CITY OF PANAMA CITY BEACH

ANNUAL FINANCIAL STATEMENTS

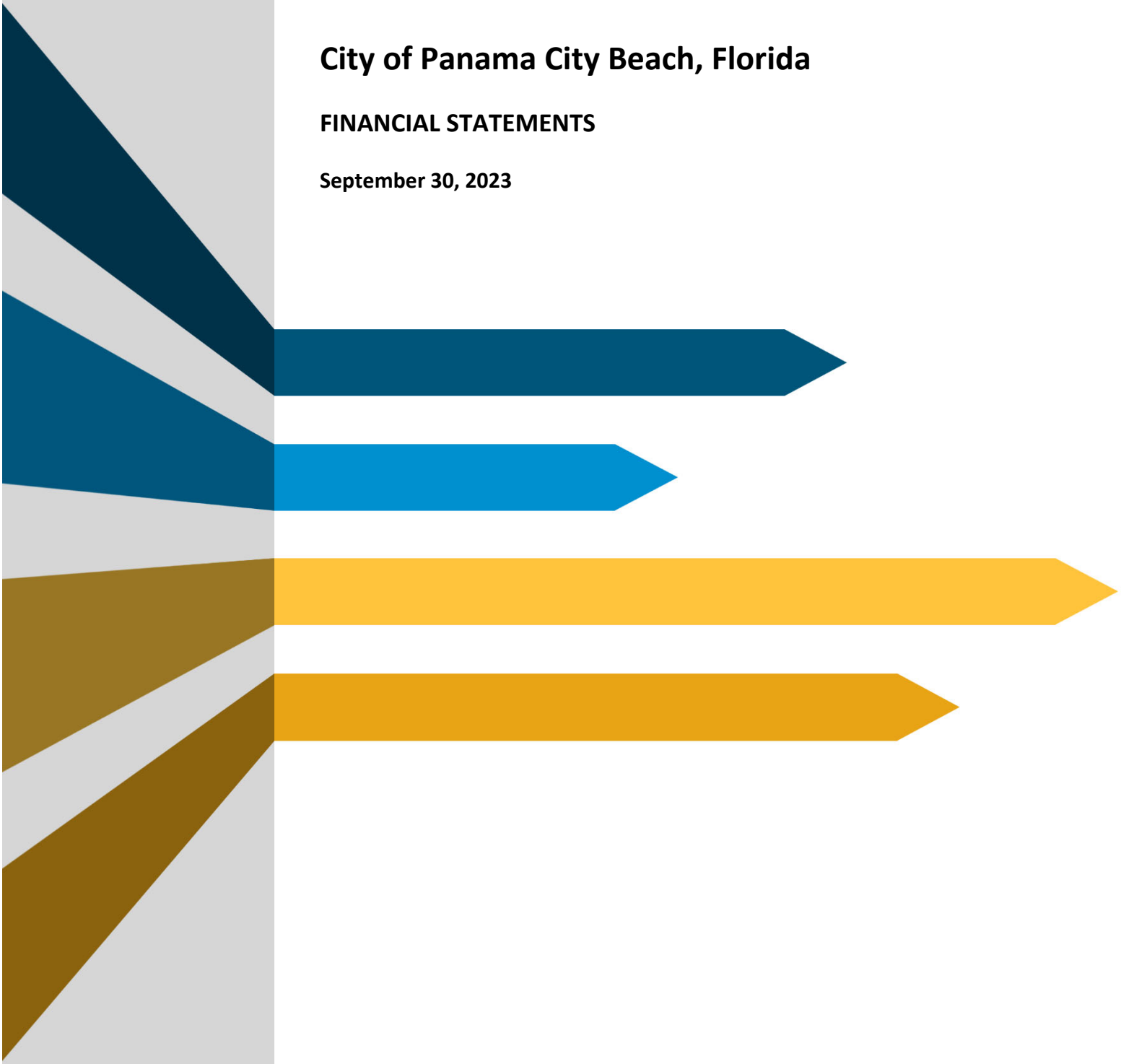


FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2023

City of Panama City Beach, Florida

FINANCIAL STATEMENTS

September 30, 2023



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INDEPENDENT AUDITOR'S 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, 2023, 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, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for 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 Auditor's 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City'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 and budgetary comparison information on pages 5-17 and 78-80 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 nonmajor fund financial statements and schedule of expenditures of state financial assistance, as required by *Chapter 10.550, State of Florida Rules of the Auditor General*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the budgetary schedule and the schedule of expenditures of state financial assistance 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 19, 2024, 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.

Panama City Beach, Florida
June 19, 2024

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 $443,251,206 (net position). Of this amount, $44,130,866 is unrestricted net position for governmental activities and $81,978,839 is unrestricted net position for business-type activities, while $50,259,996 is restricted net position for governmental activities and $26,469,286 is restricted net position for business-type activities.

- Total net position increased by $42,482,575. Of this amount, $25,948,043 is attributable to governmental activities and $16,534,532 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, and to purchase land and continue additional improvements along Front Beach Road. The City received state grant and appropriation funds of $1,867,087 which were utilized for Gayle's Trails construction. The increase in net position of business-type activities is the result of several factors, including the collection of $6,999,193 in impact fees and net income from operations, before depreciation of $13,302,328.

- As of September 30, 2023, the General Fund's unassigned fund balance was $33,826,237, or 74 percent of total general fund expenditures. Unassigned fund balance in the General Fund increased by $5,756,996. Restricted fund balance in the General Fund increased by $653,768. The City's general fund collected $1,141,615 in impact fees which drove this increase. Committed fund balance in the General Fund decreased by $64,073 and assigned fund balance in the General Fund increased by 1,729,472. General Fund revenues for the fiscal year exceeded expenditures by $6,580,342.

- Governmental activities' revenues increased 20 percent to $76,823,596 and governmental activities' expenditures decreased 16 percent to $51,998,553. Business-type activities' revenues increased 11 percent to $52,182,059 and business-type activities' expenditures increased 9 percent to $34,524,527.

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 2023, 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,	**2023**	2022	**2023**	2022	**2023**	2022
Current and other assets	**$ 147,775,294**	$ 135,774,052	**$ 121,638,293**	$ 119,019,101	**$ 269,413,587**	$ 254,793,153
Capital assets	**167,415,118**	149,790,402	**139,104,194**	125,223,889	**306,519,312**	275,014,291
Total assets	**315,190,412**	285,564,454	**260,742,487**	244,242,990	**575,932,899**	529,807,444
Deferred outflows of resources	**13,261,683**	19,488,351	**4,425,045**	6,383,857	**17,686,728**	25,872,208
Current liabilities	**15,735,146**	13,074,763	**6,598,003**	8,483,812	**22,333,149**	21,558,575
Long-term liabilities	**88,369,097**	93,147,311	**34,323,944**	37,553,639	**122,693,041**	130,700,950
Total liabilities	**104,104,243**	106,222,074	**40,921,947**	46,037,451	**145,026,190**	152,259,525
Deferred inflows of resources	**1,702,377**	2,133,299	**3,639,854**	518,197	**5,342,231**	2,651,496
Net position						
Net investment in capital assets	**128,254,613**	109,269,272	**112,157,606**	96,180,198	**240,412,219**	205,449,470
Restricted	**50,259,996**	49,000,233	**26,469,286**	22,776,285	**76,729,282**	71,776,518
Unrestricted	**44,130,866**	38,427,927	**81,978,839**	85,114,716	**126,109,705**	123,542,643
Total net position	**$ 222,645,475**	$ 196,697,432	**$ 220,605,731**	$ 204,071,199	**$ 443,251,206**	$ 400,768,631

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 (54 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 17 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,* $126,109,705 may be used to help meet the government's ongoing obligations to citizens and creditors.

Net investment in capital assets increased $34,962,749 (or 17%). Net investment in capital assets in the governmental activities increased $18,985,341 and net investment in capital assets of the business-type activities increased by $15,977,408. The governmental activities increase resulted from the construction of Gayle's Trails, land acquisitions, engineering, ongoing construction of segments 3, 4.1 and 4.2, and fire station 31 construction. 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.

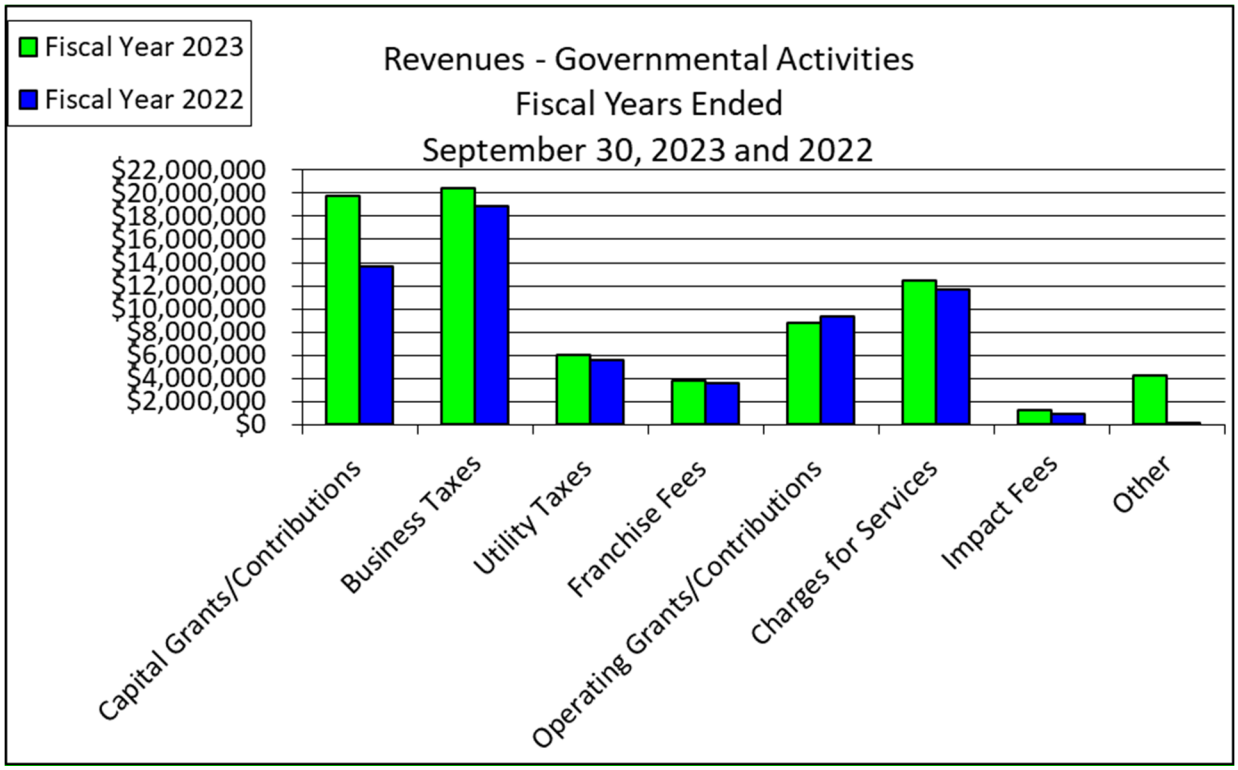
Restricted net position increased $4,952,764 (or 7%). Restricted net position in the governmental activities increased by $1,259,763 and restricted net position in the business-type activities increased by $3,693,001. The increase in restricted net position in the governmental activities was driven by 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.

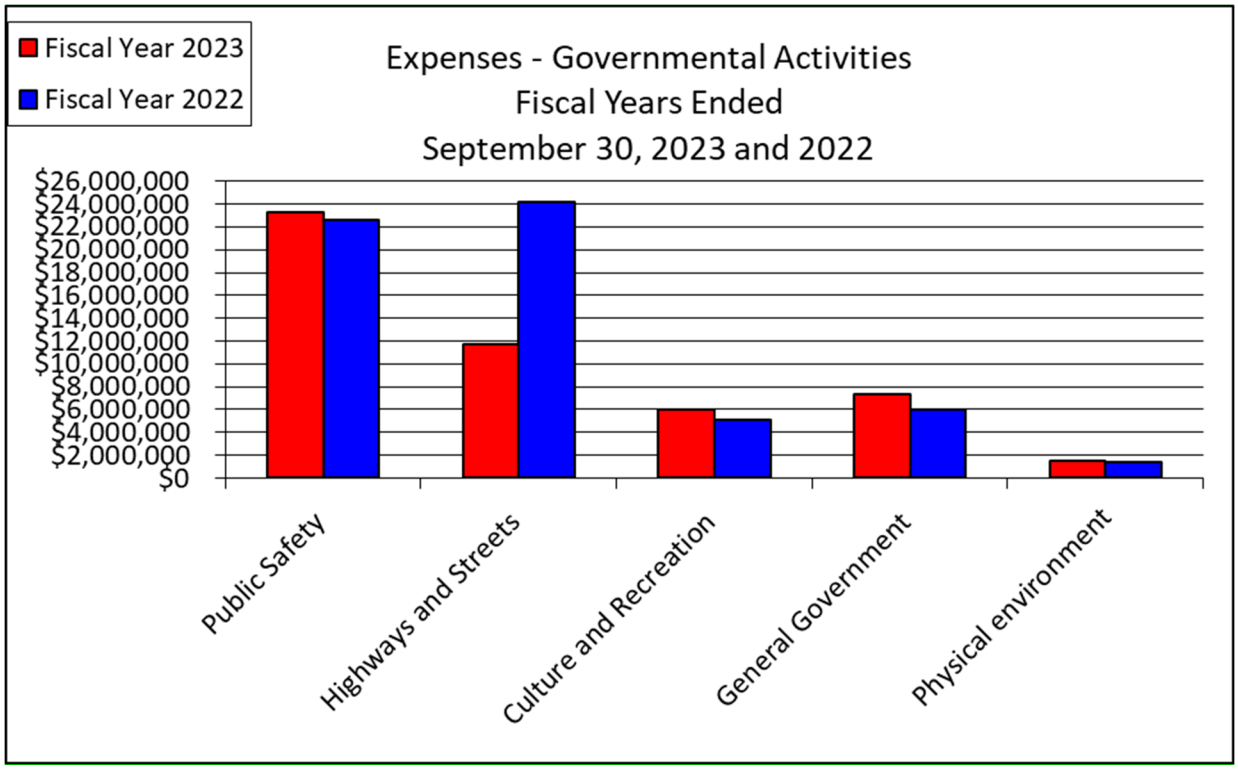
The increase in unrestricted net position was $2,567,062 (or 2%). Unrestricted net position in governmental activities increased by $5,702,939 and unrestricted net position in business-type activities decreased by $3,135,877. Significant governmental activities' capital expenditures were made in the current year with grants. This resulted in unrestricted revenues outpacing unrestricted expenses thus increasing the unrestricted net position. The decrease in the business-type activities' unrestricted net position is attributable to increasing operating expenditures outpacing revenues for charges for services thus decreasing unrestricted net position. A strong system performance resulted in net income from operations, before depreciation, of $13,302,328. The following schedule provides a summary of changes in net position for the years ended September 30, 2023 and 2022:

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
Year Ended September 30,	**2023**	2022	**2023**	2022	**2023**	2022
Program revenues						
Charges for services	**$ 12,443,133**	$ 11,631,811	**$ 41,490,069**	$ 40,495,689	**$ 53,933,202**	$ 52,127,500
Operating grants/contributions	**8,838,911**	9,297,819	**3,941**	167,173	**8,842,852**	9,464,992
Capital grants/contributions	**19,747,697**	13,678,403	**166,059**	496,500	**19,913,756**	14,174,903
General revenues						
Business taxes	**20,440,588**	18,867,428	-	-	**20,440,588**	18,867,428
Utility taxes	**6,066,398**	5,613,975	-	-	**6,066,398**	5,613,975
Franchise fees	**3,830,137**	3,593,203	-	-	**3,830,137**	3,593,203
Impact fees	**1,223,215**	970,299	**6,999,193**	5,727,009	**8,222,408**	6,697,308
Penalties on delinquent business taxes	**69,594**	81,783	-	-	**69,594**	81,783
Investment earnings	**3,934,680**	80,819	**3,522,797**	119,753	**7,457,477**	200,572
Gain on disposal of capital assets	**229,243**	-	-	-	**229,243**	-
Total revenues	**76,823,596**	63,815,540	**52,182,059**	47,006,124	**129,005,655**	110,821,664
Expenses						
General government	**7,324,449**	6,013,324	-	-	**7,324,449**	6,013,324
Public safety	**23,313,600**	22,629,794	-	-	**23,313,600**	22,629,794
Highways and streets	**11,733,233**	24,164,799	-	-	**11,733,233**	24,164,799
Culture and recreation	**6,013,907**	5,127,251	-	-	**6,013,907**	5,127,251
Physical environment	**1,541,106**	1,442,051	-	-	**1,541,106**	1,442,051
Interest on long- term debt	**2,072,258**	2,200,269	**577,352**	696,134	**2,649,610**	2,896,403
Utility - water	-	-	**16,176,854**	15,487,798	**16,176,854**	15,487,798
Utility - wastewater	-	-	**14,950,875**	13,069,578	**14,950,875**	13,069,578
Pier	-	-	**1,385,636**	1,314,536	**1,385,636**	1,314,536
Aquatic center	-	-	**1,433,810**	1,136,479	**1,433,810**	1,136,479
Total expenses	**51,998,553**	61,577,488	**34,524,527**	31,704,525	**86,523,080**	93,282,013
Increase in net position before transfers	**24,825,043**	2,238,052	**17,657,532**	15,301,599	**42,482,575**	17,539,651
Transfers	**1,123,000**	906,000	**(1,123,000)**	(906,000)	**-**	-
Increase in net position	**$ 25,948,043**	$ 3,144,052	**$ 16,534,532**	$ 14,395,599	**$ 42,482,575**	$ 17,539,651

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





Governmental activities' revenues exceeded expenses by $25,948,043, while business-type activities' revenues exceeded expenses by $16,534,532. Total revenues increased $18,183,991 from the previous year. The change in total revenues from business-type activities was an increase of $5,175,935 while the change in revenues from governmental activities was an increase of $13,008,056. Total charges for services increased $1,805,702, capital grants and contributions increased $5,738,853, business taxes increased $1,573,160, impact fees increased $1,525,100, and investment earnings increased $7,256,905 in the current year. Governmental activities charges for services increased by $811,322. This increase resulted from a combination of factors including increases in fire rescue assessment revenues, CRA assessment revenues, and fire inspection revenues. The increase of $994,380 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 increased a total of $5,738,853 with governmental activities experiencing an increase of $6,069,294 while business-type activities experienced a decrease of $330,441. The increase in governmental activities capital grants and contributions was driven by the significant construction of Gayle's Trails while the decrease in business-type activities was driven by the prior year completion of the Parkway Reuse Transmission project.

Impact fees increased $1,525,100 in total, with a $252,916 increase attributable to governmental activities and an increase of $1,272,184 attributable to business-type activities.

Investment earnings increased $3,403,044 in business-type activities and increased $3,853,861 in governmental activities for a total increase of $7,256,905. The increase is driven by higher interest rates and higher returns on investments.

Total expenses in governmental activities decreased $9,578,935 from the previous year. Business-type activities expenses increased $2,820,002. The decrease in governmental activities expenses resulted from a number of factors including the completion of prior year projects such as Philip Griffitts Sr. Parkway.

26% of the revenues for governmental activities were generated by capital grants and contributions, 27% by business taxes, and 16% from charges for services. Capital grants and contributions as a percentage of total revenues for governmental activities increased by 4% from the prior year. Business taxes as a percentage of total revenues for governmental activities decreased by 3% and utility taxes and franchise fees decreased by 2% relative to the preceding year. Charges for services decreased as a percentage of total revenues for governmental activities by 2%. Most of the governmental resources were expended for public safety (45%), highways and streets (23%), and general government (14%).

Charges for services provide 80% of the revenues for business-type activities, while 13% 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, 2023, total assets were $69,899,295 and total liabilities were $10,818,934. At the end of fiscal year 2023, unassigned fund balance of the general fund was $33,826,237, while total fund balance equaled $59,080,361. Total fund balance increased $7,503,683 (15%). Restricted fund balance increased $653,768 (9%), committed fund balance decreased $64,073 (22%), assigned fund balance increased $1,729,472 (12%) and nonspendable fund balance decreased $572,480 (72%). Unassigned fund balance increased $5,756,996 (21%). Fiscal year 2023 revenues in the general fund exceeded expenditures by $6,580,342.

Restricted fund balance increased because the City collected $1,141,615 in impact fees and this funding was not expended in the fiscal year. Committed fund balance decreased because of construction projects completions. Assigned fund balance increased primarily due the allocation for fire station 31. Unassigned fund balance increased from the excess of revenues over expenditures.

The general fund budget was amended during the year to reflect decreases in available revenues as well as increases in current expenditures and decreases in capital outlay expenditures. The decrease in total budgeted revenues was $7,276,910 which represented a change from the original to the amended budget of 12.7%. The primary reason for the decrease was the delay in expected receipt of grant revenue. Budgeted current expenditures increased from the original by $43,623, while the budget for capital outlay expenditures decreased by $13,944,730 to reflect the delay in capital projects.

Community Redevelopment Fund

The other major governmental fund of the City is the Community Redevelopment Fund. As of September 30, 2023, total assets were $72,470,179 and total liabilities were $2,229,426. At the end of fiscal year 2023, the total fund balance equaled $70,240,753. Total fund balance increased $1,002,269. Assigned fund balance increased from $245,519 to a balance of $1,251,751 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	**2023 Unrestricted Net Position**	2022 Unrestricted Net Position
Utility	**$ 79,021,152**	$ 81,990,044
Pier	**2,621,957**	2,571,337
Aquatic Center	**335,730**	553,335
Total	**$ 81,978,839**	$ 85,114,716

The *Utility Fund* is used to account for the operations of the City's water and wastewater systems. Operating revenues increased $1,456,186, or 4%, in 2023 compared to 2022 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 decrease in the unrestricted net position of the utility fund was from net operating income of $8,081,824, a decrease of $1,107,437 or 12.05% compared to 2022.

The *Pier Fund* accounts for the operations and maintenance of the City's Russell-Fields Pier. Operating revenues exceeded operating expenditures by $355,139. Personal services and depreciation expense accounted for a significant portion of operating expenses, 45% and 31%, respectively. Pier fund operations generated positive cash flows in 2023. $750,000 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 2023, operating expenses exceeded operating revenues by $914,495. 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, 2023, was $306,519,312 (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 $10,327,642 on various water and wastewater capital projects. Approximately $9,087,428 was spent in the current year on water improvements in the Lantana and R Jackson area. $6,058,427 was spent on sewer improvement in the Nautilus to R. Jackson area. Land was purchased in the amount of $1,817,773 for Front Beach Road property.

- As of September 30, 2023, approximately $31.2 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 continued 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. $5,830,208 was spent on these efforts during the current year. $593,240 was spent on sewer improvement in the utility relocation of segment 3 with an additional $989,854 spent on water improvement in the same area. An additional $847,569 was spent on land.

Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
September 30,	**2023**	2022	**2023**	2022	**2023**	2022
Land	**$ 54,377,393**	$ 54,002,017	**$ 10,041,781**	$ 10,027,333	**$ 64,419,174**	$ 64,029,350
Construction in progress	**40,388,625**	22,001,485	**25,183,901**	12,448,805	**65,572,526**	34,450,290
Intangible assets	**-**	-	**194,788**	194,788	**194,788**	194,788
Buildings	**17,187,534**	17,809,015	**18,260,222**	19,258,077	**35,447,756**	37,067,092
Improvements	**46,802,121**	49,076,829	**81,051,658**	78,827,114	**127,853,779**	127,903,943
Machinery and equipment	**8,659,445**	6,901,056	**4,351,823**	4,441,891	**13,011,268**	11,342,947
Right-to-use lease asset	**-**	-	**20,021**	25,881	**20,021**	25,881
Total	**$ 167,415,118**	$ 149,790,402	**$ 139,104,194**	$ 125,223,889	**$ 306,519,312**	$ 275,014,291

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 $96,677,945. 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,	**2023**	2022	**2023**	2022	**2023**	2022
Revenue bonds	**$ 68,377,945**	$ 71,264,852	**$ 28,300,000**	$ 30,625,000	**$ 96,677,945**	$ 101,889,852

Total outstanding bond debt decreased by $5,211,907 in the current fiscal year. Principal payments totaled $4,975,000 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

During fiscal year 2023, the local economy has been very hearty. 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, 2023	Primary Government Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 31,841,222	$ 33,099,627	$ 64,940,849
Accounts receivable, net	520,035	7,720,425	8,240,460
Taxes and fees receivable	935,975	-	935,975
Grants receivable	2,281,527	131,953	2,413,480
Accrued interest receivable	6,096	24,566	30,662
Lease receivable	-	3,100,882	3,100,882
Due from other governments	599,391	3,756	603,147
Inventory	22,970	988,247	1,011,217
Investments	19,765,539	43,899,344	63,664,883
Prepaid items	199,278	118,146	317,424
Restricted assets			
Cash and cash equivalents	63,933,803	32,551,347	96,485,150
Accrued interest receivable	11,805	-	11,805
Due from other governments	251,430	-	251,430
Prepaid items	2,658	-	2,658
Grants receivable	280,322	-	280,322
Investments	27,123,243	-	27,123,243
Capital assets			
Nondepreciable	94,766,018	35,420,470	130,186,488
Depreciable, net	72,649,100	103,663,703	176,312,803
Right-to-use lease assets, net	-	20,021	20,021
Total assets	315,190,412	260,742,487	575,932,899
Deferred Outflows of Resources			
Deferred outflows related to pensions	11,630,047	2,488,259	14,118,306
Deferred outflows related to OPEB	286,358	96,110	382,468
Deferred loss on refunding	1,345,278	1,840,676	3,185,954
Total deferred outflows of resources	13,261,683	4,425,045	17,686,728

(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, 2023	Primary Government Governmental Activities	Business-type Activities	Total
Liabilities			
Accounts payable	$ 4,604,435	$ 1,126,606	$ 5,731,041
Accrued expenses and deposits	2,553,995	1,750,200	4,304,195
Accrued interest payable	958,229	139,434	1,097,663
Due to other governments	254,256	825,042	1,079,298
Internal balances	(124)	124	-
Unearned revenue	7,364,355	2,756,597	10,120,952
Long-term liabilities			
Due within one year			
Revenue certificates payable	-	2,058,070	2,058,070
Accrued compensated absences	617,643	218,793	836,436
Net OPEB obligation	61,557	20,660	82,217
Lease liability	-	5,786	5,786
Revenue bonds payable, net	2,956,905	2,365,000	5,321,905
Due in more than one year			
Accrued compensated absences	1,907,306	444,977	2,352,283
Net pension liability	16,049,045	2,808,878	18,857,923
Net OPEB obligation	1,355,601	454,969	1,810,570
Lease liability	-	11,811	11,811
Revenue bonds payable, net	65,421,040	25,935,000	91,356,040
Total liabilities	104,104,243	40,921,947	145,026,190
Deferred Inflows of Resources			
Deferred inflows related to lease revenue	-	3,063,900	3,063,900
Deferred inflows related to pensions	1,363,895	462,353	1,826,248
Deferred inflows related to OPEB	338,482	113,601	452,083
Total deferred inflows of resources	1,702,377	3,639,854	5,342,231
Net position			
Net investment in capital assets	128,254,613	112,157,606	240,412,219
Restricted for			
Law enforcement	78,378	-	78,378
Beach access public parking	812,956	-	812,956
Impact fees	5,116,958	25,680,865	30,797,823
Reforestation	1,841,063	-	1,841,063
Highways and streets	1,127,142	-	1,127,142
Debt service	5,869,243	788,421	6,657,664
Community redevelopment	31,682,566	-	31,682,566
Storm water	3,731,690	-	3,731,690
Unrestricted	44,130,866	81,978,839	126,109,705
Total net position	$ 222,645,475	$ 220,605,731	$ 443,251,206

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, 2023

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Primary Government: Governmental Activities	Net (Expenses) Revenues and Changes in Net Position: Primary Government: Business-type Activities	Net (Expenses) Revenues and Changes in Net Position: Primary Government: Total
Primary government							
Governmental activities							
General government	$ 7,324,449	$ 1,460,150	$ 4,556,422	$ -	$ (1,307,877)	$ -	$ (1,307,877)
Public safety	23,313,600	5,600,923	1,202,966	684,207	(15,825,504)	-	(15,825,504)
Highways and streets	11,733,233	1,562,947	2,903,914	18,487,870	11,221,498	-	11,221,498
Culture and recreation	6,013,907	609,188	175,609	426,800	(4,802,310)	-	(4,802,310)
Physical environment	1,541,106	3,209,925	-	148,820	1,817,639	-	1,817,639
Interest on long-term debt	2,072,258	-	-	-	(2,072,258)	-	(2,072,258)
Total governmental activities	51,998,553	12,443,133	8,838,911	19,747,697	(10,968,812)	-	(10,968,812)
Business-type activities							
Utility							
Water	16,176,856	21,592,093	3,941	-	-	5,419,178	5,419,178
Waste water	14,939,124	17,605,711	-	166,059	-	2,832,646	2,832,646
Pier	1,386,586	1,731,725	-	-	-	345,139	345,139
Aquatic center	1,433,810	519,315	-	-	-	(914,495)	(914,495)
Interest on long-term debt	577,352	-	-	-	-	(577,352)	(577,352)
Total business-type activities	34,513,728	41,448,844	3,941	166,059	-	7,105,116	7,105,116
Total primary government	$ 86,512,281	$ 53,891,977	$ 8,842,852	$ 19,913,756	(10,968,812)	7,105,116	(3,863,696)
General revenues and transfers							
Taxes							
Business taxes					20,440,588	-	20,440,588
Utility taxes					6,066,398	-	6,066,398
Franchise fees					3,830,137	-	3,830,137
Impact fees					1,223,215	6,999,193	8,222,408
Penalties on delinquent business taxes					69,594	-	69,594
Gain on disposal of capital assets					229,243	30,426	259,669
Investment earnings					3,934,680	3,522,797	7,457,477
Transfers, net					1,123,000	(1,123,000)	-
Total general revenues					36,916,855	9,429,416	46,346,271
Change in net position					25,948,043	16,534,532	42,482,575
Net position, beginning of year					196,697,432	204,071,199	400,768,631
Net position, end of year					$ 222,645,475	$ 220,605,731	$ 443,251,206

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

City of Panama City Beach, Florida
Balance Sheet
Governmental Funds

September 30, 2023	General	Community Redevelopment	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 30,570,257	$ 1,255,501	$ 15,464	$ 31,841,222
Accounts receivable, net	78,573	39,862	-	118,435
Taxes and fees receivable	935,975	-	-	935,975
Grants receivable	2,281,527	-	-	2,281,527
Accrued interest receivable	6,096	-	-	6,096
Due from other governments	499,563	-	-	499,563
Due from other funds	1,973	-	-	1,973
Inventory	22,970	-	-	22,970
Investments	19,765,539	-	-	19,765,539
Prepaid items	194,450	4,828	-	199,278
Cash and cash equivalents - restricted	15,290,942	43,882,635	4,760,226	63,933,803
Investments- restricted	-	27,123,243	-	27,123,243
Grants receivable - restricted	-	161,839	118,483	280,322
Accrued interest receivable - restricted	-	-	11,805	11,805
Due from other governments - restricted	251,430	-	-	251,430
Due from other funds - restricted	-	2,271	769	3,040
Prepaid items - restricted	-	-	2,658	2,658
Total assets	$ 69,899,295	$ 72,470,179	$ 4,909,405	$ 147,278,879
Liabilities and fund balances				
Liabilities				
Accounts payable	$ 2,476,901	$ 1,911,831	$ 215,703	$ 4,604,435
Accrued expenses and deposits	1,025,824	11,712	32,710	1,070,246
Due to other governments	24,212	230,044	-	254,256
Due to other funds	3,428	53	1,408	4,889
Unearned revenue	7,288,569	75,786	-	7,364,355
Total liabilities	10,818,934	2,229,426	249,821	13,298,181
Fund balances				
Nonspendable	217,420	4,828	2,658	224,906
Restricted	8,285,968	68,984,174	4,641,462	81,911,604
Committed	223,939	-	-	223,939
Assigned	16,526,797	1,251,751	15,464	17,794,012
Unassigned	33,826,237	-	-	33,826,237
Total fund balances	59,080,361	70,240,753	4,659,584	133,980,698
Total liabilities and fund balances	$ 69,899,295	$ 72,470,179	$ 4,909,405	
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.				501,428
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				167,415,118
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.				(90,811,075)
Deferred outflows and inflows are not financial statement resources, assets or liabilities and, therefore, are not reported in the funds.				11,559,306
Net position of governmental activities				$ 222,645,475

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, 2023	General	Community Redevelopment	Nonmajor Funds	Total Governmental Funds
Revenues				
Taxes				
Business taxes	$ 20,440,588	$ -	$ -	$ 20,440,588
Utility taxes	6,066,398	-	-	6,066,398
Tax increment funds	-	16,389,314	-	16,389,314
Franchise fees	3,834,155	-	-	3,834,155
Intergovernmental	6,788,964	-	-	6,788,964
Municipal services impact fees	1,141,615	81,600	-	1,223,215
Permits, fees and special assessments	6,223,888	866,447	3,192,037	10,282,372
Fines and forfeitures	350,167	942	36,599	387,708
Contributions and donations	1,572,929	8,200	28,686	1,609,815
Grants	3,068,017	239,003	118,483	3,425,503
Rents	293,391	8,532	-	301,923
Investment earnings	1,725,712	2,061,994	146,983	3,934,689
Other fees and miscellaneous	861,866	471,109	17,889	1,350,864
Total revenues	52,367,690	20,127,141	3,540,677	76,035,508
Expenditures				
Current				
General government	5,917,875	479,088	-	6,396,963
Public safety	19,497,810	-	42,524	19,540,334
Highways and streets	5,343,777	2,609,716	-	7,953,493
Culture and recreation	4,639,898	-	-	4,639,898
Physical environment	-	-	1,301,919	1,301,919
Capital outlay				
General government	213,336	-	-	213,336
Public safety	5,247,582	-	-	5,247,582
Highways and streets	639,267	11,830,788	-	12,470,055
Culture and recreation	4,287,803	-	-	4,287,803
Physical environment	-	-	1,649,772	1,649,772
Debt service				
Principal	-	2,650,000	-	2,650,000
Interest	-	2,339,308	-	2,339,308
Total expenditures	45,787,348	19,908,900	2,994,215	68,690,463
Excess of revenues over expenditures	6,580,342	218,241	546,462	7,345,045
Other Financing Sources (Uses)				
Transfers in	1,305,000	4,234	84,028	1,393,262
Transfers out	(190,339)	(65,000)	(117,000)	(372,339)
Grants and aid	(390,735)	-	-	(390,735)
Proceeds from disposal of assets	199,415	844,794	61,155	1,105,364
Net other financing sources (uses)	923,341	784,028	28,183	1,735,552
Net change in fund balances	7,503,683	1,002,269	574,645	9,080,597
Fund balances, beginning of year	51,576,678	69,238,484	4,084,939	124,900,101
Fund balances, end of year	$ 59,080,361	$ 70,240,753	$ 4,659,584	$ 133,980,698

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,		2023
Net change in fund balances - total governmental funds	$	9,080,597
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.		17,795,650
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(170,937)
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.		(3,913,961)
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.		436,181
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.		2,720,513
Change in net position of governmental activities	$	25,948,043

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, 2023	Business-type Activities - Enterprise Funds		
	Utility Fund	Other Proprietary Funds	Total
Assets			
Current assets			
Cash and cash equivalents	$ 30,435,572	$ 2,664,055	$ 33,099,627
Accounts receivable, net	7,679,023	41,402	7,720,425
Lease receivable	-	99,300	99,300
Grants receivable	131,953	-	131,953
Due from other funds	387	1	388
Due from other governments	3,756	-	3,756
Inventory	988,247	-	988,247
Investments	43,346,075	553,269	43,899,344
Accrued interest receivable	24,566	-	24,566
Prepaid items	118,146	-	118,146
Total current assets	82,727,725	3,358,027	86,085,752
Noncurrent assets			
Restricted assets			
Cash and cash equivalents	32,551,347	-	32,551,347
Lease receivable	-	3,001,582	3,001,582
Capital assets			
Non-depreciable	35,420,470	-	35,420,470
Depreciable, net	95,415,230	8,248,473	103,663,703
Right-to-use lease assets, net	-	20,021	20,021
Total noncurrent assets	163,387,047	11,270,076	174,657,123
Total assets	$ 246,114,772	$ 14,628,103	$ 260,742,875
Deferred Outflows of Resources			
Deferred outflows related to pensions	2,180,335	307,924	2,488,259
Deferred outflows related to OPEB	86,688	9,422	96,110
Deferred loss on refunding	1,840,676	-	1,840,676
Total deferred outflows of resources	$ 4,107,699	$ 317,346	$ 4,425,045

(Continued)

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, 2023	Business-type Activities - Enterprise Funds Utility Fund	Other Proprietary Funds	Total
Liabilities			
Current liabilities			
Accounts payable	$ 1,107,775	$ 18,831	$ 1,126,606
Accrued expenses and deposits	1,706,462	43,738	1,750,200
Accrued interest payable	139,434	-	139,434
Due to other funds	512	-	512
Due to other governments	797,232	27,810	825,042
Unearned revenue	2,720,547	36,050	2,756,597
Revenue certificates payable	2,058,070	-	2,058,070
Compensated absences	198,837	19,956	218,793
Net OPEB liability	18,635	2,025	20,660
Current portion of lease liability	-	5,786	5,786
Current portion of revenue bonds payable, net	2,365,000	-	2,365,000
Total current liabilities	11,112,504	154,196	11,266,700
Noncurrent liabilities			
Compensated absences	398,566	46,411	444,977
Net pension liability	2,461,278	347,600	2,808,878
Net OPEB liability	410,374	44,595	454,969
Lease liability due after one year	-	11,811	11,811
Revenue bonds payable, net due after one year	25,935,000	-	25,935,000
Total noncurrent liabilities	29,205,218	450,417	29,655,635
Total liabilities	40,317,722	604,613	40,922,335
Deferred Inflows of Resources			
Deferred inflows related to lease revenue	-	3,063,900	3,063,900
Deferred inflows related to pensions	405,135	57,218	462,353
Deferred inflows related to OPEB	102,467	11,134	113,601
Total deferred inflows of resources	507,602	3,132,252	3,639,854
Net Position			
Net investment in capital	103,906,709	8,250,897	112,157,606
Restricted for			
Impact fees	25,680,865	-	25,680,865
Debt service	788,421	-	788,421
Unrestricted	79,021,152	2,957,687	81,978,839
Total net position	$ 209,397,147	$ 11,208,584	$ 220,605,731

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, 2023	Business-type Activities - Enterprise Funds Utility Fund	Other Proprietary Funds	Total
Operating Revenues			
Charges for services			
Water and waste water sales	$ 37,703,332	$ -	$ 37,703,332
Connection and reset fees	806,290	-	806,290
Administrative and review fees	57,476	-	57,476
Admissions and other fees	-	1,839,579	1,839,579
Rent	-	334,044	334,044
Miscellaneous	630,706	77,417	708,123
Total operating revenues	39,197,804	2,251,040	41,448,844
Operating Expenses			
Personal services	7,301,525	1,295,939	8,597,464
Professional services	400,106	33,571	433,677
Office supplies	17,579	1,630	19,209
Contractual services	601,479	60,770	662,249
Insurance	422,085	83,004	505,089
Repairs and maintenance	2,978,630	130,253	3,108,883
Operating supplies	2,151,511	251,027	2,402,538
Communication services	203,872	20,792	224,664
Public utility services	11,661,437	165,930	11,827,367
Transportation	59,567	-	59,567
Rentals	123,737	95,868	219,605
Printing and binding	5,895	2,714	8,609
Miscellaneous	66,857	10,738	77,595
Depreciation and amortization	5,121,700	658,160	5,779,860
Total operating expenses	31,115,980	2,810,396	33,926,376
Operating income (loss)	8,081,824	(559,356)	7,522,468
Nonoperating Revenues (Expenses)			
Investment earnings	3,360,344	79,844	3,440,188
Grants and contributions	170,000	-	170,000
Contributions to other governments	-	(10,000)	(10,000)
Gain (loss) on disposal of assets	29,476	950	30,426
Interest expense	(577,033)	(319)	(577,352)
Interest income on lease receivable	-	82,609	82,609
Total nonoperating revenues (expenses)	2,982,787	153,084	3,135,871
Income (Loss) Before Impact Fees and Transfers	11,064,611	(406,272)	10,658,339
Impact fees	6,999,193	-	6,999,193
Transfers in	-	750,000	750,000
Transfers out	(973,000)	(900,000)	(1,873,000)
Change in net position	17,090,804	(556,272)	16,534,532
Net position, beginning of year	192,306,343	11,764,856	204,071,199
Net position, end of year	$ 209,397,147	$ 11,208,584	$ 220,605,731

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, 2023	Business-type Activities - Enterprise Funds Utility Fund	Other Proprietary Funds	Total
Operating Activities			
Cash received from customers and users	$ 38,603,843	$ 2,247,373	$ 40,851,216
Cash payments to suppliers	(20,386,576)	(1,136,494)	(21,523,070)
Cash payments to employees	(5,524,747)	(905,802)	(6,430,549)
Net cash provided by operating activities	12,692,520	205,077	12,897,597
Noncapital Financing Activities			
Grants and contributions	4,741	-	4,741
Contributions to other governments	-	(10,000)	(10,000)
Repayment of loans to other funds	-	(78,000)	(78,000)
Cash transfers (to) from other funds	(973,000)	(72,000)	(1,045,000)
Net cash provided by (used in) noncapital financing activities	(968,259)	(160,000)	(1,128,259)
Capital and Related Financing Activities			
Impact fees	5,732,733	-	5,732,733
Grants and contributions	529,006	-	529,006
Principal paid on revenue certificates	(309,241)	-	(309,241)
Principal paid on lease liabilities	-	(5,708)	(5,708)
Interest paid on lease liabilities	-	(319)	(319)
Principal paid on revenue bonds	(2,325,000)	-	(2,325,000)
Interest paid on revenue bonds	(452,269)	-	(452,269)
Proceeds from sale of assets	31,028	950	31,978
Costs associated with sale of assets	(1,551)	-	(1,551)
Purchase of capital assets	(19,164,333)	(263,163)	(19,427,496)
Cash received as lessor - interest	-	82,609	82,609
Net cash (used in) capital and related financing activities	(15,959,627)	(185,631)	(16,145,258)
Investing Activities			
Purchase of investments	(7,154,283)	(25,646)	(7,179,929)
Proceeds from sale of investments	10,000,000	-	10,000,000
Investment earnings	3,414,313	79,843	3,494,156
Net cash provided by (used in) investing activities	6,260,030	54,197	6,314,227
Net increase in cash and cash equivalents	2,024,664	(86,357)	1,938,307
Cash and cash equivalents, beginning of year	60,962,255	2,750,412	63,712,667
Cash and cash equivalents, end of year	$ 62,986,919	$ 2,664,055	$ 65,650,974
Classified as			
Current assets - cash and cash equivalents	$ 30,435,572	$ 2,664,055	$ 33,099,627
Restricted assets - cash and cash equivalents	32,551,347	-	32,551,347
Total	$ 62,986,919	$ 2,664,055	$ 65,650,974

(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)

For the year ended September 30, 2023	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)	$ 8,081,824	$ (559,356)	$ 7,522,468
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	5,121,700	652,300	5,774,000
Amortization	-	5,860	5,860
Bad debts	39,073	-	39,073
Forfeited deposits	(3,000)	-	(3,000)
Expiration of revenue certificate	(121,920)	-	(121,920)
Change in assets, deferred outflows, liabilities and deferred inflows			
(Increase) decrease in assets and deferred outflows			
Accounts receivable, net	(535,967)	31,040	(504,927)
Due from other funds	13,334	(1)	13,333
Due from other governments	6,123	-	6,123
Lease receivable	-	(3,100,882)	(3,100,882)
Inventory	(349,372)	-	(349,372)
Prepaids	(7,887)	-	(7,887)
Deferred outflows related to pensions	1,579,358	222,724	1,802,082
Deferred outflows related to OPEB	4,437	1,260	5,697
Increase (decrease) in liabilities and deferred inflows			
Accounts payable	(83,184)	(5,019)	(88,203)
Accrued expenses and deposits	157,330	20,492	177,822
Due to other funds	(126,730)	(21,353)	(148,083)
Due to other governments	(158,424)	309	(158,115)
Unearned revenue	(100,629)	1,965	(98,664)
Accrued compensated absences	5,141	13,777	18,918
Net OPEB obligation	24,856	(757)	24,099
Net pension liability	(904,966)	(127,516)	(1,032,482)
Deferred inflows related to pensions	47,925	6,801	54,726
Deferred inflows related to OPEB	3,498	(467)	3,031
Deferred inflows related to leases	-	3,063,900	3,063,900
Total adjustments	4,610,696	764,433	5,375,129
Net cash provided by operating activities	$ 12,692,520	$ 205,077	$ 12,897,597

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, 2023		Pension Trust Funds
Assets		
Cash and cash equivalents	$	1,905,113
Accounts receivable, net		11,303
Dividends receivable		24,957
Investments, at fair value		
Money market funds		1,207,800
Municipal bonds		2,515,424
Corporate bonds		6,076,811
Government securities		4,708,247
Real estate investment funds		6,727,274
Real estate investment trusts		1,367,265
Mutual funds		67,148,880
Total assets		91,693,074
Liabilities		
Accounts payable		155,232
Refunds payable		7,960
Total liabilities		163,192
Net position		
Restricted for		
Held in trust for pension benefits	$	91,529,882

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, 2023		Pension Trust Funds
Additions		
Contributions		
Employer	$	3,470,613
Plan members		1,754,501
Insurance premiums		608,484
Total contributions		5,833,598
Investment earnings		
Interest		9,885
Dividends		1,934,102
Net increase (decrease) in fair value of investments		6,447,520
Total investment earnings		8,391,507
Less investment expenses		(326,321)
Net investment earnings		8,065,186
Total additions		13,898,784
Deductions		
Benefits paid		4,899,198
Refunds of contributions		541,502
Administrative expenses		121,038
Total deductions		5,561,738
Net increase (decrease) in fiduciary net position		8,337,046
Net position, beginning of year		83,192,836
Net position, end of year	$	91,529,882

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 Fund Balance

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 Fund Balance (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.

Lease receivables - The City's lease receivables are measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the City may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Inventories and Prepaid Items (continued)

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.

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Deferred Outflows/Inflows of Resources (continued)

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.

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 three (3) items that qualify for reporting as deferred inflows of resources, the *deferred inflows related to pensions*, the *deferred inflows related to OPEB*, and the *deferred inflows related to leases,* 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. The *deferred inflows related to leases* are associated with amounts owed to the City, as lessor, by entities leasing the City's capital assets.

Compensated Absences

The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. For employees hired prior to June 1, 2017, the City's policy permits employees to accumulate earned but unused sick leave benefits, a portion of which is eligible for payment upon separation from government service. For employees hired after June 1, 2017, accumulated sick leave lapses when employees leave the employ of the City and, accordingly upon separation from service, no monetary obligation exists.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance (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 right-to-use lease 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 right-to-use lease 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. Right-to-use lease 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 Fund Balance (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 GASBC Section 1800, *Classification and Terminology*, 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 Fund Balance (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 19, 2024 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 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. 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 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 $501,428 difference are as follows:

Accounts receivable, net	$	401,600
Due from other governments		99,828
Net adjustment to increase fund balances – total governmental funds to arrive at *net position of governmental activities*	$	501,428

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 $167,415,118 difference are as follows:

Cost of capital assets	$	232,711,504
Less: accumulated depreciation		(65,296,386)
Net adjustment to increase fund balances – total governmental funds to arrive at *net position of governmental activities*	$	167,415,118

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 $(90,811,075) difference are as follows:

Revenue bonds payable, net	$	(62,430,000)
Unamortized premium costs		(5,947,945)
Net OPEB obligation		(1,417,158)
Net pension liability		(16,049,045)
Self insurance liability		(1,483,749)
Accrued compensated absences		(2,524,949)
Accrued interest payable		(958,229)
Net adjustment to decrease fund balances – total governmental funds to arrive at *net position of governmental activities*	$	(90,811,075)

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 $11,559,306 difference are as follows:

Deferred outflows related to pensions	$	11,630,047
Deferred inflows related to pensions		(1,363,895)
Deferred outflows related to OPEB		286,358
Deferred inflows related to OPEB		(338,482)
Deferred loss on refunding		1,345,278
Net adjustment to increase fund balances - total governmental funds to arrive at *net position of governmental activities*	$	11,559,306

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 $17,795,650 difference are as follows:

Capital outlay expenditures	$	23,868,548
Less: depreciation expense		(6,072,898)
Net adjustment to increase *net change in fund balances - total governmental funds* to arrive at *change in net position of governmental activities*	$	17,795,650

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 $(170,937) 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.	$	(876,327)
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.		705,390
Net adjustment to decrease *net change in fund balances – total governmental funds* to arrive at *change in net position of governmental activities*	$	(170,937)

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 $(3,913,961) difference are as follows:

Compensated absences	$	(35,196)
Insurance		274,827
Various expenses		(236)
Interest		30,144
Interfund transfers		(480,655)
Pension expense		(3,690,474)
OPEB		(12,371)
Net adjustment to increase *net change in fund balances – total governmental funds* to arrive at *change in net position of governmental activities*	$	(3,913,961)

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 $436,181 difference are as follows:

Intergovernmental	$	1,170
Special assessments		(62)
Fines and forfeitures		(61,640)
Interfund transfers		582,732
Grants		(107,023)
Other fees and miscellaneous		21,004
Net adjustment to increase *net change in fund balances – total governmental funds* to arrive at *change in net position of governmental activities*	$	436,181

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 $2,720,513 difference are as follows:

Principal repayment of bonds	$	2,650,000
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*	$	2,720,513

Note 3: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

As of September 30, 2023, 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, 2023, 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, 2023:

			Maturities (in years)	
		Fair Value	Less than 1	Level
Fiduciary fund				
Money market funds	$	1,207,800	$ 1,207,800	L1
Municipal bonds		2,515,424	2,515,424	L1
Corporate bonds		5,863,799	5,863,799	L1
Corporate bonds		213,012	213,012	L2
Government securities		4,708,247	4,708,247	L1
Real estate investment trusts		1,367,265	1,367,265	L1
Mutual funds		67,148,880	67,148,880	L1
Total investments measured by fair value level		83,024,427	$ 83,024,427	
Investments measured at the net asset value (NAV)				
Real estate investment funds		6,727,274		
Total fiduciary fund	$	89,751,701		
Investments measured at the net asset value (NAV)				
Primary government				
Florida Cooperative Liquid Assets Securities System		5,735,653		
Florida Local Government Investment Trust		40,878,653		
Florida Fixed Income Trust		44,173,820		
Total primary government		90,788,126		
Total investments	$	180,539,827		

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, 2023.

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 quoted prices or yields 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 $23,869,805 and $20,304,015 and weighted average maturity of .77 and 22.32 months, respectively, at September 30, 2023. 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 other short-term securities. 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, short-term bond funds, US treasury obligations, US government agency obligations, municipal bonds, 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 $44,173,820 as of September 30, 2023.

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 $5,735,653 and the weighted average maturity for the portfolio is 1.43 months as of September 30, 2023.

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 $40,878,653 and the weighted average maturity for the portfolio is 1.26 months as of September 30, 2023.

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 $6,727,274 as of September 30, 2023.

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, 2023 (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, 2023, accounts receivable in the governmental activities is summarized as follows:

Total accounts receivable	$	520,035
Less: allowance for doubtful accounts		-
Accounts receivable, net	$	520,035

At September 30, 2023, accounts receivable and allowance for uncollectible accounts in the business-type activities is summarized as follows:

Billed accounts receivable	$	548,434
Unbilled accounts receivable		7,473,651
Other receivables		41,402
Total accounts receivable		8,063,487
Less: allowance for doubtful accounts		(343,062)
Accounts receivable, net	$	7,720,425

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, 2023 is as follows:

Receivable fund	Payable fund		
General	CRA	$	53
General	Stormwater		12
General	Utility		512
General	Law Enforcement Trust		1,396
CRA	General		2,271
Law Enforcement Education	General		760
Stormwater	General		9
Utility	General		387
Aquatic	General		1

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, 2023 is as follows:

	Transfers in					
Transfers out	General fund	CRA fund	Nonmajor governmental funds	Utility fund	Nonmajor proprietary funds	Total
General fund	$ -	$ 4,234	$ 84,028	$ 88,054	$ 14,023	$ 190,339
CRA fund	65,000	-	-	-	-	65,000
Nonmajor governmental funds	117,000	-	-	-	-	117,000
Utility fund	973,000	-	-	-	-	973,000
Nonmajor proprietary funds	150,000	-	-	-	750,000	900,000
Total	$ 1,305,000	$ 4,234	$ 84,028	$ 88,054	$ 764,023	

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, 2022	Increases	Decreases	September 30, 2023
Capital assets, not being depreciated				
Land	$ 54,002,017	$ 1,817,723	$ (1,442,347)	$ 54,377,393
Construction in progress	22,001,485	19,331,507	(944,367)	40,388,625
Total capital assets, not being depreciated	76,003,502	21,149,230	(2,386,714)	94,766,018
Capital assets, being depreciated				
Buildings	23,230,303	(10,480)	(10,481)	23,209,342
Improvements	94,360,502	1,841,352	-	96,201,854
Machinery and equipment	16,180,765	3,146,034	(792,509)	18,534,290
Total capital assets, being depreciated	133,771,570	4,976,906	(802,990)	137,945,486
Accumulated depreciation				
Buildings	(5,421,288)	(600,529)	9	(6,021,808)
Improvements	(45,283,673)	(4,116,060)	-	(49,399,733)
Machinery and equipment	(9,279,709)	(1,356,309)	761,173	(9,874,845)
Total accumulated depreciation	(59,984,670)	(6,072,898)	761,182	(65,296,386)
Total capital assets, being depreciated, net of accumulated depreciation	73,786,900	(1,095,992)	(41,808)	72,649,100
Total governmental activities' capital assets – net	$ 149,790,402	$ 20,053,238	$ (2,428,522)	$ 167,415,118

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

Governmental activities	
General government	$ 239,315
Public safety	1,109,882
Highways and streets	3,411,692
Culture and recreation	1,054,461
Physical environment	257,548
Total depreciation expense – governmental activities	$ 6,072,898

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, 2022	Increases	Decreases	September 30, 2023
Capital assets, not being depreciated				
Land	$ 10,027,333	$ 14,448	$ -	$ 10,041,781
Intangible assets	194,788	-	-	194,788
Construction in progress	12,448,805	17,930,462	(5,195,366)	25,183,901
Total capital assets, not being depreciated	22,670,926	17,944,910	(5,195,366)	35,420,470
Capital assets, being depreciated				
Buildings	37,523,172	-	-	37,523,172
Improvements	129,505,510	5,993,732	-	135,499,242
Machinery and equipment	23,654,126	916,889	(33,549)	24,537,466
Total capital assets, being depreciated	190,682,808	6,910,621	(33,549)	197,559,880
Accumulated depreciation				
Buildings	(18,265,095)	(997,855)	-	(19,262,950)
Improvements	(50,678,396)	(3,769,188)	-	(54,447,584)
Machinery and equipment	(19,212,235)	(1,006,957)	33,549	(20,185,643)
Total accumulated depreciation	(88,155,726)	(5,774,000)	33,549	(93,896,177)
Total capital assets, being depreciated, net of accumulated depreciation	102,527,082	1,136,621	-	103,663,703
Right-to-use lease assets, being amortized				
Land	29,299	-	-	29,299
Accumulated amortization				
Land	(3,418)	(5,860)	-	(9,278)
Right-to-use lease assets, being amortized, net of accumulated amortization	25,881	(5,860)	-	20,021
Total business-type activities' capital assets – net	$ 125,223,889	$ 19,075,671	$ (5,195,366)	$ 139,104,194

Note 3: DETAILED NOTES ON ALL FUNDS (continued)

Capital Assets (continued)

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

Business-type activities	
Utility fund	
Water	$ 1,120,823
Waste water	4,000,877
Other proprietary funds	658,160
Total depreciation and amortization expense – business-type activities	$ 5,779,860

The following schedule summarizes the capital assets of the City's business-type activities at September 30, 2023:

	Utility Fund	Other Proprietary Funds	Total
Land	$ 10,041,781	$ -	$ 10,041,781
Intangible assets	194,788	-	194,788
Buildings	33,369,148	4,154,024	37,523,172
Improvements	123,632,381	11,866,861	135,499,242
Machinery and equipment	23,718,126	819,340	24,537,466
Construction in progress	25,183,901	-	25,183,901
Total	216,140,125	16,840,225	232,980,350
Accumulated depreciation			
Buildings	(17,472,038)	(1,790,912)	(19,262,950)
Improvements	(48,075,735)	(6,371,849)	(54,447,584)
Machinery and equipment	(19,756,652)	(428,991)	(20,185,643)
Total accumulated depreciation	(85,304,425)	(8,591,752)	(93,896,177)
Right-to-use lease asset			
Land	-	29,299	29,299
Accumulated amortization			
Land	-	(9,278)	(9,278)
Total business-type activities' capital assets – net	$ 130,835,700	$ 8,268,494	$ 139,104,194

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, 2022	Additions	Deductions	Balance September 30, 2023	Due within One Year
Bonds from direct placement					
Revenue bonds	$ 65,080,000	$ -	$ (2,650,000)	$ 62,430,000	$ 2,720,000
Adjusted for deferred amounts on issuance premium	6,184,852	-	(236,907)	$ 5,947,945	236,905
Total bonds from direct placement	71,264,852	-	(2,886,907)	68,377,945	2,956,905
Accrued compensated absences	2,489,752	666,396	(631,199)	2,524,949	617,643
Net pension liability					
General employees	4,923,117	-	(1,115,106)	3,808,011	-
Police officers	6,812,038	-	(284,594)	6,527,444	-
Firefighters	6,228,374	-	(514,784)	5,713,590	-
Net OPEB obligation	1,429,178	-	(12,020)	1,417,158	61,557
Total	$ 93,147,311	$ 666,396	$ (5,444,610)	$ 88,369,097	$ 3,636,105

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, 2023, totaled $30,809,486. Current year principal and interest payments paid on the bond required 20.5% of the pledged revenues. Principal and interest payments paid for the current year were $2,650,000 and $782,009, respectively, and the pledged revenues were $16,776,610.

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, 2023, totaled $63,283,650. No principal was paid in the current year. Current year interest payments paid on the bond required 9.3% of the pledged revenues. Interest payments paid for the current year were $1,557,300 and the pledged revenues were $16,776,610.

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, 2023:

	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
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	3,025,000	395,099	-	1,557,300	3,025,000	1,952,399
2029-2033	12,960,000	719,492	1,385,000	7,751,875	14,345,000	8,471,367
2034-2038	-	-	8,045,000	6,473,875	8,045,000	6,473,875
2039-2043	-	-	10,250,000	4,239,200	10,250,000	4,239,200
2044-2048	-	-	12,600,000	1,865,600	12,600,000	1,865,600
2049-2053	-	-	2,830,000	56,600	2,830,000	56,600
Total	27,320,000	3,489,486	35,110,000	28,173,650	62,430,000	31,663,136
Current Portion	(2,720,000)	(708,708)	-	(1,557,300)	(2,720,000)	(2,266,008)
Payable after one year	$ 24,600,000	$ 2,780,778	$ 35,110,000	$ 26,616,350	$ 59,710,000	$ 29,397,128

Long Term Debt – Business-Type Activities

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

	Balance September 30, 2022	**Additions**	**Deductions**	**Balance September 30, 2023**	**Due within One Year**
Bonds from direct placement Revenue bonds	$ 30,625,000	$ -	$ (2,325,000)	$ 28,300,000	$ 2,365,000
Total bonds from direct placement	30,625,000	-	(2,325,000)	28,300,000	2,365,000
Revenue certificates payable	1,967,592	521,639	(431,161)	2,058,070	2,058,070
Accrued compensated absences	644,852	184,110	(165,192)	663,770	218,793
Lease liability	23,305	-	(5,708)	17,597	5,786
Net pension liability	3,841,360	-	(1,032,482)	2,808,878	-
Net OPEB obligation	451,530	24,099	-	475,629	20,660
Total	$ 37,553,639	$ 729,848	$ (3,959,543)	$ 34,323,944	$ 4,668,309

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, 2023 totaled $18,895,533. Current year principal and interest payments on the bond required 6.4% of pledged revenues. Current year principal and interest payments paid from pledged revenues were $1,175,000 and $281,635, respectively, and the pledged revenues were $22,706,697.

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, 2023 totaled $12,097,545. Current year principal and interest payments on the bond required 5.8% of pledged revenues. Current year principal and interest payments paid from pledged revenues were $1,150,000 and $170,634, respectively, and the pledged revenues were $22,706,697.

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, 2023.

	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
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	1,270,000	187,938	1,250,000	89,119	2,520,000	277,057
2029-2033	6,625,000	638,987	5,255,000	181,249	11,880,000	820,236
2034-2036	4,230,000	131,749	-		4,230,000	131,749
Total	16,995,000	1,900,533	11,305,000	792,545	28,300,000	2,693,078
Current Portion	(1,190,000)	(263,423)	(1,175,000)	(154,879)	(2,365,000)	(418,302)
Payable after one year	$ 15,805,000	$ 1,637,110	$ 10,130,000	$ 637,666	$ 25,935,000	$ 2,274,776

Leases – Lessee

The City accounts for leases in accordance with GASBC Section L20, *Leases.* 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, 2023, the base rate of the submerged land lease was $6,027 and the total annual rent that the City paid was $87,418.

The following is a schedule of minimum future lease payments from lease agreements as of September 30, 2023:

For the years ending September 30,	Principal Payments	Interest Expense	Total
2024	$ 5,786	$ 241	$ 6,027
2025	5,865	162	6,027
2026	5,946	81	6,027
Total	$ 17,597	$ 484	$ 18,081

Note 3: DETAILED NOTES ON ALL FUNDS (continued)

Long Term Debt – Business-Type Activities (continued)

Leases - Lessor

The City's operations consist of an agreement for the use of the improved real property located adjacent to the Russell-Fields Pier. The agreement is non-cancelable and expires on January 1, 2043. The City recognized $82,391 of lease revenue principal and $82,609 of lease interest for the year ended September 30, 2023.

The following is a schedule by years of minimum future revenues from non-cancelable agreements as of September 30, 2023:

For the years ending September 30,	Principal	Interest	Future Minimum Lease Payments
2024	$ 99,300	$ 120,700	$ 220,000
2025	103,294	116,706	220,000
2026	107,449	112,551	220,000
2027	111,771	108,229	220,000
2028	116,267	103,733	220,000
2029-2033	658,704	444,596	1,103,300
2034-2038	890,933	294,370	1,185,303
2039-2043	1,013,164	90,350	1,103,514
Total	$ 3,100,882	$ 1,391,235	$ 4,492,117

Minimum future revenues do not include contingent revenues, which may be received under the agreement on the basis of gross sales. Contingent revenues amounted to $127,289 for the year ended September 30, 2023.

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, 2022	Net Changes During the Year	Balance at September 30, 2023
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	76,901	(2,503)	74,398
Magnolia Beach	100,000	70,884	(11,271)	59,613
TW Olson-Magnolia	490,500	347,673	(55,291)	292,382
St. Andrews Land Company	670,414	475,192	(75,574)	399,618
St. Andrews Land Company	212,496	193,286	(1,384)	191,902
Ocean Park Pavilion	68,494	68,494	(3,998)	64,496
Ocean Park Pavilion	239,795	151,088	(1,506)	149,582
Antigua Developers	143,950	21,461	-	21,461
Shores of Panama	250,626	242,792	-	242,792
Sunset Ave Investments	12,750	12,750	(12,750)	-
360 Panama Flats	428,608	-	321,456	321,456
Individual citizens	160,041	18,390	55,576	73,966
Total	$ 3,292,032	$ 1,967,592	$ 90,478	$ 2,058,070

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 $366,540 and $241,944 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, 2023.

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 2023, employee contributions to the plan totaled $1,018,633, while City contributions were $1,706,087 or 15% 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 "20 & out" tier or the "25 & out" tier. These members are required to contribute 10.50% or 7.5% of their annual covered salary respectively. 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 19.08% of annual covered payroll for police officers and 23.77% of covered payroll for firefighters. Employee contributions were $542,270 and $193,598 while City contributions were $908,395 and $856,137 for Police Employees and Fire Employees plans, respectively, for the year ended September 30, 2023. 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 $608,484 for the year ended September 30, 2023.

Plan Membership and Benefits

The makeup of plan participants as of the September 30, 2023, valuation was as follows:

Plan Membership	General Employees	Police Employees	Fire Employees
Inactive plan members or beneficiaries currently receiving benefits	103	35	19
Inactive plan members entitled to, but not yet receiving benefits	12	3	2
Active plan members	193	70	55
Total plan membership	308	108	76

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, 2023, 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	9.90%	9.90%	9.90%

Net Pension Liability, Significant Assumptions, And Discount Rate

The components of the net pension liability of the City as of September 30, 2023, were as follows:

General employees	
Total pension liability	$ 51,632,373
Plan fiduciary net position	(45,015,483)
City's net pension liability	$ 6,616,890
Plan fiduciary net position as a percentage of the total pension liability	87.18%
Police employees	
Total pension liability	$ 33,184,831
Plan fiduciary net position	(26,657,387)
City's net pension liability	$ 6,527,444
Plan fiduciary net position as a percentage of the total pension liability	80.33%
Fire employees	
Total pension liability	$ 25,570,601
Plan fiduciary net position	(19,857,012)
City's net pension liability	$ 5,713,589
Plan fiduciary net position as a percentage of the total pension liability	77.66%

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, 2022, 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)	5.00%	5.00%	5.00%
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 exception of the investment return and mortality, used in the October 1, 2022 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, 2023, are summarized in the following table:

	General Employees		Police Employees		Fire Employees	
Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real 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, 2023, the City recognized a pension expense of $3,644,898 for the General Employees plan; $2,517,702 for the Police Employees plan; and $2,431,308 for the Fire Employees plan. On September 30, 2023, 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	$ 747,578	$ 1,089,172	$ 1,027,752	$ 684,132	$ 898,975	$ 52,944
Changes of assumptions	1,121,676	-	918,121	-	912,318	-
Net difference between projected and actual earnings	3,992,357	-	2,659,601	-	1,839,928	-
Contributions made subsequent to the measurement date	-	-	-	-	-	-
Total	$ 5,861,611	$ 1,089,172	$ 4,605,474	$ 684,132	$ 3,651,221	$ 52,944

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
2024	$ 1,589,423	$ 1,126,854	$ 1,043,617
2025	1,397,056	1,208,877	1,077,676
2026	2,120,878	1,619,034	1,446,062
2027	(334,918)	(38,042)	28,413
2028	-	4,619	2,033
Total Thereafter	-	-	476
Total	$ 4,772,439	$ 3,921,342	$ 3,598,277

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, 2022	$ 49,897,583	$ 41,133,108	$ 8,764,475
Changes for the year			
Service cost	1,944,015	-	1,944,015
Interest	3,531,967	-	3,531,967
Differences between expected and actual experience	(923,798)	-	(923,798)
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - employer	-	1,706,087	(1,706,087)
Contributions - employee	-	1,018,633	(1,018,633)
Net investment income	-	4,167,760	(4,167,760)
Benefit payments, including refunds of employee contributions	(2,817,394)	(2,817,394)	-
Administrative expense	-	(192,711)	192,711
Net changes	1,734,790	3,882,375	(2,147,585)
Balances at September 30, 2023	$ 51,632,373	$ 45,015,483	$ 6,616,890

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	$ 13,455,857	$ 6,616,890	$ 2,058,961

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, 2022	$ 31,070,496	$ 24,258,456	$ 6,812,040
Changes for the year			
Service cost	962,035	-	962,035
Interest	2,186,757	-	2,186,757
Differences between expected and actual experience	579,129	-	579,129
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - employer	-	908,395	(908,395)
Contributions - state	-	241,944	(241,944)
Contributions - employee	-	542,270	(542,270)
Net investment income	-	2,455,909	(2,455,909)
Benefit payments, including refunds of employee contributions	(1,613,586)	(1,613,586)	-
Administrative expense	-	(136,001)	136,001
Net changes	2,114,335	2,398,931	(284,596)
Balances at September 30, 2023	$ 33,184,831	$ 26,657,387	$ 6,527,444

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	$ 10,830,619	$ 6,527,444	$ 2,977,481

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, 2022	$ 24,029,646	$ 17,801,272	$ 6,228,374
Changes for the year			
Service cost	832,396	-	832,396
Interest	1,705,601	-	1,705,601
Differences between expected and actual experience	12,676	-	12,676
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - employer	-	856,137	(856,137)
Contributions - state	-	366,540	(366,540)
Contributions - employee	-	193,598	(193,598)
Net investment income	-	1,767,747	(1,767,747)
Benefit payments, including refunds of employee contributions	(1,009,718)	(1,009,718)	-
Administrative expense	-	(118,564)	118,564
Net changes	1,540,955	2,055,740	(514,785)
Balances at September 30, 2023	$ 25,570,601	$ 19,857,012	$ 5,713,589

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	$ 9,347,012	$ 5,713,589	$ 2,752,819

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, 2023 measurement date, the actuarial assumptions and other inputs, applied include the following:

Salary increases	2.5% per annum
Discount rate	4.09% 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, 2023 was 4.09%.

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, 2023, the City reported a total OPEB liability of $1,892,787. The information has been provided as of the September 30, 2023 measurement date.

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Total OPEB Liability (a) - (b)
Balance as of October 1, 2022	$ 1,880,708	$ -	$ 1,880,708
Changes for the year			
Service cost	16,648	-	16,648
Interest	76,274	-	76,274
Change of assumptions	-	-	-
Difference between expected and actual experience	(15,806)	-	(15,806)
Changes in benefit terms	-	-	-
Contributions - employer (Implicit rate subsidy)	(65,037)	65,037	(130,074)
Net investment income	-	-	-
Benefit payments	-	(65,037)	65,037
Administrative expenses	-	-	-
Net changes	12,079	-	12,079
Balance as of September 30, 2023	$ 1,892,787	$ -	$ 1,892,787

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 4.09%, 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 (3.09%) or one percentage point higher (5.09%) than the current rate:

	1% Decrease 3.09%	Current Discount Rate 4.09%	1% Increase 5.09%
Net OPEB liability	$ 2,191,144	$ 1,892,787	$ 1,658,635

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	$ 1,614,713	$ 1,892,787	$ 2,244,174

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, 2023, the City recognized an OPEB expense of $45,198. 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	$ 382,468	$ 452,083
Change of assumptions	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	-	-
Total	$ 382,468	$ 452,083

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,	
2024	$ 1,054
2025	1,054
2026	1,054
2027	1,054
2028	1,054
Thereafter	(74,885)
Total	$ (69,615)

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, 2023, the City's cost of water purchased from Bay County was $9,631,962. The City did not meet its minimum purchase obligation for 2023 and as a result there was an amount due of $47,782 at September 30, 2023. However, this liability was offset by $477,332 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, 2023.

At September 30, 2023, the City had open construction contract commitments of approximately $223,939.

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, 2023.

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, 2023, 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, 2023, the change in the claims liability was as follows:

Claims liability, October 1, 2022	$	2,186,987
Total transfers to the claims account from premiums, rebates, and other		3,019,044
Total transfers out of the claims account for claims, reinsurance fees, and other		(3,466,277)
Claims liability, September 30, 2023	$	1,739,754

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, 2023, tax increment funds remitted by Bay County to the City for the Pier Park CRA were $479,089. 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, 2023 were $2,808,043. Under the terms of the amended PIPA, $555,142 was remitted to the CDD and $2,252,901 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	$ 194,450	$ 4,828	$ 2,658	$ 201,936
Inventory	22,970	-	-	22,970
Total nonspendable	217,420	4,828	2,658	224,906
Restricted				
Highways and streets	$ 1,879,523	$ -	$ -	$ 1,879,523
Public safety	2,232	-	78,378	80,610
Debt service	-	8,207,133	-	8,207,133
Community redevelopment	-	38,945,946	-	38,945,946
Reforestation	5,381	-	-	5,381
Impact fees	5,116,854	150,736	-	5,267,590
Building permits	1,281,978	-	-	1,281,978
Public parking	-	-	812,956	812,956
Storm water	-	-	3,750,128	3,750,128
Construction	-	21,680,359	-	21,680,359
Total restricted	8,285,968	68,984,174	4,641,462	81,911,604
Committed				
Construction	223,939	-	-	223,939
Total committed	223,939	-	-	223,939
Assigned				
Subsequent years	3,053,973	-	-	3,053,973
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	9,720,000	-	-	9,720,000
Self-insurance	1,252,824	-	-	1,252,824
Pension	-	-	-	-
Community redevelopment	-	1,251,751	-	1,251,751
Public safety	-	-	15,464	15,464
Total assigned	16,526,797	1,251,751	15,464	17,794,012
Unassigned	33,826,237	-	-	33,826,237
Total fund balances	$ 59,080,361	$ 70,240,753	$ 4,659,584	$ 133,980,698

Required Supplementary Information

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, 2023	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	$ 20,099,000	$ 19,813,000	$ 627,588	$ 20,440,588	$ -	$ 20,440,588
Utility taxes	5,392,000	5,699,000	288,248	5,987,248	79,150	6,066,398
Franchise fees	3,210,000	3,630,000	175,190	3,805,190	28,965	3,834,155
Intergovernmental	5,162,000	6,326,300	463,470	6,789,770	(806)	6,788,964
Municipal services impact fees	658,000	789,000	277,415	1,066,415	75,200	1,141,615
Permits, fees and special assessments	5,916,500	6,022,100	202,298	6,224,398	(510)	6,223,888
Fines and forfeitures	130,000	224,100	120,189	344,289	5,878	350,167
Contributions and donations	1,800,100	1,298,810	71,354	1,370,164	202,765	1,572,929
Grants	13,730,320	3,474,700	(2,647,409)	827,291	2,240,726	3,068,017
Rents	248,700	268,700	26,346	295,046	(1,655)	293,391
Investment earnings	68,000	1,400,000	319,661	1,719,661	6,051	1,725,712
Other fees and miscellaneous	741,600	933,600	43,133	976,733	(114,867)	861,866
Total revenues	57,156,220	49,879,310	(32,517)	49,846,793	2,520,897	52,367,690
Expenditures						
Current						
General government						
Legislative	419,000	418,600	63,126	355,474	1,083	356,557
Administration	3,231,100	3,813,200	703,495	3,109,705	11,345	3,121,050
Legal	625,000	625,000	187,656	437,344	15,162	452,506
Comprehensive planning	537,240	497,140	192,173	304,967	6,732	311,699
Protective services	2,144,800	2,127,700	442,191	1,685,509	(9,446)	1,676,063
Total general government	6,957,140	7,481,640	1,588,641	5,892,999	24,876	5,917,875
Public safety						
Police	12,476,200	12,599,323	1,365,873	11,233,450	155,806	11,389,256
Fire	8,779,900	9,023,200	897,067	8,126,133	(17,579)	8,108,554
Total public safety	21,256,100	21,622,523	2,262,940	19,359,583	138,227	19,497,810
Highways and streets	5,875,700	5,843,400	1,052,227	4,791,173	552,604	5,343,777
Culture and recreation						
Library	339,400	332,400	57,530	274,870	(2,364)	272,506
Recreation	5,445,900	4,637,900	(924,447)	5,562,347	(1,194,955)	4,367,392
Total culture and recreation	5,785,300	4,970,300	(866,917)	5,837,217	(1,197,319)	4,639,898
Total current	39,874,240	39,917,863	4,036,891	35,880,972	(481,612)	35,399,360

(Continued)

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, 2023	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	$ 2,067,000	$ 342,000	$ 307,648	$ 34,352	$ 12,294	$ 46,646
Comprehensive planning	6,000	6,100	6,096	4	5,280	5,284
Protective services	125,000	271,100	143,355	127,745	33,661	161,406
Total general government	2,198,000	619,200	457,099	162,101	51,235	213,336
Public safety						
Police	4,087,400	2,505,828	1,699,757	806,071	172,543	978,614
Fire	12,660,000	6,481,429	3,278,947	3,202,482	1,066,486	4,268,968
Total public safety	16,747,400	8,987,257	4,978,704	4,008,553	1,239,029	5,247,582
Highways and streets	2,492,000	1,597,600	1,041,596	556,004	83,263	639,267
Culture and recreation						
Recreation	11,435,000	7,672,990	7,672,990	-	4,287,803	4,287,803
Total culture and recreation	11,585,000	7,829,990	7,829,990	-	4,287,803	4,287,803
Total capital outlay	33,022,400	19,034,047	14,307,389	4,726,658	5,661,330	10,387,988
Total expenditures	72,896,640	58,951,910	18,344,280	40,607,630	5,179,718	45,787,348
Excess (deficiency) of revenues over (under) expenditures	(15,740,420)	(9,072,600)	18,311,763	9,239,163	(2,658,821)	6,580,342
Other Financing Sources (Uses)						
Transfers in	1,725,500	1,305,000	-	1,305,000	-	1,305,000
Transfers out	(73,647)	(76,000)	2,353	(73,647)	116,692	(190,339)
Grants and aid	(391,100)	(470,800)	80,065	(390,735)	-	(390,735)
Proceeds from disposal of assets	25,000	118,000	54,567	172,567	(26,848)	199,415
Total other financing sources (uses)	1,285,753	876,200	136,985	1,013,185	89,844	923,341
Net change in fund balance	(14,454,667)	(8,196,400)	18,448,748	10,252,348	(2,748,665)	7,503,683
Fund balance, beginning of year	41,330,738	55,497,164	2,158,712	57,655,876	(6,079,198)	51,576,678
Fund balance, end of year	$ 26,876,071	$ 47,300,764	$ 20,607,460	$ 67,908,224	$ (8,827,863)	$ 59,080,361

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, 2023	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	$ 16,352,347	$ 16,389,314	$ -	$ 16,389,314	$ -	$ 16,389,314
Municipal services impact fees	206,000	100,000	40,800	140,800	(59,200)	81,600
Permits, fees and special assessments	820,000	867,000	(552)	866,448	(1)	866,447
Fines and forfeitures	-	-	1,161	1,161	(219)	942
Contributions and donations	5,000,000	4,500	(4,500)	-	8,200	8,200
Grants	10,656,820	1,517,000	(1,376,069)	140,931	98,072	239,003
Rents	6,200	7,100	32	7,132	1,400	8,532
Investment earnings	131,200	1,715,756	395,782	2,111,538	(49,544)	2,061,994
Other fees and miscellaneous	196,000	350,000	107,860	457,860	13,249	471,109
Total revenues	33,368,567	20,950,670	(835,486)	20,115,184	11,957	20,127,141
Expenditures						
Current						
General government	479,445	479,089	-	479,089	(1)	479,088
Highways and streets	2,506,750	3,044,050	433,482	2,610,568	(852)	2,609,716
Total current	2,986,195	3,523,139	433,482	3,089,657	(853)	3,088,804
Capital outlay						
Highways and streets	58,777,000	20,521,700	9,342,039	11,179,661	651,127	11,830,788
Total capital outlay	58,777,000	20,521,700	9,342,039	11,179,661	651,127	11,830,788
Debt service						
Principal	2,650,000	2,650,000	-	2,650,000	-	2,650,000
Interest	2,339,310	2,339,310	1	2,339,309	(1)	2,339,308
Other debt service costs	1,000	1,000	1,000	-	-	-
Total debt service	4,990,310	4,990,310	1,001	4,989,309	(1)	4,989,308
Total expenditures	66,753,505	29,035,149	9,776,522	19,258,627	650,273	19,908,900
Excess (deficiency) of revenues over (under) expenditures	(33,384,938)	(8,084,479)	8,941,036	856,557	(638,316)	218,241
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	(4,234)	4,234
Transfers out	(67,500)	(65,000)	(597,347)	(662,347)	(597,347)	(65,000)
Proceeds from disposal of assets	960,000	845,000	(206)	844,794	-	844,794
Total other financing sources (uses)	892,500	780,000	(597,553)	182,447	(601,581)	784,028
Net change in fund balances	(32,492,438)	(7,304,479)	8,343,483	1,039,004	(36,735)	1,002,269
Fund balance, beginning of year	63,994,210	70,719,006	13,588,581	84,307,587	(15,069,103)	69,238,484
Fund balance, end of year	$ 31,501,772	$ 63,414,527	$ 21,932,064	$ 85,346,591	$ (15,105,838)	$ 70,240,753

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

As of and for the year ended September 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	**$ 1,944,015**	$ 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	**3,531,967**	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	**(923,798)**	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	**(2,817,394)**	(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	**1,734,790**	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	**49,897,583**	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)	**51,632,373**	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	**1,706,087**	1,334,190	1,097,316	659,426	805,890	745,847	809,369	892,284	995,644	1,095,319
Contributions - member	**1,018,633**	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)	**4,167,760**	(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	**(2,817,394)**	(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	**(192,711)**	(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	**3,882,375**	(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	**41,133,108**	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)	**45,015,483**	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)	**$ 6,616,890**	$ 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	**87.18%**	82.44%	110.23%	105.82%	102.09%	104.62%	99.96%	94.08%	90.88%	99.47%
Covered payroll	**$ 11,708,435**	$ 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	**56.51%**	85.40%	-50.86%	-28.19%	-10.23%	-23.65%	0.20%	31.43%	46.59%	2.86%

Schedule of Contributions
Last Ten Fiscal Years
General Employees

As of and for the year ended September 30,	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Actuarially determined contribution	**$ 1,403,841**	$ 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	**1,706,087**	1,334,190	1,097,316	659,426	805,890	745,847	809,369	892,284	995,644	1,095,319
Contribution deficiency (excess)	**$ (302,246)**	$ (100,664)	$ (4,817)	$ (434,509)	$ (331,006)	$ (87,855)	$ (166,432)	$ (219,676)	$ (125,931)	$ (214,564)
Covered payroll	**$ 11,708,435**	$ 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	**14.57%**	13.00%	11.81%	7.86%	10.22%	10.28%	12.31%	13.76%	15.96%	19.91%

Notes to Schedule:
Valuation Date: 10/1/22

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.

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

As of and for the year ended September 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	**$ 962,035**	$ 786,640	$ 728,008	$ 557,073	$ 614,104	$ 621,201	$ 609,635	$ 546,733	$ 520,895	$ 479,598
Interest	**2,186,757**	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	**579,129**	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	**(1,613,586)**	(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	**2,114,335**	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	**31,070,496**	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)	**33,184,831**	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	**908,395**	543,011	442,591	514,218	720,133	577,269	580,095	590,606	589,810	646,023
Contributions - member	**542,270**	516,569	466,762	422,039	502,866	373,527	344,327	338,561	325,235	307,896
Contributions - state	**241,944**	210,100	191,852	185,075	170,055	155,114	142,663	137,097	117,870	111,257
Net investment income (loss)	**2,455,909**	(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	**(1,613,586)**	(1,431,722)	(945,403)	(1,290,489)	(987,025)	(1,056,520)	(967,438)	(904,815)	(926,647)	(1,037,205)
Administrative expense	**(136,001)**	(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	**2,398,931**	(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	**24,258,456**	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)	**26,657,387**	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)	**$ 6,527,444**	$ 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	**80.33%**	78.08%	104.03%	95.62%	93.69%	95.71%	91.91%	87.02%	85.95%	91.48%
Covered payroll	**$ 4,631,402**	$ 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	**140.94%**	150.54%	-28.85%	29.55%	37.10%	28.70%	56.68%	86.45%	90.04%	56.35%

Schedule of Contributions
Last Ten Fiscal Years
Police Employees

As of and for the year ended September 30,	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Actuarially determined contribution	**$ 883,671**	$ 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	**908,389**	543,011	466,762	514,218	720,133	577,269	580,095	590,606	589,810	757,280
Contribution deficiency (excess)	**$ (24,718)**	$ (13,576)	$ (210,059)	$ (108,670)	$ (190,646)	$ (54,671)	$ (43,884)	$ 36,235	$ (21,527)	$ (65,864)
Covered payroll	**$ 4,631,402**	$ 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	**19.61%**	12.00%	11.60%	13.20%	17.25%	17.00%	18.53%	19.18%	19.88%	27.71%

Notes to Schedule:
Valuation Date: 10/1/22

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.

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

As of and for the year ended September 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	**$ 832,396**	$ 716,814	$ 494,293	$ 365,093	$ 298,547	$ 270,658	$ 262,044	$ 261,854	$ 239,906	$ 264,424
Interest	**1,705,601**	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	**12,676**	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	**(1,009,718)**	(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	**1,540,955**	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	**24,029,646**	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)	**25,570,601**	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	**856,137**	644,790	582,057	460,777	400,000	190,555	266,409	383,158	416,807	501,112
Contributions - member	**193,598**	165,632	155,931	127,721	109,254	96,798	80,110	78,955	86,266	146,638
Contributions - state	**366,540**	294,279	263,022	226,180	210,227	174,833	176,633	193,237	187,733	206,650
Net investment income (loss)	**1,767,747**	(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	**(1,009,718)**	(1,397,716)	(894,301)	(1,341,145)	(662,160)	(1,572,119)	(790,069)	(596,757)	(461,583)	(428,064)
Administrative expense	**(118,564)**	(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	**2,055,740**	(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	**17,801,272**	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)	**19,857,012**	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)	**$ 5,713,589**	$ 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	**77.66%**	74.08%	99.33%	97.20%	91.52%	101.24%	97.19%	91.37%	86.69%	96.49%
Covered payroll	**$ 3,584,244**	$ 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	**159.41%**	193.19%	4.80%	20.29%	71.57%	-10.60%	29.86%	91.91%	135.66%	36.52%

Schedule of Contributions
Last Ten Fiscal Years
Firefighter Employees

As of and for the year ended September 30,	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Actuarially determined contribution	**$ 851,975**	$ 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	**856,137**	644,790	582,057	460,777	400,000	190,555	266,409	383,158	416,807	707,762
Contribution deficiency (excess)	**$ (4,162)**	$ (26,114)	$ (5,427)	$ (39,245)	$ (40,145)	$ (14,482)	$ (141,196)	$ (159,490)	$ (58,967)	$ (157,624)
Covered payroll	**$ 3,584,244**	$ 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	**23.89%**	20.00%	18.61%	17.75%	18.01%	10.00%	16.81%	25.13%	28.54%	55.05%

Notes to Schedule:
Valuation Date: 10/1/22

Note 1: Valuation date: Actuarially determined contribution rates are calculated as of October 1, one year
Schedule of Contributions

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

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

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	17 Years (as of 10/1/2022)	9 Years (as of 10/1/2022)	17 Years (as of 10/1/2022)
Asset valuation method	5 Year smoothed market	5 Year smoothed market	5 Year smoothed market
Inflation	2.5%	2.5%	2.5%
Payroll increases	5% per year	5% per year	5% per year
Salary increases	5% per year	5% per year	5% 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

2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
9.9%	-18.1%	21.2%	10.5%	4.1%	8.3%	12.9%	8.7%	-1.6%	10.6%

Police Employees

2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
9.9%	-18.20%	18.80%	10.60%	4.10%	8.20%	12.70%	8.60%	-1.40%	10.40%

Fire Employees

2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
9.9%	-18.1%	21.0%	10.4%	4.2%	8.0%	12.7%	8.5%	-1.2%	10.8%

City of Panama City Beach, Florida
Required Other Postemployment Benefits Supplementary Information

As of and for the year ended September 30,	**2023**	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	**$ 16,648**	$ 97,899	$ 69,750	$ 63,930	$ 50,983	$ 37,880
Interest	**76,274**	56,749	48,087	51,684	60,862	55,707
Changes of benefit term	**-**	-	-	-	-	-
Difference between expected and actual experience	**(15,806)**	(363,448)	(15,528)	84,837	499,640	(169,229)
Changes of assumptions or other inputs	**-**	-	-	-	-	-
Implicit Rate Subsidy	**(65,037)**	(65,349)	(53,593)	(53,593)	(36,656)	(36,656)
Net change in total OPEB liability	**12,079**	(274,149)	48,716	146,858	574,829	(112,298)
Total OPEB liability - beginning	**1,880,708**	2,154,857	2,106,141	1,959,283	1,384,454	1,496,752
Total OPEB liability - ending	**1,892,787**	1,880,708	2,154,857	2,106,141	1,959,283	1,384,454
Plan Fiduciary Net Position						
Contributions - employer (implicit rate subsidy)	**65,037**	65,349	53,593	53,593	36,656	36,656
Contributions - employee			-	-	-	-
Net investment income			-	-	-	-
Benefit payments	**(65,037)**	(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	**$ 1,892,787**	$ 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%	0.00%
Covered payroll	**$ 23,384,004**	$ 21,119,099	$ 19,002,213	$ 17,396,290	$ 16,234,970	$ 15,838,042
Total OPEB liability as a percentage of covered payroll	**8.09%**	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 changes:
9/30/2019 - 2.66%
9/30/2020 - 2.21%
9/30/2021 - 2.26%
9/30/2022 - 4.02%
9/30/2023 - 4.09%

Combining and Individual Fund Statements and Schedules

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

September 30, 2023	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	$ -	$ -	$ -	$ -	$ 15,464	$ -	$ 15,464
Cash and cash equivalents - restricted	3,868,126	25,334	36,677	17,133	-	812,956	4,760,226
Grants receivable, restricted	118,483	-	-	-	-	-	118,483
Accrued interest receivable - restricted	11,805	-	-	-	-	-	11,805
Due from other funds - restricted	9	-	760	-	-	-	769
Prepaid items - restricted	2,658	-	-	-	-	-	2,658
Total assets	$ 4,001,081	$ 25,334	$ 37,437	$ 17,133	$ 15,464	$ 812,956	$ 4,909,405
Liabilities and Fund Balances							
Liabilities							
Accounts payable	$ 215,573	$ 130	$ -	$ -	$ -	$ -	$ 215,703
Accrued expenses	32,710	-	-	-	-	-	32,710
Due to other funds	12	1,396	-	-	-	-	1,408
Total liabilities	248,295	1,526	-	-	-	-	249,821
Fund balances							
Nonspendable	2,658	-	-	-	-	-	2,658
Restricted	3,750,128	23,808	37,437	17,133	-	812,956	4,641,462
Assigned	-	-	-	-	15,464	-	15,464
Total fund balances	3,752,786	23,808	37,437	17,133	15,464	812,956	4,659,584
Total liabilities and fund balances	$ 4,001,081	$ 25,334	$ 37,437	$ 17,133	$ 15,464	$ 812,956	$ 4,909,405

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, 2023	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	$ 3,192,037	$ -	$ -	$ -	$ -	$ -	$ 3,192,037
Fines and forfeitures	-	17,160	10,359	9,080	-	-	36,599
Contributions and donations	-	-	-	-	28,686	-	28,686
Grants	118,483	-	-	-	-	-	118,483
Interest and other	128,239	136	170	80	468	17,890	146,983
Miscellaneous revenue	17,889	-	-	-	-	-	17,889
Total revenues	3,456,648	17,296	10,529	9,160	29,154	17,890	3,540,677
Expenditures							
Current							
Public safety	-	14,050	-	-	28,474	-	42,524
Physical environment	1,301,919	-	-	-	-	-	1,301,919
Capital outlay							
Physical environment	1,649,772	-	-	-	-	-	1,649,772
Total expenditures	2,951,691	14,050	-	-	28,474	-	2,994,215
Excess (deficiency) of revenues over (under) expenditures	504,957	3,246	10,529	9,160	680	17,890	546,462
Other Financing Sources (Uses)							
Transfers in	84,028	-	-	-	-	-	84,028
Transfers out	(117,000)	-	-	-	-	-	(117,000)
Proceeds from disposal of assets	61,155	-	-	-	-	-	61,155
Net other financing sources (uses)	28,183	-	-	-	-	-	28,183
Net change in fund balances	533,140	3,246	10,529	9,160	680	17,890	574,645
Fund balances, beginning of year	3,219,646	20,562	26,908	7,973	14,784	795,066	4,084,939
Fund balances, end of year	$ 3,752,786	$ 23,808	$ 37,437	$ 17,133	$ 15,464	$ 812,956	$ 4,659,584

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, 2023	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	$ 3,085,000	$ 3,195,000	$ (2,771)	$ 3,192,229	$ (192)	$ 3,192,037
Grants	3,325,000	374,000	(374,000)	-	118,483	118,483
Interest and other	7,000	100,000	16,750	116,750	11,489	128,239
Miscellaneous revenue	18,200	18,200	(311)	17,889	-	17,889
Total revenues	6,435,200	3,687,200	(360,332)	3,326,868	129,780	3,456,648
Expenditures						
Current						
Physical Environment	1,770,360	1,759,160	445,030	1,314,130	(12,211)	1,301,919
Capital outlay						
Physical Environment	6,279,000	3,622,000	2,102,150	1,519,850	129,922	1,649,772
Total expenditures	8,049,360	5,381,160	2,547,180	2,833,980	117,711	2,951,691
Excess (deficiency) of revenues over (under) expenditures	(1,614,160)	(1,693,960)	2,186,848	492,888	12,069	504,957
Other Financing Sources (Uses)						
Transfers in	73,647	76,000	(2,353)	73,647	10,381	84,028
Transfers out	(73,923)	(117,000)	-	(117,000)	-	(117,000)
Proceeds from disposal of assets	-	-	61,156	61,156	(1)	61,155
Net other financing sources (uses)	(276)	(41,000)	58,803	17,803	10,380	28,183
Net change in fund balance	(1,614,436)	(1,734,960)	2,245,651	510,691	22,449	533,140
Fund balance, beginning of year	1,769,436	2,909,436	430,884	3,340,320	(120,674)	3,219,646
Fund balance, end of year	$ 155,000	$ 1,174,476	$ 2,676,535	$ 3,851,011	$ (98,225)	$ 3,752,786

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

September 30, 2023	Business-type Activities - Enterprise Funds Pier Fund	 Aquatic Center Fund	 Total
Assets			
Current assets			
Cash and cash equivalents	$ 2,194,257	$ 469,798	$ 2,664,055
Accounts receivable, net	24,388	17,014	41,402
Lease receivable	99,300	-	99,300
Due from other funds	-	1	1
Investments	553,269	-	553,269
Total current assets	2,871,214	486,813	3,358,027
Noncurrent assets			
Lease receivable	3,001,582	-	3,001,582
Capital assets			
Depreciable, net	5,316,523	2,931,950	8,248,473
Right-to-use lease assets, net	20,021	-	20,021
Total noncurrent assets	8,338,126	2,931,950	11,270,076
Total assets	$ 11,209,340	$ 3,418,763	$ 14,628,103
Deferred Outflows of Resources			
Deferred outflows related to pensions	163,417	144,507	307,924
Deferred outflows related to OPEB	7,298	2,124	9,422
Total deferred outflows of resources	$ 170,715	$ 146,631	$ 317,346
Liabilities			
Current liabilities			
Accounts payable	12,608	6,223	18,831
Accrued expenses and deposits	25,851	17,887	43,738
Due to other governments	26,625	1,185	27,810
Unearned revenue	7,854	28,196	36,050
Compensated absences	10,323	9,633	19,956
Net OPEB liability	1,569	456	2,025
Current portion of lease liability	5,786	-	5,786
Total current liabilities	90,616	63,580	154,196
Noncurrent liabilities			
Compensated absences	14,812	31,599	46,411
Net pension liability	184,473	163,127	347,600
Net OPEB liability	34,547	10,048	44,595
Lease liability due after one year	11,811	-	11,811
Total noncurrent liabilities	245,643	204,774	450,417
Total liabilities	336,259	268,354	604,613
Deferred Inflows of Resources			
Deferred inflows related to lease revenue	3,063,900	-	3,063,900
Deferred inflows related to pensions	30,366	26,852	57,218
Deferred inflows related to OPEB	8,626	2,508	11,134
Total deferred inflows of resources	3,102,892	29,360	3,132,252
Net position			
Net investment in capital assets	5,318,947	2,931,950	8,250,897
Unrestricted	2,621,957	335,730	2,957,687
Total net position	$ 7,940,904	$ 3,267,680	$ 11,208,584

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, 2023	Business-type Activities/Enterprise Funds		
	Pier Fund	Aquatic Center Fund	Total
Operating Revenues			
Charges for services			
Admissions and other fees	$ 1,397,133	$ 442,446	$ 1,839,579
Rent	334,044	-	334,044
Miscellaneous	548	76,869	77,417
Total operating revenues	1,731,725	519,315	2,251,040
Operating Expenses			
Personal services	616,000	679,939	1,295,939
Professional services	19,032	14,539	33,571
Office supplies	720	910	1,630
Contractual services	31,161	29,609	60,770
Insurance	36,028	46,976	83,004
Repairs and maintenance	65,011	65,242	130,253
Operating supplies	45,914	205,113	251,027
Communication services	11,634	9,158	20,792
Public utility services	36,779	129,151	165,930
Rentals	83,282	12,586	95,868
Printing and binding	381	2,333	2,714
Miscellaneous	1,393	9,345	10,738
Depreciation and amortization	429,251	228,909	658,160
Total operating expenses	1,376,586	1,433,810	2,810,396
Operating income (loss)	355,139	(914,495)	(559,356)
Nonoperating Revenues (Expenses)			
Investment earnings	60,650	19,194	79,844
Contributions to other governments	(10,000)	-	(10,000)
Gain (loss) on disposal of assets	950	-	950
Interest expense	(319)	-	(319)
Interest income on lease receivable	82,609	-	82,609
Total nonoperating revenues (expenses)	133,890	19,194	153,084
Income (Loss) Before Transfers	489,029	(895,301)	(406,272)
Transfers in	-	750,000	750,000
Transfers out	(822,000)	(78,000)	(900,000)
Total transfers	(822,000)	672,000	(150,000)
Change in net position	(332,971)	(223,301)	(556,272)
Net position, beginning of year	8,273,875	3,490,981	11,764,856
Net position, end of year	$ 7,940,904	$ 3,267,680	$ 11,208,584

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

For the year ended September 30, 2023	Business-type Activities - Enterprise Funds Pier Fund	 Aquatic Center Fund	 Total
Operating Activities			
Cash receipts from customers and users	$ 1,726,865	$ 520,508	$ 2,247,373
Cash payments to suppliers	(472,314)	(664,180)	(1,136,494)
Cash payments to employees	(412,198)	(493,604)	(905,802)
Net cash provided by (used in) operating activities	842,353	(637,276)	205,077
Noncapital Financing Activities			
Contributions to other governments	(10,000)	-	(10,000)
Repayments of loans to other funds	-	(78,000)	(78,000)
Transfers (to) from other funds	(822,000)	750,000	(72,000)
Net cash provided by (used in) noncapital financing activities	(832,000)	672,000	(160,000)
Capital and Related Financing Activities			
Principal paid on lease liabilities	(5,708)	-	(5,708)
Interest paid on lease liabilities	(319)	-	(319)
Proceeds from sale of assets	950	-	950
Purchase of capital assets	(39,951)	(223,212)	(263,163)
Cash received as lessor - interest	82,609	-	82,609
Net cash provided by (used in) capital and related financing activities	37,581	(223,212)	(185,631)
Investing Activities			
Purchase of investments	(25,646)	-	(25,646)
Investment earnings	60,650	19,193	79,843
Net cash provided by investing activities	35,004	19,193	54,197
Net increase (decrease) in cash and cash equivalents	82,938	(169,295)	(86,357)
Cash and cash equivalents, beginning of year	2,111,319	639,093	2,750,412
Cash and cash equivalents, end of year	$ 2,194,257	$ 469,798	$ 2,664,055
Classified as			
Current assets - cash and cash equivalents	$ 2,194,257	$ 469,798	$ 2,664,055
Total	$ 2,194,257	$ 469,798	$ 2,664,055

(Continued)

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

For the year ended September 30, 2023	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)	$ 355,139	$ (914,495)	$ (559,356)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities			
Depreciation	423,391	228,909	652,300
Amortization	5,860	-	5,860
Change in assets, deferred outflows, liabilities and deferred inflows			
(Increase) decrease in assets and deferred outflows			
Accounts receivable, net	32,713	(1,673)	31,040
Due from other funds	-	(1)	(1)
Lease receivable	(3,100,882)	-	(3,100,882)
Deferred outflows related to pensions	112,646	110,078	222,724
Deferred outflows related to OPEB	80	1,180	1,260
Increase (decrease) in liabilities and deferred inflows			
Accounts payable	2,588	(7,607)	(5,019)
Accrued expenses and deposits	8,605	11,887	20,492
Due to other funds	(11,384)	(9,969)	(21,353)
Due to other governments	(34)	343	309
Unearned revenue	(556)	2,521	1,965
Accrued compensated absences	4,845	8,932	13,777
Net OPEB obligation	3,392	(4,149)	(757)
Net pension liability	(62,700)	(64,816)	(127,516)
Deferred inflows related to pensions	4,137	2,664	6,801
Deferred inflows related to OPEB	613	(1,080)	(467)
Deferred inflows related to leases	3,063,900	-	3,063,900
Total adjustments	487,214	277,219	764,433
Net cash provided by (used in) operating activities	$ 842,353	$ (637,276)	$ 205,077

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

September 30, 2023	General Employees' Pension Trust Fund	Police Officers' Pension Trust Fund	Firefighters' Pension Trust Fund	Total
Assets				
Cash and cash equivalents	$ 648,523	$ 618,764	$ 637,826	$ 1,905,113
Accounts receivable, net	1,115	686	9,502	11,303
Dividends receivable	12,344	7,154	5,459	24,957
Investments, at fair value				
Money market funds	607,621	316,054	284,125	1,207,800
Municipal bonds	1,145,677	769,286	600,461	2,515,424
Corporate bonds	3,037,479	1,765,225	1,274,107	6,076,811
Government securities	2,368,048	1,347,121	993,078	4,708,247
Real estate investment funds	3,317,560	1,935,243	1,474,471	6,727,274
Real estate investment trusts	685,416	372,566	309,283	1,367,265
Mutual funds	33,263,679	19,572,293	14,312,908	67,148,880
Total assets	45,087,462	26,704,392	19,901,220	91,693,074
Liabilities				
Accounts payable	65,356	46,755	43,121	155,232
Refunds payable	6,623	250	1,087	7,960
Total liabilities	71,979	47,005	44,208	163,192
Net position				
Restricted for				
Held in trust for pension benefits	$ 45,015,483	$ 26,657,387	$ 19,857,012	$ 91,529,882

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

For the year ended September 30, 2023	General Employees' Pension Trust Fund	Police Officers' Pension Trust Fund	Firefighters' Pension Trust Fund	Total
Additions				
Contributions				
Employer	$ 1,706,087	$ 908,389	$ 856,137	$ 3,470,613
Plan members	1,018,633	542,270	193,598	1,754,501
Insurance premiums	-	241,944	366,540	608,484
Total contributions	2,724,720	1,692,603	1,416,275	5,833,598
Investment earnings				
Interest	4,391	2,994	2,500	9,885
Dividends	957,545	562,671	413,886	1,934,102
Net increase in fair value of investments	3,205,824	1,890,251	1,351,445	6,447,520
Total investment earnings	4,167,760	2,455,916	1,767,831	8,391,507
Less investment expenses	(147,788)	(98,567)	(79,966)	(326,321)
Net investment earnings	4,019,972	2,357,349	1,687,865	8,065,186
Total additions	6,744,692	4,049,952	3,104,140	13,898,784
Deductions				
Benefits paid	2,521,361	1,396,005	981,832	4,899,198
Refunds of contributions	296,033	217,582	27,887	541,502
Administrative expenses	44,923	37,434	38,681	121,038
Total deductions	2,862,317	1,651,021	1,048,400	5,561,738
Net increase (decrease) in fiduciary net position	3,882,375	2,398,931	2,055,740	8,337,046
Net position, beginning of year	41,133,108	24,258,456	17,801,272	83,192,836
Net position, end of year	$ 45,015,483	$ 26,657,387	$ 19,857,012	$ 91,529,882

Compliance Section

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INDEPENDENT AUDITOR'S 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, 2023, and have issued our report thereon dated June 19, 2024.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards;* Independent Auditor's Report on Compliance for each Major State Project and on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards,* AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 19, 2024, 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.

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 the 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.

Special District Specific Information – Community Redevelopment Agency

The required reporting items in accordance with Section 218.39(3)(c), Florida Statutes for the Community Redevelopment Agency of the City of Panama City Beach (the CRA) have been reported in the separately-issued audited financial statements of the CRA.

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.

Panama City Beach, Florida
June 19, 2024

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

Honorable Mayor 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, 2023, 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 19, 2024.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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*.

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.

Panama City Beach, Florida
June 19, 2024

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

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

Report on Compliance for Each Major State Project

Opinion on Each Major State Project

We have audited City of Panama City Beach, Florida's compliance with the types of compliance requirements identified as subject to audit in the *Department of Financial Services' State Projects Compliance Supplemen*t that could have a direct and material effect on each of the City of Panama City Beach, Florida's major state projects for the year ended September 30, 2023.the City of Panama City Beach, Florida's major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Panama City Beach, Florida complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended September 30, 2023.

Basis for Opinion on Each Major State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Chapter 10.550, *State of Florida Rules of the Auditor General*. Our responsibilities under those standards and Chapter 10.550*, State of Florida Rules of the Auditor Genera*l are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Panama City Beach, Florida's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the City of Panama City Beach, Florida's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Chapter 10.550, *State of Florida Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of the City of Panama City Beach, Florida's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

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

Panama City Beach, Florida
June 19, 2024

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INDEPENDENT ACCOUNTANT'S 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, 2023. 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, 2023.

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.

Panama City Beach, Florida
June 19, 2024

City of Panama City Beach, Florida
Schedule of Findings and Questioned Costs
State Financial Assistance
Year Ended September 30, 2023

Section I - Summary of Auditor's Results

Financial Statements		
Type of auditor's report issued	Unmodified	
Internal control over financial reporting		
Material weaknesses identified?	___ yes	_X_ no
Significant deficiency identified not considered to be material weaknesses?	___ yes	_X_ none reported
Noncompliance material to financial statements noted?	___ yes	_X_ no
State Financial Assistance		
Internal control over major state projects		
Material weaknesses identified?	___ yes	_X_ no
Significant deficiency identified not considered to be material weaknesses?	___ yes	_X_ none reported
Type of auditors' report issued on compliance for major state projects:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Section 10.557, Rules of the Auditor General	___ yes	_X_ none reported

Identification of major state projects:

CFSA Number	Name of State Project
55.038	Florida Shared-Use nonmotorized (Sun) Trail Network Program

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

(Continued)

Section II – Financial Statement Findings

There were no findings.

Section III – Findings and Questioned Costs – Major State Financial Assistance Projects

There were no findings.

City of Panama City Beach, Florida
Summary Schedule of Prior Year Audit Findings
Year Ended September 30, 2023

There were no prior year audit findings related to federal or state awards. No federal or single audit was performed in the prior year.

City of Panama City Beach, Florida
Schedule of Expenditures of State Financial Assistance
Year Ended September 30, 2023

State Agency State Program	CSFA Number	Contract/ Grant Number	Passed Through to Subrecipients	Total Expenditures
Florida Department of Environmental Protection				
Statewide Water Quality Restoration Projects	37.039	LPA360	$ -	$ 81,002
Statewide Water Quality Restoration Projects	37.039	LPA0609	-	73,486
Statewide Water Quality Restoration Projects	37.039	21-030	-	30,295
Total State of Florida Department of Enviornmental Protection			-	184,783
State of Florida Department of Financial Services				
Grants & Aids - Local Government Fire Service Grants	43.009	FM616	-	431,640
Grants & Aids - Local Government Fire Service Grants	43.009	FM775	-	213,403
			-	645,043
Fire Decontamination Equipment Grant Project	43.013	1 SCBA Decon Washer	-	19,378
			-	19,378
Total State of Florida Department of Financial Services			-	664,421
State of Florida Department of Transportation				
Transportation Regional Incentive Program (TRIP)	55.026	GOR33	-	75,828
			-	75,828
Florida Shared-Use nonmotorized (Sun) Trail Network Program	55.038	GU025	-	1,867,087
			-	1,867,087
Total State of Florida Department of Transportation			-	1,942,915
Total Expenditures of State Financial Assistance			$ -	$ 2,792,119

Notes to Schedule

1. The City follows the modified accrual basis of accounting in preparing this schedule. This method is consistent with the preparation of the City's financial statements.