



**CITY OF PANAMA
CITY BEACH**
ANNUAL FINANCIAL
STATEMENTS



**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2024**



City of Panama City Beach, Florida

FINANCIAL STATEMENTS

September 30, 2024



	Page
INTRODUCTORY SECTION	
Table of Contents	
FINANCIAL SECTION	
Independent Auditor’s Report	1
Management’s Discussion and Analysis	5
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position.....	18
Statement of Activities.....	20
Fund Financial Statements	
Balance Sheet – Governmental Funds.....	21
Statement of Revenues, Expenditures and Changes	
in Fund Balances – Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures and Changes	
in Fund Balances of Governmental Funds to the Statement of Activities	23
Statement of Net Position – Proprietary Funds.....	24
Statement of Revenues, Expenses and Changes in Net Position –	
Proprietary Funds	26
Statement of Cash Flows – Proprietary Funds.....	27
Statement of Fiduciary Net Position – Fiduciary Funds	29
Statement of Changes in Fiduciary Net Position – Fiduciary Funds.....	30
Notes to Financial Statements	31
Required Supplementary Information	
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget	
and Actual – General Fund.....	79
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget	
and Actual –Community Redevelopment Fund	81
Schedules of Defined Benefit Pension Plans.....	82
Schedule of Other Postemployment Benefits	91



	Page
Other Supplementary Information	
Combining and Individual Fund Statements and Schedules	
Combining Balance Sheet – Nonmajor Governmental Funds.....	92
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	93
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Stormwater Fund	94
Combining Statement of Net Position – Nonmajor Proprietary Funds.....	95
Combining Statement of Revenues, Expenses and Changes in Net Position – Nonmajor Proprietary Funds	96
Combining Statement of Cash Flows – Nonmajor Proprietary Funds.....	97
Combining Statement of Fiduciary Net Position – Fiduciary Funds.....	99
Combining Statement of Changes in Fiduciary Net Position – Fiduciary Funds.....	100
 REPORTS ON INTERNAL CONTROL AND COMPLIANCE MATTERS	
Independent Auditor’s Management Letter	101
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	104
Independent Auditor’s Report on Compliance for Each Major Federal Program/State Project and on Internal Control Over Compliance Required by Uniform Guidance, and Chapter 10.550, Rules of the Auditor General	106
Independent Accountant’s Report	109
Schedule of Findings and Questioned Costs – Federal Awards and State Financial Assistance	110
Summary Schedule of Prior Year Audit Findings	113
Schedule of Expenditures of Federal Awards and State Financial Assistance.....	114
Management’s Corrective Action Plan	118



CARR, RIGGS & INGRAM, L.L.C.

Carr, Riggs & Ingram, L.L.C.
14101 Panama City Beach Parkway
Suite 200
Panama City Beach, FL 32413

850.784.6733
850.784.4866 (fax)
CRLadv.com

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Panama City Beach, Florida (the City), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Panama City Beach, Florida, as of September 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information on pages 5-17 and 79-81 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards and state financial assistance, 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 Chapter 10.550, *State of Florida Rules of the Auditor General*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the budgetary schedule and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2025, on our consideration of the City of Panama City Beach, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

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

Carr, Riggs & Ingram, LLC
Panama City Beach, Florida
June 4, 2025

Management's Discussion and Analysis

City of Panama City Beach, Florida Management's Discussion and Analysis

Management's Discussion and Analysis

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

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

Financial Highlights

- Total assets of the City exceeded total liabilities by \$507,743,652 (net position). Of this amount, \$48,774,047 is unrestricted net position for governmental activities and \$89,313,626 is unrestricted net position for business-type activities, while \$75,241,112 is restricted net position for governmental activities and \$33,843,543 is restricted net position for business-type activities.
- Total net position increased by \$64,492,446. Of this amount, \$46,692,226 is attributable to governmental activities and \$17,800,220 is attributable to business-type activities. The increase in net position of governmental activities is attributable to tax increment revenue received by the Front Beach Road Community Redevelopment Area (FBR CRA), and business taxes, fire assessments, fire inspection fees, impact fees and contributions received by the General Fund. The current year tax increment revenue received by the FBR CRA was used to reduce the principal amount of debt outstanding, and to purchase land and continue additional improvements along Front Beach Road. Additionally, the City received American Rescue Plan Act (ARPA) funding as well as state grant and appropriation funds utilized for public safety and recreation projects. The increase in net position of business-type activities is the result of several factors, including the collection of \$7,072,489 in impact fees and net income from operations, before depreciation of \$13,245,066.
- As of September 30, 2024, the General Fund's unassigned fund balance was \$29,019,794, or 52 percent of total general fund expenditures. Unassigned fund balance in the General Fund decreased by \$4,806,443. Restricted fund balance in the General Fund increased by \$932,962. The City's general fund collected \$1,214,339 in impact fees and which drove this increase. Committed fund balance in the General Fund increased by \$4,410,353 and assigned fund balance in the General Fund increased by 4,129,092. General Fund revenues for the fiscal year exceeded expenditures by \$3,799,349.
- Governmental activities' revenues increased 24 percent to \$95,442,085 and governmental activities' expenditures decreased 4 percent to \$49,820,859. Business-type activities' revenues increased 5 percent to \$54,881,336 and business-type activities' expenditures increased 4 percent to \$36,010,116.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

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

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

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

City of Panama City Beach, Florida Management's Discussion and Analysis

Fund Financial Statements

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

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

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

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

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

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

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

City of Panama City Beach, Florida Management's Discussion and Analysis

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

Financial Analysis of the City

The following schedule provides a summary of the assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of the City. At the end of fiscal year 2023, the City can report positive balances in all three categories of net position, both for the government as a whole, as well as for its governmental and business-type activities.

Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
<i>September 30,</i>						
Current and other assets	\$ 159,756,217	\$ 147,775,294	\$ 138,403,216	\$ 121,638,293	\$ 298,159,433	\$ 269,413,587
Capital assets	195,274,267	167,415,118	139,576,752	139,104,194	334,851,019	306,519,312
Total assets	355,030,484	315,190,412	277,979,968	260,742,487	633,010,452	575,932,899
Deferred outflows of resources	6,132,648	13,261,683	2,581,019	4,425,045	8,713,667	17,686,728
Current liabilities	10,903,605	15,735,146	8,618,995	6,598,003	19,522,600	22,333,149
Long-term liabilities	77,073,603	88,369,097	29,469,401	34,323,944	106,543,004	122,693,041
Total liabilities	87,977,208	104,104,243	38,088,396	40,921,947	126,065,604	145,026,190
Deferred inflows of resources	3,848,223	1,702,377	4,066,640	3,639,854	7,914,863	5,342,231
Net position						
Net investment in capital assets	145,322,542	128,254,613	115,248,782	112,157,606	260,571,324	240,412,219
Restricted	75,241,112	50,259,996	33,843,543	26,469,286	109,084,655	76,729,282
Unrestricted	48,774,047	44,130,866	89,313,626	81,978,839	138,087,673	126,109,705
Total net position	\$ 269,337,701	\$ 222,645,475	\$ 238,405,951	\$ 220,605,731	\$ 507,743,652	\$ 443,251,206

City of Panama City Beach, Florida Management's Discussion and Analysis

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

Amounts comprising *restricted net position*, representing 21 percent of the City's net position, are subject to certain restrictions, and thus are limited as to how they may be used. The remaining balance of *unrestricted net position*, \$138,087,673 may be used to help meet the government's ongoing obligations to citizens and creditors.

Net investment in capital assets increased \$20,159,105 (or 8%). Net investment in capital assets in the governmental activities increased \$17,067,929 and net investment in capital assets of the business-type activities increased by \$3,091,176. The governmental activities increase resulted from land acquisitions, engineering, ongoing construction of segments 3, 4.1 and 4.2, Frank Brown Park connector road as well as fire station 31 and fire station 32 construction. Significant capital projects were also underway or completed in the business-type activities including improvements and replacements of utility service lines and sewer lift stations.

Restricted net position increased \$32,355,373 (or 42%). Restricted net position in the governmental activities increased by \$24,981,116 and restricted net position in the business-type activities increased by \$7,374,257. The increase in restricted net position in the governmental activities was driven by general fund impact fees, fire inspection fees, discretionary sales tax collections and from tax increment funds collected in the CRA which exceeded current year expenses in the current year. The increase in business-type activities restricted net position also resulted from utility fund impact fees which were not expended in the current year.

The increase in unrestricted net position was \$11,977,968 (or 9%). Unrestricted net position in governmental activities increased by \$4,643,181 and unrestricted net position in business-type activities increased by \$7,334,787. Significant governmental activities' capital expenditures were made in the current year with grants. This resulted in unrestricted revenues outpacing unrestricted expenses thus increasing the unrestricted net position. The increase in the business-type activities' unrestricted net position is attributable to the increase in investment income as well as increasing operating revenues outpacing expenditures for charges for services thus increasing unrestricted net position. A strong system performance resulted in net income from operations, before depreciation, of \$17,800,220. The following schedule provides a summary of changes in net position for the years ended September 30, **2024** and 2023:

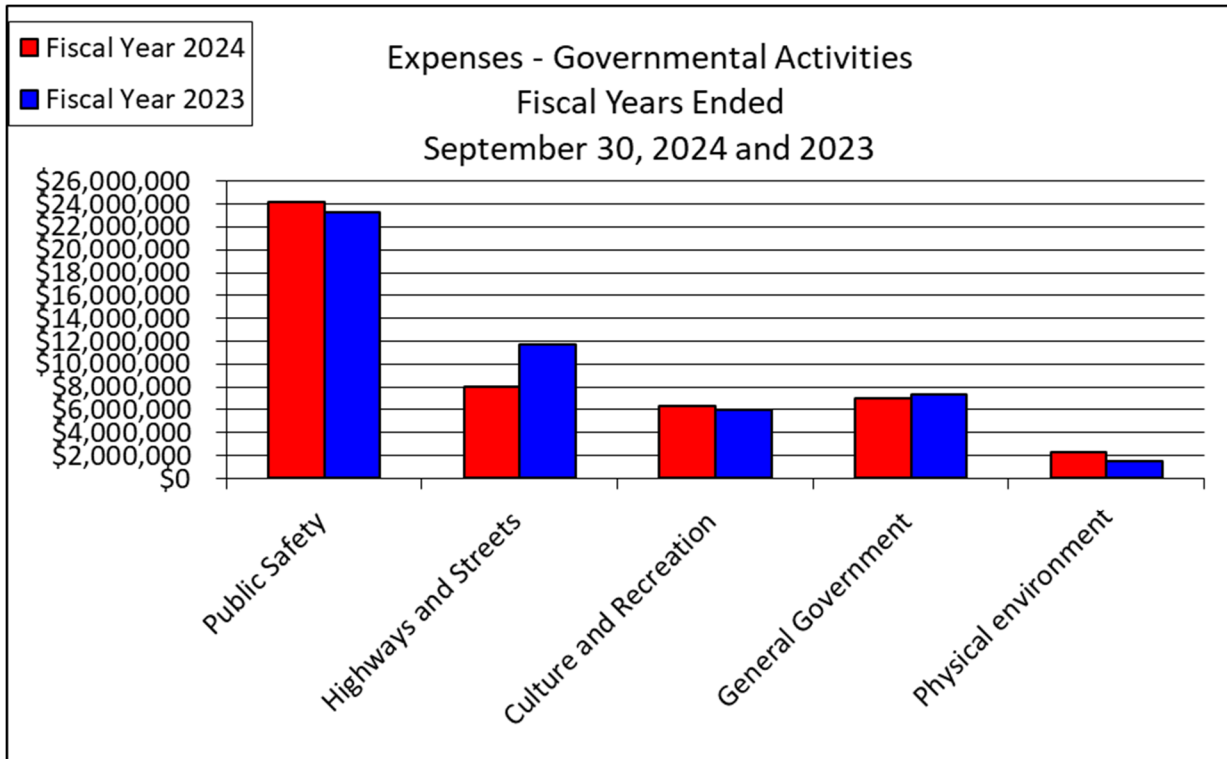
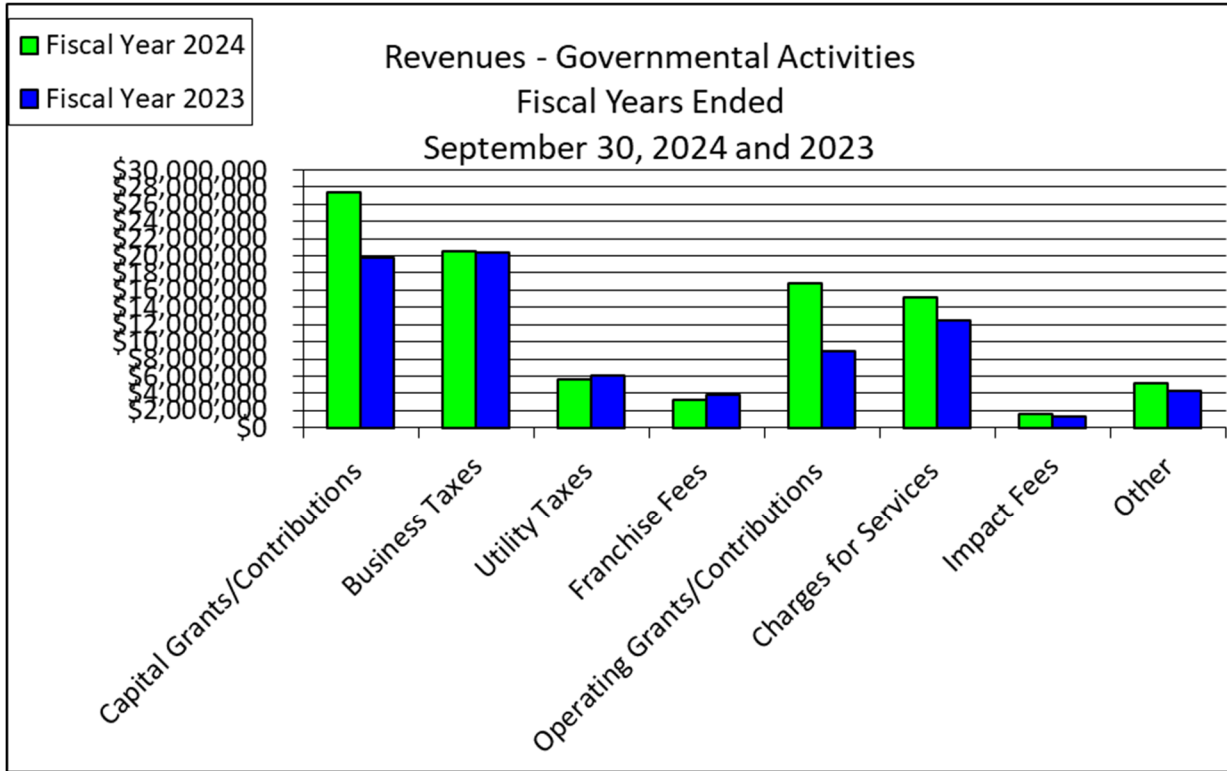
City of Panama City Beach, Florida
Management's Discussion and Analysis

Changes in Net Position

<i>Year Ended September 30,</i>	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Program revenues						
Charges for services	\$ 15,166,910	\$ 12,443,133	\$ 42,801,311	\$ 41,448,844	\$ 57,968,221	\$ 53,891,977
Operating grants/contributions	16,733,523	8,838,911	113,500	3,941	16,847,023	8,842,852
Capital grants/contributions	27,395,300	19,747,697	200,784	166,059	27,596,084	19,913,756
General revenues						
Business taxes	20,514,316	20,440,588	-	-	20,514,316	20,440,588
Utility taxes	5,602,031	6,066,398	-	-	5,602,031	6,066,398
Franchise fees	3,294,340	3,830,137	-	-	3,294,340	3,830,137
Impact fees	1,528,417	1,223,215	7,072,489	6,999,193	8,600,906	8,222,408
Penalties on delinquent business taxes	84,095	69,594	-	-	84,095	69,594
Investment earnings	5,059,492	3,934,680	4,642,098	3,522,797	9,701,590	7,457,477
Miscellaneous	63,661	229,243	51,154	-	114,815	229,243
Total revenues	95,442,085	76,823,596	54,881,336	52,140,834	150,323,421	128,964,430
Expenses						
General government	6,983,563	7,324,449	-	-	6,983,563	7,324,449
Public safety	24,130,486	23,313,600	-	-	24,130,486	23,313,600
Highways and streets	8,028,626	11,733,233	-	-	8,028,626	11,733,233
Culture and recreation	6,361,472	6,013,907	-	-	6,361,472	6,013,907
Physical environment	2,318,551	1,541,106	-	-	2,318,551	1,541,106
Interest on long- term debt	1,998,161	2,072,258	558,061	577,352	2,556,222	2,649,610
Utility - water	-	-	17,078,362	16,176,856	17,078,362	16,176,856
Utility - wastewater	-	-	15,272,888	14,939,124	15,272,888	14,939,124
Pier	-	-	1,469,483	1,386,586	1,469,483	1,386,586
Aquatic center	-	-	1,631,322	1,433,810	1,631,322	1,433,810
Total expenses	49,820,859	51,998,553	36,010,116	34,513,728	85,830,975	86,512,281
Increase in net position before transfers	45,621,226	24,825,043	18,871,220	17,627,106	64,492,446	42,452,149
Transfers	1,071,000	1,123,000	(1,071,000)	(1,123,000)	-	-
Increase in net position	\$ 46,692,226	\$ 25,948,043	\$ 17,800,220	\$ 16,504,106	\$ 64,492,446	\$ 42,452,149

**City of Panama City Beach, Florida
Management's Discussion and Analysis**

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



City of Panama City Beach, Florida Management's Discussion and Analysis

Governmental activities' revenues exceeded expenses by \$45,621,226, while business-type activities' revenues exceeded expenses by \$18,871,220. Total revenues increased \$21,328,565 from the previous year. The change in total revenues from business-type activities was an increase of \$2,710,076 while the change in revenues from governmental activities was an increase of \$18,618,489. Total charges for services increased \$4,076,244, capital grants and contributions increased \$7,682,328, business taxes increased \$73,728, impact fees increased \$305,202, and investment earnings increased \$2,244,113 in the current year. Governmental activities charges for services increased by \$2,723,777. This increase resulted from a combination of factors including increases in fire rescue assessment revenues, CRA assessment revenues, and fire inspection revenues. The increase of \$1,352,467 in charges for services from business-type activities resulted primarily from an increase in water and wastewater sales attributable to a combination of a rate increase as well as growth in the City's customer base.

Capital grants and contributions increased a total of \$7,682,328 with governmental activities experiencing an increase of \$7,647,603 while business-type activities experienced an increase of \$34,725. The increase in governmental activities capital grants and contributions was driven by the significant construction of fire station 31, fire station 32 and Alf Coleman while the small increase in business-type activities was driven by Laguna Beach sewer expansion and utility mitigation projects.

Impact fees increased \$378,498 in total, with a \$305,202 increase attributable to governmental activities and an increase of \$73,296 attributable to business-type activities.

Investment earnings increased \$1,119,301 in business-type activities and increased \$1,124,812 in governmental activities for a total increase of \$2,244,113. The increase is driven by higher interest rates and higher returns on investments.

Total expenses in governmental activities decreased \$2,177,694 from the previous year. Business-type activities expenses increased \$1,496,388. The decrease in governmental activities expenses resulted from a number of factors including the completion of the city road resurfacing project. The increase in business-type activities resulted from water and sewer repairs throughout the city.

29% of the revenues for governmental activities were generated by capital grants and contributions, 21% by business taxes, and 16% from charges for services. Capital grants and contributions as a percentage of total revenues for governmental activities increased by 3% from the prior year. Business taxes as a percentage of total revenues for governmental activities decreased by 6% and utility taxes and franchise fees decreased by 4% relative to the preceding year. Charges for services decreased as a percentage of total revenues for governmental activities by 0%. Most of the governmental resources were expended for public safety (48%), highways and streets (16%), and general government (14%).

Charges for services provide 78% of the revenues for business-type activities, while 13% are provided from impact fees. Most of the resources are expended to operate the public utility systems (90%).

Financial Analysis of the City's Funds

Governmental Funds

General Fund

The main operating fund of the City is the General Fund. As of September 30, 2024, total assets were \$71,078,631 and total liabilities were \$7,362,219. At the end of fiscal year 2024, unassigned fund balance of the general fund was \$29,019,794, while total fund balance equaled \$63,725,415. Total fund balance decreased \$4,645,054 (8%). Restricted fund balance increased \$932,962 (11%), committed fund balance increased \$4,410,353 (1,969%), assigned fund balance increased \$4,129,092 (25%) and nonspendable fund balance decreased \$20,910 (10%). Unassigned fund balance decreased \$4,806,443 (14%). Fiscal year 2024 revenues in the general fund exceeded expenditures by \$3,799,349.

Restricted fund balance increased due to the collection of \$1,214,339 in impact fees and this funding was not expended in the fiscal year. Committed fund balance increased because of allocation for construction projects mainly for fire station 32 and skate park. Assigned fund balance increased primarily due to the allocation for Frank Brown Park projects. Unassigned fund balance decreased due to reclassification to assigned, committed and restricted fund balances.

The general fund budget was amended during the year to reflect increases in available revenues as well as decreases in current expenditures and increases in capital outlay expenditures. The increase in total budgeted revenues was \$240,440 which represented a change from the original to the amended budget of 0.4%. The primary reason for the increase was favorable investment income revenue. Budgeted current expenditures decreased from the original by \$1,090,950, while the budget for capital outlay expenditures increased by \$574,246 to reflect the revised timing of capital projects.

Community Redevelopment Fund

The other major governmental fund of the City is the Community Redevelopment Fund. As of September 30, 2024, total assets were \$81,504,162 and total liabilities were \$2,290,894. At the end of fiscal year 2024, the total fund balance equaled \$79,213,268. Total fund balance increased \$8,972,515. Assigned fund balance increased from \$1,251,751 to a balance of \$1,714,687 at year end.

City of Panama City Beach, Florida Management's Discussion and Analysis

Nonmajor Governmental Funds

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

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

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

Proprietary Funds

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

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

Fund	2024 Unrestricted Net Position	2023 Unrestricted Net Position
Utility	\$ 86,642,456	\$ 79,021,152
Pier	2,541,229	2,621,957
Aquatic Center	129,941	335,730
Total	\$ 89,313,626	\$ 81,978,839

The *Utility Fund* is used to account for the operations of the City's water and wastewater systems. Operating revenues increased \$1,287,856, or 3%, in 2024 compared to 2023 primarily due to an increase in water and wastewater sales attributable to a combination of a rate increase as well as growth in the City's customer base. The primary reason for the increase in the unrestricted net position of the utility fund was from net operating income of \$8,134,410.

City of Panama City Beach, Florida Management's Discussion and Analysis

The *Pier Fund* accounts for the operations and maintenance of the City's Russell-Fields Pier. Operating revenues exceeded operating expenditures by \$298,730. Personal services and depreciation expense accounted for a significant portion of operating expenses, 43% and 29%, respectively. Pier fund operations generated positive cash flows in 2024. \$750,000 of this positive cash flow was transferred to the City's aquatic center fund to help subsidize its operating shortfall.

The *Aquatic Center Fund* is being used to account for the operation of an aquatic center located at Frank Brown Park. For fiscal year 2024, operating expenses exceeded operating revenues by \$1,069,442. The shortfall in operations was offset by transfers from the City's Pier Fund.

Capital Assets Activity

The following schedule provides a summary of the City's capital assets activity. The City's total investment in capital assets for both its governmental and business-type activities as of September 30, 2024, was \$334,851,019 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress.

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

- During the year, the City expended approximately \$3,278,327 on various water and wastewater capital projects. Approximately \$2,000,000 was spent in the current year on water improvements in the Ave B/C Rose Westend area.
- As of September 30, 2024, approximately \$44.5 million dollars was reflected in construction in progress and land for various road projects within the FBRCRA. Planned improvements include expansion of road widths, additional turn lanes, burying utilities, and aesthetic improvements. Construction continued for segment 3, and engineering and design services continued for the next phases of the reconstruction project to include purchases of easements for segments 4.1, 4.2, and 4.3. \$2,058,310 was spent on these efforts during the current year. \$396,326 was spent on sewer improvement in the utility relocation of segments 3, 4.1 and 4.2 with an additional \$292,604 spent on water improvement in the same area. An additional \$467,695 was spent on land.

**City of Panama City Beach, Florida
Management's Discussion and Analysis**

**Capital Assets
(net of depreciation)**

<i>September 30,</i>	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 54,845,088	\$ 54,377,393	\$ 10,045,357	\$ 10,041,781	\$ 64,890,445	\$ 64,419,174
Construction in progress	63,597,878	40,388,625	23,195,211	25,183,901	86,793,089	65,572,526
Intangible assets	-	-	194,788	194,788	194,788	194,788
Buildings	16,621,589	17,187,534	17,262,367	18,260,222	33,883,956	35,447,756
Improvements	49,975,299	46,802,121	82,596,921	81,051,658	132,572,220	127,853,779
Machinery and equipment	10,234,413	8,659,445	6,267,947	4,351,823	16,502,360	13,011,268
Right-to-use lease asset	-	-	14,161	20,021	14,161	20,021
Total	\$ 195,274,267	\$ 167,415,118	\$ 139,576,752	\$ 139,104,194	\$ 334,851,019	\$ 306,519,312

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

Debt Management

At the end of the current fiscal year, the City had total bond debt outstanding of \$91,356,038. This debt amount represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

Outstanding Bond Debt

<i>September 30,</i>	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenue bonds	\$ 65,421,038	\$ 68,377,945	\$ 25,935,000	\$ 28,300,000	\$ 91,356,038	\$ 96,677,945

Total outstanding bond debt decreased by \$5,321,907 in the current fiscal year. Principal payments totaled \$5,085,000 in the current year and were adjusted by amortization of premiums. The City's Utility System Bonds currently maintain an "AA-" rating from Standard & Poor's and "AA+" rating from Fitch. The City's 2020 Capital Improvement Bonds (Front Beach Road) are assigned an A rating by Standard & Poor's while the 2015 Capital Improvement Bonds (Front Beach Road) are not rated as they are not a public issue but rather a bank loan.

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

City of Panama City Beach, Florida Management's Discussion and Analysis

Other Financial Information

During fiscal year 2024, Panama City Beach saw significant economic activity driven by strong tourism, targeted redevelopment initiatives, and substantial population growth. Tourism remained the primary economic driver for Panama City Beach with an increase in short-term rentals. The City continued to invest in infrastructure and redevelopment projects that aim to diversify the local economy and attract a broader range of visitors. The local economy has been very hearty. In many of the City's funds, revenues have exceeded expenditures, resulting in increased reserves which the City will use to fund many upcoming construction projects.

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

City of Panama City Beach, Florida
Statement of Net Position

	Primary Government		
<i>September 30, 2024</i>	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 35,460,524	\$ 37,846,996	\$ 73,307,520
Accounts receivable, net	683,836	8,210,986	8,894,822
Taxes and fees receivable	765,370	-	765,370
Grants receivable	1,283,669	239,960	1,523,629
Accrued interest receivable	85,834	46,706	132,540
Lease receivable	-	3,001,582	3,001,582
Due from other governments	1,007,767	10,001	1,017,768
Inventory	17,445	1,063,522	1,080,967
Investments	21,696,171	46,478,553	68,174,724
Prepaid items	184,242	266,997	451,239
Restricted assets			
Cash and cash equivalents	71,213,312	41,237,913	112,451,225
Accrued interest receivable	128,937	-	128,937
Due from other governments	277,104	-	277,104
Prepaid items	1,322	-	1,322
Grants receivable	3,415,050	-	3,415,050
Investments	23,535,634	-	23,535,634
Capital assets			
Nondepreciable	118,442,966	33,435,356	151,878,322
Depreciable, net	76,831,301	106,127,235	182,958,536
Right-to-use lease assets, net	-	14,161	14,161
Total assets	355,030,484	277,979,968	633,010,452
Deferred Outflows of Resources			
Deferred outflows related to pensions	4,699,403	804,849	5,504,252
Deferred outflows related to OPEB	254,360	86,528	340,888
Deferred loss on refunding	1,178,885	1,689,642	2,868,527
Total deferred outflows of resources	6,132,648	2,581,019	8,713,667

(Continued)

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

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

<i>September 30, 2024</i>	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Accounts payable	\$ 4,688,593	\$ 1,345,125	\$ 6,033,718
Accrued expenses and deposits	1,815,137	1,771,891	3,587,028
Accrued interest payable	927,289	127,919	1,055,208
Due to other governments	25,889	924,149	950,038
Due to fiduciary funds	4,118	4,220	8,338
Internal balances	(81,876)	81,876	-
Unearned revenue	3,524,455	4,363,815	7,888,270
Long-term liabilities			
Due within one year			
Revenue certificates payable	-	1,759,119	1,759,119
Compensated absences	1,139,878	280,100	1,419,978
Net OPEB obligation	58,233	19,810	78,043
Lease liability	-	5,865	5,865
Revenue bonds payable, net	3,031,905	2,395,000	5,426,905
Due in more than one year			
Compensated absences	1,471,568	294,248	1,765,816
Net pension liability	7,609,131	701,995	8,311,126
Net OPEB obligation	1,373,755	467,318	1,841,073
Lease liability	-	5,946	5,946
Revenue bonds payable, net	62,389,133	23,540,000	85,929,133
Total liabilities	87,977,208	38,088,396	126,065,604
Deferred Inflows of Resources			
Deferred inflows related to lease revenue	-	2,904,736	2,904,736
Deferred inflows related to pensions	3,514,625	1,048,424	4,563,049
Deferred inflows related to OPEB	333,598	113,480	447,078
Total deferred inflows of resources	3,848,223	4,066,640	7,914,863
Net position			
Net investment in capital assets	145,322,542	115,248,782	260,571,324
Restricted for			
Law enforcement	101,529	-	101,529
Beach access public parking	834,844	-	834,844
Impact fees	4,813,012	33,045,209	37,858,221
Reforestation	1,498,801	-	1,498,801
Highways and streets	3,120,263	-	3,120,263
Debt service	5,805,784	798,334	6,604,118
Community redevelopment	53,531,408	-	53,531,408
Storm water	5,535,471	-	5,535,471
Unrestricted	48,774,047	89,313,626	138,087,673
Total net position	\$ 269,337,701	\$ 238,405,951	\$ 507,743,652

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

City of Panama City Beach, Florida
Statement of Activities

<i>For the year ended September 30, 2024</i>					Net (Expenses) Revenues and Changes in Net Position		
Program Revenues					Primary Government		
Functions / Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities							
General government	\$ 6,983,563	\$ 1,639,723	\$ 6,555,154	\$ -	\$ 1,211,314	\$ -	\$ 1,211,314
Public safety	24,130,486	7,436,909	1,373,717	3,779,719	(11,540,141)	-	(11,540,141)
Highways and streets	8,028,626	1,625,055	8,474,793	22,872,370	24,943,592	-	24,943,592
Culture and recreation	6,361,472	659,382	198,653	644,700	(4,858,737)	-	(4,858,737)
Physical environment	2,318,551	3,805,841	131,206	98,511	1,717,007	-	1,717,007
Interest on long-term debt	1,998,161	-	-	-	(1,998,161)	-	(1,998,161)
Total governmental activities	49,820,859	15,166,910	16,733,523	27,395,300	9,474,874	-	9,474,874
Business-type activities							
Utility							
Water	17,078,362	21,832,734	1,500	99,786	-	4,855,658	4,855,658
Waste water	15,272,888	18,652,926	-	100,998	-	3,481,036	3,481,036
Pier	1,469,483	1,768,213	112,000	-	-	410,730	410,730
Aquatic center	1,631,322	547,438	-	-	-	(1,083,884)	(1,083,884)
Interest on long-term debt	558,061	-	-	-	-	(558,061)	(558,061)
Total business-type activities	36,010,116	42,801,311	113,500	200,784	-	7,105,479	7,105,479
Total primary government	\$ 85,830,975	\$ 57,968,221	\$ 16,847,023	\$ 27,596,084	9,474,874	7,105,479	16,580,353
General revenues and transfers							
Taxes							
Business taxes					20,514,316	-	20,514,316
Utility taxes					5,602,031	-	5,602,031
Franchise fees					3,294,340	-	3,294,340
Impact fees					1,528,417	7,072,489	8,600,906
Penalties on delinquent business taxes					84,095	-	84,095
Investment earnings					5,059,492	4,642,098	9,701,590
Miscellaneous					63,661	51,154	114,815
Transfers, net					1,071,000	(1,071,000)	-
Total general revenues					37,217,352	10,694,741	47,912,093
Change in net position					46,692,226	17,800,220	64,492,446
Net position, beginning of year					222,645,475	220,605,731	443,251,206
Net position, end of year					\$ 269,337,701	\$ 238,405,951	\$ 507,743,652

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

City of Panama City Beach, Florida
Balance Sheet
Governmental Funds

<i>September 30, 2024</i>	General	Community Redevelopment	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 33,708,037	\$ 1,717,339	\$ 31,262	\$ 35,456,638
Accounts receivable, net	175,763	37,418	120	213,301
Taxes and fees receivable	763,228	-	-	763,228
Grants receivable	1,283,669	-	-	1,283,669
Accrued interest receivable	84,092	-	67	84,159
Due from other governments	960,402	-	-	960,402
Due from other funds	7,012	-	-	7,012
Due from fiduciary funds	1,661	-	-	1,661
Inventory	17,445	-	-	17,445
Investments	21,696,171	-	-	21,696,171
Prepaid items	179,065	290	-	179,355
Cash and cash equivalents - restricted	11,935,646	52,880,934	6,396,732	71,213,312
Accounts receivable, net - restricted	-	-	4	4
Investments- restricted	-	23,535,634	-	23,535,634
Grants receivable - restricted	-	3,207,901	207,149	3,415,050
Accrued interest receivable - restricted	-	110,540	20,072	130,612
Due from other governments - restricted	277,104	-	40,864	317,968
Due from other funds - restricted	-	14,106	16,942	31,048
Prepaid items - restricted	-	-	1,322	1,322
Total assets	\$ 71,089,295	\$ 81,504,162	\$ 6,714,534	\$ 159,307,991
Liabilities and fund balances				
Liabilities				
Accounts payable	\$ 2,335,702	\$ 2,195,485	\$ 89,924	\$ 4,621,111
Accrued expenses and deposits	1,331,292	12,915	38,868	1,383,075
Due to other governments	23,237	2,652	-	25,889
Due to other funds	220,383	3,613	15,191	239,187
Due to fiduciary funds	4,534	506	739	5,779
Unearned revenue	3,448,732	75,723	-	3,524,455
Total liabilities	7,363,880	2,290,894	144,722	9,799,496
Fund balances				
Nonspendable	196,510	290	1,322	198,122
Restricted	9,218,930	77,498,291	6,538,477	93,255,698
Committed	4,634,292	-	-	4,634,292
Assigned	20,655,889	1,714,687	30,013	22,400,589
Unassigned	29,019,794	-	-	29,019,794
Total fund balances	63,725,415	79,213,268	6,569,812	149,508,495
Total liabilities and fund balances	\$ 71,089,295	\$ 81,504,162	\$ 6,714,534	
Amounts reported for governmental activities in the statement of net position are different because:				
Receivables, on a modified accrual basis are not resources and, therefore, are not reported in the funds.				479,158
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				195,267,606
The internal service fund is used by management to charge the costs of IT services to individual funds. The assets, liabilities, deferred outflows, and deferred inflows of the internal service fund is included in governmental activities in the statement of net position.				6,661
Long-term and claim liabilities, including bonds and self-insurance liability, are not due and payable in the current period and, therefore, are not reported in the funds.				(78,238,495)
Deferred outflows and inflows are not financial statement resources, assets or liabilities and, therefore, are not reported in the funds.				2,314,276
Net position of governmental activities				\$ 269,337,701

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

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

<i>For the year ended September 30, 2024</i>	General	Community Redevelopment	Nonmajor Funds	Total Governmental Funds
Revenues				
Taxes				
Business taxes	\$ 20,514,316	\$ -	\$ -	\$ 20,514,316
Utility taxes	5,602,031	-	-	5,602,031
Tax increment funds	-	22,472,159	-	22,472,159
Franchise fees	3,292,198	-	-	3,292,198
Intergovernmental	6,719,098	-	-	6,719,098
Municipal services impact fees	1,214,339	314,078	-	1,528,417
Permits, fees and special assessments	7,155,913	911,410	3,788,647	11,855,970
Fines and forfeitures	373,321	2,390	51,897	427,608
Contributions and donations	1,436,130	7,000	45,987	1,489,117
Grants	8,792,559	4,331,959	98,511	13,223,029
Rents	336,370	8,604	-	344,974
Investment earnings	2,248,631	2,640,454	170,407	5,059,492
Other fees and miscellaneous	1,842,674	468,100	23,279	2,334,053
Total revenues	59,527,580	31,156,154	4,178,728	94,862,462
Expenditures				
Current				
General government	6,247,587	583,706	-	6,831,293
Public safety	22,788,994	-	56,370	22,845,364
Highways and streets	2,128,422	1,997,830	-	4,126,252
Culture and recreation	5,071,430	-	-	5,071,430
Physical environment	-	-	1,612,219	1,612,219
Capital outlay				
General government	131,813	-	-	131,813
Public safety	13,899,405	-	7,460	13,906,865
Highways and streets	1,561,453	14,582,008	-	16,143,461
Culture and recreation	3,899,127	-	-	3,899,127
Physical environment	-	-	600,937	600,937
Debt service				
Principal	-	2,720,000	-	2,720,000
Interest	-	2,266,008	-	2,266,008
Other debt service costs	-	750	-	750
Total expenditures	55,728,231	22,150,302	2,276,986	80,155,519
Excess of revenues over expenditures	3,799,349	9,005,852	1,901,742	14,706,943
Other Financing Sources (Uses)				
Transfers in	1,293,000	13,658	113,110	1,419,768
Transfers out	(441,237)	(47,000)	(118,000)	(606,237)
Grants and aid	(155,735)	-	-	(155,735)
Proceeds from disposal of assets	149,677	5	13,376	163,058
Net other financing sources (uses)	845,705	(33,337)	8,486	820,854
Net change in fund balances	4,645,054	8,972,515	1,910,228	15,527,797
Fund balances, beginning of year	59,080,361	70,240,753	4,659,584	133,980,698
Fund balances, end of year	\$ 63,725,415	\$ 79,213,268	\$ 6,569,812	\$ 149,508,495

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

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

<u>For the year ended September 30,</u>	<u>2024</u>
Net change in fund balances - total governmental funds	\$ 15,527,797
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expenditures exceeded depreciation expense in the current period.	28,094,671
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	(215,344)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	222,932
Internal service funds are used by management to charge the costs of The net revenue of certain activities of internal service funds is reported with governmental activities.	6,661
Some revenues reported in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in the governmental funds.	264,995
The issuance of long-term debt (i.e. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	2,790,514
Change in net position of governmental activities	\$ 46,692,226

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

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

<i>September 30, 2024</i>	Business-type Activities - Enterprise Funds			Governmental
	Utility Fund	Other Proprietary Funds	Total	Activities Internal Service Fund
Assets				
Current assets				
Cash and cash equivalents	\$ 35,528,131	\$ 2,318,865	\$ 37,846,996	\$ 3,886
Accounts receivable, net	8,039,603	171,383	8,210,986	16
Lease receivable	-	103,294	103,294	-
Grants receivable	239,960	-	239,960	-
Due from other funds	-	90	90	283,003
Due from other governments	10,001	-	10,001	-
Inventory	1,063,522	-	1,063,522	-
Investments	45,894,487	584,066	46,478,553	-
Accrued interest receivable	42,055	4,651	46,706	-
Prepaid items	266,997	-	266,997	4,887
Total current assets	91,084,756	3,182,349	94,267,105	291,792
Noncurrent assets				
Restricted assets				
Cash and cash equivalents	41,237,913	-	41,237,913	-
Lease receivable	-	2,898,288	2,898,288	-
Capital assets				
Non-depreciable	33,435,356	-	33,435,356	-
Depreciable, net	98,195,346	7,931,889	106,127,235	6,661
Right-to-use lease assets, net	-	14,161	14,161	-
Total noncurrent assets	172,868,615	10,844,338	183,712,953	6,661
Total assets	\$ 263,953,371	\$ 14,026,687	\$ 277,980,058	\$ 298,453
Deferred Outflows of Resources				
Deferred outflows related to pensions	692,544	112,305	804,849	93,587
Deferred outflows related to OPEB	78,620	7,908	86,528	4,908
Deferred loss on refunding	1,689,642	-	1,689,642	-
Total deferred outflows of resources	\$ 2,460,806	\$ 120,213	\$ 2,581,019	\$ 98,495

(Continued)

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

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

<i>September 30, 2024</i>	Business-type Activities - Enterprise Funds			Governmental
	Utility Fund	Other Proprietary Funds	Total	Activities Internal Service Fund
Liabilities				
Current liabilities				
Accounts payable	\$ 1,234,728	\$ 110,397	\$ 1,345,125	\$ 67,482
Accrued expenses and deposits	1,719,496	52,395	1,771,891	22,808
Accrued interest payable	127,919	-	127,919	-
Due to other funds	71,910	10,056	81,966	-
Due to fiduciary funds	3,746	474	4,220	-
Due to other governments	894,072	30,077	924,149	-
Unearned revenue	4,323,311	40,504	4,363,815	-
Revenue certificates payable	1,759,119	-	1,759,119	-
Compensated absences	241,922	38,178	280,100	33,697
Net OPEB liability	17,999	1,811	19,810	1,124
Current portion of lease liability	-	5,865	5,865	-
Current portion of revenue bonds payable, net	2,395,000	-	2,395,000	-
Total current liabilities	12,789,222	289,757	13,078,979	125,111
Noncurrent liabilities				
Compensated absences	262,328	31,920	294,248	28,695
Net pension liability	604,043	97,952	701,995	81,627
Net OPEB liability	424,611	42,707	467,318	26,508
Lease liability due after one year	-	5,946	5,946	-
Revenue bonds payable, net due after one year	23,540,000	-	23,540,000	-
Total noncurrent liabilities	24,830,982	178,525	25,009,507	136,830
Total liabilities	37,620,204	468,282	38,088,486	261,941
Deferred Inflows of Resources				
Deferred inflows related to lease revenue	-	2,904,736	2,904,736	-
Deferred inflows related to pensions	902,131	146,293	1,048,424	121,909
Deferred inflows related to OPEB	103,111	10,369	113,480	6,437
Total deferred inflows of resources	1,005,242	3,061,398	4,066,640	128,346
Net Position				
Net investment in capital	107,302,732	7,946,050	115,248,782	6,661
Restricted for				
Impact fees	33,045,209	-	33,045,209	-
Debt service	798,334	-	798,334	-
Unrestricted	86,642,456	2,671,170	89,313,626	-
Total net position	\$ 227,788,731	\$ 10,617,220	\$ 238,405,951	\$ 6,661

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

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

<i>For the year ended September 30, 2024</i>	Business-type Activities - Enterprise Funds			Governmental
	Utility Fund	Other Proprietary Funds	Total	Activities Internal Service Fund
Operating Revenues				
Charges for services				
Water and waste water sales	\$ 38,502,791	\$ -	\$ 38,502,791	\$ -
Connection and reset fees	921,407	-	921,407	-
Administrative and review fees	55,045	-	55,045	-
Admissions and other fees	-	1,843,259	1,843,259	-
Information technology services	-	-	-	1,376,494
Rent	-	213,669	213,669	-
Miscellaneous	1,006,417	258,723	1,265,140	42
Total operating revenues	40,485,660	2,315,651	42,801,311	1,376,536
Operating Expenses				
Personal services	7,715,181	1,478,888	9,194,069	904,500
Professional services	1,109,187	75,031	1,184,218	42,022
Office supplies	22,523	3,430	25,953	1,424
Contractual services	695,628	66,026	761,654	260,965
Insurance	607,424	85,039	692,463	7,098
Repairs and maintenance	1,846,913	116,949	1,963,862	15,614
Operating supplies	2,765,092	267,898	3,032,990	47,303
Communication services	193,493	20,442	213,935	22,466
Public utility services	11,947,251	207,214	12,154,465	6,856
Transportation	39,223	494	39,717	70
Rentals	94,208	101,989	196,197	1,795
Printing and binding	6,778	2,013	8,791	102
Miscellaneous	77,294	10,637	87,931	439
Depreciation and amortization	5,231,055	664,755	5,895,810	2,221
Total operating expenses	32,351,250	3,100,805	35,452,055	1,312,875
Operating income (loss)	8,134,410	(785,154)	7,349,256	63,661
Nonoperating Revenues (Expenses)				
Investment earnings	4,428,064	93,334	4,521,398	-
Grants and contributions	202,284	112,000	314,284	-
Gain (loss) on disposal of assets	51,157	(3)	51,154	-
Interest expense	(557,820)	(241)	(558,061)	-
Interest income on lease receivable	-	120,700	120,700	-
Total nonoperating revenues (expenses)	4,123,685	325,790	4,449,475	-
Income (Loss) Before Impact Fees and Transfers	12,258,095	(459,364)	11,798,731	63,661
Impact fees	7,072,489	-	7,072,489	-
Transfers in	-	750,000	750,000	-
Transfers out	(939,000)	(882,000)	(1,821,000)	(57,000)
Change in net position	18,391,584	(591,364)	17,800,220	6,661
Net position, beginning of year	209,397,147	11,208,584	220,605,731	-
Net position, end of year	\$ 227,788,731	\$ 10,617,220	\$ 238,405,951	\$ 6,661

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

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

	Business-type Activities - Enterprise Funds			Governmental
	Utility Fund	Other Proprietary Funds	Total	Activities Internal Service Fund
<i>For the year ended September 30, 2024</i>				
Operating Activities				
Cash received from customers and users	\$ 40,701,713	\$ 2,174,169	\$ 42,875,882	\$ 990,135
Cash payments to suppliers	(21,449,863)	(1,201,835)	(22,651,698)	(338,672)
Cash payments to employees	(5,794,001)	(1,131,700)	(6,925,701)	(581,695)
Net cash provided by operating activities	13,457,849	(159,366)	13,298,483	69,768
Noncapital Financing Activities				
Grants and contributions	1,500	-	1,500	-
Repayment of loans to other funds	-	(63,000)	(63,000)	-
Cash transfers (to) from other funds	(939,000)	(69,000)	(1,008,000)	(57,000)
Net cash provided by (used in) noncapital financing activities	(937,500)	(132,000)	(1,069,500)	(57,000)
Capital and Related Financing Activities				
Impact fees	8,527,838	-	8,527,838	-
Grants and contributions	92,777	-	92,777	-
Principal paid on revenue certificates	(71,114)	-	(71,114)	-
Principal paid on lease liabilities	-	(5,786)	(5,786)	-
Interest paid on lease liabilities	-	(241)	(241)	-
Principal paid on revenue bonds	(2,365,000)	-	(2,365,000)	-
Interest paid on revenue bonds	(418,301)	-	(418,301)	-
Proceeds from sale of assets	55,477	-	55,477	-
Costs associated with sale of assets	(2,709)	-	(2,709)	-
Purchase of capital assets	(6,422,355)	(230,315)	(6,652,670)	(8,882)
Cash received as lessor - interest	-	120,700	120,700	-
Net cash (used in) capital and related financing activities	(603,387)	(115,642)	(719,029)	(8,882)
Investing Activities				
Purchase of investments	(2,320,134)	(30,797)	(2,350,931)	-
Investment earnings	4,182,297	92,615	4,274,912	-
Net cash provided by (used in) investing activities	1,862,163	61,818	1,923,981	-
Net increase in cash and cash equivalents	13,779,125	(345,190)	13,433,935	3,886
Cash and cash equivalents, beginning of year	62,986,919	2,664,055	65,650,974	-
Cash and cash equivalents, end of year	\$ 76,766,044	\$ 2,318,865	\$ 79,084,909	\$ 3,886
Classified as				
Current assets - cash and cash equivalents	\$ 35,528,131	\$ 2,318,865	\$ 37,846,996	\$ 3,886
Restricted assets - cash and cash equivalents	41,237,913	-	41,237,913	-
Total	\$ 76,766,044	\$ 2,318,865	\$ 79,084,909	\$ 3,886

(Continued)

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

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

	Business-type Activities - Enterprise Funds			Governmental Activities Internal Service Fund
	Utility Fund	Other Proprietary Funds	Total	
<i>For the year ended September 30, 2024</i>				
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating income (loss)	\$ 8,134,410	\$ (785,154)	\$ 7,349,256	\$ 63,661
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	5,231,055	658,895	5,889,950	2,221
Amortization	-	5,860	5,860	-
Bad debts	42,152	-	42,152	-
Forfeited deposits	(750)	-	(750)	-
Expiration of revenue certificate	(238,425)	-	(238,425)	-
Change in assets, deferred outflows, liabilities and deferred inflows				
(Increase) decrease in assets and deferred outflows				
Accounts receivable, net	(402,732)	(129,981)	(532,713)	(16)
Due from other funds	387	(89)	298	(283,003)
Due from other governments	(6,245)	-	(6,245)	-
Lease receivable	-	99,300	99,300	-
Accrued interest receivable	-	(3,928)	(3,928)	-
Inventory	(75,275)	-	(75,275)	-
Prepays	(148,851)	-	(148,851)	(4,887)
Deferred outflows related to pensions	1,487,791	195,619	1,683,410	(93,587)
Deferred outflows related to OPEB	8,068	1,514	9,582	(4,908)
Increase (decrease) in liabilities and deferred inflows				
Accounts payable	234,655	91,566	326,221	67,482
Accrued expenses and deposits	13,784	8,657	22,441	22,808
Due to other funds	71,398	10,056	81,454	-
Due to fiduciary funds	3,746	474	4,220	-
Due to other governments	96,840	2,264	99,104	-
Unearned revenue	444,988	4,454	449,442	-
Accrued compensated absences	(93,153)	3,731	(89,422)	62,392
Net OPEB obligation	13,601	(2,102)	11,499	27,632
Net pension liability	(1,857,235)	(249,648)	(2,106,883)	81,627
Deferred inflows related to pensions	496,996	89,075	586,071	121,909
Deferred inflows related to OPEB	644	(765)	(121)	6,437
Deferred inflows related to leases	-	(159,164)	(159,164)	-
Total adjustments	5,323,439	625,788	5,949,227	6,107
Net cash provided by operating activities	\$ 13,457,849	\$ (159,366)	\$ 13,298,483	\$ 69,768

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

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

<i>September 30, 2024</i>	Pension Trust Funds
Assets	
Cash and cash equivalents	\$ 106,390
Accounts receivable, net	30,656
Dividends receivable	35,835
Due from other funds	11,261
Due from other governments	460
Investments, at fair value	
Money market funds	2,822,332
Municipal bonds	2,239,238
Corporate bonds	8,180,026
Equity & securities	40,727,234
Government securities	7,625,790
Real estate investment funds	6,286,304
Real estate investment trusts	1,931,915
Mutual funds	41,309,218
<hr/>	
Total assets	111,306,659
Liabilities	
Accounts payable	131,264
Refunds payable	84,906
Due to other funds	2,923
<hr/>	
Total liabilities	219,093
Net position	
Restricted for	
Held in trust for pension benefits	\$ 111,087,566
<hr/> <hr/>	

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

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

<i>For the year ended September 30, 2024</i>	Pension Trust Funds
Additions	
Contributions	
Employer	\$ 3,993,628
Plan members	2,079,807
Insurance premiums	731,428
<hr/>	
Total contributions	6,804,863
Investment earnings	
Interest	13,106
Dividends	2,960,699
Net increase (decrease) in fair value of investments	16,062,240
<hr/>	
Total investment earnings	19,036,045
Less investment expenses	(336,794)
<hr/>	
Net investment earnings	18,699,251
<hr/>	
Total additions	25,504,114
<hr/>	
Deductions	
Benefits paid	5,274,610
Refunds of contributions	573,307
Administrative expenses	98,513
<hr/>	
Total deductions	5,946,430
<hr/>	
Net increase (decrease) in fiduciary net position	19,557,684
Net position, beginning of year	91,529,882
<hr/>	
Net position, end of year	\$ 111,087,566
<hr/>	

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

City of Panama City Beach, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Component Unit – Panama City Beach Community Redevelopment Agency

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

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

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

Government-Wide and Fund Financial Statements

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

City of Panama City Beach, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-Wide and Fund Financial Statements (continued)

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

The City reports the following major governmental funds:

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

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

The City reports the following major enterprise fund:

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

Additionally, the City reports the following fund types:

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

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

City of Panama City Beach, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements (continued)

The *Internal service fund* accounts for information technology services provided to other departments or agencies of the City, on a cost-reimbursement basis.

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

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

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

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

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

Budgetary Information

Budgetary basis of accounting

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

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

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

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

Cash and cash equivalents

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

City of Panama City Beach, Florida
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Investments

All investments are recorded at fair value as described in Note 4.

Receivables and payables

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

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

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

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

Interfund Activities and Transactions

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

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

Inventories and Prepaid Items

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

City of Panama City Beach, Florida
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Inventories and Prepaid Items (continued)

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

Restricted Assets

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

Capital Assets

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

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

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

Deferred Outflows/Inflows of Resources

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Deferred Outflows/Inflows of Resources (continued)

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three (3) items that qualify for reporting as deferred inflows of resources, the *deferred inflows related to pensions*, the *deferred inflows related to OPEB*, and the *deferred inflows related to leases*, reported in the government-wide and proprietary funds statements of net position. The *deferred inflows related to pensions* are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred inflows related to pensions will be recognized as a reduction to pension expense in future reporting years. The *deferred inflows related to leases* are associated with amounts owed to the City, as lessor, by entities leasing the City's capital assets.

Compensated Absences

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

City of Panama City Beach, Florida
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and is recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB Codification Section 130: *Interest Costs – Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

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

Leases

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

Pensions

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

Other Post-Employment Benefits (OPEB) Liability

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Categories and Classification of Net Position and Fund Balance

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

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

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

The provisions of GASBC Section 1800, *Classification and Terminology*, specifies the following classifications:

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

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

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

City of Panama City Beach, Florida
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

Revenues and Expenditures/Expenses

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

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

Use of Estimates

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

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 4, 2025 and determined there were no events that occurred that required disclosure.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recently Issued and Implemented Accounting Pronouncements

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

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

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

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

Note 2: CHANGE IN ACCOUNTING PRINCIPLE AND ERROR CORRECTION

The City's fiscal year 2024 financial statements incorporate a change within the financial reporting entity. GASB Statement No. 100, *Accounting Changes and Error Corrections*, requires disclosure of their nature and effect on amounts reported in the financial statements. In fiscal year 2024, the City created the Information Technology Internal Service Fund. This fund is used to provide IT services to other departments or agencies of the City, on a cost-reimbursement basis. No restatements or adjustments were necessary to the City's beginning net position or fund balance as a result of the change within the reporting entity.

City of Panama City Beach, Florida
Notes to Financial Statements

Note 3: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental funds balance sheet includes a reconciliation between *fund balances – total governmental funds* and *net position of governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation states, "Receivables, on a modified accrual basis are not resources and, therefore, are not reported in the funds." The details of this \$479,158 difference are as follows:

Accounts receivable, net	\$	472,657
Due from other governments		6,501
<hr/>		
Net adjustment to increase fund balances – total governmental funds to arrive at <i>net position of governmental activities</i>	\$	479,158
<hr/>		

Another element of that reconciliation states, "Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds." The details of this \$195,267,606 difference are as follows:

Cost of capital assets	\$	266,134,961
Less: accumulated depreciation		(70,867,355)
<hr/>		
Net adjustment to increase fund balances – total governmental funds to arrive at <i>net position of governmental activities</i>	\$	195,267,606
<hr/>		

Another element of that reconciliation states, "Long-term and claim liabilities, including bonds and self-insurance liability, are not due and payable in the current period and, therefore, are not reported in the funds." The details of this \$(78,238,495) difference are as follows:

Revenue bonds payable, net	\$	(59,710,000)
Unamortized premium costs		(5,711,038)
Net OPEB obligation		(1,404,356)
Net pension liability		(7,527,504)
Self insurance liability		(409,254)
Compensated absences		(2,549,054)
Accrued interest payable		(927,289)
<hr/>		
Net adjustment to decrease fund balances – total governmental funds to arrive at <i>net position of governmental activities</i>	\$	(78,238,495)
<hr/>		

City of Panama City Beach, Florida
Notes to Financial Statements

Note 3: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

Another element of that reconciliation states, "Deferred outflows and inflows are not financial statement resources, assets or liabilities and, therefore, are not reported in the funds." The details of this \$2,314,276 difference are as follows:

Deferred outflows related to pensions	\$	4,605,816
Deferred inflows related to pensions		(3,392,716)
Deferred outflows related to OPEB		249,452
Deferred inflows related to OPEB		(327,161)
Deferred loss on refunding		1,178,885
<hr/>		
Net adjustment to increase fund balances - total governmental funds to arrive at <i>net position of governmental activities</i>	\$	2,314,276
<hr/> <hr/>		

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

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances - total governmental funds* and *change in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, "Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense." The details of this \$28,094,671 difference are as follows:

Capital outlay expenditures	\$	34,682,203
Less: depreciation expense		(6,587,532)
<hr/>		
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	\$	28,094,671
<hr/> <hr/>		

Another element of that reconciliation states, "The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position." The details of this \$(215,344) difference are as follows:

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from sales increase financial resources. Thus, the change in net position differs from the change in fund balances by the basis of the capital assets sold.	\$	(186,436)
In the statement of activities, non-cash donations of assets donated or received are recognized at fair market value. However, in the governmental funds, the donations are not recognized.		(28,908)
<hr/>		
Net adjustment to decrease <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	\$	(215,344)
<hr/> <hr/>		

City of Panama City Beach, Florida
Notes to Financial Statements

Note 3: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

Another element of that reconciliation states, "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds." The details of this \$222,932 difference are as follows:

Compensated absences	\$	(24,105)
Insurance		760,026
Various expenses		366
Interest		30,940
Pension expense		(531,511)
OPEB		(12,784)
<hr/>		
Net adjustment to increase <i>net change in fund balances – total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	\$	222,932
<hr/>		

Another element of that reconciliation states, "Some revenues reported in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in the governmental funds." The details of this \$264,995 difference are as follows:

Intergovernmental	\$	2,474
Fines and forfeitures		22,711
Interfund transfers		314,469
Grants		(98,048)
Other fees and miscellaneous		23,389
<hr/>		
Net adjustment to increase <i>net change in fund balances – total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	\$	264,995
<hr/>		

Another element of that reconciliation states, "The issuance of long-term debt (i.e., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$2,790,514 difference are as follows:

Principal repayment of bonds	\$	2,720,000
Plus, amortization of bond premium costs		236,907
Less, amortization of deferred loss on advance refunding		(166,393)
<hr/>		
Net adjustment to increase <i>net change in fund balances – total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	\$	2,790,514
<hr/>		

Note 4: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

As of September 30, 2024, the City's bank balances are covered by federal depository insurance (FDIC) coverage limits and monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the City pursuant to Section 280.08, Florida Statutes.

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

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

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

Under GASB Codification 150: *Investments*, if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements. As of September 30, 2024, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the City's access to 100 percent of their account value in either external investment pool.

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

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

Note 4: DETAILED NOTES ON ALL FUNDS (continued)

Deposits and Investments (continued)

As of September 30, 2024 the City's pension investments are held in street name in the form of stock, debt securities and U.S. government bonds through a financial brokerage firms segregated out from the assets and investments held by other clients of the investment firm and their own assets.

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

Credit Risk - Section 150: *Investments* of the GASB Codification requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations. The City has no investment policy that would limit its investment choices due to credit risk other than State statutes governing investments listed in Florida Statutes, Section 218.415. The City's investment policy and the investment policy for the pension trust funds limit investments to securities with specific ranking criteria.

Concentration Risk – Section 150: *Investments* of the GASB Codification requires disclosures of investments in any one issuer that represents five percent or more of total investments, excluding investments issued or explicitly guaranteed by the U.S government, investments in mutual funds, external investments pools and other pooled investments. The City's investment policy does not address concentration risk. The fiduciary funds' policy restricts the percentage of assets that may be held in the stock of any one company, the percentage of any one type of security type as a percentage of the total Fund's assets, and the bonds issued by any one issuer.

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

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

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

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

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

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

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

City of Panama City Beach, Florida
Notes to Financial Statements

Note 4: DETAILED NOTES ON ALL FUNDS (continued)

Deposits and Investments (continued)

The following table sets forth by level, within the fair value hierarchy, the City's assets at fair value as of September 30, 2024:

	Fair Value	<u>Maturities (in years)</u>	Less than 1	Level
Fiduciary fund				
Money market funds	\$ 2,822,332	\$	2,822,332	L1
Municipal bonds	418,603	\$	418,603	L1
Municipal bonds	1,820,635		1,820,635	L2
Corporate bonds	8,180,026		8,180,026	L1
Common & preferred stocks	40,727,234		40,727,234	L1
Government securities	5,864,253		5,864,253	L1
Government securities	1,761,537		1,761,537	L2
Real estate investment trusts	1,931,915		1,931,915	L1
Mutual funds	41,309,218		41,309,218	L1
Total investments measured by fair value level	104,835,753	\$	<u>104,835,753</u>	
Investments measured at the net asset value (NAV)				
Real estate investment funds	6,286,304			
Total fiduciary fund	\$ 111,122,057			
Investments measured at the net asset value (NAV)				
Primary government				
Florida Cooperative Liquid Assets Securities System	6,054,923			
Florida Local Government Investment Trust	38,050,174			
Florida Fixed Income Trust	47,605,261			
Total primary government	91,710,358			
Total investments	\$ 202,832,415			

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2024.

Note 4: DETAILED NOTES ON ALL FUNDS (continued)

Deposits and Investments (continued)

Debt and equity securities – Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using quoted market prices for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using quoted prices or yields of similar debt securities.

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

Fair Value of Investments in Entities that Use Net Asset Value (NAV) – Investments in the Florida Fixed Income Trust are in the Florida Fixed Income Trust Cash Pool and Florida Fixed Income Trust Select Cash Pool, with balances of \$29,558,427 and \$18,046,834 and weighted average maturity of 1.67 and 25.92 months, respectively, at September 30, 2024. Both pools are rated AAAs/S1 by Fitch Rating. The Florida Fixed Income Trust Cash Pool investment strategy is a money market alternative that is managed to a dollar in/dollar out strategy. It utilizes a hybrid approach managing current market conditions and portfolio duration, to ensure maximum flexibility in all market conditions. The Cash Pool seeks to preserve principal while seeking to maximize yields, offers same day liquidity and provides an investment option for local governments' short-term funds. The pool consists of commercial paper, certificates of deposit, corporate bonds, money market funds, and other short-term securities. The Florida Fixed Income Trust Select Cash Pool investment strategy offers diversification through multiple asset classes and is designed to minimize volatility while providing next day liquidity, interest income, and preservation of principal. The pool consists of mortgage-backed securities, corporate bonds, municipal bonds, and other short-term securities.

No specific investments are assigned to the City, rather the City's investments are equal to the total fund net asset value times the City's units as a percentage of total units outstanding. Investment earnings are utilized to purchase additional units within the pools. Additionally, the City may withdraw either a portion of or its entire investment at any time. The City's investments in the Florida Fixed Income Trust, at fair value measured at NAV, totaled \$47,605,261 as of September 30, 2024.

Florida Cooperative Liquid Assets Securities System (FLCLASS) is an independent local government investment pool created under the laws of Florida to provide eligible units of local government the option to invest in a fund with an investment portfolio structured to maintain safety of principal, daily liquidity, and a competitive rate of return. The trust is administered by Public Trust Advisors, LLC and an appointed Board of Trustees. This investment pool is measured at the Stable Net Asset Value and is rated AAAM by S&P Global Ratings. The Net Asset Value is \$6,054,923 and the weighted average maturity for the portfolio is 1.0 months as of September 30, 2024.

Florida Local Government Investment Trust (FLGIT) is an external local government investment pool developed through the joint efforts of the Florida Association of Court Clerks and Comptrollers and the Florida Association of Counties. The pool is supervised by an appointed Board of Trustees. The FLGIT Day to Day Fund is a fund with an investment portfolio structured to maintain safety of principal and maximize available yield through a balance of quality and diversification within the investment portfolio. This Fitch rated AAAM Trust invests in securities with effective maturities of less than five years. The Net Asset Value is \$38,050,174 and the weighted average maturity for the portfolio is 0.34 months as of September 30, 2024.

City of Panama City Beach, Florida
Notes to Financial Statements

Note 4: DETAILED NOTES ON ALL FUNDS (continued)

Deposits and Investments (continued)

TA Realty Core Property Fund invests in a related Master Fund which invests in industrial, multifamily, office, retail real estate, and self-storage units. Redemptions are permitted with 45 days' notice prior to quarter-end and to the extent the Fund has liquid assets, redemption requests may be redeemed after quarter-end when that quarter's price per share is published. The Net Asset Value is \$6,286,304 as of September 30, 2024.

Accounts Receivable

For the Utility Fund, operating revenues are generally recognized on the basis of cycle billings rendered monthly. The amount of services delivered for the period from the last billing date to September 30, 2024 (unbilled receivable), is estimated and accrued at year end. The City deems all amounts collectable therefore an allowance for doubtful accounts is not necessary. If payments are not received from customers, services are shut off and deposits are applied against negative balances.

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

At September 30, 2024, accounts receivable in the governmental activities is summarized as follows:

Total accounts receivable	\$	683,836
Less: allowance for doubtful accounts		-
<hr/>		
Accounts receivable, net	\$	683,836
<hr/>		

At September 30, 2024, accounts receivable and allowance for uncollectible accounts in the business-type activities is summarized as follows:

Billed accounts receivable	\$	2,449,547
Unbilled accounts receivable		5,630,376
Other receivables		449,191
<hr/>		
Total accounts receivable		8,529,114
Less: allowance for doubtful accounts		(318,128)
<hr/>		
Accounts receivable, net	\$	8,210,986
<hr/>		

City of Panama City Beach, Florida
Notes to Financial Statements

Note 4: DETAILED NOTES ON ALL FUNDS (continued)

Interfund Receivables, Payables, and Transfers

The composition of due from/to other funds' balances as of September 30, 2024 is as follows:

Receivable fund	Payable fund	
General	CRA	\$ 57
General	Stormwater	68
General	Utility	668
General	Pier	19
General	Law Enforcement Trust	5,885
General	Law Enforcement Education	315
General	Firefighters' Pension Trust	556
General	Police Officers' Pension Trust	1,105
CRA	General	14,106
Law Enforcement Trust	General	1,425
Law Enforcement Education	General	1,027
DOJ Equitable Sharing	General	14,490
Pier	General	90
IT Internal Service	General	189,245
IT Internal Service	CRA	3,556
IT Internal Service	Stormwater	8,923
IT Internal Service	Utility	71,242
IT Internal Service	Pier	5,271
IT Internal Service	Aquatic	4,766
Police Officers' Pension Trust	General Employee's Pension Trust	1,262
General Employee's Pension Trust	General	4,534
General Employee's Pension Trust	CRA	506
General Employee's Pension Trust	Stormwater	739
General Employee's Pension Trust	Utility	3,746
General Employee's Pension Trust	Pier	271
General Employee's Pension Trust	Aquatic	203

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

City of Panama City Beach, Florida
Notes to Financial Statements

Note 4: DETAILED NOTES ON ALL FUNDS (continued)

Interfund Receivables, Payables, and Transfers (continued)

The composition of interfund transfers as of September 30, 2024 is as follows:

Transfers out	Transfers in						Total
	General fund	CRA fund	Nonmajor governmental funds	Utility fund	Nonmajor proprietary funds	IT internal service fund	
General fund	\$ -	\$ 13,658	\$ 113,110	\$ 256,477	\$ 42,381	\$ 15,611	\$ 441,237
CRA fund	47,000	-	-	-	-	-	47,000
Nonmajor governmental funds	118,000	-	-	-	-	-	118,000
Utility fund	939,000	-	-	-	-	-	939,000
Nonmajor proprietary funds	132,000	-	-	-	750,000	-	882,000
IT internal service	57,000	-	-	-	-	-	57,000
Total	\$ 1,293,000	\$ 13,658	\$ 113,110	\$ 256,477	\$ 792,381	\$ 15,611	

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

City of Panama City Beach, Florida
Notes to Financial Statements

Note 4: DETAILED NOTES ON ALL FUNDS (continued)

Capital Assets

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

	September 30, 2023	Increases	Decreases	September 30, 2024
Capital assets, not being depreciated				
Land	\$ 54,377,393	\$ 467,695	\$ -	\$ 54,845,088
Construction in progress	40,388,625	30,801,501	(7,592,248)	63,597,878
Total capital assets, not being depreciated	94,766,018	31,269,196	(7,592,248)	118,442,966
Capital assets, being depreciated				
Buildings	23,209,342	127,652	(380,479)	22,956,515
Improvements	96,201,854	7,581,267	(135,135)	103,647,986
Machinery and equipment	18,534,290	3,249,472	(687,386)	21,096,376
Total capital assets, being depreciated	137,945,486	10,958,391	(1,203,000)	147,700,877
Accumulated depreciation				
Buildings	(6,021,808)	(592,136)	279,018	(6,334,926)
Improvements	(49,399,733)	(4,374,473)	101,519	(53,672,687)
Machinery and equipment	(9,874,845)	(1,623,144)	636,026	(10,861,963)
Total accumulated depreciation	(65,296,386)	(6,589,753)	1,016,563	(70,869,576)
Total capital assets, being depreciated, net of accumulated depreciation	72,649,100	4,368,638	(186,437)	76,831,301
Total governmental activities' capital assets – net	\$ 167,415,118	\$ 35,637,834	\$ (7,778,685)	\$ 195,274,267

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

<u>Governmental activities</u>	
General government	\$ 261,327
Public safety	1,220,847
Highways and streets	3,543,439
Culture and recreation	1,243,348
Physical environment	318,571
Internal service fund	2,221
Total depreciation expense – governmental activities	\$ 6,589,753

City of Panama City Beach, Florida
Notes to Financial Statements

Note 4: DETAILED NOTES ON ALL FUNDS (continued)

Capital Assets (continued)

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

	September 30, 2023	Increases	Decreases	September 30, 2024
Capital assets, not being depreciated				
Land	\$ 10,041,781	\$ 3,576	\$ -	\$ 10,045,357
Intangible assets	194,788	-	-	194,788
Construction in progress	25,183,901	3,278,327	(5,267,017)	23,195,211
Total capital assets, not being depreciated	35,420,470	3,281,903	(5,267,017)	33,435,356
Capital assets, being depreciated				
Buildings	37,523,172	-	-	37,523,172
Improvements	135,499,242	5,484,219	-	140,983,461
Machinery and equipment	24,537,466	2,878,452	(429,323)	26,986,595
Total capital assets, being depreciated	197,559,880	8,362,671	(429,323)	205,493,228
Accumulated depreciation				
Buildings	(19,262,950)	(997,855)	-	(20,260,805)
Improvements	(54,447,584)	(3,938,956)	-	(58,386,540)
Machinery and equipment	(20,185,643)	(953,139)	420,134	(20,718,648)
Total accumulated depreciation	(93,896,177)	(5,889,950)	420,134	(99,365,993)
Total capital assets, being depreciated, net of accumulated depreciation	103,663,703	2,472,721	(9,189)	106,127,235
Right-to-use lease assets, being amortized				
Land	29,299	-	-	29,299
Accumulated amortization				
Land	(9,278)	(5,860)	-	(15,138)
Right-to-use lease assets, being amortized, net of accumulated amortization	20,021	(5,860)	-	14,161
Total business-type activities' capital assets – net	\$ 139,104,194	\$ 5,748,764	\$ (5,276,206)	\$ 139,576,752

City of Panama City Beach, Florida
Notes to Financial Statements

Note 4: DETAILED NOTES ON ALL FUNDS (continued)

Capital Assets (continued)

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

<u>Business-type activities</u>	
Utility fund	
Water	\$ 1,251,292
Waste water	3,979,763
Other proprietary funds	664,755
<hr/>	
Total depreciation and amortization expense – business-type activities	\$ 5,895,810

The following schedule summarizes the capital assets of the City’s business-type activities at September 30, 2024:

	Utility Fund	Other Proprietary Funds	Total
Land	\$ 10,045,357	\$ -	\$ 10,045,357
Intangible assets	194,788	-	194,788
Buildings	33,369,148	4,154,024	37,523,172
Improvements	128,868,036	12,115,425	140,983,461
Machinery and equipment	26,231,307	755,288	26,986,595
Construction in progress	23,195,211	-	23,195,211
<hr/>			
Total	221,903,847	17,024,737	238,928,584
<hr/>			
Accumulated depreciation			
Buildings	(18,352,718)	(1,908,087)	(20,260,805)
Improvements	(51,541,661)	(6,844,879)	(58,386,540)
Machinery and equipment	(20,378,766)	(339,882)	(20,718,648)
<hr/>			
Total accumulated depreciation	(90,273,145)	(9,092,848)	(99,365,993)
<hr/>			
Right-to-use lease asset			
Land	-	29,299	29,299
<hr/>			
Accumulated amortization			
Land	-	(15,138)	(15,138)
<hr/>			
Total business-type activities' capital assets – net	\$ 131,630,702	\$ 7,946,050	\$ 139,576,752

City of Panama City Beach, Florida
Notes to Financial Statements

Note 4: DETAILED NOTES ON ALL FUNDS (continued)

Long Term Debt – Governmental Activities

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

	Balance September 30, 2023	Additions	Deductions	Balance September 30, 2024	Due within One Year
Bonds from direct placement					
Revenue bonds	\$ 62,430,000	\$ -	\$ (2,720,000)	\$ 59,710,000	\$ 2,795,000
Adjusted for deferred amounts on issuance premium	5,947,945	-	(236,907)	\$ 5,711,038	236,905
 Total bonds from direct placement	 68,377,945	 -	 (2,956,907)	 65,421,038	 3,031,905
Compensated absences	2,524,949	704,140	(617,643)	2,611,446	1,139,878
Net pension liability					
General employees	3,808,011	-	(2,877,462)	930,549	-
Police officers	6,527,444	-	(2,756,615)	3,770,829	-
Firefighters	5,713,590	-	(2,805,837)	2,907,753	-
Net OPEB obligation	1,417,158	14,830	-	1,431,988	58,233
 Total	 \$ 88,369,097	 \$ 718,970	 \$ (12,014,464)	 \$ 77,073,603	 \$ 4,230,016

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

Bonds Payable

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

City of Panama City Beach, Florida
Notes to Financial Statements

Note 4: DETAILED NOTES ON ALL FUNDS (continued)

Long Term Debt – Governmental Activities (continued)

Bonds Payable (continued)

The bonds are payable in annual principal installments ranging from \$350,000 to \$3,370,000 over the life of the bonds beginning November 1, 2015. Semi-annual interest payments at a rate of 2.73% are due each May 1 and November 1. The pledge referenced above remains in effect until extinguishment or maturity of the debt in 2031, whichever occurs first. The remaining principal and interest payments on this debt as of September 30, 2024, totaled \$27,380,778. Current year principal and interest payments paid on the bond required 15.0% of the pledged revenues. Principal and interest payments paid for the current year were \$2,720,000 and \$708,708, respectively, and the pledged revenues were \$22,799,863.

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

The bonds are payable in annual principal installments ranging from \$1,385,000 to \$2,830,000 over the life of the bonds beginning November 1, 2032. Semi-annual interest payments at a rate of 5% are due each May 1 and November 1 beginning May 1, 2021 through May 1, 2041. The interest rate then decreases to 4% through maturity on November 1, 2048. The pledge referenced above remains in effect until extinguishment or maturity of the debt in 2048, whichever occurs first. The remaining principal and interest payments on this debt as of September 30, 2024, totaled \$61,726,350. No principal was paid in the current year. Current year interest payments paid on the bond required 6.8% of the pledged revenues. Interest payments paid for the current year were \$1,557,300 and the pledged revenues were \$22,799,863.

City of Panama City Beach, Florida
Notes to Financial Statements

Note 4: DETAILED NOTES ON ALL FUNDS (continued)

Long Term Debt – Governmental Activities (continued)

Bonds Payable (continued)

The following is a summary of governmental activities bonds payable for the year ended September 30, 2024:

For the years ending September 30,	Governmental Activities					
	Capital Improvement Revenue Refunding Bonds, Series 2015		Capital Improvement Revenue Bonds, Series 2020		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 2,795,000	\$ 633,428	\$ -	\$ 1,557,300	\$ 2,795,000	\$ 2,190,728
2026	2,870,000	556,101	-	1,557,300	2,870,000	2,113,401
2027	2,950,000	476,658	-	1,557,300	2,950,000	2,033,958
2028	3,025,000	395,099	-	1,557,300	3,025,000	1,952,399
2029	3,110,000	311,357	-	1,557,300	3,110,000	1,868,657
2030-2034	9,850,000	408,135	2,840,000	7,646,250	12,690,000	8,054,385
2035-2039	-	-	8,450,000	6,061,500	8,450,000	6,061,500
2040-2044	-	-	10,715,000	3,770,600	10,715,000	3,770,600
2045-2049	-	-	13,105,000	1,351,500	13,105,000	1,351,500
Total	24,600,000	2,780,778	35,110,000	26,616,350	59,710,000	29,397,128
Current Portion	(2,795,000)	(633,428)	-	(1,557,300)	(2,795,000)	(2,190,728)
Payable after one year	\$ 21,805,000	\$ 2,147,350	\$ 35,110,000	\$ 25,059,050	\$ 56,915,000	\$ 27,206,400

Long Term Debt – Business-Type Activities

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

	Balance September 30, 2023	Additions	Deductions	Balance September 30, 2024	Due within One Year
Bonds from direct placement					
Revenue bonds	\$ 28,300,000	\$ -	\$ (2,365,000)	\$ 25,935,000	\$ 2,395,000
Total bonds from direct placement	28,300,000	-	(2,365,000)	25,935,000	2,395,000
Revenue certificates payable	2,058,070	10,946	(309,897)	1,759,119	1,759,119
Accrued compensated absences	663,770	129,371	(218,793)	574,348	280,100
Lease liability	17,597	-	(5,786)	11,811	5,865
Net pension liability	2,808,878	-	(2,106,883)	701,995	-
Net OPEB obligation	475,629	11,499	-	487,128	19,810
Total	\$ 34,323,944	\$ 151,816	\$ (5,006,359)	\$ 29,469,401	\$ 4,459,894

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

Note 4: DETAILED NOTES ON ALL FUNDS (continued)

Long Term Debt – Business-Type Activities (continued)

Bonds Payable

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

The bond is payable from and secured by a lien upon and pledge of (a) net revenues of the systems, (b) sewer system development charges, (c) water system development charges, (d) until released, public service taxes, and (e) the moneys on deposit in the various funds and accounts created pursuant to the loan agreement and the original resolution, with the exception of the rebate fund. The remaining principal and interest payments on this debt as of September 30, 2024 totaled \$17,442,110. Current year principal and interest payments on the bond required 6.3% of pledged revenues. Current year principal and interest payments paid from pledged revenues were \$1,190,000 and \$263,423, respectively, and the pledged revenues were \$23,167,279.

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

The bond is payable from and secured by a lien upon and pledge of (a) net revenues of the systems, (b) sewer system development charges, (c) water system development charges, (d) until released, public service taxes, and (e) the moneys on deposit in the various funds and accounts created pursuant to the loan agreement and the original resolution, with the exception of the rebate fund. The remaining principal and interest payments on this debt as of September 30, 2024 totaled \$10,767,667. Current year principal and interest payments on the bond required 5.7% of pledged revenues. Current year principal and interest payments paid from pledged revenues were \$1,175,000 and \$154,879, respectively, and the pledged revenues were \$23,167,279.

City of Panama City Beach, Florida
Notes to Financial Statements

Note 4: DETAILED NOTES ON ALL FUNDS (continued)

Long Term Debt – Business-Type Activities (continued)

Bonds Payable (continued)

The following is a summary of business-type activities bonds payable for the year ended September 30, 2024.

<i>For the years ending September 30,</i>	Business-type Activities					
	Water & Sewer Utility Revenue Refunding Bond, Series 2020A		Water & Sewer Utility Revenue Refunding Bond, Series 2022		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 1,210,000	\$ 244,978	\$ 1,185,000	\$ 138,781	\$ 2,395,000	\$ 383,759
2026	1,225,000	226,223	1,210,000	122,547	2,435,000	348,770
2027	1,245,000	207,235	1,230,000	105,970	2,475,000	313,205
2028	1,270,000	187,938	1,250,000	89,119	2,520,000	277,057
2029	1,285,000	168,253	1,285,000	71,994	2,570,000	240,247
2030-2034	6,730,000	536,299	3,970,000	109,256	10,700,000	645,555
2035-2036	2,840,000	66,184	-	-	2,840,000	66,184
Total	15,805,000	1,637,110	10,130,000	637,667	25,935,000	2,274,777
Current Portion	(1,210,000)	(244,978)	(1,185,000)	(138,781)	(2,395,000)	(383,759)
Payable after one year	\$ 14,595,000	\$ 1,392,132	\$ 8,945,000	\$ 498,886	\$ 23,540,000	\$ 1,891,018

Leases – Lessee

The City accounts for leases in accordance with GASBC Section L20, *Leases*. The City has entered into a lease agreement with the State of Florida Department of Environmental Protection to obtain the right-to-use a parcel of submerged land in order to operate a municipal fishing pier. The lease has a 5 year term and the annual fee is adjusted pursuant to Rule 18-21.011, Florida Administrative Code. The lease fee is the greater of the base fee or 6% of the annual income derived from the use of the submerged land. The base fee is a rate per square foot that is calculated each year based on changes to the Consumer Price Index figures established for the previous 5 years by the Bureau of Labor Statistics. For the fiscal year ended September 30, 2024, the base rate of the submerged land lease was \$6,027 and the total annual rent that the City paid was \$83,873.

The following is a schedule of minimum future lease payments from lease agreements as of September 30, 2024:

<i>For the years ending September 30,</i>	Principal Payments	Interest Expense	Total
2025	\$ 5,865	\$ 162	\$ 6,027
2026	5,946	81	6,027
Total	\$ 11,811	\$ 243	\$ 12,054

City of Panama City Beach, Florida
Notes to Financial Statements

Note 4: DETAILED NOTES ON ALL FUNDS (continued)

Long Term Debt – Business-Type Activities (continued)

Leases - Lessor

The City’s operations consist of an agreement for the use of the improved real property located adjacent to the Russell-Fields Pier. The agreement is non-cancelable and expires on January 1, 2043. The City recognized \$99,300 of lease revenue principal and \$120,700 of lease interest for the year ended September 30, 2024.

The following is a schedule by years of minimum future revenues from non-cancelable agreements as of September 30, 2024:

<i>For the years ending September 30,</i>	Principal	Interest	Future Minimum Lease Payments
2025	\$ 103,294	\$ 116,706	\$ 220,000
2026	107,449	112,551	220,000
2027	111,771	108,229	220,000
2028	116,267	103,733	220,000
2029	120,943	99,057	220,000
2030-2034	693,090	417,976	1,111,066
2035-2039	950,907	258,102	1,209,009
2040-2043	797,861	54,181	852,042
Total	\$ 3,001,582	\$ 1,270,535	\$ 4,272,117

Minimum future revenues do not include contingent revenues, which may be received under the agreement on the basis of gross sales. Contingent revenues amounted to \$97,894 for the year ended September 30, 2024.

City of Panama City Beach, Florida
Notes to Financial Statements

Note 4: DETAILED NOTES ON ALL FUNDS (continued)

Long Term Debt – Business-Type Activities (continued)

Revenue Certificates

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

	Original Amount of Certificate	Balance at September 30, 2023	Net Changes During the Year	Balance at September 30, 2024
Sunnyside Beach & Tennis	\$ 203,385	\$ 166,404	\$ (166,404)	\$ -
Tapestry Park North	96,430	74,398	(74,398)	-
Magnolia Beach	100,000	59,613	(1,079)	58,534
TW Olson-Magnolia	490,500	292,382	(5,293)	287,089
St. Andrews Land Company	670,414	399,618	(7,235)	392,383
St. Andrews Land Company	212,496	191,902	(2,346)	189,556
Ocean Park Pavilion	68,494	64,496	-	64,496
Ocean Park Pavilion	239,795	149,582	-	149,582
Antigua Developers	143,950	21,461	-	21,461
Shores of Panama	250,626	242,792	(13,699)	229,093
360 Panama Flats	428,608	321,456	-	321,456
Individual citizens	160,041	73,966	(28,497)	45,469
Total	\$ 3,064,739	\$ 2,058,070	\$ (298,951)	\$ 1,759,119

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

Note 5: RETIREMENT PLANS

Description of Plans

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

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

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

Summary of Significant Accounting Policies (All Plans)

Basis of Accounting

The Plans' financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits, refunds, and administrative costs are recognized when due and payable in accordance with the terms of each plan. On-behalf payments, made by the state totaling \$426,778 and \$304,650 for the Fire Employees and Police Employees plans, respectively, were recognized as revenues and expenditures in the General Fund during the year ended September 30, 2024.

Method Used to Value Investments

Investments are reported as disclosed in Note 3.

Presentation of Financial Statements

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

Funding Requirements

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

The General Employees plan requires employee contributions at 8.7% of basic compensation. City contributions are actuarially determined sufficient to pay current costs and amortize unfunded past service costs, if any, as provided in Chapter 112, Florida Statutes. For 2024, employee contributions to the plan totaled \$1,205,156, while City contributions were \$1,896,194 or 14% of covered payroll.

City of Panama City Beach, Florida
Notes to Financial Statements

Note 5: RETIREMENT PLANS (Continued)

Funding Requirements (continued)

Florida Statutes, Chapters 175 and 185, require members to contribute not less than .5% of their annual salary. The Police Employees plan, as approved by the City Council, requires members to contribute 11% of their basic compensation except for those police officers who elect the “20 & out” tier. These members are required to contribute 13% of their annual covered salary. The Fire Employees plan, as approved by the City Council, requires members to contribute 4.10% of their basic compensation except for those firefighters who elect the “20 & out” tier or the “25 & out” tier. These members are required to contribute 10.50% or 7.5% of their annual covered salary respectively. The City is required to contribute at an actuarially determined rate, which includes the state’s premium tax proceeds. Employer contributions for police officers and firefighters include on-behalf payments from the state of Florida related to state excise taxes collected on homeowners’ insurance policies.

The current required employer contribution rate is 22.03% of annual covered payroll for police officers and 24.83% of covered payroll for firefighters. Employee contributions were \$582,617 and \$292,034 while City contributions were \$1,099,816 and \$997,618 for Police Employees and Fire Employees plans, respectively, for the year ended September 30, 2024. Municipalities that have established pension plans complying with the provisions of Chapters 175 and 185, Florida Statutes, and that have enacted appropriate taxing legislation are eligible to receive revenues generated from excise taxes on gross receipts of certain insurance premiums from policyholders covering property within the City limits.

These state premium tax proceeds are the Firefighters’ Pension Fund Excise Tax, which is imposed on the gross receipts of property insurance policy premiums, and the Police Officers’ Pension Fund Excise Tax, which is imposed on the gross receipts of casualty insurance policy premiums. These revenues, taken as a whole, amounted to \$731,428 for the year ended September 30, 2024.

Plan Membership and Benefits

The makeup of plan participants as of the September 30, 2024, valuation was as follows:

Plan Membership	General Employees	Police Employees	Fire Employees
Inactive plan members or beneficiaries currently receiving benefits	106	38	19
Inactive plan members entitled to, but not yet receiving benefits	12	3	4
Active plan members	223	69	58
Total plan membership	341	110	81

City of Panama City Beach, Florida
Notes to Financial Statements

Note 5: RETIREMENT PLANS (Continued)

Plan Membership and Benefits (continued)

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

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

City of Panama City Beach, Florida
Notes to Financial Statements

Note 5: RETIREMENT PLANS (Continued)

Plan Membership and Benefits (continued)

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

Note 5: RETIREMENT PLANS (Continued)

Plan Membership and Benefits (continued)

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

Pension Plan Investments

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

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

In order to provide for a diversified portfolio, several investment management firms are selected to be responsible for the assets and allocation of the Trustees' mandate only, and are provided specific performance objectives and investment criteria. In order to maintain a balanced portfolio, the allocation of assets are targeted at no more than 5% in common stock, capital stock, or convertible stock of any one issuing company. Fixed income investments issued to any single corporation shall not exceed 5% of the total fund and all investments, and shall have a minimum rating of investment grade (Baa2/Mid BBB) or higher by at least one major credit rating agency. The plans did not hold investments in any one organization that represent 5% or more of the plans' fiduciary net position.

City of Panama City Beach, Florida
Notes to Financial Statements

Note 5: RETIREMENT PLANS (Continued)

Pension Plan Investments (continued)

For the year ended September 30, 2024, the annual money-weighted rate of return on the plans' investments, net of pension investment expense, was as follows:

	General Employees	Police Employees	Fire Employees
Annual money-weighted rate of return net of investment expenses	10.20%	21.00%	21.10%

Net Pension Liability, Significant Assumptions, And Discount Rate

The components of the net pension liability of the City as of September 30, 2024, were as follows:

General employees		
Total pension liability		\$ 55,647,302
Plan fiduciary net position		(54,014,758)
<hr/>		
City's net pension liability		\$ 1,632,544
<hr/>		
Plan fiduciary net position as a percentage of the total pension liability		97.07%
Police employees		
Total pension liability		\$ 36,273,592
Plan fiduciary net position		(32,502,763)
<hr/>		
City's net pension liability		\$ 3,770,829
<hr/>		
Plan fiduciary net position as a percentage of the total pension liability		89.60%
Fire employees		
Total pension liability		\$ 27,477,798
Plan fiduciary net position		(24,570,045)
<hr/>		
City's net pension liability		\$ 2,907,753
<hr/>		
Plan fiduciary net position as a percentage of the total pension liability		89.42%

City of Panama City Beach, Florida
Notes to Financial Statements

Note 5: RETIREMENT PLANS (Continued)

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

The total pension liability was determined by an actuarial valuation as of October 1, 2023, using the following actuarial assumptions applied to all measurement periods for each plan.

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

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

For all three plans, actuarial assumptions, with the exception of the investment return and mortality, used in the October 1, 2023 valuation were selected as a result of an experience study, and are reviewed annually for reasonableness.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plans' target asset allocation as of September 30, 2024, are summarized in the following table:

Asset Class	General Employees		Police Employees		Fire Employees	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Large cap equity	30.00%	4.50%	30.00%	4.50%	30.00%	4.50%
Small cap equity	20.00%	5.00%	20.00%	5.00%	20.00%	5.00%
International (Non-U.S.) equity (developed)	15.00%	4.70%	15.00%	4.70%	15.00%	4.70%
Emerging markets equity	0.00%	4.60%	0.00%	4.60%	0.00%	4.60%
Fixed income	25.00%	2.50%	25.00%	2.50%	25.00%	2.50%
Real estate	5.00%	3.50%	5.00%	3.50%	5.00%	3.50%
Cash	5.00%	N/A	5.00%	N/A	5.00%	N/A

City of Panama City Beach, Florida
Notes to Financial Statements

Note 5: RETIREMENT PLANS (Continued)

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

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

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

For the year ended September 30, 2024, the City recognized a pension expense of \$2,250,342 for the General Employees plan; \$1,659,486 for the Police Employees plan; and \$1,618,886 for the Fire Employees plan. On September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	General Employees		Police Employees		Fire Employees	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 1,635,417	\$ 554,909	\$ 1,745,088	\$ 339,081	\$ 857,848	\$ -
Changes of assumptions	236,326	-	455,054	-	574,519	-
Net difference between projected and actual earnings	-	-	-	951,353	-	834,416
Contributions made subsequent to the measurement date	-	1,883,290	-	-	-	-
Total	\$ 1,871,743	\$ 2,438,199	\$ 2,200,142	\$ 1,290,434	\$ 1,432,367	\$ 834,416

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

<i>For the years ending September 30,</i>	General Employees	Police Employees	Fire Employees
2025	\$ 531,897	\$ 707,954	\$ 572,735
2026	1,255,719	1,118,111	941,121
2027	(1,200,077)	(538,965)	(476,528)
2028	(1,153,995)	(496,302)	(502,909)
2029	-	118,910	57,983
Total Thereafter	-	-	5,549
Total	\$ (566,456)	\$ 909,708	\$ 597,951

City of Panama City Beach, Florida
Notes to Financial Statements

Note 5: RETIREMENT PLANS (Continued)

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

General Employees

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at September 30, 2023	\$ 51,632,377	\$ 45,015,486	\$ 6,616,891
Changes for the year			
Service cost	2,031,495	-	2,031,495
Interest	3,644,387	-	3,644,387
Differences between expected and actual experience	1,596,537	-	1,596,537
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - employer	-	1,896,194	(1,896,194)
Contributions - employee	-	1,205,156	(1,205,156)
Net investment income	-	9,343,361	(9,343,361)
Benefit payments, including refunds of employee contributions	(3,257,494)	(3,257,494)	-
Administrative expense	-	(187,945)	187,945
Net changes	4,014,925	8,999,272	(4,984,347)
Balances at September 30, 2024	\$ 55,647,302	\$ 54,014,758	\$ 1,632,544

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's net pension liability - General Employees	\$ 8,331,028	\$ 1,632,544	\$ (3,936,698)

City of Panama City Beach, Florida
Notes to Financial Statements

Note 5: RETIREMENT PLANS (Continued)

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

Police Employees

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at September 30, 2023	\$ 33,184,831	\$ 26,657,387	\$ 6,527,444
Changes for the year			
Service cost	1,013,352	-	1,013,352
Interest	2,340,139	-	2,340,139
Differences between expected and actual experience	1,296,950	-	1,296,950
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - employer	-	1,099,816	(1,099,816)
Contributions - state	-	304,650	(304,650)
Contributions - employee	-	582,617	(582,617)
Net investment income	-	5,553,680	(5,553,680)
Benefit payments, including refunds of employee contributions	(1,561,680)	(1,561,680)	-
Administrative expense	-	(133,707)	133,707
Net changes	3,088,761	5,845,376	(2,756,615)
Balances at September 30, 2024	\$ 36,273,592	\$ 32,502,763	\$ 3,770,829

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's net pension liability - Police Employees	\$ 8,346,895	\$ 3,770,829	\$ (1,497)

City of Panama City Beach, Florida
Notes to Financial Statements

Note 5: RETIREMENT PLANS (Continued)

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

Fire Employees

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at September 30, 2023	\$ 25,570,601	\$ 19,857,011	\$ 5,713,590
Changes for the year			
Service cost	849,970	-	849,970
Interest	1,811,427	-	1,811,427
Differences between expected and actual experience	350,579	-	350,579
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - employer	-	997,618	(997,618)
Contributions - state	-	426,778	(426,778)
Contributions - employee	-	292,034	(292,034)
Net investment income	-	4,215,039	(4,215,039)
Benefit payments, including refunds of employee contributions	(1,104,779)	(1,104,779)	-
Administrative expense	-	(113,656)	113,656
Net changes	1,907,197	4,713,034	(2,805,837)
Balances at September 30, 2024	\$ 27,477,798	\$ 24,570,045	\$ 2,907,753

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's net pension liability - Fire Employees	\$ 6,771,600	\$ 2,907,753	\$ (235,659)

Pension Plan Financial Statements

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

Note 6: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

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

Funding Policy

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

Plan Membership:

At the valuation date October 1, 2023, OPEB membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	36
Active members	358
Total	394

Actuarial Assumptions and Other Inputs

At the September 30, 2024 measurement date, the actuarial assumptions and other inputs, applied include the following:

Salary increases	2.5% per annum
Discount rate	3.81% per annum
Health care cost trend rates	4.50%

The discount rate was selected based on a 20-year tax-exempt high-quality general obligation municipal bond yield of index. The Bond Buyer 20-Bond General Obligation Index is the average rating of 20 bonds that are grade ‘Aa2’ (Moody’s) or grade ‘AA’ (S&P 500). The Bond Buyer 20-Bond General Obligation Index at September 30, 2024 was 4.09%.

Mortality rates were based on the RP-2014 Mortality Tables, base year 2006, for Males and Females as appropriate with both rates, fully generational with adjustments for mortality improvements based on Scale MP-2021.

The actuarial assumptions used in the October 1, 2023 valuation were not based on the results of an actuarial experience study.

City of Panama City Beach, Florida
Notes to Financial Statements

Note 6: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

Actuarial Assumptions and Other Inputs (continued)

At September 30, 2024, the City reported a total OPEB liability of \$1,919,116. The information has been provided as of the September 30, 2024 measurement date.

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Total OPEB Liability
	(a)	(b)	(a) - (b)
Balance as of October 1, 2023	\$ 1,892,787	\$ -	\$ 1,892,787
Changes for the year			
Service cost	64,877	-	64,877
Interest	75,310	-	75,310
Change of assumptions	-	-	-
Difference between expected and actual experience	(38,095)	-	(38,095)
Changes in benefit terms	-	-	-
Contributions - employer (Implicit rate subsidy)	(75,763)	75,763	(151,526)
Net investment income	-	-	-
Benefit payments	-	(75,763)	75,763
Administrative expenses	-	-	-
Net changes	26,329	-	26,329
Balance as of September 30, 2024	\$ 1,919,116	\$ -	\$ 1,919,116

The methods, assumptions, and participant data used are detailed in the actuarial valuation report dated October 1, 2023, and these calculations are based on the Entry Age Normal cost method required by GASB P52: *Postemployment Benefits Other Than Pensions*.

Sensitivity of the Net OPEB Liability

The following table represents the City's total and net OPEB liability calculated using the discount rate of 3.81%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.81%) or one percentage point higher (4.81%) than the current rate:

	Current Discount Rate		
	1% Decrease (2.81%)	(3.81%)	1% Increase (4.81%)
Net OPEB liability	\$ 2,249,615	\$ 1,919,116	\$ 1,662,690

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

	Ultimate Trend		
	1% Decrease (3.50%)	(4.50%)	1% Increase (5.50%)
Net OPEB liability	\$ 1,649,445	\$ 1,919,116	\$ 2,260,994

City of Panama City Beach, Florida
Notes to Financial Statements

Note 6: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

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

For the fiscal year ended September 30, 2024, the City recognized an OPEB expense of \$62,905. In addition, the City reported deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 340,888	\$ 447,078
Change of assumptions	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	-	-
Total	\$ 340,888	\$ 447,078

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

For the years ending September 30,

2025	\$	(1,520)
2026		(1,520)
2027		(1,520)
2028		(1,520)
2029		(1,520)
Thereafter		(98,590)
Total	\$	(106,190)

Note 7: COMMITMENTS AND CONTINGENCIES

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

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

Note 7: COMMITMENTS AND CONTINGENCIES (continued)

On November 30, 1999, the City entered into a contract to purchase water from Bay County. The terms of the contract require that the City must purchase a minimum of five billion, three hundred ninety-five million (5,395,000,000) gallons of water each fiscal year. During 2002, the minimum purchase amount was amended to five billion, eighty-two million, one hundred thousand (5,082,100,000) gallons. In the event of a shortfall, the City is required to pay Bay County an amount equal to the number of gallons short, at an agreed upon amount (\$.335 per thousand gallons). During the year ended September 30, 2024, the City's cost of water purchased from Bay County was \$9,648,643. The City did not meet its minimum purchase obligation for 2024 and as a result there was an amount due of \$94,405 at September 30, 2024. However, this liability was offset by \$842,134 representing credits given in accordance with the interlocal agreement with Bay County. As a result of these credits, there was no liability due to Bay County under the "take or pay" contract at September 30, 2024.

At September 30, 2024, the City had open construction contract commitments of approximately \$4,634,292.

Note 8: RISK MANAGEMENT

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

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

The commercial insurance carried is a claims incurred policy for which the City is covered for claims originating against the City during the policy period. The amount of coverage is dependent on the date of the liability-imposing event. The City has maintained continuous coverage and does not believe it has any exposure to events which occurred prior to the year ended September 30, 2024.

Note 9: SELF INSURANCE FOR EMPLOYEE MEDICAL BENEFITS

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

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

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

City of Panama City Beach, Florida
Notes to Financial Statements

Note 9: SELF INSURANCE FOR EMPLOYEE MEDICAL BENEFITS (continued)

Monthly invoices are submitted by Blue Cross/Blue Shield of Florida representing claims paid on the City’s behalf. The invoices are paid from the claims account previously referenced. The balance in the claims liability account at year end represents claims incurred prior to year-end and paid subsequent to September 30, 2024, and a provision for incurred but not yet reported claims, as well as a provision for potential future claims in excess of the re-insurance coverage limits.

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

Funding for health insurance premiums is derived from three sources:

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

For the fiscal year ended September 30, 2024, the change in the claims liability was as follows:

Claims liability, October 1, 2023	\$	1,739,754
Total transfers to the claims account from premiums, rebates, and other		3,669,487
Total transfers out of the claims account for claims, reinsurance fees, and other		(4,697,022)
<u>Claims liability, September 30, 2024</u>	<u>\$</u>	<u>712,219</u>

Note 10: PIER PARK

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

The CDD was authorized to issue debt to provide funds for public improvements constructed in the Pier Park Redevelopment Area. The City has pledged tax increment revenue collected within Pier Park to the CDD to be applied to the payment of interest and principal on the debt obligations. For the year ended September 30, 2024, tax increment funds remitted by Bay County to the City for the Pier Park CRA were \$583,706. These funds were subsequently paid to the CDD by the City.

In February 2024, the City passed resolution 24-97 which amended the PIPA including the method of computing and paying the annual reinvestment amount. Under the amendment, the City is required to pay to the CDD, by the 31st of January each fiscal year, the amount of the Pier Park Occupational License Tax Revenue required to ensure the annual reinvestment for the current fiscal year has been paid in full.

The total amount of business taxes collected within the Pier Park Redevelopment Area in the fiscal year ended September 30, 2024 were \$2,695,242. Under the terms of the amended PIPA, \$269,801 was remitted to the CDD and \$2,425,441 was retained by the City. A copy of the agreement is available at City Hall, located at 17007 Panama City Beach Pkwy, Panama City Beach, Florida 32413.

City of Panama City Beach, Florida
Notes to Financial Statements

Note 11: FUND BALANCE CONSTRAINTS

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

Fund Balances	General Fund	Community Redevelopment Fund	Other Governmental Funds	Total
Nonspendable				
Prepays	\$ 179,065	\$ 290	\$ 1,322	\$ 180,677
Inventory	17,445	-	-	17,445
Total nonspendable	196,510	290	1,322	198,122
Restricted				
Highways and streets	\$ 3,120,263	\$ -	\$ -	\$ 3,120,263
Public safety	143,497	-	106,026	249,523
Debt service	-	8,112,734	-	8,112,734
Community redevelopment	-	50,102,539	-	50,102,539
Reforestation	5,381	-	-	5,381
Impact fees	4,812,951	455,883	-	5,268,834
Building permits	1,136,838	-	-	1,136,838
Public parking	-	-	834,844	834,844
Storm water	-	-	5,597,607	5,597,607
Construction	-	18,827,135	-	18,827,135
Total restricted	9,218,930	77,498,291	6,538,477	93,255,698
Committed				
Construction	4,634,292	-	-	4,634,292
Total committed	4,634,292	-	-	4,634,292
Assigned				
Compensated absences	500,000	-	-	500,000
Road maintenance	1,000,000	-	-	1,000,000
Building renewal and replacement	1,000,000	-	-	1,000,000
Future capital projects	17,509,000	-	-	17,509,000
Self-insurance	646,889	-	-	646,889
Community redevelopment	-	1,714,687	-	1,714,687
Public safety	-	-	30,013	30,013
Total assigned	20,655,889	1,714,687	30,013	22,400,589
Unassigned	29,019,794	-	-	29,019,794
Total fund balances	\$ 63,725,415	\$ 79,213,268	\$ 6,569,812	\$ 149,508,495

Required Supplementary Information

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

For the year ended September 30, 2024	Budgeted Amounts		Variance with Final Budget- Actual Amounts Budget Basis	Actual Amounts Budget Basis	Budget to GAAP Difference	Actual Amounts GAAP Basis
	Original	Final				
Revenues						
Taxes						
Business taxes	\$ 20,416,000	\$ 19,989,000	\$ 525,316	\$ 20,514,316	-	20,514,316
Utility taxes	5,859,000	5,600,000	81,184	5,681,184	(79,153)	5,602,031
Franchise fees	3,738,000	3,330,000	51,928	3,381,928	(89,730)	3,292,198
Intergovernmental	6,510,000	6,600,000	60,657	6,660,657	58,441	6,719,098
Municipal services impact fees	758,000	860,000	366,443	1,226,443	(12,104)	1,214,339
Permits, fees and special assessments	6,988,865	7,039,615	117,111	7,156,726	(813)	7,155,913
Fines and forfeitures	130,000	272,500	99,833	372,333	988	373,321
Contributions and donations	1,148,200	1,397,050	(573,162)	823,888	612,242	1,436,130
Grants	7,822,600	6,700,166	(711,813)	5,988,353	2,804,206	8,792,559
Rents	273,800	308,280	(21,993)	286,287	50,083	336,370
Investment earnings	1,042,000	1,960,000	83,981	2,043,981	204,650	2,248,631
Other fees and miscellaneous	784,000	1,484,294	369,599	1,853,893	(11,219)	1,842,674
Total revenues	55,470,465	55,540,905	449,084	55,989,989	3,537,591	59,527,580
Expenditures						
Current						
General government						
Executive	882,800	915,060	133,337	781,723	14,776	796,499
Legislative	486,000	494,030	63,287	430,743	8,390	439,133
Administration	2,448,200	2,595,670	415,769	2,179,901	40,070	2,219,971
Legal	625,000	625,000	147,042	477,958	(19,248)	458,710
Comprehensive planning	544,140	553,110	169,215	383,895	10,163	394,058
Protective services	2,217,100	2,210,950	338,999	1,871,951	67,265	1,939,216
Total general government	6,320,440	6,478,760	1,134,312	5,344,448	106,640	6,247,587
Public safety						
Police	14,612,570	14,486,660	1,707,737	12,778,923	528,505	13,307,428
Fire	10,300,000	10,407,370	1,210,023	9,197,347	284,219	9,481,566
Total public safety	24,912,570	24,894,030	2,917,760	21,976,270	812,724	22,788,994
Highways and streets	4,660,500	3,412,670	811,494	2,601,176	(472,754)	2,128,422
Culture and recreation						
Library	338,300	355,800	79,944	275,856	4,567	280,423
Recreation	5,694,700	5,700,550	1,040,549	4,660,001	131,006	4,791,007
Total culture and recreation	6,033,000	6,056,350	1,120,493	4,935,857	135,573	5,071,430
Total current	41,926,510	40,841,810	5,984,059	34,857,751	582,183	36,236,433 (Continued)

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

<i>For the year ended September 30, 2024</i>	Budgeted Amounts		Variance with Final Budget- Actual Amounts Budget Basis	Actual Amounts Budget Basis	Budget to GAAP Difference	Actual Amounts GAAP Basis
	Original	Final				
Expenditures (continued)						
Capital outlay						
General government						
Administration	\$ 126,000	\$ 226,800	\$ 187,419	\$ 39,381	\$ (4,014)	\$ 35,367
Comprehensive planning	1,700	5,370	21	5,349	(5,349)	-
Protective services	165,100	150,800	20,284	130,516	(34,070)	96,446
Total general government	292,800	382,970	207,724	175,246	(43,433)	131,813
Public safety						
Police	4,692,000	2,756,536	1,059,726	1,696,810	(254,711)	1,442,099
Fire	10,494,000	15,953,730	4,240,143	11,713,587	743,719	12,457,306
Total public safety	15,186,000	18,710,266	5,299,869	13,410,397	489,008	13,899,405
Highways and streets	2,213,450	2,030,150	447,396	1,582,754	(21,301)	1,561,453
Culture and recreation						
Library	-	157,000	114	156,886	-	156,886
Recreation	9,076,000	6,030,600	2,091,751	3,938,849	(196,608)	3,742,241
Total culture and recreation	9,076,000	6,187,600	2,091,865	4,095,735	(196,608)	3,899,127
Total capital outlay	26,768,250	27,310,986	8,046,854	19,264,132	227,666	19,491,798
Total expenditures	68,694,760	68,152,796	14,030,913	54,121,883	1,606,348	55,728,231
Excess (deficiency) of revenues over (under) expenditures	(13,224,295)	(12,611,891)	14,479,997	1,868,106	1,931,243	3,799,349
Other Financing Sources (Uses)						
Transfers in	1,194,000	1,293,000	-	1,293,000	-	1,293,000
Transfers out	(85,000)	(85,000)	5,081	(79,919)	361,318	(441,237)
Grants and aid	(155,735)	(155,735)	-	(155,735)	-	(155,735)
Proceeds from disposal of assets	50,000	121,000	17,050	138,050	(11,627)	149,677
Total other financing sources (uses)	1,003,265	1,173,265	22,131	1,195,396	349,691	845,705
Net change in fund balance	(12,221,030)	(11,438,626)	14,502,128	3,063,502	1,581,552	4,645,054
Fund balance, beginning of year	47,300,764	63,503,434	4,404,790	67,908,224	(8,827,863)	59,080,361
Fund balance, end of year	\$ 35,079,734	\$ 52,064,808	\$ 18,906,918	\$ 70,971,726	\$ (7,246,311)	\$ 63,725,415

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

<i>For the year ended September 30, 2024</i>	Budgeted Amounts		Variance with Final Budget- Actual Amounts Budget Basis	Actual Amounts Budget Basis	Budget to GAAP Difference	Actual Amounts GAAP Basis
	Original	Final				
Revenues						
Tax increment funds	\$ 18,897,147	\$ 22,472,159	\$ -	\$ 22,472,159	\$ -	22,472,159
Municipal services impact fees	103,000	213,000	(514,973)	(301,973)	616,051	314,078
Permits, fees and special assessments	900,000	900,000	(1,811,410)	(911,410)	1,822,820	911,410
Fines and forfeitures	-	1,600	(3,980)	(2,380)	4,770	2,390
Contributions and donations	-	6,500	(13,500)	(7,000)	14,000	7,000
Grants	10,305,820	8,735,160	(10,021,057)	(1,285,897)	5,617,856	4,331,959
Rents	7,300	6,600	(13,204)	(6,604)	15,208	8,604
Investment earnings	1,292,506	2,231,745	(4,623,800)	(2,392,055)	5,032,509	2,640,454
Other fees and miscellaneous	361,000	450,000	(921,588)	(471,588)	939,688	468,100
Total revenues	31,866,773	35,016,764	(17,923,512)	17,093,252	14,062,902	31,156,154
Expenditures						
Current						
General government	476,227	583,706	-	583,706	-	583,706
Highways and streets	2,743,750	2,822,560	835,699	1,986,861	10,969	1,997,830
Total current	3,219,977	3,406,266	835,699	2,570,567	10,969	2,581,536
Capital outlay						
Highways and streets	47,849,800	40,122,900	25,837,934	14,284,966	297,042	14,582,008
Total capital outlay	47,849,800	40,122,900	25,837,934	14,284,966	297,042	14,582,008
Debt service						
Principal	2,720,000	2,720,000	-	2,720,000	-	2,720,000
Interest	3,072,890	2,266,010	2	2,266,008	-	2,266,008
Other debt service costs	1,000	750	-	750	-	750
Total debt service	5,793,890	4,986,760	2	4,986,758	-	4,986,758
Total expenditures	56,863,667	48,515,926	26,673,635	21,842,291	308,011	22,150,302
Excess (deficiency) of revenues over (under) expenditures	(24,996,894)	(13,499,162)	8,750,123	(4,749,039)	13,754,891	9,005,852
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	(13,658)	13,658
Transfers out	(43,000)	(47,357)	(37,570,765)	(37,618,122)	(37,571,122)	(47,000)
Issuance of debt	40,000,000	-	-	-	-	-
Proceeds from disposal of assets	-	-	(5)	(5)	(10)	5
Total other financing sources (uses)	39,957,000	(47,357)	(37,570,770)	(37,618,127)	(37,584,790)	(33,337)
Net change in fund balances	14,960,106	(13,546,519)	(28,820,647)	(42,367,166)	51,339,681	8,972,515
Fund balance, beginning of year	63,415,713	72,380,254	12,966,337	85,346,591	(15,105,838)	70,240,753
Fund balance, end of year	\$ 78,375,819	\$ 58,833,735	\$ (15,854,310)	\$ 42,979,425	\$ 36,233,843	\$ 79,213,268

City of Panama City Beach, Florida Required Pension Supplementary Information

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

<i>As of and for the year ended September 30,</i>	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	\$ 2,031,499	\$ 1,944,015	\$ 1,736,456	\$ 1,352,512	\$ 1,294,270	\$ 1,144,923	\$ 1,098,483	\$ 1,081,152	\$ 1,015,477	\$ 1,057,919
Interest	3,644,387	3,531,967	3,261,345	3,206,254	3,272,081	3,156,029	3,134,812	2,878,833	2,715,866	2,488,143
Changes of benefit terms	-	-	-	174,867	-	-	-	-	-	-
Differences between expected and actual experiences	1,596,537	(923,798)	1,410,824	(1,046,563)	(1,187,680)	(420,235)	(1,670,609)	(982,721)	(642,786)	157,575
Changes of assumptions	-	-	-	3,665,054	430,656	-	-	486,743	-	-
Benefit payments, including refunds of member contributions	(3,257,494)	(2,817,394)	(2,685,047)	(1,828,524)	(1,843,785)	(2,334,202)	(2,340,677)	(967,953)	(1,067,418)	(1,255,002)
DROP adjustment	-	-	-	-	-	-	-	-	-	534,139
Net change in total pension liability	4,014,929	1,734,790	3,723,578	5,523,600	1,965,542	1,546,515	222,009	2,496,054	2,021,139	2,448,635
Total pension liability - beginning	51,632,373	49,897,583	46,174,005	40,650,404	38,684,860	37,138,346	36,916,337	34,420,283	32,399,144	29,416,370
Total pension liability - ending (a)	55,647,302	51,632,373	49,897,583	46,174,004	40,650,402	38,684,861	37,138,346	36,916,337	34,420,283	31,865,005
Plan Fiduciary Net Position										
Contributions - employer	1,896,194	1,706,087	1,334,190	1,097,316	659,426	805,890	745,847	809,369	892,284	995,644
Contributions - member	1,205,156	1,018,633	892,818	808,227	717,126	686,294	631,150	571,937	563,913	538,751
Contributions - Buy back of service	-	-	-	-	-	-	6,433	-	-	-
Net investment income (loss)	9,343,361	4,167,760	(9,156,543)	7,910,521	4,098,315	1,564,559	2,939,347	4,128,258	2,525,763	(550,968)
Benefit payments, including refunds of member contributions	(3,257,494)	(2,817,394)	(2,685,047)	(1,828,524)	(1,843,785)	(2,334,202)	(2,340,677)	(967,953)	(1,067,418)	(1,255,002)
Administrative expense	(187,942)	(192,711)	(151,334)	(105,086)	(106,296)	(84,853)	(31,038)	(20,903)	(24,884)	(29,135)
DROP adjustment	-	-	-	-	-	-	-	-	-	534,139
Net change in plan fiduciary net position	8,999,275	3,882,375	(9,765,916)	7,882,454	3,524,786	637,688	1,951,062	4,520,708	2,889,658	(300,710)
Plan fiduciary net position - beginning	45,015,483	41,133,108	50,899,024	43,016,572	39,491,786	38,854,099	36,903,037	32,382,329	29,492,671	29,259,242
Plan fiduciary net position - ending (b)	54,014,758	45,015,483	41,133,108	50,899,026	43,016,572	39,491,787	38,854,099	36,903,037	32,382,329	28,958,532
Net pension liability (asset) - ending (a) - (b)	\$ 1,632,544	\$ 6,616,890	\$ 8,764,475	\$ (4,725,022)	\$ (2,366,170)	\$ (806,926)	\$ (1,715,753)	\$ 13,300	\$ 2,037,954	\$ 2,906,473
Plan fiduciary net position as a percentage of the total pension liability	97.07%	87.18%	82.44%	110.23%	105.82%	102.09%	104.62%	99.96%	94.08%	90.88%
Covered payroll	\$ 13,852,377	\$ 11,708,435	\$ 10,262,278	\$ 9,289,961	\$ 8,392,421	\$ 7,888,434	\$ 7,254,593	\$ 6,573,994	\$ 6,483,319	\$ 6,238,976
Net pension liability (asset) as a percentage of covered payroll	11.79%	56.51%	85.40%	-50.86%	-28.19%	-10.23%	-23.65%	0.20%	31.43%	46.59%

City of Panama City Beach, Florida Required Pension Supplementary Information

Schedule of Contributions
Last Ten Fiscal Years
General Employees

<i>As of and for the year ended September 30,</i>	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,889,464	\$ 1,403,841	\$ 1,233,526	\$ 1,092,499	\$ 224,917	\$ 474,884	\$ 657,992	\$ 642,937	\$ 672,608	\$ 869,713
Contributions made in relation to the actuarially determined contribution	1,896,194	1,706,087	1,334,190	1,097,316	659,426	805,890	745,847	809,369	892,284	995,644
Contribution deficiency (excess)	\$ (6,730)	\$ (302,246)	\$ (100,664)	\$ (4,817)	\$ (434,509)	\$ (331,006)	\$ (87,855)	\$ (166,432)	\$ (219,676)	\$ (125,931)
Covered payroll	\$ 13,852,377	\$ 11,708,435	\$ 10,262,278	\$ 9,289,961	\$ 8,392,421	\$ 7,888,434	\$ 7,254,593	\$ 6,573,994	\$ 6,483,319	\$ 6,238,976
Contributions as a percentage of covered payroll	13.69%	14.57%	13.00%	11.81%	7.86%	10.22%	10.28%	12.31%	13.76%	15.96%

Notes to Schedule:

Valuation Date: 10/1/23

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

City of Panama City Beach, Florida Required Pension Supplementary Information

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

<i>As of and for the year ended September 30,</i>	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	\$ 1,013,352	\$ 962,035	\$ 786,640	\$ 728,008	\$ 557,073	\$ 614,104	\$ 621,201	\$ 609,635	\$ 546,733	\$ 520,895
Interest	2,340,139	2,186,757	2,022,526	2,059,834	1,895,622	1,827,811	1,760,885	1,650,451	1,528,848	1,525,052
Changes of benefit terms	-	-	-	65,485	-	-	-	-	-	-
Differences between expected and actual experiences	1,296,950	579,129	882,716	(1,719,285)	604,375	295,905	(516,658)	(53,433)	317,692	(181,955)
Changes of assumptions	-	-	-	2,307,322	-	69,958	-	174,190	-	-
Benefit payments, including refunds of member contributions	(1,561,680)	(1,613,586)	(1,431,722)	(945,403)	(1,290,489)	(987,025)	(1,056,520)	(967,438)	(904,815)	(926,647)
Net change in total pension liability	3,088,761	2,114,335	2,260,160	2,495,961	1,766,581	1,820,753	808,908	1,413,405	1,488,458	937,345
Total pension liability - beginning	33,184,831	31,070,496	28,810,336	26,314,379	24,547,798	22,727,044	21,918,136	20,504,731	19,016,273	18,078,928
Total pension liability - ending (a)	36,273,592	33,184,831	31,070,496	28,810,340	26,314,379	24,547,797	22,727,044	21,918,136	20,504,731	19,016,273
Plan Fiduciary Net Position										
Contributions - employer	1,099,816	908,395	543,011	442,591	514,218	720,133	577,269	580,095	590,606	589,810
Contributions - member	582,617	542,270	516,569	466,762	422,039	502,866	373,527	344,327	338,561	325,235
Contributions - state	304,650	241,944	210,100	191,852	185,075	170,055	155,114	142,663	137,097	117,870
Net investment income (loss)	5,553,680	2,455,909	(5,442,351)	4,735,706	2,420,688	904,516	1,596,109	2,226,214	1,355,563	(280,772)
Benefit payments, including refunds of member contributions	(1,561,680)	(1,613,586)	(1,431,722)	(945,403)	(1,290,489)	(987,025)	(1,056,520)	(967,438)	(904,815)	(926,647)
Administrative expense	(133,707)	(136,001)	(108,338)	(83,393)	(86,951)	(64,615)	(36,961)	(24,921)	(18,136)	(20,470)
Net change in plan fiduciary net position	5,845,376	2,398,931	(5,712,731)	4,808,115	2,164,580	1,245,930	1,608,538	2,300,940	1,498,876	(194,974)
Plan fiduciary net position - beginning	26,657,387	24,258,456	29,971,187	25,163,072	22,998,492	21,752,561	20,144,023	17,843,083	16,344,207	16,539,181
Plan fiduciary net position - ending (b)	32,502,763	26,657,387	24,258,456	29,971,187	25,163,072	22,998,491	21,752,561	20,144,023	17,843,083	16,344,207
Net pension liability - ending (a) - (b)	\$ 3,770,829	\$ 6,527,444	\$ 6,812,040	\$ (1,160,847)	\$ 1,151,307	\$ 1,549,306	\$ 974,483	\$ 1,774,113	\$ 2,661,648	\$ 2,672,066
Plan fiduciary net position as a percentage of the total pension liability	89.60%	80.33%	78.08%	104.03%	95.62%	93.69%	95.71%	91.91%	87.02%	85.95%
Covered payroll	\$ 4,960,924	\$ 4,631,402	\$ 4,525,089	\$ 4,023,558	\$ 3,895,753	\$ 4,175,768	\$ 3,395,701	\$ 3,130,244	\$ 3,078,788	\$ 2,967,537
Net pension liability as a percentage of covered payroll	76.01%	140.94%	150.54%	-28.85%	29.55%	37.10%	28.70%	56.68%	86.45%	90.04%

City of Panama City Beach, Florida
Required Pension Supplementary Information

Schedule of Contributions
Last Ten Fiscal Years
Police Employees

<i>As of and for the year ended September 30,</i>	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,092,892	\$ 883,671	\$ 529,435	\$ 256,703	\$ 405,548	\$ 529,487	\$ 522,598	\$ 536,211	\$ 626,841	\$ 568,283
Contributions made in relation to the actuarially determined contribution	1,099,816	908,389	543,011	466,762	514,218	720,133	577,269	580,095	590,606	589,810
Contribution deficiency (excess)	\$ (6,924)	\$ (24,718)	\$ (13,576)	\$ (210,059)	\$ (108,670)	\$ (190,646)	\$ (54,671)	\$ (43,884)	\$ 36,235	\$ (21,527)
Covered payroll	\$ 4,960,924	\$ 4,631,402	\$ 4,525,089	\$ 4,023,558	\$ 3,895,753	\$ 4,175,768	\$ 3,395,701	\$ 3,130,244	\$ 3,078,788	\$ 2,967,537
Contributions as a percentage of covered payroll	22.17%	19.61%	12.00%	11.60%	13.20%	17.25%	17.00%	18.53%	19.18%	19.88%

Notes to Schedule:

Valuation Date: 10/1/23

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

City of Panama City Beach, Florida
Required Pension Supplementary Information

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

<i>As of and for the year ended September 30,</i>	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	\$ 849,970	\$ 832,396	\$ 716,814	\$ 494,293	\$ 365,093	\$ 298,547	\$ 270,658	\$ 262,044	\$ 261,854	\$ 239,906
Interest	1,811,427	1,705,601	1,565,410	1,464,010	1,532,827	1,350,842	1,431,146	1,351,472	1,297,175	1,108,633
Changes of benefit terms	-	-	-	17,190	-	-	-	-	-	-
Differences between expected and actual experiences	350,579	12,676	811,908	510,002	(464,518)	1,499,596	(706,386)	(157,157)	(380,401)	614,707
Changes of assumptions	-	-	-	1,907,051	-	-	-	(70,012)	-	-
Benefit payments, including refunds of member contributions	(1,104,779)	(1,009,718)	(1,397,716)	(894,301)	(1,341,145)	(662,160)	(1,572,119)	(790,069)	(596,757)	(461,583)
DROP adjustment	-	-	-	-	-	-	-	-	-	765,571
Net change in total pension liability	1,907,197	1,540,955	1,696,416	3,498,245	92,257	2,486,825	(576,701)	596,278	581,871	1,501,663
Total pension liability - beginning	25,570,601	24,029,646	22,333,230	18,834,985	18,742,728	16,255,904	16,832,605	16,236,327	15,654,456	13,387,222
Total pension liability - ending (a)	27,477,798	25,570,601	24,029,646	22,333,230	18,834,985	18,742,729	16,255,904	16,832,605	16,236,327	14,888,885
Plan Fiduciary Net Position										
Contributions - employer	997,618	856,137	644,790	582,057	460,777	400,000	190,555	266,409	383,158	416,807
Contributions - member	292,034	193,598	165,632	155,931	127,721	109,254	96,798	80,110	78,955	86,266
Contributions - state	426,778	366,540	294,279	263,022	226,180	210,227	174,833	176,633	193,237	187,733
Net investment income (loss)	4,215,039	1,767,747	(3,988,600)	3,840,600	1,759,510	694,128	1,229,872	1,812,924	1,124,888	(212,505)
Benefit payments, including refunds of member contributions	(1,104,779)	(1,009,718)	(1,397,716)	(894,301)	(1,341,145)	(662,160)	(1,572,119)	(790,069)	(596,757)	(461,583)
Administrative expense	(113,657)	(118,564)	(100,369)	(72,356)	(77,610)	(56,496)	(21,424)	(21,738)	(21,443)	(26,963)
DROP adjustment	-	-	-	-	-	-	-	-	-	765,571
Net change in plan fiduciary net position	4,713,033	2,055,740	(4,381,984)	3,874,953	1,155,433	694,953	98,515	1,524,269	1,162,038	(10,245)
Plan fiduciary net position - beginning	19,857,012	17,801,272	22,183,256	18,308,303	17,152,870	16,457,918	16,359,403	14,835,134	13,673,096	12,917,770
Plan fiduciary net position - ending (b)	24,570,045	19,857,012	17,801,272	22,183,256	18,308,303	17,152,871	16,457,918	16,359,403	14,835,134	12,907,525
Net pension liability (asset) - ending (a) - (b)	\$ 2,907,753	\$ 5,713,589	\$ 6,228,374	\$ 149,974	\$ 526,682	\$ 1,589,858	\$ (202,014)	\$ 473,202	\$ 1,401,193	\$ 1,981,360
Plan fiduciary net position as a percentage of the total pension liability	89.42%	77.66%	74.08%	99.33%	97.20%	91.52%	101.24%	97.19%	91.37%	86.69%
Covered payroll	\$ 4,007,082	\$ 3,584,244	\$ 3,223,950	\$ 3,127,063	\$ 2,595,638	\$ 2,221,325	\$ 1,905,548	\$ 1,584,980	\$ 1,524,460	\$ 1,460,571
Net pension liability (asset) as a percentage of covered payroll	72.57%	159.41%	193.19%	4.80%	20.29%	71.57%	-10.60%	29.86%	91.91%	135.66%

City of Panama City Beach, Florida
Required Pension Supplementary Information

Schedule of Contributions
Last Ten Fiscal Years
Firefighter Employees

<i>As of and for the year ended September 30,</i>	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 994,958	\$ 851,975	\$ 618,676	\$ 576,630	\$ 421,532	\$ 359,855	\$ 176,073	\$ 125,213	\$ 223,668	\$ 357,840
Contributions made in relation to the actuarially determined contribution	997,618	856,137	644,790	582,057	460,777	400,000	190,555	266,409	383,158	416,807
Contribution deficiency (excess)	\$ (2,660)	\$ (4,162)	\$ (26,114)	\$ (5,427)	\$ (39,245)	\$ (40,145)	\$ (14,482)	\$ (141,196)	\$ (159,490)	\$ (58,967)
Covered payroll	\$ 4,007,082	\$ 3,584,244	\$ 3,223,950	\$ 3,127,063	\$ 2,595,638	\$ 2,221,325	\$ 1,905,548	\$ 1,584,980	\$ 1,524,460	\$ 1,460,571
Contributions as a percentage of covered payroll	24.90%	23.89%	20.00%	18.61%	17.75%	18.01%	10.00%	16.81%	25.13%	28.54%

Notes to Schedule:

Valuation Date: 10/1/23

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

Schedule of Contributions

City of Panama City Beach, Florida
Required Pension Supplementary Information

NOTES TO REQUIRED PENSION SUPPLEMENTARY INFORMATION:

Note 1: PLAN CHANGES IN BENEFIT TERMS

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

Note 2: CHANGES OF ASSUMPTIONS

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

City of Panama City Beach, Florida
Required Pension Supplementary Information

Note 3: METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES

	General Employees	Police Employees	Fire Employees
Actuarial cost method	Entry Age	Entry Age	Entry Age
Amortization method	Amortized as a % of payroll over 20 years	Amortized as a % of payroll over 20 years	Amortized as a % of payroll over 20 years
Remaining amortization period	16 Years (as of 10/1/2023)	10 Years (as of 10/1/2023)	16 Years (as of 10/1/2023)
Asset valuation method	5 Year smoothed market	5 Year smoothed market	5 Year smoothed market
Inflation	2.5%	2.5%	2.5%
Payroll increases	5% per year	5% per year	5% per year
Salary increases	5% per year	5% per year	5% per year
*Interest rate	7.00%	7.00%	7.00%
Retirement age	Age 55 and 10 years of service or age 50 and 20 years of service.	Age 55 and 10 years of service, age 50 and 20 years of service or 25 years of service regardless of age.	Age 55 and 10 years of service, age 50 and 20 years of service or if elected 25 and out 25 years of service regardless of age.
Early retirement	Age 48 and 10 years of service, reduced at 1/15 per year first 5 years and 1/30 per year for each of the next 2 years by which the benefit commencement date precedes his Normal Retirement Date.	Age 50 and 10 years of service, reduced at 3% per year (.25% per month) for each period by which the benefit commencement date precedes his Normal Retirement Date.	Age 50 and 10 years of service, reduced at 3% per year (.25% per month) for each period by which the benefit commencement date precedes his Normal Retirement Date.
Mortality	PUB 2010 using scale MP 2018 (FRS regular risk mortality)	PUB 2010 using scale MP 2018 (FRS special risk mortality)	PUB 2010 using scale MP 2018 (FRS special risk mortality)

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

City of Panama City Beach, Florida
Required Pension Supplementary Information

Note 4: MONEY-WEIGHTED RATE OF RETURN

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

General Employees									
2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
10.2%	9.9%	-18.1%	21.2%	10.5%	4.1%	8.3%	12.9%	8.7%	-1.6%
Police Employees									
2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
21.0%	9.9%	-18.20%	18.80%	10.60%	4.10%	8.20%	12.70%	8.60%	-1.40%
Fire Employees									
2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
21.1%	9.9%	-18.1%	21.0%	10.4%	4.2%	8.0%	12.7%	8.5%	-1.2%

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

<i>As of and for the year ended September 30,</i>	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service cost	\$ 64,877	\$ 16,648	\$ 97,899	\$ 69,750	\$ 63,930	\$ 50,983	\$ 37,880
Interest	75,310	76,274	56,749	48,087	51,684	60,862	55,707
Changes of benefit term	-	-	-	-	-	-	-
Difference between expected and actual experience	(38,095)	(15,806)	(363,448)	(15,528)	84,837	499,640	(169,229)
Changes of assumptions or other inputs	-	-	-	-	-	-	-
Implicit Rate Subsidy	(75,763)	(65,037)	(65,349)	(53,593)	(53,593)	(36,656)	(36,656)
Net change in total OPEB liability	26,329	12,079	(274,149)	48,716	146,858	574,829	(112,298)
Total OPEB liability - beginning	1,892,787	1,880,708	2,154,857	2,106,141	1,959,283	1,384,454	1,496,752
Total OPEB liability - ending	1,919,116	1,892,787	1,880,708	2,154,857	2,106,141	1,959,283	1,384,454
Plan Fiduciary Net Position							
Contributions - employer (implicit rate subsidy)	75,763	65,037	65,349	53,593	53,593	36,656	36,656
Contributions - employee	-	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-	-
Benefit payments	(75,763)	(65,037)	(65,349)	(53,593)	(53,593)	(36,656)	(36,656)
Administrative expense	-	-	-	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-	-	-
Plan fiduciary net position - ending	-	-	-	-	-	-	-
Total OPEB liability	\$ 1,919,116	\$ 1,892,787	\$ 1,880,708	\$ 2,154,857	\$ 2,106,141	\$ 1,959,283	\$ 1,384,454
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 26,809,342	\$ 23,384,004	\$ 21,119,099	\$ 19,002,213	\$ 17,396,290	\$ 16,234,970	\$ 15,838,042
Total OPEB liability as a percentage of covered payroll	7.16%	8.09%	8.91%	11.34%	12.11%	12.07%	8.74%

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

* The following discount rate changes:

9/30/2019 - 2.66%
9/30/2020 - 2.21%
9/30/2021 - 2.26%
9/30/2022 - 4.02%
9/30/2023 - 4.09%

**Combining and Individual Fund
Statements and Schedules**

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

<i>September 30, 2024</i>	Special Revenue Funds							Total Nonmajor Governmental Funds
	Department							
	Stormwater Fund	Law Enforcement Trust Fund	Law Enforcement Education Fund	Department of Justice Equitable Sharing Fund	Cops and Kids Fund	Beach Access Public Parking Fund		
Assets								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 31,262	\$ -	\$ 31,262	
Accounts receivable, net	-	-	-	-	120	-	120	
Accrued interest receivable	-	-	-	-	67	-	67	
Cash and cash equivalents - restricted	5,468,278	36,801	39,679	18,805	-	833,169	6,396,732	
Accounts receivable, net - restricted	4	-	-	-	-	-	4	
Grants receivable, restricted	207,149	-	-	-	-	-	207,149	
Accrued interest receivable - restricted	18,397	-	-	-	-	1,675	20,072	
Due from other governments - restricted	40,864	-	-	-	-	-	40,864	
Due from other funds - restricted	-	1,425	1,027	14,490	-	-	16,942	
Prepaid items - restricted	1,322	-	-	-	-	-	1,322	
Total assets	\$ 5,736,014	\$ 38,226	\$ 40,706	\$ 33,295	\$ 31,449	\$ 834,844	\$ 6,714,534	
Liabilities and Fund Balances								
Liabilities								
Accounts payable	\$ 88,488	\$ -	\$ -	\$ -	\$ 1,436	\$ -	\$ 89,924	
Accrued expenses	38,868	-	-	-	-	-	38,868	
Due to other funds	8,991	5,885	315	-	-	-	15,191	
Due to fiduciary funds	739	-	-	-	-	-	739	
Total liabilities	137,086	5,885	315	-	1,436	-	144,722	
Fund balances								
Nonspendable	1,322	-	-	-	-	-	1,322	
Restricted	5,597,606	32,341	40,391	33,295	-	834,844	6,538,477	
Assigned	-	-	-	-	30,013	-	30,013	
Total fund balances	5,598,928	32,341	40,391	33,295	30,013	834,844	6,569,812	
Total liabilities and fund balances	\$ 5,736,014	\$ 38,226	\$ 40,706	\$ 33,295	\$ 31,449	\$ 834,844	\$ 6,714,534	

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

	Special Revenue Funds							Total Nonmajor Governmental Funds
	Stormwater Fund	Law Enforcement Trust Fund	Law Enforcement Education Fund	Department of Justice Equitable Sharing Fund	Cops and Kids Fund	Beach Access Public Parking Fund		
<i>For the year ended September 30, 2024</i>								
Revenues								
Permits, fees and special assessments	\$ 3,788,630	\$ -	\$ -	\$ -	\$ 17	\$ -	\$ -	3,788,647
Fines and forfeitures	-	11,208	14,830	25,859	-	-	-	51,897
Contributions and donations	450	-	-	-	45,537	-	-	45,987
Grants	98,511	-	-	-	-	-	-	98,511
Interest and other	147,414	195	251	84	575	21,888	-	170,407
Miscellaneous revenue	17,231	6,048	-	-	-	-	-	23,279
Total revenues	4,052,236	17,451	15,081	25,943	46,129	21,888	-	4,178,728
Expenditures								
Current								
Public safety	-	10,342	12,127	2,321	31,580	-	-	56,370
Physical environment	1,612,219	-	-	-	-	-	-	1,612,219
Capital outlay								
Public safety	-	-	-	7,460	-	-	-	7,460
Physical environment	600,937	-	-	-	-	-	-	600,937
Total expenditures	2,213,156	10,342	12,127	9,781	31,580	-	-	2,276,986
Excess (deficiency) of revenues over (under) expenditures	1,839,080	7,109	2,954	16,162	14,549	21,888	-	1,901,742
Other Financing Sources (Uses)								
Transfers in	113,110	-	-	-	-	-	-	113,110
Transfers out	(118,000)	-	-	-	-	-	-	(118,000)
Proceeds from disposal of assets	11,952	1,424	-	-	-	-	-	13,376
Net other financing sources (uses)	7,062	1,424	-	-	-	-	-	8,486
Net change in fund balances	1,846,142	8,533	2,954	16,162	14,549	21,888	-	1,910,228
Fund balances, beginning of year	3,752,786	23,808	37,437	17,133	15,464	812,956	-	4,659,584
Fund balances, end of year	\$ 5,598,928	\$ 32,341	\$ 40,391	\$ 33,295	\$ 30,013	\$ 834,844	\$ -	\$ 6,569,812

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

<i>For the year ended September 30, 2024</i>	Budgeted Amounts		Variance with Final Budget- Actual Amounts Budget Basis	Actual Amounts Budget Basis	Budget to GAAP Difference	Actual Amounts GAAP Basis
	Original	Final				
Revenues						
Permits, fees and special assessments	\$ 3,664,000	\$ 3,664,000	\$ 124,630	\$ 3,788,630	\$ -	\$ 3,788,630
Contributions and donations	-	-	450	450	-	450
Grants	23,927,000	9,850	(5)	9,845	88,666	98,511
Interest and other	30,000	130,000	10,821	140,821	6,593	147,414
Miscellaneous revenue	19,400	19,300	(1,588)	17,712	(481)	17,231
Total revenues	27,640,400	3,823,150	134,308	3,957,458	94,778	4,052,236
Expenditures						
Current						
Physical Environment	2,010,400	2,317,670	771,146	1,546,524	65,695	1,612,219
Capital outlay						
Physical Environment	24,967,000	2,095,400	1,311,925	783,475	(182,538)	600,937
Total expenditures	26,977,400	4,413,070	2,083,071	2,329,999	(116,843)	2,213,156
Excess (deficiency) of revenues over (under) expenditures	663,000	(589,920)	2,217,379	1,627,459	211,621	1,839,080
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	113,110	113,110
Transfers out	(109,000)	(118,000)	-	(118,000)	-	(118,000)
Proceeds from disposal of assets	-	12,000	(48)	11,952	-	11,952
Net other financing sources (uses)	(109,000)	(106,000)	(48)	(106,048)	113,110	7,062
Net change in fund balance	554,000	(695,920)	2,217,331	1,521,411	324,731	1,846,142
Fund balance, beginning of year	1,174,476	3,853,171	(2,160)	3,851,011	(98,225)	3,752,786
Fund balance, end of year	\$ 1,728,476	\$ 3,157,251	\$ 2,215,171	\$ 5,372,422	\$ 226,506	\$ 5,598,928

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

<i>September 30, 2024</i>	Business-type Activities - Enterprise Funds		
	Pier Fund	Aquatic Center Fund	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 1,958,467	\$ 360,398	\$ 2,318,865
Accounts receivable, net	167,659	3,724	171,383
Accrued interest receivable	3,928	723	4,651
Lease receivable	103,294	-	103,294
Due from other funds	90	-	90
Investments	584,066	-	584,066
Total current assets	2,817,504	364,845	3,182,349
Noncurrent assets			
Lease receivable	2,898,288	-	2,898,288
Capital assets			
Depreciable, net	5,176,592	2,755,297	7,931,889
Right-to-use lease assets, net	14,161	-	14,161
Total noncurrent assets	8,089,041	2,755,297	10,844,338
Total assets	\$ 10,906,545	\$ 3,120,142	\$ 14,026,687
Deferred Outflows of Resources			
Deferred outflows related to pensions	56,153	56,152	112,305
Deferred outflows related to OPEB	5,843	2,065	7,908
Total deferred outflows of resources	\$ 61,996	\$ 58,217	\$ 120,213
Liabilities			
Current liabilities			
Accounts payable	56,434	53,963	110,397
Accrued expenses and deposits	28,562	23,833	52,395
Due to other funds	5,290	4,766	10,056
Due to fiduciary funds	271	203	474
Due to other governments	29,034	1,043	30,077
Unearned revenue	10,789	29,715	40,504
Compensated absences	12,161	26,017	38,178
Net OPEB liability	1,338	473	1,811
Current portion of lease liability	5,865	-	5,865
Total current liabilities	149,744	140,013	289,757
Noncurrent liabilities			
Compensated absences	14,789	17,131	31,920
Net pension liability	48,976	48,976	97,952
Net OPEB liability	31,558	11,149	42,707
Lease liability due after one year	5,946	-	5,946
Total noncurrent liabilities	101,269	77,256	178,525
Total liabilities	251,013	217,269	468,282
Deferred Inflows of Resources			
Deferred inflows related to lease revenue	2,904,736	-	2,904,736
Deferred inflows related to pensions	73,147	73,146	146,293
Deferred inflows related to OPEB	7,663	2,706	10,369
Total deferred inflows of resources	2,985,546	75,852	3,061,398
Net position			
Net investment in capital assets	5,190,753	2,755,297	7,946,050
Unrestricted	2,541,229	129,941	2,671,170
Total net position	\$ 7,731,982	\$ 2,885,238	\$ 10,617,220

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

<i>For the year ended September 30, 2024</i>	Business-type Activities/Enterprise Funds		Total
	Pier Fund	Aquatic Center Fund	
Operating Revenues			
Charges for services			
Admissions and other fees	\$ 1,383,349	\$ 459,910	\$ 1,843,259
Rent	213,669	-	213,669
Miscellaneous	171,195	87,528	258,723
Total operating revenues	1,768,213	547,438	2,315,651
Operating Expenses			
Personal services	633,562	845,326	1,478,888
Professional services	40,171	34,860	75,031
Office supplies	77	3,353	3,430
Contractual services	29,434	36,592	66,026
Insurance	40,804	44,235	85,039
Repairs and maintenance	82,073	34,876	116,949
Operating supplies	81,339	186,559	267,898
Communication services	11,477	8,965	20,442
Public utility services	36,423	170,791	207,214
Transportation	494	-	494
Rentals	87,532	14,457	101,989
Printing and binding	264	1,749	2,013
Miscellaneous	848	9,789	10,637
Depreciation and amortization	424,985	239,770	664,755
Total operating expenses	1,469,483	1,631,322	3,100,805
Operating income (loss)	298,730	(1,083,884)	(785,154)
Nonoperating Revenues (Expenses)			
Investment earnings	78,892	14,442	93,334
Grants and contributions	112,000	-	112,000
Gain (loss) on disposal of assets	(3)	-	(3)
Interest expense	(241)	-	(241)
Interest income on lease receivable	120,700	-	120,700
Total nonoperating revenues (expenses)	311,348	14,442	325,790
Income (Loss) Before Transfers	610,078	(1,069,442)	(459,364)
Transfers in	-	750,000	750,000
Transfers out	(819,000)	(63,000)	(882,000)
Total transfers	(819,000)	687,000	(132,000)
Change in net position	(208,922)	(382,442)	(591,364)
Net position, beginning of year	7,940,904	3,267,680	11,208,584
Net position, end of year	\$ 7,731,982	\$ 2,885,238	\$ 10,617,220

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

	Business-type Activities - Enterprise Funds		
	Pier Fund	Aquatic Center Fund	Total
<i>For the year ended September 30, 2024</i>			
Operating Activities			
Cash receipts from customers and users	\$ 1,612,060	\$ 562,109	\$ 2,174,169
Cash payments to suppliers	(559,684)	(642,151)	(1,201,835)
Cash payments to employees	(464,737)	(666,963)	(1,131,700)
Net cash provided by (used in) operating activities	587,639	(747,005)	(159,366)
Noncapital Financing Activities			
Repayments of loans to other funds	-	(63,000)	(63,000)
Transfers (to) from other funds	(819,000)	750,000	(69,000)
Net cash provided by (used in) noncapital financing activities	(819,000)	687,000	(132,000)
Capital and Related Financing Activities			
Principal paid on lease liabilities	(5,786)	-	(5,786)
Interest paid on lease liabilities	(241)	-	(241)
Purchase of capital assets	(167,197)	(63,118)	(230,315)
Cash received as lessor - interest	120,700	-	120,700
Net cash provided by (used in) capital and related financing activities	(52,524)	(63,118)	(115,642)
Investing Activities			
Purchase of investments	(30,797)	-	(30,797)
Investment earnings	78,892	13,723	92,615
Net cash provided by investing activities	48,095	13,723	61,818
Net increase (decrease) in cash and cash equivalents	(235,790)	(109,400)	(345,190)
Cash and cash equivalents, beginning of year	2,194,257	469,798	2,664,055
Cash and cash equivalents, end of year	\$ 1,958,467	\$ 360,398	\$ 2,318,865
Classified as			
Current assets - cash and cash equivalents	\$ 1,958,467	\$ 360,398	\$ 2,318,865
Total	\$ 1,958,467	\$ 360,398	\$ 2,318,865

(Continued)

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

<i>For the year ended September 30, 2024</i>	Business-type Activities - Enterprise Funds		
	Pier Fund	Aquatic Center Fund	Total
Reconciliation of Net Operating Income (Loss) to Net Cash			
Provided by (used in) Operating Activities			
Operating income (loss)	\$ 298,730	\$ (1,083,884)	\$ (785,154)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	419,125	239,770	658,895
Amortization	5,860	-	5,860
Change in assets, deferred outflows, liabilities and deferred inflows			
(Increase) decrease in assets and deferred outflows			
Accounts receivable, net	(143,271)	13,290	(129,981)
Due from other funds	(90)	1	(89)
Lease receivable	99,300	-	99,300
Accrued interest receivable	(3,928)	-	(3,928)
Deferred outflows related to pensions	107,264	88,355	195,619
Deferred outflows related to OPEB	1,455	59	1,514
Increase (decrease) in liabilities and deferred inflows			
Accounts payable	43,826	47,740	91,566
Accrued expenses and deposits	2,711	5,946	8,657
Due to other funds	5,290	4,766	10,056
Due to fiduciary funds	271	203	474
Due to other governments	2,409	(145)	2,264
Unearned revenue	2,935	1,519	4,454
Accrued compensated absences	1,815	1,916	3,731
Net OPEB obligation	(3,220)	1,118	(2,102)
Net pension liability	(135,497)	(114,151)	(249,648)
Deferred inflows related to pensions	42,781	46,294	89,075
Deferred inflows related to OPEB	(963)	198	(765)
Deferred inflows related to leases	(159,164)	-	(159,164)
Total adjustments	288,909	336,879	625,788
Net cash provided by (used in) operating activities	\$ 587,639	\$ (747,005)	\$ (159,366)

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

<i>September 30, 2024</i>	General Employees' Pension Trust Fund	Police Officers' Pension Trust Fund	Firefighters' Pension Trust Fund	Total
Assets				
Cash and cash equivalents	\$ 27,561	\$ 50,565	\$ 28,264	\$ 106,390
Accounts receivable, net	1,793	1,092	27,771	30,656
Dividends receivable	16,997	10,599	8,239	35,835
Due from other funds	9,999	1,262	-	11,261
Prepaid retirement benefits	460	-	-	460
Investments, at fair value				
Money market funds	1,226,732	916,025	679,575	2,822,332
Municipal bonds	1,074,716	637,863	526,659	2,239,238
Corporate bonds	3,933,200	2,403,789	1,843,037	8,180,026
Common & preferred stocks	19,747,043	11,983,608	8,996,583	40,727,234
Government securities	3,672,102	2,210,162	1,743,526	7,625,790
Real estate investment funds	3,100,095	1,808,389	1,377,820	6,286,304
Real estate investment trusts	964,484	530,731	436,700	1,931,915
Mutual funds	20,341,685	12,015,340	8,952,193	41,309,218
Total assets	54,116,867	32,569,425	24,620,367	111,306,659
Liabilities				
Accounts payable	56,580	40,261	34,423	131,264
Refunds payable	44,267	25,296	15,343	84,906
Due to other funds	1,262	1,105	556	2,923
Total liabilities	102,109	66,662	50,322	219,093
Net position				
Restricted for				
Held in trust for pension benefits	\$ 54,014,758	\$ 32,502,763	\$ 24,570,045	\$ 111,087,566

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

<i>For the year ended September 30, 2024</i>	General Employees' Pension Trust Fund	Police Officers' Pension Trust Fund	Firefighters' Pension Trust Fund	Total
Additions				
Contributions				
Employer	\$ 1,896,194	\$ 1,099,816	\$ 997,618	\$ 3,993,628
Plan members	1,205,156	582,617	292,034	2,079,807
Insurance premiums	-	304,650	426,778	731,428
Total contributions	3,101,350	1,987,083	1,716,430	6,804,863
Investment earnings				
Interest	5,790	4,229	3,087	13,106
Dividends	1,452,754	863,204	644,741	2,960,699
Net increase in fair value of investments	7,884,815	4,686,247	3,491,178	16,062,240
Total investment earnings	9,343,359	5,553,680	4,139,006	19,036,045
Less investment expenses	(152,031)	(101,764)	(82,999)	(336,794)
Net investment earnings	9,191,328	5,451,916	4,056,007	18,699,251
Total additions	12,292,678	7,438,999	5,772,437	25,504,114
Deductions				
Benefits paid	2,879,686	1,395,894	999,030	5,274,610
Refunds of contributions	377,807	165,786	29,714	573,307
Administrative expenses	35,910	31,943	30,660	98,513
Total deductions	3,293,403	1,593,623	1,059,404	5,946,430
Net increase (decrease) in fiduciary net position	8,999,275	5,845,376	4,713,033	19,557,684
Net position, beginning of year	45,015,483	26,657,387	19,857,012	91,529,882
Net position, end of year	\$ 54,014,758	\$ 32,502,763	\$ 24,570,045	\$ 111,087,566

Compliance Section



CARR, RIGGS & INGRAM, L.L.C.

Carr, Riggs & Ingram, L.L.C.
14101 Panama City Beach Parkway
Suite 200
Panama City Beach, FL 32413

850.784.6733
850.784.4866 (fax)
CRLadv.com

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the City of Panama City Beach, Florida, (the City), as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated June 4, 2025.

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 the audit requirements of Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the 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 Reports 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 4, 2025, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, requires a statement as to whether a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, operated within the City's geographical boundaries during the fiscal year under audit. A PACE program did not operate within the City's geographical boundaries during the fiscal year under audit.

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.

Special District Specific Information – Community Redevelopment Agency

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

Additional 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 fraud, waste, or abuse, that has occurred, or is likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of This Letter

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

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

Carr, Riggs & Ingram, LLC
Panama City Beach, Florida
June 4, 2025



CARR, RIGGS & INGRAM, L.L.C.

Carr, Riggs & Ingram, L.L.C.
14101 Panama City Beach Parkway
Suite 200
Panama City Beach, FL 32413

850.784.6733
850.784.4866 (fax)
CRIadv.com

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Panama City Beach, Florida (the City), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 4, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

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

Carr, Riggs & Ingram, LLC
Panama City Beach, Florida
June 4, 2025



CARR, RIGGS & INGRAM, L.L.C.

Carr, Riggs & Ingram, L.L.C.
14101 Panama City Beach Parkway
Suite 200
Panama City Beach, FL 32413

850.784.6733
850.784.4866 (fax)
CRLadv.com

INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND EACH STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

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

Report on Compliance for Each Major Federal Program and Major State Project

Opinion on Each Major Federal Program and State Project

We have audited City of Panama City Beach, Florida’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the requirements described in 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 Beach, Florida’s major federal programs and major state projects for the year ended September 30, 2024. The City of Panama City Beach, Florida’s major federal programs and major state projects are identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City of Panama City Beach, Florida complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and major state projects for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program and Major State Project

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Panama City Beach, Florida's 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 Beach, Florida's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and the Chapter 10.550, *State of Florida Rules of the Auditor General* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Panama City Beach, Florida's compliance with the requirements of each major federal program and major 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, *State of Florida Rules of the Auditor General*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Panama City Beach, Florida's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Panama City Beach, Florida's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, *State of Florida Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of the City of Panama City Beach, Florida's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

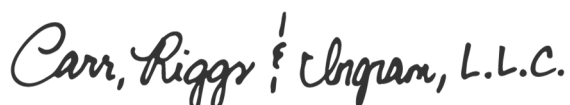
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002 to be material weaknesses.

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.

Government Auditing Standards requires the auditor to perform limited procedures on City of Panama City Beach, Florida's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. City of Panama City Beach, Florida's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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, *State of Florida Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.



Carr, Riggs & Ingram, LLC
Panama City Beach, Florida
June 4, 2025



CARR, RIGGS & INGRAM, L.L.C.

Carr, Riggs & Ingram, L.L.C.
14101 Panama City Beach Parkway
Suite 200
Panama City Beach, FL 32413

850.784.6733
850.784.4866 (fax)
CRLadv.com

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the City of Panama City Beach, Florida's (the City) compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2024. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

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

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

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

In our opinion, the City complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2024.

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

Carr, Riggs & Ingram, LLC
Panama City Beach, Florida
June 4, 2025

City of Panama City Beach, Florida
Schedule of Findings and Questioned Costs
Federal Awards and State Financial Assistance
Year Ended September 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified	
Internal control over financial reporting		
Material weaknesses identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency identified not considered to be material weaknesses?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

Federal Awards and State Financial Assistance

Internal control over major federal programs and major state projects		
Material weaknesses identified?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no
Significant deficiency identified not considered to be material weaknesses?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported
Type of auditor's report issued on compliance for major federal programs and major state projects:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2CFR Part 200.516(a) or Section 10.557, Rules of the Auditor General	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> none reported

Identification of major federal programs and major state projects:

<u>ALN Number</u>	<u>Name of Federal Program</u>
97.039	Hazard Mitigation Grant
20.205	Highway Planning and Construction
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds

<u>CFSA Number</u>	<u>Name of State Project</u>
43.009	Grants & Aids - Local Government Fire Services Grants

Dollar threshold used to distinguish between Type A and Type B programs:	<u>Federal</u> \$750,000	<u>State</u> \$750,000
--	-----------------------------	---------------------------

Auditee qualified as low-risk auditee for federal purposes ? No

(Continued)

City of Panama City Beach, Florida
Schedule of Findings and Questioned Costs
Year Ended September 30, 2024

Section II – Financial Statement Findings

There were no findings.

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

2024-001 Lack of Documented Review of Annual Project and Expenditure Report

Assisted Listing Number: 21.027

Program Title: COVID-19 Coronavirus State and Local Fiscal Recovery Funds

Compliance Requirement: Reporting- Performance Reporting

Pass-through Entity: N/A

Federal Grant/Contract Number and Grant Year: COVID-19 Y5258 2021

Finding Type: Material Weakness in Internal Control

Questioned Costs: \$0

Condition: The annual project and expenditure report required by the grant related to the status of projects was prepared by the grant administrator and there was no documented review of the report by someone other than the preparer prior to submission. The recipient is required to file annually a project and expenditure report with the U.S. Treasury.

Criteria: 2 CFR section 200.303 requires that nonfederal entities receiving federal awards establish and maintain internal control over the federal awards that provides reasonable assurance that the nonfederal entity is managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards.

Effect: Annual report could include potential errors and cause the City to be out of compliance with the requirement of the grant.

Cause: The City has not implemented procedures to formally document their review of the annual project and expenditures report prior to submission to the U.S. Treasury.

Perspective: The one report required to be filed did not have documentation of review.

Recommendation: A copy of the report should be kept which includes both the date and signature of the preparer and the reviewer.

View of responsible officials and planned corrective action: See attached corrective action plan.

City of Panama City Beach, Florida
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2024

2024-002 Lack of Documented Review of Quarterly Reports

CSFA Number: 43.009

State Project Title: Grants & Aids – Local Government Fire Service Grants

Compliance Requirement: Reporting

State Project/Contract Number and Grant Year: FM775 2022

Finding Type: Material Weakness in Internal Control

Questioned Costs: \$0

Condition: The quarterly reports required by the grant related to the status of projects was prepared by the grant administrator and there was no documented review of the report by someone other than the preparer prior to submission.

Criteria: Florida Statute Chapter 215.86 requires management systems and internal controls designed to promote and encourage compliance with applicable laws, rules, contracts and grant agreements. The City is required to submit quarterly reports per the compliance supplement.

Effect: Quarterly reports could include potential errors and cause the City to be out of compliance with the requirement of the grant.

Cause: The City has not implemented procedures to formally document their review of the quarterly reports prior to submission to State of Florida District Fire Marshal.

Perspective: None of the quarterly reports tested had documentation of review.

Recommendation: A copy of the report should be kept which includes both the date and signature of the preparer and the reviewer.

View of responsible officials and planned corrective action: See attached corrective action plan.

**City of Panama City Beach, Florida
Summary of Schedule of Prior Year Audit Findings
Year Ended September 30, 2024**

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

City of Panama City Beach, Florida
Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended September 30, 2024

Federal Agency Pass-through Entity Federal Program	ALN	Contract/ Grant Number	Passed Through to Subrecipients	Total Expenditures
Highway Safety Cluster				
Passed through the Florida Department of Transportation				
State and Community Highway Safety				
State and Community Highway Safety	20.600	G2Q72	\$ -	\$ 14,768
Total State and Community Highway Safety				- 14,768
Total Passed through Florida Department of Transportation				- 14,768
Total Department of Transportation				- 14,768
Total Highway Safety Cluster				- 14,768
Other Programs				
Department of Homeland Security				
Passed through State of Florida Division of Emergency Management				
Hazard Mitigation Grant				
Hazard Mitigation Grant	97.039	HO784	-	2,079,408
Hazard Mitigation Grant	97.039	HO762	-	90,696
Hazard Mitigation Grant	97.039	HO785	-	123,468
Hazard Mitigation Grant	97.039	HO759	-	277,791
Hazard Mitigation Grant	97.039	HO716	-	21,319
Hazard Mitigation Grant	97.039	HO737	-	33,263
Total Hazard Mitigation Grant				- 2,625,945
Assistance to Firefighters Grant				
Assistance to Firefighters Grant	97.044	EMW 2022-FG-05652	-	54,285
Total Assistance to Firefighters Grant				- 54,285
Total Passed through State of Florida Division of Emergency Management				- 2,680,230
Total Department of Homeland Security				- 2,680,230

Continued

City of Panama City Beach, Florida
Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)
Year Ended September 30, 2024

Federal Agency Pass-through Entity Federal Program	ALN	Contract/ Grant Number	Passed Through to Subrecipients	Total Expenditures
U.S. Department of Justice				
Passed through Florida Department of Law Enforcement				
Bulletproof Vest Partnership Program				
Bulletproof Vest Partnership Program	16.607	BVP - city of PCB	\$ -	\$ 4,377
Total Bulletproof Vest Partnership Program			-	4,377
Edward Bryne Memorial Justice Assistance Grant Program				
Edward Bryne Memorial Justice Assistance Grant Program	16.738	15PJA-23-GG-03255-JA	-	11,510
Total Edward Bryne Justice Memorial Assistance Grant Program			-	11,510
Total Passed through Florida Department of Law Enforcement			-	15,887
Total U.S. Department of Justice			-	15,887
U.S. Department of Transportation				
Passed through Florida Department of Transportation				
Highway Planning and Construction				
Highway Planning and Construction	20.205	G1L12	-	2,024,631
Total Highway Planning and Construction			-	2,024,631
Total Passed through Florida Department of Transportation			-	2,024,631
Total U.S. Department of Transportation			-	2,024,631
U.S. Department of Housing and Urban Development				
Passed through Florida Department of Commerce				
Community Development Block Grants				
Community Development Block Grants	14.228	M0048	-	113,542
Total Community Development Block Grants			-	113,542
Total Passed through Florida Department of Commerce			-	113,542
Total U.S. Department of Housing and Urban Development			-	113,542

Continued

City of Panama City Beach, Florida
Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)
Year Ended September 30, 2024

Federal Agency Pass-through Entity Federal Program	ALN	Contract/ Grant Number	Passed Through to Subrecipients	Total Expenditures
U.S. Department of Treasury				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	COVID-19 Y5258	\$ -	\$ 3,800,171
Total COVID-19 Coronavirus State and Local Fiscal Recovery Funds			-	3,800,171
Total U.S. Department of Treasury			-	3,800,171
Total Other Programs			-	8,634,461
Total Federal Awards			\$ -	\$ 8,649,229

Notes to Schedule

1. The City follows the modified accrual basis of accounting in preparing this schedule. This method is consistent with the preparation of the City's financial statements.
2. The City has not elected to use the 10 percent de minimis cost rate allowed under the Uniform Guidance.
3. There are \$111,082 in prior year expenses included in the current year schedule of expenditures of federal awards for ALN # 97.039 grant number H0759.

Continued

City of Panama City Beach, Florida
Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)
Year Ended September 30, 2024

State Agency State Program	CSFA Number	Contract/ Grant Number	Passed Through to Subrecipients	Total Expenditures
<hr/>				
Florida Department of Environmental Protection				
Statewide Water Quality Restoration Projects	37.039	LPA360	\$ -	\$ 100,998
Statewide Water Quality Restoration Projects	37.039	LPA0609	-	86,404
Total State of Florida Department of Environmental Protection			-	187,402
<hr/>				
State of Florida Department of Financial Services				
Grants & Aids - Local Government Fire Service Grants	43.009	FM616	-	115,727
Grants & Aids - Local Government Fire Service Grants	43.009	FM775	-	3,386,597
Total State of Florida Department of Financial Services			-	3,502,324
<hr/>				
State of Florida Department of Transportation				
Florida Shared-Use nonmotorized (Sun) Trail Network Program	55.038	GU025	-	755,997
Total State of Florida Department of Transportation			-	755,997
<hr/>				
State of Florida Department of Law Enforcement				
Panama City Beach Police Department K9 Training and Boarding Facility	71.109	3W007	-	4,250
State Assistance for Fentanyl Eradication	71.122	SF-049	-	32,619
Total State of Florida Department of Law Enforcement			-	36,869
<hr/>				
Total Expenditures of State Financial Assistance			\$ -	\$ 4,482,592

Notes to Schedule

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



City of
Panama City Beach

PCB City Hall
17007 PCB Parkway
PCB, FL. 32413
P: (850) 233-5100
F: (850) 233-5108
www.pcbfl.gov

June 4, 2025

City of Panama City Beach, Florida
Management's Corrective Action Plan
For the Fiscal Year Ended September 30, 2024

Finding Numbers: 2024-001 and 2024-002

Finding 2024-001 Lack of Documented Review of Annual Project and Expenditure Report

The City acknowledges the importance of maintaining strong internal controls. While the report was prepared with diligence and care, we recognize that the absence of documented independent review poses a risk for potential errors and noncompliance with federal requirements.

To address this issue, the City has established a formal process to ensure that future reports undergo an independent review before submission. A qualified staff member who is not involved in preparing the report will conduct the review, and both the preparer and the reviewer will sign and date the report to provide evidence of oversight. This documentation will be retained in the grant file for compliance and audit purposes.

Staff involved in the reporting process have been informed of these new procedures to ensure consistency moving forward. The revised procedures have been adopted and will be applied to the next reporting cycle. Documentation of the review process will be retained and made available for future audits.

The City is committed to maintaining compliance with all applicable federal regulations and improving internal controls to ensure the integrity and accuracy of all grant-related reporting.

Finding 2024-002 Lack of Documented Review of Quarterly Reports

The City acknowledges the audit finding and agrees that improvements are necessary to strengthen internal controls related to the preparation and review of grant reports. Although the reports have been completed accurately to the best of the preparer's knowledge, the lack of a documented review process presents a potential risk for oversight and noncompliance.

In response, the City has established a formal review process to ensure all future quarterly reports are independently reviewed before submission to the State of Florida District Fire Marshal. A designated staff member, not involved in preparing the report, will conduct the

Mayor
Stuart Tettermer

Vice Mayor
Michael Jarman

Ward 1
Paul Casto

Ward 2
Ethan Register

Ward 3
Mary Coburn

City Manager
Drew Whitman
Asst. City Mgr.
Holly White

review. Documentation of the review will include the signatures and dates from both the preparer and the reviewer. This documentation will be retained with the report to ensure compliance with applicable laws, rules, and grant requirements.

The relevant personnel have been informed of this procedural change and will follow the revised process beginning with the next quarterly reporting period. The City is committed to maintaining full compliance with Florida Statute Chapter 215.86 and all grant-related obligations through improved internal controls and accountability.

Anticipated Completion Date: June 2025

Responsible Contact Person: Debra Gibson



Debra Gibson
Finance Director