rate (continued)

Police Employees

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at September 30, 2021	$ 28,810,337	$ 29,971,187	$ (1,160,850)
Changes for the year			
Service cost	786,639	-	786,639
Interest	2,022,526	-	2,022,526
Differences between expected and actual experience	882,716	-	882,716
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - employer	-	543,011	(543,011)
Contributions - state	-	210,100	(210,100)
Contributions - employee	-	516,569	(516,569)
Net investment income	-	(5,442,351)	5,442,351
Benefit payments, including refunds of employee contributions	(1,431,722)	(1,431,722)	-
Administrative expense	-	(108,338)	108,338
Net changes	2,260,159	(5,712,731)	7,972,890
Balances at September 30, 2022	$ 31,070,496	$ 24,258,456	$ 6,812,040

The sensitivity of the net pension liability to changes in the discount rate is shown below.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's net pension liability - Police Employees	$ 9,941,580	$ 6,812,040	$ 2,730,386

Note 4: RETIREMENT PLANS (Continued)

Changes in Net Pension Liability and Sensitivity to Changes in Discount Rate (continued)

Fire Employees

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at September 30, 2021	$ 22,333,230	$ 22,183,256	$ 149,974
Changes for the year			
Service cost	716,814	-	716,814
Interest	1,565,410	-	1,565,410
Differences between expected and actual experience	811,908	-	811,908
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - employer	-	644,790	(644,790)
Contributions - state	-	294,279	(294,279)
Contributions - employee	-	165,632	(165,632)
Net investment income	-	(3,988,600)	3,988,600
Benefit payments, including refunds of employee contributions	(1,397,716)	(1,397,716)	-
Administrative expense	-	(100,369)	100,369
Net changes	1,696,416	(4,381,984)	6,078,400
Balances at September 30, 2022	$ 24,029,646	$ 17,801,272	$ 6,228,374

The sensitivity of the net pension liability to changes in the discount rate is shown below.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's net pension liability - Fire Employees	$ 9,324,221	$ 6,228,374	$ 3,093,785

Pension Plan Financial Statements

The City does not issue separate financial statements for the General Employees, Police Employees or the Fire Employees pension plans. The basic financial statements of the City include a statement of net position and a statement of changes in fiduciary net position that presents a single column for each fund type for all pension trust funds.

Note 5: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

The City administers a single-employer defined benefit healthcare plan (the "Plan") that provides medical insurance to its employees and their eligible dependents. Pursuant to Section 112.0801 Florida Statutes, the City is required to provide eligible retirees (as defined in the City's pension plans) the opportunity to participate in this Plan at the same cost that is applicable to active employees. The City does not issue stand-alone financial statements for this Plan. All financial information related to the Plan is accounted for in the City's basic financial statements.

Funding Policy

The City is funding the post employee benefits on a pay-as-you-go basis. Contribution rates for the Plan are established by City Council annually during the budget process. The City does not pay for health insurance premiums for retirees. Blended premium rates for active and retired employees combined provide an implicit subsidy for retirees because on an actual basis, their current and future claims are expected to result in higher costs to the Plan than those of active employees. The current year contributions are determined as annualized claims incurred based on the retiree age at the beginning of the fiscal year and the claims table used for liability determination offset by the annual premium paid by the retiree for such coverage. City contributions are assumed to be equal to benefits paid.

Plan Membership:

At the valuation date October 1, 2021, OPEB membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	44
Active employees	377
Total	421

Actuarial Assumptions and Other Inputs

At the September 30, 2022 measurement date, the actuarial assumptions and other inputs, applied include the following:

Salary increases	2.5% per annum
Discount rate	4.02% per annum
Health care cost trend rates	4.50%

The discount rate was selected based on a 20-year tax-exempt high-quality general obligation municipal bond yield of index. The Bond Buyer 20-Bond General Obligation Index is the average rating of 20 bonds that are grade 'Aa2' (Moody's) or grade 'AA' (S&P 500). The Bond Buyer 20-Bond General Obligation Index at September 30, 2022 was 4.02%.

Mortality rates were based on the RP-2014 Mortality Tables for Males and Females as appropriate with both rates, fully generational with adjustments for mortality improvements based on Scale MP-2019.

The actuarial assumptions used in the October 1, 2021 valuation were not based on the results of an actuarial experience study.

Note 5: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

Actuarial Assumptions and Other Inputs (continued)

At September 30, 2022, the City reported a total OPEB liability of $1,880,708. The information has been provided as of the September 20, 2022 measurement date.

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Total OPEB Liability (a) - (b)
Balance as of October 1, 2021	$ 2,154,857	$ -	$ 2,154,857
Changes for the year			
Service cost	97,899	-	97,899
Interest	56,749	-	56,749
Change of assumptions	-	-	-
Difference between expected and actual experience	(363,448)	-	(363,448)
Changes in benefit terms	-	-	-
Contributions - employer (Implicit rate subsidy)	(65,349)	65,349	(130,698)
Net investment income	-	-	-
Benefit payments	-	(65,349)	65,349
Administrative expenses	-	-	-
Net changes	(274,149)	-	(274,149)
Balance as of September 30, 2022	$ 1,880,708	$ -	$ 1,880,708

The methods, assumptions, and participant data used are detailed in the actuarial valuation report dated October 1, 2021, and these calculations are based on the Entry Age Normal cost method required by GASB P52*: Postemployment Benefits Other Than Pensions*.

Sensitivity of the Net OPEB Liability

The following table represents the City's total and net OPEB liability calculated using the discount rate of 4.02%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.02%) or one percentage point higher (5.02%) than the current rate:

	1% Decrease 3.02%	Current Discount Rate 4.02%	1% Increase 5.02%
Net OPEB liability	$ 2,198,562	$ 1,880,708	$ 1,631,962

The following table represents the City's total and net OPEB liability calculated using the health care cost trend rate of 4.50 %, as well as what the City's net OPEB liability would be if it were calculated using a health care cost trend rate that is one percentage point lower (3.50%) or one percentage point higher (5.50%) than the current rate:

	1% Decrease (3.50%)	Ultimate Trend (4.50%)	1% Increase (5.50%)
Net OPEB liability	$ 1,618,611	$ 1,880,708	$ 2,210,492

Note 5: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended September 30, 2022, the City recognized an OPEB expense of $92,648. In addition the City reported deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 424,048	$ 460,544
Change of assumptions	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	-	-
Total	$ 424,048	$ 460,544

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

For the years ending September 30,	
2023	$ 3,349
2024	3,349
2025	3,349
2026	3,349
2027	3,349
Thereafter	(53,241)
Total	$ (36,496)

Note 6: COMMITMENTS AND CONTINGENCIES

During the ordinary course of its operation, the City is party to various claims, legal actions, and complaints. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of counsel for the City, the liabilities which may arise from such actions would not result in losses which would exceed the liability insurance limits in effect at the time the claim arose or otherwise materially affect the financial condition of the City or results of activities.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund(s). The amount, if any, of expenditures from current or prior years which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts not recorded, if any, to be immaterial.

Note 6: COMMITMENTS AND CONTINGENCIES (continued)

On November 30, 1999, the City entered into a contract to purchase water from Bay County. The terms of the contract require that the City must purchase a minimum of five billion, three hundred ninety-five million (5,395,000,000) gallons of water each fiscal year. During 2002, the minimum purchase amount was amended to five billion, eighty-two million, one hundred thousand (5,082,100,000) gallons. In the event of a shortfall, the City is required to pay Bay County an amount equal to the number of gallons short, at an agreed upon amount ($.335 per thousand gallons). During the year ended September 30, 2022, the City's cost of water purchased from Bay County was $9,486,182. The City did not meet its minimum purchase obligation for 2022 and as a result there was an amount due of $21,090 at September 30, 2022. However, this liability was offset by $571,335 representing credits given in accordance with the interlocal agreement with Bay County. As a result of these credits, there was no liability due to Bay County under the "take or pay" contract at September 30, 2022.

At September 30, 2022, the City had open construction contract commitments of approximately $288,000.

Note 7: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The City purchases separate commercial insurance coverage for workers' compensation, liability, and property damage. Coverage for workers' compensation and automobile claims are limited to the maximum liability exposure the City faces under Florida statutes. Coverage for general liability claims is a maximum of $1,000,000 per occurrence.

The commercial insurance carried is a claims incurred policy for which the City is covered for claims originating against the City during the policy period. The amount of coverage is dependent on the date of the liability-imposing event. The City has maintained continuous coverage and does not believe it has any exposure to events which occurred prior to the year ended September 30, 2022.

Note 8: SELF INSURANCE FOR EMPLOYEE MEDICAL BENEFITS

Effective January 1, 2013, the City became partially self-insured with respect to employee health insurance coverage. The plan covers all eligible active and retired employees and their dependents. Blue Cross/Blue Shield of Florida provides claims processing and administrative services for the plan.

The plan provides coverage up to a maximum of $100,000 per contract and approximately $1,000,000 for the aggregate of contracts.

The City's insurance consultant established monthly premiums based upon the City's historical claims history. A portion of the monthly premium is paid to Blue Cross/Blue Shield of Florida for claims processing and administrative services. The balance of the premium is deposited to an account maintained in the general fund.

Note 8: SELF INSURANCE FOR EMPLOYEE MEDICAL BENEFITS (continued)

Monthly invoices are submitted by Blue Cross/Blue Shield of Florida representing claims paid on the City's behalf. The invoices are paid from the claims account previously referenced. The balance in the claims liability account at year end represents claims incurred prior to year-end and paid subsequent to September 30, 2022, and a provision for incurred but not yet reported claims, as well as a provision for potential future claims in excess of the re-insurance coverage limits.

Each fund and department reports the premium costs related to its employees, while the actual claims, cash and liability accounts are reported in the general fund. No actuarial estimate has been utilized to establish the claims reserve at fiscal year-end.

Funding for health insurance premiums is derived from three sources:

- City contribution for active employees
- Active employee contributions for dependent coverage
- Retired employee contributions

For the fiscal year ended September 30, 2022, the change in the claims liability was as follows:

Claims liability, October 1, 2021	$	1,964,834
Total transfers to the claims account from premiums, rebates, and other		2,794,192
Total transfers out of the claims account for claims, reinsurance fees, and other		(2,572,039)
Claims liability, September 30, 2022	$	2,186,987

Note 9: PIER PARK

The City entered into an agreement in late 2001, with the Panama City Beach Community Redevelopment Agency (the CRA), the Pier Park Community Development District (the CDD) and the St. Joe Company (St. Joe) titled the "Public Improvement Partnership Agreement" (the PIPA). This agreement provided for the construction of improvements in the Pier Park Redevelopment Area and the transfer of properties between the parties to facilitate the development of this area.

The CDD was authorized to issue debt to provide funds for public improvements constructed in the Pier Park Redevelopment Area. The City has pledged tax increment revenue collected within Pier Park to the CDD to be applied to the payment of interest and principal on the debt obligations. For the year ended September 30, 2022, tax increment funds remitted by Bay County to the City for the Pier Park CRA were $471,235. These funds were subsequently paid to the CDD by the City.

In May 2014, the City passed resolution 14-65 which amended the PIPA including the method of computing and paying the annual reinvestment amount. Under the amendment, the City is required to pay to the CDD, by the 10th day of the month, the amount of Pier Park Occupational License Tax Revenue received during the preceding month, or so much thereof as may be required until the actual (when known) or projected annual reinvestment for the current fiscal year has been paid in full.

The total amount of business taxes collected within the Pier Park Redevelopment Area in the fiscal year ended September 30, 2022 were $2,936,731. Under the terms of the amended PIPA, $2,366,293 was remitted to the CDD and $570,438 was retained by the City. A copy of the agreement is available at City Hall, located at 17007 Panama City Beach Pkwy, Panama City Beach, Florida 32413.

Note 10: FUND BALANCE CONSTRAINTS

The constraints on fund balance as listed in the aggregate in the balance sheet are detailed below according to balance classification and fund.

Fund Balances	General Fund	Community Redevelopment Fund	Other Governmental Funds	Total
Nonspendable				
Prepaids	$ 768,793	$ 16	$ 8	$ 768,817
Inventory	21,107	-	-	21,107
Total nonspendable	789,900	16	8	789,924
Restricted				
Highways and streets	$ 1,526,123	$ -	$ -	$ 1,526,123
Public safety	6,622	-	55,443	62,065
Debt service	-	8,164,747	-	8,164,747
Community redevelopment	-	30,749,142	-	30,749,142
Reforestation	5,381	-	-	5,381
Impact fees	5,209,451	234,665	-	5,444,116
Building permits	884,623	-	-	884,623
Public parking	-	-	795,066	795,066
Storm water	-	-	3,219,638	3,219,638
Construction	-	29,844,395	-	29,844,395
Total restricted	7,632,200	68,992,949	4,070,147	80,695,296
Committed				
Construction	288,012	-	-	288,012
Total committed	288,012	-	-	288,012
Assigned				
Subsequent years	7,811,139	-	-	7,811,139
Compensated absences	500,000	-	-	500,000
Road maintenance	1,000,000	-	-	1,000,000
Building renewal and replacement	1,000,000	-	-	1,000,000
Future capital projects	2,800,000	-	-	2,800,000
Self-insurance	1,686,186	-	-	1,686,186
Pension	-	-	-	-
Community redevelopment	-	245,519	-	245,519
Public safety	-	-	14,784	14,784
Total assigned	14,797,325	245,519	14,784	15,057,628
Unassigned	28,069,241	-	-	28,069,241
Total fund balances	$ 51,576,678	$ 69,238,484	$ 4,084,939	$ 124,900,101

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios
Last Nine Fiscal Years
General Employees

As of and for the year ended September 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service cost	**$ 1,736,456**	$ 1,352,512	$ 1,294,270	$ 1,144,923	$ 1,098,483	$ 1,081,152	$ 1,015,477	$ 1,057,919	$ 1,040,681
Interest	**3,261,345**	3,206,254	3,272,081	3,156,029	3,134,812	2,878,833	2,715,866	2,488,143	864,624
Changes of benefit terms	**-**	174,867	-	-	-	-	-	-	-
Differences between expected and actual experiences	**1,410,824**	(1,046,563)	(1,187,680)	(420,235)	(1,670,609)	(982,721)	(642,786)	157,575	1,874,051
Changes of assumptions	**-**	3,665,054	430,656	-	-	486,743	-	-	-
Benefit payments, including refunds of member contributions	**(2,685,047)**	(1,828,524)	(1,843,785)	(2,334,202)	(2,340,677)	(967,953)	(1,067,418)	(1,255,002)	(1,285,877)
DROP adjustment	**-**	-	-	-	-	-	-	534,139	-
Net change in total pension liability	**3,723,578**	5,523,600	1,965,542	1,546,515	222,009	2,496,054	2,021,139	2,448,635	2,493,479
Total pension liability - beginning	**46,174,005**	40,650,404	38,684,860	37,138,346	36,916,337	34,420,283	32,399,144	29,416,370	26,922,891
Total pension liability - ending (a)	**49,897,583**	46,174,004	40,650,402	38,684,861	37,138,346	36,916,337	34,420,283	31,865,005	29,416,370
Plan Fiduciary Net Position									
Contributions - employer	**1,334,190**	1,097,316	659,426	805,890	745,847	809,369	892,284	995,644	1,095,319
Contributions - member	**892,818**	808,227	717,126	686,294	631,150	571,937	563,913	538,751	548,921
Contributions - Buy back of service	**-**	-	-	-	6,433	-	-	-	-
Net investment income (loss)	**(9,156,543)**	7,910,521	4,098,315	1,564,559	2,939,347	4,128,258	2,525,763	(550,968)	2,892,762
Benefit payments, including refunds of member contributions	**(2,685,047)**	(1,828,524)	(1,843,785)	(2,334,202)	(2,340,677)	(967,953)	(1,067,418)	(1,255,002)	(1,285,877)
Administrative expense	**(151,334)**	(105,086)	(106,296)	(84,853)	(31,038)	(20,903)	(24,884)	(29,135)	(23,565)
DROP adjustment	**-**	-	-	-	-	-	-	534,139	-
Net change in plan fiduciary net position	**(9,765,916)**	7,882,454	3,524,786	637,688	1,951,062	4,520,708	2,889,658	(300,710)	3,227,560
Plan fiduciary net position - beginning	**50,899,024**	43,016,572	39,491,786	38,854,099	36,903,037	32,382,329	29,492,671	29,259,242	26,031,682
Plan fiduciary net position - ending (b)	**41,133,108**	50,899,026	43,016,572	39,491,787	38,854,099	36,903,037	32,382,329	28,958,532	29,259,242
Net pension liability (asset) - ending (a) - (b)	**$ 8,764,475**	$ (4,725,022)	$ (2,366,170)	$ (806,926)	$ (1,715,753)	$ 13,300	$ 2,037,954	$ 2,906,473	$ 157,128
Plan fiduciary net position as a percentage of the total pension liability	**82.44%**	110.23%	105.82%	102.09%	104.62%	99.96%	94.08%	90.88%	99.47%
Covered payroll	**$ 10,262,278**	$ 9,289,961	$ 8,392,421	$ 7,888,434	$ 7,254,593	$ 6,573,994	$ 6,483,319	$ 6,238,976	$ 5,500,368
Net pension liability (asset) as a percentage of covered payroll	**85.40%**	-50.86%	-28.19%	-10.23%	-23.65%	0.20%	31.43%	46.59%	2.86%

Notes 1: GASB Codification P20 requires information for 10 years. However, until a full 10-year trend is compiled, the City is presenting information for only the years for which information is available

Schedule of Contributions
Last Nine Fiscal Years
General Employees

As of and for the year ended September 30,	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Actuarially determined contribution	**$ 1,233,526**	$ 1,092,499	$ 224,917	$ 474,884	$ 657,992	$ 642,937	$ 672,608	$ 869,713	$ 880,755
Contributions made in relation to the actuarially determined contribution	**1,334,190**	1,097,316	659,426	805,890	745,847	809,369	892,284	995,644	1,095,319
Contribution deficiency (excess)	**$ (100,664)**	$ (4,817)	$ (434,509)	$ (331,006)	$ (87,855)	$ (166,432)	$ (219,676)	$ (125,931)	$ (214,564)
Covered payroll	**$ 10,262,278**	$ 9,289,961	$ 8,392,421	$ 7,888,434	$ 7,254,593	$ 6,573,994	$ 6,483,319	$ 6,238,976	$ 5,500,368
Contributions as a percentage of covered payroll	**13.00%**	11.81%	7.86%	10.22%	10.28%	12.31%	13.76%	15.96%	19.91%

Notes to Schedule:
Valuation Date: 10/1/21

Note 1: Valuation date: Actuarially determined contribution rates are calculated as of October 1, one year prior to the end of the fiscal year in which contributions are reported.

Notes 2: GASB Codification P20 requires information for 10 years. However, until a full 10-year trend is compiled, the City is presenting information for only the years for which information is available

Schedule of Changes in Net Pension Liability and Related Ratios
Last Nine Fiscal Years
Police Employees

As of and for the year ended September 30,	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Total Pension Liability									
Service cost	**$ 786,640**	$ 728,008	$ 557,073	$ 614,104	$ 621,201	$ 609,635	$ 546,733	$ 520,895	$ 479,598
Interest	**2,022,526**	2,059,834	1,895,622	1,827,811	1,760,885	1,650,451	1,528,848	1,525,052	304,873
Changes of benefit terms	**-**	65,485	-	-	-	-	-	-	-
Differences between expected and actual experiences	**882,716**	(1,719,285)	604,375	295,905	(516,658)	(53,433)	317,692	(181,955)	1,536,515
Changes of assumptions	**-**	2,307,322	-	69,958	-	174,190	-	-	-
Benefit payments, including refunds of member contributions	**(1,431,722)**	(945,403)	(1,290,489)	(987,025)	(1,056,520)	(967,438)	(904,815)	(926,647)	(1,037,205)
Net change in total pension liability	**2,260,160**	2,495,961	1,766,581	1,820,753	808,908	1,413,405	1,488,458	937,345	1,283,781
Total pension liability - beginning	**28,810,336**	26,314,379	24,547,798	22,727,044	21,918,136	20,504,731	19,016,273	18,078,928	16,795,147
Total pension liability - ending (a)	**31,070,496**	28,810,340	26,314,379	24,547,797	22,727,044	21,918,136	20,504,731	19,016,273	18,078,928
Plan Fiduciary Net Position									
Contributions - employer	**543,011**	442,591	514,218	720,133	577,269	580,095	590,606	589,810	646,023
Contributions - member	**516,569**	466,762	422,039	502,866	373,527	344,327	338,561	325,235	307,896
Contributions - state	**210,100**	191,852	185,075	170,055	155,114	142,663	137,097	117,870	111,257
Net investment income (loss)	**(5,442,351)**	4,735,706	2,420,688	904,516	1,596,109	2,226,214	1,355,563	(280,772)	1,723,373
Benefit payments, including refunds of member contributions	**(1,431,722)**	(945,403)	(1,290,489)	(987,025)	(1,056,520)	(967,438)	(904,815)	(926,647)	(1,037,205)
Administrative expense	**(108,338)**	(83,393)	(86,951)	(64,615)	(36,961)	(24,921)	(18,136)	(20,470)	(18,632)
Net change in plan fiduciary net position	**(5,712,731)**	4,808,115	2,164,580	1,245,930	1,608,538	2,300,940	1,498,876	(194,974)	1,732,712
Plan fiduciary net position - beginning	**29,971,187**	25,163,072	22,998,492	21,752,561	20,144,023	17,843,083	16,344,207	16,539,181	14,806,469
Plan fiduciary net position - ending (b)	**24,258,456**	29,971,187	25,163,072	22,998,491	21,752,561	20,144,023	17,843,083	16,344,207	16,539,181
Net pension liability - ending (a) - (b)	**$ 6,812,040**	$ (1,160,847)	$ 1,151,307	$ 1,549,306	$ 974,483	$ 1,774,113	$ 2,661,648	$ 2,672,066	$ 1,539,747
Plan fiduciary net position as a percentage of the total pension liability	**78.08%**	104.03%	95.62%	93.69%	95.71%	91.91%	87.02%	85.95%	91.48%
Covered payroll	**$ 4,525,089**	$ 4,023,558	$ 3,895,753	$ 4,175,768	$ 3,395,701	$ 3,130,244	$ 3,078,788	$ 2,967,537	$ 2,732,684
Net pension liability as a percentage of covered payroll	**150.54%**	-28.85%	29.55%	37.10%	28.70%	56.68%	86.45%	90.04%	56.35%

Notes 1: GASB Codification P20 requires information for 10 years. However, until a full 10-year trend is compiled, the City is presenting information for only the years for which information is available

Schedule of Contributions
Last Nine Fiscal Years
Police Employees

As of and for the year ended September 30,	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Actuarially determined contribution	**$ 529,435**	$ 256,703	$ 405,548	$ 529,487	$ 522,598	$ 536,211	$ 626,841	$ 568,283	$ 691,416
Contributions made in relation to the actuarially determined contribution	**543,011**	466,762	514,218	720,133	577,269	580,095	590,606	589,810	757,280
Contribution deficiency (excess)	**$ (13,576)**	$ (210,059)	$ (108,670)	$ (190,646)	$ (54,671)	$ (43,884)	$ 36,235	$ (21,527)	$ (65,864)
Covered payroll	**$ 4,525,089**	$ 4,023,558	$ 3,895,753	$ 4,175,768	$ 3,395,701	$ 3,130,244	$ 3,078,788	$ 2,967,537	$ 2,732,684
Contributions as a percentage of covered payroll	**12.00%**	11.60%	13.20%	17.25%	17.00%	18.53%	19.18%	19.88%	27.71%

Notes to Schedule:
Valuation Date: 10/1/21

Note 1: Valuation date: Actuarially determined contribution rates are calculated as of October 1, one year prior to the end of the fiscal year in which contributions are reported.

Notes 2: GASB Codification P20 requires information for 10 years. However, until a full 10-year trend is compiled, the City is presenting information for only the years for which information is available

Schedule of Changes in Net Pension Liability and Related Ratios
Last Nine Fiscal Years
Firefighter Employees

As of and for the year ended September 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service cost	**$ 716,814**	$ 494,293	$ 365,093	$ 298,547	$ 270,658	$ 262,044	$ 261,854	$ 239,906	$ 264,424
Interest	**1,565,410**	1,464,010	1,532,827	1,350,842	1,431,146	1,351,472	1,297,175	1,108,633	577,530
Changes of benefit terms	**-**	17,190	-	-	-	-	-	-	-
Differences between expected and actual experiences	**811,908**	510,002	(464,518)	1,499,596	(706,386)	(157,157)	(380,401)	614,707	392,824
Changes of assumptions	**-**	1,907,051	-	-	-	(70,012)	-	-	-
Benefit payments, including refunds of member contributions	**(1,397,716)**	(894,301)	(1,341,145)	(662,160)	(1,572,119)	(790,069)	(596,757)	(461,583)	(428,064)
DROP adjustment		-	-	-	-	-	-	765,571	-
Net change in total pension liability	**1,696,416**	3,498,245	92,257	2,486,825	(576,701)	596,278	581,871	1,501,663	806,714
Total pension liability - beginning	**22,333,230**	18,834,985	18,742,728	16,255,904	16,832,605	16,236,327	15,654,456	13,387,222	12,580,508
Total pension liability - ending (a)	**24,029,646**	22,333,230	18,834,985	18,742,729	16,255,904	16,832,605	16,236,327	14,888,885	13,387,222
Plan Fiduciary Net Position									
Contributions - employer	**644,790**	582,057	460,777	400,000	190,555	266,409	383,158	416,807	501,112
Contributions - member	**165,632**	155,931	127,721	109,254	96,798	80,110	78,955	86,266	146,638
Contributions - state	**294,279**	263,022	226,180	210,227	174,833	176,633	193,237	187,733	206,650
Net investment income (loss)	**(3,988,600)**	3,840,600	1,759,510	694,128	1,229,872	1,812,924	1,124,888	(212,505)	1,243,226
Benefit payments, including refunds of member contributions	**(1,397,716)**	(894,301)	(1,341,145)	(662,160)	(1,572,119)	(790,069)	(596,757)	(461,583)	(428,064)
Administrative expense	**(100,369)**	(72,356)	(77,610)	(56,496)	(21,424)	(21,738)	(21,443)	(26,963)	(31,784)
DROP adjustment		-	-	-	-	-	-	765,571	-
Net change in plan fiduciary net position	**(4,381,984)**	3,874,953	1,155,433	694,953	98,515	1,524,269	1,162,038	(10,245)	1,637,778
Plan fiduciary net position - beginning	**22,183,256**	18,308,303	17,152,870	16,457,918	16,359,403	14,835,134	13,673,096	12,917,770	11,279,992
Plan fiduciary net position - ending (b)	**17,801,272**	22,183,256	18,308,303	17,152,871	16,457,918	16,359,403	14,835,134	12,907,525	12,917,770
Net pension liability (asset) - ending (a) - (b)	**$ 6,228,374**	$ 149,974	$ 526,682	$ 1,589,858	$ (202,014)	$ 473,202	$ 1,401,193	$ 1,981,360	$ 469,452
Plan fiduciary net position as a percentage of the total pension liability	**74.08%**	99.33%	97.20%	91.52%	101.24%	97.19%	91.37%	86.69%	96.49%
Covered payroll	**$ 3,223,950**	$ 3,127,063	$ 2,595,638	$ 2,221,325	$ 1,905,548	$ 1,584,980	$ 1,524,460	$ 1,460,571	$ 1,285,641
Net pension liability (asset) as a percentage of covered payroll	**193.19%**	4.80%	20.29%	71.57%	-10.60%	29.86%	91.91%	135.66%	36.52%

Notes 1: GASB Codification P20 requires information for 10 years. However, until a full 10-year trend is compiled, the City is presenting information for only the years for which information is available

Schedule of Contributions
Last Nine Fiscal Years
Firefighter Employees

As of and for the year ended September 30,	**2022**	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	**$ 618,676**	$ 576,630	$ 421,532	$ 359,855	$ 176,073	$ 125,213	$ 223,668	$ 357,840	$ 550,138
Contributions made in relation to the actuarially determined contribution	**644,790**	582,057	460,777	400,000	190,555	266,409	383,158	416,807	707,762
Contribution deficiency (excess)	**$ (26,114)**	$ (5,427)	$ (39,245)	$ (40,145)	$ (14,482)	$ (141,196)	$ (159,490)	$ (58,967)	$ (157,624)
Covered payroll	**$ 3,223,950**	$ 3,127,063	$ 2,595,638	$ 2,221,325	$ 1,905,548	$ 1,584,980	$ 1,524,460	$ 1,460,571	$ 1,285,641
Contributions as a percentage of covered payroll	**20.00%**	18.61%	17.75%	18.01%	10.00%	16.81%	25.13%	28.54%	55.05%

Notes to Schedule:
Valuation Date: 10/1/21

Note 1: Valuation date: Actuarially determined contribution rates are calculated as of October 1, one year prior to the end of the fiscal year in which contributions are reported.

Notes 2: GASB Codification P20 requires information for 10 years. However, until a full 10-year trend is compiled, the City is presenting information for only the years for which information is available

NOTES TO REQUIRED PENSION SUPPLEMENTARY INFORMATION:

Note 1: PLAN CHANGES IN BENEFIT TERMS

There have been no changes in benefits since the prior valuation of all three pension plans.

Note 2: CHANGES OF ASSUMPTIONS

For all plans, vesting was updated from a 10 year cliff vesting to a graded vesting schedule starting at 50% upon completion of 5 years of service, increasing to 100% at 10 years of service.

NOTES TO REQUIRED PENSION SUPPLEMENTARY INFORMATION: (CONTINUED)

Note 3: METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES

	General Employees	Police Employees	Fire Employees
Actuarial cost method	Entry Age	Entry Age	Entry Age
Amortization method	Amortized as a % of payroll over 20 years	Amortized as a % of payroll over 20 years	Amortized as a % of payroll over 20 years
Remaining amortization period	10 Years (as of 10/1/2021)	10 Years (as of 10/1/2021)	10 Years (as of 10/1/2021)
Asset valuation method	5 Year smoothed market	5 Year smoothed market	5 Year smoothed market
Inflation	2.5%	2.5%	2.5%
Payroll increases	4.5% per year	5% per year	6% per year
Salary increases	4.5% per year	5% per year	6% per year
*Interest rate	7.00%	7.00%	7.00%
Retirement age	Age 55 and 10 years of service or age 50 and 20 years of service.	Age 55 and 10 years of service, age 50 and 20 years of service or 25 years of service regardless of age.	Age 55 and 10 years of service, age 50 and 20 years of service or if elected 25 and out 25 years of service regardless of age.
Early retirement	Age 48 and 10 years of service, reduced at 1/15 per year first 5 years and 1/30 per year for each of the next 2 years by which the benefit commencement date precedes his Normal Retirement Date.	Age 50 and 10 years of service, reduced at 3% per year (.25% per month) for each period by which the benefit commencement date precedes his Normal Retirement Date.	Age 50 and 10 years of service, reduced at 3% per year (.25% per month) for each period by which the benefit commencement date precedes his Normal Retirement Date.
Mortality	PUB 2010 using scale MP 2018 (FRS regular risk mortality)	PUB 2010 using scale MP 2018 (FRS special risk mortality)	PUB 2010 using scale MP 2018 (FRS special risk mortality)

*Interest rate is net of investment-related expenses, including inflation.

NOTES TO REQUIRED PENSION SUPPLEMENTARY INFORMATION: (CONTINUED)

Note 4: MONEY-WEIGHTED RATE OF RETURN

This schedule is intended to provide information about the actual performance of the pension plan's investment portfolio because it takes into account the effects of transactions that increase the amount of pension plan investments (such as contributions from employers, non-employer contributing entities, and plan members) and those that decrease the amount of pension plan investments (such as benefit payments).

General Employees

2022	2021	2020	2019	2018	2017	2016	2015	2014
-18.1%	21.2%	10.5%	4.1%	8.3%	12.9%	8.7%	-1.6%	10.6%

Police Employees

2022	2021	2020	2019	2018	2017	2016	2015	2014
-18.20%	18.80%	10.60%	4.10%	8.20%	12.70%	8.60%	-1.40%	10.40%

Fire Employees

2022	2021	2020	2019	2018	2017	2016	2015	2014
21.0%	21.0%	10.4%	4.2%	8.0%	12.7%	8.5%	-1.2%	10.8%

Note 1: GASB Codification P20 requires information for 10 years. However, until a full 10-year trend is compiled, the City is presenting information for only the years for which information is available.

City of Panama City Beach, Florida
Required Other Postemployment Benefits Supplementary Information
Schedule of Changes in OPEB Liability and Related Ratios
Last Five Fiscal Years

As of and for the year ended September 30,	**2022**	2021	2020	2019	2018
Total OPEB Liability					
Service cost	**$ 97,899**	$ 69,750	$ 63,930	$ 50,983	$ 37,880
Interest	**56,749**	48,087	51,684	60,862	55,707
Changes of benefit term	**-**	-	-	-	-
Difference between expected and actual experience	**(363,448)**	(15,528)	84,837	499,640	(169,229)
Changes of assumptions or other inputs	**-**	-	-	-	-
Implicit Rate Subsidy	**(65,349)**	(53,593)	(53,593)	(36,656)	(36,656)
Net change in total OPEB liability	**(274,149)**	48,716	146,858	574,829	(112,298)
Total OPEB liability - beginning	**2,154,857**	2,106,141	1,959,283	1,384,454	1,496,752
Total OPEB liability - ending	**1,880,708**	2,154,857	2,106,141	1,959,283	1,384,454
Plan Fiduciary Net Position					
Contributions - employer (implicit rate subsidy)	**65,349**	53,593	53,593	36,656	36,656
Contributions - employee		-	-	-	-
Net investment income		-	-	-	-
Benefit payments	**(65,349)**	(53,593)	(53,593)	(36,656)	(36,656)
Administrative expense		-	-	-	-
Net change in plan fiduciary net position	**-**	-	-	-	-
Plan fiduciary net position - beginning	**-**	-	-	-	-
Plan fiduciary net position - ending	**-**	-	-	-	-
Total OPEB liability	**$ 1,880,708**	$ 2,154,857	$ 2,106,141	$ 1,959,283	$ 1,384,454
Plan fiduciary net position as a percentage of total OPEB liability	**0.00%**	0.00%	0.00%	0.00%	0.00%
Covered payroll	**$ 21,119,099**	$ 19,002,213	$ 17,396,290	$ 16,234,970	$ 15,838,042
Total OPEB liability as a percentage of covered payroll	**8.91%**	11.34%	12.11%	12.07%	8.74%

* GASB Codification P52 requires an employer to disclose a 10-year history. However, until a full 10-year trend is compiled, information will be presented only for those years which information is available.

* The following discount rate was used in each period:
9/30/2019 - 2.66%
9/30/2020 - 2.21%
9/30/2021 - 2.26%
9/30/2022 - 4.02%

Combining and Individual Fund Statements and Schedules

City of Panama City Beach, Florida
Combining Balance Sheet
Nonmajor Governmental Funds

September 30, 2022	Special Revenue Funds						
	Stormwater Fund	Law Enforcement Trust Fund	Law Enforcement Education Fund	Department of Justice Equitable Sharing Fund	Cops and Kids Fund	Beach Access Public Parking Fund	Total Nonmajor Governmental Funds
Assets							
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ 17,640	$ -	$ 17,640
Cash and cash equivalents - restricted	3,344,331	22,478	26,101	7,973	-	795,066	4,195,949
Accounts receivable, net - restricted	193	-	-	-	-	-	193
Accrued interest receivable - restricted	316	-	-	-	-	-	316
Due from other governments - restricted	-	-	807	-	-	-	807
Due from other funds - restricted	180	-	-	-	-	-	180
Prepaid items - restricted	8	-	-	-	-	-	8
Total assets	$ 3,345,028	$ 22,478	$ 26,908	$ 7,973	$ 17,640	$ 795,066	$ 4,215,093
Liabilities and Fund Balances							
Liabilities							
Accounts payable	$ 100,074	$ 1,916	$ -	$ -	$ 2,856	$ -	$ 104,846
Accrued expenses	9,736	-	-	-	-	-	9,736
Due to other funds	15,572	-	-	-	-	-	15,572
Total liabilities	125,382	1,916	-	-	2,856	-	130,154
Fund balances							
Nonspendable	8	-	-	-	-	-	8
Restricted	3,219,638	20,562	26,908	7,973	-	795,066	4,070,147
Assigned	-	-	-	-	14,784	-	14,784
Total fund balances	3,219,646	20,562	26,908	7,973	14,784	795,066	4,084,939
Total liabilities and fund balances	$ 3,345,028	$ 22,478	$ 26,908	$ 7,973	$ 17,640	$ 795,066	$ 4,215,093

City of Panama City Beach, Florida
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds

For the year ended September 30, 2022	Special Revenue Funds						
	Stormwater Fund	Law Enforcement Trust Fund	Law Enforcement Education Fund	Department of Justice Equitable Sharing Fund	Cops and Kids Fund	Beach Access Public Parking Fund	Total Nonmajor Governmental Funds
Revenues							
Permits, fees and special assessments	$ 2,900,354	$ -	$ -	$ -	$ -	$ -	$ 2,900,354
Fines and forfeitures	-	626	9,678	-	-	-	10,304
Contributions and donations	-	-	-	-	20,019	-	20,019
Grants	28	-	-	-	-	-	28
Investment earnings	7,246	34	30	17	38	783	8,148
Other fees and miscellaneous	16,490	-	-	-	-	-	16,490
Total revenues	2,924,118	660	9,708	17	20,057	783	2,955,343
Expenditures							
Current							
Public safety	-	11,074	-	8,265	28,831	-	48,170
Physical environment	1,117,154	-	-	-	-	-	1,117,154
Capital outlay							
Public safety	-	-	-	-	16,600	-	16,600
Physical environment	930,945	-	-	-	-	-	930,945
Total expenditures	2,048,099	11,074	-	8,265	45,431	-	2,112,869
Excess (deficiency) of revenues over (under) expenditures	876,019	(10,414)	9,708	(8,248)	(25,374)	783	842,474
Other Financing Sources (Uses)							
Transfers in	72,018	-	-	-	-	-	72,018
Transfers out	(81,470)	-	-	-	-	-	(81,470)
Grants and aid	(20,849)	-	-	-	-	-	(20,849)
Total other financing sources (uses)	(30,301)	-	-	-	-	-	(30,301)
Net change in fund balances	845,718	(10,414)	9,708	(8,248)	(25,374)	783	812,173
Fund balances, beginning of year	2,373,928	30,976	17,200	16,221	40,158	794,283	3,272,766
Fund balances, end of year	$ 3,219,646	$ 20,562	$ 26,908	$ 7,973	$ 14,784	$ 795,066	$ 4,084,939

City of Panama City Beach, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – Stormwater Fund

For the year ended September 30, 2022	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget- Actual Amounts Budget Basis	Actual Amounts Budget Basis	Budget to GAAP Difference	Actual Amounts GAAP Basis
Revenues						
Permits, fees and special assessments	$ 2,653,000	$ 2,900,000	$ 27	$ 2,900,027	$ 327	$ 2,900,354
Grants	2,245,500	-	28	28	-	28
Investment earnings	2,000	7,000	(52)	6,948	298	7,246
Other fees and miscellaneous	16,100	17,000	(510)	16,490	-	16,490
Total revenues	4,916,600	2,924,000	(507)	2,923,493	625	2,924,118
Expenditures						
Current						
Physical Environment	1,674,460	1,759,590	512,696	1,246,894	(129,740)	1,117,154
Total current	1,674,460	1,759,590	512,696	1,246,894	(129,740)	1,117,154
Capital outlay						
Physical Environment	4,078,000	1,980,800	1,059,566	921,234	9,711	930,945
Total capital outlay	4,078,000	1,980,800	1,059,566	921,234	9,711	930,945
Total expenditures	5,752,460	3,740,390	1,572,262	2,168,128	(120,029)	2,048,099
Excess (deficiency) of revenues over (under) expenditures	(835,860)	(816,390)	1,571,755	755,365	120,654	876,019
Other Financing Sources (Uses)						
Transfers in	200,000	71,838	-	71,838	180	72,018
Transfers out	(77,000)	(77,000)	-	(77,000)	(4,470)	(81,470)
Grants and aids	-	(22,430)	1,581	(20,849)	-	(20,849)
Proceeds from disposal of assets	2,000	-	-	-	-	-
Total other financing sources (uses)	125,000	(27,592)	1,581	(26,011)	(4,290)	(30,301)
Net change in fund balance	(710,860)	(843,982)	1,573,336	729,354	116,364	845,718
Fund balance, beginning of year	829,754	2,613,418	(2,452)	2,610,966	(237,038)	2,373,928
Fund balance, end of year	$ 118,894	$ 1,769,436	$ 1,570,884	$ 3,340,320	$ (120,674)	$ 3,219,646

City of Panama City Beach, Florida
Combining Statement of Net Position
Nonmajor Proprietary Funds

September 30, 2022	Business-type Activities - Enterprise Funds Pier Fund	 Aquatic Center Fund	 Total
Assets			
Current assets			
Cash and cash equivalents	$ 2,111,319	$ 639,093	$ 2,750,412
Accounts receivable, net	57,101	15,341	72,442
Investments	527,623	-	527,623
Total current assets	2,696,043	654,434	3,350,477
Noncurrent assets			
Capital assets			
Depreciable, net	5,699,962	2,937,646	8,637,608
Right-to-use lease assets, net	25,881	-	25,881
Total noncurrent assets	5,725,843	2,937,646	8,663,489
Total assets	$ 8,421,886	$ 3,592,080	$ 12,013,966
Deferred Outflows of Resources			
Deferred outflows related to pensions	276,063	254,585	530,648
Deferred outflows related to OPEB	7,378	3,304	10,682
Total deferred outflows of resources	$ 283,441	$ 257,889	$ 541,330
Liabilities			
Current liabilities			
Accounts payable	10,019	13,830	23,849
Accrued expenses and deposits	17,246	6,000	23,246
Due to other funds	11,384	9,969	21,353
Due to other governments	26,659	842	27,501
Unearned revenue	8,410	25,675	34,085
Compensated absences	7,273	8,241	15,514
Current portion of lease liability	5,708	-	5,708
Total current liabilities	86,699	64,557	151,256
Noncurrent liabilities			
Compensated absences	13,017	24,059	37,076
Net pension liability	247,173	227,943	475,116
Total OPEB liability	32,724	14,653	47,377
Lease liability due after one year	17,597	-	17,597
Total noncurrent liabilities	310,511	266,655	577,166
Total liabilities	397,210	331,212	728,422
Deferred Inflows of Resources			
Deferred inflows related to pensions	26,229	24,188	50,417
Deferred inflows related to OPEB	8,013	3,588	11,601
Total deferred inflows of resources	34,242	27,776	62,018
Net position			
Net investment in capital assets	5,702,538	2,937,646	8,640,184
Unrestricted	2,571,337	553,335	3,124,672
Total net position	$ 8,273,875	$ 3,490,981	$ 11,764,856

City of Panama City Beach, Florida
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Proprietary Funds

For the year ended September 30, 2022	Business-type Activities/Enterprise Funds		
	Pier Fund	Aquatic Center Fund	Total
Operating Revenues			
Charges for services			
Admissions and other fees	$ 1,451,322	$ 348,816	$ 1,800,138
Rent	527,087	4,800	531,887
Miscellaneous	2,799	32,112	34,911
Total operating revenues	1,981,208	385,728	2,366,936
Operating Expenses			
Personal services	569,483	532,977	1,102,460
Professional services	25,133	4,873	30,006
Office supplies	249	2,083	2,332
Contractual services	31,638	29,189	60,827
Insurance	26,459	13,643	40,102
Repairs and maintenance	36,272	45,815	82,087
Operating supplies	43,299	146,795	190,094
Communication services	12,117	6,559	18,676
Public utility services	40,069	130,884	170,953
Transportation	-	55	55
Rentals	91,385	12,495	103,880
Printing and binding	-	3,054	3,054
Miscellaneous	1,152	9,610	10,762
Depreciation and amortization	427,281	198,448	625,729
Total operating expenses	1,304,537	1,136,480	2,441,017
Operating income (loss)	676,671	(750,752)	(74,081)
Nonoperating Revenues (Expenses)			
Investment earnings	5,273	853	6,126
Grants and contributions	1,500	161,500	163,000
Contributions to other governments	(10,000)	-	(10,000)
Interest expense	(33)	-	(33)
Total nonoperating revenues (expenses)	(3,260)	162,353	159,093
Income (Loss) Before Transfers	673,411	(588,399)	85,012
Transfers in	-	700,000	700,000
Transfers out	(761,000)	(66,000)	(827,000)
Change in net position	(87,589)	45,601	(41,988)
Net position, beginning of year	8,361,464	3,445,380	11,806,844
Net position, end of year	$ 8,273,875	$ 3,490,981	$ 11,764,856

City of Panama City Beach, Florida
Combining Statement of Cash Flows
Nonmajor Proprietary Funds

For the year ended September 30, 2022	Business-type Activities - Enterprise Funds: Pier Fund	Aquatic Center Fund	Total
Operating Activities			
Cash receipts from customers and users	$ 2,226,089	$ 371,085	$ 2,597,174
Cash payments to suppliers	(421,773)	(523,664)	(945,437)
Cash payments to employees	(432,386)	(400,738)	(833,124)
Net cash provided by (used in) operating activities	1,371,930	(553,317)	818,613
Noncapital Financing Activities			
Grants and contributions	3,492	163,362	166,854
Contributions to other governments	(10,000)	-	(10,000)
Repayments of loans to other funds	-	(66,000)	(66,000)
Transfers (to) from other funds	(761,000)	700,000	(61,000)
Net cash provided by (used in) noncapital financing activities	(767,508)	797,362	29,854
Capital and Related Financing Activities			
Principal paid on lease liabilities	(5,994)	-	(5,994)
Interest paid on lease liabilities	(33)	-	(33)
Purchase of capital assets	(1,749)	(268,277)	(270,026)
Net cash provided by (used in) capital and related financing activities	(7,776)	(268,277)	(276,053)
Investing Activities			
Purchase of investments	(4,130)	-	(4,130)
Investment earnings	5,273	853	6,126
Net cash provided by investing activities	1,143	853	1,996
Net increase (decrease) in cash and cash equivalents	597,789	(23,379)	574,410
Cash and cash equivalents, beginning of year	1,513,530	662,472	2,176,002
Cash and cash equivalents, end of year	$ 2,111,319	$ 639,093	$ 2,750,412
Classified as			
Current assets - cash and cash equivalents	$ 2,111,319	$ 639,093	$ 2,750,412
Total	$ 2,111,319	$ 639,093	$ 2,750,412

(Continued)

City of Panama City Beach, Florida
Combining Statement of Cash Flows
Nonmajor Proprietary Funds (Continued)

For the year ended September 30, 2022	Business-type Activities - Enterprise Funds		
	Pier Fund	Aquatic Center Fund	Total
Reconciliation of Net Operating Income (Loss) to Net Cash Provided by (used in) Operating Activities			
Operating income (loss)	$ 676,671	$ (750,752)	$ (74,081)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities			
Depreciation	423,863	198,448	622,311
Amortization	3,418	-	3,418
Change in assets, deferred outflows, liabilities and deferred inflows			
(Increase) decrease in assets and deferred outflows			
Accounts receivable, net	241,867	(11,198)	230,669
Prepaids	2,096	1,231	3,327
Net pension asset	145,805	119,103	264,908
Deferred outflows related to pensions	(181,065)	(176,984)	(358,049)
Deferred outflows related to OPEB	(2,817)	1,525	(1,292)
Increase (decrease) in liabilities and deferred inflows			
Accounts payable	(4,635)	(18,350)	(22,985)
Accrued expenses and deposits	(8,887)	(5,240)	(14,127)
Due to other funds	6,420	7,983	14,403
Due to other governments	2,186	107	2,293
Unearned revenue	799	(3,544)	(2,745)
Accrued compensated absences	(31,377)	(3,698)	(35,075)
Net OPEB obligation	11,617	(7,693)	3,924
Net pension liability	247,173	227,943	475,116
Deferred inflows related to pensions	(167,891)	(134,383)	(302,274)
Deferred inflows related to OPEB	6,687	2,185	8,872
Total adjustments	695,259	197,435	892,694
Net cash provided by (used in) operating activities	$ 1,371,930	$ (553,317)	$ 818,613

City of Panama City Beach, Florida
Combining Statement of Fiduciary Net Position
Fiduciary Funds

September 30, 2022	General Employees' Pension Trust Fund	Police Officers' Pension Trust Fund	Firefighters' Pension Trust Fund	Total
Assets				
Cash and cash equivalents	$ 119,724	$ 56,513	$ 50,541	$ 226,778
Accounts receivable, net	482	308	209	999
Dividends receivable	6,641	3,829	2,791	13,261
Due from other governments	-	210,100	294,279	504,379
Investments, at fair value				
Money market funds	1,195,459	694,118	478,713	2,368,290
Municipal bonds	1,284,930	736,732	524,201	2,545,863
Corporate bonds	2,993,955	1,754,632	1,243,381	5,991,968
Government securities	2,107,409	1,200,687	857,956	4,166,052
Real estate investment funds	3,656,171	2,132,766	1,624,965	7,413,902
Real estate investment trusts	696,325	378,496	314,205	1,389,026
Mutual funds	29,228,542	17,188,928	12,490,646	58,908,116
Total assets	41,289,638	24,357,109	17,881,887	83,528,634
Liabilities				
Accounts payable	57,401	38,838	33,447	129,686
Refunds payable	8,993	18,350	11,652	38,995
Unearned revenue	90,136	41,465	35,516	167,117
Total liabilities	156,530	98,653	80,615	335,798
Net position				
Restricted for				
Held in trust for pension benefits	$ 41,133,108	$ 24,258,456	$ 17,801,272	$ 83,192,836

City of Panama City Beach, Florida
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds

For the year ended September 30, 2022	General Employees' Pension Trust Fund	Police Officers' Pension Trust Fund	Firefighters' Pension Trust Fund	Total
Additions				
Contributions				
Employer	$ 1,334,190	$ 543,011	$ 644,790	$ 2,521,991
Plan members	892,818	516,569	165,632	1,575,019
Buyback of service	169,131	-	-	169,131
Insurance premiums	-	210,100	294,279	504,379
Total contributions	2,396,139	1,269,680	1,104,701	4,770,520
Investment earnings				
Interest	359	327	177	863
Dividends	841,751	488,601	364,979	1,695,331
Net increase in fair value of investments	(10,167,783)	(5,931,279)	(4,353,757)	(20,452,819)
Total investment earnings	(9,325,673)	(5,442,351)	(3,988,601)	(18,756,625)
Less investment expenses	(102,275)	(70,679)	(61,076)	(234,030)
Net investment earnings	(9,427,948)	(5,513,030)	(4,049,677)	(18,990,655)
Total additions	(7,031,809)	(4,243,350)	(2,944,976)	(14,220,135)
Deductions				
Benefits paid	2,545,758	1,290,358	1,319,897	5,156,013
Refunds of contributions	139,287	141,363	77,820	358,470
Administrative expenses	49,062	37,660	39,291	126,013
Total deductions	2,734,107	1,469,381	1,437,008	5,640,496
Net increase (decrease) in fiduciary net position	(9,765,916)	(5,712,731)	(4,381,984)	(19,860,631)
Net position, beginning of year	50,899,024	29,971,187	22,183,256	103,053,467
Net position, end of year	$ 41,133,108	$ 24,258,456	$ 17,801,272	$ 83,192,836

Compliance Section

CRI CARR RIGGS & INGRAM

Carr, Riggs & Ingram, LLC
14101 Panama City Beach Parkway
Suite 200
Panama City Beach, FL 32413

(850) 784- 6733
(850) 784-4866 (fax)
www.cricpa.com

INDEPENDENT AUDITORS' MANAGEMENT LETTER

Honorable Mayor and Members
of the City Council
City of Panama City Beach, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Panama City Beach, Florida, (the City), as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated June 22, 2023.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the audit requirements of Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards,* AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 22, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report, except as noted below:

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	2020-2021 FY Finding #	2019-2020 FY Finding #
2022-001	2021-002	N/A

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City of Panama City Beach, Florida (City) was established by Chapter 70-874 of the Constitution of the State of Florida. The City has one component unit which is the Panama City Beach Community Redevelopment Agency (Agency). The Agency was established by City Resolution 00-23 pursuant to Florida Statute 163.356. The Agency is operated by the City of Panama City Beach, Florida.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statues. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Maters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of This Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, Council Members and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Certified Public Accountants
Panama City Beach, Florida
June 22, 2023

Carr, Riggs & Ingram, LLC
14101 Panama City Beach Parkway
Suite 200
Panama City Beach, FL 32413

(850) 784- 6733
(850) 784-4866 (fax)
www.cricpa.com

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

Honorable Mayor and Members
of the City Council
City of Panama City Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Panama City Beach, Florida (the City), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 22, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We consider the following deficiency to be a material weakness.

2022-001 Material Adjustments

Condition: Material adjustments to the financial records were made in order for the financial statements to conform to generally accepted accounting principles.

Criteria: Internal controls should prevent, or detect and correct adjustments timely to provide materially correct financial information.

Effect: Adjustments were required for current year balances.

Cause: The City's controls did not identify the adjustments timely.

Recommendation: We recommend that the City staff continue to strive toward identifying proposed audit adjustments more timely.

View of Responsible Officials and Planned Corrective Action: The Finance Director has developed new processes to ensure that adjustments are identified and corrected in a timely manner. Detail reviews have been initiated to prevent, detect, and correct adjustments timely to provide materially correct financial information.

Report on Compliance and Other Matters

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

City's Response to Findings

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

Purpose of this Report

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

Carr, Riggs & Ingram, L.L.C.

Certified Public Accountants
Panama City Beach, Florida
June 22, 2023

CRI CARR RIGGS & INGRAM

Carr, Riggs & Ingram, LLC
14101 Panama City Beach Parkway
Suite 200
Panama City Beach, FL 32413

(850) 784- 6733
(850) 784-4866 (fax)
www.cricpa.com

INDEPENDENT ACCOUNTANTS' REPORT

Honorable Mayor and Members
of the City Council
City of Panama City Beach, Florida

We have examined the City of Panama City Beach, Florida's (the City) compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies,* during the year ended September 30, 2022. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

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

In our opinion, the City complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies,* for the year ended September 30, 2022.

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

Carr, Riggs & Ingram, L.L.C.

Certified Public Accountants
Panama City Beach, Florida
June 22, 2023