



2023

CITY OF PANAMA CITY, FLORIDA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2023**





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City of Panama City, Florida

*Annual Comprehensive Financial Report
For the fiscal year ended September 30, 2023*

Prepared by:

The City of Panama City

Accounting Division



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**ANNUAL COMPREHENSIVE FINANCIAL REPORT
OF THE CITY OF PANAMA CITY, FLORIDA
FISCAL YEAR ENDED SEPTEMBER 30, 2023
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INTRODUCTORY SECTION

THIS SECTION CONTAINS THE FOLLOWING SUBSECTIONS:

- LETTER OF TRANSMITTAL
- PRINCIPAL OFFICIALS
- CITY ORGANIZATIONAL CHART
- GFOA CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE
IN FINANCIAL REPORTING



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June 20, 2024

Honorable Mayor, City Commissioners & Citizens of the City of Panama City, Florida,

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the City of Panama City (the City) for the fiscal year ended September 30, 2023. The ACFR is issued pursuant to Florida Statute 218.39(1) which requires municipalities meeting certain criteria to have an annual financial audit of its accounts and records by an independent certified public accountant in accordance with rules of the Auditor General within nine (9) months of the close of each fiscal year. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the enclosed data is accurate in all material aspects and is presented in a manner designed to fairly set forth the financial position and the results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

These financial statements have been presented in accordance with Generally Accepted Accounting Principles (GAAP). These principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). The Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Panama City's MD&A can be found on page five of this report.

The Reporting Entity and Its Services

The City of Panama City was incorporated on March 12, 1926 and covers an area of approximately 34 square miles. The population of the City for 2023 was estimated to be 37,526. The City acts as the county seat of Bay County. The City has a commission-manager form of government and provides a full range of municipal services including public safety, transportation improvements, comprehensive planning and zoning, culture and recreation, economic development and related general and administrative services. In addition, the City operates three enterprise activities: water and sewer utilities, solid waste management, and marina operations.

The City Commission is comprised of the Mayor, elected at-large and four Commission members elected by ward. Together they are responsible for enacting ordinances, resolutions and regulations governing the City as well as appointing the members of various advisory boards, the City Manager, City Attorney and City Clerk-Treasurer. As Chief Administrative Officer, the City Manager is responsible for the enforcement of laws and ordinances; appointing and supervising the department directors of the City; submitting the proposed annual budget; advising Commission as to the financial condition of the City; and overseeing the day-to-day operations of the City.

Criteria considered in concluding which related activities (component units) should be included in the City's combined financial statements are as follows:

- Financial accountability
- Appointment of a voting majority
- Imposition of will
- Financial benefit to or burden on a primary government, and
- Financial accountability as a result of fiscal dependency.

The following component units were included, by discrete presentation for 2023, based upon the criteria noted above:

- Panama City Downtown Improvement Board
- Panama City Port Authority

The Panama City Community Redevelopment Agency (CRA) and the Panama City Florida Hurricane Disaster Relief Fund are included as blended component units in the City's financial statements.

Economic Condition and Outlook

With the aid of the Federal and State of Florida governments, the City of Panama City has been able to overcome the effects of Hurricanes Michael and Sally and the COVID pandemic and rebuild its economy slowly and steadily. The Federal Emergency Management Agency (FEMA) has obligated over \$156 million for the restoration of the City after Hurricane Michael struck on October 10, 2018. The City has expended nearly \$98 million on recovery efforts over the past five years. Several of the large FEMA projects are in or close to their construction phases and the remainder of those obligated funds are expected to be received over the next few years.

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

The City has received over \$105 million in Revolving Fund Loans from the State of Florida. These loans will be used to upgrade water and sewer infrastructure and include over \$27 million in grant funds that do not require reimbursement to the State of Florida. The loan terms are 20 years and 0% interest for the term of the loans. Additionally, the City has been awarded nearly \$206 million in other grants from the Federal and State of Florida governments. Most of these grants have a three-year completion date and no matching fund requirements. More information on these projects is available later in this transmittal letter.

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

New housing developments continue to succeed and provide needed new housing for the City residents. SweetBay, located at the old Panama City Airport, proposed building a total of 3,200 housing units consisting of 2,304 single family residential, 608 multi-family residential apartments and 288 multi-family residential condominiums. Multiple phases of residential development have been completed with new phases being planned. The apartment community, the Residences at SweetBay has also completed construction. Additional apartments will be under construction, including the 219-dwelling unit Ascend at SweetBay.

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

New retail development is also progressing in Panama City North in the vicinity of Highway 231 and Highway 390. A Publix Super Market will anchor the development and also provide six inline stores and multiple outparcels for additional retail and restaurant development. The City successfully attracted this development through creative negotiations with the developer and it is expected to create hundreds of jobs and provide needed amenities for our Panama City North residents.

The Panama City Port Authority continues to invest in expansion projects to handle cargo growth. A recently completed bulk terminal expansion will enable the Port to handle increasing bulk cargo exports from the Port to International markets. The Port has also started the next phase of the East Terminal expansion that will include additional upland facilities, more berth capacity, and expansion of the ship turning basin. As part of an extensive site improvement project to attract industrial growth at the Intermodal Distribution Center (IDC), the Port partnered with the City of Panama City to extend Commerce Boulevard. The extension provides direct access to seventy-five acres of newly improved land designated for port-related industrial development. The Port Authority is also updating its Strategic Master Plan to handle larger vessels and support long-term growth in cargo activity effectively and efficiently.

The United States Air Force, which depends on the support of local communities is well underway with the \$5 billion reconstruction of Tyndall Air Force Base. The United States Air Force plans to rebuild the base as a premiere military facility that will host three F-35 fighter squadrons and also host two dozen MQ-9 Reaper drones by 2023.

The 337th Air Control Squadron expects completion of a 30,000 square foot building that will be equipped to train air battle managers. The new building will have several improvements such as an auditorium, instructor offices, sensitive compartmented information facility and special access program classrooms, simulation bays and ultraviolet filtering for the HVAC systems. Other projects currently in the works include a fire station, a lodging facility that will include 360 rooms, a restaurant and laundry facilities and a Headquarters facility that will house administrative personnel.

Tyndall Air Force Base and Naval Support Activity provide approximately 10,000 military and civilian jobs and 15,000 retirees have chosen to remain in the Panama City-Bay County area. The annual economic impact of the two bases totals over \$1.2 billion.

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

Overall, the City anticipates continued improvements in the local economy due to the rebuilding and revitalizing projects associated with the aforementioned funding sources and opportunities. City Officials closely monitor economic conditions and are committed to working with community groups to attract businesses and tourists to Panama City, especially through the “Panama City is Open for Business” campaign led by renowned national marketing firm kglobal.

Major Initiatives

During Fiscal Year 2023 the following projects were accomplished:

The Administration has implemented an ongoing revision and updating of job descriptions and positions during the attrition process with a focus on recruitment and departmental needs. Flexible scheduling has been successfully implemented allowing for departments and divisions to flex within their ability to maintain continuity and focus on customer service while providing strong retention and recruiting incentives.

The treasury issued \$150 million of new short-term debt to provide cash flow for the aforementioned grants from FEMA and other federal and state agencies.

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

The City of Panama City was awarded two Hurricane Housing Recovery Program (HHRP) grants following Hurricane Michael (2018) through the Florida Housing Finance Corporation. HHRP1 totaled \$8,431,800 and HHRP2 totaled \$2,954,400 = Total Award \$11,386,200. The Housing & Community Services Department has had the following accomplishments to date (Total Expended, \$7.3 million):

- Purchase Assistance – 79 clients served, totaling \$3.8 million.
 - 58 homes were new construction/replacement homes with impact fees.
- Rehabilitation & Emergency Repairs – 26 clients served, totaling \$540,000.
- Rental Assistance – 40 clients served, totaling \$75,000.
- Infill Assistance/New Construction – 12 new construction homes, totaling \$1.5 million.
- Multifamily Replacement Homes – totaling \$620,000.
- Demolition/Reconstruction Assistance – 12 clients served, totaling \$840,000.

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

- Purchase Assistance, Replacement Homes - \$1 million
- Rehabilitation & Emergency Repairs - \$500,000.
- Replacement Homes with Impact Fees - \$700,000
- Total in pipeline/encumbered for HHRP - \$2.2 million

The Public Works Department completed repair and rehabilitation of several pump stations around the City including PS 11, PS 14, PS 22, PS 61, PS 81, and PS 126. Water Mains were upgraded at the 1400 block of Wilmont Avenue and Harrison Avenue between 6th and 7th Street. The sewer utility was rerouted at 23rd Court along Highway 390 as a component of the Florida Department of Transportation's widening project. Water and Sewer utilities were extended along 24th Street and Flower Avenue. Major infrastructure replacements and streetscape projects were completed along Lindenwood Drive which involved reconstructing underground utilities to include new water, sewer, and stormwater and much-needed road resurfacing. Phase I of the Harrison Avenue Streetscape reconstruction project was completed encompassing Harrison Avenue from Government Street to 4th Street including a redesigned plaza at 4th Street showcasing the historical clock tower.

The Quality of Life Department completed upgrades, repairs and remediation projects at Oaks by the Bay parking lot, Oakland Terrace Sports Complex ballfields and tennis court, Woods Ball Field, the Panama City Marina t-dock, Harvey Dee Mathis Park, and Henry Davis Park. Throughout the year, the Department distributed 1,000 trees to be planted; rented 1,624 hours of facilities; co-sponsored 23 community events; provided programming for over 1,100 youth participants; reviewed and issued 74 special event permits; mowed 4,639 acres and over 2.5 million linear feet of edging; provided sidewalk art, murals and other artistic enhancements around the City and increased the social media and marketing reach by 184%.

The Community Redevelopment Agency (CRA) engaged a partner to conduct a comprehensive review of the district plans and provide an assessment of the activities undertaken over the past four years. The resulting report provided guidance that the CRA has begun implementing such as the digitization of all current and historical documentation along with revisions to internal control processes and improved hiring and training programs, policy adoptions and updates to the Agency's website. The CRA continues a grant program which allows for commercial and residential improvement incentives, and a residential paint voucher program. In addition, a commercial sign voucher program was created. These programs have created new jobs and are intended to attract investment and reverse blight. The Millville CRA paid its final debt payment for the purchase of the Millville Waterfront Park and now with the available annual Tax Increment Financing revenue is planning for a full build-out of the park to create a beautiful community amenity. The City has procured a building in the historic downtown CRA that will eventually be renovated to create a public breezeway with restrooms and micro-retail spaces for entrepreneurs and start-ups.

For the Future

Several transformative projects which have been in the planning stages have started. The Sudduth Park project will create a revitalized neighborhood ball field with modern amenities. Additionally, the Snug Harbor redevelopment project is well underway and scheduled to be completed early next fiscal year. The Quality of Life Department has plans for upgrades to Hentz Park, Daffin Park, Truesdell Clubhouse & McKenzie Park. New scoreboards will be installed at Oakland Terrace Park, Frank Nelson Park and Daffin Park. Pickleball courts will be installed at Truesdell Park and kayak launches will be installed at Frank Nelson Park, Lake Huntington and Calhoun Park.

Panama City North continues to see investment which calls for the expansion and continued investment of our utilities system and infrastructure. Additional projects at the Millville Wastewater Treatment Plant include installation of a new scrubber, ATS repair and main digester repair. Pump Stations 12, 44, 82 and 95 will be repaired, rehabilitated or replaced as necessary. Watermains will be addressed at Whitney Drive, Billings Avenue, Grace Avenue, Tarpon Dock, and relocation of the 23rd St Watermain to accommodate the widening of the intersection of 23rd St and Hwy 390. Major infrastructure improvements will continue in Areas U1, U-2, D-11 and S along with Cherry Street Phase 2.

Improvements currently being funded by the City's Infrastructure Surtaxes include Cherry Street Streetscape Phase 1, Baker Court Streetscape and Beach Drive Infrastructure Improvements and Streetscape from 4th Street to 6th Street. Citizens can expect to see wider sidewalks, pedestrian friendly walkability and a massive facelift to downtown Panama City including replacement, repair or rehabilitation to utilities and stormwater on these routes.

The City is well underway on the redevelopment of the Panama City Marina in partnership with the St. Joe Company. The restaurant, Harrison's and the hotel, Hotel Indigo are now complete and open for business. The Marina redevelopment project is expected to become a lucrative part of the City, sustaining investment returns through sales and property taxes and attracting locals and visitors alike. The City continues to engage the St. Joe company for assistance with additional infrastructure improvements at the Panama City Marina.

Infrastructure investment is a major priority for the City with multiple projects currently underway. The City has identified over 200 projects to help rebuild the City of Panama City using the Federal Emergency Management Agency (FEMA) funding. The Martin Luther King, Jr. Recreational Facility is being re-built with a new 30,000 square foot recreation center and gymnasium, lighted outdoor courts, soccer/football field, playground, picnic pavilions and parking. The Martin Theater is being restored to a 490-seat theater with approximately 30,000 square feet of backstage and dressing rooms, lobbies, multi-level reception rooms, a catering kitchen, offices and concessions. The Vehicle Maintenance Facility is undergoing major upgrades along with Carl Gray Park. Multiple sidewalks, curbs and drainage inlets that were all damaged by Hurricane Michael will be repaired or replaced.

The Administration will continue with various initiatives to move toward a paperless environment. A new training and form access system is in process and will improve training, tracking and access to current forms. Focus on cross training within teams will provide improved service to internal and external customers as well as cross functional coverage. The Utility Billing and Customer Service Division is upgrading its customer interface software with a new Electronic Billing and Payment Processing solution. This will enhance the user experience while streamlining the bill payment process at a reduced cost.

Besides the \$62.5 million that the City has in FEMA obligations from Hurricane Michael, the following grants and appropriations totaling nearly \$206 million have been awarded to the City and will be planned and constructed over the next three to five years:

Community Development Block Grants – Disaster Recovery	
Hometown Revitalization Grants	\$20,085,000
Project RESTORE Grants	\$89,479,000
Voluntary Home Buyout	\$10,000,000
Hurricane Mitigation Grant Programs	
Hurricane Michael Projects	\$63,627,000
Hurricane Sally Projects	\$ 1,017,000
COVID Projects	\$ 2,150,000
State Appropriations	\$19,582,000

Relevant Financial Policies

Fund Balance Policy

Due to the City’s coastal location, which is subject to hurricane activity, the City Commission adopted a fund balance policy that authorized a committed fund balance with a target balance of 30% of annual budgeted operating expenditures and the City targeted a balance of 10% as unassigned fund balance to meet general operating expenditures. For Enterprise Funds, the City authorized a target unrestricted net position balance of 30% of annual budgeted operating expenditures. The fiscal year ended September 30, 2023 balances adequately meet the targets adopted in the policy.

Investment Policy

The City administers a comprehensive cash management and investment program. The primary goals of the program are to maximize the amount of cash available to meet daily cash requirements and obtain the highest possible yields consistent within the constraints imposed by Florida Statutes and the City’s adopted investment policy for capital protection.

Accounting System and Internal Control

The City’s accounting, budgetary, and financial reporting systems have been designed to conform to the standards set forth by the American Institute of Certified Public Accountants, the Governmental Accounting Standards Board, the Office of Management and Budget, and the State of Florida. In developing and altering the City’s accounting system, consideration is given to the adequacy of internal accounting controls which are designed to provide reasonable, but not absolute, assurance regarding:

The safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability of assets.

The concept of reasonable assurance recognizes that:

- The cost of a control should not exceed the benefits likely to be derived, and
- The evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

As a recipient of federal awards and state financial assistance, the government is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management.

Budgetary Controls

In conformance with the City Charter and Florida Statutes, budgetary control is maintained through constant review by the Accounting Division. Detailed monthly budget reports are prepared for each department, documenting revenues and expenditures.

The City maintains budgetary controls to ensure compliance with the legal provisions embodied in the annual appropriated budget approved by the City Commission. Activities of the General Fund, Debt Service funds, Community Planning and Development Fund, State Housing Initiative Partnership City, Infrastructure Surtax Fund, and the Community Redevelopment Agency areas are included in the appropriated annual budget. The City also maintains an encumbrance accounting system as one technique in accomplishing budgetary controls. Encumbered amounts lapse at year end. Encumbrances are generally reappropriated as part of the following year's budget.

Reporting Achievement

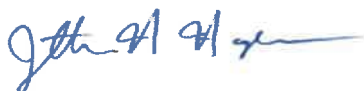
The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Panama City, Florida, for its Annual Comprehensive Financial Report for the fiscal year ended September 30, 2022. This was the 30th consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.


Acknowledgments

We thank the City Commission members for their guidance and commitment to planning and conducting the financial operations of the City in a highly responsible and conservative manner. The completion of this Annual Comprehensive Financial Report in a timely manner was made possible by the dedicated efforts of the entire Accounting Division. Sincere appreciation is extended to the firm of Tipton, Marler, Garner and Chastain, for its professional approach and high standards in the conduct of the firm's independent audit of the City's financial records and transactions.

Respectfully submitted,



Jonathan H. Hayes
City Manager



Janette Smith
City Clerk-Treasurer



City of Panama City Officials

Commission - Manager Form of Government

City Commission

Michael Rohan, Sr., Mayor

Ward I

Jenna Flint Haligas

Ward II

Janice Lucas

Ward III

Brian Grainger

Ward IV

Josh Street

Interim City Manager

Brandy Waldron

City Attorney

Nevin Zimmerman

City Clerk - Treasurer

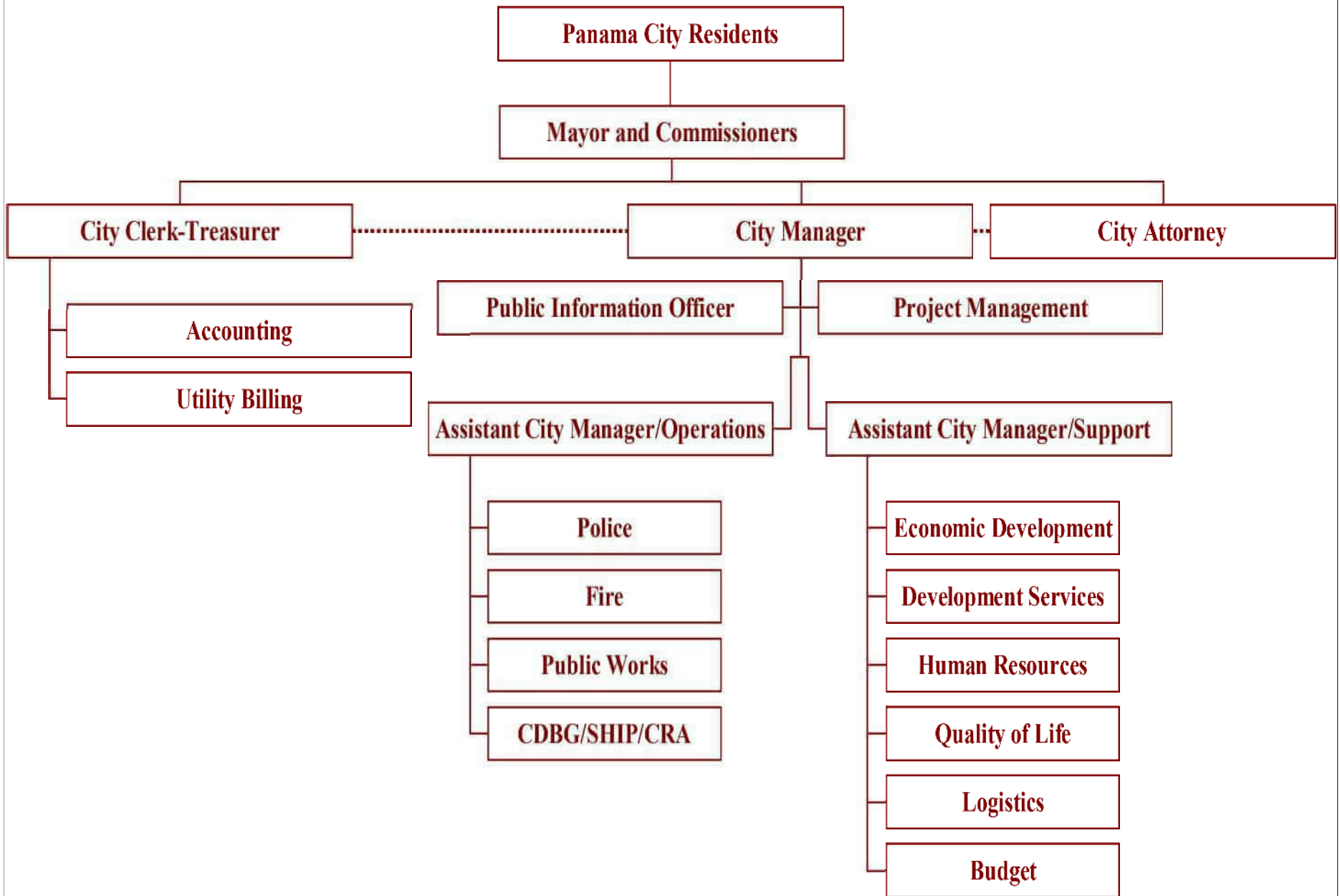
Jan Smith

Independent Auditors

Tipton, Marler, Garner & Chastain

**Fiscal Year
October 1, 2022 - September 30, 2023**

**City of Panama City
Organization Chart**





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Panama City
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

THIS SECTION CONTAINS THE FOLLOWING SUBSECTIONS:

- INDEPENDENT AUDITOR'S REPORT
- MANAGEMENT DISCUSSION AND ANALYSIS
- BASIC FINANCIAL STATEMENTS
- REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN
MANAGEMENT DISCUSSION AND ANALYSIS
- COMBINING AND INDIVIDUAL FINANCIAL STATEMENTS
AND SCHEDULES
- SUPPLEMENTAL INFORMATION



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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, City Commissioners,
and City Manager
City of Panama City, Florida

Report on the Audited Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Panama City, Florida, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Panama City, Florida's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Panama City, Florida, as of September 30, 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 Opinion

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

Emphasis of Matter

As described in Note 7 to the financial statements, in 2023, the City adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Also, as described in Note 16 to the financial statements, in 2023, the City adopted new accounting guidance, GASB Statement No. 91, *Conduit Debt Obligations*. Our opinion is not modified with respect to this matter.

Management's Responsibilities for the Audit of the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 17, budget to actual comparison –major funds (general fund) on page 128, and pension and other post employment schedules on pages 129 through 147 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Panama City, Florida's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards and state financial assistance, and the schedule of expenditures of funds related to the Deepwater Horizon Oil spill, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Section 215.97, Florida Statutes, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America in our opinion, the combining and individual nonmajor fund financial statements schedule of expenditures of funds related to the Deepwater Horizon oil spill, and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2024, on our consideration of the City of Panama City, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Panama City, Florida's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Panama City, Florida's internal control over financial reporting and compliance.

Lipton, Mauler, Garner & Chastain

Panama City, Florida
June 20, 2024

City of Panama City, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2023

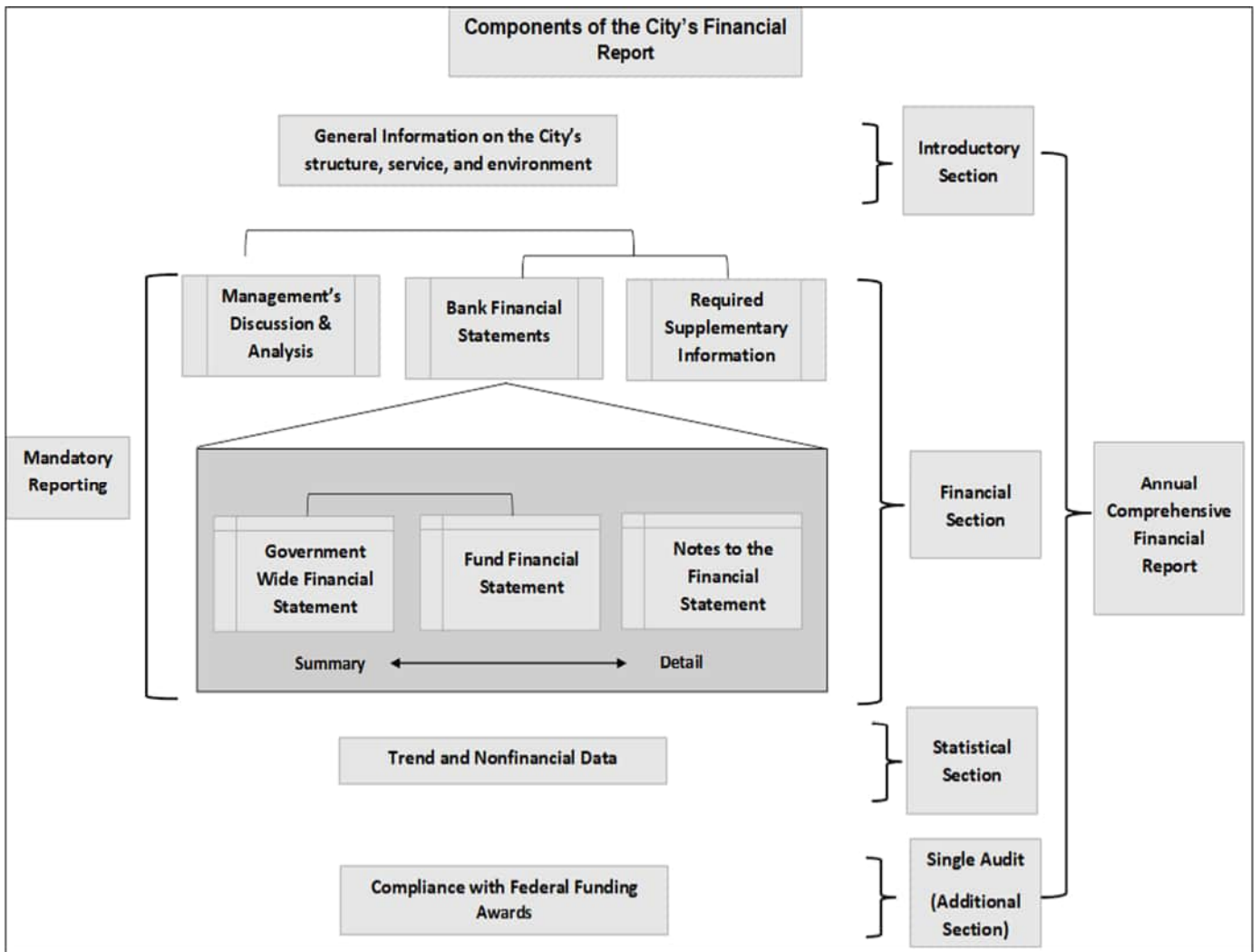
The City of Panama City, Florida's Management Discussion and Analysis provides an overview of the City's financial activities for the fiscal year ended September 30, 2023 and offers a comparative analysis between fiscal years 2023 and 2022. It serves as an introduction to the City's basic financial statements which consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This discussion should be read in conjunction with the City's financial statements, which begin on page 18, and the Letter of Transmittal, located in the Introductory Section.

Financial Highlights

- The City's assets (\$554,697,324) and deferred outflows of resources (\$20,594,772) exceeded its liabilities (\$279,623,183) and deferred inflows of resources (\$5,127,750) as of September 30, 2023, by \$290,541,163. Of this amount, \$64,334,703 (unrestricted net position) represents the portion of total net assets which may be used to meet the government's ongoing obligations to citizens, customers, and creditors. Of the total net position, \$186,494,097 is net investment in capital assets and the remaining \$39,712,363 is restricted.
- Total net position for the City increased \$27,182,885 (10.3%) over fiscal year 2022 ending net position of \$263,358,278. Governmental activities had increased by 4.8% (\$7,542,915) at the end of fiscal year 2023 and accounted for \$164,244,822 of the City's total net position. Business-type activities increased 18.4% (\$19,639,970) over the previous fiscal year to \$126,296,341. Unrestricted net position for governmental activities equaled \$41,482,525 and restricted equaled \$39,712,363. Business-type activities reported net positions of \$22,852,178 in unrestricted and \$0 in restricted.
- Capital assets increased 16.7% from fiscal year 2022 to \$274,406,221 at the close of fiscal year 2023. Of this amount, \$138,156,057 are assets held in governmental activities and \$136,250,164 are assets held in business type activities.
- The General Fund reported a total fund balance of \$22,924,389 on September 30, 2023, a decrease of \$6,027,911 (20.8%) from fiscal year 2022. The General Fund ending balance represents 32.6% of General Fund expenditures and transfers out for fiscal year 2023.
- Total debt for fiscal year 2023 increased 94.1% from fiscal year 2022. The increase of \$124,484,594 was primarily due to issuance of Capital Improvement Revenue Note Series 2023.

Overview of the Financial Statements

This comprehensive annual financial report was prepared in conformity with the Governmental Accounting Standards Board's (GASB) Statement No. 34. The report contains other supplementary information in addition to the basic financial statements. The basic financial statements provide information on both the City as a whole (government-wide) and its major individual funds. Both perspectives (government-wide and fund financial) allow the user to address relevant questions, broaden a basis for comparison (year-to-year) and enhance the City's accountability. The following illustration presents the components of the financial report.



Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Panama City's finances, in a manner similar to a private-sector business. They are prepared using the accrual basis of accounting, which accounts for all of the current year's revenues and expenses regardless of when cash is paid or received.

The *statement of net position* presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. This statement combines and consolidates governmental funds current financial resources (short-term spendable resources) with capital assets and long-term obligations. Over time, increases and decreases in net position may serve as a useful indicator of whether the City's financial position is improving or deteriorating. Assets, liabilities, deferred inflows/outflows of resources, and net position are reported separately for *governmental activities* and *business-type activities*.

The *statement of activities* reports all of the City's revenues, expenses, and changes in net position for the most recent fiscal year. Both governmental and business-type activities are presented to summarize the gross and net cost of various City functions. Governmental activities include general government, public safety, transportation, economic environment, human services, and culture/recreation. Costs of governmental activities are principally supported by taxes and

intergovernmental revenues. Business-type activities include water and sewer utilities, environmental services (formerly solid waste), and marina operations. Costs of business-type activities are supported by user charges and fees.

The government-wide financial statements include not only the City of Panama City and its *blended component units* (The Panama City Community Redevelopment Agencies and the Panama City Florida Hurricane Disaster Relief Fund, Inc. (a nonprofit)), but also *discretely-presented component units* for which the City is financially accountable. The Panama City Downtown Improvement Board and the Panama City Port Authority are legally separate entities over which the City, as the *primary government*, may exercise influence or may be obligated to provide financial subsidy. The information for these two *discretely-presented component units* is presented in separate columns in the government-wide financial statements. Component unit financial statements may be requested by contacting that entity at the address listed on page 33 in the Notes to the Financial Statements.

Fund Financial Statements

The financial activities of the City are recorded in separate *funds*. Funds are groupings of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the City of Panama City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statement, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate a comparison between *governmental funds* and *governmental activities*.

The City of Panama City maintains twenty-three governmental funds. The General Fund, Hurricane Michael Fund, Capital Projects Fund, Capital Projects Infrastructure Surtax Fund, and Hurricane Recovery Revenue Note Series 2020A are the major funds. Therefore, a balance sheet and statement of revenues, expenditures, and changes in fund balances are presented beginning on page 21. Data from the other eighteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Panama City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 21 through 25 of this report.

Proprietary fund financial statements can be found beginning on page 26. The City of Panama City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. They include the Utilities Fund, Environmental Services Fund, and the Marina Fund. All are considered to be major funds of the City. *Internal service funds* account for the financing of goods or services provided by one department to other departments of the City. The funds maintained by the City include the Equipment Maintenance, Medical Self-Insurance, and Dental Insurance funds. Because

these services predominantly benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Financial statements of proprietary funds provide the same type of information as the government-wide financial statements, only in greater detail. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in the report.

It is important to recognize that, while the total column on the business-type fund financial statement may be the same as the business-type column on the government-wide financial statement, the governmental funds total column requires a reconciliation because of the different measurement focus utilized (current financial resources versus total economic resources). The related reconciliations are included for examination.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. They are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Panama City's own programs. The accounting for those funds is much like that used for proprietary funds. The City's fiduciary funds include Police, Fire, and Senior Management Supplemental Pension Funds, and can be found beginning on page 30.

The *notes to the financial statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32 through 127 of this report.

Other information, in addition to the basic financial statements and accompanying notes, includes Police, Fire, and Senior Management Supplemental Pension funding obligations in the *required supplementary information* beginning on page 128. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information beginning on page 148.

Government-Wide Financial Analysis

As noted earlier, net position may serve, over time, as a useful indicator of a government's financial position.

The largest component (64.2%) of the City's net position on September 30, 2023, is net investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure). This amount (\$186,494,097) is net of any related outstanding debt used to acquire those assets. The City of Panama City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's net investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. Approximately 22.1% (\$64,334,703) remains available to meet the City's ongoing obligations to citizens, creditors and customers. The remaining 13.7% of total net position (\$39,712,363) are resources subject to external restrictions on how they may be used.

As of September 30, 2023 and 2022

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Current and Other assets	\$ 244,355,662	\$ 150,460,819	\$ 35,935,441	\$ 31,682,675	\$ 280,291,103	\$ 182,143,494
Capital assets	138,156,057	120,604,964	136,250,164	114,473,261	274,406,221	235,078,225
Total assets	382,511,719	271,065,783	172,185,605	146,155,936	554,697,324	417,221,719
Total deferred outflows of resources	19,721,574	9,959,237	873,198	884,405	20,594,772	10,843,642
Current and Other liabilities	17,462,629	18,896,412	9,919,845	7,288,948	27,382,474	26,185,360
Noncurrent liabilities	215,938,531	95,524,559	36,302,178	32,454,355	252,240,709	127,978,914
Total liabilities	233,401,160	114,420,971	46,222,023	39,743,303	279,623,183	154,164,274
Total deferred inflows of resources	4,587,311	9,902,142	540,439	640,667	5,127,750	10,542,809
Net position:						
Net investment in capital assets	83,049,934	78,422,422	103,444,163	85,693,786	186,494,097	164,116,208
Restricted	39,712,363	37,596,009	-	3,886,088	39,712,363	41,482,097
Unrestricted	41,482,525	40,683,476	22,852,178	17,076,497	64,334,703	57,759,973
Total net position	\$ 164,244,822	\$ 156,701,907	\$ 126,296,341	\$ 106,656,371	\$ 290,541,163	\$ 263,358,278

At the end of the current fiscal year, as in the prior year, the City is able to report positive balances in all three categories of total net position as whole, and individually, within the governmental and business-type activities.

The City’s overall net position on September 30, 2023 increased by \$27,182,885 from fiscal year 2022. (See table above and on next page.) The City is required to report on the face of the financial statements the deferred inflows, deferred outflows, net pension assets and net pension liabilities for each of the City’s pension plans and proportionate share of the Florida Retirement System (FRS). (See note 9).

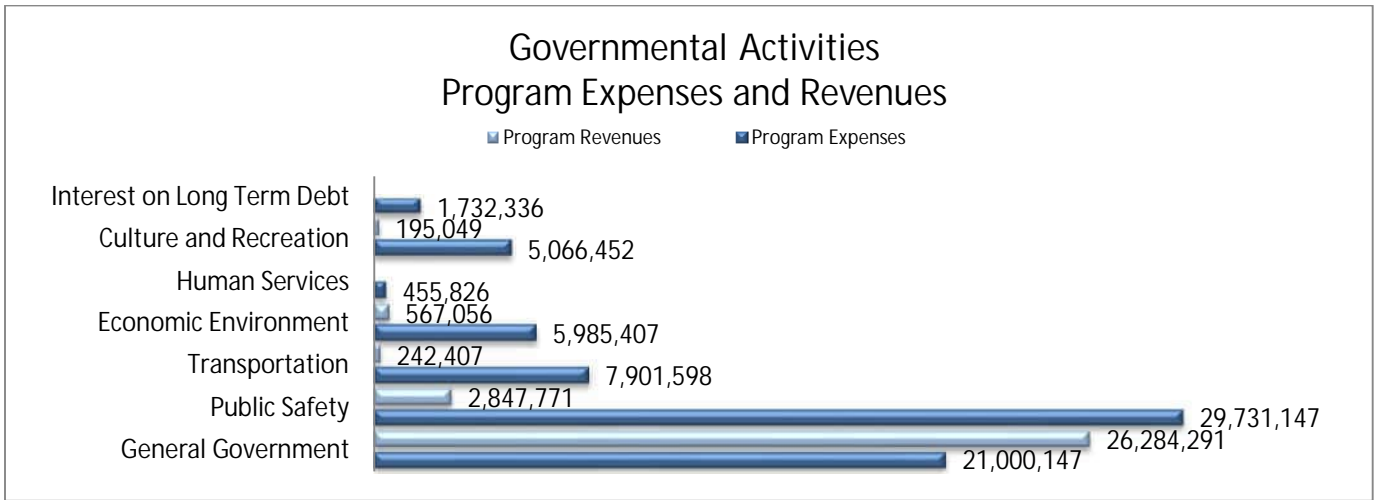
Key elements of the increases and decreases between 2022 and 2023 can be compared by examining changes in net position on the *Statement of Activities* (See next page). The Statement of Activities shows the governmental and business-type activities during the previous two fiscal years.

City of Panama City, Florida
Statement of Activities
Fiscal Years Ended September 30, 2023 and 2022

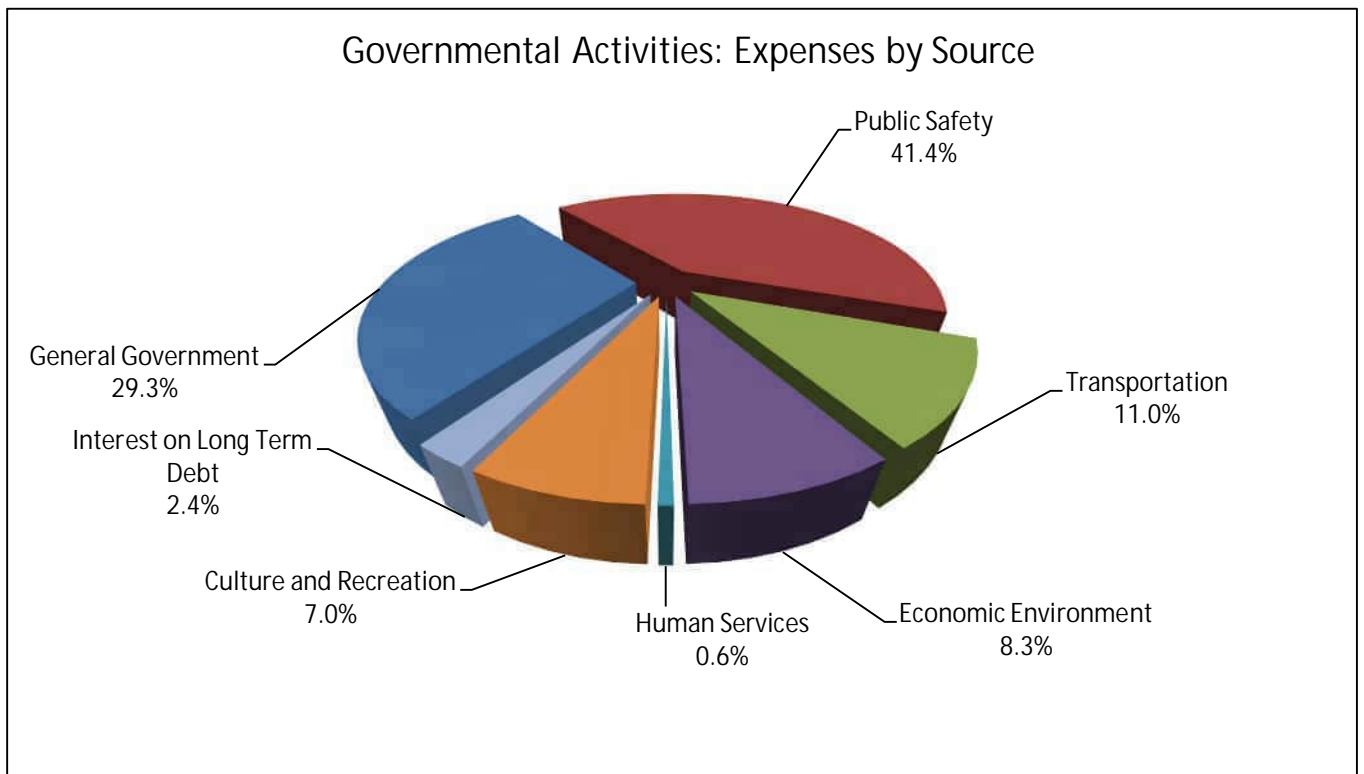
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues:						
Charges for services-governmental	\$ 15,331,949	\$ 44,353,842			\$ 15,331,949	\$ 44,353,842
Charges for services-utilities			\$ 25,919,391	\$ 23,031,915	25,919,391	23,031,915
Charges for services-environmental services			9,739,041	9,059,231	9,739,041	9,059,231
Charges for services-marinas			2,102,375	2,532,233	2,102,375	2,532,233
Operating grants and contributions	14,804,625	20,731,732	10,133,057	5,041,259	24,937,682	25,772,991
Capital grants and contributions			2,395,711	1,172,852	2,395,711	1,172,852
General Revenues:						
Taxes:						
Ad valorem	12,873,362	11,657,602			12,873,362	11,657,602
Fire assessment	6,181,880	5,305,577			6,181,880	5,305,577
Nuisance abatement	176,315	504,158			176,315	504,158
Tax increment Ad valorem taxes	2,229,939	1,876,658			2,229,939	1,876,658
Local option gasoline tax	1,427,320	1,421,272			1,427,320	1,421,272
Franchise fees based on gross receipts	4,949,482	4,524,020			4,949,482	4,524,020
Utility service taxes	5,406,847	4,864,266			5,406,847	4,864,266
Communications service taxes	1,565,316	1,533,527			1,565,316	1,533,527
Local option sales tax	4,747,585	4,713,569			4,747,585	4,713,569
Unrestricted state revenue sharing	7,234,730	7,123,337			7,234,730	7,123,337
Unrestricted investment earnings	4,339,764	461,328	1,049,953	96,123	5,389,717	557,451
Miscellaneous	4,940,579	2,341,624	11,627	14,981	4,952,206	2,356,605
Total Revenues	86,209,693	111,412,512	51,351,155	40,948,594	137,560,848	152,361,106
Expenses						
General government	21,000,147	18,364,650			21,000,147	18,364,650
Public safety	29,731,147	24,092,554			29,731,147	24,092,554
Transportation	7,901,598	6,159,397			7,901,598	6,159,397
Economic environment	5,985,407	8,281,118			5,985,407	8,281,118
Culture and recreation	5,066,452	4,107,998			5,066,452	4,107,998
Human services	455,826	206,251			455,826	206,251
Interest on long-term debt	1,732,336	2,787,543			1,732,336	2,787,543
Utilities			27,648,566	24,258,952	27,648,566	24,258,952
Environmental services			8,356,175	7,948,084	8,356,175	7,948,084
Marinas			2,500,309	2,829,855	2,500,309	2,829,855
Total Expenses	71,872,913	63,999,511	38,505,050	35,036,891	110,377,963	99,036,402
Increase (decrease) in net position before transfers	14,336,780	47,413,001	12,846,105	5,911,703	27,182,885	53,324,704
Transfers in (out)	(6,793,865)	2,228,797	6,793,865	(2,228,797)	-	-
Increase (decrease) in net position	7,542,915	49,641,798	19,639,970	3,682,906	27,182,885	53,324,704
Net position-beginning of year	156,701,907	112,075,394	106,656,371	102,973,465	263,358,278	215,048,859
Prior Period Adjustment	-	(5,015,285)	-	-	-	(5,015,285)
Net position -beginning of year, as restated	156,701,907	107,060,109	106,656,371	102,973,465	263,358,278	210,033,574
Net position - end of year	\$ 164,244,822	\$ 156,701,907	\$ 126,296,341	\$ 106,656,371	\$ 290,541,163	\$ 263,358,278

Governmental Activities

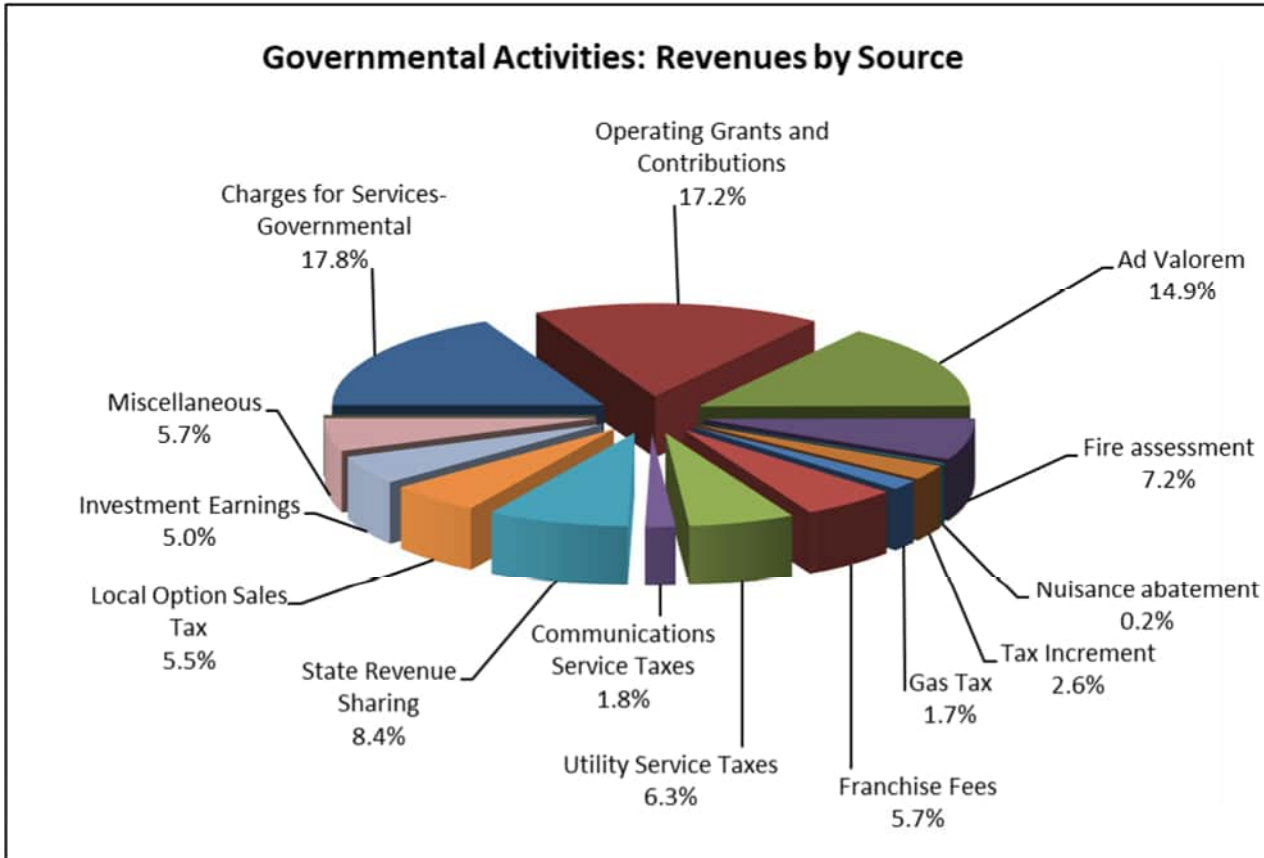
GASB Statement No. 34 reporting requires that functional expenses are matched with revenues that directly support the function. The bar chart below gives a clear indication of which functions are dependent on general revenues to support their operations. Public Safety, consisting of police and fire services,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



Expenses in the governmental activities are highest in the public safety category (41.4%) followed by general government (29.3%) and transportation (11.0%). Total governmental activity expenses increased by 12.3% (\$7,873,402) in fiscal year 2023. The largest dollar increase and decrease for expenses occurred in the public safety category in the amount of \$5,638,593 and in the economic environment category in the amount of \$2,295,711, respectively. The overall governmental activities and public safety category increases are mainly due to increased labor costs.



Revenues from governmental activities decreased \$34,949,000 from fiscal year 2022. This decrease is mainly due to the \$30 million insurance settlement related to Hurricane Michael received in 2022. After charges for services (17.8%), operating grants and contributions (17.2%) is the second largest revenue source in governmental activities followed by ad valorem taxes (14.9%).

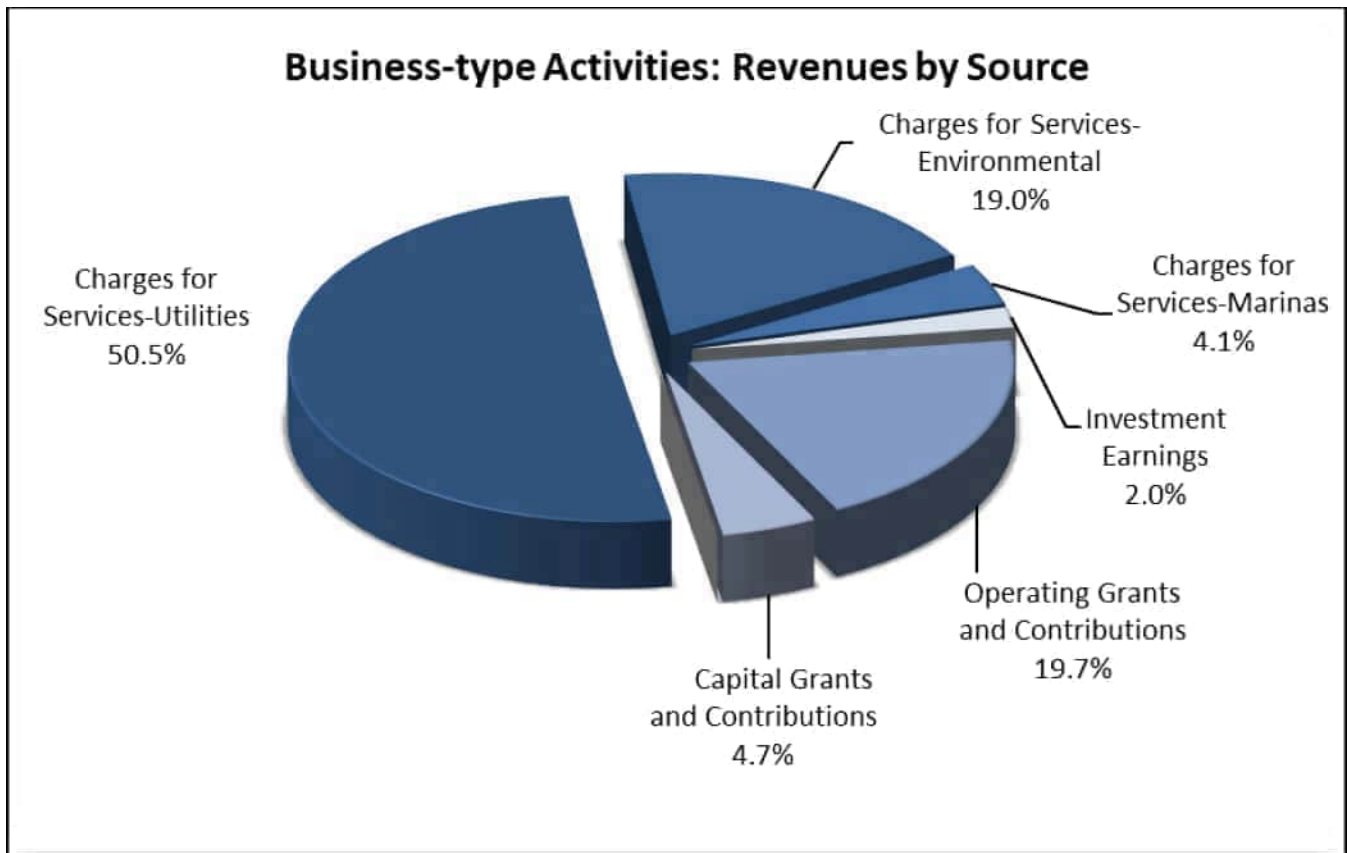


Business-Type Activities

All funds that provide business-type activities for the City of Panama City charge fees to cover the cost of operations during the fiscal year. The chart below compares the amount of program revenues received for “charges for services” to the amount of program expenses for each of the three business-type activities during fiscal year 2023.



Total expenses for business-type activities increased 9.9% (\$3,468,159) in fiscal year 2023. Expenses for utility activities, environmental services, and marina activities had increases (decreases) 14.0%, 5.1%, and (11.6%) respectively. Combined business-type expenses, for the fiscal year ended September 30, 2023, were \$38,505,050. Charges for services are the major source of revenue (73.5%) for business-type activities. These charges represent \$37,760,807 of revenue dollars utilized by the City to provide utility, environmental services, and marina services to citizens and customers. Charges for services revenue increased 9.1% (\$3,137,428) from the prior year. Revenues from all business-type activities sources increased \$10,402,561 (25.4%) from fiscal year 2022 due in part to grant revenue. Continued growth in the city both residentially and commercially lead to increases in revenue and expenses in the Utility and Environmental Services fund. The Marina Fund had decreases in revenue and expenses as result of fuel prices being lower in 2023.



Financial Analysis of the City's Funds

Governmental Funds

The focus of the City's *governmental funds* is to provide information on near term inflows, outflows, and balances of *spendable* resources. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Fund balances are the differences between assets and liabilities in a governmental fund. The non-spendable fund balance includes amounts that are not in spendable form (such as inventory), or amounts that are required to be maintained intact. Restricted fund balance includes amounts that can be spent only for the specific purposes that are stipulated by their providers, such as grant, bond, or higher levels of government. Committed fund balance includes the portion of fund balance that can be used only for specific purposes that are internally imposed by the government. Pursuant to City Charter Article XIII, Section 127. The City Clerk and Collector must certify that funds are legally

available to the City Commission prior to appropriation. Assigned fund balance applies to amounts that are intended for specific purposes as expressed by the governing body or authorized official. Unassigned fund balance includes all amounts not contained in other classifications for the General Fund, and deficit fund balances in any other governmental fund.

The City of Panama City's coastal location places a risk of natural disaster which could severely impair its ability to continue operations or services following the impact of such an event. In addition, the City recognizes that fluctuations in the economy can affect the resources available from year to year. As a measure to provide economic stability for the City and enable continued long term operations, the City established a committed fund balance which is subject to specified criteria as prescribed by the City Commission. Committed funds cannot be utilized for any purpose other than those established by the City Commission. Unassigned fund balance is maintained at a level sufficient to adequately provide for the annual operating expenditures of the City. Further information on fund balance can be found in the notes to the financial statements.

The *General fund* is the chief operating fund of the City of Panama City. On September 30, 2023, the total fund balance in the General Fund was \$22,924,389, of which \$2,469,901 was non-spendable, \$1,513,678 was assigned, and \$18,940,810 was unassigned. Compared to fiscal year 2022, the total fund balance decreased by \$6,027,911 (20.8%). This was due to an increase in capital outlay and transfers to other funds in 2023 resulting in expenses in excess of revenues.

General revenue increased \$5,296,475 (10.1%) in fiscal year 2023. All revenue categories increased in 2023 compared to 2022. The largest dollar increase happened in Taxes with an increase from 2022 by \$2,770,098 (9.3%) as a result of higher property values. Licenses and Permits revenue increased from 2022 by \$626,033 (5.1%) as higher costs of goods resulted in greater revenue collections. Intergovernmental, Charges for Services, Investment Earnings, and Miscellaneous revenue all increased as well for the fiscal year ended September 30, 2023. General Fund expenditures increased in fiscal year 2023 by \$13,377,375 (27.8%). Public safety increased by 18.2% (\$4,452,009), which was the greatest dollar increase of all the categories, resulting mainly from employee pay increases and additional staffing in the fire and police departments in 2023. No categories decreased in 2023. The next largest category increase was in Capital Outlay which increased 157.1% (\$3,273,392). This increase in 2023 was result purchase of several police vehicles, streetsweeper, and intangible assets from implementation of GASB 96.

During fiscal year 2023, special revenue fund balances decreased by \$12,026,522. Increases or decreases in special revenue funds are typically indicative of funding changes as activities are identified, initiated, or completed. The greatest change was a decrease of \$14,799,390 in the Hurricane Michael Fund which is a major fund. This fund was created in fiscal year 2019 to account for the Hurricane Michael disaster. The fund balance decrease was the result of interfund transfer to Hurricane Recovery revenue Note, Series 2020A Debt Service Fund. The transfer was made because the underlying debt was fully paid off. The amounts in the Special Revenue Funds are restricted to accomplishing the various objectives of each specific program. The balance sheet and changes in fund balance for non-major special revenue funds can be found on pages 148-155.

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term principal and interest for the City's general bonded debt. Principal and interest payment obligation were met in a timely manner during the fiscal year. Payments for general bonded debt are funded by transfers from the City's General Fund. There is only one major fund in debt service which is the Hurricane Recovery revenue Note, Series 2020A. This Fund is used to account for the principal and interest on the 2020A note, a revolving line of credit collateralized by FEMA and state receipts related to Hurricane Michael. In 2023, Series 2020A fund balance increased by

\$1,042,752 to \$0. The increase was from Hurricane Michael fund interfund transfer to Series 2020A fund since the underlying debt had been paid in full. The balance sheet and changes in fund balance for non-major debt service funds can be found on pages 148-155.

The City utilizes two capital projects funds both of which are major funds. The Capital Projects Fund accounts for major governmental facilities projects funded by transfers from the General Fund or other City funds, debt, and grants. Fund balance for the Capital Projects Fund increased by \$122,344,731 to \$121,060,966 in 2023. The significant increase is result of debt proceeds from issuance of Capital Improvement Revenue Note, Series 2023. The Capital Projects Infrastructure Surtax Fund is used to account for capital infrastructure funded by debt proceeds received from pledged State of Florida infrastructure surtax revenue. The fund balance on September 30, 2023 for the Capital Projects Infrastructure Surtax Fund was (\$98,090) which is a decrease of \$8,625,248 from fiscal year 2022. This fund balance decrease was from continued infrastructure expenditures where the debt proceeds have now almost been entirely spent.

Proprietary Funds

Proprietary fund statements provide the same type of information found in the government-wide financial statements, but in greater detail. The proprietary funds are composed of the *enterprise funds* and the *internal services funds*. Enterprise funds are utilized to report activities for which a fee is charged to external users for goods or services. The City’s three enterprise funds are the Utility Fund, the Environmental Services Fund, and the Marina Fund. These enterprise funds are supported primarily through user charges. All of the City’s enterprise funds are classified as major funds. Internal service funds are designed to recover the internal costs of general services provided to other city departments. Internal service funds are, for the most part, supported through charges to other City funds.

The Utility Fund had a total net position of \$103,699,227 at fiscal year-end, an increase of \$16,264,089 over the prior fiscal year. Operating revenues increased \$2,887,476 in fiscal year 2023, and operating expenses increased in the amount of \$3,517,819.

The Environmental Services Fund had a total net position of \$8,461,160 at the end of fiscal year 2023. Total net position increased by \$331,950. Operating revenues increased by \$679,810 and operating expenses increased \$391,299.

The Marina Fund had a total net position of \$12,700,410 in fiscal year 2023, which was an increase of \$2,735,074 from the prior fiscal year. Operating revenues decreased by \$429,858 and operating expenses decreased in the amount of \$328,667.

A comparison of the operating income for the most current and previous fiscal years for the City’s enterprise funds is available in the following table.

	Operating Income (Loss)	
	2023	2022
Utility Fund	\$ (1,237,796)	\$ (607,453)
Environmental Service Fund	1,281,175	992,664
Marina Fund	<u>(401,933)</u>	<u>(300,742)</u>
Total	<u>\$ (358,554)</u>	<u>\$ 84,469</u>

The Environmental Services Fund had operating revenues exceed operating expenses before transfers. Both the Utility and Marina Funds incurred operating expenses in excess of operating revenues. The Utility Fund has continued to have increased repairs and maintenance expenditures such as several emergency repairs throughout the City and berm maintenance at the Millville wastewater treatment facility. Of the City's two marinas, one is not generating revenue and the other is not operating at full capacity as result of damage from Hurricane Michael.

The individual internal service funds are reported on pages 172-175.

General Fund Budgetary Highlights

A budget to actual statement is provided for the General Fund on page 128. Columns for both the original budget, adopted for fiscal year 2023, as well as the final budget are presented. Estimated budgeted amounts are adjusted throughout the year to more closely reflect the actual final amounts that occur. Original budgeted revenues for fiscal year 2023 were \$52,538,756, while amended and final budgeted revenues were \$52,452,255 during the year. Actual revenues for fiscal year 2023 totaled \$57,493,564 which was \$5,041,309 more than the final budget. The revenue differences are mainly the result of increases in collections of state revenue sharing, half cent sales tax, and electric utility service tax and franchise fees Part of the reason the collections were higher than budgeted was as result of inflation.

Original budgeted expenditures for fiscal year 2023 were \$50,823,188, amended in the amount of \$8,044,450 to a final fiscal year 2023 budget of \$58,867,638. Actual expenditures for fiscal year 2023 totaled \$61,459,515 which was \$2,591,877 more than the final budget. Expenditures for general government and economic environment had actual expenditures *less* than the final budget. The total amount carried forward from fiscal year 2022 budget to fiscal year 2023 budget was \$1,382,144. Overall, actual revenues were less than expenditures for fiscal year 2023.

Capital Assets

The City's investment in capital assets for its governmental and business-type activities, as of September 30, 2023, was \$274,406,221 (net of accumulated depreciation). This is an increase of \$39,327,996 from fiscal year 2022. Investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, and drainage systems. Governmental activities accounted for \$138,156,057 and business-type activities \$136,250,164 of total capital assets of the City of Panama City on September 30, 2023. Capital assets held by the City at the end of the most current and previous fiscal years are summarized in the table on the next page.

City of Panama City, Florida
Capital Assets
(net of depreciation)
Fiscal Years Ended September 30, 2023 and 2022

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 23,833,294	\$ 20,221,345	\$ 1,827,361	\$ 1,828,384	\$ 25,660,655	\$ 22,049,729
Construction in Progress	54,256,016	40,668,611	42,031,572	26,139,656	96,287,588	66,808,267
Buildings	16,774,686	17,196,442	47,281,348	47,293,781	64,056,034	64,490,223
Improvements Other Than Buildings	11,396,582	13,277,784	40,080,964	34,958,106	51,477,546	48,235,890
Machinery and Equipment	7,533,063	4,568,156	5,020,815	4,247,280	12,553,878	8,815,436
Intangibles	42,621	75,372	2	269	42,623	75,641
Infrastructure	23,889,132	24,376,959			23,889,132	24,376,959
Right to use lease assets	177,487	220,295	8,102	5,785	185,589	226,080
Subscription ROU assets	253,176	0	0	0	253,176	0
Total	\$ 138,156,057	\$ 120,604,964	\$ 136,250,164	\$ 114,473,261	\$ 274,406,221	\$ 235,078,225

Additional information regarding the City's capital assets may be found in the notes to the financial statements beginning on page 55.

Debt Management

At the end of the fiscal year, the City had total bonded debt outstanding of \$208,845,004. The City's debt is unrated. Additional information regarding the activities of the City's bonded debt during fiscal year 2023 may be found in the notes to the financial statements beginning on page 60.

Outstanding Bonded Debt As Of September 30, 2023 and 2022

Governmental Activities		Business-type Activities		Total	
2023	2022	2023	2022	2023	2022
\$ 176,974,000	\$ 72,533,908	\$ 31,871,004	\$ 28,352,734	\$ 208,845,004	\$ 100,886,642

Economic Factors

The City of Panama City in 2023 had an unemployment rate of 2.7%. This remains unchanged from the prior fiscal year.

Taxable property values in Panama City increased 10.8% from \$3,418,881,144 in 2022 to \$3,788,585,030 in 2023.

Hurricane Michael

The City has been and will continue to work with our consultants, FEMA and the State to rebuild and restore the City from the catastrophic destruction caused by Hurricane Michael on October 10, 2018. Along with FEMA and State funds, the City has secured numerous other funding sources to help in rebuilding the City.

This report was prepared by the Accounting Department of the City of Panama City under the direction of the City Clerk-Treasurer. Questions concerning this report or requests for additional information should be addressed to Janette Smith, City Clerk-Treasurer, 501 Harrison Avenue, Panama City, Florida 32401.



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BASIC FINANCIAL STATEMENTS

THIS SUBSECTION CONTAINS THE FOLLOWING:

- GOVERNMENT-WIDE FINANCIAL STATEMENTS
- FUND FINANCIAL STATEMENTS
- NOTES TO FINANCIAL STATEMENTS



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**CITY OF PANAMA CITY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Panama City Downtown Improvement Board	Panama City Port Authority
ASSETS					
Cash and cash equivalents	\$ 93,713,241	\$ 12,791,336	\$ 106,504,577	\$ 270,589	\$ 3,366,740
Investments	115,899,486	1,349,611	117,249,097		
Receivables, net:					
Accounts	549,371	4,736,329	5,285,700		5,994,005
Accrued interest	868,929		868,929		
Assessments		35,091	35,091		
Leases receivable	2,220,974		2,220,974		6,593,517
Internal balances	594,559	(594,559)			
Prepaid items	6,273,568	1,307	6,274,875	6,667	993,624
Due from other governmental entities	9,331,153	9,326,750	18,657,903		
Inventories	5,542,319	1,001,261	6,543,580		
Restricted assets:					
Cash and cash equivalents		7,288,315	7,288,315		
Notes receivable	9,362,062		9,362,062		
Capital assets:					
Non-depreciable	78,089,310	43,858,933	121,948,243	424,999	54,041,454
Depreciable (net)	60,066,747	92,391,231	152,457,978	29,085	113,025,966
Total assets	382,511,719	172,185,605	554,697,324	731,340	184,015,306
DEFERRED OUTFLOWS OF RESOURCES					
Outflows from hedging					14,474
OPEB related outflows	1,738,496	610,823	2,349,319		910
Pension related outflows	17,983,078	262,375	18,245,453		13,926
Total deferred outflows of resources	19,721,574	873,198	20,594,772		29,310
LIABILITIES					
Accounts payable	6,894,397	8,861,335	15,755,732	3,076	2,479,885
Due to other governmental entities	251,616		251,616		
Accrued salaries	823,942	245,409	1,069,351	1,863	
Accrued taxes payable		3,040	3,040		
Unearned revenue	3,200,215	624,129	3,824,344		
Deposits	14,204		14,204		
Accrued other liabilities	168,589		168,589		165,084
Noncurrent liabilities:					
Due within one year:					
Claims and judgments					12,657
Compensated absences	550,670	143,550	694,220		26,636
Bonds, notes, leases, and loans payable	4,116,400		4,116,400		1,635,570
Lease liability	41,341	2,776	44,117		8,880
Subscription liability	181,820		181,820		
Finance purchase liability	1,219,435	39,606	1,259,041		
Due in more than one year:					
Deposits		1,739,376	1,739,376		
Claims and judgments					338,541
Compensated absences	1,652,011	430,652	2,082,663		79,907
OPEB liability	3,587,913	1,260,591	4,848,504		185,780
Bonds, notes, leases, and loans payable	172,827,384	31,871,004	204,698,388		22,183,784
Net pension liability	34,836,220	885,181	35,721,401		75,600
Lease liability	119,873	7,948	127,821		547,110
Subscription liability	18,184		18,184		
Finance purchase liability	2,896,946	107,426	3,004,372		
Interest rate swap agreement (net)					14,474
Total liabilities	233,401,160	46,222,023	279,623,183	4,939	27,753,908
DEFERRED INFLOWS OF RESOURCES					
OPEB related inflows	1,170,630	411,302	1,581,932		144,391
Lease related inflows	1,837,223		1,837,223		6,239,074
Pension related inflows	1,579,458	129,137	1,708,595		112,804
Total deferred inflows of resources	4,587,311	540,439	5,127,750		6,496,269
NET POSITION					
Net investment in capital assets	83,049,934	103,444,163	186,494,097	454,084	140,375,586
Restricted for:					
General Government					
Housing and Urban Development	16,947,621		16,947,621		
Infrastructure	7,312,791		7,312,791		
Debt service	3,957,000		3,957,000		
Self-insurance	7,357,074		7,357,074		
Community redevelopment	1,952,056		1,952,056		
Purposes designated by the Not-For-Profit	2,023,080		2,023,080		
Disaster Relief	162,741		162,741		
Unrestricted	41,482,525	22,852,178	64,334,703	272,317	9,418,853
Total net position	\$ 164,244,822	\$ 126,296,341	\$ 290,541,163	\$ 726,401	\$ 149,794,439

See the accompanying notes.

**CITY OF PANAMA CITY, FLORIDA
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2023**

FUNCTIONS/PROGRAMS	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 21,000,147	\$ 13,382,001	\$ 12,902,290	
Public safety	29,731,147	1,512,492	1,335,279	
Transportation	7,901,598	242,407		
Economic environment	5,985,407		567,056	
Culture and recreation	5,066,452	195,049		
Human services	455,826			
Interest on long-term debt	1,732,336			
Total governmental activities	71,872,913	15,331,949	14,804,625	
Business-type activities:				
Utilities	27,648,566	25,919,391	10,111,214	\$ 2,395,711
Environmental Services	8,356,175	9,739,041		
Marina	2,500,309	2,102,375	21,843	
Total business-type activities	38,505,050	37,760,807	10,133,057	2,395,711
Total primary government	\$ 110,377,963	\$ 53,092,756	\$ 24,937,682	\$ 2,395,711
Component units:				
Panama City Downtown Improvement Board	\$ 187,162	\$ 2,406		\$ -
Panama City Port Authority	22,616,467	18,700,119		19,375,178
Total component units	\$ 22,803,629	\$ 18,702,525		\$ 19,375,178

General revenues:

Taxes:

Ad valorem taxes

 Fire assessment

 Nuisance abatement

 Tax Increment Ad valorem taxes

 Local option gasoline tax

 Franchise fees based on gross receipts

 Utility service tax

 Communications service tax

 Local option sales tax

Unrestricted state revenue sharing

Unrestricted investment earnings

Lease interest income

Miscellaneous

Transfers

 Total general revenues and transfers

 Change in net position

Net position - beginning of year

Prior period adjustment

Net position - beginning of year, as restated

Net position - end of year

See the accompanying notes.

**Net (Expense) Revenue and
Changes in Net Position**

Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Panama City Downtown Improvement Board	Panama City Port Authority
\$ 5,284,144		\$ 5,284,144		
(26,883,376)		(26,883,376)		
(7,659,191)		(7,659,191)		
(5,418,351)		(5,418,351)		
(4,871,403)		(4,871,403)		
(455,826)		(455,826)		
(1,732,336)		(1,732,336)		
<u>(41,736,339)</u>		<u>(41,736,339)</u>		
	\$ 10,777,750	10,777,750		
	1,382,866	1,382,866		
	<u>(376,091)</u>	<u>(376,091)</u>		
	11,784,525	11,784,525		
<u>(41,736,339)</u>	<u>11,784,525</u>	<u>(29,951,814)</u>		
			\$ (184,756)	\$ -
			<u>(184,756)</u>	<u>15,458,830</u>
				<u>15,458,830</u>
12,873,362		12,873,362	178,893	
6,181,880		6,181,880		
176,315		176,315		
2,229,939		2,229,939		
1,427,320		1,427,320		
4,949,482		4,949,482		
5,406,847		5,406,847		
1,565,316		1,565,316		
4,747,585		4,747,585		
7,234,730		7,234,730		
4,339,764	1,049,953	5,389,717	2,528	106,568
				158,074
4,940,579	11,627	4,952,206	500	
(6,793,865)	6,793,865			
<u>49,279,254</u>	<u>7,855,445</u>	<u>57,134,699</u>	<u>181,921</u>	<u>264,642</u>
<u>7,542,915</u>	<u>19,639,970</u>	<u>27,182,885</u>	<u>(2,835)</u>	<u>15,723,472</u>
<u>156,701,907</u>	<u>106,656,371</u>	<u>263,358,278</u>	<u>715,486</u>	<u>133,480,915</u>
			13,750	590,052
<u>156,701,907</u>	<u>106,656,371</u>	<u>263,358,278</u>	<u>729,236</u>	<u>134,070,967</u>
<u>\$ 164,244,822</u>	<u>\$ 126,296,341</u>	<u>\$ 290,541,163</u>	<u>\$ 726,401</u>	<u>\$ 149,794,439</u>

See the accompanying notes.

**CITY OF PANAMA CITY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023**

	General	Hurricane Michael	Capital Projects
ASSETS			
Cash and cash equivalents	\$ 16,625,280	\$ 18,980,166	\$ 38,729,054
Investments	23,656	26,059,876	89,815,954
Receivables, net:			
Accounts	304,487		25,590
Accrued interest			868,929
Lease asset receivable	2,043,897		
Due from other funds	9,159,425		1,823,748
Due from other governmental entities	799,772	2,744,820	2,528,111
Prepaid items	2,316,503		
Inventories	151,146		
Notes receivable			
Total assets	\$ 31,424,166	\$ 47,784,862	\$ 133,791,386
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 3,142,790	\$ 254,508	\$ 751,698
Due to other funds	2,740,869		8,135,268
Due to other governmental entities			
Unearned revenue			2,091,008
Accrued salaries	759,503		24,933
Accrued other liabilities	168,239		
Deposits	14,204		
Total liabilities	6,825,605	254,508	11,002,907
 Deferred inflows of resources:			
Deferred inflows of resources-grants	13,018	2,612,638	1,727,513
Deferred inflows of resources-lease revenue	1,661,154		
Total deferred inflows of resources	1,674,172	2,612,638	1,727,513
 Fund balances:			
Non-spendable	2,469,901		
Restricted			
Committed		44,917,716	
Assigned	1,513,678		
Unassigned	18,940,810		121,060,966
Total fund balances	22,924,389	44,917,716	121,060,966
Total liabilities and fund balances	\$ 31,424,166	\$ 47,784,862	\$ 133,791,386

See the accompanying notes.

Capital Projects Infrastructure Surtax	Hurricane Recovery Revenue Note, Series 2020A	Non-Major Other Governmental Funds	Total Governmental Funds
\$ 596,434		\$ 10,128,572	\$ 85,059,506
		169,294	115,899,486
		177,077	499,371
		5,447,550	868,929
		3,209,231	2,220,974
		3,957,065	16,430,723
		5,113,126	9,281,934
		9,362,062	6,273,568
<u>\$ 596,434</u>		<u>\$ 37,563,977</u>	<u>\$ 251,160,825</u>
\$ 694,524		\$ 490,862	\$ 5,334,382
		3,436,346	14,312,483
		251,616	251,616
		1,109,207	3,200,215
		19,706	804,142
		350	168,589
<u>694,524</u>		<u>5,308,087</u>	<u>24,085,631</u>
		1,943,824	6,296,993
		176,069	1,837,223
		<u>2,119,893</u>	<u>8,134,216</u>
		9,070,191	11,540,092
		23,109,029	23,109,029
			44,917,716
			1,513,678
<u>(98,090)</u>		<u>(2,043,223)</u>	<u>137,860,463</u>
<u>(98,090)</u>		<u>30,135,997</u>	<u>218,940,978</u>
<u>\$ 596,434</u>	<u>\$ -</u>	<u>\$ 37,563,977</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	138,077,358
Deferred outflows for pension related items.	17,983,078
Deferred outflows for OPEB related items.	1,738,496
Deferred inflows for pension related items.	(1,579,458)
Deferred inflows for OPEB related items.	(1,170,630)
Deferred inflows of resources.	6,296,993
Internal service funds are used by management to charge the costs of certain activities, such as insurance and equipment maintenance, to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.	5,868,805
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Governmental long-term debt	(181,412,353)
Compensated absences	(2,171,281)
Net pension liability	(34,836,220)
Net OPEB liability	(3,490,944)
Net position of governmental activities	<u>\$ 164,244,822</u>

See the accompanying notes.

CITY OF PANAMA CITY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2023

	<u>General</u>	<u>Hurricane Michael</u>	<u>Capital Projects</u>	<u>Capital Projects Infrastructure Surtax</u>
REVENUES				
Taxes	\$ 32,580,522	\$ -	\$ -	\$ -
Licenses and permits	12,886,549			
Intergovernmental	8,252,911	1,415,590	10,205,677	
Charges for services	1,614,769			
Investment earnings	1,069,513	1,996,815	716,891	220,187
Miscellaneous	1,089,300		459,654	
Total revenues	<u>57,493,564</u>	<u>3,412,405</u>	<u>11,382,222</u>	<u>220,187</u>
EXPENDITURES				
Current:				
General government	13,543,945	1,081,838	2,340,297	
Public safety	28,899,273		15,509	
Transportation	5,737,298		12,265	
Economic environment	1,228,161		5,561	
Human services	455,312		514	
Culture and recreation	4,601,447		5,943	
Debt service:				
Principal	1,454,093		24,412,306	
Interest and other charges	183,391		169	
Capital outlay	5,356,595		13,917,901	3,343,928
Total expenditures	<u>61,459,515</u>	<u>1,081,838</u>	<u>40,710,465</u>	<u>3,343,928</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,965,951)</u>	<u>2,330,567</u>	<u>(29,328,243)</u>	<u>(3,123,741)</u>
OTHER FINANCING SOURCES (USES)				
Insurance proceeds	116,195			
Issuance of long-term debt	1,676,299		150,000,000	
Issuance of debt for leases and SBITA	442,871		10,630	
Transfers in	4,608,284	952,931	4,834,045	
Transfers out	(8,905,609)	(18,082,888)	(3,171,701)	(5,501,507)
Total other financing sources (uses)	<u>(2,061,960)</u>	<u>(17,129,957)</u>	<u>151,672,974</u>	<u>(5,501,507)</u>
Net change in fund balances	(6,027,911)	(14,799,390)	122,344,731	(8,625,248)
Fund Balances:				
Beginning of year	<u>28,952,300</u>	<u>59,717,106</u>	<u>(1,283,765)</u>	<u>8,527,158</u>
End of year	<u>\$ 22,924,389</u>	<u>\$ 44,917,716</u>	<u>\$ 121,060,966</u>	<u>\$ (98,090)</u>

See the accompanying notes.

Hurricane Recovery Revenue Note, Series 2020A	Non-Major Other Governmental Funds	Total Governmental Funds
\$ -	\$ 4,747,585	\$ 37,328,107
		12,886,549
	4,132,274	24,006,452
		1,614,769
	336,358	4,339,764
	3,087,880	4,636,834
<u>-</u>	<u>12,304,097</u>	<u>84,812,475</u>
		16,966,080
		28,914,782
		5,749,563
	4,751,044	5,984,766
		455,826
		4,607,390
17,000,000	4,221,522	47,087,921
707,976	838,282	1,729,818
	2,581,381	25,199,805
<u>17,707,976</u>	<u>12,392,229</u>	<u>136,695,951</u>
<u>(17,707,976)</u>	<u>(88,132)</u>	<u>(51,883,476)</u>
		116,195
		151,676,299
	6,420	459,921
18,750,728	5,749,410	34,895,398
	(6,025,482)	(41,687,187)
<u>18,750,728</u>	<u>(269,652)</u>	<u>145,460,626</u>
1,042,752	(357,784)	93,577,150
<u>(1,042,752)</u>	<u>30,493,781</u>	<u>125,363,828</u>
<u>\$ -</u>	<u>\$ 30,135,997</u>	<u>\$ 218,940,978</u>

See the accompanying notes.

**CITY OF PANAMA CITY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2023**

Net change in fund balances - total governmental funds \$ 93,577,150

Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Expenditures for capital assets	25,199,805	
Less current year depreciation	<u>(6,782,376)</u>	18,417,429

The net effect of various miscellaneous transactions involving capital assets (e.g. sales, trade-ins, donations) is to decrease net position. (833,298)

Revenues in the statement of activities that do not provide current financial resources are deferred as revenues in the funds. 2,898,733

The governmental funds consider grant revenues available if collected for up to one year and expenditures have occurred. Revenue reported during the period related to prior periods. (1,617,709)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (105,050,781)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Accrued compensated absences		(197,652)
Employer pension related costs		(359,516)
Other post employment benefits (OPEB) cost		(189,775)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and equipment maintenance, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities. 898,334

Change in net position of governmental activities \$ 7,542,915

**CITY OF PANAMA CITY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Utilities	Environmental Services	Marina	Total	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 5,485,000	\$ 3,667,848	\$ 3,638,488	\$ 12,791,336	\$ 8,653,735
Investments		1,349,611		1,349,611	
Due from other governmental entities	9,304,907		21,843	9,326,750	49,219
Due from other funds	8,552,435	194,515	863,135	9,610,085	
Receivables, net:					
Accounts	3,384,771	1,296,247	55,311	4,736,329	50,000
Assessments		35,091		35,091	
Inventories	872,561		128,700	1,001,261	278,047
Prepaid items	1,307			1,307	
Total current assets	<u>27,600,981</u>	<u>6,543,312</u>	<u>4,707,477</u>	<u>38,851,770</u>	<u>9,031,001</u>
Noncurrent assets:					
Restricted cash and cash equivalents:					
Impact fee account	7,288,315			7,288,315	
Capital assets:					
Land	723,170	598,675	505,516	1,827,361	
Buildings	47,552,701	82,883	76,195	47,711,779	
Improvements other than buildings		2,223,689	11,323,490	13,547,179	
Machinery and equipment	7,288,113	9,984,062	193,410	17,465,585	234,509
Intangibles	4,007			4,007	
Utility system	104,463,173			104,463,173	
Lease-right-of-use assets	11,101			11,101	
Less accumulated depreciation	(71,722,057)	(8,888,524)	(10,201,012)	(90,811,593)	(155,809)
Construction work in progress	34,715,290		7,316,282	42,031,572	
Total noncurrent assets	<u>130,323,813</u>	<u>4,000,785</u>	<u>9,213,881</u>	<u>143,538,479</u>	<u>78,700</u>
Total assets	<u>157,924,794</u>	<u>10,544,097</u>	<u>13,921,358</u>	<u>182,390,249</u>	<u>9,109,701</u>
DEFERRED OUTFLOWS OF RESOURCES					
OPEB related outflows	382,939	173,850	54,034	610,823	46,986
Pension related outflows	189,788	21,746	50,841	262,375	
Total deferred outflows of resources	<u>572,727</u>	<u>195,596</u>	<u>104,875</u>	<u>873,198</u>	<u>46,986</u>
LIABILITIES					
Current liabilities:					
Accounts payable	8,505,206	171,102	185,027	8,861,335	1,560,015
Due to other funds	10,405,978	371,023	863,187	11,640,188	88,137
Accrued salaries	172,525	64,085	8,799	245,409	19,800
Compensated absences	87,226	50,170	6,154	143,550	7,850
Accrued taxes payable			3,040	3,040	
Lease liabilities	2,776			2,776	
Finance purchase liability	19,863	19,743		39,606	2,332
Unearned revenue	574,354		49,775	624,129	
Total current liabilities	<u>19,767,928</u>	<u>676,123</u>	<u>1,115,982</u>	<u>21,560,033</u>	<u>1,678,134</u>
Noncurrent liabilities:					
Compensated absences	261,677	150,512	18,463	430,652	23,551
Net OPEB liability	790,287	358,789	111,515	1,260,591	96,969
Deposits	961,785	777,591		1,739,376	
Bonds, notes, and loans payable	31,871,004			31,871,004	
Lease liabilities	7,948			7,948	
Finance purchase liability	55,678	51,748		107,426	6,698
Net pension liability	715,304	146,707	23,170	885,181	
Total noncurrent liabilities	<u>34,663,683</u>	<u>1,485,347</u>	<u>153,148</u>	<u>36,302,178</u>	<u>127,218</u>
Total liabilities	<u>54,431,611</u>	<u>2,161,470</u>	<u>1,269,130</u>	<u>57,862,211</u>	<u>1,805,352</u>
DEFERRED INFLOWS OF RESOURCES					
OPEB related inflows	257,855	117,063	36,384	411,302	31,639
Pension related inflows	108,828		20,309	129,137	
Total deferred inflows of resources	<u>366,683</u>	<u>117,063</u>	<u>56,693</u>	<u>540,439</u>	<u>31,639</u>
NET POSITION					
Net investment in capital assets	90,300,988	3,929,294	9,213,881	103,444,163	78,700
Restricted for:					
Claims					7,357,074
Unrestricted	13,398,239	4,531,866	3,486,529	21,416,634	(116,078)
Total net position	<u>\$ 103,699,227</u>	<u>\$ 8,461,160</u>	<u>\$ 12,700,410</u>	<u>124,860,797</u>	<u>\$ 7,319,696</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				1,435,544	
Net position of business-type activities				<u>\$ 126,296,341</u>	

See the accompanying notes.

CITY OF PANAMA CITY, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Business-type Activities - Enterprise Funds			Totals	Governmental Activities - Internal Service Funds
	Utilities	Environmental Services	Marina		
Operating revenues:					
Charges for services	\$ 24,851,625	\$ 9,718,526	\$ 1,950,020	\$ 36,520,171	\$ 2,167,583
Connection and hydrant fees	726,441			726,441	
Contributions					8,862,253
Miscellaneous	341,325	20,515	152,355	514,195	93,419
Total operating revenues	<u>25,919,391</u>	<u>9,739,041</u>	<u>2,102,375</u>	<u>37,760,807</u>	<u>11,123,255</u>
Operating expenses:					
Personnel services	7,144,144	2,826,381	286,913	10,257,438	793,371
Operating expenses	15,617,973	4,238,549	2,015,663	21,872,185	2,984,602
Insurance claims and expenses					6,377,569
Depreciation	4,395,070	1,392,936	201,732	5,989,738	27,936
Total operating expenses	<u>27,157,187</u>	<u>8,457,866</u>	<u>2,504,308</u>	<u>38,119,361</u>	<u>10,183,478</u>
Operating income (loss)	<u>(1,237,796)</u>	<u>1,281,175</u>	<u>(401,933)</u>	<u>(358,554)</u>	<u>939,777</u>
Nonoperating revenues (expenses):					
Investment earnings (loss)	615,977	213,909	220,067	1,049,953	267,889
Grant	10,111,214		21,843	10,133,057	
Interest expense	(653,712)	(2,723)		(656,435)	
Other debt service costs	(2,275)			(2,275)	
Scrap sales	4,025	7,602		11,627	1,601
Gain (loss) on disposal of asset	(31,079)	(2,643)	(2,114)	(35,836)	
Total nonoperating revenues (expenses)	<u>10,044,150</u>	<u>216,145</u>	<u>239,796</u>	<u>10,500,091</u>	<u>269,490</u>
Income (loss) before contributions and transfers	<u>8,806,354</u>	<u>1,497,320</u>	<u>(162,137)</u>	<u>10,141,537</u>	<u>1,209,267</u>
Contributions and transfers:					
Capital contributions	2,395,711			2,395,711	
Transfers in	6,133,089		3,171,701	9,304,790	
Transfers out	(1,071,065)	(1,165,370)	(274,490)	(2,510,925)	(2,076)
Total contributions and transfers	<u>7,457,735</u>	<u>(1,165,370)</u>	<u>2,897,211</u>	<u>9,189,576</u>	<u>(2,076)</u>
Change in net position	16,264,089	331,950	2,735,074	19,331,113	1,207,191
Net position - beginning of year	<u>87,435,138</u>	<u>8,129,210</u>	<u>9,965,336</u>		<u>6,112,505</u>
Net position - end of year	<u>\$ 103,699,227</u>	<u>\$ 8,461,160</u>	<u>\$ 12,700,410</u>		<u>\$ 7,319,696</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				308,857	
Change in net position of business-type activities				<u>\$ 19,639,970</u>	

See the accompanying notes.



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**CITY OF PANAMA CITY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Utilities	Environmental Services	Marina	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 16,099,889	\$ 9,697,427	\$ 1,981,818	\$ 27,779,134	\$ 2,196,700
Payments to suppliers	(11,381,652)	(4,081,258)	(1,868,786)	(17,331,696)	(1,418,706)
Payments to employees	(7,003,747)	(2,780,936)	(260,693)	(10,045,376)	(781,216)
Internal activity-payments (to) from other funds	(448,757)	(149,715)	(1,200)	(599,672)	
Cash received for insurance contributions					8,912,253
Cash paid for insurance claims					(7,288,803)
Net cash provided by (used in) operating activities	<u>(2,734,267)</u>	<u>2,685,518</u>	<u>(148,861)</u>	<u>(197,610)</u>	<u>1,620,228</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Grants	10,111,214		21,843	10,133,057	
Transfers in	6,133,089		3,171,701	9,304,790	
Transfers out	(1,071,065)	(1,165,370)	(274,490)	(2,510,925)	(2,076)
Net cash provided by (used in) noncapital financing activities	<u>15,173,238</u>	<u>(1,165,370)</u>	<u>2,919,054</u>	<u>16,926,922</u>	<u>(2,076)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	(25,713,308)	(1,110,111)	(998,855)	(27,822,274)	
Proceeds from disposition of capital assets	21,544	9,877		31,421	6,702
Principal paid on long term debt	(13,343)	(16,854)		(30,197)	(1,404)
Lease liabilities	4,795			4,795	
Interest and other debt service costs paid on capital debt	2,862,283	(2,723)		2,859,560	
Impact fees	2,395,711			2,395,711	
Net cash provided by (used in) capital and related financing activities	<u>(20,442,318)</u>	<u>(1,119,811)</u>	<u>(998,855)</u>	<u>(22,560,984)</u>	<u>5,298</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from maturity of investments		1,302,427		1,302,427	
Purchase of investment securities		(1,349,611)		(1,349,611)	
Interest and dividends	615,977	213,909	220,067	1,049,953	267,889
Net cash provided by (used in) investing activities	<u>615,977</u>	<u>166,725</u>	<u>220,067</u>	<u>1,002,769</u>	<u>267,889</u>
Net increase (decrease) in cash and cash equivalents	<u>(7,387,370)</u>	<u>567,062</u>	<u>1,991,405</u>	<u>(4,828,903)</u>	<u>1,891,339</u>
Cash and cash equivalents:					
Balances - beginning of year	<u>20,160,685</u>	<u>3,100,786</u>	<u>1,647,083</u>	<u>24,908,554</u>	<u>6,762,396</u>
Balances - end of year	<u>\$ 12,773,315</u>	<u>\$ 3,667,848</u>	<u>\$ 3,638,488</u>	<u>\$ 20,079,651</u>	<u>\$ 8,653,735</u>

See the accompanying notes.

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Utilities	Environmental Services	Marina	Total	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (1,237,796)	\$ 1,281,175	\$ (401,933)	\$ (358,554)	\$ 939,777
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	4,395,070	1,392,936	201,732	5,989,738	27,936
Change in assets and liabilities:					
Receivables, net	(305,985)	(104,213)	(34,857)	(445,055)	1,946
Due from other governmental entities	(6,695,137)		(120,139)	(6,815,276)	(16,247)
Prepaid items	2,014	17		2,031	15,978
Deferred outflows of resources	16,893	(2,642)	(3,043)	11,208	(2,646)
Inventories	(218,832)		1,468	(217,364)	(95,197)
Accounts payable	5,350,776	7,558	47,780	5,406,114	701,921
Accrued salaries	27,513	8,893	4,738	41,144	3,183
Accrued taxes payable			288	288	
Compensated absences	27,731	(2,339)	15,420	40,812	3,700
Due to other funds	(1,346,394)		96,430	(1,249,964)	31,959
Deposits	51,529	62,601		114,130	
Net pension liability	32,516	14,940		47,456	
Deferred inflows of resources	(71,879)	(22,268)	(6,081)	(100,228)	(5,287)
Net OPEB liability	107,623	48,860	15,186	171,669	13,205
Unearned revenue	(2,869,909)		34,150	(2,835,759)	
Net cash provided by (used in) operating activities	\$ (2,734,267)	\$ 2,685,518	\$ (148,861)	\$ (197,610)	\$ 1,620,228
Reconciliation of cash and cash equivalents per statement of cash flows to the statement of net position:					
Cash and cash equivalents	\$ 5,485,000	\$ 3,667,848	\$ 3,638,488	\$ 12,791,336	\$ 8,653,735
Restricted cash and cash equivalents:					
Impact fee account	7,288,315			7,288,315	
Total cash and cash equivalents	\$ 12,773,315	\$ 3,667,848	\$ 3,638,488	\$ 20,079,651	\$ 8,653,735
Supplemental schedule of non-cash capital and related financing activities:					
Capital assets acquired via finance purchase liability	\$ (88,885)	\$ (88,346)			\$ (9,030)
Proceeds from finance purchase liability	88,885	88,346			9,030
Capital assets acquired via lease	(6,306)				
Proceeds from lease	6,306				

See the accompanying notes.

**CITY OF PANAMA CITY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2023**

	Pension Funds
ASSETS	
Cash and cash equivalents	\$ 2,243,520
Investments:	
Common stock	7,544,289
Corporate bonds and notes	4,003,110
Mutual funds	48,769,475
Pooled/common/commingled funds	21,610,830
Total investments	81,927,704
Accounts receivable	1,092,606
Total assets	85,263,830
LIABILITIES	
Accounts payable	64,254
NET POSITION	
Restricted for pension benefits	\$ 85,199,576

See the accompanying notes.

**CITY OF PANAMA CITY, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	<u>Pension Trust</u>
ADDITIONS	
Contributions:	
Employer	\$ 4,769,455
State	875,400
Plan members	1,029,295
Other	36,132
Total contributions	<u>6,710,282</u>
Investment earnings:	
Net appreciation (depreciation) in fair value of investments	5,483,974
Interest	1,732,729
Total investment earnings	<u>7,216,703</u>
Less investment expense	<u>(307,095)</u>
Net investment earnings (losses)	<u>6,909,608</u>
Total additions (deletions)	<u>13,619,890</u>
DEDUCTIONS	
Benefits	6,559,015
Refunds of member contributions	207,392
Administrative expenses	124,135
Total deductions	<u>6,890,542</u>
Change in net position	6,729,348
Net Position Restricted for Pension Benefits:	
Beginning of year	<u>78,470,228</u>
End of year	<u><u>\$ 85,199,576</u></u>

See the accompanying notes.



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**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Panama City, Florida was created in 1925 by a Special Act, Chapter 11678, No. 343 of the Florida State Legislature. The City was incorporated March 12, 1926, and is a political subdivision of the State of Florida. The City provides police and fire protection, general government, parks and recreation, health and social services, and public works services to its residents. In addition, the City operates water and sewer, environmental services, and marina enterprises. It also maintains various trust funds in a fiduciary capacity.

The financial statements presented in this report conform to the reporting requirements of the Governmental Accounting Standards Board (GASB), which established combined statements at the required reporting level for governmental entities that present financial statements in accordance with generally accepted accounting principles.

The significant accounting policies of the City are described below.

Reporting Entity

The City is a Florida municipal corporation with a five-member City Commission comprised of the Mayor (elected at large) and four ward Commissioners. In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the City may or may not be financially accountable and, as such, be includable within the City's financial statements. The following criteria are considered in concluding which related activities (component units) should be included in the City's combined financial statements:

- Financial accountability;
- Appointment of a voting majority;
- Imposition of will;
- Financial benefit to or burden on a primary government; and
- Financial accountability as a result of fiscal dependency.

The accompanying combined financial statements include all funds, boards, and authorities for which the City is financially accountable or for which the nature and significance of their relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are, in substance, part of the City's operation. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

Blended Component Units

The following component units were included, by blended presentation for 2023, based on the criteria noted above:

- Panama City Community Redevelopment Agency
- Panama City Florida Hurricane Disaster Relief Fund, Inc.

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Panama City Community Redevelopment Agency (CRA) - the City Commission serves as the CRA board. Although legally separate, the CRA is blended as a governmental fund component unit into the primary government because the structure of the CRA meets the GASB Statement 80 criteria for blending. The criteria assessed and determined to result in blending are: (a) the boards of the CRA and the City are the same, and (b) Management of the City has operational responsibility for the CRA.

On November 22, 1983, the City adopted ordinance No. 1153 designating the Panama City Downtown Improvement Board as the Community Redevelopment Agency pursuant to Florida Statute 163.357(3). On September 12, 2006, the City restructured the Panama City Community Redevelopment Agency by adopting ordinance No. 2216 pursuant to Section 163.357, Florida Statutes. Four community redevelopment areas have been established for which separate trust funds have been opened. The Downtown CRA District was recently extended for an additional 20 years by action of the City Commission under the provisions of FS Chapter 163 part III. Ordinance No. 2488 and 2489 were adopted on March 12, 2013 and may be found in the public records of the City and CRA. The St. Andrews Redevelopment Area was established to finance projects in the St. Andrews region of Panama City. The Downtown North Redevelopment Area was established to finance projects in the Downtown North region of Panama City. The Millville Redevelopment Area was established to finance projects in the Millville region of Panama City. As of October 1, 2009, the CRA began operating as a special revenue fund of the City of Panama City, blended component unit.

On November 13, 2018, the City Commissioners moved to approve the establishment of the Panama City Florida Hurricane Disaster Relief Fund, Inc. (Relief Fund). The City Commission serves as the Relief Fund board. Although legally separate, the Relief Fund is blended as a governmental fund component unit into the primary government because the structure of the Relief Fund meets the GASB Statement 80 criteria for blending. The criteria assessed and determined to result in blending are: (a) the boards of the Relief Fund and the City are the same, and (b) Management of the City has operational responsibility for the Relief Fund.

The Relief Fund was incorporated on November 13, 2018 for the following purposes: (a) to provide funds to assist in paying for hurricane disaster related expenses incurred by the City that are not reimbursed by FEMA or any other private insurance, (b) to provide funds to reinvest or improve the infrastructure, programming and quality of life in the City for the benefit of the citizens, (c) to serve the needs of the City employees by providing hurricane disaster relief, and (d) for any and all other lawful not-for-profit purposes and other permitted charitable purposes.

Complete financial statements of the individual component units can be obtained directly from their administrative offices.

Administrative Offices:

Panama City Community Redevelopment Agency
Panama City
501 Harrison Avenue, Room 206
Panama City, Florida 32401

Panama City Florida Hurricane Disaster Relief Fund, Inc.
501 Harrison Avenue
Panama City, Florida 32401

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Discretely Presented Component Units

The following component units were included, by discrete presentation for 2023, based upon the criteria noted above:

- Panama City Downtown Improvement Board
- Panama City Port Authority

Governmental Fund Type

Panama City Downtown Improvement Board. The Panama City Downtown Improvement Board was incorporated on July 5, 1974, by House Bill No. 4094 enacted by the legislature of the State of Florida. This act provided for the establishment of a special taxing district under Article VII, Section 9 of the Florida Constitution. The members of the governing board of the Panama City Downtown Improvement Board are appointed by the City Commission. The City also has the authority to levy ad valorem taxes of up to 3 mills for Downtown Improvement Board District operations.

Proprietary Fund Type

Panama City Port Authority. The Panama City Port Authority is a Dependent Special District created under Special Act 1945, Chapter 23466. The members of the governing board of the Port Authority are appointed by the City Commission. Operational and capital budgets of the Port Authority must be approved by the City Commission.

Complete financial statements of the individual component units can be obtained directly from their administrative offices.

Administrative Offices:

Panama City Downtown Improvement Board
P O Box 247
Panama City, Florida 32402

Panama City Port Authority
One Seaport Drive
Panama City, Florida 32401

GASB requires reasonable separation between the Primary Government and its discretely presented component units, both in the financial statements and in the related notes and required supplementary information. Because the discretely presented component units, although legally separate, have been and are operated as if each is part of the primary government, there are limited instances where special note reference or separation will be required. If no separate note reference or categorization is made, the user should assume that information presented for the Primary Government is equally applicable to the component units.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

changes in net position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

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

The *Hurricane Michael Fund* is a special revenue fund used to account for financial resources of the general government that relate to Hurricane Michael including grants and insurance proceeds.

The *Capital Projects Fund* is used to account for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

The *Capital Projects Infrastructure Surtax Fund* is used to account for capital improvements to the City's infrastructure funded by debt proceeds received from pledged local option infrastructure surtax revenue.

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

The government reports the following major proprietary funds:

The *Utility Fund* is used to account for activities related to retail utility operations.

The *Environmental Services Fund* is used to account for activities related to retail solid waste operations.

The *Marina Fund* is used to account for activities related to retail marina operations.

Additionally, the government reports the following non-major funds:

Special revenue funds account for revenues received from Federal, State, and local granting agencies, restricted funding sources such as Tax Increment Financing and surtax revenues and contributions. Revenues are restricted to accomplishing the various objectives of these programs.

Internal service funds account for the financing of goods or services provided by one department to other departments of the City. The services provided include medical self-insurance, dental insurance, and equipment maintenance costs.

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pension trust funds account for assets held in trust for members and beneficiaries of the City's three defined benefit pensions.

Debt service funds account for the payment of principal and interest on long-term debt of governmental funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and franchise fees.

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

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

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Deposits and investments

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

The investments are categorized at their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy is based on the valuation inputs used to measure fair value of the asset that prioritizes inputs into three levels; Level 1 – quoted prices for identical instruments in active markets; Level 2 – significant inputs that are observable; Level 3 – significant inputs that are unobservable.

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (e.g., the current portion of interfund loans) or "advances to/from other funds" (e.g., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Property taxes

The property tax revenues calendar is as follows:

Lien date	January 1	Payment due by	March 31
Levy date	October 1	Delinquent date	April 1
Tax bill mailed	November 30	Tax sale-delinquent property tax	June 1

The County Tax Collector collects property taxes on behalf of each municipality within the county boundaries. By July 31, during each year for which taxes are levied, all taxes have been collected and remitted to the City or the delinquent taxes are raised by public auction of tax certificates and the proceeds are remitted to the City shortly after the certificates are sold. Because of this arrangement there are no material unremitted tax revenues for each fiscal year on September 30th.

Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods. Prepaid costs are payments that are applicable to future accounting periods and are recorded as an asset when purchased and as an expense when consumed (consumption method) in both government-wide and fund financial statements.

Restricted assets

Certain assets of the enterprise funds are required by resolution to be set aside and used for specific purposes; thus, they are not available for general operating purposes. These restricted assets consist of cash in various bank accounts and are recorded at cost.

Capital assets

Capital assets, which include property, plant, equipment, leased assets, right-to-use assets, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$3,500 and above, and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects when completed. Interest incurred during the construction phase of capital assets of business-type activities are expensed as incurred.

Capital assets are depreciated over their estimated useful lives unless they are inexhaustible or are intangible assets with indefinite useful lives. The term depreciation (and related forms of the term) includes amortization of intangible assets.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30
Building improvements	10
Public domain infrastructure	40
Utility plant	40
System infrastructure	40
Machinery and equipment	5 to 10
Furniture and fixtures	8
Automobiles and trucks	5
Intangibles	5

Right-to-Use Lease Assets and Lease Liability

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

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subscription Based Information Technology Arrangements-(SBITA)

SBITA assets are defined by the general government as the right to use vendor-provided information technology (IT) with access to vendors' IT assets. The City recognizes a subscription liability and an intangible subscription right-of-use asset at the beginning of the subscription term that have a term exceeding one year. A SBITA asset is measured based on the net present value of subscription payments expected to be made during the subscription term, using the incremental borrowing rate, and is amortized using the straight-line method over the shorter of the subscription term or the useful life of the underlying IT assets. Re-measurement of a subscription liability occurs when there is a change in the contract term and/or other changes that are likely to have a significant impact on the subscription liability.

Deferred outflows/inflows of resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has four items that qualify for reporting in this category: 1) the deferred outflow of resources on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price and the amount is capitalized and amortized over the shorter of the life of the refunded or refunding debt, 2) the deferred outflow of resources on the hedging derivatives is a result from the decrease in the fair value of the derivative instrument and a deferred outflow is recognized to verify that the decrease is not expected to be recognized in investment income in future periods, 3) deferred outflows related to pensions as discussed in Note 9, 4) deferred outflows related to other post-employment benefits as discussed in Note 10.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has four items that qualify for reporting in this category which is related to 1) pensions as discussed in Note 9, 2) other post-employment benefits as discussed in Note 10, 3) leases as discussed in Note 7, and 4) revenues related to grants in the fund financials.

Pensions

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

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. One-third of total sick leave balances of employees with six years or more of service is accrued in the government-wide, proprietary, and fiduciary fund financial statements. In accordance with GAAP, for the government funds in the fund financial statements, all of the compensated absences are considered long-term and, therefore, are not a fund liability and represent a reconciling item between the fund level and government-wide presentations.

Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method based on the life of the bond issue. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net position

The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets is intended to reflect the portion of net position which is associated with non-liquid, capital assets less outstanding capital asset related debt.

Restricted net position is liquid assets (generated from revenues and net bond proceeds) which are not accessible for general use because of third-party (statutory, bond covenant, or granting agency) limitations.

Unrestricted net position represents unrestricted liquid assets.

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Categories and classification of fund balance

The City has implemented GASB Statement No. 54. This statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB Statement No. 54, are listed below:

Non-spendable – the portion of a fund balance that cannot be spent because they are either not in spendable form (such as inventories and prepaid amounts) or legally or contractually required to be maintained intact.

Restricted – the portion of a fund balance for which external constraints are placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws or regulation of other governments; or imposed by law through constitutional provisions or enabling legislation.

Committed – the portion of fund balance that can be used only for specific purposes that are internally imposed by the government. Pursuant to City Charter Article XIII, Section 127. The City Clerk and Collector must certify that funds are legally available to the City Commission prior to appropriation.

Assigned – the portion of fund balance amounts established by City Commission that are intended to be used for specific purposes that are neither restricted nor committed.

Unassigned – residual net resources, the general fund is the only fund that reports a positive unassigned fund balance amount. In the event that funds other than the general fund include an unassigned fund balance, it would be a deficit.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City Commission, as the highest decision-making authority for the City, authorized the City of Panama City Fund Balance Management Policy by adopting an ordinance, which establishes the Disaster/Emergency reserve in order to meet unforeseen expenditures caused by disasters or emergencies. This commitment of fund balance is established due to the City's coastal location, hurricanes, and other natural disasters, as well as economic changes that can severely impact the City's ability to continue operations and provide services. The drawdown of Disaster/Emergency reserves may be utilized to respond and provide relief and recovery to disasters and emergencies which include, but are not limited to:

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Hurricanes or Tropical Storms
- Flooding
- Wildfires
- Terrorist activity

The City Commission authorized the commitment of fund balance and established a target balance of 30% of annual budgeted operating expenditures, including debt service and self-insurance fund transfers. Use of the reserves requires approval by the City Commission with a majority vote.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with GAAP for the funds listed in the next paragraph. All annual appropriations lapse at fiscal year end. It is the City's policy to reappropriate such amounts at the beginning of the next fiscal year.

Budgets are adopted at the beginning of each fiscal year through passage of a resolution by the City Commissioners for the following funds: General Fund, Debt Service Funds, Housing and Community Services Fund, State Housing Initiative Partnership City, Infrastructure Surtax Fund, and the Community Redevelopment Agency areas.

The City Manager is authorized to transfer part or all of an unencumbered appropriated balance among departments within a fund. Management may not increase a fund's total expenditures without seeking the approval of the City Commissioners, who may amend the budget at any time during the fiscal year. Amounts shown in the financial statements represent the original budgeted amounts and all supplemental amendments.

New Accounting Pronouncements

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objective of this statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with 1) commitments extended by issuers, 2) arrangements associated with conduit debt obligations, and 3) related note disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2021. The City has implemented GASB Statement No. 91 in this annual report.

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this statement is to better meet the information needs of financial statement users by improving the comparability of financial statements among governments that enter into public-private and public-public partnership arrangements (PPPS) and availability payment arrangements (APAs) and by enhancing the understanding, relevance, and consistency of information about PPPS and APAs. The requirements of this statement are effective for reporting periods beginning after June 15, 2022. The City has implemented GASB Statement No. 94 in this annual report, however it does not have any current impact on the City.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this statement are effective for reporting periods beginning after June 15, 2022. The City has implemented GASB Statement No. 96 in this report.

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

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections—an Amendment of GASB Statement No. 62*. This statement prescribes the accounting and financial reporting for 1) each type of accounting change and 2) error corrections. This statement requires that a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this statement are effective for financial statements for reporting period beginning after June 15, 2023. The City is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

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

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This statement provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This statement requires a government to assess 1) whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact and 2) whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this statement are effective for fiscal years beginning after June 15, 2024. The City is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

NOTE 2 - DEPOSITS AND INVESTMENTS

GASB Statement No. 40, *Deposits and Investment Risk Disclosures* amends GASB Statement No. 3, *Deposits with Financial Institutions, Investments, and Reverse Repurchase Agreements*, and is designed to inform financial statement users about deposit and investment risks that could affect a government's ability to provide services and meet its obligations as they become due. GASB Statement No. 40 addresses common deposit and investment risks related to credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk and requires that deposit and investment policies related to the risks be disclosed, as applicable.

In accordance with GASB Statement No. 40, the following disclosures are made regarding the City's deposit and investment balances as of September 30, 2023:

Deposits and Investments

The City has adopted an investment policy pursuant to Section 218.415, Florida Statutes, that established permitted investments, asset allocation limits, issuer limits, and maturity limits to protect the City's cash and investment assets. The investment policy applies to all cash and investments held or controlled by the City with the exception of Pension Funds. Bank balances are entirely insured by federal depository insurance or by collateral pursuant to the Florida Security for Public Deposits Act of the State of Florida.

The City is authorized to undertake investments in the following authorized investments:

- United States Government Securities
- Interest Bearing Time Deposit or Saving Accounts
- Federal Instrumentalities (United States Government sponsored agencies)
- Repurchase Agreements
- Money Market accounts placed with financial institutions qualifying as public depositories as provided for in Chapter 280, Florida Statutes.

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

- Registered Investment Companies (Mutual Funds)
- Intergovernmental Investment Pool
- Commercial Paper

The City participates in the State Board of Administration's (SBA) Local Government Surplus Funds Trust Fund, a Florida PRIME governmental investment pool.

Florida PRIME currently meets the criteria of GASB Statement 79 to measure the investments in the pool at amortized cost. Therefore, the account balance is also considered the fair value of the investment. The Florida PRIME investment is exempt from the GASB 72 fair value hierarchy disclosures.

As of September 30, 2023, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of the account value.

If the reader wants more information, Florida PRIME annually issues a publicly available financial report available at www.sbafla.com.

The Florida Fixed Income Trust (FL FIT or "Trust") investments in each of the pools within the Trust are measured and reported at fair market value using the guidelines established by Generally Accepted Accounting Principles (GAAP). The Trust follows Financial Accounting Standards Board (FASB) Accounting Standards Topic (ASC) 820 *Fair Value Measurement and Disclosure* for financial reporting purposes. ASC 820 defines fair value, establishes a single framework for measuring fair value, and requires disclosure about fair value measurement. FL FIT does not meet all of the specific criteria outlines in GASB 79, paragraph 4, therefore FL FIT participants should measure their investments in FL FIT pools at fair value as provided in paragraph 11 of GASB Statement 31.

The Firefighters' and Police Officers' pension plans' investment policies restricted un-invested cash to minimal balances generally covered by the FDIC and cash instruments with a minimum rating of at least Standard and Poor's A1 or Moody's P1. As of September 30, 2023, cash instruments for both funds consisted of Federated Treasury Obligations.

Investment policies for the Firefighters' and Police Officers' pension plans provide for investment manager(s) who have full discretion of assets allocated to them subject to the overall investment guidelines set out in the policies. Overall investment guidelines provide for diversification and allow investment in debt securities (rated at least BB or Ba by Standard and Poor or Moody) and equity securities traded on one or more of the recognized national exchanges or on the National Market System of the NASDAQ market, U.S. Government obligations guaranteed by the U.S. Government, bonds issued by the State of Israel, and any commingled funds that are restricted to these investments.

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

The Florida Municipal Pension Trust Fund (FMPTF) is established as a trust whereby governmental entities with employee pension or OPEB plans may elect to join the trust (becoming a Participating Employer), and with the trust providing the plans with administrative and investment services for the benefit of Participating Employers, Participating Employees, and Beneficiaries. All employee pension plans or OPEB assets with the FMPTF are included in the trust's Master Trust Fund. Employee pension plans or OPEB assets of the defined benefit type are invested by the FMPTF through the Florida Municipal Investment Trust (FMIVT) for the benefit of the Participating Employers, Participating Employees, and Beneficiaries.

Credit Risk

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. A credit risk exists when there is a possibility the issuer or the counterparty to an investment may be unable to meet its obligations.

The structure of the City's investment policy is designed to minimize credit risk, by limiting its investments to those with high ratings issued by a nationally recognized statistical rating organization (NRSROs). The Florida PRIME is currently rated by Standard and Poor's as AAAM.

As of September 30, 2023 FL FIT pools were rated by Fitch Ratings. The FL FIT Cash Pool currently rates AAAf/S1.

Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City or Pension Trust Plans will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of September 30, 2023, the City's investment portfolio was held with a third-party custodian.

Participants' investments in the SBA, FL FIT, and FMPTF are evidenced by shares of the pool. The City's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

Consistent with each Pension Trust Plan's investment policy, the investments are held by each Plan's custodial bank and registered in each Plan's name.

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Concentration Credit Risk

Concentration of credit risk exists when five or more percent of the total assets of the portfolio are invested with a single issuer.

The City limits the amount it may invest in any one investment varying by the type of investment.

The Police Officers' and Firefighters' Pension Trust Plans' investment policies prohibit investments in common stock that exceed 70% of the funds assets at market value, investments in common stock in any one issuer that exceed 5% of the funds assets at cost, investments that comprises 5% or more of any one issuer's outstanding stock, and investments in foreign securities that exceed 25% of the fund assets. Additionally, cash and cash equivalents may not exceed 5% of the funds assets, and all repurchase agreement transactions must adhere to the requirements of the Master Repurchase Agreement. None of the stated thresholds were exceeded by either funds at fiscal year end.

Interest Rate Risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Interest rate risk disclosures are required for all debt instruments as well as investments in mutual funds, external investment pools, and other pooled investments that do not meet the definition of a "2a-7 like" pool.

The City's investment policy is structured to mitigate the effects of interest rate risk by placing limits on the maturity and duration of specific investment vehicles. It is the City's intention to make investments to provide sufficient liquidity to pay obligations as they become due. The City uses the weighted average maturity method for its FL FIT which results in a WAM of 23 days and a weighted average life (WAL) of 94 days.

The City uses the weighted average maturity method for Florida PRIME which results in a WAM of 35 days, and a weighted average life (WAL) of 75 days.

The three Pension Trust Plans can have investments in a combination of stocks, bonds, government securities, and other investment securities. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect balances and the amounts reported in the statement of plan net position and the statement of changes in plan net position. Each individual plan's investment advisor monitors the plan's investments and the associated risks on a regular basis, which minimizes risks.

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Foreign Currency Risk

Foreign currency risk is the risk that foreign currency exchange rates will adversely affect the fair value of an investment. The City has nominal exposure to foreign currencies due to investments in non-U.S. markets implemented through portfolios. Foreign currencies will fluctuate relative to the U.S. dollar, but it is believed that the diversification benefits outweigh potential risks. Given the limited exposure, foreign currency risk is considered minor.

Deposits and Investments

Deposits and investments as of September 30, 2023 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and cash equivalents	\$ 106,504,577
Restricted cash and cash equivalents	7,288,315
Investments	117,249,097

Statement of fiduciary net position:

Cash and cash equivalents	2,243,520
Investments	<u>81,927,704</u>
Total cash and investments	<u>\$ 315,213,213</u>

Cash on hand, deposits, and investments as of September 30, 2023 consist of the following:

Governmental and business-type investments:

Cash on hand	\$ 10,752
Deposits with financial institutions	113,113,361
FL FIT	68,434
Investments in federal instrumentalities	87,611,046
Investments in corporate bonds and notes	30,238,396

Senior management pension plan:

Deposits with financial institutions	50,844
Investments in pooled/common/commingled funds	3,580,845

Police officers and firefighters pension plan:

Deposits with financial institutions	2,192,676
Investments in mutual funds	48,769,475
Investments in equity/common stock	7,544,289
Investments in corporate bonds and notes	4,003,110
Investments in pooled/common/commingled funds	<u>18,029,985</u>
Total cash and investments	<u>\$ 315,213,213</u>

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Deposits and Investment Risk Disclosures

As of September 30, 2023, the City held the following investments as categorized below in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosure*:

Primary Government: Investment Type	Investment Maturities				Total	Average Rating (1)
	Less than 1 Year	1 to 5 Years	6 to 10 Years	More than 10 Years		
Federal Instrumentalities	\$ 37,036,201	\$ 21,499,659			\$ 58,535,860	AA
Federal Instrumentalities	242,755	994,325		\$ 499,000	1,736,080	A1-A3
Federal Instrumentalities	10,566,630	13,120,428			23,687,058	Aaa
Federal Instrumentalities	750,048	2,902,000			3,652,048	Aa1-Aa3
Corporate bonds and notes	19,958,712	7,832,154			27,790,866	A1-A3
Corporate bonds and notes	2,447,530				2,447,530	Aa3
Florida Fixed Income Trust	68,434				68,434	AAAf/S1
Total primary government	<u>\$ 71,070,310</u>	<u>\$ 46,348,566</u>	<u>\$</u>	<u>\$ 499,000</u>	<u>\$117,917,876</u>	
Fiduciary Funds:						
Investment Type	Less than 1 Year	1 to 5 Years	6 to 10 Years	More than 10 Years	Total	Average Rating (1)
Common stock	\$ 7,544,289				\$ 7,544,289	N/A
Corporate bonds and notes	4,003,110				4,003,110	N/A
Pooled/common/ commingled funds	21,610,830				21,610,830	NR
Mutual funds	48,769,475				48,769,475	NR
Total fiduciary funds	<u>\$ 81,927,704</u>	<u></u>	<u></u>	<u></u>	<u>\$ 81,927,704</u>	

(1) Ratings are provided where applicable to indicate associated *credit risk*. N/A indicates not applicable. NR indicates the fund is not rated.

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Fair Value

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

Primary Government

	Total 9/30/23	Fair Value Measurements Using		
		Quoted prices	Other significant observable inputs	Significant unobservable inputs
		Level 1	Level 2	Level 3
Investments by fair value level				
Government agency securities	\$ 87,611,046	\$ -	\$ 87,611,046	\$ -
Corporate bonds and notes	30,238,396	30,238,396		
	<u>\$ 117,849,442</u>	<u>\$ 30,238,396</u>	<u>\$ 87,611,046</u>	<u>\$ -</u>

Fiduciary Funds

	Total 9/30/23	Fair Value Measurements Using		
		Quoted prices	Other significant observable inputs	Significant unobservable inputs
		Level 1	Level 2	Level 3
Investments by fair value level				
Stocks	\$ 7,544,289	\$ 7,544,289	\$ -	\$ -
Corporate bonds and notes	4,003,110	4,003,110		
Mutual funds – fixed income	20,624,084	20,624,084		
Mutual funds – equity	28,145,391	28,145,391		
Pooled – real estate investment trust	6,367,423			6,367,423
Pooled – fixed income	530,226		530,226	
Pooled – equity	14,713,181		2,091,853	12,621,328
Total Investment by fair value level	<u>\$ 81,927,704</u>	<u>\$ 60,316,874</u>	<u>\$ 2,622,079</u>	<u>\$ 18,988,751</u>

Primary Government

	Total 9/30/23
Investments by net asset value (NAV)	
Florida Fixed Income Trust	<u>\$ 68,434</u>

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Investments classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique provided by third party custodians. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Investments classified at Level 3 are valued based on unobservable inputs.

Discretely Presented Component Unit

Panama City Port Authority

Derivative instruments outstanding as of September 30, 2023:

<u>Item</u>	<u>Type</u>	<u>Objective</u>	<u>Notional Amount</u>	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Terms</u>	<u>09/30/2023 Fair Value (Negative)</u>
A	Pay-fixed interest rate swap	Hedge the variable rate risk associated with the first draw on the \$7,500,000 debt.	\$7,500,000	06/01/2007	06/01/2027	Pay 4.43%, receive 67% of SOFR plus 70 basis points.	\$ (14,474)

Derivative instrument A is considered a hedging derivative instrument for 2023. The fair value of the interest rate swap was estimated using a proprietary valuation model developed by the counterparty. This method calculates future cash flows by projecting forward rates, then discounting those cash flows at their present value.

Risks

1. *Credit Risk:*

The Port Authority's derivative instrument is held with a counterparty whose credit rating is "A3". The counterparty bears the risk of non-payment.

2. *Interest Rate Risk:*

The Port Authority is exposed to interest rate risk on its interest rate swap. On its pay-fixed, variable-rate interest rate swap, as Secured Overnight Financial Rate (SOFR) decreases, the Port Authority's net payment on the swap increases.

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

3. *Basis Risk:*

The Port Authority is exposed to basis risk on its pay-fixed swap derivative instrument because the variable-rate payments received by the Port Authority on this derivative instrument is based on a rate or index other than interest rates the Port Authority pays on its hedged variable-rate debt. At September 30, 2023, variable interest rate and SOFR-based rate of the swap was as follows:

	<u>Variable Rate</u>	<u>SOFR Based Rate</u>
Derivative A	4.4074%	5.2662%

4. *Termination Risk:*

The swap may be terminated by the Port Authority or the counterparty if the other party fails to perform under the terms of the swap agreement. If the swap is terminated, the Port Authority would prospectively pay the variable-rate on the Line of Credit. The termination of the swap agreement could increase the Port Authority's total debt service if, at the time of termination, the swap has a negative fair value by the amount of such negative fair value. As noted below under fair value, the Port Authority has a negative fair value for derivative instrument A as of September 30, 2023, and would be liable to the counterparty if the swap was terminated prematurely.

5. *Rollover Risk:*

Derivative instrument A's swap agreement termination date is June 1, 2027. The Port Authority may not be able to replicate the hedge associated with the current swap agreement on the termination date.

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Derivative Instruments – Fair Value

The fair value balance of the derivative instrument outstanding at September 30, 2023, classified by type, and the changes in fair value of such derivative instrument are as follows:

	Changes in Fair Value		Fair Value at September 30, 2023		
	Classification	Amount	Classification	Amount	Notional
Business-type activities					
Cash flow hedges:					
Pay-fixed interest rate swap					
Derivative A	Deferred outflow	\$ (40,263)	Debt	\$ (14,474)	\$ 7,500,000

	Total	Fair Value Measurements	
		Quoted Prices	Other Significant Observable Inputs
		Level 1	Level 2
Investment derivative by fair value level	9/30/23		
Pay-fixed interest rate swap	\$ (14,474)	\$	(14,474)

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

NOTE 3 – NOTES RECEIVABLE

Special Revenue Fund:

The City participates in loan rehabilitation programs that assist low income residents in obtaining safe and sanitary housing, businesses in downtown improvement areas, and rental housing improvements. The loans, accounted for in the special revenue fund, are due and payable at their respective maturity dates or change of home ownership, whichever occurs first. The City maintains a security interest in the property. These loans are non-interest bearing and will mature at various dates up to 2053.

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023, was as follows:

Primary Government

	Beginning				Ending
	Balance	Increases	Decreases	Transfers	Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 20,221,345	\$ 4,426,388	\$ 814,439	\$ -	\$ 23,833,294
Construction in progress	40,668,611	14,975,936		(1,388,531)	54,256,016
Total capital assets, not being depreciated	<u>60,889,956</u>	<u>19,402,324</u>	<u>814,439</u>	<u>(1,388,531)</u>	<u>78,089,310</u>
Capital assets, being depreciated:					
Buildings	27,013,579	246,098	181,971	132,723	27,210,429
Improvements other than buildings	32,971,256	291,704	124,613	301,036	33,439,383
Machinery and equipment	22,013,544	5,166,225	2,923,461	5,836	24,262,144
Intangibles-amortizable	195,584		35,498		160,086
Infrastructure, excluding bridges	71,877,250	146,568	14,777	948,936	72,957,977
Right-of-use lease assets-amortizable	283,846	78,726	33,137		329,435
Subscription right of use assets-amortizable		381,195			381,195
Total capital assets, being depreciated	<u>154,355,059</u>	<u>6,310,516</u>	<u>3,313,457</u>	<u>1,388,531</u>	<u>158,740,649</u>
Less accumulated depreciation for:					
Buildings	9,817,137	753,624	135,018		10,435,743
Improvements other than buildings	19,693,472	2,451,968	102,639		22,042,801
Machinery and equipment	17,445,388	1,766,555	2,482,862		16,729,081
Intangibles-amortizable	120,212	23,878	26,625		117,465
Infrastructure, excluding bridges	47,500,291	1,577,272	8,718		49,068,845
Right-of-use lease assets-amortizable	63,551	108,996	20,599		151,948
Subscription right-of-use assets-amortizable		128,019			128,019
Total accumulated depreciation	<u>94,640,051</u>	<u>6,810,312</u>	<u>2,776,461</u>		<u>98,673,902</u>
Total capital assets, being depreciated, net	<u>59,715,008</u>	<u>(499,796)</u>	<u>536,996</u>	<u>1,388,531</u>	<u>60,066,747</u>
Governmental activities capital assets, net	<u>\$ 120,604,964</u>	<u>\$ 18,902,528</u>	<u>\$ 1,351,435</u>	<u>\$ -</u>	<u>\$ 138,156,057</u>

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 4 - CAPITAL ASSETS (Continued)

Primary Government (Continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type Activities:					
Capital assets, not being depreciated:					
Land	\$ 1,828,384	\$ -	\$ 1,023	\$ -	\$ 1,827,361
Construction in progress	26,139,656	24,704,384		(8,812,468)	42,031,572
Total capital assets, not being depreciated	<u>27,968,040</u>	<u>24,704,384</u>	<u>1,023</u>	<u>(8,812,468)</u>	<u>43,858,933</u>
Capital assets, being depreciated:					
Buildings	47,725,927	54,521	68,669		47,711,779
Improvements other than buildings	108,704,007	525,233	19,822	8,800,934	118,010,352
Intangibles-amortizable	4,007				4,007
Machinery and equipment	15,383,612	2,533,337	462,898	11,534	17,465,585
Right-of-use lease assets-amortizable	6,306	4,795			11,101
Total capital assets, being depreciated	<u>171,823,859</u>	<u>3,117,886</u>	<u>551,389</u>	<u>8,812,468</u>	<u>183,202,824</u>
Less accumulated depreciation for:					
Buildings	432,146	33,473	35,187		430,432
Improvements other than buildings	73,745,901	4,187,300	3,815		77,929,386
Intangibles-amortizable	3,738	267			4,005
Machinery and equipment	11,136,332	1,766,220	457,781		12,444,771
Right-of-use lease assets-amortizable	521	2,478			2,999
Total accumulated depreciation	<u>85,318,638</u>	<u>5,989,738</u>	<u>496,783</u>		<u>90,811,593</u>
Total capital assets, being depreciated, net	<u>86,505,221</u>	<u>(2,871,852)</u>	<u>54,606</u>	<u>8,812,468</u>	<u>92,391,231</u>
Business-type activities capital assets, net	<u>\$ 114,473,261</u>	<u>\$ 21,832,532</u>	<u>\$ 55,629</u>	<u>\$ -</u>	<u>\$ 136,250,164</u>

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 4 - CAPITAL ASSETS (Continued)

Total depreciation expense for governmental activities for fiscal year 2023 is \$6,810,312. Total depreciation expense for business-type activities for fiscal year 2023 is \$5,989,738.

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

Governmental activities:		
General government	\$	2,756,107
Public safety		1,242,333
Highways and streets, including depreciation of general infrastructure assets		2,271,623
Culture and recreation		<u>512,313</u>
		6,782,376
Other: Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets		<u>27,936</u>
Total depreciation expense - governmental activities	\$	<u>6,810,312</u>
Business-type activities:		
Utilities	\$	4,395,070
Environmental Services		1,392,936
Marina		<u>201,732</u>
Total depreciation expense - business-type activities	\$	<u>5,989,738</u>

Discretely Presented Component Units

Activity for the Panama City Downtown Improvement Board for the year ended September 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 424,999	\$ -	\$ -	\$ 424,999
Capital assets, being depreciated:				
Improvements other than buildings	107,474		2,944	104,530
Machinery and equipment	<u> </u>	<u>33,377</u>	<u> </u>	<u>33,377</u>
Total capital assets, being depreciated	<u>107,474</u>	<u>33,377</u>	<u>2,944</u>	<u>137,907</u>
Less accumulated depreciation for:				
Improvements other than buildings	99,303	7,216	2,050	104,469
Machinery and equipment	<u> </u>	<u>4,353</u>	<u> </u>	<u>4,353</u>
Total accumulated depreciation	<u>99,303</u>	<u>11,569</u>	<u>2,050</u>	<u>108,822</u>
Total capital assets, being depreciated, net	<u>8,171</u>	<u>21,808</u>	<u>894</u>	<u>29,085</u>
Downtown Improvement Board capital assets, net	<u>\$ 433,170</u>	<u>\$ 21,808</u>	<u>\$ 894</u>	<u>\$ 454,084</u>

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 4 - CAPITAL ASSETS (Continued)

Activity for the Panama City Port Authority for the year ended September 30, 2023, was as follows:

	Beginning Balance, As Restated	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 26,182,874	\$ 6,121,299		\$ -	\$ 32,304,173
Construction in progress	16,908,975	20,188,387		(15,360,081)	21,737,281
Total capital assets, not being depreciated	<u>43,091,849</u>	<u>26,309,686</u>		<u>(15,360,081)</u>	<u>54,041,454</u>
Capital assets, being depreciated:					
Buildings and improvements	89,834,050	8,901,233			98,735,283
Improvements other than buildings	76,116,022	5,189,849			81,305,871
Machinery and equipment	23,177,632	1,206,018			24,383,650
Right-of-use assets-amortizable	876,391				876,391
Capital assets, being depreciated:	<u>190,004,095</u>	<u>15,297,100</u>			<u>205,301,195</u>
Less accumulated depreciation for:					
Buildings and improvements	33,704,443	2,823,581			36,528,024
Improvements other than buildings	37,744,548	3,018,724			40,763,272
Machinery and equipment	13,311,449	1,167,160			14,478,609
Right-of-use assets-amortizable	496,472	8,852			505,324
Total accumulated depreciation	<u>85,256,912</u>	<u>7,018,317</u>			<u>92,275,229</u>
Total capital assets, being depreciated, net	<u>104,747,183</u>	<u>8,278,783</u>			<u>113,025,966</u>
Port Authority capital assets, net	<u>\$ 147,839,032</u>	<u>\$ 34,588,469</u>		<u>\$ (15,360,081)</u>	<u>\$ 167,067,420</u>

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 5 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchased commercial insurance for all risks of loss except medical claims of the City of Panama City employees and their covered dependents. There was no significant reduction in insurance coverage during the current year. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The City has established a medical self-insurance fund and a dental insurance fund which are accounted for as Internal Service Funds. The purpose of the medical self-insurance fund is to pay medical claims and minimize the total cost of annual insurance to the municipality. The purpose of the dental insurance fund is to pay for the cost of the dental insurance of the City of Panama City employees and their covered dependents. Medical claims exceeding \$175,000 per insured with an aggregating specific deductible of \$270,000 are covered through private carriers. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Contributions to the self-insurance fund are determined by projected losses based on historical claims experience. Claim liabilities are based on the estimated ultimate cost of settling the claims, using past experience adjusted for current trends, and any other factors that would modify past experience. Claim liabilities include specific incremental claim adjustment expenses. Unpaid losses occurring prior to September 30, 2023, have been estimated and accrued at present value as a liability as of September 30, 2023. Changes in the balances of claim liabilities during the fiscal years 2023 and 2022 were as follows:

Medical Self Insurance

<u>Year</u>	<u>Balance Fiscal Year Beginning October 1</u>	<u>Current Year Claims/Fees and Changes in Estimates</u>	<u>Claims/Fees Payments</u>	<u>Balance Fiscal Year Ending September 30</u>
2023	\$ 635,057	\$ 7,639,608	\$ 6,956,497	\$ 1,318,168
2022	1,455,880	7,472,963	8,293,786	635,057

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 6 - LONG-TERM DEBT

Primary Government - *Governmental Activities*:

Long-term obligations at September 30, 2023, includes the following debt issues:

	<u>Authorized And Issued</u>	<u>Balance September 30, 2023</u>
Capital Improvement Revenue Note, Series 2013B, interest 2.81%, payable semi-annually on April 1 and October 1; principal is payable on October 1; collateralized by a lien and pledge of the business tax receipts.	\$ 12,999,000	\$ 4,962,000
Capital Improvement Revenue Note, Series 2016, interest 1.87%, Interest and principal are payable quarterly on January 1, April 1, July 1, and October 1; collateralized by a lien and pledge of the business tax receipts.	3,207,000	1,910,000
Capital Improvement Revenue Note, Series 2018, interest 3.30%, payable semi-annually on April 1 and October 1; principal is payable on October 1; collateralized by a lien and pledge of the business tax receipts.	16,330,000	12,087,000
Infrastructure Sales Surtax Revenue Note, Series 2018, interest 3.02%, payable semi-annually on April 1 and October 1; principal is payable on October 1; collateralized by a lien and pledge of the sales surtax revenues and all moneys in the related funds.	15,100,000	8,015,000
Capital Improvement Revenue Note, Series 2023, interest 5.82%, payable semi-annually on March 1 and September 1; principal is payable on October 1; collateralized by a lien and payable from pledged funds of non-ad valorem revenues.	<u>150,000,000</u>	<u>150,000,000</u>
Total	<u>\$ 197,636,000</u>	<u>\$ 176,974,000</u>

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

Primary Government - *Business-Type Activities*:

Long-term obligations at September 30, 2023, includes the following debt issues:

	<u>Authorized And Issued</u>	<u>Balance September 30, 2023</u>
Water and Sewer Refunding Revenue Note, Series 2021: dated May 13, 2021, interest 2.50%, principal payable annually on October 1; interest payable semi-annually on April 1 and October 1; collateralized by a lien on and pledge of the net revenues of the water and wastewater system.	\$ 25,891,000	\$ 24,181,000
0% State Revolving Fund promissory note payable, (DW0302G0) in the amount of \$25,249,300; with loan payments beginning in fiscal year 2026, secured by the net wastewater utility revenue of the City.	25,249,300	4,950,828
0% State Revolving Fund promissory note payable, (WW0302F0) in the amount of \$12,350,000; with loan payments beginning in fiscal year 2026, secured by the net wastewater utility revenue of the City.	12,350,000	1,098,206
0% State Revolving Fund promissory note payable, (DW0302G1) in the amount of \$61,061,597; with loan payments beginning in fiscal year 2026, secured by the net wastewater utility revenue of the City.	<u>61,061,597</u>	<u>1,640,970</u>
 Total	 <u>\$ 124,551,897</u>	 <u>\$ 31,871,004</u>

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 6 - LONG-TERM DEBT (Continued)

Long-term liability activity Governmental activities for the year ended September 30, 2023, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Revenue Note, Series 2008 (Modified)	\$ 149,000	\$ -	\$ 149,000	\$ -	\$ -
Capital Improvement Revenue Note, Series 2013B	5,888,000		926,000	4,962,000	948,000
Capital Improvement Revenue Note, Series 2016	2,122,000		212,000	1,910,000	216,000
Capital Improvement Revenue Note, Series 2018	13,094,000		1,007,000	12,087,000	1,040,000
Infrastructure Sales Surtax Revenue Note, Series 2018	9,874,000		1,859,000	8,015,000	1,915,000
Capital Improvement Revenue Note, Series 2023		150,000,000		150,000,000	
Add (Deduct) deferred amounts on premium	<u>(32,734)</u>	<u>2,518</u>		<u>(30,216)</u>	<u>(2,600)</u>
Total bonds/notes payable	31,094,266	150,002,518	4,153,000	176,943,784	4,116,400
Finance purchase liability	3,687,920	1,676,299	1,247,838	4,116,381	1,219,435
Lease liability	182,912	78,726	100,424	161,214	41,341
SBITA		381,195	181,191	200,004	181,820
Net pension liability	19,843,755	15,005,298	12,833	34,836,220	
Net OPEB liability	3,099,315	488,598		3,587,913	
Hurricane Recovery and Refunding Note, Series 2020a (Line of Credit)	41,406,908		41,406,908		
Compensated absences	<u>2,001,329</u>	<u>2,369,444</u>	<u>2,168,092</u>	<u>2,202,681</u>	<u>550,670</u>
Total long-term liabilities	<u>\$101,316,405</u>	<u>\$170,002,078</u>	<u>\$49,270,286</u>	<u>\$222,048,197</u>	<u>\$ 6,109,666</u>

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 6 - LONG-TERM DEBT (Continued)

Long-term liability activity Business-type activities for the year ended September 30, 2023, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Revenue Note, Series 2021	\$25,891,000	\$ -	\$ 1,710,000	\$24,181,000	\$ -
Direct Borrowings:					
State Revolving Fund- DW0302G0	2,162,397	2,788,431		4,950,828	
State Revolving Fund- WW0302F0	299,337	798,869		1,098,206	
State Revolving Fund- DW0302G1		<u>1,640,970</u>		<u>1,640,970</u>	
Total direct borrowings:	2,461,734	5,228,270		7,690,004	
Finance purchase liability	177,231		30,199	147,032	
Lease liability	5,928	7,071	2,275	10,724	2,776
Net OPEB liability	1,088,923	171,668		1,260,591	
Net pension liability	837,725	65,413	17,957	885,181	
Compensated absences	<u>533,391</u>	<u>608,220</u>	<u>567,409</u>	<u>574,202</u>	<u>143,550</u>
Total long-term liabilities	<u>\$30,995,932</u>	<u>\$6,080,642</u>	<u>\$ 2,327,840</u>	<u>\$34,748,734</u>	<u>\$ 146,326</u>

Pension liabilities, OPEB liability, and compensated absences are generally liquidated by the fund that reports the liability and pays the related costs. Therefore, the general and utility funds liquidate a majority of the pension liabilities, OPEB liability, and compensated absences liability.

Debt Issuances and Refundings

On August 23, 2023, the City issued Capital Improvement Revenue Note, Series 2023, in the amount of \$150,000,000. Proceeds were placed in the Capital Projects Fund.

<u>Note Series</u>	<u>True Interest Cost</u>	<u>Average Coupon Rate</u>	<u>Maturity Date</u>	<u>Net Proceeds</u>	<u>Underwriters Cost of Issuance</u>
2023	5.82%	5.82%	09/01/2026	\$150,000,000	\$232,500

On October 29, 2021, the City issued Drinking Water State Revolving Fund Construction Loan Agreement in the amount of \$61,061,597 with a rate of 0.00%. The agreement provides funds for wastewater treatment works and drinking water facilities impacted by Hurricanes Florence and Michael. The City has qualified for forgiveness of \$15,265,399 of the loan principal. The balance of \$45,796,198 is payable over 20 years with estimated semi-annual payments of \$1,175,436 (based on the final loan amount drawn) beginning May 2026. The loan is drawn down as project work is completed, through September 30, 2023, \$1,640,970 had been drawn.

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 6 - LONG-TERM DEBT (Continued)

Panama City Port Authority

Changes in long-term liability obligations for the year ended September 30, 2023, are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
Bank Line of Credit - Interest currently at 4.43%; principal and interest is due based on equal quarterly installments amortized over the period to the final maturity date of the note; collateralized by the pledge of the net revenues of the facility, maturity date June 2027.	\$ 2,437,082	\$ -	\$ 471,564	\$ 1,965,518	\$ 492,804
Note payable - Interest at 3%; interest payable quarterly and principal balance payable upon the earlier of the sale or lease of any portion of the specified Industrial Park property or upon demand; collateralized by specified Industrial Park property.	300,000			300,000	300,000
State Infrastructure Bank Loan- Interest currently at 4%; principal and interest is due based on equal annual installments amortized over the period to the final maturity date of the note; collateralized by the pledge of the net revenues of the facility, maturity date October 2032.	2,817,251		255,219	2,562,032	265,428

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 6 - LONG-TERM DEBT (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
State Infrastructure Bank Loan- Interest currently at 4%; principal and interest is due based on equal annual installments amortized over the period to the final maturity date of the note; collateralized by the pledge of the net revenues of the facility, maturity date October 2035.	1,396,653		90,433	1,306,220	94,050
State Infrastructure Bank Loan- Interest currently at 3%; principal and interest is due based on equal annual installments amortized over the period to the final maturity date of the note; collateralized by the pledge of the net revenues of the facility, maturity date October 2047.	10,889,749		298,687	10,591,062	307,648
Note Payable- Interest currently at 2.69%; principal and interest is due based on equal annual installments amortized over the period to the final maturity date of the note; collateralized by the pledge of the net revenues of the facility, maturity date April 2036.	<u>2,765,505</u>		<u>170,983</u>	<u>2,594,522</u>	<u>175,640</u>
Total notes payable	20,606,240		1,286,886	19,319,354	1,635,570
Claims and judgments	363,855		12,657	351,198	12,657
Lease liability	564,696		8,706	555,990	8,880
Line of Credit		13,000,000	8,500,000	4,500,000	
Finance purchase liability	36,387		36,387		
Net pension liability	116,234		40,634	75,600	
Net OPEB liability	173,662	12,118		185,780	
Compensated absences	<u>99,765</u>	<u>255,929</u>	<u>249,151</u>	<u>106,543</u>	<u>26,636</u>
Total long-term liabilities	<u>\$ 21,960,839</u>	<u>\$13,268,047</u>	<u>\$ 10,134,421</u>	<u>\$ 25,094,465</u>	<u>\$ 1,683,743</u>

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 6 - LONG-TERM DEBT (Continued)

Debt service requirements to maturity subsequent to September 30, 2023, are as follows:

Year Ended September 30	Notes Payable		Bank Swap	
	Principal	Interest	Principal	Interest
2024	\$ 475,640	\$ 67,638	\$ 492,804	\$ 77,673
2025	180,423	62,854	515,000	53,045
2026	185,337	57,941	538,196	30,145
2027	190,384	52,893	419,518	7,659
2028	195,569	47,708		
2029-2033	1,060,699	155,687		
2034-2038	<u>606,470</u>	<u>21,996</u>		
Total	<u>\$2,894,522</u>	<u>\$ 466,717</u>	<u>\$1,965,518</u>	<u>\$ 168,522</u>

Year Ended September 30	State Infrastructure Loan Agreements	
	Principal	Interest
2024	\$ 667,126	\$ 472,462
2025	690,734	448,853
2026	715,195	424,393
2027	740,539	399,049
2028	766,799	372,789
2029-2033	3,637,658	1,445,440
2034-2038	2,372,123	940,415
2039-2043	2,544,700	582,200
2044-2048	<u>2,324,440</u>	<u>176,901</u>
Total	<u>\$14,459,314</u>	<u>\$5,262,502</u>

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 6 - LONG-TERM DEBT (Continued)

Derivative instruments outstanding as of September 30, 2023, are as follows:

<u>Item</u>	<u>Type</u>	<u>Objective</u>	<u>Notional Amount</u>	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Terms</u>	<u>9/30/2023 Fair Value (negative)</u>
A	Pay-fixed interest rate swap	Hedge the variable rate risk associated with the first draw on the \$7,500,000 debt.	\$ 7,500,000	6/1/2007	6/1/2027	Pay 4.43%, receive 67% of SOFR plus 70 basis points	\$ (14,474)

Derivative instrument A is considered a hedging derivative instrument for 2023. The fair value of the interest rate swap was estimated using a proprietary valuation model developed by the counterparty. This method calculates future cash flows by projecting forward rates, then discounting those cash flows at their present value.

Derivative Instrument Payments and Hedged Debt – Derivative A

As of September 30, 2023, aggregate debt service requirements of the Port Authority’s debt (fixed-rate and variable-rate) and net receipts/payments on associated hedging derivative instruments are presented below. These amounts assume a forward implied interest rate on the variable interest rates that the Port Authority will receive from the hedging derivative instrument. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instrument will vary. The hedging derivative instrument column reflects only net receipts/payments on the derivative instrument that qualify for hedge accounting.

<u>Fiscal Year Ended September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Hedging Derivatives, Net</u>	<u>Total</u>
2024	\$ 492,804	\$ 77,673	\$ (78,088)	\$ 492,389
2025	515,000	53,045	(46,326)	521,719
2026	538,196	30,145	(23,693)	544,648
2027	419,518	7,659	(5,941)	421,236
	<u>\$ 1,965,518</u>	<u>\$ 168,522</u>	<u>\$ (154,048)</u>	<u>\$ 1,979,992</u>

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 6 - LONG-TERM DEBT (Continued)

Compensated Absences

The amount of accrued annual and sick leave pay at September 30, 2023, is as follows:

Primary Government	<u>Current Portion</u>	<u>Long-Term Portion</u>	<u>Total</u>
Governmental activities	\$ 550,670	\$ 1,652,011	\$ 2,202,681
Business-type activities	<u>143,550</u>	<u>430,652</u>	<u>574,202</u>
Total	<u>\$ 694,220</u>	<u>\$ 2,082,663</u>	<u>\$ 2,776,883</u>

Discretely Present Component Units

	<u>Current Portion</u>	<u>Long-Term Portion</u>	<u>Total</u>
Panama City Port Authority	\$ 26,636	\$ 79,907	\$ 106,543

Advance Refundings

The City has provided for the advance refunding of several bond issues. Under the terms of the refunding issues, sufficient assets to pay all principal and interest on the refunded issues have been placed in special escrow accounts. Because the escrow accounts are sufficient to pay principal, interest, and redemption premiums on the refunded bonds, the bonds are not recorded as a liability in the financial statements of the City.

The various bond issues that have been refunded are as follows:

	<u>Fund Affected</u>	<u>Date Issued</u>	<u>Amount of Original Issue</u>	<u>Final Maturity Date</u>	<u>Amount of Bonds Outstanding at 9/30/23</u>
Water and Sewer Revenue Note, Series 2015	Utility	2015	\$32,135,000	9/30/36	\$ 24,385,000

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 6 - LONG-TERM DEBT (Continued)

Bonded debt service requirements to maturity are as follows:

Governmental Activities

Year Ending September 30	Capital Improvement Revenue Note, Series 2013B		Capital Improvement Revenue Note, Series 2016		Infrastructure Sales Surtax Revenue Note, Series 2018	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 948,000	\$ 56,347	\$ 216,000	\$ 25,273	\$ 1,915,000	\$ 92,110
2025	969,000	99,092	220,000	30,135	1,973,000	154,428
2026	992,000	71,564	225,000	25,993	2,033,000	93,937
2027	1,015,000	43,390	229,000	21,758	2,094,000	31,619
2028	1,038,000	14,571	233,000	17,447		
2029-2033			787,000	25,992		
	<u>\$ 4,962,000</u>	<u>\$ 284,964</u>	<u>\$ 1,910,000</u>	<u>\$ 146,598</u>	<u>\$ 8,015,000</u>	<u>\$ 372,094</u>

Year Ending September 30	Capital Improvement Revenue Note, Series 2018		Capital Improvement Revenue Note, Series 2023	
	Principal	Interest	Principal	Interest
2024	\$ 1,040,000	\$ 182,276		\$ 8,924,000
2025	1,074,000	346,830		8,730,000
2026	1,110,000	310,794	\$ 150,000,000	8,730,000
2027	1,146,000	273,570		
2028	1,184,000	235,125		
2029-2033	6,533,000	552,965		
	<u>\$ 12,087,000</u>	<u>\$ 1,901,560</u>	<u>\$ 150,000,000</u>	<u>\$ 26,384,000</u>

Business-type Activities

Year Ending September 30	Water & Sewer Revenue Note, Series 2021		State Revolving Fund DW0302G0		State Revolving Fund WW0302F0	
	Principal	Interest	Principal	Interest	Principal	Interest
2024		\$ 302,263				
2025	\$ 1,754,000	582,600				
2026	1,798,000	538,200	\$ 237,738		\$ 590,597	
2027	1,842,000	492,700	475,476		507,609	
2028-2032	9,917,000	1,740,839	2,377,380			
2033-2036	8,870,000	450,398	1,860,234			
	<u>\$ 24,181,000</u>	<u>\$ 4,107,000</u>	<u>\$ 4,950,828</u>	<u>\$ -</u>	<u>\$ 1,098,206</u>	<u>\$ -</u>

	State Revolving Fund DW0302G1	
	Principal	Interest
2024		
2025		
2026	\$ 1,175,436	
2027	465,534	
	<u>\$ 1,640,970</u>	<u>\$ -</u>

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 7 – LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

LEASES:

Primary Government:

Lessee

The City has entered into lease agreements that convey the right-to-use buildings and equipment in agreements that do not automatically transfer the underlying assets to the City at the end of the lease for sixteen copiers, one turf tank robot, twenty-six falcon cameras, one building, one postage meter, and one inserter. The terms and conditions for these leases vary. Some leases are fixed, periodic payments over the lease term, which ranges between one and seven years. Total annual rent for these leases for the fiscal year ended September 30, 2023, was \$100,424 for governmental activities and \$2,275 for business-type activities.

Minimum future lease payments are as follows:

Fiscal Year	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 41,341	\$ 560	\$ 41,901	\$ 2,776	\$ 192	\$ 2,968
2025	41,241	1,531	42,772	2,842	120	2,962
2026	37,850	830	38,680	2,810	47	2,857
2027	25,420	239	25,659	2,296	4	2,300
2028	15,362	59	15,421	-	-	-
Total	<u>\$161,214</u>	<u>\$ 3,219</u>	<u>\$164,433</u>	<u>\$ 10,724</u>	<u>\$ 363</u>	<u>\$ 11,087</u>

Lessor

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

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

The City's operations consist of agreements for use of land and buildings. The agreements are made up of various non-cancelable agreements which expire between the years 2026 and 2067. The City recognized \$170,542 of lease revenue principal and \$33,776 of lease interest for the year ended September 30, 2023.

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 7 - LEASES (Continued)

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

Fiscal Year	Governmental Activities		
	Principal	Interest	Total
2024	\$ 278,843	\$ 47,116	\$ 325,960
2025	222,437	27,997	250,435
2026	226,033	25,312	251,345
2027	182,718	22,700	205,417
2028	173,896	20,239	194,135
2029-2033	456,154	73,846	530,000
2034-2038	206,503	53,497	260,000
2039-2043	103,790	38,877	142,667
2044-2048	67,625	32,375	100,000
2049-2053	74,232	25,768	100,000
2054-2058	81,485	18,515	100,000
2059-2063	89,447	10,553	100,000
2064-2067	57,810	2,190	60,000
Total	\$ 2,220,974	\$ 398,985	\$ 2,619,959

SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The City has entered into SBITA involving various desktop and server software. As of September 30, 2023, all SBITAs have fixed, periodic payments over the subscription periods, which range from one to three years and expire no later than fiscal year 2026. In addition, some of these agreements are cancelable with a 30 or 60 day notice. There are no commitments or outflow of resources related to SBITAs that are not yet effective. See Note 4 for changes in subscription right-of-use assets for the year ended September 30, 2023.

General Government SBITA	Principal	Interest	Total
2024	\$ 181,820	\$ 5,227	\$ 187,047
2025	18,184	272	18,456
2026			
2027			
2028			
	\$ 200,004	\$ 5,499	\$ 205,503

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 7 - LEASES (Continued)

Discretely Presented Component Unit:

Panama City Port Authority

Lessor:

The Port Authority, as a lessor, recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with exceptions for certain short-term leases and leases that transfer ownership of the underlying asset. As lessor, the asset underlying the lease is not unrecognized. The leases held by the Port Authority do not have an implicit rate of return, therefore, the Port Authority used their incremental borrowing rate on the date of lease commencement, or the date of implementation, to discount the lease revenue to the net present value. These rates vary from 2.00% to 5.54% depending on the date of lease commencement.

The Port Authority leases a substantial portion of its property to various lessees under operating lease agreements, both cancelable and noncancelable. The terms of the leases include monthly payments ranging from \$1,030 to \$65,395, expiring May 2023 to March 2029. For leases in which the Port Authority is the lessor, the Port Authority recognized lease receivables on noncancelable lease periods of \$2,312,744 for the year ended September 30, 2023. For the year ended September 30, 2023, the Port Authority reported lease revenue of \$3,070,203, of which \$2,312,744 is noncancelable, and interest revenue of \$158,074 related to noncancelable lease payments received.

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

Year Ended <u>09/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,565,916	\$ 116,510	\$ 1,682,426
2025	1,194,717	89,496	1,284,213
2026	1,145,503	66,195	1,211,698
2027	1,120,258	43,315	1,163,573
2028	1,107,976	21,223	1,129,199
2029	<u>459,147</u>	<u>2,275</u>	<u>461,422</u>
	<u>\$ 6,593,517</u>	<u>\$ 339,014</u>	<u>\$ 6,932,531</u>

Lessee:

The Port Authority is the lessee in an agreement with the City for the lease of the land occupied by the Port Authority. The lease is for a period of 99 years, expiring August 31, 2065. The terms of the lease include a minimum annual payment of \$20,000, plus additional rent as

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 7 - LEASES (Continued)

the Port Authority deems appropriate in view of its surplus. This additional amount is arbitrary and subject to mutual agreement. Annual rent in the amount of \$24,000, \$4,000 above the minimum, was paid for the year ended September 30, 2023. The Port Authority monitors changes in circumstances that would require a re-measurement of a lease and will re-measure the lease asset and liability if changes occur that are expected to significantly affect the amount of the lease liability.

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

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

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

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

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 8 - INTERFUND BALANCES AND TRANSFERS

The composition of interfund balances at September 30, 2023, are summarized as follows:

	<u>Due From</u>	<u>Due To</u>
Primary Government:		
Governmental Funds -		
Major -		
General Fund	\$ 9,159,425	\$ 2,740,869
Capital Projects	1,823,748	8,135,268
Nonmajor Special Revenue Funds -		
Housing and Community Services	36,723	
State Housing Initiative Partnership-City	1,581,675	745
State Housing Initiative Partnership-County		1,577,690
General Grants	19,102	1,581,140
Infrastructure Surtax	3,800,000	
Panama City Community Redevelopment Agency-Downtown		12,058
Panama City Community Redevelopment Agency-Downtown North	10,050	148,188
Panama City Community Redevelopment Agency-St. Andrews		6,620
Panama City Community Redevelopment Agency-Millville		102,025
Panama City Florida Hurricane Disaster Relief Fund		7,880
Proprietary Funds -		
Major -		
Utilities	8,552,435	10,405,978
Environmental Services	194,515	371,023
Marina	863,135	863,187
Nonmajor -		
Equipment Maintenance	<u> </u>	<u>88,137</u>
 Total	 <u>\$26,040,808</u>	 <u>\$26,040,808</u>

Because the City does not employ a true cash pool, interfund balances occur because of the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures are incurred, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 8 - INTERFUND BALANCES AND TRANSFERS (Continued)

Transfers in/out are summarized as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
Governmental Funds -		
Major		
General Fund	\$ 4,608,284	\$8,905,609
Hurricane Michael	952,931	18,082,888
Debt Service Hurricane Series 2020A	18,750,728	
Capital Projects	4,834,045	3,171,701
Capital Projects Infrastructure Surtax		<u>5,501,507</u>
Aggregate Major	<u>29,145,988</u>	<u>35,661,705</u>
Nonmajor Special Revenue Funds -		
Housing and Community Services	454,846	8,304
General Grants	300,318	
Panama City Community Redevelopment Agency - Downtown North		41,520
Panama City Community Redevelopment Agency - Millville		143,587
Infrastructure Surtax		2,531,745
Disaster Fund		165,451
Nonmajor Debt Service Funds -		
Debt Service Series 2008	67,492	
Debt Service Series 2013B	1,065,892	
Debt Service Series 2016	249,123	
Debt Service Infrastructure Series 2018	2,143,800	
Debt Service Hurricane Series 2019		3,134,875
Debt Service Series 2018	1,422,193	
Debt Service Hurricane Series 2020 B	<u>45,746</u>	
Aggregate Nonmajor	<u>5,749,410</u>	<u>6,025,482</u>
Proprietary Funds -		
Major		
Utilities	6,133,089	1,071,065
Environmental Services		1,165,370
Marina	<u>3,171,701</u>	<u>274,490</u>
Aggregate Major	<u>9,304,790</u>	<u>2,510,925</u>
Nonmajor		
Equipment Maintenance		<u>2,076</u>
	<u>\$44,200,188</u>	<u>\$44,200,188</u>

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 8 - INTERFUND BALANCES AND TRANSFERS (Continued)

Transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and 3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers are used to provide for debt service requirements, grant matches, funding capital projects, and allocating administrative costs, insurance costs, and equipment maintenance expenses.

NOTE 9 - RETIREMENT PLANS

The City and component unit, the Panama City Port Authority (Port Authority), have provided retirement plans covering substantially all employees. All participants except Police Officers' and Firefighters' are included in the Florida Retirement System or the Retirement Plan and Trust for the General Employees of the City of Panama City, Florida. The City and the Port Authority maintain a separate Pension Fund for each of the groups excluded by the Florida Retirement System or the Retirement Plan and Trust for the General Employees of the City of Panama City, Florida. The City also provides a Senior Management Pension Plan.

9.1 Florida Retirement System

Plan Administration:

All full time City and Port Authority employees hired before January 1, 1996, except Police and Fire sworn personnel, are eligible to participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost-sharing, multiple-employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan (Pension Plan) and the Retiree Health Insurance Subsidy (HIS Plan). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan (Investment Plan) alternative to the FRS Pension Plan, which is administered by the State Board of Administration (SBA). As a general rule, membership in the FRS is compulsory for employees filling a regularly established position in a state agency, county agency, district school board, state university, or state community college. Participation by municipalities, special districts, charter schools and metropolitan planning organizations is optional. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The FRS was established and administered in accordance with Chapter 121, Florida Statutes. The Florida legislature establishes and amends the contribution requirements and benefit terms of the FRS pension plan.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the Department of Management Services, Division of Retirement, Research and Education Section, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the web site: www.dms.myflorida.com/workforce_operations/retirement/publications.

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 9 - RETIREMENT PLANS (Continued)

Pension Plan

Plan Description:

The Pension Plan is a cost-sharing multiple-employer qualified defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees.

a. *Benefits Provided*

Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, and Elected Officers' class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3.0% determined by dividing the sum of the pre-July 2011 service credit at retirement multiplied by 3.0%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

b. *Contributions*

Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute 3.0% of their salary to the FRS. In addition to member contributions,

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 9 - RETIREMENT PLANS (Continued)

governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2022 through June 30, 2023 and from July 1, 2022 through September 30, 2023, respectively, were as follows: Regular – 11.91% and 13.57%; Senior Management Service – 31.57% and 34.52%; and DROP participants – 18.6% and 21.13%. These employer contribution rates include 2.06% HIS Plan subsidy for both periods.

The contributions, including employee contributions, to the Pension Plan for the fiscal year ended September 30, 2023 are as follows:

<u>Primary Government</u>	<u>Component Unit</u>
\$132,176	\$8,221

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

Primary Government:

At September 30, 2023, the City reported a liability of \$1,172,564 for its proportionate share of the Pension Plan’s net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The City’s proportionate share of the net pension liability was based on the City’s 2022-23 fiscal year contributions relative to the 2021-22 fiscal year contributions of all participating members. At June 30, 2023, the City’s proportionate share was .002942679 percent, which was an decrease of .000291443 percent from its proportionate share measured as of June 30, 2022.

Discretely Presented Component Unit:

At September 30, 2023, the Port Authority reported a liability of \$51,259 for its proportionate share of the Pension Plan’s net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The Port Authority’s proportionate share of the net pension liability was based on the Port Authority’s 2022-23 fiscal year contributions relative to the 2021-22 fiscal year contributions of all participating members. At June 30, 2023, the Port Authority’s proportionate share was .000128643 percent, which was a decrease of .000110644 percent from its proportionate share measured as of June 30, 2022.

Primary Government and Discretely Presented Component Unit:

The pension expense (income) amounts recognized for the fiscal year ended September 30, 2023 are as follows:

<u>Primary Government</u>	<u>Discretely Presented Component Unit</u>
\$158,478	\$(13,956)

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 9 - RETIREMENT PLANS (Continued)

In addition, the reported deferred outflows of resources and deferred inflows of resources related to pensions were from the following sources:

	Primary Government		Discretely Presented Component Unit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 110,094	\$ -	\$ 4,813	\$ -
Changes in assumptions	76,437		3,342	
Net difference between projected and actual earnings on investments	48,969		2,141	
Differences in proportion and differences between Pension Plan contributions and proportionate share of contributions	35,899	173,315	330	74,799
Pension Plan contributions subsequent to the measurement date	30,434		1,952	
Total Pension Plan	\$ 301,833	\$ 173,315	\$ 12,578	\$ 74,799

The deferred outflows of resources related to the Pension Plan, resulting from contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2024. Subsequent contributions are as follows:

<u>Primary Government</u>	<u>Discretely Presented Component Unit</u>
\$30,434	\$1,952

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 9 - RETIREMENT PLANS (Continued)

Fiscal Year Ending September 30:	Primary Government	Discretely Presented Component Unit
2024	\$ (21,398)	\$ (22,293)
2025	(5,326)	(19,451)
2026	39,447	(15,079)
2027	34,498	(7,999)
2028	40,303	188
Thereafter	10,560	461
Total	\$ 98,084	\$ (64,173)

Actuarial Assumptions:

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Investment rate of return	6.70%, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return on the Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 9 - RETIREMENT PLANS (Continued)

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	2.90%	2.90%	1.10%
Fixed income	19.80%	4.50%	4.40%	3.40%
Global equity	54.00%	8.70%	7.10%	18.10%
Real estate	10.30%	7.60%	6.60%	14.80%
Private equity	11.10%	11.90%	8.80%	26.30%
Strategic investments	3.80%	6.80%	6.10%	7.70%
Assumed Inflation - Mean			2.40%	1.4%

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

Discount Rate:

The discount rate used to measure the total pension liability was 6.7%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation of the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the Proportionate Share of the Net Position Liability to Changes in the Discount Rate:

The following represents the proportionate shares of the net pension liability calculated using the discount rate of 6.7%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.7%) or one percentage point higher (7.7%) than the current rate:

	1% Decrease 5.7%	Current Discount Rate 6.7%	1% Increase 7.7%
City's proportionate share of the net pension liability	\$ 2,002,979	\$ 1,172,564	\$ 477,823
Port Authority's proportionate share of the net pension liability	\$ 87,563	\$ 51,259	\$ 20,889

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 9 - RETIREMENT PLANS (Continued)

Pension Plan Fiduciary Net Position:

Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan:

Primary Government:

At September 30, 2023, the City reported a payable in the amount of \$9,683 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2023.

Discretely Presented Component Unit:

At September 30, 2023, the Port Authority reported a payable in the amount of \$696 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2023.

HIS Plan

Plan Description:

The HIS Plan is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of the State, administered by the Florida Department of Management Services, Division of Retirement.

a. ***Benefits Provided***

For the fiscal year ended September 30, 2023, eligible retirees and beneficiaries received a monthly HIS payment of \$7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$45 and a maximum HIS payment of \$225 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

b. ***Contributions***

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2023, the HIS contribution for the period was 1.66%. The City and the Port Authority contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 9 - RETIREMENT PLANS (Continued)

The contributions to the HIS Plan totaled for the fiscal year ended September 30, 2023, are as follows:

<u>Primary Government</u>	Discretely Presented <u>Component Unit</u>
\$14,494	\$995

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

Primary Government:

At September 30, 2023, the City reported a liability of \$394,639 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The City's proportionate share of the net pension liability was based on the City's 2022-23 fiscal year contributions relative to the 2021-22 fiscal year contributions of all participating members. At June 30, 2023, the City's proportionate share was .002484923 percent, which was a decrease of .000182129 percent from its proportionate share measured as of June 30, 2022.

Discretely Presented Component Unit:

At September 30, 2023, the Port Authority reported a liability of \$24,341 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The Port Authority's proportionate share of the net pension liability was based on the Port Authority's 2022-23 fiscal year contributions relative to the 2021-22 fiscal year contributions of all participating members. At June 30, 2023, the Port Authority's proportionate share was .000153267 percent, which was a decrease of .000103528 percent from its proportionate share measured as of June 30, 2022.

Primary Government and Discretely Presented Component Unit:

The pension expense (income) amounts recognized for the fiscal year ended September 30, 2023, are as follows:

<u>Primary Government</u>	Discretely Presented <u>Component Unit</u>
\$95,188	(\$2,560)

In addition, the reported deferred outflows of resources and deferred inflows of resources related to pensions were from the following sources:

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 9 - RETIREMENT PLANS (Continued)

	Primary Government		Discretely Presented Component Unit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,777	\$ 926	\$ 356	\$ 57
Changes in assumptions	10,375	34,197	640	2,109
Net difference between projected and actual earnings on investments	204		13	
Differences in proportion and differences between HIS Plan contributions and proportionate share of contributions		121,735		35,839
HIS Plan contributions subsequent to the measurement date	<u>3,886</u>		<u>339</u>	
Total HIS Plan	<u>\$ 20,242</u>	<u>\$ 156,858</u>	<u>\$ 1,348</u>	<u>\$ 38,005</u>

The deferred outflows of resources related to the HIS Plan, resulting from contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2024. Subsequent contributions are as follows:

<u>Primary Government</u>	<u>Discretely Presented Component Unit</u>
\$3,886	\$339

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30:	Primary Government	Discretely Presented Component Unit
2024	\$ (46,916)	\$ (10,629)
2025	(36,832)	(10,068)
2026	(32,014)	(7,632)
2027	(13,296)	(5,019)
2028	(6,547)	(2,844)
Thereafter	(4,897)	(804)
Total	<u>\$ (140,502)</u>	<u>\$ (36,996)</u>

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 9 - RETIREMENT PLANS (Continued)

Actuarial Assumptions:

The total pension liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Municipal Bond Rate	3.65%

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

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018 of the FRS Pension Plan.

Discount Rate:

The discount rate used to measure the total pension liability was 3.65%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the FRS Actuarial Assumption Conference. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the Proportionate Share of the Net Position Liability to Changes in the Discount Rate:

The following represents the City and the Port Authority's proportionate share of the net pension liability calculated using the discount rate of 3.65%, as well as what the City and the Port Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.65%) or one percentage point higher (4.65%) than the current rate:

	1% Decrease <u>2.65%</u>	Current Discount Rate <u>3.65%</u>	1% Increase <u>4.65%</u>
City's proportionate share of the net pension liability	\$ 450,222	\$ 394,639	\$ 348,565
Port Authority's proportionate share of the net pension liability	\$ 27,769	\$ 24,341	\$ 21,499

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 9 - RETIREMENT PLANS (Continued)

Pension Plan Fiduciary Net Position:

Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the HIS Plan:

Primary Government:

At September 30, 2023, the City reported a payable in the amount of \$1,191 for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2023.

Discretely Presented Component Unit:

At September 30, 2023, the Port Authority reported a payable in the amount of \$97 for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2023.

Investment Plan

The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular class, Elected County Officers, etc.) as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2022-2023 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, for the periods from October 1, 2022 through June 30, 2023, and from July 1 through September 30, 2023, respectively, as follows: Regular class 6.30% and 9.30%, Special Risk Administrative Support class 7.95% and 10.95%, and County Elected Officers class 11.34% and 14.34%.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan,

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 9 - RETIREMENT PLANS (Continued)

the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account.

If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2023, the information for the amount of forfeitures was unavailable from the SBA.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The City did not have any participants in the Investment Plan for the fiscal year ended September 30, 2023.

9.2 Police Officers', Firefighters', and Senior Management Pension Trust Funds

Plan Description:

a. Plan Names

The Police Officers, Firefighters, and Senior Management participate in single-employer contributory defined benefit retirement plans. They are as follows:

City of Panama City Municipal Police Officers' Pension Trust Fund (Police Officers')
City of Panama City Municipal Firefighters' Pension Trust Fund (Firefighters')
City of Panama City Supplemental Retirement Plan for Designated General Employees
(Senior Management)

b. Plan Administration, Police Officers', Firefighters', and Senior Management Pension Trust Funds

The sole and exclusive administration of and responsibility for the proper operation of the systems and for making effective the provisions of this division are hereby vested in each Board of Trustees. Each Board is hereby designated as its plan administrator. Each Board shall consist of five Trustees, two of whom, unless otherwise prohibited by law, shall be legal residents of the City, who shall be appointed by the City Commission, and two of whom shall be members of the system, who shall be elected by a majority of the respective police officers, firefighters, or senior management participants who are members of that system. The fifth Trustee shall be chosen by a majority of the previous four trustees as provided for herein, and such person's name shall be submitted to the City Commission. The Police Officers', Firefighters', and Senior Management Pension Trust Funds do not issue audited stand-alone financial statements but rely on the audit performed for the City. Full-time sworn police officers participate as a condition of employment.

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 9 - RETIREMENT PLANS (Continued)

Full-time firefighters participate as a condition of employment. Designated employees (Senior Management) of the City of Panama City, including designated managers and directors, the City Engineer, the City Commission, the City Manager, the Assistant City Managers, and the City Clerk participate as a condition of employment.

c. Plan Membership

Membership of each plan consisted of the following:

	Police Officers' Pension <u>10/1/22</u>	Firefighters' Pension <u>10/1/22</u>	Senior Management Pension <u>10/1/23</u>
Inactive plan members or beneficiaries currently receiving benefits	101	76	18
Inactive plan members entitled to but not yet receiving benefits	40	9	3
Active plan members	<u>88</u>	<u>76</u>	<u>19</u>
Total members	<u>229</u>	<u>161</u>	<u>40</u>
Number of participating employers	1	1	1

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 9 - RETIREMENT PLANS (Continued)

d. Benefits Provided

Normal Retirement

	Police Officers' <u>Pension</u>	Firefighters' <u>Pension</u>	Senior Management <u>Pension</u>
Date	Earlier of: 1) age 50 and the completion of 15 years of credited service, 2) the completion of 23 years of credited service, regardless of age, 3) age 55 and the completion of 10 years of credited service.	Earlier of: 1) Age 55 and the completion of 10 years of credited service, or 2) 25 years of credited service, regardless of age.	Age 59 with 10 years of credited service for Category 1 employees, or at least 6 years of credited service for Category 2 and 3 employees.
Benefit	The Plan provides retirement, termination, disability and death benefits. A summary of the benefit provisions can be found in the October 1, 2022 Actuarial Valuation Report for the City of Panama City Municipal Police Officers' Pension Trust Fund prepared by Foster & Foster Actuaries and Consultants.	The Plan provides retirement, termination, disability and death benefits. A summary of the benefit provisions can be found in the October 1, 2022 Actuarial Valuation Report for the City of Panama City Municipal Firefighters' Retirement System prepared by Foster & Foster Actuaries and Consultants.	1% of average earnings times the years of credited service, or a minimum benefit of \$50 per month times up to 20 years each year of credited service for Category 1 and 2 employees, or \$100 per month for each year of service up to 10 years for Category 3 employees.

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 9 - RETIREMENT PLANS (Continued)

Early Retirement

	<u>Police Officers’ Pension</u>	<u>Firefighters’ Pension</u>	<u>Senior Management Pension</u>
Date	Earlier of: 1) Age 40 and completion of 15 years of credited service, or 2) age 50 and the completion of 10 years of credited service.	Age 45 and completion of 10 years of credited service.	None provided
Benefit	Determined as for normal retirement and reduced 3% for each year the commencement of benefits precedes normal retirement date.	Determined as for normal retirement (without supplement) reduced 3% per year to age 50 and actuarially for years prior to age 50.	None provided

Termination of Employment

Benefit	Less than 10 years: refund of accumulated member contributions without interest. 10 or more: refund of contributions or vested accrued benefit payable at age 50 (or reduced as early as age 40).	Less than 10 years: refund of member contributions without interest. 10 or more: refund of contributions or vested accrued benefit (supplemental benefit not included) payable at age 55 (or reduced as early as age 45).	Less than 6 years: refund of accumulated member contributions without interest. More than 6 years: vested accrued benefit payable at normal retirement date.
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Disability

Eligibility	Total and permanent as determined by the Board (medical proof required) after completing 10 years of service.	Total and permanent as determined by the Board (medical proof required). One year of service required for not-in-line of duty.	None provided
Benefit	Accrued benefit but not less than 42% of average final compensation (service incurred) and 25% of average final compensation (non-service incurred).	Accrued benefit but not less than 42% of average final compensation (service incurred) and 25% of average final compensation (non-service incurred).	None provided

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 9 - RETIREMENT PLANS (Continued)

Pre-Retirement Death Benefits

<u>Police Officers’ Pension</u>	<u>Firefighters’ Pension</u>	<u>Senior Management Pension</u>
<p>Greater of: 1) death benefit provided in Chapter 185, F.S., 2) accumulated member contributions, or, 3) 3 times annual salary.</p>	<p>Vested: Greater of: 1) actuarial equivalent of participant’s accrued benefit payable as a Ten Year Certain and Life Annuity, or 2) 3 times annual salary. Prior to vesting: 3 times annual salary.</p>	<p>Return of accumulated employee contributions.</p>

Supplement

<p>Service retirees (Early and Normal) and members with vested deferred benefits who terminate on or after 10/1/2000, receive a \$450 per month benefit payable to the earlier of death or age 65. Those who terminate on or after 10/1/2006 and prior to 10/1/2016 will receive this benefit for the life of the member. Those who terminate on or after 10/1/2016 will receive \$650 per month for the life of the member.</p>	<p>\$575 per month to earlier of death or Social Security retirement age.</p>	<p>None provided</p>
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Cost-of-Living
Adjustment

<p>Members retiring on or after 1/1/1998, receive a 2% per year increase beginning on January 1 following the later of age 50 or the date of retirement and ending on January 1 of the year the member reaches Social Security retirement age.</p>	<p>Each January 1, following retirement, the base benefit is increased annually by 3.0% (1.0% if retired prior to January 1, 1999). Adjustments cease at Social Security retirement age (age 65 if retired between 1/1/1994 and 9/30/1997). Supplemental benefits are not adjusted.</p>	<p>Cost of living increases of 2% per year for Category 1 employees with 15 continuous years of credited service and Category 2 and 3 employees with 10 continuous years of credited service.</p>
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**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 9 - RETIREMENT PLANS (Continued)

e. Contributions

	<u>Police Officers’ Pension</u>	<u>Firefighters’ Pension</u>	<u>Senior Management Pension</u>
Employee	8.13% of salary	7.5% of salary	4.5% of pensionable earnings
Employer	Remaining amount necessary after member and State contributions for payment of normal cost and amortization of accrued past service liability over 30 years.	Remaining amount necessary after member and State contributions for payment of normal cost and amortization of accrued past service liability over 30 years. In no event less than 7.5% of total salaries of the members.	Subject to State minimums.
State	0.85% tax on insurance premiums.	1.85% tax on insurance premiums.	None provided

Pursuant to Florida Statutes Section 185 and Section 175, the State of Florida makes contributions to fund police and firefighter benefits. These State contributions were recognized as revenue and expenditures by the City. During fiscal year 2023, the amounts were \$449,205 and \$426,195 for police and firefighters, respectively.

Investments:

a. Investment Policy:

The following was the Board’s adopted asset allocation policy as of September 30, 2023:

	<u>Police Officers’ Pension</u>	<u>Firefighters’ Pension</u>	<u>Senior Management Pension</u>	
<u>Asset Class</u>	<u>Target Allocation</u>	<u>Target Allocation</u>	<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	40.00%	38.00%	Core bonds	15.00%
International equity	12.00%	12.00%	Core plus	15.00%
Bonds	18.00%	19.00%	U. S. large cap equity	25.00%
High yield bonds	5.00%	5.00%	U. S. small cap equity	14.00%
Convertibles	12.00%	10.00%	Non-U.S. equity	21.00%
Private real estate	6.00%	5.00%	Core real estate	10.00%
REITS	2.00%	5.00%		
Infrastructure	4.00%	5.00%		
Cash	1.00%	1.00%		

b. Concentrations:

The Plans did not hold investments in any one organization that represent 5 percent or more of each Pension Plan’s fiduciary net position.

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 9 - RETIREMENT PLANS (Continued)

c. Rate of Return:

Police Officers' <u>Pension</u>	Firefighters' <u>Pension</u>	Senior Management <u>Pension</u>
For the year ended September 30, 2023, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense was 8.88%.	For the year ended September 30, 2023, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense was 8.87%.	For the year ended September 30, 2023, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 7.78%.
The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.	The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.	The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Program:

Eligibility

Police Officers' <u>Pension</u>	Firefighters' <u>Pension</u>	Senior Management <u>Pension</u>
Satisfaction of Normal Retirement requirements.	Satisfaction of Normal Retirement requirements (earlier of 1) Age 55 and 10 years of credited service, or 2) 25 years of credited service).	None provided

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 9 - RETIREMENT PLANS (Continued)

<u>Participation</u>	<u>Police Officers’ Pension</u>	<u>Firefighters’ Pension</u>	<u>Senior Management Pension</u>
	If a member has completed less than 25 years of service, not to exceed 60 months. If a member has completed at least 25 but less than 27 years of service, not to exceed 60 months. If a member has completed at least 27 but less than 30 years of service, not to exceed 36 months. Members with 30 years and 1 day of service are ineligible.	May participate for a period not to exceed 96 months.	Categories are as follows: Category 1 - designated managers and directors and the City engineer. Category 2 – City Commission, Assistant City Managers, and City Clerk Category 3 – City Manager
<u>Rate of Return</u>	6.5% per annum, credited quarterly. The DROP balance as of September 30, 2023 is \$0.	6.5% per annum, credited quarterly. The DROP balance as of September 30, 2023 is \$820,048.	None provided

Employer Reporting of Pension Liabilities, Pension Expense, Deferred Outflows of Resources, Deferred Inflows of Resources, and Actuarial Assumptions (Employer Reporting)

Reporting Date, Measurement Date, and Valuation Date (Employer Reporting):

Net pension liabilities, deferred pension outflows of resources, deferred pension inflows of resources, and pension expense are all presented as of the City’s reporting date (September 30, 2023) and for the City’s reporting period (the year ended September 30, 2023). These amounts are measured as of the measurement date and for the measurement period (the period between the prior and current measurement dates). GASB Statement No. 68 requires that the current measurement date be no earlier than the end of the employer’s prior fiscal year. For the reporting date of September 30, 2023, the City has chosen to use the end of the prior fiscal year (September 30, 2022) as the measurement date, and the year ended September 30, 2022 as the measurement period for the Police Officers’ and Firefighters’ Pensions and September 30, 2023 as the measurement date, and the year ended September 30, 2023 as the measurement period for Senior Management Pension.

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 9 - RETIREMENT PLANS (Continued)

The total pension liability is determined by an actuarial valuation performed as of the measurement date, or by the use of update procedures to roll forward to the measurement date amounts from an actuarial valuation as of a date no more than 30 months and 1 day earlier than the employer's most recent fiscal year-end. The City has elected to apply update procedures to roll forward amounts from an actuarial valuation performed as of October 1, 2021 to the measurement date of September 30, 2022 for the Police Officers' and Firefighters' Pensions, and to apply update procedures to roll forward amounts from an actuarial valuation performed as of October 1, 2022 to the measurement date of September 30, 2023 for the Senior Management Pension.

Net Pension Liability (Employer Reporting):

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

Police Officers' Changes in Net Pension Liability	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Reporting Period Ending September 30, 2022	\$ 50,348,910	\$ 43,929,327	\$ 6,419,583
Changes for a year:			
Service cost	805,392		805,392
Interest	3,711,890		3,711,890
Change in Excess State Money	27,560		27,560
Differences between expected and actual experience	(1,019,836)		(1,019,836)
Changes of assumptions			
Contributions – Employer		1,514,530	(1,514,530)
Contributions – State		394,142	(394,142)
Contributions – Employee		410,486	(410,486)
Net investment income		(6,185,327)	6,185,327
Benefit payments, including refunds of employee contributions	(3,271,004)	(3,271,004)	
Administrative expense		(44,150)	44,150
Net changes	254,002	(7,181,323)	7,435,325
Reporting Period Ending September 30, 2023	<u>\$ 50,602,912</u>	<u>\$ 36,748,004</u>	<u>\$ 13,854,908</u>

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 9 - RETIREMENT PLANS (Continued)

Firefighters'			
Changes in Net Pension Liability	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Reporting Period Ending September 30, 2022	\$ 57,055,547	\$ 44,704,700	\$ 12,350,847
Changes for a year:			
Service cost	773,641		773,641
Interest	4,210,461		4,210,461
Differences between expected and actual experience	(752,138)		(752,138)
Contributions – Employer		2,638,495	(2,638,495)
Contributions – State		334,407	(334,407)
Contributions – Employee		324,355	(324,355)
Net investment income		(6,427,323)	6,427,323
Benefit payments, including refunds of employee contributions	(3,366,801)	(3,366,801)	
Administrative expense		(44,531)	44,531
Net changes	<u>865,163</u>	<u>(6,541,398)</u>	<u>7,406,561</u>
Reporting Period Ending September 30, 2023	<u>\$ 57,920,710</u>	<u>\$ 38,163,302</u>	<u>\$ 19,757,408</u>
 Senior Management			
Changes in Net Pension Liability	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at September 30, 2022	\$ 3,984,135	\$ 3,558,922	\$ 425,213
Changes for a Year:			
Service cost	161,933		161,933
Expected interest growth	281,436	241,506	39,930
Unexpected investment income		63,665	(63,665)
Demographic experience	86,381		86,381
Contributions – Employer		37,310	(37,310)
Contributions – Employee		95,733	(95,733)
Benefit payments, including refunds of employee contributions	(329,330)	(329,330)	
Administrative expense		(25,132)	25,132
Net changes	<u>200,420</u>	<u>83,752</u>	<u>116,668</u>
Balances at September 30, 2023	<u>\$ 4,184,555</u>	<u>\$ 3,642,674</u>	<u>\$ 541,881</u>

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 9 - RETIREMENT PLANS (Continued)

Pension Expense (Employer Reporting):

For the year ended September 30, 2023, the Sponsor will recognize a pension expense of:

Police Officers'	Firefighters'	Senior Management
\$2,451,578	\$3,265,744	\$243,048

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

On September 30, 2023, the Sponsor reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Police Officers'		Firefighters'		Senior Management	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected actual experience	\$ 319,189	\$ 679,890	\$ 153,768	\$ 630,653	\$ 84,815	\$ 13,516
Changes in assumptions	338,835		408,842		105,545	54,363
Net difference between projected and actual earnings on pension plan investments	4,679,270		5,949,801		275,768	
Pension Plan contributions subsequent to the measurement date	2,097,581		3,509,964			
Total	\$ 7,434,875	\$ 679,890	\$ 10,022,375	\$ 630,653	\$ 466,128	\$ 67,879

The deferred outflows of resources related to the Pension Plan, resulting from contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2024. Subsequent contributions are as follows:

Police Officers'	Firefighters'
\$2,097,581	\$3,509,964

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 9 - RETIREMENT PLANS (Continued)

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

Fiscal Year Ending September 30:	Police Officers' Pension	Firefighters' Pension	Senior Management Pension
2023	\$ 1,264,990	\$ 1,645,704	\$ 114,338
2024	574,744	1,413,605	115,036
2025	929,135	867,269	173,935
2026	1,888,535	1,955,180	(5,060)
2027			
Total	<u>\$ 4,657,404</u>	<u>\$ 5,881,758</u>	<u>\$ 398,249</u>

Actuarial Assumptions (Employer Reporting):

	Police Officers' <u>Pension</u>	Firefighters' <u>Pension</u>	Senior Management <u>Pension</u>
Funding method	Entry age normal actuarial cost method. The following loads are utilized for determination of the total required contribution: -Interest – a half-year, based on the 7.5% assumption. -Salary – a full-year, based on the 6.2% assumption.	Entry age normal actuarial cost method. The following loads are utilized for determination of the total required contribution: -Interest – a half-year, based on the 7.5% assumption. -Salary – a full-year, based on the 5.81% assumption.	Aggregate cost method
Amortization method	New Unfunded Actuarial Accrued Liability amortization bases are amortized over the following amortization periods: Experience: 15 years Assumption/Method Changes: 15 years. The amortization payment is subject to a minimum based on a 30-year amortization of the UAAL, if the UAAL is positive, in order to comply with Actuarial Standard of Practice No. 4. Bases established prior to the valuation date are adjusted proportionally to match the Expected UAAL as of the evaluation date, in order to align prior year bases with the portion of the current year UAAL associated with prior year sources.	New Unfunded Actuarial Accrued Liability amortization bases are amortized over the following amortization periods: Experience: 15 years Assumption/Method Changes: 15 years. The amortization payment is subject to a minimum based on a 30-year amortization of the UAAL, if the UAAL is positive, in order to comply with Actuarial Standard of Practice No. 4. Bases established prior to the valuation date are adjusted proportionally to match the Expected UAAL as of the evaluation date, in order to align prior year bases with the portion of the current year UAAL associated with prior year sources.	Level % of pay, Open

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 9 - RETIREMENT PLANS (Continued)

	Police Officers' <u>Pension</u>	Firefighters' <u>Pension</u>	Senior Management <u>Pension</u>
Remaining amortization period	30 years	30 years	30 years
Actuarial Asset	All assets are valued at market value with an adjustment to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.	All assets are valued at market value with an adjustment to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.	Market Value
Post Retirement COLA	2% per year from the later of retirement or age 50 to Social Security Retirement Age	3% per year from the later of retirement or age 50 to Social Security Retirement Age	2% per year for category 1 with 15 years and category 2 and 3 with 10 years of service.
Inflation	2.7%	2.7%	2.62%
Salary Increases	Service based	Service based	4.00%
Investment Rate of Return	7.5%	7.5%	4.38%
Mortality Rates	<i>Mortality Rate Healthy Active Lives:</i> Female: PubS.H-2010 (Below Median) For Employees, set forward one year. Male: PubS.H-2010 (Below Median) For Employees, set forward one year. <i>Mortality Rate Healthy Retiree Lives:</i> Female: PubS.H-2010 (Below Median) For Healthy Retirees, set forward one year. Male: PubS.H-2010 (Below Median) For Healthy Retirees, set forward one year. <i>Mortality Rate Beneficiary Lives:</i> Female: PubG.H-2010 (Below Median) For Healthy Retirees. Male: PubG.H-2010 (Below Median) For Healthy Retirees, set back one year.		* See Below

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 9 - RETIREMENT PLANS (Continued)

Mortality Rate Disabled Lives:

80% PubG.H-2010 For Disabled Retirees/20% PubS.H-2010 for Disabled Retirees.

Senior Management Pension

*Pre-retirement mortality is based on the sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Below Median Employee Mortality Table for general employees, with full generational improvements in mortality using Scale MP-2018 and with male ages set back one year; post-retirement mortality is based on the sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Below Median Healthy Retiree Mortality Table for general employees, with full generational improvements in mortality using Scale MP-2018 and with male ages set back one year.

Long-term expected rate of return

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

Police Officers' and Firefighters' as of September 30, 2022

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Police Officers' Long-Term Expected Real Rate of Return</u>	<u>Firefighters' Long-Term Expected Real Rate of Return</u>
Domestic equity	40.00%	7.1%	7.1%
International equity	12.00%	3.1%	3.1%
Bonds	18.00%	2.0%	2.0%
High yield bonds	5.00%	4.2%	4.2%
Convertibles	12.00%	6.4%	6.4%
Private real estate	6.00%	6.4%	6.4%
REITS	2.00%	6.9%	6.9%
Infrastructure	4.00%	5.6%	5.6%
Cash	1.00%	-.1%	-.1%

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 9 - RETIREMENT PLANS (Continued)

Senior Management as of September 30, 2023

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Core bonds	15.00%	1.6%
Core plus	15.00%	2.1%
U.S. large cap equity	25.00%	4.6%
U.S. small cap equity	14.00%	5.5%
Non-U.S. equity	21.00%	6.7%
Core real estate	10.00%	5.0%

Discount Rate (Employer Reporting):

The discount rate used to measure the total pension liability was 7.5% for Police Officers', 7.5% for Firefighters', and 7.0% for senior management. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate (Employer Reporting):

Sponsor's Net Pension Liability	1% Decrease <u>6.50%</u>	Current Discount Rate <u>7.50%</u>	1% Increase <u>8.50%</u>
Police Officers'	\$ 19,658,123	\$ 13,854,908	\$ 9,025,496

Firefighters' <th style="text-align: center;">1% Decrease <u>6.50%</u></th> <th style="text-align: center;">Current Discount Rate <u>7.50%</u></th> <th style="text-align: center;">1% Increase <u>8.50%</u></th>	1% Decrease <u>6.50%</u>	Current Discount Rate <u>7.50%</u>	1% Increase <u>8.50%</u>
	\$ 26,852,562	\$ 19,757,408	\$ 13,903,329

Senior Management	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
	\$ 997,691	\$ 541,881	\$ 159,135

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 9 - RETIREMENT PLANS (Continued)

Net Pension Liability and Disclosures Required by GASB Statement No. 67 (Plan Reporting)

This section includes the information that is required to be presented by GASB Statement No. 67, reporting on the financial statement for the defined benefit plans for the year ended September 30, 2023. Separate valuations were performed by actuaries to calculate the total pension liability in accordance with this standard for financial reporting by pension plans and calculates the net pension liability (NPL). The plans elected to base the valuations on plan data as of September 30, 2023. In addition to presenting the NPL, this section also includes information on the actuarial assumptions used in the valuation, the discount rate that was used to calculate the NPL, and disclosures as to the sensitivity of the NPL to changes in the discount rate.

Net Pension Liabilities (Plan Reporting):

	Police Officers' <u>Pension</u>	Firefighters' <u>Pension</u>	Senior Management <u>Pension</u>
Total pension liability	\$ 53,037,254	\$ 62,420,283	\$ 4,184,555
Plan fiduciary net position	<u>(39,258,415)</u>	<u>(42,298,487)</u>	<u>(3,642,674)</u>
Sponsor's net pension liability	<u>\$ 13,778,839</u>	<u>\$ 20,121,796</u>	<u>\$ 541,881</u>
Plan fiduciary net position as a percentage of total pension liability	74.02%	67.76%	87.05%

Actuarial Assumptions (Plan Reporting):

The September 30, 2023 total pension liability for Police Officers' and Firefighters' was determined by rolling forward the total pension liability as of September 30, 2022 to September 30, 2023, using the actuarial assumptions and methods used in the October 1, 2022 actuarial valuation on the plans. Except for the changes listed as follows there have been no other changes. For the 2023 fiscal year, amounts reported as changes of assumptions for the pension plan resulted from:

Changes of assumptions

Police Officers' Pension

No assumptions were changed since the prior measurement date.

Firefighters' Pension

In conjunction with the September 15, 2023 Actuarial Impact Statement, the retirement rate assumption was updated as follows:

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 9 - RETIREMENT PLANS (Continued)

% Retiring During the Year			
Age	Service	New Rate	Old Rate
55+	<25	100%	100%
Any	25 - 26	90%	75%
Any	27+	100%	100%

Senior Management Pension

No assumptions were changed since the prior measurement date.

The long-term expected rate of return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2023 are summarized in the following table:

Asset Class	Police Officers' Pension Long-Term Expected Real Rate of Return	Firefighters' Pension Long-Term Expected Real Rate of Return
Domestic equity	7.2%	7.2%
International equity	2.9%	2.9%
Bonds	1.7%	1.7%
High yield bonds	4.1%	4.1%
Convertibles	5.9%	5.9%
Private real estate	5.9%	5.9%
REITS	6.1%	6.1%
Infrastructure	5.1%	5.1%
Cash	-1%	-1%

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 9 - RETIREMENT PLANS (Continued)

Discount Rate (Plan Reporting):

The discount rate used to measure the total pension liability was 7.5% for Police Officers', 7.5% for Firefighters', and 7.0% for senior management. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate (Plan Reporting):

Sponsor's Net Pension Liability	1% Decrease	Current Discount	1% Increase
	6.5%	Rate 7.5%	8.5%
Police Officers'	\$ 19,879,961	\$ 13,778,839	\$ 8,702,095
	1% Decrease	Current Discount	1% Increase
	6.5%	Rate	8.5%
Firefighters'	\$ 27,924,736	\$ 20,121,796	\$ 13,704,893
	1% Decrease	Current Discount	1% Increase
	6.0%	Rate	8.0%
Senior Management	\$ 997,691	\$ 541,881	\$ 159,135

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 9 - RETIREMENT PLANS (Continued)

**Combining Statement of Pension Plan Net Position
September 30, 2023**

	Police Officers' Pension	Firefighters' Pension	Senior Management Pension	Total
Assets:				
Cash and cash equivalents:				
Short term investments	\$ 1,058,626	\$ 1,134,050	\$ 50,844	\$ 2,243,520
Receivables:				
Member contributions in transit	12,345	7,048		19,393
City contributions	37,740	54,117	10,985	102,842
State contributions	449,205	426,195		875,400
From Broker	15,735			15,735
Investment income	53,695	25,541		79,236
Total receivables	568,720	512,901	10,985	1,092,606
Investments:				
Common stocks	7,544,289			7,544,289
Corporate bonds	4,003,110			4,003,110
Mutual funds:				
Fixed income	8,418,307	12,205,777		20,624,084
Equity	14,737,374	13,408,017		28,145,391
Pooled/common/commingled funds:				
Fixed income			530,226	530,226
Equity		12,127,418	2,585,763	14,713,181
Real estate investment trust	2,972,663	2,929,904	464,856	6,367,423
Total investments	37,675,743	40,671,116	3,580,845	81,927,704
Total assets	39,303,089	42,318,067	3,642,674	85,263,830
Liabilities:				
Accounts Payable:				
Administrative expenses	239	3,495		3,734
Investment expenses	26,768	16,085		42,853
Prior refunds	284			284
Other payables	17,383			17,383
Total accounts payable	44,674	19,580		64,254
Total liabilities	44,674	19,580		64,254
Net Position:				
Restricted for pension benefits	\$ 39,258,415	\$ 42,298,487	\$ 3,642,674	\$ 85,199,576

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 9 - RETIREMENT PLANS (Continued)

**Combining Statement of Changes in Net Position
Fiscal Year Ended September 30, 2023**

	Police Officers' Pension	Firefighters' Pension	Senior Management Pension	Total
Additions				
Contributions:				
Plan members	\$ 531,959	\$ 401,603	\$ 95,733	\$ 1,029,295
Buy-back	36,132			36,132
Employer	1,648,376	3,083,769	37,310	4,769,455
State	449,205	426,195		875,400
Total contributions	<u>2,665,672</u>	<u>3,911,567</u>	<u>133,043</u>	<u>6,710,282</u>
Investment earnings:				
Net appreciation in fair value of investments	2,554,665	2,624,138	305,171	5,483,974
Interest	807,283	925,446		1,732,729
Total investment earnings (losses)	<u>3,361,948</u>	<u>3,549,584</u>	<u>305,171</u>	<u>7,216,703</u>
Less investment expense	<u>(152,718)</u>	<u>(154,377)</u>		<u>(307,095)</u>
Net investment earnings (losses)	<u>3,209,230</u>	<u>3,395,207</u>	<u>305,171</u>	<u>6,909,608</u>
Total additions (deletions)	<u>5,874,902</u>	<u>7,306,774</u>	<u>438,214</u>	<u>13,619,890</u>
Deductions				
Distributions to members:				
Benefit payments	3,048,395	3,110,752	246,730	6,405,877
Lump sum DROP distributions	153,138			153,138
Refunds of member contributions	120,090	4,702	82,600	207,392
Total distributions	<u>3,321,623</u>	<u>3,115,454</u>	<u>329,330</u>	<u>6,766,407</u>
Administrative expenses	42,868	56,135	25,132	124,135
Total deductions	<u>3,364,491</u>	<u>3,171,589</u>	<u>354,462</u>	<u>6,890,542</u>
Change in Net Position	2,510,411	4,135,185	83,752	6,729,348
Net Position Restricted for Pension Benefits				
Beginning of year	<u>36,748,004</u>	<u>38,163,302</u>	<u>3,558,922</u>	<u>78,470,228</u>
End of year	<u>\$ 39,258,415</u>	<u>\$ 42,298,487</u>	<u>\$ 3,642,674</u>	<u>\$ 85,199,576</u>

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 9 - RETIREMENT PLANS (Continued)

9.3 Aggregate Schedule of Retirement Plan Information

For the fiscal year ended September 30, 2023, in total, reported deferred outflows of resources and deferred inflows of resources related to pensions were from the following sources:

	Primary Government		Discretely Presented Component Unit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 673,643	\$ 1,324,985	\$ 5,169	\$ 57
Changes in assumptions	940,034	88,560	3,982	2,109
Net difference between projected and actual earnings on investments	324,941		2,154	
Differences in proportion and differences between Pension Plan contributions and proportionate share of contributions	10,664,970	295,050	330	110,638
Pension Plan contributions subsequent to the measurement date	5,641,865		2,291	
Total	\$ 18,245,453	\$ 1,708,595	\$ 13,926	\$ 112,804

Pension Expense

For the fiscal year ended September 30, 2023, the City recognized total pension expense of \$6,214,036.

For the fiscal year ended September 30, 2023, the Port Authority recognized total pension income of \$16,516.

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 9 - RETIREMENT PLANS (Continued)

9.4 The Retirement Plan and Trust for the General Employees of the City of Panama City, Florida

a. *Plan Description:*

The Retirement Plan and Trust for the General Employees of the City of Panama City, Florida (Fund), is a single-employer defined contribution plan administered by Voya Financial.

b. *Plan Provisions and Eligibility:*

All full-time City employees hired after January 1, 1996, are eligible to participate in the Plan. The City ordinances establish these plan provisions. Participants must be 18 years or older with three months of service. The effective date of participation is the first day of the month coinciding with or following ninety days of employment. Members qualify for normal retirement on the participant's 65th birthday. See City Code section 2-334.11.

Each participant who is an employee on his or her attainment of normal retirement age or is terminated as a result of death or disability, to the extent not then vested, shall become fully vested. Upon the death of the participant, the participant's vested plan account shall be paid to the participant's beneficiary. If a participant's employment terminates for any reason other than retirement, disability or death, the benefits shall be vested as follows:

Years of Service	Vested Percentage
Less than 2	0%
2	20%
3	40%
4	60%
5	80%
6 or more	100%

The unvested portion shall be forfeited on the day the participant's employment is terminated. Any forfeitures that result from a participant's termination before he or she completes at least 12 months of service will be returned to the employer. All other forfeitures are allocated to the employer contribution accounts of eligible participants.

c. *Contribution Obligations :*

The City is required by a resolution of the City of Panama City, Florida to contribute 10% of participants' salaries to the plan. The City Commission has the authority to change contribution amounts. Total pension expense amounted to \$1,637,886, of which \$133,004 was forfeitures, for the fiscal year ended September 30, 2023. This is a noncontributory plan. Contributions are as follows:

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 9 - RETIREMENT PLANS (Continued)

		<u>Required Contribution</u>	<u>Percentage of the Amount Contributed</u>
9/30/23	\$	1,637,886	100%
9/30/22		1,388,793	100%
9/30/21		1,227,833	100%
9/30/20		1,050,263	100%
9/30/19		961,011	100%

d. A separately issued annual report of the Fund is available from the Voya Financial, Plan Number 666935, 1 Orange Way C35, Windsor, CT 06095.

9.5 Discretely Presented Component Unit

Retirement Plan and Trust for the General Employees

The Port Authority participated in the Retirement Plan and Trust for the General Employees of the Panama City Port Authority for employees hired after January 1, 1996, who were not eligible to participate in the Florida Retirement System.

a. *Plan Description:*

The Retirement Plan and Trust for the General Employees of the Panama City Port Authority is a single- employer defined contribution plan administered by the Florida League of Cities, Inc.

b. *Plan Provisions and Eligibility:*

All Port Authority full-time employees hired after January 1, 1996 are eligible to participate in the Fund. Employees must be 18 years or older with three months of service. The effective date of participation is the first day of the month coinciding with or following ninety days of employment. Members qualify for normal retirement, after obtaining ten years of creditable service, on the first of the month coinciding with or following the participant's 65th birthday. Benefits fully vest after participant reaches ten years of service, with partial vesting after the completion of six through nine years of service. The benefits shall be vested as follows:

<u>Years of Service</u>	<u>Vested Percentage</u>
1-5	0%
6	60%
7	70%
8	80%
9	90%
10	100%

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 9 - RETIREMENT PLANS (Continued)

Any forfeited amounts are allocated to future plan contributions, and plan administrative expenditures.

c. Contribution Obligations:

The Port Authority is required to contribute 7% of participants' salaries to the plan. The City Commission has the authority to change contribution amounts. Total pension expense amounted to \$236,824, of which \$49,980 was forfeitures, for the fiscal year ended September 30, 2023. This is a noncontributory plan. Contributions are as follows:

		<u>Required Contribution</u>	<u>Percentage of the Amount Contributed</u>
9/30/23	\$	236,824	100%
9/30/22		184,012	100%
9/30/21		175,013	100%
9/30/20		198,926	100%
9/30/19		183,661	100%

d. A separately issued annual report of the Fund is available from the Florida League of Cities, Inc., 301 S. Bronough Street, Tallahassee, Florida 32302.

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description:

The City administers a single-employer defined benefit healthcare plan (the "OPEB Plan"). Retirees under all of the City's Pension Plans continue their life insurance benefit (at a reduced level of \$1,000) and continue to receive health insurance benefits if they so choose. Pursuant to Section 112.0801, Florida Statutes, the City is required to permit participation in the health insurance program by retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees.

a. Contribution requirement

	<u>City</u>	<u>Discretely Presented Component Unit</u>
Contribution requirement	Retirees must contribute an amount determined periodically by the City based on actual claims experience; there are no minimum required employer contributions.	Retirees must contribute an amount determined periodically by the Authority equal to 100% of the applicable health insurance premium charged by the insurance carrier; there are no minimum required employer contributions.

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

b. Benefits Provided

	City	Discretely Presented Component Unit
Employees covered	Regular, full time employees of the City of Panama City.	Regular, full time employees of the Panama City Port Authority.
Types of benefits provided	Post-retirement medical, dental, vision, and life insurance benefits.	Post-retirement medical benefits.
Medical coverage	Post-retirement medical coverage is provided to eligible individuals under the same self-insured plan that covers active employees; no explicit subsidy is provided to retirees.	Post-retirement medical coverage is provided to eligible individuals under the same fully-insured plan that covers active employees; no explicit subsidy is provided to retirees.
Plan choice	For health insurance coverage, retirees may choose from a basic plan or a buy-up plan.	None provided
Life insurance	The City provides a fully-insured life insurance benefit of \$1,000 to all retirees.	None provided
Legal authority	Under Florida State law, the City is required to offer retirees health insurance on the same basis as employees provided that the retiree pays the full premium for the relevant coverage.	Under Florida State law, the Authority is required to offer retirees health insurance on the same basis as employees provided that the retiree pays the full premium for the relevant coverage.
Changes	The benefit terms did not change from the prior measurement date.	The benefit terms did not change from the prior measurement date.

c. Membership

As of the most recent actuarial valuation of the net OPEB liability, membership data is as follows:

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

	Primary Government	Discretely Presented Component Unit
Retirees and beneficiaries currently receiving benefits	24	-
Active members	<u>499</u>	<u>69</u>
	<u>523</u>	<u>69</u>

OPEB Liability, OPEB Expense, and Actuarial Assumptions

Measurement Date, and Valuation Date

The Net OPEB Liability was measured as of September 30, 2023. The Total OPEB Liability was determined from an actuarial valuation as of October 1, 2022. The Net OPEB Liability is the Total OPEB Liability less the Plan Fiduciary Net Position. The Total OPEB Liability is the present value of all future benefit payments for current retirees and active employees, considering assumptions about demographics, turnover, mortality, disability, retirement, health care trends, and other actuarial assumptions.

Net OPEB Liability:

	Primary Government	Discretely Presented Component Unit
Total OPEB Liability	\$ 4,848,504	\$ 185,780
Less: Fiduciary Net Position	-	-
Net OPEB Liability	<u>\$ 4,848,504</u>	<u>\$ 185,780</u>

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Primary Government:			
Change in Net OPEB Liability			
Beginning Net OPEB Liability	\$ 4,188,238		\$ 4,188,238
Service Cost	350,968		350,968
Interest	215,366		215,366
Changes of Assumptions	(67,053)		(67,053)
Benefit Payments	(309,569)		(309,569)
Difference between expected and actual experience	470,554		470,554
Net Change	<u>660,266</u>		<u>660,266</u>
Ending Net OPEB Liability	<u>\$ 4,848,504</u>		<u>\$ 4,848,504</u>

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Discretely Presented Component Unit:	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Change in Net OPEB Liability			
Beginning Net OPEB Liability	\$ 173,662		\$ 173,662
Service Cost	16,955		16,955
Interest	9,080		9,080
Demographic Loss	(8,705)		(8,705)
Assumption Changes	6,321		6,321
Benefit Payments	(11,533)		(11,533)
Net Change	12,118		12,118
Ending Net OPEB Liability	\$ 185,780		\$ 185,780

OPEB Expense (Income):

The OPEB expense (income) amounts recognized for the fiscal year ended September 30, 2023 are as follows:

Primary Government	Discretely Presented Component Unit
\$ 263,576	\$ 1,826

Deferred OPEB Outflows of Resources and Deferred OPEB inflows of Resources

	Primary Government		Discretely Presented Component Unit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,290,942	\$ 837,725	\$ -	\$ 123,380
Change of assumptions	58,377	744,207	910	21,011
Total	\$ 2,349,319	\$ 1,581,932	\$ 910	\$ 144,391

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

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

Fiscal Year Ending September 30:	Primary Government	Discretely Presented Component Unit
2024	\$ 6,811	\$ (12,676)
2025	6,811	(12,676)
2026	6,811	(12,676)
2027	6,811	(12,676)
2028	6,811	(12,676)
Thereafter	733,333	(80,101)
Total	\$ 767,388	\$ (143,481)

Actuarial Assumption:

	City	Discretely Presented Component Unit
Discount Rate	4.91% per annum: this rate was used to discount all future benefit payments and is based on the return on the S&P Municipal Bond 20-year High Grade index as of the measurement date.	4.91% per annum: this rate was used to discount all future benefit payments and is based on the return on the S&P Municipal Bond 20-year High Grade index as of the measurement date.
Salary increases	3.0% per annum	3.0% per annum
Cost-of-living increases	Retiree contributions and health insurance premiums have been assumed to increase in accordance with the healthcare cost trend rates.	Retiree contributions, health insurance premiums, and the implied subsidy have been assumed to increase in accordance with the healthcare cost trend rates.
Healthcare cost trend rates	Increases in healthcare costs are assumed to be 7.50% for the 2022/23 fiscal year graded down by 0.50% per year to 5.00% for the 2027/28 and later fiscal years.	Increases in healthcare costs are assumed to be 7.50% for the 2022/23 fiscal year graded down by 0.50% per year to 5.00% for the 2027/28 and later fiscal years.

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

	City	Discretely Presented Component Unit
Age-related morbidity	Healthcare costs are assumed to increase at the rate of 3.50% for each year of age.	Healthcare costs are assumed to increase at the rate of 3.50% for each year of age.
Expected claims/Implied subsidy	Claims cost at age 59 is assumed to be \$15,800 per covered individual for the 2022/23 fiscal year; buy-up plan retiree claims were assumed to be 7.34% greater than the basic plan retiree claims and buy-up plan spousal claims; were assumed to be 10.48% greater than the basic plan spousal claims these amounts were determined based on actual claims during the preceding three years, with greater weight given to more recent experience.	Because the insurance carrier charges the same monthly rate for health insurance regardless of age, an implied monthly subsidy of \$700 for the retiree and \$375 for the retiree's spouse has been assumed at age 62 for the 2022/23 fiscal year; at other ages, the implied subsidy was developed based on the age-related morbidity assumption and, for other fiscal years, the implied subsidy was increased in accordance with the healthcare cost trend rates; the implied subsidy is assumed to disappear at age 65.
Mortality basis	Sex-distinct rates set forth in the PUB-2010 mortality table (without income adjustments) for general and public safety employees with full generational improvements in mortality using Scale MP-2020.	Sex-distinct rates set forth in the PUB-2010 Mortality Table, with full generational improvements in mortality using Scale MP-2017.
Retirement	For general employees, retirement is assumed to occur at age 59 with 10 years of service or at any age with 30 years of service; for firefighters, retirement is assumed to occur at age 55 with 10 years of service or at any age with 25 years of service; for police officers, retirement is assumed to occur at age 55 with 10 years of service, at age 50 with 15 years of service, or at any age with 23 years of service.	For employees hired prior to July 1, 2011, retirement is assumed to occur at age 62 with six years of service or at any age with 30 years of service; for employees hired on or after July 1, 2011, retirement is assumed to occur at age 65 with 8 years of service or at any age with 33 years of service.

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

	City	Discretely Presented Component Unit
Other decrements	Assumed employment termination is based on the Scale 155 table; assumed disability is based on the Wyatt 1985 Disability Study (Class 1 for general employees and Class 4 for firefighters and police officers).	Assumed employment termination is based on the Scale 155 table; assumed disability is based on the Wyatt 1985 Disability Study (Class 1).
Coverage election	15% of eligible employees are assumed to elect medical coverage upon retirement or disability until age 65 in accordance with their current health plan and coverage election; retirees are not assumed to have any dependent children.	20% of eligible employees are assumed to elect medical coverage upon retirement or disability until age 65 under the “buy-up” plan upon retirement or disability; spouses are assumed to be covered in accordance with the employee’s current election.
Spousal and dependents	Husbands are assumed to be three years older than wives; retirees are not assumed to have any dependent children.	Husbands are assumed to be three years older than wives; retirees are not assumed to have any dependent children.
COBRA	Future healthcare coverage provided solely pursuant to COBRA was not included in the OPEB valuation; because the COBRA premium is determined periodically based on plan experience, the COBRA premium to be paid by the participant is assumed to fully cover the cost of providing healthcare coverage during the relevant period.	Future healthcare coverage provided solely pursuant to COBRA was not included in the OPEB valuation; because the COBRA premium is determined periodically based on plan experience, the COBRA premium to be paid by the participant is assumed to fully cover the cost of providing healthcare coverage during the relevant period.

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

	City	Discretely Presented Component Unit
Life Insurance	Life insurance premiums are assumed to be 25% higher than the pure insurance cost; because data was not provided for retirees who have not elected to continue their health insurance coverage under the City's plan, retiree life insurance liability has been loaded by a factor of ten to account for the estimated number of covered retirees as well as the assumption that the unknown retirees are generally older than those retirees who are covered under the City's health insurance plan.	None provided
Changes	Since the prior measurement date, the discount rate was increased from 4.77% per annum to 4.91% per annum.	Since the prior measurement date, the discount rate was increased from 4.77% per annum to 4.91% per annum.

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

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

	1.00% Decrease 3.91%	Current Discount Rate 4.91%	1.00% Increase 5.91%
City's OPEB Liability	\$ 5,366,956	\$ 4,848,504	\$ 4,413,463
Port Authority's OPEB Liability	205,080	185,780	168,673

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

	1.00% Decrease 4.00%	7.50% graded down to 5.00%	1.00% Increase 6.00%
Primary Government	\$ 4,291,433	\$ 4,848,504	\$ 5,524,598
Discretely Presented Component Unit	159,406	185,780	218,171

Deferred Compensation Plans

The City offers its employees three deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all City employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

As required by Internal Revenue Code Section 457, the assets are held in a trust for the employees' benefit. The City does not make any matching or discretionary contributions to the deferred compensation plan. The deferred compensation plan is considered as an other employee benefit plan in accordance with paragraph 6 of GASB No. 97. And the deferred compensation plan is not considered as a fiduciary activity of the City under the provisions of GASB No. 84. The deferred compensation funds are not available until termination, retirement, death, or unforeseeable emergency.

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 11 - ENCUMBRANCES

The amount of encumbrances at year-end do not constitute expenditures or liabilities; therefore, they are not reflected in the financial statements. The amount of encumbrances outstanding as of September 30, 2023, is as follows:

Governmental Funds-	
General Fund	\$ 1,513,678
Housing and Community Services	1,636
Disaster Fund	23,440
General Grants	1,118,963
Capital Projects	13,059,468
State Housing Initiative Partnership-City	6,953
Infrastructure Surtax	350,313
Panama City Redevelopment Agency - Downtown North	67,178
Panama City Redevelopment Agency – St. Andrews	423,912
Panama City Redevelopment Agency - Downtown	3,036
Proprietary Funds-	
Equipment Maintenance	103,272
Marina	1,420,900
Environmental Services	879,776
Utilities	<u>73,093,494</u>
Total	<u>\$92,066,019</u>



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**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 12 - FUND BALANCES

Fund Balance Summary

A summary of the nature and purpose of fund balances at September 30, 2023 is as follows:

	Major Funds			
	General	Hurricane Michael	Capital Projects	Capital Projects Infrastructure Surtax
Fund Balances:				
Non-spendable:				
Inventory	\$ 151,146	\$ -	\$ -	\$ -
Prepaid items	2,316,503			
Other	2,252			
Total non-spendable	2,469,901			
Restricted for:				
General Government				
Housing and Urban Development				
Infrastructure				
Community Redevelopment				
Purposes designated by the Not-For Profit				
Disaster Relief				
Total restricted				
Committed to:				
Disaster/Emergency Reserve		44,917,716		
Assigned	1,513,678			
Unassigned	18,940,810		121,060,966	(98,090)
Total	\$ 22,924,389	\$ 44,917,716	\$ 121,060,966	\$ (98,090)

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 12 - FUND BALANCES (Continued)

Fund Balance Summary

A summary of the nature and purpose of fund balances at September 30, 2023 is as follows:

Major Funds	Non-Major Special Revenue Funds			
Hurricane Recovery Revenue Note, Series 2020A	State Housing Initiative Partnership City	General Grants	Infrastructure Surtax	Disaster Fund
\$ -	\$ 4,684,583	\$ -	\$ -	\$ -
	4,684,583			
	10,938,352		7,312,791	
	10,938,352		7,312,791	162,741
		-		
\$ -	\$ 15,622,935	\$ -	\$ 7,312,791	\$ 162,741

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 12 - FUND BALANCES (Continued)

Fund Balance Summary

A summary of the nature and purpose of fund balances at September 30, 2023 is as follows:

	Non-Major Special Revenue Funds			
	Housing and Community Services	State Housing Initiative Partnership County	Panama City Florida Hurricane Disaster Relief Fund	Panama City Community Redevelopment Agency St. Andrews
Fund Balances:				
Non-spendable:				
Inventory	\$ 124,763	\$ -	\$ -	\$ -
Prepaid items				
Other				
	<u>124,763</u>			
Restricted for:				
General Government				
Housing and Urban Development	1,023,854			
Infrastructure				
Community Redevelopment				633,924
Purposes designated by the Not-For Profit			2,023,080	
Disaster Relief				
Total restricted	<u>1,023,854</u>		<u>2,023,080</u>	<u>633,924</u>
Committed to:				
Disaster/Emergency Reserve				
Assigned				
Unassigned		<u>(507,044)</u>		
Total	<u>\$ 1,148,617</u>	<u>\$ (507,044)</u>	<u>\$ 2,023,080</u>	<u>\$ 633,924</u>

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 12 - FUND BALANCES (Continued)

Fund Balance Summary

A summary of the nature and purpose of fund balances at September 30, 2023 is as follows:

Non-Major Debt Service Fund					
Panama City Community Redevelopment Agency Downtown	Panama City Community Redevelopment Agency Downtown North	Panama City Community Redevelopment Agency Millville	Hurricane Recovery and Refunding Revenue Note, Series 2019	Hurricane Recovery Revenue Note, Series 2020B	Capital Improvement Revenue Note, Series 2013B
\$ -	\$ 303,780	\$ -	\$ -	\$ -	\$ -
	303,780				948,000
80,426	279,184	654,742			
80,426	279,184	654,742			
\$ 80,426	\$ 582,964	\$ 654,742	\$ -	\$ -	\$ 948,000

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 12 - FUND BALANCES (Continued)

Fund Balance Summary

A summary of the nature and purpose of fund balances at September 30, 2023 is as follows:

	Non-Major Debt Service Funds			
	Capital Improvement Revenue Note, Series 2016	Revenue Note, Series 2008 (Modified)	Capital Improvement Revenue Note, Series 2018	Infrastructure Sales Surtax Revenue Note Series 2018
Fund Balances:				
Non-spendable:				
Inventory	\$ -	\$ -	\$ -	\$ -
Prepaid items	54,000		1,040,000	1,915,000
Other				
Total non-spendable	54,000		1,040,000	1,915,000
Restricted for:				
General Government				
Housing and Urban Development				
Infrastructure				
Community Redevelopment				
Purposes designated by the Not-For Profit				
Disaster Relief				
Total restricted	-	-	-	-
Committed to:				
Disaster/Emergency Reserve				
Assigned				
Unassigned				
Total	\$ 54,000	\$ -	\$ 1,040,000	\$ 1,915,000

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 13 – MERCHANT LICENSE TAX ABATEMENT

The City considers economic incentives to encourage retail businesses to build or expand within the city limits of Panama City. The City Commission uses both qualitative and quantitative economic factors in approving abatements. To incentivize the development of a retail center located in Panama City, the City entered into an agreement with a real estate developer to refund a portion of the City's operating merchant license tax attributable to the merchants' operations on the retail center site. The agreement refunds 90% of the operating merchant license tax collected on the property, with a maximum reinvestment amount by the City of \$15,142,467 over a period of up to 15 years. As conditions for payments by the City, the developer must certify that 50% or more of the business units are new business units which are open to the public. The City's promise to pay is evidenced and secured by an annual covenant to budget and appropriate from lawfully available, non-ad valorem revenues containing a disclaimer of the City maintaining any particular revenue source, all in a form traditionally used in municipal borrowings and often validated under Florida Statutes Chapter 75. For the fiscal year ended September 30, 2023, the City abated merchant license taxes totaling \$599,535, all of which were to this business.

NOTE 14 – HURRICANE MICHAEL

The City continues to focus on recovery and restoration of the City from Hurricane Michael, the catastrophic category 5 hurricane and third strongest storm on record to impact the U.S. mainland, that struck the area on October 10, 2018. Our consultants, Federal Emergency Management Agency (FEMA), and the State continue to work with the City to complete FEMA and other agency funded projects. Currently, the funding sources available are from FEMA, the State of Florida, FEMA Section 428 Alternative Public Assistance Programs, insurance, FEMA Hazard Mitigation Grant Program (HMGP), Community Development Block Grant Disaster Recovery Funds (CDBG-DR), Community Disaster Recovery Funds Mitigation Funds (CDBG-MIT), FEMA Building Resilient Infrastructure and Communities (BRIC), FEMA Flood Mitigation Assistance (FMA) and the Florida's State Revolving Fund (SRF).

The City has consolidated remaining FEMA resources into four major projects, Sudduth Park, the Martin Luther King Jr. Recreational Center, The Vehicle Maintenance Building and Carl Grey Park. The City is also finalizing some smaller FEMA projects. The City received \$20,591,329 from FEMA in FY23, \$15,540,349 in FY22, \$4,898,106 in FY21, \$36,011,797 in FY20, and \$14,961,504 in FY19.

NOTE 15 - COMMITMENTS, CONTINGENCIES, AND SUBSEQUENT EVENTS

Grant Program. The City participates in various federal and state grants. These programs are subject to audit and adjustment by the funding agency or their representatives. If grant revenues are received for expenditures which are subsequently disallowed, the City may be required to repay the revenues to the funding agency. In the opinion of management, liabilities resulting from such disallowed expenditures, if any, will not be material to the accompanying financial statements.

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 15 - COMMITMENTS, CONTINGENCIES, AND SUBSEQUENT EVENTS

(Continued)

Self-Insurance Programs. The City is self-insured for employee health. See Note 5 for further details.

Marina Project. The City borrowed \$12,999,000 in 2013 of which \$1,946,193 remains unspent. The remaining portion of the project is still in the planning phase.

Construction Commitments. The City has outstanding commitments for construction contracts at year end. The commitments represent the difference between the contract prices of the various projects and the amounts paid on each contract. Outstanding construction commitments by fund at September 30, 2023, are as follows:

Governmental Funds:	
General Fund	\$ 549,125
Capital Projects	7,977,648
Capital Projects Infrastructure Sales Tax	4,953,120
Community Redevelopment Agency-St. Andrews	423,877
Infrastructure Surtax	342,710
General Grants	466,862
Proprietary Funds:	
Utilities	71,004,243
Marina	1,056,881

Other Subsequent Events. The City did not have any other subsequent events requiring disclosure or recording in these financial statements through June 20, 2024, which is the date these financial statements were issued.

NOTE 16 – CONDUIT DEBT OBLIGATIONS

The City has authorized issuance of the Educational Facilities Revenue Bonds (University Academy Project) to provide Community Charter Academy, Inc., with the cost of acquisition, improvements, installation and equipping of certain educational facilities for the benefit of Community Charter Academy, Inc. This bond is limited to the special obligations of the City, payable solely from the payments made by the borrower, solely out of loan payments and other monies received by or on account of the issuer from the borrower pursuant to the financial agreement.

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 16 – CONDUIT DEBT OBLIGATIONS (Continued)

The City accounts for the bond shown below as conduit debt, and neither the debt nor the related asset have been recorded in the accompanying financial statements.

	<u>9/30/2023</u>
City of Panama City, Florida	\$ 5,638,081
Educational Facilities Revenue	
Bond (University Academy Project),	
Series 2023, \$10,500,000 original	
principal, matures 2043.	

On June 1, 2023, the City issued \$10,500,000 in City of Panama City, Florida Educational Facilities Revenue Bond (University Academy Project), Series 2023 on behalf of Community Charter Academy Inc, to finance the construction of certain educational facilities. The bond was issued at a 5.375% interest rate, due June 1, 2043.

NOTE 17 – PRIOR PERIOD ADJUSTMENT

During the year ended September 30, 2023, an adjustment was made to the Panama City Port Authority component unit for the reporting of grant expenditures that directly impact grant receipts and for not closing construction in progress to capital assets for projects that were completed in the amount of \$590,052.

Also, during the audit, it was determined that the Panama City Downtown Improvement Board component unit included charges that were expensed that should have been included in prepaid items in the amount of \$13,750.

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

	Panama City Port Authority-Component Unit-Government-wide activities	Panama City Downtown Improvement Board- Component Unit- Government-wide activities
Beginning balance, as previously reported	\$133,480,915	\$715,486
Prior period adjustments		
Capital grants	590,052	
Prepaid items		13,750
Beginning balance, as restated	\$134,070,967	\$729,236



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REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT DISCUSSION AND ANALYSIS

THIS SUBSECTION CONTAINS THE FOLLOWING:

- BUDGET TO ACTUAL COMPARISON – MAJOR FUNDS (GENERAL AND SPECIAL REVENUE FUNDS)
- PENSION AND OTHER POST EMPLOYMENT SCHEDULES



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**CITY OF PANAMA CITY, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
Taxes	\$ 24,247,530	\$ 24,247,530	\$ 32,580,522	\$ 8,332,992
Licenses and permits	13,275,000	13,275,000	12,886,549	(388,451)
Intergovernmental	7,078,626	7,078,626	8,252,911	1,174,285
Charges for services	7,265,500	7,275,295	1,614,769	(5,660,526)
Investment earnings	39,000	39,000	1,069,513	1,030,513
Miscellaneous	633,100	536,804	1,089,300	552,496
Total revenues	<u>52,538,756</u>	<u>52,452,255</u>	<u>57,493,564</u>	<u>5,041,309</u>
Expenditures:				
Current:				
General government	11,950,971	14,002,756	13,543,945	458,811
Public safety	25,464,823	28,583,926	28,899,273	(315,347)
Transportation	4,972,415	5,362,857	5,737,298	(374,441)
Economic environment	1,186,761	1,313,861	1,228,161	85,700
Human services	285,000	402,000	455,312	(53,312)
Culture and recreation	3,573,880	4,428,862	4,601,447	(172,585)
Debt Service:				
Debt service principal	1,252,728	1,355,865	1,454,093	(98,228)
Debt service interest	10,010	10,010	183,391	(173,381)
Capital outlay	2,126,600	3,407,501	5,356,595	(1,949,094)
Total expenditures	<u>50,823,188</u>	<u>58,867,638</u>	<u>61,459,515</u>	<u>(2,591,877)</u>
Excess of revenues over expenditures	1,715,568	(6,415,383)	(3,965,951)	2,449,432
Other Financing Sources (Uses):				
Insurance proceeds		88,445	116,195	27,750
Issuance of debt for leases and SBITAS			442,871	442,871
Transfers in	2,292,697	2,439,340	4,608,284	2,168,944
Transfers out	(9,762,870)	(6,261,090)	(8,905,609)	(2,644,519)
Issuance of long-term debt			1,676,299	1,676,299
Total other financing sources (uses)	<u>(7,470,173)</u>	<u>(3,733,305)</u>	<u>(2,061,960)</u>	<u>1,671,345</u>
Net change in fund balance	(5,754,605)	(10,148,688)	(6,027,911)	4,120,777
Fund Balance:				
Beginning of year	<u>28,952,300</u>	<u>28,952,300</u>	<u>28,952,300</u>	
End of year	<u>\$ 23,197,695</u>	<u>\$ 18,803,612</u>	<u>\$ 22,924,389</u>	<u>\$ 4,120,777</u>

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
SCHEDULES OF CHANGES IN NET PENSION
LIABILITY AND RELATED RATIOS
REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED SEPTEMBER 30, 2023
Last 10 Fiscal Years**

	Police Officers' Pension			
	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>
Total Pension Liability				
Service cost	\$ 805,392	\$ 936,928	\$ 940,064	\$ 996,560
Interest	3,711,890	3,526,225	3,446,525	3,366,495
Change in Excess State Money	27,560	8,928	7,102	8,697
Changes in benefit terms				1,564
Differences between expected and actual experience	(1,019,836)	957,566	748,674	(208,747)
Changes in assumptions		1,016,505	(367,260)	464,770
Contributions - buy back				
Benefit payments, including refunds of employee contributions	(3,271,004)	(3,152,037)	(3,102,445)	(2,822,952)
Net change in total pension liability	254,002	3,294,115	1,672,660	1,806,387
Total pension liability - beginning	50,348,910	47,054,795	45,382,135	43,575,748
Total pension liability - ending (a)	50,602,912	50,348,910	47,054,795	45,382,135
Plan Fiduciary Net Position				
Contributions - employer	1,514,530	1,336,324	1,237,615	969,030
Contributions - state	394,142	356,877	353,224	356,414
Contributions - employee	410,486	363,828	363,306	365,560
Contributions - buy back				
Net investment income	(6,185,327)	7,601,493	2,790,101	2,493,084
Benefit payments including refunds of employee contributions	(3,271,004)	(3,152,037)	(3,102,445)	(2,822,952)
Administrative expense	(44,150)	(51,827)	(76,591)	(91,542)
Net change in plan fiduciary net position	(7,181,323)	6,454,658	1,565,210	1,269,594
Plan fiduciary net position - beginning	43,929,327	37,474,669	35,909,459	34,639,865
Plan fiduciary net position - ending (b)	36,748,004	43,929,327	37,474,669	35,909,459
Net pension liability - ending (a) - (b)	\$ 13,854,908	\$ 6,419,583	\$ 9,580,126	\$ 9,472,676
Plan fiduciary net position as a percentage of the total pension	72.62%	87.25%	79.64%	79.13%
Covered payroll	\$ 5,049,031	\$ 4,472,741	\$ 4,468,701	\$ 4,496,435
Net pension liability as a percentage of covered payroll	274.41%	143.53%	214.38%	210.67%

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
SCHEDULES OF CHANGES IN NET PENSION
LIABILITY AND RELATED RATIOS
REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED SEPTEMBER 30, 2023
Last 10 Fiscal Years**

Police Officers' Pension

9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
\$ 880,010	\$ 861,961	\$ 885,176	\$ 1,254,367	\$ 1,110,917
3,259,155	3,181,465	3,099,797	2,907,190	2,710,277
2,209			619,363	
(37,800)	(565,730)	(452,178)	726,890	
879,242	13,249	11,054	184,891	
<u>(2,533,001)</u>	<u>(2,542,719)</u>	<u>(2,456,851)</u>	<u>(2,136,270)</u>	<u>(2,108,924)</u>
2,449,815	948,226	1,086,998	3,556,431	1,712,270
41,125,933	40,177,707	39,090,709	35,534,278	33,822,008
<u>43,575,748</u>	<u>41,125,933</u>	<u>40,177,707</u>	<u>39,090,709</u>	<u>35,534,278</u>
924,910	957,303	1,372,342	1,292,438	1,411,641
343,438	336,697	325,836	312,431	292,899
346,586	329,705	334,052	221,583	220,523
	13,249	11,054		
2,258,395	2,827,366	2,640,449	(966,448)	2,905,224
(2,533,001)	(2,542,719)	(2,456,851)	(2,136,270)	(2,108,924)
(64,719)	(40,885)	(46,785)	(41,641)	(29,479)
<u>1,275,609</u>	<u>1,880,716</u>	<u>2,180,097</u>	<u>(1,317,907)</u>	<u>2,691,884</u>
33,364,256	31,483,540	29,303,443	30,621,350	27,929,466
<u>34,639,865</u>	<u>33,364,256</u>	<u>31,483,540</u>	<u>29,303,443</u>	<u>30,621,350</u>
<u>\$ 8,935,883</u>	<u>\$ 7,761,677</u>	<u>\$ 8,694,167</u>	<u>\$ 9,787,266</u>	<u>\$ 4,912,928</u>
79.49%	81.13%	78.36%	74.96%	86.17%
\$ 4,263,073	\$ 4,055,417	\$ 4,184,070	\$ 4,041,893	\$ 3,952,031
209.61%	191.39%	207.79%	242.15%	124.31%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, we have only presented information for those years for which information is available.

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
SCHEDULES OF CHANGES IN NET PENSION
LIABILITY AND RELATED RATIOS
REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED SEPTEMBER 30, 2023
Last 10 Fiscal Years**

Notes to Schedules:

Changes of benefit terms:

For measurement date 09/30/2019, the following benefit changes were implemented:

- 1) Amending the eligibility requirement for not-in-line of duty disability benefits from immediate coverage to coverage upon completion of ten years of credited service.
- 2) Adding clarifying language regarding in-service distributions for plan members who are re-employed with the City as a general employee.

For measurement date 09/30/2015, amounts reported as changes of benefit terms were resulted from:

- The member contribution rate increased from 5.58% to 8.13%, effective October 1, 2015.
- Effective October 1, 2015, the supplemental benefit shall increase from \$450 to \$650 per month for Members who retire on or after October 1, 2015. This supplemental benefit is payable to service retirees (Early and Normal) and Members with vested deferred benefits who terminate employment.

Changes of assumption:

For measurement date 09/30/2021, the Board approved the following assumption changes based on the March 4, 2021 actuarial experience study:

1. Reduce the investment return assumption from 7.60% to 7.50% per year, net of investment related expenses.
2. Increase expected salary increases for Members following their initial year of employment and decrease expected salary increases for Members with one to ten years of service.
3. Increase expected termination rates for Members with ten or less years of service and decrease expected termination rates for Members with greater than 10 years of service.
4. Generally decrease expected rates of retirement for both early and normal retirement.

For measurement date 9/30/2020, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics. Additionally, as approved by the Board of Trustees, the assumed rate of investment return was lowered from 7.70% per year to 7.60% per year, net of investment related expenses.

For measurement date 9/30/2019, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.80% to 7.70%.

For measurement date 9/30/2018, the investment rate of return was lowered from 8.00% to 7.80%.

For measurement date 09/30/2016, the inflation assumption rate was lowered from 3.00% to 2.70%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

For measurement date 09/30/2015, amounts reported as changes of assumptions were resulted from an actuarial experience study dated December 2, 2015.

For the 2016 Reporting Period Ending year, amounts reported as changes of assumptions were resulted from an actuarial experience study dated December 2, 2015. The Board has approved a number of changes to the actuarial assumptions including the following:

- The assumed rate of salary increases has been changed from a flat assumption of 6.00% per year to a service-based assumption table.

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
SCHEDULES OF CHANGES IN NET PENSION
LIABILITY AND RELATED RATIOS
REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED SEPTEMBER 30, 2023
Last 10 Fiscal Years**

- The mortality table assumption has been changed from the RP-2000 Combined Healthy Mortality Table (sex-distinct) with no adjustment for future mortality improvements for healthy lives and a 5-year set forward for disabled lives to the mortality table assumption that is in compliance with Chapter 2015-157, Florida Statutes. Specifically, the new mortality table assumption is the special risk mortality tables reflected in the Florida Retirement System Actuarial Valuation as of July 1, 2014.
- The assumed probability of Early Retirement has increased from 5.0% to 10.0% per year.
- The assumed probability of Normal Retirement has been changed from 100% retirement probability for any member who has satisfied the requirements for Normal Retirement eligibility to a table with a 50% probability at first eligibility, 75% the following year and 100% two (2) years following first eligibility.
- The assumed rate of termination has been changed from an age-based table to a service-based table.
- The assumed rate of disablement has been reduced in half at each age.

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
SCHEDULES OF CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED SEPTEMBER 30, 2023
Last 10 Fiscal Years

Police Officers' Pension

	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>
Actuarially determined contribution	\$ 1,479,388	\$ 1,747,614	\$ 1,687,048	\$ 1,584,017	\$ 1,321,483
Contributions in relation to the actuarially determined contributions	<u>2,042,489</u>	<u>1,881,112</u>	<u>1,684,273</u>	<u>1,583,737</u>	<u>1,316,747</u>
Contribution deficiency (excess)	<u>\$ (563,101)</u>	<u>\$ (133,498)</u>	<u>\$ 2,775</u>	<u>\$ 280</u>	<u>\$ 4,736</u>
Covered payroll	\$ 6,543,155	\$ 5,049,031	\$ 4,472,741	\$ 4,468,701	\$ 4,496,435
Contributions as a percentage of covered payroll	31.22%	37.26%	37.66%	35.44%	29.28%
	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Actuarially determined contribution	\$ 1,271,961	\$ 1,290,387	\$ 1,688,178	\$ 1,604,869	\$ 1,704,540
Contributions in relation to the actuarially determined contributions	<u>1,266,139</u>	<u>1,294,000</u>	<u>1,698,178</u>	<u>1,604,869</u>	<u>1,704,540</u>
Contribution deficiency (excess)	<u>\$ 5,822</u>	<u>\$ (3,613)</u>	<u>\$ (10,000)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,263,073	\$ 4,055,417	\$ 4,184,070	\$ 4,041,893	\$ 3,952,031
Contributions as a percentage of covered payroll	29.70%	31.91%	40.59%	39.71%	43.13%

Notes to Schedules:

Valuation Date: 10/1/2021

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates can be found in the October 1, 2021 Actuarial Valuation for the City of Panama City Municipal Police Officer's Pension Trust Fund prepared by Foster & Foster Actuaries and Consultants.



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CITY OF PANAMA CITY, FLORIDA
SCHEDULES OF CHANGES IN NET PENSION
LIABILITY AND RELATED RATIOS
REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED SEPTEMBER 30, 2023
Last 10 Fiscal Years

	Firefighters' Pension			
	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>
Total Pension Liability				
Service cost	\$ 773,641	\$ 906,287	\$ 803,636	\$ 833,187
Interest	4,210,461	4,117,235	4,010,409	3,924,315
Changes in benefit terms				(627)
Differences between expected and actual experience	(752,138)	(4,931)	384,420	(320,412)
Changes in assumptions		488,921	122,669	576,569
Contributions - buy back				
Benefit payments, including refunds of employee contributions	(3,366,801)	(3,452,261)	(3,213,489)	(3,211,705)
Net change in total pension liability	865,163	2,055,251	2,107,645	1,801,327
Total pension liability - beginning	57,055,547	55,000,296	52,892,651	51,091,324
Total pension liability - ending (a)	57,920,710	57,055,547	55,000,296	52,892,651
Plan Fiduciary Net Position				
Contributions - employer	2,638,495	2,337,612	2,134,496	1,942,755
Contributions - state	334,407	306,137	315,605	290,472
Contributions - employee	324,355	276,969	269,326	263,161
Contributions - buy back				
Net investment income	(6,427,323)	7,359,819	1,227,269	1,883,317
Benefit payments including refunds of employee contributions	(3,366,801)	(3,452,261)	(3,213,489)	(3,211,705)
Administrative expense	(44,531)	(53,413)	(45,563)	(45,233)
Net change in plan fiduciary net position	(6,541,398)	6,774,863	687,644	1,122,767
Plan fiduciary net position - beginning	44,704,700	37,929,837	37,242,193	36,119,426
Plan fiduciary net position - ending (b)	38,163,302	44,704,700	37,929,837	37,242,193
Net pension liability - ending (a) - (b)	<u>\$ 19,757,408</u>	<u>\$ 12,350,847</u>	<u>\$ 17,070,459</u>	<u>\$ 15,650,458</u>
Plan fiduciary net position as a percentage of the total pension	65.89%	78.35%	68.96%	70.41%
Covered payroll	\$ 4,324,706	\$ 3,692,909	\$ 3,591,012	\$ 3,508,805
Net pension liability as a percentage of covered payroll	456.85%	334.45%	475.37%	446.03%

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
SCHEDULES OF CHANGES IN NET PENSION
LIABILITY AND RELATED RATIOS
REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED SEPTEMBER 30, 2023
Last 10 Fiscal Years**

Firefighters' Pension

<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>
\$ 807,572	\$ 932,890	\$ 814,109	\$ 840,054	\$ 753,886
3,813,594	3,844,945	3,713,228	3,604,980	3,478,697
158,830	(656,507)	(839,486)	196,997	
556,455	(212,715)	1,689,388		
		20,069		
<u>(3,434,408)</u>	<u>(3,709,120)</u>	<u>(4,030,129)</u>	<u>(2,495,847)</u>	<u>(2,984,580)</u>
1,902,043	199,493	1,367,179	2,146,184	1,248,003
49,189,281	48,989,788	47,622,609	45,476,425	44,228,422
<u>51,091,324</u>	<u>49,189,281</u>	<u>48,989,788</u>	<u>47,622,609</u>	<u>45,476,425</u>
1,912,733	1,730,909	1,641,064	1,568,772	1,433,019
313,843	305,820	331,496	327,139	355,576
252,579	248,753	229,393	218,870	207,185
		20,069		
2,119,621	3,139,126	2,897,802	(1,162,379)	3,164,093
<u>(3,434,408)</u>	<u>(3,709,120)</u>	<u>(4,030,129)</u>	<u>(2,495,847)</u>	<u>(2,984,580)</u>
<u>(58,383)</u>	<u>(38,203)</u>	<u>(38,737)</u>	<u>(33,019)</u>	<u>(26,647)</u>
<u>1,105,985</u>	<u>1,677,285</u>	<u>1,050,958</u>	<u>(1,576,464)</u>	<u>2,148,646</u>
<u>35,013,441</u>	<u>33,336,156</u>	<u>32,285,198</u>	<u>33,861,662</u>	<u>31,713,016</u>
<u>36,119,426</u>	<u>35,013,441</u>	<u>33,336,156</u>	<u>32,285,198</u>	<u>33,861,662</u>
<u>\$ 14,971,898</u>	<u>\$ 14,175,840</u>	<u>\$ 15,653,632</u>	<u>\$ 15,337,411</u>	<u>\$ 11,614,763</u>
70.70%	71.18%	68.05%	67.79%	74.46%
\$ 3,367,671	\$ 3,316,702	\$ 3,058,582	\$ 3,402,962	\$ 2,656,214
444.58%	427.41%	511.79%	450.71%	437.27%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, we have only presented information for those years for which information is available.

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
SCHEDULES OF CHANGES IN NET PENSION
LIABILITY AND RELATED RATIOS
REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED SEPTEMBER 30, 2023
Last 10 Fiscal Years**

Notes to Schedules:

The Covered Payroll numbers shown are in compliance with GASB 82, except for the 09/30/2015 measurement period which includes DROP payroll.

Changes of benefit terms:

For measurement date 09/30/2023, amounts reported as changes of benefit terms resulted from the provisions of Chapter 112.816, Florida Statutes. The Statutes state that effective July 1, 2019, a death or disability (under the Plan's definition of total and permanent disability) for a Firefighter due to the diagnosis of cancer or circumstances that arise out of the treatment of cancer will be treated as duty-related.

For measurement date 09/30/2019, amounts reported as changes of benefit terms resulted from the provisions of Chapter 112.816, Florida Statutes. The Statutes state that effective July 1, 2019, a death or disability (under the Plan's definition of total and permanent disability) for a Firefighter due to the diagnosis of cancer or circumstances that arise out of the treatment of cancer will be treated as duty-related.

For measurement date 09/30/2016, the 30-year maximum accrual benefit cap for future retirees has been removed. The new benefit cap will be 100% of Average Final Compensation.

Changes of assumption:

For measurement date 09/30/2021, the Board approved the following assumption changes based on the March 4, 2021 actuarial experience study:

1. Reduce the investment return assumption from 7.60% to 7.50% per year, net of investment related expenses.
2. Increase expected salary increases for Members with less than 10 years of service and decrease expected salary increases for Members with ten or more years of service.
3. Add a 2.0% expected retirement rate for Members eligible for early retirement.
4. Increase expected termination rates for Members with less than five years of service and decrease expected termination rates for Members with 16 or more years of service.

For measurement date 9/30/2020, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics. Additionally, as approved by the Board of Trustees, the assumed rate of investment return was lowered from 7.70% per year to 7.60% per year, net of investment related expenses.

For measurement date 9/30/2019, amounts reported as changes of assumptions resulted from lowering the investment rate from 7.80% to 7.70% per year, net of investment related expenses.

For measurement date 9/30/2018, the investment rate of return was lowered from 7.90% to 7.80% per year net of investment related expenses.

For measurement date 09/30/2017, as a result of an actuarial experience study dated November 16, 2017, the following changes have been incorporated:

- * The assumed rate of investment return was lowered from 8.00% to 7.90% per year, net of investment related expenses.
- * The assumed rates of salary increases were amended from a flat rate of 6.00% per year to a service-based table.
- * As mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed from the rates used by the Florida Retirement System actuary in July 1, 2015 actuarial valuation to the rates used in the July 1, 2016 actuarial valuation for special risk lives.
- * The assumed rates of retirement were amended to remove the assumption that members eligible for normal retirement on the valuation date will continue employment for one additional year. Additionally, the retirement rates were amended to be 75% upon completion of 25 or 26 years of service (previously 100% at completion of 25 years), and the assumed rates of early retirement were amended from 2% per year to 0% per year.
- * The assumed rates of withdrawal were amended from an age-based table to a service-based table.
- * The assumed rates of disablement were reduced at each age by 30%.

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
SCHEDULES OF CHANGES IN NET PENSION
LIABILITY AND RELATED RATIOS
REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED SEPTEMBER 30, 2023
Last 10 Fiscal Years**

* The payroll growth assumption was reduced from 0.9% to 0.0% per year.

* Prior to measuring the impact of the assumption changes stated directly above, a “fresh start” to the existing Unfunded Actuarial Accrued Liability (UAAL) was implemented. The “fresh start” effectively consolidated all existing UAAL layers into one single layer which will be amortized over a 16-year period. As approved by the Board of Trustees, all future UAAL layers will be amortized as a level dollar over a 15-year period.

For measurement date 09/30/2016, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees.

The inflation assumption rate was lowered from 3.00% to 2.70%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

**CITY OF PANAMA CITY, FLORIDA
SCHEDULES OF CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED SEPTEMBER 30, 2023
Last 10 Fiscal Years**

Firefighters' Pension

	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>
Actuarially determined contribution	\$ 2,480,837	\$ 2,682,290	\$ 2,534,111	\$ 2,430,902	\$ 2,231,911
Contributions in relation to the actuarially determined contributions	<u>3,501,531</u>	<u>2,972,902</u>	<u>2,643,749</u>	<u>2,450,101</u>	<u>2,233,227</u>
Contribution deficiency (excess)	<u>\$ (1,020,694)</u>	<u>\$ (290,612)</u>	<u>\$ (109,638)</u>	<u>\$ (19,199)</u>	<u>\$ (1,316)</u>
Covered payroll	\$ 5,354,695	\$ 4,324,706	\$ 3,692,909	\$ 3,591,012	\$ 3,508,805
Contributions as a percentage of covered payroll	65.39%	68.74%	71.59%	68.23%	63.65%
	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Actuarially determined contribution	\$ 2,252,865	\$ 2,003,301	\$ 1,969,699	\$ 1,895,911	\$ 1,788,595
Contributions in relation to the actuarially determined contributions	<u>2,226,576</u>	<u>2,036,729</u>	<u>1,972,560</u>	<u>1,895,911</u>	<u>1,788,595</u>
Contribution deficiency (excess)	<u>\$ 26,289</u>	<u>\$ (33,428)</u>	<u>(2,861)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,367,671	\$ 3,316,702	\$ 3,058,582	\$ 3,402,962	\$ 2,656,214
Contributions as a percentage of covered payroll	66.12%	61.41%	64.49%	55.71%	67.34%

Notes to Schedules:

Valuation Date: 10/1/2021

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates can be found in the October 1, 2021 Actuarial Valuation for the Panama City Firefighter's Retirement System.



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CITY OF PANAMA CITY, FLORIDA
SCHEDULES OF CHANGES IN NET PENSION
LIABILITY AND RELATED RATIOS
REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED SEPTEMBER 30, 2023
Last 10 Fiscal Years

	Senior Management Pension			
	9/30/2023	9/30/2022	9/30/2021	9/30/2020
Total Pension Liability				
Service cost	\$ 161,933	\$ 131,636	\$ 127,467	\$ 130,384
Interest	281,436	268,992	260,369	252,856
Differences Between Expected and Actual Experience	86,381	(7,115)	33,490	(54,748)
Changes in Assumptions			(61,481)	
Benefit payments, including refunds of employee contributions	(329,330)	(237,009)	(234,646)	(210,248)
Net change in total pension liability	200,420	156,504	125,199	118,244
Total pension liability - beginning	3,984,135	3,827,631	3,702,432	3,584,188
Total pension liability - ending (a)	4,184,555	3,984,135	3,827,631	3,702,432
Plan Fiduciary Net Position				
Contributions - employer	37,310	93,248	77,457	85,472
Contributions - employee	95,733	73,687	58,191	59,447
Net investment income	305,171	(545,930)	693,626	226,738
Benefit payments including refunds of employee contributions	(329,330)	(237,009)	(234,646)	(210,248)
Administrative expense	(25,132)	(18,276)	(16,961)	(14,464)
Net change in plan fiduciary net position	83,752	(634,280)	577,667	146,945
Plan fiduciary net position - beginning	3,558,922	4,193,202	3,615,535	3,468,590
Plan fiduciary net position - ending (b)	3,642,674	3,558,922	4,193,202	3,615,535
Net pension liability - ending (a) - (b)	<u>\$ 541,881</u>	<u>\$ 425,213</u>	<u>\$ (365,571)</u>	<u>\$ 86,897</u>
Plan fiduciary net position as a percentage of the total pension	87.05%	89.33%	109.55%	97.65%
Covered payroll	\$ 1,744,250	\$ 1,415,721	\$ 1,329,141	\$ 1,380,552
Net pension liability as a percentage of covered payroll	Not applicable	Not applicable	Not applicable	6.29%

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
SCHEDULES OF CHANGES IN NET PENSION
LIABILITY AND RELATED RATIOS
REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED SEPTEMBER 30, 2023
Last 10 Fiscal Years**

Senior Management Pension					
9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
\$ 110,201	\$ 120,363	\$ 132,908	\$ 111,867	\$ 77,922	\$ 82,808
248,762	251,099	225,197	175,476	230,283	194,644
(75,694)	(196,369)	85,036	(14,017)	58,580	
		178,858	599,329	(250,495)	
(244,545)	(187,835)	(238,268)	(181,415)	(178,688)	(119,587)
38,724	(12,742)	383,731	691,240	(62,398)	157,865
3,545,464	3,558,206	3,174,475	2,483,235	2,545,633	2,387,768
3,584,188	3,545,464	3,558,206	3,174,475	2,483,235	2,545,633
126,650	133,443	120,859	94,097	75,852	83,416
60,396	51,728	56,300	57,925	54,179	59,205
174,734	234,985	378,842	218,716	1,838	218,211
(244,545)	(187,835)	(238,268)	(181,415)	(174,790)	(142,266)
(14,254)	(21,537)	(22,323)	(15,276)	(18,501)	(18,611)
102,981	210,784	295,410	174,047	(61,422)	199,955
3,365,609	3,154,825	2,859,415	2,685,368	2,746,790	2,546,835
3,468,590	3,365,609	3,154,825	2,859,415	2,685,368	2,746,790
<u>\$ 115,598</u>	<u>\$ 179,855</u>	<u>\$ 403,381</u>	<u>\$ 315,060</u>	<u>\$ (202,133)</u>	<u>\$ (201,157)</u>
96.77%	94.93%	88.66%	90.08%	108.14%	107.90%
\$ 1,124,599	\$ 1,147,863	\$ 1,338,740	\$ 1,203,982	\$ 1,177,075	\$ 1,250,562
10.28%	15.67%	30.13%	26.17%	Not applicable	Not applicable

Notes to Schedule:

The amortization period for demographic experience and assumption changes was 10.56 years for the 2014/15 fiscal year, 9.71 years for the 2015/16 fiscal year, 4.97 years for the 2016/17 fiscal year, 4.72 years for the 2017/18 fiscal year, and 4.59 years for the 2018/19 fiscal year, 4.62 years for the 2019/20 fiscal year, and 4.18 years for the 2020/21 fiscal year.

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
SCHEDULES OF CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED SEPTEMBER 30, 2023
Last 10 Fiscal Years**

Senior Management Pension

	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>
Actuarially determined contribution	\$ 37,310	\$ 93,248	\$ 77,457	\$ 85,472	\$ 122,134
Contributions in relation to the actuarially determined contributions	<u>37,310</u>	<u>93,248</u>	<u>77,457</u>	<u>85,472</u>	<u>126,650</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,516</u>
Covered payroll	\$ 1,744,250	\$ 1,415,721	\$ 1,329,141	\$ 1,380,552	\$ 1,124,599
Contributions as a percentage of covered payroll	2.14%	6.59%	5.83%	6.19%	11.26%
	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Actuarially determined contribution	\$ 133,443	\$ 120,859	\$ 94,097	\$ 77,852	\$ 83,416
Contributions in relation to the actuarially determined contributions	<u>133,443</u>	<u>120,859</u>	<u>94,097</u>	<u>77,852</u>	<u>83,416</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,147,863	\$ 1,338,740	\$ 1,203,982	\$ 1,177,075	\$ 1,250,562
Contributions as a percentage of covered payroll	11.63%	9.03%	7.82%	6.61%	6.67%

Notes to Schedules:

Actuarially determined contribution rates are calculated as of October 1, 2022 one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method: Aggregate actuarial cost method

Amortization Method: Level Percentage of Pay, Open

Remaining Amortization Period: 30 Years (as of 10/01/2018)

Asset Valuation Method: Market Value

Inflation: 2.62% per year

Salary Increases: 4%

Interest Rate: 7% per year, compounded annually, net of investment related expenses.

Retirement Age: Age 59 with 10 years of credited service for Category I employees, or age 59 with 6 years of credited service for Category II and III employees. Categories are as follows: Category I - Designated managers and directors and the City Engineer. Category II - City Commission, Assistant City Manager, and City Clerk. Category III - City Manager.

Mortality: Pre-retirement mortality is based on the sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Below Median Employee Mortality Table for general employees, with full generational improvements in mortality using Scale MP-2018 and with male ages set back one year; post-retirement mortality is based on the sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Below Median Healthy Retiree Mortality Table for general employees, with full generational improvements in mortality using Scale MP-2018 and with male ages set back one year.

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
SCHEDULES OF PROPORTIONATE SHARE OF
NET PENSION LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED SEPTEMBER 30, 2023
Last 10 Fiscal Years

Florida Retirement System

	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>
City's proportion of the net pension liability	0.002942679%	0.003234122%	0.003028567%	0.003033245%	0.004179199%
City's proportionate share of the net pension liability	\$ 1,172,564	\$ 1,203,353	\$ 228,774	\$ 1,314,653	\$ 1,439,258
City's covered payroll	\$ 955,695	\$ 999,152	\$ 981,464	\$ 1,077,402	\$ 1,434,755
City's proportionate share of the net pension liability as a percentage of its covered payroll	122.69%	120.44%	23.31%	122.02%	100.31%
Plan fiduciary net position as a percentage of the total pension liability	82.38%	82.89%	96.40%	78.85%	82.61%
	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	
City's proportion of the net pension liability	0.004192135%	0.005168281%	0.005341020%	0.007041064%	
City's proportionate share of the net pension liability	\$ 1,262,693	\$ 1,528,743	\$ 1,348,612	\$ 909,448	
City's covered payroll	\$ 1,485,888	\$ 1,709,792	\$ 1,783,283	\$ 2,166,895	
City's proportionate share of the net pension liability as a percentage of its covered payroll	84.98%	89.41%	75.63%	41.97%	
Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.39%	84.88%	92.00%	

Notes to Schedules:

The amounts presented were determined by an actuarial valuation on July 1 of the fiscal year. The measurement period and measurement date is June 30 of the fiscal year.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, we have only presented information for those years for which information is available.

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
SCHEDULES OF CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED SEPTEMBER 30, 2023
Last 10 Fiscal Years**

Florida Retirement System

	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>
Actuarially determined contribution	\$ 132,176	\$ 148,407	\$ 121,640	\$ 105,899	\$ 125,644
Contributions in relation to the actuarially determined contributions	<u>132,176</u>	<u>148,407</u>	<u>121,640</u>	<u>105,899</u>	<u>125,644</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 873,109	\$ 1,041,051	\$ 972,610	\$ 1,044,659	\$ 1,373,757
Contributions as a percentage of covered payroll	15.14%	14.26%	12.51%	10.14%	9.15%
	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	
Actuarially determined contribution	\$ 119,349	\$ 133,004	\$ 132,720	\$ 133,750	
Contributions in relation to the actuarially determined contributions	<u>119,349</u>	<u>133,004</u>	<u>132,720</u>	<u>133,750</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Covered payroll	\$ 1,455,964	\$ 1,665,463	\$ 1,761,327	\$ 1,979,255	
Contributions as a percentage of covered payroll	8.20%	7.99%	7.54%	6.76%	

Notes to Schedules:

Actuarially determined contribution rates are calculated as of July 1, 2022 one year prior to the end of the plan year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method:	Individual Entry Age Normal
Amortization Method:	Level Percent, Closed, Layered
Amortization Period at July 1, 2021	20 Years
2019 Actuarial Cost Method Change	30 Years as level percentage of Tier 1 pay
Payroll Growth Rate	3.25%
Asset Valuation Method:	5 years, Asymptotic, 80%-120% of fair market value
Inflation:	2.40%
Salary Increases:	0.65%
Investment Rate of Return:	6.80%
Cost of Living Adjustments:	3% for pre-July 2011 benefit service; 0% thereafter
Mortality:	PUB-2010 base table varies by member category and gender, projected generationally with Scale MP-2018

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, we have only presented information for those years for which information is available.

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
SCHEDULES OF PROPORTIONATE SHARE OF
NET PENSION LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED SEPTEMBER 30, 2023
Last 10 Fiscal Years**

Health Insurance Subsidy Program

	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>
City's proportion of the net pension liability	0.002484923%	0.002667052%	0.002709207%	0.003120317%	0.004281595%
City's proportionate share of the net pension liability	\$ 394,639	\$ 282,483	\$ 332,325	\$ 380,986	\$ 479,068
City's covered payroll	\$ 955,695	\$ 999,152	\$ 981,464	\$ 1,077,402	\$ 1,434,755
City's proportionate share of the net pension liability as a percentage of its covered payroll	41.29%	28.27%	33.86%	35.36%	33.39%
Plan fiduciary net position as a percentage of the total pension liability	4.12%	4.81%	3.56%	3.00%	2.63%
	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	
City's proportion of the net pension liability	0.004510270%	0.005285613%	0.005781922%	0.007153432%	
City's proportionate share of the net pension liability	\$ 477,372	\$ 565,162	\$ 673,859	\$ 729,538	
City's covered payroll	\$ 1,485,888	\$ 1,709,792	\$ 1,783,283	\$ 2,166,895	
City's proportionate share of the net pension liability as a percentage of its covered payroll	32.13%	33.05%	37.79%	33.67%	
Plan fiduciary net position as a percentage of the total pension liability	2.15%	1.64%	0.97%	0.50%	

Notes to Schedules:

The amounts presented were determined by an actuarial valuation on July 1 of the fiscal year. The measurement period and measurement date is June 30 of the fiscal year.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, we have only presented information for those years for which information is available.

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
SCHEDULES OF CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED SEPTEMBER 30, 2023
Last 10 Fiscal Years**

	Health Insurance Subsidy Program				
	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>
Actuarially determined contribution	\$ 14,494	\$ 17,281	\$ 16,145	\$ 17,341	\$ 22,804
Contributions in relation to the contributions	<u>14,494</u>	<u>17,281</u>	<u>16,145</u>	<u>17,341</u>	<u>22,804</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 873,109	\$ 1,041,051	\$ 972,610	\$ 1,044,659	\$ 1,373,757
Contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%	1.66%
	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	
Actuarially determined contribution	\$ 24,169	\$ 27,647	\$ 29,402	\$ 27,071	
Contributions in relation to the contributions	<u>24,169</u>	<u>27,647</u>	<u>29,402</u>	<u>27,071</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Covered payroll	\$ 1,455,964	\$ 1,665,463	\$ 1,771,190	\$ 2,003,319	
Contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.35%	

Notes to Schedules:

Actuarially determined contribution rates are calculated as of July 1, 2022 one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method:	Individual Entry Age
Amortization Method:	Level Percent, Closed, Layered
Remaining Amortization Period:	30 years
Asset Valuation Method:	5 years, Asymptotic, 80%-120% of fair market value
Inflation:	2.40%
Salary Increases:	0.65%
Investment Rate of Return:	7.00%
Cost of Living Adjustments:	3% for pre-July 2011 benefit service; 0% thereafter
Mortality:	Generational RP-2000 with Projection Scale BB

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, we have only presented information for those years for which information is available.

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
SCHEDULES OF INVESTMENT RETURNS
REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED SEPTEMBER 30, 2023
Last 10 Fiscal Years**

Police Officers' Pension					
	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>
Annual Money-Weighted Rate of Return Net of Investment Expense	8.88%	(14.31%)	20.50%	7.93%	7.32%
	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Annual Money-Weighted Rate of Return Net of Investment Expense	6.89%	9.15%	9.14%	(3.19%)	10.49%
Firefighters' Pension					
	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>
Annual Money-Weighted Rate of Return Net of Investment Expense	8.87%	(14.47%)	19.50%	3.33%	5.26%
	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Annual Money-Weighted Rate of Return Net of Investment Expense	6.16%	9.71%	9.15%	(3.45%)	10.13%
Senior Management Pension					
	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>
Annual Money-Weighted Rate of Return Net of Investment Expense	7.78%	(13.19%)	19.51%	6.29%	4.94%
	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Annual Money-Weighted Rate of Return Net of Investment Expense	7.50%	13.41%	8.23%	0.07%	8.60%
Florida Retirement System					
	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>
Annual Money-Weighted Rate of Return Net of Investment Expense	7.58%	(7.20%)	30.41%	3.35%	5.98%
	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Annual Money-Weighted Rate of Return Net of Investment Expense	9.28%	13.59%	0.57%	3.77%	17.57%
Health Insurance Subsidy					
	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>
Annual Money-Weighted Rate of Return Net of Investment Expense	7.58%	(7.20%)	30.41%	3.35%	5.98%
	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Annual Money-Weighted Rate of Return Net of Investment Expense	9.28%	13.59%	0.57%	3.77%	17.57%

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
SCHEDULE OF CHANGE IN NET OPEB
LIABILITY AND RELATED RATIOS
REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED SEPTEMBER 30, 2023
Last 10 Fiscal Years

OPEB

	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Total OPEB Liability						
Service cost	\$ 350,968	\$ 267,289	\$ 234,145	\$ 162,171	\$ 162,702	\$ 202,889
Interest	215,366	154,218	57,909	66,610	140,393	140,999
Changes in Assumptions	(67,053)	(625,460)	(104,670)	297,345	(293,437)	
Difference between actual and expected experience	470,554	1,542,786	834,324	(1,150,573)	(611,146)	
Benefit payments, including refunds of employee contributions	(309,569)	(230,100)	(181,218)	(173,069)	(239,660)	(271,432)
Net change in total pension liability	660,266	1,108,733	840,490	(797,516)	(841,148)	72,456
Total OPEB liability - beginning	4,188,238	3,079,505	2,239,015	3,036,531	3,877,679	3,805,223
Total OPEB liability - ending (a)	4,848,504	4,188,238	3,079,505	2,239,015	3,036,531	3,877,679
Plan Fiduciary Net Position						
Contributions - employer						
Contributions - employee						
Net investment income						
Benefit payments including refunds of employee contributions						
Administrative expense						
Net change in plan fiduciary net position						
Plan fiduciary net position - beginning						
Plan fiduciary net position - ending (b)						
Net OPEB liability - ending (a) - (b)	<u>\$ 4,848,504</u>	<u>\$ 4,188,238</u>	<u>\$ 3,079,505</u>	<u>\$ 2,239,015</u>	<u>\$ 3,036,531</u>	<u>\$ 3,877,679</u>
Plan fiduciary net position as a percentage of the total OPEB						
Covered - employee payroll	\$ 26,243,703	\$ 20,612,969	\$ 18,179,171	\$ 16,996,166	\$ 18,201,713	\$ 17,336,337
Net OPEB liability as a percentage of covered - employee payroll	18.47%	20.32%	16.94%	13.17%	16.68%	22.37%

Notes to Schedules:

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 to P52.101 to pay related benefits for the OPEB plan.

Changes of assumptions:

Since the prior measurement date, the discount rate was increased from 4.77% per annum to 4.91% per annum; the healthcare cost trend rates were increased from 6.00% for the 2021/2022 fiscal year graded down to 5.00% for the 2023/24 and later fiscal years to the amounts shown above; expected claims at age 59 for the 2021/22 fiscal year were increased from \$14,590 per covered individual to \$15,800 under the basic plan per covered individual, to \$16,960 for the retiree under the buy-up plan, and to \$17,164 for the retiree's spouse under the buy-up plan; and the loading factor for reiree life insurance has been increased from 4 to 10.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, we have only presented information for those years for which information is available.

See independent auditor's report.

COMBINING AND INDIVIDUAL FINANCIAL STATEMENTS AND SCHEDULES

THIS SUBSECTION CONTAINS THE FOLLOWING:

- NON-MAJOR GOVERNMENTAL FUNDS

- BUDGET TO ACTUAL COMPARISON – GENERAL FUND

- SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET (GAAP BASIS) AND ACTUAL – OTHER MAJOR AND NON-MAJOR GOVERNMENTAL FUNDS

- INTERNAL SERVICE FUNDS

- FIDUCIARY FUNDS



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NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Infrastructure Surtax – This special revenue fund is used to account for local option infrastructure sales surtax (pursuant to Florida Statutes 212.055) to provide for the construction of various infrastructure improvements including park and recreation improvements, street resurfacing, and street reconstruction.

General Grants – This special revenue fund is used to account for revenues received from various State and Federal agencies other than grants accounted for in other special revenue funds.

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

Housing and Community Services – This special revenue fund accounts for revenues from the Department of Housing and Urban Development and expenditures of these funds.

State Housing Initiative Partnership – City – This special revenue fund is used to account for the proceeds awarded from state agencies that are restricted to expenditures for specific purposes.

State Housing Initiative Partnership – County – This special revenue fund is used to account for revenues received from the State Housing Initiative Partnership program and expended on behalf of Bay County.

Panama City Florida Hurricane Disaster Relief Fund – This special revenue fund is a 501(c)3 not-for-profit entity created for the City to collect and disburse donations for purposes specified in the by-laws.

Panama City Community Redevelopment Agency – St. Andrews, Downtown, Downtown North, and Millville – These special revenue funds are used to account for revenues derived from the incremental increases in ad valorem taxes levied each year by taxing authorities on taxable real property in the project areas.

Debt Service Funds

Debt service funds account for the payment of principal and interest on debt associated with governmental fund debt.

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

The Capital Improvement Revenue Note, Series 2013B, accounts for the resources accumulated and payments made for principal and interest on long-term debt of the 2013B note.

The Capital Improvement Revenue Note, Series 2016, accounts for the resources accumulated and payments made for principal and interest on long-term debt of the 2016 note.

The *Revenue Note, Series 2008 (Modified)* accounts for the resources accumulated and payments made for principal and interest on long-term general of the 2008 revenue note.

The *Capital Improvement Revenue Note, Series 2018*, accounts for the resources accumulated and payments made for principal and interest on long-term debt of the 2018 note.

The *Infrastructure Sales Surtax Revenue Note, Series 2018*, accounts for the resources accumulated and payments made for principal and interest on long-term debt of the 2018 note.

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



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**CITY OF PANAMA CITY, FLORIDA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023**

ASSETS	Special Revenue				
	Infrastructure Surtax	General Grants	Disaster Fund	Housing and Community Services	State Housing Initiative Partnership City
Assets:					
Cash and cash equivalents	\$ 3,166,680	\$ -	\$ 581,652	\$ -	\$ 2,960,622
Due from other governmental entities	346,111	2,082,069		408,841	
Due from other funds	3,800,000	19,102		36,723	1,581,675
Leases asset receivable					
Prepaid items					
Inventories				124,763	4,684,583
Accounts receivable				14,889	64,123
Notes receivable				1,087,643	6,620,677
Total Assets	\$ 7,312,791	\$ 2,101,171	\$ 581,652	\$ 1,672,859	\$ 15,911,680
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 112,386	\$ -	\$ 4,978	\$ 101,525
Due to other funds		1,581,140			745
Due to other governmental entities					
Unearned revenue			418,911	512,594	177,702
Other accrued liabilities					
Accrued salaries				6,670	8,773
Total liabilities		1,693,526	418,911	524,242	288,745
Deferred Inflows of Resources:					
Deferred inflows of resources-grants		1,943,824			
Deferred inflows of resources-lease revenue					
Total deferred inflows of resources		1,943,824			
Fund Balances:					
Non-Spendable				124,763	4,684,583
Restricted	7,312,791		162,741	1,023,854	10,938,352
Unassigned		(1,536,179)			
Total fund balances	7,312,791	(1,536,179)	162,741	1,148,617	15,622,935
Total Liabilities and Fund Balances	\$ 7,312,791	\$ 2,101,171	\$ 581,652	\$ 1,672,859	\$ 15,911,680

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023**

Special Revenue					
State Housing Initiative Partnership County	Panama City Florida Hurricane Disaster Relief Fund	Panama City Community Redevelopment Agency St. Andrews	Panama City Community Redevelopment Agency Downtown	Panama City Community Redevelopment Agency Downtown North	Panama City Community Redevelopment Agency Millville
\$ 949,987 372,210	\$ 599,252	\$ 683,387	\$ 144,930	\$ 261,369	\$ 780,693
65				10,050 177,077	
		1,723	1,723	303,780 85,113	1,723
	1,451,000			202,742	
<u>\$ 1,322,262</u>	<u>\$ 2,050,252</u>	<u>\$ 685,110</u>	<u>\$ 146,653</u>	<u>\$ 1,040,131</u>	<u>\$ 782,416</u>
\$ - 1,577,690 251,616	\$ 19,292 7,880	\$ 43,308 6,620	\$ 52,228 12,058	\$ 131,496 148,188	\$ 25,649 102,025
		1,258	1,941	350 1,064	
1,829,306	27,172	51,186	66,227	281,098	127,674
				176,069 176,069	
(507,044) (507,044)	2,023,080	633,924	80,426	303,780 279,184	654,742
	2,023,080	633,924	80,426	582,964	654,742
<u>\$ 1,322,262</u>	<u>\$ 2,050,252</u>	<u>\$ 685,110</u>	<u>\$ 146,653</u>	<u>\$ 1,040,131</u>	<u>\$ 782,416</u>

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2023

	Debt Service			
ASSETS	Hurricane Recovery and Refunding Revenue Note, Series 2019	Hurricane Recovery Revenue Note, Series 2020B	Capital Improvement Revenue Note, Series 2013B	Capital Improvement Revenue Note, Series 2016
Assets:				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Due from other governmental entities				
Due from other funds				
Leases asset receivable				
Prepaid items			948,000	54,000
Inventories				
Accounts receivable				
Notes receivable				
Total Assets	\$ -	\$ -	\$ 948,000	\$ 54,000
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds				
Due to other governmental entities				
Unearned revenue				
Other accrued liabilities				
Accrued salaries				
Total liabilities				
Deferred Inflows of Resources:				
Deferred inflows of resources-grants				
Deferred inflows of resources-lease revenue				
Total deferred inflows of resources				
Fund Balances:				
Non-Spendable			948,000	54,000
Restricted				
Unassigned				
Total fund balances			948,000	54,000
Total Liabilities and Fund Balances	\$ -	\$ -	\$ 948,000	\$ 54,000

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2023**

Debt Service			
Revenue Note, Series 2008 (Modified)	Capital Improvement Revenue Note, Series 2018	Infrastructure Sales Surtax Revenue Note, Series 2018	Total Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ 10,128,572
			3,209,231
			5,447,550
			177,077
	1,040,000	1,915,000	3,957,065
			5,113,126
			169,294
			9,362,062
\$ -	\$ 1,040,000	\$ 1,915,000	\$ 37,563,977
\$ -	\$ -	\$ -	\$ 490,862
			3,436,346
			251,616
			1,109,207
			350
			19,706
			5,308,087
			1943824
			176,069
			2,119,893
			9,070,126
	1,040,000	1,915,000	23,109,094
			(2,043,223)
	1,040,000	1,915,000	30,135,997
\$ -	\$ 1,040,000	\$ 1,915,000	\$ 37,563,977

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	<u>Special Revenue</u>				
	<u>Infrastructure Surtax</u>	<u>General Grants</u>	<u>Disaster Fund</u>	<u>Housing and Community Services</u>	<u>State Housing Initiative Partnership City</u>
Revenues:					
Intergovernmental	\$ -	\$ 647,217	\$ 688,062	\$ 149,274	\$ 338,658
Taxes	4,747,585				
Investment earnings	206,501			1,162	45,263
Miscellaneous				33,161	958,888
Total revenues	<u>4,954,086</u>	<u>647,217</u>	<u>688,062</u>	<u>183,597</u>	<u>1,342,809</u>
Expenditures:					
Current:					
Economic environment		451,545	119,322	380,464	2,171,036
Debt service-					
Principal					4,734
Interest and other charges					47
Capital outlay	20,869	1,806,237	294,465		6,420
Total expenditures	<u>20,869</u>	<u>2,257,782</u>	<u>413,787</u>	<u>380,464</u>	<u>2,182,237</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,933,217</u>	<u>(1,610,565)</u>	<u>274,275</u>	<u>(196,867)</u>	<u>(839,428)</u>
Other Financing					
Sources (Uses):					
Issuance of debt for lease					6,420
Transfers in		300,318		454,846	
Transfers out	(2,531,745)		(165,451)	(8,304)	
Total other financing sources (uses)	<u>(2,531,745)</u>	<u>300,318</u>	<u>(165,451)</u>	<u>446,542</u>	<u>6,420</u>
Net change in fund balances	2,401,472	(1,310,247)	108,824	249,675	(833,008)
Fund Balances:					
Beginning of year	4,911,319	(225,932)	53,917	898,942	16,455,943
End of year	<u>\$ 7,312,791</u>	<u>\$ (1,536,179)</u>	<u>\$ 162,741</u>	<u>\$ 1,148,617</u>	<u>\$ 15,622,935</u>

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2023**

Special Revenue

State Housing Initiative Partnership County	Panama City Florida Hurricane Disaster Relief Fund	Panama City Community Redevelopment Agency St. Andrews	Panama City Community Redevelopment Agency Downtown	Panama City Community Redevelopment Agency Downtown North	Panama City Community Redevelopment Agency Millville
\$ 79,124	\$ -	\$ 591,994	\$ 351,664	\$ 760,429	\$ 525,852
	94	31,361	8,538	15,740	27,699
	1,894,401	29,339	29,259	106,046	36,786
<u>79,124</u>	<u>1,894,495</u>	<u>652,694</u>	<u>389,461</u>	<u>882,215</u>	<u>590,337</u>
11,745	65,404	338,239	380,207	637,856	195,226
		6,379	11,801	33,807	11,801
		121	224	643	224
		351,027	19,143	46,690	36,530
<u>11,745</u>	<u>65,404</u>	<u>695,766</u>	<u>411,375</u>	<u>718,996</u>	<u>243,781</u>
67,379	1,829,091	(43,072)	(21,914)	163,219	346,556
				(41,520)	(143,587)
				(41,520)	(143,587)
67,379	1,829,091	(43,072)	(21,914)	121,699	202,969
(574,423)	193,989	676,996	102,340	461,265	451,773
<u>\$ (507,044)</u>	<u>\$ 2,023,080</u>	<u>\$ 633,924</u>	<u>\$ 80,426</u>	<u>\$ 582,964</u>	<u>\$ 654,742</u>

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	Debt Service			
	Hurricane Recovery and Refunding Revenue Note, Series 2019	Hurricane Recovery Revenue Note, Series 2020B	Capital Improvement Revenue Note, Series 2013B	Capital Improvement Revenue Note, Series 2016
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Taxes				
Investment earnings				
Miscellaneous				
Total revenues				
Expenditures:				
Current:				
Economic environment				
Debt service-				
Principal			926,000	212,000
Interest and other charges		18,959	139,237	37,206
Capital outlay				
Total expenditures		18,959	1,065,237	249,206
Excess (deficiency) of revenues over (under) expenditures		(18,959)	(1,065,237)	(249,206)
Other Financing Sources (Uses):				
Issuance of debt for lease				
Transfers in		45,746	1,065,892	249,123
Transfers out	(3,134,875)			
Total other financing sources (uses)	(3,134,875)	45,746	1,065,892	249,123
Net change in fund balances	(3,134,875)	26,787	655	(83)
Fund Balances:				
Beginning of year	3,134,875	(26,787)	947,345	54,083
End of year	\$ -	\$ -	\$ 948,000	\$ 54,000

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2023**

Debt Service			
Revenue Note, Series 2008 (Modified)	Capital Improvement Revenue Note, Series 2018	Infrastructure Sales Surtax Revenue Note, Series 2018	Total Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ 4,132,274
			4,747,585
			336,358
			3,087,880
			12,304,097
			4,751,044
149,000	1,007,000	1,859,000	4,221,522
697	398,871	242,053	838,282
149,697	1,405,871	2,101,053	2,581,381
(149,697)	(1,405,871)	(2,101,053)	(88,132)
			6,420
67,492	1,422,193	2,143,800	5,749,410
			(6,025,482)
67,492	1,422,193	2,143,800	(269,652)
(82,205)	16,322	42,747	(357,784)
82,205	1,023,678	1,872,253	30,493,781
\$ -	\$ 1,040,000	\$ 1,915,000	\$ 30,135,997

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Legislative	\$ 376,335	\$ 376,949	\$ 373,251	\$ 3,698
Executive	1,161,837	1,239,023	1,258,521	(19,498)
Finance and Administration - City Clerk	1,116,347	1,516,143	1,497,876	18,267
Finance and Administration - Purchasing	332,093	371,438	381,299	(9,861)
Finance and Administration - Human Resources	780,768	979,044	1,024,562	(45,518)
Finance and Administration - Data Processing	1,552,740	1,745,804	2,034,918	(289,114)
Finance and Administration - Logistics	269,997	367,707	378,947	(11,240)
Finance and Administration - Legal Counsel	1,101,000	1,540,600	1,511,581	29,019
Public Works - Engineering	2,799,195	3,040,946	3,051,937	(10,991)
Public Works - Street	5,532,222	6,822,458	7,235,194	(412,736)
Public Works - Other	1,435,528	1,692,380	1,561,445	130,935
Police	14,963,111	17,275,896	19,380,669	(2,104,773)
Fire	12,138,050	13,249,917	13,257,691	(7,774)
Leisure Services	3,738,860	4,745,941	4,805,014	(59,073)
Non-departmental	3,525,105	3,903,392	3,706,610	196,782
Total General Fund Expenditures by Department	<u>\$ 50,823,188</u>	<u>\$ 58,867,638</u>	<u>\$ 61,459,515</u>	<u>\$ (2,591,877)</u>

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
INFRASTRUCTURE SURTAX
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
Taxes	\$ 4,282,520	\$ 4,282,520	\$ 4,747,585	\$ 465,065
Investment earnings	50,000	50,000	206,501	156,501
Total revenues	<u>4,332,520</u>	<u>4,332,520</u>	<u>4,954,086</u>	<u>621,566</u>
Expenditures:				
Capital outlay	<u>2,125,467</u>	<u>398,172</u>	<u>20,869</u>	<u>377,303</u>
Excess (deficiency) of revenues over expenditures	2,207,053	3,934,348	4,933,217	998,869
Other Financing Sources (Uses):				
Transfers out	<u>(2,157,053)</u>	<u>(2,157,053)</u>	<u>(2,531,745)</u>	<u>(374,692)</u>
Net change in fund balance	50,000	1,777,295	2,401,472	624,177
Fund Balance:				
Beginning of year	<u>4,911,319</u>	<u>4,911,319</u>	<u>4,911,319</u>	
End of year	<u>\$ 4,961,319</u>	<u>\$ 6,688,614</u>	<u>\$ 7,312,791</u>	<u>\$ 624,177</u>

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
STATE HOUSING INITIATIVE PARTNERSHIP - CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
Intergovernmental	\$ 559,625	\$ 559,625	\$ 338,658	\$ (220,967)
Charges for services	92,000	92,000		(92,000)
Investment earnings	9,000	9,000	45,263	36,263
Miscellaneous			958,888	958,888
Total revenues	<u>660,625</u>	<u>660,625</u>	<u>1,342,809</u>	<u>682,184</u>
Expenditures:				
Current:				
Economic environment:				
Housing and Urban Development	4,461,205	4,558,061	2,171,036	2,387,025
Capital outlay	600,000	600,000	6,420	593,580
Debt service				
Debt service principal			4,734	(4,734)
Debt service interest			47	(47)
Total expenditures	<u>5,061,205</u>	<u>5,158,061</u>	<u>2,182,237</u>	<u>2,975,824</u>
Excess (deficiency) of revenues over (under) expenditures	(4,400,580)	(4,497,436)	(839,428)	3,658,008
Other Financing Sources (Uses):				
Issuance of debt for leases			6,420	6,420
Transfers out	(22,208)	(291)		291
Total other financing sources (uses)	<u>(22,208)</u>	<u>(291)</u>	<u>6,420</u>	<u>6,711</u>
Net change in fund balance	(4,422,788)	(4,497,727)	(833,008)	3,664,719
Fund Balance:				
Beginning of year	<u>16,455,943</u>	<u>16,455,943</u>	<u>16,455,943</u>	
End of year	<u>\$ 12,033,155</u>	<u>\$ 11,958,216</u>	<u>\$ 15,622,935</u>	<u>\$ 3,664,719</u>

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
HOUSING AND COMMUNITY SERVICES
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
Intergovernmental	\$ 801,974	\$ 801,974	\$ 149,274	\$ (652,700)
Investment earnings	2,500	2,500	1,162	(1,338)
Miscellaneous			33,161	33,161
Total revenues	<u>804,474</u>	<u>804,474</u>	<u>183,597</u>	<u>(620,877)</u>
Expenditures:				
Current:				
Economic environment:				
Housing and Urban Development	<u>761,650</u>	<u>767,742</u>	<u>380,464</u>	<u>387,278</u>
Excess (deficiency) of revenues over (under) expenditures	42,824	36,732	(196,867)	(233,599)
Other Financing Sources (Uses):				
Transfers in			454,846	454,846
Transfers out	<u>(43,031)</u>	<u>(14,803)</u>	<u>(8,304)</u>	<u>6,499</u>
Total other financing sources (uses)	<u>(43,031)</u>	<u>(14,803)</u>	<u>446,542</u>	<u>461,345</u>
Net change in fund balance	(207)	21,929	249,675	227,746
Fund Balance:				
Beginning of year	<u>898,942</u>	<u>898,942</u>	<u>898,942</u>	
End of year	<u>\$ 898,735</u>	<u>\$ 920,871</u>	<u>\$ 1,148,617</u>	<u>\$ 227,746</u>

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY -
ST. ANDREWS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
Intergovernmental	\$ 583,083	\$ 583,083	\$ 591,994	\$ 8,911
Investment earnings			31,361	31,361
Miscellaneous			29,339	29,339
Total revenues	<u>583,083</u>	<u>583,083</u>	<u>652,694</u>	<u>69,611</u>
Expenditures:				
Current:				
Economic environment	698,603	738,781	338,239	400,542
Debt service				
Debt service principal			6,379	(6,379)
Debt service interest			121	(121)
Capital outlay	375,000	(113,018)	351,027	(464,045)
Total expenditures	<u>1,073,603</u>	<u>625,763</u>	<u>695,766</u>	<u>(70,003)</u>
Excess (deficiency) of revenues over (under) expenditures	(490,520)	(42,680)	(43,072)	(392)
Other Financing Sources (Uses):				
Transfers out	(11,025)	(12)		12
Net change in fund balance	(501,545)	(42,692)	(43,072)	(380)
Fund Balance:				
Beginning of year	676,996	676,996	676,996	
End of year	<u>\$ 175,451</u>	<u>\$ 634,304</u>	<u>\$ 633,924</u>	<u>\$ (380)</u>

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY -
DOWNTOWN
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
Intergovernmental	\$ 349,368	\$ 349,368	\$ 351,664	\$ 2,296
Investment earnings			8,538	8,538
Miscellaneous			29,259	29,259
Total revenues	<u>349,368</u>	<u>349,368</u>	<u>389,461</u>	<u>40,093</u>
Expenditures:				
Current:				
Economic environment	454,483	420,481	380,207	40,274
Debt service				
Debt service principal			11,801	(11,801)
Debt service interest			224	(224)
Capital outlay		(3,036)	19,143	(22,179)
Total expenditures	<u>454,483</u>	<u>417,445</u>	<u>411,375</u>	<u>6,070</u>
Excess (deficiency) of revenues over (under) expenditures	(105,115)	(68,077)	(21,914)	46,163
Other Financing Sources (Uses):				
Transfers out	<u>(5,555)</u>	<u>(58)</u>		<u>58</u>
Net change in fund balance	(110,670)	(68,135)	(21,914)	46,221
Fund Balance:				
Beginning of year	<u>102,340</u>	<u>102,340</u>	<u>102,340</u>	
End of year	<u>\$ (8,330)</u>	<u>\$ 34,205</u>	<u>\$ 80,426</u>	<u>\$ 46,221</u>

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY -
DOWNTOWN NORTH
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
Intergovernmental	\$ 766,841	\$ 766,841	\$ 760,429	\$ (6,412)
Investment earnings			15,740	15,740
Miscellaneous	64,000	64,000	106,046	42,046
Total revenues	<u>830,841</u>	<u>830,841</u>	<u>882,215</u>	<u>51,374</u>
Expenditures:				
Current:				
Economic environment	895,708	693,460	637,856	55,604
Debt service				
Debt service principal			33,807	(33,807)
Debt service interest			643	(643)
Capital outlay	252,000	(96,613)	46,690	(143,303)
Total expenditures	<u>1,147,708</u>	<u>596,847</u>	<u>718,996</u>	<u>(122,149)</u>
Excess (deficiency) of revenues over (under) expenditures	(316,867)	233,994	163,219	(70,775)
Other Financing Sources (Uses):				
Transfers out	(61,280)	(52,971)	(41,520)	11,451
Net change in fund balance	(378,147)	181,023	121,699	(59,324)
Fund Balance:				
Beginning of year	461,265	461,265	461,265	
End of year	<u>\$ 83,118</u>	<u>\$ 642,288</u>	<u>\$ 582,964</u>	<u>\$ (59,324)</u>

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY -
MILLVILLE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
Intergovernmental	\$ 507,889	\$ 507,889	\$ 525,852	\$ 17,963
Investment earnings			27,699	27,699
Miscellaneous			36,786	36,786
Total revenues	<u>507,889</u>	<u>507,889</u>	<u>590,337</u>	<u>82,448</u>
Expenditures:				
Current:				
Economic environment	309,758	313,765	195,226	118,539
Debt service				
Debt service principal			11,801	(11,801)
Debt service interest			224	(224)
Capital outlay	450,000	(91,144)	36,530	(127,674)
Total expenditures	<u>759,758</u>	<u>222,621</u>	<u>243,781</u>	<u>(21,160)</u>
Excess (deficiency) of revenues over expenditures	(251,869)	285,268	346,556	61,288
Other Financing Sources (Uses):				
Transfers out	<u>(76,605)</u>	<u>(72,698)</u>	<u>(143,587)</u>	<u>(70,889)</u>
Net change in fund balance	(328,474)	212,570	202,969	(9,601)
Fund Balance:				
Beginning of year	<u>451,773</u>	<u>451,773</u>	<u>451,773</u>	
End of year	<u>\$ 123,299</u>	<u>\$ 664,343</u>	<u>\$ 654,742</u>	<u>\$ (9,601)</u>

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
HURRICANE RECOVERY AND REFUNDING REVENUE NOTE, SERIES 2019
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		
Other Financing Sources (Uses):				
Transfers out	\$ -	\$ (3,134,875)	\$ (3,134,875)	\$ -
Net change in fund balance		(3,134,875)	(3,134,875)	
Fund Balance:				
Beginning of year	3,134,875	3,134,875	3,134,875	
End of year	<u>\$ 3,134,875</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
HURRICANE RECOVERY REVENUE NOTE, SERIES 2020A
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts		Actual	Variance
	Original	Final		
Expenditures:				
Debt service:				
Principal retirement			\$ 17,000,000	\$ (17,000,000)
Interest and other charges	\$ 1,190,000	\$ 1,190,000	707,976	482,024
Total expenditures	<u>1,190,000</u>	<u>1,190,000</u>	<u>17,707,976</u>	<u>(16,517,976)</u>
Deficiency of revenues over expenditures	(1,190,000)	(1,190,000)	(17,707,976)	(16,517,976)
Other Financing Sources (Uses):				
Transfers in	<u>1,190,000</u>	<u>1,190,000</u>	<u>18,750,728</u>	<u>17,560,728</u>
Net change in fund balance			1,042,752	1,042,752
Fund Balance:				
Beginning of year	<u>(1,042,752)</u>	<u>(1,042,752)</u>	<u>(1,042,752)</u>	
End of year	<u>\$ (1,042,752)</u>	<u>\$ (1,042,752)</u>	<u>\$ -</u>	<u>\$ 1,042,752</u>

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
HURRICANE RECOVERY REVENUE NOTE, SERIES 2020B
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts		Actual	Variance
	Original	Final		
Expenditures:				
Debt service:				
Interest and other charges	\$ 25,000	\$ 25,000	\$ 18,959	\$ 6,041
Deficiency of revenues under expenditures	(25,000)	(25,000)	(18,959)	(6,041)
Other Financing Sources (Uses):				
Transfers in	25,000	25,000	45,746	20,746
Net change in fund balance			26,787	26,787
Fund Balance:				
Beginning of year	(26,787)	(26,787)	(26,787)	
End of year	<u>\$ (26,787)</u>	<u>\$ (26,787)</u>	<u>\$ -</u>	<u>\$ 26,787</u>

See Independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
CAPITAL IMPROVEMENT REVENUE NOTE, SERIES 2013B
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
Investment earnings	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)
Expenditures:				
Debt service:				
Principal retirement	926,000	926,000	926,000	
Interest and other charges	125,318	139,237	139,237	
Total expenditures	1,051,318	1,065,237	1,065,237	
Deficiency of revenues under expenditures	(1,046,318)	(1,060,237)	(1,065,237)	(5,000)
Other Financing Sources (Uses):				
Transfers in	1,062,622	1,062,622	1,065,892	3,270
Net change in fund balance	16,304	2,385	655	(1,730)
Fund Balance:				
Beginning of year	947,345	947,345	947,345	
End of year	\$ 963,649	\$ 949,730	\$ 948,000	\$ (1,730)

See Independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
CAPITAL IMPROVEMENT REVENUE NOTE, SERIES 2016
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts		Actual	Variance
	Original	Final		
Expenditures:				
Debt service:				
Principal retirement	\$ 212,000	\$ 212,000	\$ 212,000	\$ -
Interest and other charges	38,195	38,195	37,206	989
Total expenditures	<u>250,195</u>	<u>250,195</u>	<u>249,206</u>	<u>989</u>
Deficiency of revenues under expenditures	(250,195)	(250,195)	(249,206)	989
Other Financing Sources (Uses):				
Transfers in	<u>250,204</u>	<u>250,204</u>	<u>249,123</u>	<u>(1,081)</u>
Net change in fund balance	9	9	(83)	(92)
Fund Balance:				
Beginning of year	<u>54,083</u>	<u>54,083</u>	<u>54,083</u>	
End of year	<u>\$ 54,092</u>	<u>\$ 54,092</u>	<u>\$ 54,000</u>	<u>\$ (92)</u>

See Independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
REVENUE NOTE, SERIES 2008 (MODIFIED)
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts		Actual	Variance
	Original	Final		
Expenditures:				
Debt service:				
Principal retirement	\$ 149,000	\$ 149,000	\$ 149,000	\$ -
Interest and other charges	2,144	2,144	697	1,447
Total expenditures	<u>151,144</u>	<u>151,144</u>	<u>149,697</u>	<u>1,447</u>
Deficiency of revenues under expenditures	(151,144)	(151,144)	(149,697)	1,447
Other Financing Sources (Uses):				
Transfers in	<u>72,698</u>	<u>72,698</u>	<u>67,492</u>	<u>(5,206)</u>
Net change in fund balance	(78,446)	(78,446)	(82,205)	(3,759)
Fund Balance:				
Beginning of year	<u>82,205</u>	<u>82,205</u>	<u>82,205</u>	
End of year	<u>\$ 3,759</u>	<u>\$ 3,759</u>	<u>\$ -</u>	<u>\$ (3,759)</u>

See Independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
CAPITAL IMPROVEMENT REVENUE NOTE, SERIES 2018
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
Investment earnings	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)
Expenditures:				
Debt service:				
Principal retirement	1,007,000	1,070,000	1,007,000	63,000
Interest and other charges	415,487	415,487	398,871	16,616
Total expenditures	1,422,487	1,485,487	1,405,871	79,616
Deficiency of revenues under expenditures	(1,417,487)	(1,480,487)	(1,405,871)	74,616
Other Financing Sources (Uses):				
Transfers in	1,438,871	1,438,871	1,422,193	(16,678)
Net change in fund balance	21,384	(41,616)	16,322	57,938
Fund Balance:				
Beginning of year	1,023,678	1,023,678	1,023,678	
End of year	<u>\$ 1,045,062</u>	<u>\$ 982,062</u>	<u>\$ 1,040,000</u>	<u>\$ 57,938</u>

See Independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
INFRASTRUCTURE SALES SURTAX REVENUE NOTE, SERIES 2018
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts		Actual	Variance
	Original	Final		
Expenditures:				
Debt service:				
Principal retirement	\$ 1,859,000	\$ 1,859,000	\$ 1,859,000	\$ -
Interest and other charges	270,124	270,124	242,053	28,071
Total expenditures	<u>2,129,124</u>	<u>2,129,124</u>	<u>2,101,053</u>	<u>28,071</u>
Deficiency of revenues under expenditures	(2,129,124)	(2,129,124)	(2,101,053)	28,071
Other Financing Sources (Uses):				
Transfers in	<u>2,157,053</u>	<u>2,157,053</u>	<u>2,143,800</u>	<u>(13,253)</u>
Net change in fund balance	27,929	27,929	42,747	14,818
Fund Balance:				
Beginning of year	<u>1,872,253</u>	<u>1,872,253</u>	<u>1,872,253</u>	
End of year	<u>\$ 1,900,182</u>	<u>\$ 1,900,182</u>	<u>\$ 1,915,000</u>	<u>\$ 14,818</u>

See Independent auditor's report.



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INTERNAL SERVICE FUNDS

These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies on the cost-reimbursement basis.

The following funds account for the City's insurance operations:

Medical Self-Insurance

Dental Insurance

The following fund accounts for labor and repairs on City owned equipment:

Equipment Maintenance Fund



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**CITY OF PANAMA CITY, FLORIDA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

	Equipment Maintenance	Medical Self- Insurance	Dental Insurance	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ -	\$ 8,256,330	\$ 397,405	\$ 8,653,735
Accounts receivable		50,000		50,000
Due from other governmental entities	49,219			49,219
Inventories	278,047			278,047
Total current assets	<u>327,266</u>	<u>8,306,330</u>	<u>397,405</u>	<u>9,031,001</u>
Noncurrent Assets:				
Capital Assets:				
Machinery and equipment	234,509			234,509
Less accumulated depreciation	(155,809)			(155,809)
Total noncurrent assets	<u>78,700</u>			<u>78,700</u>
Total assets	<u>405,966</u>	<u>8,306,330</u>	<u>397,405</u>	<u>9,109,701</u>
DEFERRED OUTFLOWS OF RESOURCES				
OPEB related outflows	46,986			46,986
LIABILITIES				
Current Liabilities:				
Due to other funds	88,137			88,137
Accounts payable	213,354	1,318,169	28,492	1,560,015
Accrued salaries	19,800			19,800
Compensated absences	7,850			7,850
Current portion of finance purchase liability	2,332			2,332
Total current liabilities	<u>331,473</u>	<u>1,318,169</u>	<u>28,492</u>	<u>1,678,134</u>
Noncurrent Liabilities:				
Compensated absences	23,551			23,551
Net OPEB liability	96,969			96,969
Finance purchase liability	6,698			6,698
Total noncurrent liabilities	<u>127,218</u>			<u>127,218</u>
Total liabilities	<u>458,691</u>	<u>1,318,169</u>	<u>28,492</u>	<u>1,805,352</u>
DEFERRED INFLOWS OF RESOURCES				
OPEB related inflows	31,639			31,639
NET POSITION				
Net investment in capital assets	78,700			78,700
Restricted for claims		6,988,161	368,913	7,357,074
Unrestricted	(116,078)			(116,078)
Total net position	<u>\$ (37,378)</u>	<u>\$ 6,988,161</u>	<u>\$ 368,913</u>	<u>\$ 7,319,696</u>

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	Equipment Maintenance	Medical Self- Insurance	Dental Insurance	Total
Operating Revenues:				
Charges for services	\$ 2,167,583	\$ -	\$ -	\$ 2,167,583
Insurance premiums		8,554,107	308,146	8,862,253
Miscellaneous	43,419	50,000		93,419
Total operating revenues	<u>2,211,002</u>	<u>8,604,107</u>	<u>308,146</u>	<u>11,123,255</u>
Operating Expenses:				
Personnel services	793,371			793,371
Operating expenses:				
Operating expenses	1,396,269			1,396,269
Administration fees		1,262,039	326,294	1,588,333
Depreciation	27,936			27,936
Insurance claims and expenses		6,377,569		6,377,569
Total operating expenses	<u>2,217,576</u>	<u>7,639,608</u>	<u>326,294</u>	<u>10,183,478</u>
Operating income (loss)	<u>(6,574)</u>	<u>964,499</u>	<u>(18,148)</u>	<u>939,777</u>
Nonoperating Revenues (Expenses):				
Scrap sales	1,601			1,601
Investment earnings		253,339	14,550	267,889
Total nonoperating revenues (expenses)	<u>1,601</u>	<u>253,339</u>	<u>14,550</u>	<u>269,490</u>
Income (loss) before transfers	<u>(4,973)</u>	<u>1,217,838</u>	<u>(3,598)</u>	<u>1,209,267</u>
Transfers:				
Transfers out	<u>(2,076)</u>			<u>(2,076)</u>
Change in Net Position	<u>(7,049)</u>	<u>1,217,838</u>	<u>(3,598)</u>	<u>1,207,191</u>
Net Position - beginning of year	<u>(30,329)</u>	<u>5,770,323</u>	<u>372,511</u>	<u>6,112,505</u>
Net Position - end of year	<u>\$ (37,378)</u>	<u>\$ 6,988,161</u>	<u>\$ 368,913</u>	<u>\$ 7,319,696</u>

See independent auditor's report.



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**CITY OF PANAMA CITY, FLORIDA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	Equipment Maintenance	Medical Self- Insurance	Dental Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 2,196,700	\$ -	\$ -	\$ 2,196,700
Payments to suppliers	(1,418,706)			(1,418,706)
Payments to employees	(781,216)			(781,216)
Cash received for insurance contributions		8,604,107	308,146	8,912,253
Cash paid for insurance claims		(6,940,518)	(348,285)	(7,288,803)
Net cash provided by (used in) operating activities	<u>(3,222)</u>	<u>1,663,589</u>	<u>(40,139)</u>	<u>1,620,228</u>
FINANCING ACTIVITIES				
Transfers out	<u>(2,076)</u>			<u>(2,076)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sales of capital assets	6,702			6,702
Principal paid on long term debt	<u>(1,404)</u>			<u>(1,404)</u>
Net cash used in capital and related financing activities	<u>5,298</u>			<u>5,298</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends		<u>253,339</u>	<u>14,550</u>	<u>267,889</u>
Net increase (decrease) in cash and cash equivalents		1,916,928	(25,589)	1,891,339
Cash and cash equivalents				
Beginning of year		<u>6,339,402</u>	<u>422,994</u>	<u>6,762,396</u>
End of Year	<u>\$ -</u>	<u>\$ 8,256,330</u>	<u>\$ 397,405</u>	<u>\$ 8,653,735</u>

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	<u>Equipment Maintenance</u>	<u>Medical Self - Insurance</u>	<u>Dental Insurance</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by (used) in operating activities:				
Operating income (loss)	\$ (6,574)	\$ 964,499	\$ (18,148)	\$ 939,777
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	27,936			27,936
Change in assets and liabilities:				
(Increase) Decrease:				
Accounts receivable	1,946			1,946
Inventories	(95,197)			(95,197)
Due from other governmental entities	(16,247)			(16,247)
Prepaid items		15,978		15,978
Deferred outflows of resources	(2,646)			(2,646)
Increase (Decrease):				
Accounts payable	40,800	683,112	(21,991)	701,921
Accrued salaries	3,183			3,183
Compensated absences	3,700			3,700
Deferred inflows of resources	(5,287)			(5,287)
Net OPEB liability	13,205			13,205
Due to other funds	31,959			31,959
Net cash provided by (used in) operating activities	<u>\$ (3,222)</u>	<u>\$ 1,663,589</u>	<u>\$ (40,139)</u>	<u>\$ 1,620,228</u>

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

Capital assets acquired via finance purchase liability	(9,030)
Proceeds from finance purchase liability	9,030

See independent auditor's report.



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FIDUCIARY FUNDS

These funds are used to account for assets held in a trust by the City for others. They include Trust Funds.

Pension Trust Funds. These funds account for the activities of the police officers', firefighters', and senior management defined benefit pension plans. These funds are as follows:

Police Officers' Pension

Firefighters' Pension

Senior Management Pension



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**CITY OF PANAMA CITY, FLORIDA
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2023**

	Police Officers' Pension	Firefighters' Pension	Senior Management Pension	Total
Assets:				
Cash and cash equivalents:				
Short term investments	\$ 1,058,626	\$ 1,134,050	\$ 50,844	\$ 2,243,520
Receivables:				
Member contributions in transit	12,345	7,048		19,393
City contributions	37,740	54,117	10,985	102,842
From broker	15,735			15,735
State contributions	449,205	426,195		875,400
Investment income	53,695	25,541		79,236
Total receivables	568,720	512,901	10,985	1,092,606
Investments:				
Common Stocks	7,544,289			7,544,289
Corporate bonds	4,003,110			4,003,110
Mutual funds:				
Fixed income	8,418,307	12,205,777		20,624,084
Equity	14,737,374	13,408,017		28,145,391
Pooled/common/commingled funds:				
Fixed income			530,226	530,226
Equity		12,127,418	2,585,763	14,713,181
Real estate investment trust	2,972,663	2,929,904	464,856	6,367,423
Total investments	37,675,743	40,671,116	3,580,845	81,927,704
Total assets	39,303,089	42,318,067	3,642,674	85,263,830
Liabilities:				
Accounts Payable:				
Administrative expenses	239	3,495		3,734
Investment expenses	26,768	16,085		42,853
Prior refunds	284			284
Other payables	17,383			17,383
Total accounts payable	44,674	19,580		64,254
Total liabilities	44,674	19,580		64,254
Net Position:				
Restricted for pension benefits	\$ 39,258,415	\$ 42,298,487	\$ 3,642,674	\$ 85,199,576

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	Police Officers' Pension	Firefighters' Pension	Senior Management Pension	Total
Additions				
Contributions:				
Plan members	\$ 531,959	\$ 401,603	\$ 95,733	\$ 1,029,295
Other	36,132			36,132
Employer	1,648,376	3,083,769	37,310	4,769,455
State	449,205	426,195		875,400
Total contributions	<u>2,665,672</u>	<u>3,911,567</u>	<u>133,043</u>	<u>6,710,282</u>
Investment earnings:				
Net appreciation in fair value of investments	2,554,665	2,624,138	305,171	5,483,974
Interest	807,283	925,446		1,732,729
Total investment earnings	<u>3,361,948</u>	<u>3,549,584</u>	<u>305,171</u>	<u>7,216,703</u>
Less investment expense	<u>(152,718)</u>	<u>(154,377)</u>		<u>(307,095)</u>
Net investment earnings	<u>3,209,230</u>	<u>3,395,207</u>	<u>305,171</u>	<u>6,909,608</u>
Total additions	<u>5,874,902</u>	<u>7,306,774</u>	<u>438,214</u>	<u>13,619,890</u>
Deductions				
Distributions to members:				
Benefit payments	3,048,395	3,110,752	246,730	6,405,877
Lump sum DROP distributions	153,138			153,138
Refunds of member contributions	120,090	4,702	82,600	207,392
Total distributions	<u>3,321,623</u>	<u>3,115,454</u>	<u>329,330</u>	<u>6,766,407</u>
Administrative expenses	42,868	56,135	25,132	124,135
Total deductions	<u>3,364,491</u>	<u>3,171,589</u>	<u>354,462</u>	<u>6,890,542</u>
Change in Net Position	2,510,411	4,135,185	83,752	6,729,348
Net Position Restricted for Pension Benefits				
Beginning of year	<u>36,748,004</u>	<u>38,163,302</u>	<u>3,558,922</u>	<u>78,470,228</u>
End of year	<u>\$ 39,258,415</u>	<u>\$ 42,298,487</u>	<u>\$ 3,642,674</u>	<u>\$ 85,199,576</u>

See independent auditor's report.

SUPPLEMENTAL INFORMATION

THIS SUBSECTION CONTAINS THE FOLLOWING:

- SUMMARY OF DEBT SERVICE REQUIREMENTS TO MATURITY



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CITY OF PANAMA CITY, FLORIDA
SUMMARY OF DEBT SERVICE REQUIREMENTS TO MATURITY
FISCAL YEAR ENDED SEPTEMBER 30, 2023

Governmental Activities

Year Ending September 30	Capital Improvement Revenue Note, Series 2013B		Capital Improvement Revenue Note, Series 2016		Infrastructure Sales Surtax Revenue Note, Series 2018	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 948,000	\$ 56,347	\$ 216,000	\$ 25,273	\$ 1,915,000	\$ 92,110
2025	969,000	99,092	220,000	30,135	1,973,000	154,428
2026	992,000	71,564	225,000	25,993	2,033,000	93,937
2027	1,015,000	43,390	229,000	21,758	2,094,000	31,619
2028	1,038,000	14,571	233,000	17,447		
2029			237,000	13,063		
2030			242,000	8,597		
2031			246,000	4,042		
2032			62,000	290		
2033						
	<u>\$ 4,962,000</u>	<u>\$ 284,964</u>	<u>\$ 1,910,000</u>	<u>\$ 146,598</u>	<u>\$ 8,015,000</u>	<u>\$ 372,094</u>

	Capital Improvement Revenue Note, Series 2018		Capital Improvement Revenue Note, Series 2023	
	Principal	Interest	Principal	Interest
2024	\$ 1,040,000	\$ 182,276		\$ 8,924,000
2025	1,074,000	346,830		8,730,000
2026	1,110,000	310,794	\$ 150,000,000	8,730,000
2027	1,146,000	273,570		
2028	1,184,000	235,125		
2029	1,223,000	195,410		
2030	1,264,000	154,374		
2031	1,305,000	111,986		
2032	1,348,000	68,211		
2033	1,393,000	22,984		
	<u>\$ 12,087,000</u>	<u>\$ 1,901,560</u>	<u>\$ 150,000,000</u>	<u>\$ 26,384,000</u>

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
SUMMARY OF DEBT SERVICE REQUIREMENTS TO MATURITY
FISCAL YEAR ENDED SEPTEMBER 30, 2023**

Business-type Activities

Year Ending September 30	Water & Sewer Revenue Note, Series 2021		State Revolving Fund DW0302G0		State Revolving Fund WW0302F0	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ -	302,263				
2025	1,754,000	582,600				
2026	1,798,000	538,200	\$ 237,738		\$ 590,597	
2027	1,842,000	492,700	475,476		507,609	
2028	1,886,000	446,100	475,476			
2029	1,934,000	398,350	475,476			
2030	1,983,000	349,388	475,476			
2031	2,031,000	299,213	475,476			
2032	2,083,000	247,788	475,476			
2033	2,136,000	195,050	475,476			
2034	2,188,000	141,000	475,476			
2035	2,245,000	85,588	475,476			
2036	2,301,000	28,760	433,806			
	<u>\$ 24,181,000</u>	<u>\$ 4,107,000</u>	<u>\$ 4,950,828</u>	<u>\$ -</u>	<u>\$ 1,098,206</u>	<u>\$ -</u>

	State Revolving Fund DW03020G1	
	Principal	Interest
2024		
2025		
2026	\$ 1,175,436	
2027	465,534	
	<u>\$ 1,640,970</u>	<u>\$ -</u>

See independent auditor's report.

STATISTICAL SECTION

THIS SECTION CONTAINS THE FOLLOWING:

- FINANCIAL TRENDS
- REVENUE CAPACITY
- DEBT CAPACITY
- DEMOGRAPHIC AND ECONOMIC INFORMATION
- OPERATING INFORMATION



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CITY OF PANAMA CITY, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED

	2014	2015	2016	Fiscal Year 2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
General government	\$ 6,094,551	\$ 7,332,537	\$ 7,202,957	\$ 8,047,155	\$ 8,232,205	\$ 84,430,144	\$ 41,876,490	\$ 29,239,169	\$ 18,364,650	\$ 21,000,147
Public safety	19,060,516	18,241,148	21,345,141	21,091,964	21,197,707	22,418,938	23,707,967	22,686,653	24,092,554	29,731,147
Physical environment										
Transportation	5,481,149	5,320,025	5,293,976	5,781,421	5,824,445	5,478,278	5,966,864	6,119,401	6,159,397	7,901,598
Leisure services			5,748							
Economic environment	3,728,293	3,553,702	3,584,832	3,528,539	4,956,197	4,195,606	7,586,803	9,512,498	8,281,118	5,985,407
Culture and recreation	3,505,846	3,373,667	3,322,205	3,625,195	3,665,526	7,002,602	3,987,749	3,651,062	4,107,998	5,066,452
Human services	341,100	298,840	244,089	282,512	244,479	235,158	271,247	343,236	206,251	455,826
Interest on long-term debt	415,035	364,137	385,657	531,878	205,222	1,593,953	2,305,974	1,577,494	2,787,543	1,732,336
Total governmental activities expenses	38,626,490	38,484,056	41,384,605	42,888,664	44,325,781	125,354,679	85,703,094	73,129,513	63,999,511	71,872,913
Business-type activities:										
Utilities	13,575,865	13,818,774	15,018,401	15,252,532	15,981,122	23,524,617	18,138,534	20,470,364	24,258,952	27,648,566
Solid waste	5,450,759	5,592,968	5,764,430	6,012,230	6,440,541	6,569,405	7,045,202	8,017,814	7,948,084	8,356,175
Marina	3,025,662	2,895,496	2,500,262	2,707,680	2,842,914	2,656,578	2,838,965	2,223,734	2,829,855	2,500,309
Total business-type activities expenses	22,052,286	22,307,238	23,283,093	23,972,442	25,264,577	32,750,600	28,022,701	30,711,912	35,036,891	38,505,050
Total primary government expenses	\$ 60,678,776	\$ 60,791,294	\$ 64,667,698	\$ 66,861,106	\$ 69,590,358	\$ 158,105,279	\$ 113,725,795	\$ 103,841,425	\$ 99,036,402	\$ 110,377,963
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 8,854,998	\$ 9,516,380	\$ 9,674,256	\$ 9,882,404	\$ 10,332,074	\$ 13,367,604	\$ 16,896,365	\$ 11,715,431	\$ 42,781,747	\$ 13,382,001
Public safety	1,002,506	942,066	1,081,365	1,127,848	1,106,826	4,897,479	2,145,159	1,212,897	1,296,969	1,512,492
Transportation	455,887	281,775	188,709	194,373	200,205	615,382	259,216	226,335	233,366	242,407
Economic environment		19,978		5,119	1,489	499,945	787,449		25,725	
Culture and recreation	184,717	275,060	250,591	279,223	378,443	5,653,271	5,303,085	6,801,553	16,035	195,049
Other										
Operating grants and contributions	2,443,538	2,573,798	1,085,770	1,278,837	1,301,296	84,287,672	17,579,048	18,671,976	20,731,732	14,804,625
Capital grants and contributions	25,000	25,000								
Total governmental activities program revenues	12,966,646	13,634,057	12,280,691	12,767,804	13,320,333	109,321,353	42,970,322	38,628,192	65,085,574	30,136,574
Business-type activities:										
Charges for services:										
Utilities	17,861,187	19,054,265	18,524,781	19,565,041	19,622,582	15,934,927	18,404,388	20,441,289	23,031,915	25,919,391
Solid waste	6,607,800	6,749,482	6,716,863	6,906,065	7,186,148	5,943,083	7,287,431	8,448,378	9,059,231	9,739,041
Marina	2,976,178	3,099,610	2,772,635	3,050,304	3,148,592	748,905	1,791,249	1,929,890	2,532,233	2,102,375
Operating grants and contributions		65,550		17,476	218,225	9,699,648	54,631	219,250	5,041,259	10,133,057
Capital grants and contributions	138,515	178,999	200,432	591,888	361,400	637,468	506,409	2,305,300	1,172,852	2,395,711
Total business-type activities program revenues	27,583,680	29,147,906	28,214,711	30,130,774	30,536,947	32,964,031	28,044,108	33,344,107	40,837,490	50,289,575
Total primary government program revenues	\$ 40,550,326	\$ 42,781,963	\$ 40,495,402	\$ 42,898,578	\$ 43,857,280	\$ 142,285,384	\$ 71,014,430	\$ 71,972,299	\$ 105,923,064	\$ 80,426,149
Net (Expense)/Revenue										
Governmental activities	\$ (25,659,844)	\$ (24,849,999)	\$ (29,103,914)	\$ (30,120,860)	\$ (31,005,448)	\$ (16,033,326)	\$ (42,732,772)	\$ (34,501,321)	\$ 1,086,063	\$ (41,736,339)
Business-type activities	5,531,394	6,840,668	4,931,618	6,158,332	5,272,370	213,431	21,407	2,632,195	5,800,599	11,784,525
Total primary government net expenses	\$ (20,128,450)	\$ (18,009,331)	\$ (24,172,296)	\$ (23,962,528)	\$ (25,733,078)	\$ (15,819,895)	\$ (42,711,365)	\$ (31,869,126)	\$ 6,886,662	\$ (29,951,814)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Ad valorem taxes	\$ 8,338,872	\$ 8,511,463	\$ 8,861,504	\$ 8,897,687	\$ 8,929,919	\$ 10,099,539	\$ 11,049,811	\$ 10,576,138	\$ 11,657,602	\$ 12,873,362
Fire assessment								5,026,835	5,305,577	6,181,880
Nuisance abatement								833,945	504,158	176,315
Tax increment ad valorem taxes	2,095,743	2,308,216	2,306,065	2,239,986	2,172,010	2,311,262	1,617,978	1,269,030	1,876,658	2,229,939
Local option gasoline tax	1,376,850	1,410,878	1,479,612	1,281,331	1,295,819	1,315,941	1,269,117	1,256,957	1,421,272	1,427,320
Franchise fees	4,149,648	4,409,262	4,373,282	4,112,022	4,261,663	3,490,296	3,612,700	3,950,194	4,524,020	4,949,482
Utility service tax	3,879,713	4,176,778	4,276,080	4,287,390	4,540,419	3,719,556	3,901,790	4,365,383	4,864,266	5,406,847
Communications service tax	1,713,347	1,619,995	1,537,187	1,614,810	1,574,325	1,361,929	1,542,282	1,483,903	1,533,527	1,565,316
Local option sales tax	2,947,185	3,110,963	3,285,075	2,120,937	3,279,225	3,596,071	3,405,468	4,196,581	4,713,569	4,747,585
Unrestricted state revenue sharing	1,355,933	1,403,496	1,436,957	4,871,519	5,117,650	5,531,002	5,181,838	6,365,799	7,123,337	7,234,730
Unrestricted investment earnings	346,393	343,489	176,342	472,139	663,874	1,253,276	707,005	117,318	461,328	4,339,764
Gain (loss) on disposal of capital assets	14,930	23,980	28,398	33,503	(107,199)					
Miscellaneous	608,564	941,573	1,389,553	563,515	618,970	1,937,466	2,127,706	1,657,885	2,341,624	4,940,579
Gain on extinguishment of debt								5,000,000		
Contributions								(1,501,815)		
Transfers	1,803,068	1,819,302	1,610,527	2,112,119	1,861,812	1,725,845	(1,373,984)	(5,913,510)	2,228,797	(6,793,865)
Total governmental activities general revenues	28,630,246	30,079,395	30,760,582	32,606,958	34,207,967	36,342,183	33,041,711	38,684,643	48,555,735	49,279,254
Business-type activities:										
Unrestricted investment earnings	99,797	144,474	207,665	395,756	488,472	560,802	250,612	14,707	96,123	1,049,953
Gain on disposal of capital assets	3,145	22,964	24,775	(265,461)	8,585					
Miscellaneous	13,196	6,807	2,433	4,258	12,844	1,846	61,732	8,656	14,981	11,627
Transfers	(1,803,068)	(1,819,302)	(1,610,527)	(2,112,119)	(1,861,812)	(1,725,845)	1,373,984	5,913,510	(2,228,797)	6,793,865
Total business-type activities general revenues	(1,686,930)	(1,645,057)	(1,375,654)	(1,977,566)	(1,351,911)	(1,163,197)	1,686,328	5,936,873	(2,117,693)	7,855,445
Total primary government general revenues	\$ 26,943,316	\$ 28,434,338	\$ 29,384,928	\$ 30,629,392	\$ 32,856,056	\$ 35,178,986	\$ 34,728,039	\$ 44,621,516	\$ 46,438,042	\$ 57,134,699
Changes in Net Position										
Governmental activities	\$ 2,970,402	\$ 5,229,396	\$ 1,656,668	\$ 2,486,098	\$ 3,202,519	\$ 20,308,857	\$ (9,691,061)	\$ 4,183,322	\$ 49,641,798	\$ 7,542,915
Business-type activities	3,844,464	5,195,611	3,555,964	4,180,766	3,920,459	(949,766)	1,707,735	8,569,068	3,682,906	19,639,970
Total primary government changes in net position	\$ 6,814,866	\$ 10,425,007	\$ 5,212,632	\$ 6,666,864	\$ 7,122,978	\$ 19,359,091	\$ (7,983,326)	\$ 12,752,390	\$ 53,324,704	\$ 27,182,885

See independent auditor's report.

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

	Fiscal Year									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Governmental activities:										
Net investment in capital assets	\$ 57,092,075	\$ 60,426,245	\$ 61,541,617	\$ 70,309,572	\$ 70,572,052	\$ 72,191,254	\$ 60,326,001	\$ 66,646,034	\$ 78,422,422	\$ 83,049,934
Restricted	2,415,183	4,740,198	6,387,711	14,901,299	19,045,770	31,273,810	34,797,523	35,476,004	37,596,009	39,712,363
Unrestricted	42,197,973	21,883,518	20,777,301	5,981,856	4,356,416	10,818,031	13,208,298	9,953,356	40,683,476	41,482,525
Total governmental activities net position	<u>\$ 101,705,231</u>	<u>\$ 87,049,961</u>	<u>\$ 88,706,629</u>	<u>\$ 91,192,727</u>	<u>\$ 93,974,238</u>	<u>\$ 114,283,095</u>	<u>\$ 108,331,822</u>	<u>\$ 112,075,394</u>	<u>\$ 156,701,907</u>	<u>\$ 164,244,822</u>
Business-type activities:										
Net investment in capital assets	\$ 47,083,456	\$ 46,182,187	\$ 47,757,703	\$ 67,700,504	\$ 58,183,597	\$ 61,995,159	\$ 69,011,200	\$ 79,651,843	\$ 85,693,786	\$ 103,444,163
Restricted	3,510,242	5,726,784	8,787,979	6,841,454	10,248,871	12,679,599	12,788,051	8,737,986	3,886,088	-
Unrestricted	25,479,333	28,355,307	27,274,560	13,459,050	23,341,261	16,149,205	12,165,396	14,583,636	17,076,497	22,852,178
Total business-type activities net position	<u>\$ 76,073,031</u>	<u>\$ 80,264,278</u>	<u>\$ 83,820,242</u>	<u>\$ 88,001,008</u>	<u>\$ 91,773,729</u>	<u>\$ 90,823,963</u>	<u>\$ 93,964,647</u>	<u>\$ 102,973,465</u>	<u>\$ 106,656,371</u>	<u>\$ 126,296,341</u>
Primary government:										
Net investment in capital assets	\$ 104,175,531	\$ 106,608,432	\$ 109,299,320	\$ 138,010,076	\$ 128,755,649	\$ 134,186,413	\$ 129,337,201	\$ 146,297,877	\$ 164,116,208	\$ 186,494,097
Restricted	5,925,425	10,466,982	15,175,690	21,742,753	29,294,641	43,953,409	47,585,574	44,213,990	41,482,097	39,712,363
Unrestricted	67,677,306	50,238,825	48,051,861	19,440,906	27,697,677	26,967,236	25,373,694	24,536,992	57,759,973	64,334,703
Total primary government net position	<u>\$ 177,778,262</u>	<u>\$ 167,314,239</u>	<u>\$ 172,526,871</u>	<u>\$ 179,193,735</u>	<u>\$ 185,747,967</u>	<u>\$ 205,107,058</u>	<u>\$ 202,296,469</u>	<u>\$ 215,048,859</u>	<u>\$ 263,358,278</u>	<u>\$ 290,541,163</u>

See independent auditor's report.

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

	Fiscal Year									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Function/Program Revenues										
Governmental activities:										
General government	\$ 8,854,998	\$ 9,516,380	\$ 9,674,256	\$ 9,882,404	\$ 10,332,074	\$ 93,858,826	\$ 21,975,993	\$ 20,092,430	\$ 60,626,080	\$ 26,284,291
Public safety	2,192,020	2,576,709	1,196,295	1,188,058	1,156,941	6,063,332	2,750,089	6,513,939	2,352,550	2,847,771
Transportation	455,887	281,775	188,709	194,373	200,205	645,489	297,351	231,783	233,366	242,407
Economic environment	1,279,024	984,133	970,840	1,223,746	1,252,670	3,051,881	12,447,000	4,953,436	1,857,543	567,056
Culture and recreation	184,717	275,060	250,591	279,223	378,443	5,701,825	5,499,889	6,836,604	16,035	195,049
Other										
Total governmental activities	<u>12,966,646</u>	<u>13,634,057</u>	<u>12,280,691</u>	<u>12,767,804</u>	<u>13,320,333</u>	<u>109,321,353</u>	<u>42,970,322</u>	<u>38,628,192</u>	<u>65,085,574</u>	<u>30,136,574</u>
Business-type activities:										
Utilities	17,999,702	19,233,264	18,725,213	20,156,929	19,983,982	25,859,090	18,910,797	21,442,510	27,055,276	38,426,316
Environmental services	6,607,800	6,749,482	6,716,863	6,906,065	7,186,148	6,311,029	7,300,966	8,461,654	9,059,231	9,739,041
Marina	2,976,178	3,165,160	2,772,635	3,067,780	3,366,817	793,912	1,832,345	3,439,943	4,722,983	2,124,218
Total business-type activities	<u>27,583,680</u>	<u>29,147,906</u>	<u>28,214,711</u>	<u>30,130,774</u>	<u>30,536,947</u>	<u>32,964,031</u>	<u>28,044,108</u>	<u>33,344,107</u>	<u>40,837,490</u>	<u>50,289,575</u>
Total primary government function/program revenues	<u>\$ 40,550,326</u>	<u>\$ 42,781,963</u>	<u>\$ 40,495,402</u>	<u>\$ 42,898,578</u>	<u>\$ 43,857,280</u>	<u>\$ 142,285,384</u>	<u>\$ 71,014,430</u>	<u>\$ 71,972,299</u>	<u>\$ 105,923,064</u>	<u>\$ 80,426,149</u>

See independent auditor's report.

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

	Fiscal Year									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Governmental Funds										
General fund:										
Non-spendable	\$ 212,444	\$ 355,237	\$ 292,545	\$ 293,011	\$ 319,010	\$ 304,141	\$ 383,043	\$ 431,939	\$ 2,620,019	\$ 2,469,901
Spendable:										
Restricted										
Committed	10,882,597	11,396,432	11,164,211	12,045,554	12,906,796					
Assigned	228,760	228,760	286,399	546,933	546,933	242,020	534,724	506,656	1,625,888	1,513,678
Unassigned	13,262,912	12,591,442	14,868,795	8,207,390	11,543,501	14,585,827	17,327,208	23,170,324	24,706,393	18,940,810
Total general fund	<u>24,586,713</u>	<u>24,571,871</u>	<u>26,611,950</u>	<u>21,092,888</u>	<u>25,316,240</u>	<u>15,131,988</u>	<u>18,244,975</u>	<u>24,108,919</u>	<u>28,952,300</u>	<u>22,924,389</u>
All other governmental funds:										
Non-spendable	166,328	1,931,733	1,947,538	2,322,141	2,285,632	2,532,757	4,264,991	437,547	9,312,769	9,070,191
Spendable:										
Restricted	9,664,348	8,059,411	9,821,489	10,344,149	14,176,471	27,250,949	24,673,971	34,556,854	22,008,317	23,109,029
Committed	1,759,587	2,260,097				71,961,293	39,185,680	34,914,637	59,717,106	44,917,716
Assigned	19,448,304	17,953,680	18,426,642	17,884,755	33,369,103	31,976,073	30,320,836	20,458,897	8,527,158	-
Unassigned							(554,790)	(780,960)	(3,153,822)	118,919,653
Total all other governmental funds	<u>31,038,567</u>	<u>30,204,921</u>	<u>30,195,669</u>	<u>30,551,045</u>	<u>49,831,206</u>	<u>133,721,072</u>	<u>97,890,688</u>	<u>89,586,975</u>	<u>96,411,528</u>	<u>196,016,589</u>
Total governmental funds	<u>\$ 55,625,280</u>	<u>\$ 54,776,792</u>	<u>\$ 56,807,619</u>	<u>\$ 51,643,933</u>	<u>\$ 75,147,446</u>	<u>\$ 148,853,060</u>	<u>\$ 116,135,663</u>	<u>\$ 113,695,894</u>	<u>\$ 125,363,828</u>	<u>\$ 218,940,978</u>

See independent auditor's report.

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

	Fiscal Year									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Revenues										
Taxes	\$ 19,458,430	\$ 20,128,376	\$ 20,527,665	\$ 22,314,178	\$ 23,881,370	\$ 23,583,332	\$ 24,781,168	\$ 31,689,937	\$ 34,523,993	\$ 37,328,107
Licenses and permits	8,657,993	9,163,514	9,361,261	9,573,480	10,013,624	9,650,287	10,164,936	11,259,682	12,260,516	12,886,549
Intergovernmental	9,623,619	10,174,102	8,888,292	9,150,093	9,372,046	91,693,380	24,601,564	27,999,222	52,740,595	24,006,452
Charges for services	1,175,095	1,209,316	1,156,224	1,249,335	1,317,923	1,164,419	1,127,439	1,398,056	1,367,286	1,614,769
Investment earnings	346,626	343,489	176,342	472,139	663,874	1,253,276	707,005	117,318	461,329	4,339,764
Miscellaneous	532,062	890,468	1,320,962	640,337	555,772	3,144,764	1,961,119	1,281,498	2,036,746	4,636,834
Total revenues	<u>39,793,825</u>	<u>41,909,265</u>	<u>41,430,746</u>	<u>43,399,562</u>	<u>45,804,609</u>	<u>130,489,458</u>	<u>63,343,231</u>	<u>73,745,713</u>	<u>103,390,465</u>	<u>84,812,475</u>
Expenditures										
Current:										
General government	4,928,462	5,465,271	5,043,149	5,314,495	5,631,954	81,212,990	38,740,031	25,870,729	15,526,921	16,966,080
Public safety	16,362,023	16,248,208	16,622,005	16,772,083	17,429,071	19,360,984	19,175,443	19,672,622	24,671,408	28,914,782
Physical environment			5,748							
Transportation	3,852,140	3,660,154	3,601,914	3,754,584	3,821,614	3,280,396	3,642,622	3,701,834	4,295,564	5,749,563
Economic environment	3,682,475	3,500,184	3,514,085	3,455,302	4,881,270	4,145,662	7,508,653	9,374,767	8,297,543	5,984,766
Human services	313,463	265,926	244,089	282,512	244,479	235,158	271,247	343,236	206,251	455,826
Culture and recreation	2,447,613	2,588,130	2,626,840	2,713,367	2,790,838	6,562,198	3,459,087	3,006,704	3,799,643	4,607,390
Debt service:										
Capital lease principal	395,642	806,349	750,414	381,959	535,300	622,728	390,148	589,903		
Capital lease interest	10,070	6,666	62,601	45,269	33,583	44,326	87,129	94,574		
Principal	1,187,000	1,802,000	1,838,000	3,243,000	216,000	1,821,000	4,032,000	3,933,000	90,769,447	47,087,921
Interest and other charges	418,705	370,427	332,915	493,141	175,387	1,550,357	2,217,163	1,480,563	2,785,104	1,729,818
Capital outlay	7,298,532	8,729,922	3,302,128	13,782,228	16,793,745	16,178,164	10,646,121	9,321,059	28,956,582	25,199,805
Total expenditures	<u>40,896,125</u>	<u>43,443,237</u>	<u>37,943,888</u>	<u>50,237,940</u>	<u>52,553,241</u>	<u>135,013,963</u>	<u>90,169,644</u>	<u>77,388,991</u>	<u>179,308,463</u>	<u>136,695,951</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,102,300)</u>	<u>(1,533,972)</u>	<u>3,486,858</u>	<u>(6,838,378)</u>	<u>(6,748,632)</u>	<u>(4,524,505)</u>	<u>(26,826,413)</u>	<u>(3,643,278)</u>	<u>(75,917,998)</u>	<u>(51,883,476)</u>
Other Financing Sources (Uses)										
Transfers in	7,778,812	9,467,567	7,353,850	7,020,694	11,290,553	22,913,434	10,081,463	10,828,321	36,519,626	34,895,398
Transfer out	(8,858,917)	(10,670,379)	(8,809,881)	(8,642,793)	(13,080,073)	(24,861,834)	(14,958,600)	(20,422,152)	(34,288,328)	(41,687,187)
Issuance of long term debt		1,888,296		3,296,791	32,082,490	60,077,909	15,501,564	1,817,621	59,958,737	151,676,299
Original issue discount					(40,825)					
Issuance of debt for leases									283,845	459,921
Issuance of refunding bonds						41,185,195				
Payment to bond refunding escrow agent						(41,185,195)				
Insurance proceeds						20,100,610	13,439,200	6,885,802	30,127,337	116,195
Total other financing sources (uses)	<u>(1,080,105)</u>	<u>685,484</u>	<u>(1,456,031)</u>	<u>1,674,692</u>	<u>30,252,145</u>	<u>78,230,119</u>	<u>24,063,627</u>	<u>(890,408)</u>	<u>92,601,217</u>	<u>145,460,626</u>
Net change in fund balances	<u>\$ (2,182,405)</u>	<u>\$ (848,488)</u>	<u>\$ 2,030,827</u>	<u>\$ (5,163,686)</u>	<u>\$ 23,503,513</u>	<u>\$ 73,705,614</u>	<u>\$ (2,762,786)</u>	<u>\$ (4,533,686)</u>	<u>\$ 16,683,219</u>	<u>\$ 93,577,150</u>
Debt service as a percentage of noncapital expenditures	5.99%	8.60%	8.61%	11.42%	2.69%	3.40%	8.46%	8.96%	62.22%	43.78%

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(IN THOUSANDS OF DOLLARS)
UNAUDITED

Fiscal Year	Real Property		Personal Property		Centrally Assessed		Total		Ratio of Total Assessed Value to Total Estimated Actual Value	Total Direct Rate
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
2014	\$ 1,910,954	\$ 2,882,465	\$ 300,007	\$ 418,383	\$ 13,761	\$ 14,011	\$ 2,224,722	\$ 3,314,859	67.11%	3.8723
2015	1,915,492	2,876,959	320,082	440,593	15,372	16,216	2,250,946	3,333,768	67.52%	3.8570
2016	1,925,554	2,837,577	361,462	459,143	15,210	15,503	2,302,226	3,312,223	69.51%	3.9740
2017	1,938,954	2,845,484	337,167	433,798	16,547	17,190	2,292,668	3,296,472	69.55%	3.9740
2018	1,981,248	2,897,689	320,030	417,208	20,272	20,624	2,321,550	3,335,521	69.60%	3.9740
2019	2,051,763	2,964,195	328,829	425,405	15,412	15,795	2,396,004	3,405,395	70.36%	4.3500
2020	2,416,478	2,492,004	402,164	407,563	14,711	14,711	2,833,353	2,914,278	97.22%	5.5469
2021	2,607,743	2,726,502	422,905	428,077	15,597	15,597	3,046,244	3,170,175	96.09%	4.9999
2022	2,972,114	3,219,650	432,427	435,385	14,340	15,795	3,418,881	3,670,830	93.14%	4.8999
2023	3,324,431	3,705,807	446,612	449,570	17,542	17,683	3,788,585	4,173,060	90.79%	4.7999

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

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
UNAUDITED**

Overlapping Rates

Fiscal Year	City of Panama City			Bay County			Bay District Schools			Panama City Downtown Improvement Board	Northwest Florida Water Management District	Total Direct and Overlapping Rates
	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage			
2014	3.8723		3.8723	3.6500		3.6500	6.7610		6.7610	2.8918	0.0400	17.2151
2015	3.8570		3.8570	4.6500		4.6500	6.8890		6.8890	2.8918	0.0039	18.2917
2016	3.9740		3.9740	4.6500		4.6500	6.9070		6.9070	3.0000	0.0378	18.5688
2017	3.9740		3.9740	4.6500		4.6500	6.4750		6.4750	3.0000	0.0366	18.1356
2018	3.9740		3.9740	4.4362		4.4362	6.3410		6.3410	3.0000	0.0353	17.7865
2019	4.3500		4.3500	4.4362		4.4362	6.1220		6.1220	3.0000	0.0338	17.9420
2020	5.5469		5.5469	4.4362		4.4362	5.9476		5.9476	3.0000	0.0327	18.9634
2021	4.9999		4.9999	4.4362		4.4362	5.9680		5.9680	3.0000	0.0311	18.4352
2022	4.8999		4.8999	4.4362		4.4362	5.8470		5.8470	3.0000	0.0294	18.2125
2023	4.7999		4.7999	4.4362		4.4362	5.5040		5.5040	3.0000	0.0261	17.7662

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

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED**

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Florida Power & Light (Gulf Power Company)	\$ 69,982,208	1	1.85%	\$ 47,302,564	2	2.10%
Bay Hospital, Inc.-Hospital Corp of America	65,863,993	2	1.74%	45,582,465	3	2.03%
Berg Steel Pipe Corp	35,989,585	3	0.95%	39,876,779	4	1.77%
Hallmark DE Waterstone at Jenks	29,297,924	4	0.77%			
Brixmore GA-Centro NP	23,589,890	5	0.62%	12,422,785	9	0.55%
Eastern Shipbuilding - Affiliates	20,752,211	6	0.55%	13,059,649	8	0.58%
LCP Panama City, LLC	20,175,047	7	0.53%			
St Andrew Bay Land-Academy Homes	19,370,608	8	0.51%	17,166,416	6	0.76%
Hawkins Point Partners, LLC	17,160,091	9	0.45%			
Oceaneering International	15,352,795	10	0.41%			
Bay County Sacred Heart				113,257,500	1	5.03%
Panama City Mall				36,684,018	5	1.63%
The Bay Line Railroad, LLC				15,669,631	7	0.70%
Panama City Port Authority				12,352,612	10	0.55%
Total Principal Taxpayers	\$ 317,534,352		8.38%	\$ 353,374,419		15.70%
Total Taxable Assessed Value	\$ 3,788,585,030			\$ 2,250,945,415		

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

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS (1)
LAST TEN FISCAL YEARS
UNAUDITED**

Fiscal Year	Total Tax Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2014	\$ 8,680,847	\$ 8,310,016	95.73%	\$ 28,856	\$ 8,338,872	96.06%
2015	9,148,158	8,458,119	92.46%	53,346	8,511,465	93.04%
2016	9,110,571	8,813,050	96.73%	48,454	8,861,504	97.27%
2017	9,225,232	8,868,185	96.13%	29,502	8,897,687	96.45%
2018	9,227,409	8,905,109	96.51%	24,809	8,929,918	96.78%
2019	10,419,785	10,065,961	96.60%	33,578	10,099,539	96.93%
2020	11,411,124	11,017,961	96.55%	31,850	11,049,811	96.83%
2021	10,923,022	10,558,376	96.66%	17,762	10,576,138	96.82%
2022	12,060,613	11,638,809	96.50%	18,793	11,657,603	96.66%
2023	13,345,274	12,849,448	96.28%	23,914	12,873,362	96.46%

(1) By July 31, during each year for which taxes are levied, all taxes have been collected and remitted to the City or the delinquent taxes are raised by public auction of tax certificates and the proceeds are remitted to the City by the County Tax Collector. Therefore, there are no material unremitted tax revenues for each fiscal year on September 30.

Source: Based on information provided by Office of the Property Appraiser, Bay County, Florida

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
 MERCHANT SERVICES FEES AND BUSINESS TAX RECEIPTS
 LAST TEN FISCAL YEARS
 UNAUDITED**

Fiscal Year	Merchant License Fees Collected Fiscal Year	Merchant License Fees Abated Fiscal Year	Net Merchant License Fees Collected	Business Tax Receipts Issued
2014	\$ 8,507,506	\$ -	\$ 8,507,506	2,306
2015	8,751,278	-	8,751,278	3,771
2016	9,086,190	-	9,086,190	4,396
2017	9,289,533	-	9,289,533	3,818
2018	9,805,769	58,415	9,747,354	3,907
2019	9,548,451	179,930	9,368,521	3,603
2020	10,084,776	189,629	9,895,147	3,703
2021	11,415,498	423,628	10,991,870	3,437
2022	12,483,960	502,824	11,981,136	3,350
2023	13,226,020	599,535	12,626,485	3,377

Source: City Departments

See independent auditor's report.

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

<u>Merchant</u>	2023		
	Merchant License Amount	Rank	Percentage of Total Merchant License
Sam's Club	\$ 1,141,451	1	8.63%
Home Depot USA	725,421	2	5.48%
Wal-Mart	647,218	3	4.89%
Lowe's Home Centers	555,422	4	4.20%
Target Corp	404,491	5	3.06%
Publix Super Markets Inc	352,434	6	2.66%
Winn Dixie Stores Inc	304,661	7	2.30%
Best Buy Stores	234,802	8	1.78%
Food for Less PC, Inc	227,386	9	1.72%
Bay Cars South	213,645	10	1.62%
Total Principal Merchants	\$ 4,806,931		36.34%
 Total Merchant License Revenue	 \$ 13,226,020		

Note due to change in software, the 2014 data is not available

Source: City Departments

See independent auditor's report.

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

Fiscal Year	Water Gallons Purchased (In Thousands)	Water Gallons Sold (In Thousands)	Loss Percentage	Water Revenue	Sewer Revenue
2014	1,868,642	1,699,972	9.0%	\$ 6,923,608	\$ 10,577,263
2015	1,953,289	1,786,966	8.5%	7,429,793	11,180,078
2016	1,938,300	1,728,059	10.8%	7,220,879	10,791,016
2017	2,073,247	1,748,758	15.7%	7,643,801	10,305,634
2018	1,962,580	1,673,498	14.7%	7,575,622	11,437,601
2019	2,035,900	1,452,737	28.6%	6,260,463	9,120,371
2020	2,100,493	1,540,421	26.7%	7,320,053	10,595,447
2021	2,290,684	1,516,568	33.8%	8,070,075	11,752,457
2022	2,352,777	1,579,833	32.9%	9,091,062	13,228,295
2023	2,486,743	1,597,757	35.7%	10,277,205	14,574,421

Source: City Departments

See independent auditor's report.

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

Utility Customer	2023			2014		
	Utilities Billed	Rank	Percentage of Total Utilities Billed	Utilities Billed	Rank	Percentage of Total Utilities Billed
Bay Medical Center	\$ 465,936	1	1.87%	\$ 265,419	1	1.52%
Hallmark Andrews Place LLC	377,571	2	1.52%	170,217	3	0.97%
Hospital Corp of America (Gulf Coast Hospital)	284,336	3	1.14%	256,313	2	1.46%
Gulf Coast State College	170,964	4	0.69%			
Turtle Lake HC3 LLC	142,273	5	0.57%	64,094	8	0.37%
St. Andrews Bay Rehab Center	100,838	6	0.41%			
Panama Commons Apt	81,978	7	0.33%			
Pana Villa Garden Apt	79,277	8	0.32%			
FSU Panama City	79,008	9	0.32%			
Garden Inn Hotel	76,532	10	0.31%			
Hilton Development				96,040	4	0.55%
Harbour Village				66,277	5	0.38%
Royal Arms Garden Apartment				64,981	6	0.37%
St Andrews Towers				64,765	7	0.37%
Macedonia Apartments				60,457	9	0.35%
Glencove Nursing Pavilion				54,635	10	0.31%
Total Principal Utility Customers	\$ 1,858,713		7.48%	\$ 1,163,198		6.65%
Total Utilities Billed	\$ 24,851,626			\$ 17,500,871		

Source: City Departments

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Governmental Activities				Business-type Activities			Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
	Revenue Bonds/Notes	Finance Purchase Liability (1)	Lease Obligations	Subscription Payable	Revenue Bonds/Notes	Finance Purchase Liability (1)	Lease Obligations			
2014	\$ 17,418,000	\$ 200,303			\$ 13,129,000			\$ 30,747,303	5.00%	860
2015	15,638,480	1,582,251			44,878,789			62,099,520	2.58%	1,733
2016	13,790,621	1,131,837			43,379,092			58,301,550	2.90%	1,580
2017	13,748,090	839,668			37,899,394			52,487,152	3.36%	1,419
2018	44,917,517	956,857			37,891,697			83,766,071	2.70%	2,251
2019	102,150,284	1,357,541			35,045,000			138,552,825	8.81%	4,205
2020	113,119,967	1,468,956			32,139,000			146,727,923	8.54%	4,251
2021	104,378,825	2,507,142			29,267,000			136,152,967	7.23%	3,924
2022	72,501,174	3,687,920	\$ 182,912		28,352,735	\$ 177,231	\$ 5,928	104,907,900	5.32%	2,903
2023	176,943,784	4,116,381	161,214	\$ 200,004	31,871,004	147,032	10,724	213,450,143	Not Available	5,688

Note: For the fiscal years ended September 30. Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Prior to 2022 was Capital lease obligation

(2) See the Schedule of Demographic and Economic Statistics for personal income and population data. For the purpose of this schedule, personal income attributable to Panama City was utilized.

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
(IN THOUSANDS OF DOLLARS)
UNAUDITED**

Governmental Unit	Debt Outstanding	Estimated Percent Applicable ¹	Estimated Share of Overlapping Debt
Bay County:			
Bonds payable	\$ 21,801	14.30%	\$ 3,118
Leases	5,321	14.30%	761
Notes payable	243,121	14.30%	34,770
	<u>270,243</u>		<u>38,649</u>
Bay County School Board:			
Certificates of participation	160,625	14.87%	23,880
	<u>160,625</u>		<u>23,880</u>
Subtotal of overlapping debt			62,529
City of Panama City direct debt	181,421		<u>181,421</u>
Total direct and overlapping debt			<u><u>\$ 243,950</u></u>

¹ The percentage of overlapping debt applicable is estimated using taxable assessed property values, for 2023, that are provided by the Bay County Property Appraiser's Office. The percentages were calculated by dividing the City's taxable assessed value by the County or School Board taxable assessed value.

Source: - Bay County Clerk of Court & Comptroller for fiscal year ended September 30, 2023
- District School Board of Bay County Superintendent's Annual Financial Report for the fiscal year ended June 30, 2023

See independent auditor's report.

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

Fiscal Year	Local Option Gas Transportation Bonds				Utility Service Tax Bonds			
	Revenue Collected	Debt Service		Coverage	Revenue Collected	Debt Service		Coverage
		Principal	Interest			Principal	Interest	
2014	\$ 1,376,850	-	-	-	\$ 3,879,713	\$ 291,000	\$ 7,900	12.98
2015	1,410,878	-	-	-	4,176,778	293,000	4,746	14.03
2016	1,479,612	-	-	-	4,276,080	293,000	1,582	14.52
2017	1,281,331	-	-	-	4,287,390	-	-	-
2018	1,295,819	-	-	-	4,540,419	-	-	-
2019	1,315,941	-	-	-	3,719,556	-	-	-
2020	1,269,117	-	-	-	1,542,282	-	-	-
2021	1,256,957	-	-	-	1,483,903	-	-	-
2022	1,421,272	-	-	-	1,533,527	-	-	-
2023	1,427,320	-	-	-	1,565,316	-	-	-

Utility Service Tax, Communications Services Tax, and
Merchants' License Fee Bonds

Fiscal Year	Revenue Collected (1)	Debt Service		Coverage
		Principal	Interest	
2014	\$ 13,801,666	\$ 349,000	\$ 66,438	33.22
2015	14,250,305	605,000	52,886	21.66
2016	14,604,875	621,000	38,976	22.13
2017	15,191,733	1,272,000	44,453	11.54
2018	15,920,513	-	-	-
2019	14,629,936	-	-	-
2020	15,528,848	-	-	-
2021	17,264,784	-	-	-
2022	18,881,753	-	-	-
2023	20,198,176	-	-	-

(1) Revenue collected for Utility Service Tax, Communications Services Tax, and Merchants' License Fee Bonds includes the amount remaining after principal and interest payments for the bonds covered solely by Utility Service Taxes, plus the Communications Services Tax and the Merchants' License Fees.

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
PLEDGED - REVENUE COVERAGE - BUSINESS-TYPE ACTIVITIES (1)
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Gross Revenue (2)	Expenses (3)	Net Revenue Available for Debt Service (4)	DEBT SERVICE REQUIREMENTS			Coverage
				Principal	Interest	Total	
2014	17,914,768	10,140,302	7,774,466	1,261,000	520,473	1,781,473	4.36
2015	19,140,180	10,440,568	8,699,612	416,000	225,781	641,781	13.56
2016	18,709,289	10,657,103	8,052,186	1,492,000	1,165,638	2,657,638	3.03
2017	19,906,474	10,941,850	8,964,624	2,692,000	1,080,841	3,772,841	2.38
2018	19,850,187	11,445,855	8,404,332	2,780,000	1,036,363	3,816,363	2.20
2019	25,683,597	19,074,971	6,608,626	2,839,000	979,519	3,818,519	1.73
2020	18,603,912	13,468,255	5,135,657	2,906,000	915,697	3,821,697	1.34
2021	20,652,142	15,812,204	4,839,938	2,988,000	731,875	3,719,875	1.30
2022	26,003,086	19,541,131	6,461,955	2,988,000	687,472	3,675,472	1.76
2023	36,615,503	22,764,392	13,851,111	2,988,000	653,712	3,641,712	3.80

- Notes:
- (1) Includes Utilities Fund only.
 - (2) Includes all operating and nonoperating revenues except impact fees.
 - (3) Includes all operating and nonoperating expenses except interest expense and depreciation expense.
 - (4) Before operating transfers out.

See independent auditor's report.

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

<u>Fiscal Year</u>	<u>Estimated City Population (1)</u>	<u>Estimated County Population (1)</u>	<u>City to County Population Ratio</u>	<u>Personal Income in '000's (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate (3)</u>
2014	35,773	170,781	20.95%	6,888,553	42,998	5.8%
2015	35,835	173,310	20.68%	7,214,062	44,731	5.1%
2016	36,909	176,016	20.97%	7,529,278	45,744	4.8%
2017	36,988	178,820	20.68%	7,796,975	47,648	3.3%
2018	37,208	181,199	20.53%	8,010,201	48,944	2.8%
2019	32,951	167,283	19.70%	7,982,208	45,690	3.9%
2020	34,517	174,410	19.79%	8,685,322	50,696	4.7%
2021	34,698	178,282	19.46%	9,671,542	53,980	3.9%
2022	36,139	184,002	19.64%	10,046,785	54,268	2.7%
2023	37,526	187,545	20.01%	Not Available	Not Available	2.7%

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

See independent auditor's report.

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

Employer	2023			2014		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Bay District Schools	4,181	1	4.70%	4,411	2	4.71%
Tyndall Air Force Base	2,540	2	2.85%	6,471	1	6.91%
LHP Bay County (formerly Bay Medical Center)	1,436	3	1.61%	2,000	4	2.14%
Maximus Federal (formerly General Dynamics)	1,376	4	1.55%			
Gulf Coast Medical Center	988	5	1.11%	631	6	0.67%
Trane	698	6	0.78%	575	8	0.61%
Publix Supermarkets	671	7	0.75%			
Bay County Board of County Commissioners	662	8	0.74%	589	7	0.63%
Gulf Coast State College	633	9	0.71%			
Royal American Management	612	10	0.69%			
Naval Support Activity				3,170	3	3.38%
Eastern Shipbuilding				1,450	5	1.55%
City of Panama City				537	9	0.57%
RockTenn (Smurfit-Stone Container)				480	10	0.51%
	<u>13,797</u>		<u>15.50%</u>	<u>20,314</u>		<u>21.69%</u>
Total Bay County Labor Force	<u>89,000</u>			<u>93,676</u>		

(1) Data presented reflects Bay County

Source: Bay County ACFR

See independent auditor's report.

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

	Fiscal Year									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>Governmental activities:</u>										
Police:										
Total crime arrests	5,807	5,297	5,346	4,177	4,834	5,220	5,212	5,507	5,302	8,628
Traffic violations	6,683	9,179	8,385	8,438	5,427	6,870	4,434	4,912	5,336	6,396
Parking violations	154	98	42	70	61	31	19	13	-	-
Code enforcement reports	2,707	3,160	4,164	4,971	4,104	2,256	4,468	5,737	3,537	3,819
Calls for service	53,421	53,343	55,069	55,876	61,206	57,113	68,808	65,461	68,676	75,349
Fire:										
Structure fires	44	35	62	29	44	38	39	45	31	23
Total calls for service	2,479	2,735	2,779	5,206	6,186	5,185	4,897	4,397	4,534	4,970
Inspections	1,870	2,358	2,508	3,396	2,502	2,606	2,607	2,996	2,870	2,826
<u>Business-type activities:</u>										
Wastewater system:										
Number of service connections	14,730	14,683	14,734	14,885	15,038	13,532	13,141	14,165	14,501	14,930
Water system:										
Number of service connections	17,052	17,139	17,221	17,449	17,668	15,929	16,443	16,841	17,273	17,758

Source: City Departments

See independent auditor's report.

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

	Fiscal Year									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>Governmental activities:</u>										
Police:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of substations	2	2	2	2	2	0	0	0	0	0
Number of vehicles in fleet	120	121	122	126	137	137	137	132	186	147
Fire:										
Number of stations	6	6	6	6	6	6	6	6	6	6
Transportation:										
Miles of paved streets	198	199	201	201	204	204	204	234	234	224
Number of street lights	4,857	4,949	4,952	5,036	5,060	5,060	5,060	5,189	5,188	5,323
Culture and recreation:										
Community centers	8	8	8	8	8	8	8	8	8	8
Parks	34	35	35	35	35	35	35	35	35	36
Park acreage	150	156	156	156	156	156	228	268	268	268
Baseball and softball fields	13	10	10	10	10	10	10	10	10	8
Soccer fields	0	1	1	1	1	1	1	1	1	1
Multi-use fields	0	0	0	0	0	0	0	0	0	3
Public marinas	2	2	2	2	2	2	2	2	2	2
Public boat launching areas	4	4	4	4	4	4	4	4	4	5
Civic centers	1	1	1	1	1	1	1	1	1	1
<u>Business-type activities:</u>										
Wastewater system:										
Miles of sanitary sewers	292	293	295	295	297	293	293	296	321	312
Number of treatment plants	2	2	2	2	2	2	2	2	2	2
Daily average treatment in gallons	5,244,000	4,200,000	5,200,000	5,000,000	6,200,000	4,983,000	5,505,753	5,840,000	4,272,658	4,404,863
Water system:										
Miles of water mains	337	339	339	339	341	341	341	361	355	358
Number of fire hydrants	1,683	1,701	1,718	1,730	1,759	1,615	1,615	1,791	1,766	1,925
Daily average consumption in gallons	5,190,000	5,351,000	5,310,000	5,680,000	4,926,000	3,980,000	4,272,014	4,153,688	4,229,679	4,457,534

Source: City Departments

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
FULL - TIME EQUIVALENT - CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED

Function/Program	Fiscal Year									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Governmental activities:										
General government	67	71	82	74	69	69	87	92	111	116
Public safety	213	216	224	243	233	257	226	229	239	235
Transportation	39	36	40	43	35	46	37	36	36	38
Culture and recreation	24	24	22	24	25	30	24	25	25	32
Economic environment	14	13	14	14	12	15	16	22	22	20
Business-type activities:										
Utilities	79	83	79	77	82	90	92	93	105	110
Environmental Services	39	39	39	40	39	44	41	42	46	48
Marinas	13	13	14	14	14	15	7	7	7	7
Total	488	495	514	529	509	566	530	546	591	606

Source: City of Panama City Annual Budget

See independent auditor's report.

SINGLE AUDIT SECTION

THIS SECTION CONTAINS THE FOLLOWING:

- SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL ASSISTANCE..... *p. 202*

- INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*.....*p. 206*

- INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY CHAPTER 10.550, RULES OF THE AUDITOR GENERAL.....*p. 208*

- SCHEDULE OF FINDINGS AND QUESTIONED COSTS – PRIMARY GOVERNMENT.....*p. 211*

- MANAGEMENT’S CORRECTIVE ACTION PLAN.....*p. 216*

- INDEPENDENT ACCOUNTANT’S REPORT ON COMPLIANCE WITH FLORIDA STATUTE 218.415 RELATED TO LOCAL GOVERNMENT INVESTMENT POLICIES.....*p. 217*

- INDEPENDENT AUDITOR’S MANAGEMENT LETTER.....*p. 218*

- SCHEDULE OF EXPENDITURES OF FUNDS RELATED TO THE DEEPWATER HORIZON OIL SPILL..... *p. 220*



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**CITY OF PANAMA CITY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FISCAL YEAR ENDED SEPTEMBER 30, 2023**

Federal/State Agency, Pass-Through Entity, Federal Program/State Projects	CFDA/ CSFA Number	Expenditures
<u>Federal Awards</u>		
U.S. Department of Housing and Urban Development		
Direct programs:		
Community Development Block Grants	14.219	\$ 149,274
<i>Passed through Department of Economic Opportunity:</i>		
Community Development Block Grant-Disaster Recovery (CDBG-DR) Hazard Mitigation Grant	14.228	7,288,139
Total U.S. Department of Housing and Urban Development		<u>7,437,413</u>
U.S. Department of Justice:		
Direct Programs:		
Bulletproof Vest Partnership Programs	16.607	<u>61,301</u>
U.S. Department of Homeland Security		
Direct Programs:		
Staffing for Adequate Fire and Emergency Response Grant	97.083	150,766
<i>Passed through Florida Division of Emergency Management:</i>		
Disaster Grants - Public Assistance (Presidential Declared Disasters)	97.036	833,688
Hazard Mitigation Grant	97.039	1,482,655
Assistance to Firefighters' Grant	97.044	209,091
Port Security Grant Program	97.056	334,211
Flood Mitigation Assistance	97.029	14,266
Total U.S. Department of Homeland Security		<u>3,024,677</u>
U.S. Department of the Treasury		
Direct Programs:		
<i>Passed through the Florida Department of Emergency Management:</i>		
Coronavirus State and Local Fiscal Recovery Funds	21.027	<u>6,242,561</u>
U.S. Department of Environmental Protection		
Drinking Water State Revolving Fund	66.468	10,754,430
Clean Water State Revolving Fund	66.458	4,871,357
Brownfields Multipurpose, Assessment, Revolving Loan Funds and Cleanup Cooperative Agreements	66.818	20,245
Total U.S. Department of Environmental Protection		<u>15,646,032</u>

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FISCAL YEAR ENDED SEPTEMBER 30, 2023**

Federal/State Agency, Pass-Through Entity, Federal Program/State Projects	CFDA/ CSFA Number	Expenditures
U.S. Department of Transportation		
National Priority Safety Programs	20.616	3,611
Highway Planning and Construction	20.205	5,626
Total U.S. Department of Transportation		<u>9,237</u>
Total Expenditures of Federal Awards		<u><u>32,421,221</u></u>
<u>COMPONENT - UNIT - Panama City Port Authority</u>		
U.S. Department of Transportation:		
Economic Development Administration		
COVID-19 Economic Adjustment Program	11.307	<u>\$ 9,581,267</u>
<u>State Financial Assistance</u>		
Florida Housing Finance Corp:		
State Housing Institutions Partnership Program	40.901	\$ 338,658
State Housing Institutions Partnership Program- Hurricane Housing Recovery Program	40.902	<u>3,152,316</u>
Total Florida Housing Finance Corp		<u>3,490,974</u>
Florida Department of Economic Opportunity:		
Economic Development Tax Refund, Tax Credit, and Grant Program	40.043	<u>807,516</u>
Executive Office of the Governor		
Hurricane Loss Mitigation Program	31.066	40,944
Urban Search and Rescue Sustainment Program	31.078	<u>11,893</u>
Total Executive office of the Governor		<u>52,837</u>
Department of Environmental Protection		
Statewide Water Quality Restoration Projects	37.039	840,910
Resilient Florida Programs	37.098	<u>191,181</u>
Total Department of Environmental Protection		<u>1,032,091</u>
Department of Transportation		
Florida Highway Beautification Grant Program	55.003	11,918
Local Transportation Projects	55.039	<u>76,691</u>
Total Department of Transportation		<u>88,609</u>

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FISCAL YEAR ENDED SEPTEMBER 30, 2023**

<u>Federal/State Agency, Pass-Through Entity, Federal Program/State Projects</u>	<u>CFDA/ CSFA Number</u>	<u>Expenditures</u>
Department of Financial Services		
Fire Decontainment Equipment Grant Project	43.013	<u>5,231</u>
Department of State and Secretary of State		
Historic Preservation Grants	45.031	37,500
Specific Cultural Projects	45.062	<u>25,000</u>
Total Department of State and Secretary of State		<u>62,500</u>
Total Expenditures of State Financial Assistance		<u>\$ 5,539,758</u>
<u>COMPONENT UNIT - Panama City Port Authority</u>		
Florida Department of Transportation:		
Grant No. 438763-1-94-05	55.005	\$ 39,525
Grant No. 434828-3-94-02	55.005	2,743,988
Grant No. 444969-1-94-01	55.021	711,340
Grant No. 438763-1-94-09	55.005	2,995,972
Grant No. 438763-1-94-07	55.005	512,000
Grant No. 451196-1-94-01	55.005	81,747
Grant No. 428364-6-94-01	55.005	749,999
Grant No. 451196-2-94-01	55.005	<u>27,254</u>
Total Expenditures of State Financial Assistance		<u>\$ 7,861,825</u>

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTES TO SCHEDULE

The accompanying schedule of expenditures of federal awards and state financial assistance includes the grant activity of the City of Panama City, Florida and is presented on the accrual basis of accounting.

The accompanying schedule of expenditures of federal awards and state financial assistance summarizes the federal and state expenditures of the City under programs of the federal government and state departments for the year ended September 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the requirements of Chapter 10.550, Rules of the Auditor General. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

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



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

Honorable Mayor, City Commissioners,
and City Manager
City of Panama City, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Panama City, Florida, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Panama City, Florida's basic financial statements and have issued our report thereon dated June 20, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material

weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002, that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

City of Panama City, Florida's Response to Findings

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

Purpose of this Report

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

Lipton, Mauler, Garner & Chastain

Panama City, Florida
June 20, 2024



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

Honorable Mayor, City Commissioners,
and City Manager
City of Panama City, Florida

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited the City of Panama City, Florida's compliance with the types of compliance requirements identified as a subject to audit in the *OMB Compliance Supplement* and the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the City of Panama City, Florida's major federal programs and state projects for the year ended September 30, 2023. The City of Panama City, Florida's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program and State Project

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Lipton, Mauler, Garner & Chastain

Panama City, Florida
June 20, 2024

**CITY OF PANAMA CITY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – PRIMARY GOVERNMENT
FISCAL YEAR ENDED SEPTEMBER 30, 2023**

A. Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the City of Panama City, Florida were prepared in accordance with GAAP.
2. Material weaknesses relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the City of Panama City, Florida, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control relating to the audit of the major federal award programs and state financial assistance projects, are reported in the Independent Auditor's Report on Compliance for Each Major Federal Program or State Project and on Internal Control over Compliance required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General.
5. The auditor's report on compliance for the major federal award programs and major state projects for the City of Panama City, Florida, expresses an unmodified opinion on all major federal award programs and major state projects.
6. Our audit disclosed no findings related to federal award programs and state projects that were required to be disclosed in accordance with 2 CFR Section 200.516 (a) and Chapter 10.550 Rules of the Auditor General.
7. The programs and projects tested as major programs and projects included the following:

<u>Federal Programs</u>	<u>Federal CFDA No.</u>
Disaster Grants-Public Assistance (Presidential Declared Disasters)	97.036
Drinking Water State Revolving Fund	66.468
Community Development Block Grant- Disaster Recovery (CDBG-DR)	
Hazard Mitigation Grant	14.228
Clean Water State Revolving Fund	66.458
Coronavirus State and Local Fiscal Recovery Funds	21.027
Hazard Mitigation Grant	97.039
 <u>State Projects</u>	 <u>State CSFA No.</u>
State Housing Institutions Partnership Program- Hurricane Housing Recovery Program	40.902
Economic Development Tax Refund, Tax Credit, and Grant Program	40.043
Statewide Water Quality Restoration Projects	37.039

CITY OF PANAMA CITY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – PRIMARY GOVERNMENT
FISCAL YEAR ENDED SEPTEMBER 30, 2023

A. Summary of Auditor's Results (Continued)

8. The threshold used for distinguishing between Type A and B programs was \$972,637 for federal programs and \$750,000 for state projects.
9. The City of the Panama City, Florida, did not qualify as a low-risk auditee for the federal programs or state projects.

B. Findings - Financial Statements Audit

2023-001

(Previously 2022 – 002)

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

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

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

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

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

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

CITY OF PANAMA CITY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – PRIMARY GOVERNMENT
FISCAL YEAR ENDED SEPTEMBER 30, 2023

2023 – 002

(Previously 2022 – 004)

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

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

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

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

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

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

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

NONE



June 20, 2024

City of Panama City, Florida
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended September 30, 2023

Finding Number 2022-001 (Previously 2021-001)

Planned Corrective Action:

The City has hired an outside consultant to assist in preparing bank reconciliations and to provide new processes and procedures to assist City staff in more efficiently and timely reconciling the City's bank accounts.

Anticipated Completion Date: December 31, 2022

Current Status:

The final completion date was March 14, 2023.

Finding Number 2022-002

Planned Corrective Action:

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

Anticipated Completion Date: September 30, 2024

Current Status:

The process is ongoing. The Community Redevelopment Agency has engaged GAI Consultants, Inc. to assist with updating the CRA plan. Policies and procedures are expected to be developed based on the updated plan.

Finding Number 2022-003 (Previously 2021-008)

Planned Correction Action: The City has hired an additional accountant to assist in preparing the SEFA. The City has also established a Project Management Office to handle the City's rebuilding and managing grants received for that purpose. Additionally, other City departments are providing more timely grant information to accounting for use in preparing the SEFA.

Anticipated Completion Date: December 31, 2022

Current Status:

The final completion date was May 31, 2023.

Finding Number 2022-004

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

Anticipated Completion Date: September 30, 2024

Current Status:

The process is being implemented. See Management's Corrective Action Plan

Finding Number 2022-005 (Previously 2021-011)

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

Anticipated Completion Date: September 30, 2023

Current Status:

The corrective action plan has been completed.

Finding Number 2022-006 (Previously 2021-012)

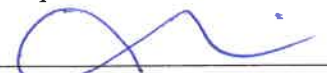
Planned Correction Action: The City has hired additional accounting staff and an outside consultant to assist with the additional accounting requirements resulting from grants and other funding sources resulting from Hurricane Michael. This will assist in completing each fiscal year's accounting in a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

Anticipated Completion Date: September 30, 2023

Current Status:

The corrective action plan has been completed.

Responsible Contact Person: Janette Smith



City Clerk-Treasurer



City of Panama City, Florida
501 Harrison Avenue, Panama City, FL 32401
(850) 872-3000 | panamacity.gov

June 20, 2024

City of Panama City, Florida
Management's Corrective Action Plan
For the Fiscal Year Ended September 30, 2023

Finding Number 2023-001 (Previously 2022-002)

Planned Corrective Action:

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

Anticipated Completion Date: September 30, 2024

Current Status:

The process is ongoing. The Community Redevelopment Agency has engaged GAI Consultants, Inc. to assist with updating the CRA plan. Policies and procedures are expected to be developed based on the updated plan.

Finding Number 2023-002 (Previously 2022-004)

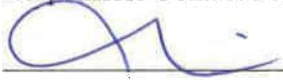
Planned Correction Action: The City has recently hired an Asset and Inventory Control Administrator. Along with the reorganization of the asset accounting function because of an employee separation and associated loss of institutional knowledge, the City will re-establish this function and properly account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

Anticipated Completion Date: September 30, 2024

Current Status:

The process is being implemented. The Asset and Inventory Control Administrator is in the process of documenting all city properties, contents, vehicles, and equipment. Upon completion of this inventory, he will consult with the Accountant I to update the accounting records.

Responsible Contact Person: Janette Smith



City Clerk-Treasurer



INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH FLORIDA STATUTE 218.415 RELATED TO LOCAL GOVERNMENT INVESTMENT POLICIES

Honorable Mayor, City Commissioners,
and City Manager
City of Panama City, Florida

We have examined the City of Panama City, Florida's (the "City") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds and with Federal and State laws, rules, regulations, contracts, or grant agreements related to the receipt and expenditure of funds (see section 288.8018(1), Florida Statutes) they received related to the Deepwater Horizon Oil Spill, during the year ended September 30, 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 American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2023.

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

Tipton, Marler, Garner & Chastain

Panama City, Florida
June 20, 2024



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable Mayor, City Commissioners,
and City Manager
City of Panama City, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Panama City, Florida, as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated June 20, 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 20, 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

annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report for prior year findings 2022-001, 2022-003, 2022-005, and 2022-06.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. We determined that the City of Panama City, Florida compiled this information in Note 1 to the financial statements.

Financial Condition and Management

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

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

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

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 Statutes. 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.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6., Rules of the Auditor General, the Panama City Port Authority reported:

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as 73.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 14.

- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$5,037,271.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$5,227,658.
- e. Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as:

Container terminal expansion	\$ 2,376,000
Bulkhead fender and cap refurbishment	2,800,000
Main gate rail access improvements	285,000

- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as (\$483,328).

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Panama City Downtown Improvement Board reported:

- a. The total number of district employees compensated in the last pay period of the district’s fiscal year as 1.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district’s fiscal year as 2.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$43,269.
- d. All compensation earned or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$20,616.
- e. There were no construction projects with a total cost of at least \$65,000 approved by the district that was scheduled to begin on or after October 1 of the fiscal year being reported.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as (\$23,749).

Additional Matters

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

Purpose of this Letter

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

Lipton, Mauler, Garner & Chastain

Panama City, Florida
June 20, 2024

**CITY OF PANAMA CITY, FLORIDA
SCHEDULE OF EXPENDITURES OF FUNDS
RELATED TO THE DEEPWATER HORIZON OIL SPILL
FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	2023	
Source	Amount Received	Amount Expended
PRIMARY GOVERNMENT		
British Petroleum: Triumph Gulf Coast Inc.	<u>\$1,931,221</u>	<u>\$ 1,471,747</u>
COMPONENT UNIT-Panama City Port Authority		
British Petroleum: Triumph Gulf Coast Inc.	<u>\$ 2,368,198</u>	<u>\$ 1,932,086</u>

Note: This does not include funds related to the Deepwater Horizon Oil Spill that are considered Federal awards or State financial assistance. The Schedule of Expenditures of Federal Awards and State Financial Assistance includes \$0 of expenditures of Federal Awards and State financial assistance, that are related to the Deepwater Horizon Oil Spill.