

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
OF THE PANAMA CITY COMMUNITY
REDEVELOPMENT AGENCY - A COMPONENT
UNIT OF THE CITY OF PANAMA CITY, FLORIDA
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**



Tipton, Marler, Garner & Chastain
The CPA Group

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INDEPENDENT AUDITOR'S REPORT

To the Panama City Community Redevelopment Agency Board
and Executive Director

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities of Panama City Community Redevelopment Agency, component unit of the City of Panama City, Florida, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Panama City Community Redevelopment Agency'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 financial position of the governmental activities of the Panama City Community Redevelopment Agency, as of September 30, 2024, and the changes in financial position 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 Panama City Community Redevelopment Agency 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 Panama City Community Redevelopment Agency'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 Panama City Community Redevelopment Agency'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 Panama City Community Redevelopment Agency's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-9 and

28-31 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2025, on our consideration of the Panama City Community Redevelopment Agency'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 Panama City Community Redevelopment Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Panama City Community Redevelopment Agency's internal control over financial reporting and compliance.

Lipton, Maule, Garner & Chastain

Panama City, Florida
May 22, 2025

**Panama City Community Redevelopment Agency
Management's Discussion and Analysis
For the Year Ended September 30, 2024**

The Management's Discussion and Analysis (MD&A) provides an overview of financial activities of the Panama City Community Redevelopment Agency (the "CRA"), a component unit of the City of Panama City, Florida (the "City"). The MD&A offers a comparative analysis between fiscal years 2024 and 2023. This discussion should be read in conjunction with the CRA's financial statements.

Financial Highlights

- At September 30, 2024, the CRA had assets of \$10,265,175. Assets were \$9,779,214 greater than liabilities of \$364,270 and deferred inflows of resources of \$121,691. Of this amount, \$2,788,158 is restricted for CRA purposes and \$6,991,056 is net investment in capital assets.
- Total net position increased \$1,577,648 (19.2%) over fiscal year 2023 ending net position of \$8,201,566. Net investment in capital assets increased by \$737,898 from \$6,253,158 in 2023. Restricted net position increased from \$1,948,408 to \$2,788,158 from 2023 to 2024. This was an increase of \$839,750 (43.1%).

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the basic financial statements of the CRA. The CRA's basic financial statements consist of three components - government-wide financial statements, fund financial statements, and notes to the financial statements. The report contains other supplementary information in addition to the basic financial statements. The basic financial statements provide information on both the CRA as a whole (government-wide) and its separate CRA funds.

Government-Wide Financial Statements

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

The *statement of net position* presents information on all of the CRA's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of whether the CRA's financial position is improving or deteriorating.

The *statement of activities* reports all of the CRA's revenues, expenses, and changes in net position for the most recent fiscal year. The primary governmental activity of the CRA is economic environment.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources designated for specific activities or objectives. Fund accounting is used in governmental accounting to ensure and demonstrate compliance with finance-related requirements. The CRA uses fund accounting and is treated as a governmental fund. Panama City Community Redevelopment Agency contains four Community Redevelopment Areas each of which is reported as a separate fund.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statement,

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

The basic governmental fund financial statements can be found on pages 12 through 14 of this report and includes presentation for each CRA fund.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15 through 27 of this report.

Each CRA fund adopts an annual appropriated budget. Budgetary comparison statements for each fund can be found on pages 28 through 31 to demonstrate compliance with this budget.

Government-Wide Financial Analysis

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

The largest component (71.5%) of the CRA's net position on September 30, 2024, is net investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure). This amount (\$6,991,056) is net of any related outstanding debt used to acquire those assets. The CRA uses these capital assets to fulfill the purpose of the CRA; consequently, these assets are not available for future spending. Although the CRA's net investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. The remaining 28.5% of total net position (\$2,788,158) are resources subject to external restrictions on how they may be used. The resources must be used within each CRA district to fulfill the purpose of the CRA's goals and objectives.

Panama City Community Redevelopment Agency
Summary Statement of Net Position
As of September 30, 2024 and 2023

	Governmental Activities	
	2024	2023
Current and Other assets	\$ 2,994,557	\$ 2,654,312
Capital assets	7,270,618	6,253,158
Total assets	10,265,175	8,907,470
Current and Other liabilities	164,359	527,099
Noncurrent liabilities	199,911	2,736
Total liabilities	364,270	529,835
Total deferred inflows of resources	121,691	176,069
Net position:		
Net investment in capital assets	6,991,056	6,253,158
Restricted	2,788,158	1,948,408
Total net position	\$ 9,779,214	\$ 8,201,566

The CRA had a total net position of \$9,779,214 on September 30, 2024. This was an increase of \$1,577,648 from fiscal year 2023. (See table above and on next page.) The increase was mainly from higher revenues and more investment in capital assets in 2024 compared to 2023.

Key elements of the increases and decreases between 2023 and 2024 can be compared by examining changes in net position on the *Statement of Activities* (See next page).

Panama City Community Redevelopment Agency
Statement of Activities
Fiscal Years Ended September 30, 2024 and 2023

	Governmental Activities	
	2024	2023
Revenues		
Program Revenues:		
Charges for services	\$ 93,317	\$ 81,555
Operating grants and contributions	28,950	-
General Revenues:		
Tax increment	3,049,102	2,229,938
Capital contributions	100,000	-
Investment earnings	260,972	83,338
Miscellaneous	1,764	119,875
Total Revenues	3,534,105	2,514,706
Expenses		
General government	1,955,428	2,150,792
Interest on long-term debt	1,029	1,212
Total Expenses	1,956,457	2,152,004
Increase (decrease) in net position	1,577,648	362,702
Net position-beginning of year	8,201,566	7,838,864
Net position - end of year	\$ 9,779,214	\$ 8,201,566

Governmental Activities

Total revenues in 2024 of \$3,534,105 increased by \$1,019,399 (40.5%) over revenue of \$2,514,706 in 2023. The increased revenue was mainly from increases in tax increment revenue and investment earnings. Tax increment revenue increased by 36.7% (\$819,164) because of higher property values within each CRA district. Investment earnings increased by 213.1% (\$177,634) as result of better interest rates earned.

Expenses decreased from \$2,152,004 in 2023 to \$1,956,457 in 2024. This was a decrease of \$195,547 mostly in the general government category. In 2024, the CRA had fewer grants and aids than in 2023 as the CRA has instead undertaken capital projects within each district.

Financial Analysis of the CRA's Funds

Governmental Funds: The focus of the CRA's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources.

During fiscal year 2024, combined fund balances increased by \$809,982. Ending fund balance in 2023 was \$1,952,056 whereas in 2024 it was \$2,762,038. The increase between years was mainly caused by higher revenue from tax increment revenue. The amounts in fund balance are restricted for community redevelopment projects.

General Fund - Budgetary Highlights

A budget to actual statement is provided for each CRA district on pages 30 to 33. Columns for both the original adopted fiscal year budget and the final budget are presented. Budgeted amounts are adjusted throughout the year to more closely reflect the actual final amounts that occur. Columns for actuals and variance between actual and final budgeted are presented.

All but one of the CRA's had actual revenues in excess of expenditures for fiscal year 2024. There were enough reserves in the CRA with expenditures greater than revenues to cover the overage.

Capital Assets

The CRA's investment in capital assets as of September 30, 2024 was \$7,270,618 (net of accumulated depreciation). This was an increase of \$1,017,460 from fiscal year 2023. Investment in capital assets includes land, buildings, improvements, machinery and equipment, right-of-use lease assets-equipment, and roads/infrastructure. Capital assets held by the CRA at the end of the most current and previous fiscal years are summarized in the table below.

Panama City Community Redevelopment Agency
Capital Assets
(net of depreciation)
Fiscal Years Ended September 30, 2024 and 2023

	Governmental Activities	
	2024	2023
Land	\$ 2,354,823	\$ 2,336,154
Construction in Progress	910,351	197,704
Buildings	1,636,197	1,476,012
Improvements Other Than Buildings	853,386	949,157
Machinery and Equipment	106,173	44,049
Roads/Infrastructure	1,137,192	1,213,593
Right-of-use lease assets - equipment	272,496	36,489
Total	\$ 7,270,618	\$ 6,253,158

Additional information regarding the CRA's capital assets may be found in note 5 to the financial statements beginning on page 25.

Long-Term Liabilities

In 2024 the long-term liabilities of the CRA increased to \$253,442 from \$3,648 in 2023. Increase was primarily due to lease undertaken for security cameras throughout the CRA areas. Additional information on the long-term liabilities of the CRA can be found in note 5 beginning on page 24.

Economic Factors

Taxable property values within the CRA areas increased 11.1% from \$523,507,359 in 2023 to \$581,520,060 in 2024.

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

PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 2,366,596
Lease receivable	122,783
Due from the City of Panama City	15,943
Prepaid items	688
Inventories	303,780
Notes receivable	184,767
Capital assets:	
Non-depreciable	3,265,174
Depreciable, net	4,005,444
Total assets	<u>10,265,175</u>
LIABILITIES	
Accounts payable	86,675
Due to the City of Panama City	15,021
Accrued salaries	7,615
Accrued other liabilities	1,517
Noncurrent liabilities:	
Due within one year:	
Compensated absences	1,416
Lease liability	52,115
Due in more than one year:	
Compensated absences	4,246
Lease liability	195,665
Total liabilities	<u>364,270</u>
DEFERRED INFLOWS OF RESOURCES	
Lease related inflows	<u>121,691</u>
NET POSITION	
Net investment in capital assets	6,991,056
Restricted for:	
Community redevelopment	2,788,158
Total net position	<u><u>\$ 9,779,214</u></u>

See the accompanying notes.

PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Change in Net Position
Governmental activities:				Governmental Activities
General government	\$ 1,955,428	\$ 93,317	\$ 28,950	\$ (1,833,161)
Interest on long-term debt	1,029	-	-	(1,029)
Total governmental activities	<u>\$ 1,956,457</u>	<u>\$ 93,317</u>	<u>\$ 28,950</u>	<u>(1,834,190)</u>
General revenues:				
Taxes:				
Tax increment				3,049,102
Capital contributions				100,000
Unrestricted investment earnings				260,972
Miscellaneous				<u>1,764</u>
Total general revenues and transfers				<u>3,411,838</u>
Change in net position				<u>1,577,648</u>
Net position, beginning of year				<u>8,201,566</u>
Net position, end of year				<u>\$ 9,779,214</u>

See the accompanying notes.

PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
BALANCE SHEET – RECONCILIATION OF THE GOVERNMENTAL
FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

	Downtown Community Redevelopment Area	Downtown North Community Redevelopment Area	St. Andrews Community Redevelopment Area	Millville Community Redevelopment Area	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 378,749	\$ 480,370	\$ 630,129	\$ 877,348	\$ 2,366,596
Lease asset receivable	-	122,783	-	-	122,783
Due from the City of Panama City	-	9,050	6,893	-	15,943
Prepaid items	-	688	-	-	688
Inventories	-	303,780	-	-	303,780
Notes receivable	-	184,767	-	-	184,767
Total assets	<u>\$ 378,749</u>	<u>\$ 1,101,438</u>	<u>\$ 637,022</u>	<u>\$ 877,348</u>	<u>\$ 2,994,557</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 18,729	\$ 17,740	\$ 12,647	\$ 37,559	\$ 86,675
Due to the City of Panama City	1,163	13,738	120	-	15,021
Accrued salaries	1,142	2,665	1,904	1,904	7,615
Accrued other liabilities	-	1,517	-	-	1,517
Total liabilities	<u>21,034</u>	<u>35,660</u>	<u>14,671</u>	<u>39,463</u>	<u>110,828</u>
Deferred inflows of resources:					
Deferred inflows of resources-lease revenue	-	121,691	-	-	121,691
Fund Balances:					
Non-spendable:					
Prepaid items	-	688	-	-	688
Inventories	-	303,780	-	-	303,780
Restricted:					
Community redevelopment	357,715	639,619	622,351	837,885	2,457,570
Total fund balances	<u>357,715</u>	<u>944,087</u>	<u>622,351</u>	<u>837,885</u>	<u>2,762,038</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 378,749</u>	<u>\$ 1,101,438</u>	<u>\$ 637,022</u>	<u>\$ 877,348</u>	
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					
Capital assets				\$ 10,759,528	
Less accumulated depreciation				(3,488,910)	
					7,270,618
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.					
Compensated absences					(5,662)
Lease liability					(247,780)
Net position of governmental activities					<u>\$ 9,779,214</u>

See the accompanying notes.

PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

	Downtown Community Redevelopment Area	Downtown North Community Redevelopment Area	St. Andrews Community Redevelopment Area	Millville Community Redevelopment Area	Total Governmental Funds
REVENUES					
Intergovernmental	\$ 466,368	\$ 1,115,653	\$ 753,917	\$ 742,114	\$ 3,078,052
Investment earnings	29,225	69,327	67,403	95,017	260,972
Rents and royalties	-	69,929	-	3,592	73,521
Miscellaneous	291	90	129	1,254	1,764
Total revenues	<u>495,884</u>	<u>1,254,999</u>	<u>821,449</u>	<u>841,977</u>	<u>3,414,309</u>
EXPENDITURES					
Current:					
General government:					
Personnel services	32,908	81,997	75,655	68,555	259,115
Operating expenditures	199,438	676,545	299,987	145,294	1,321,264
Debt service:					
Principal	12,294	31,965	4,918	12,294	61,471
Interest	206	535	82	206	1,029
Capital outlay	135,599	283,441	477,120	494,335	1,390,495
Total expenditures	<u>380,445</u>	<u>1,074,483</u>	<u>857,762</u>	<u>720,684</u>	<u>3,033,374</u>
Excess (deficiency) of revenues over (under) expenditures	115,439	180,516	(36,313)	121,293	380,935
OTHER FINANCING SOURCES					
Capital contributions	100,000	-	-	-	100,000
Insurance proceeds	-	19,796	-	-	19,796
Issuance of debt for lease	61,850	160,811	24,740	61,850	309,251
Total other financing sources	<u>161,850</u>	<u>180,607</u>	<u>24,740</u>	<u>61,850</u>	<u>429,047</u>
Net change in fund balances	277,289	361,123	(11,573)	183,143	809,982
FUND BALANCES					
Beginning of year	<u>80,426</u>	<u>582,964</u>	<u>633,924</u>	<u>654,742</u>	
End of year	<u>\$ 357,715</u>	<u>\$ 944,087</u>	<u>\$ 622,351</u>	<u>\$ 837,885</u>	

See the accompanying notes.

**PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

Net change in fund balances - total governmental funds	\$ 809,982
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Expenditures for capital assets	\$ 1,390,495
Less current year depreciation	(366,255)
	<u>1,024,240</u>
The net effect of various miscellaneous transactions involving capital assets (e.g. sales, trade-ins, donations) is to decrease net position	(6,780)
The issuance of long-term debt (leases) decrease provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
	(247,780)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued compensated absences	(2,014)
Change in net position of governmental activities	<u>\$ 1,577,648</u>

See the accompanying notes.

**PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Reporting Entity

On November 22, 1983, the City of Panama City, Florida (City) adopted ordinance No. 1153 designating the Panama City Downtown Improvement Board as the Panama City Community Redevelopment Agency (Agency) pursuant to Florida Statute. On September 12, 2006, the City restructured the Agency by adopting ordinance No. 2216 pursuant to Florida Statute Section 163.357. Four community redevelopment areas (CRA) have been established for which separate trust funds have been opened. The Downtown CRA was established to finance projects within the central business region in Downtown Panama City. The Downtown CRA district was extended for an additional 20 years by action of the City Commission under the provisions of Florida Statute Chapter 163 part III. Ordinance No. 2488 and No. 2489 were adopted on March 12, 2013 and may be found in the public records of the City and the Agency. The Downtown North CRA was established to finance projects in the Downtown North region of Panama City. The St. Andrews CRA was established to finance projects in the St. Andrews region of Panama City. The Millville CRA was established to finance projects in the Millville region of Panama City.

The accounting methods and procedures adopted by the Agency, a component unit of the City, conform to United States generally accepted accounting principles (GAAP) as applied to governmental entities.

Members of the Agency are appointed by the Panama City Commissioners. Because of the City's ability to exercise oversight responsibility, the Agency is included in the general-purpose financial statements of the City as a blended component unit.

Revenues are derived from the incremental increases in Ad valorem taxes levied each year by taxing authorities, except school districts and water management districts, on taxable real property in the project areas using the year each agency was established as its tax base year. The Agency received \$1,406,773 in tax increment financing from the City for the year ended September 30, 2024.

The accompanying financial statements have been prepared in conformity with GAAP as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard setting body for governmental accounting and financial reporting.

The external statements are prepared from accounts of the Agency that are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts.

Governmental funds are used to account for the Agency's governmental activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of capital assets, and the servicing of general long-term debt.

PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Agency's governmental funds are special revenue funds, which are the Agency's primary operating funds. The special revenue funds account for all financial activities of the Agency and are included in the preparation of the entity-wide financial statements and the fund financial statements.

Measurement Focus and Basis of Accounting

The basic financial statements of the Agency are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

Government-Wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Agency had no business-type or fiduciary activities for the year ended September 30, 2024.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fund financial statements. Under the accrual basis of accounting revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as reductions of the related liabilities, rather than as expenditures.

Grants, entitlements, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. 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 entitlement revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not reported as program revenues are reported as general revenues.

PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment, or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses not allocated to functions are reported separately. Interest on general long-term debt is considered such an indirect expense.

Fund Financial Statements

Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Current financial resources measurement focus generally means that only current assets and current liabilities are included in the balance sheet. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

The Agency considers grants, entitlements, and other revenues available if collected within 60 days after year-end. Grants, entitlements, and interest are all considered to be susceptible to accrual and are recognized as revenues of the fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the Agency.

Expenditures are recorded when the related liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Budgetary Data

Formal budgetary accounting is generally employed as a management control for all funds. Annual operating budgets are adopted each year by the Agency and amended as required. The same basis of accounting is used to reflect actual revenues and expenditures/expenses as recognized by GAAP.

Commitments for goods and services are recorded as encumbrances for budgetary control. These encumbrances lapse at the end of the year and become part of the following year’s budgetary amounts. All unencumbered budgeted appropriations, except grant budgets, lapse at the end of each fiscal year.

Excess of Expenditures over Appropriations

The Agency had expenditures exceeding appropriations by \$487,818 for the year ended September 30, 2024. Unexpected expenses arose that were not budgeted. The Board has sufficient reserves to fund the expenditures and will be more conscientious regarding the need for budget amendments going forward.

**PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The Agency considers all demand accounts and money market funds which are not subjected to withdrawal restrictions to be cash and cash equivalents.

The Agency pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements may be invested in accordance with the Agency's investment policy.

Receivables

Receivables are reported at their gross value. Management considers all receivables as collectible, therefore, no provision for uncollectible accounts is provided in these financial statements.

The Agency participates in loan rehabilitation programs that assist low-income residents in obtaining safe and sanitary housing, businesses in downtown improvement areas, and rental housing improvements. The loans are due and payable at their respective maturity dates or change of home ownership, whichever occurs first. The Agency maintains a security interest in the property. These loans are non-interest bearing and will mature at various dates up to 2026.

Inventories

Inventories are valued at cost and consist of real estate held for resale. Inventory of governmental funds is recorded as expenditures when consumed rather than when purchased.

Capital Assets

Capital assets are recorded as expenditures at the time of purchase and are capitalized at historical cost in the statement of net position. Capital assets are defined typically as assets with an initial, individual cost of more than \$3,500 and an estimated useful life in excess of two years. Donated capital assets are recorded at acquisition value on the date received. The costs of normal maintenance and repairs that do not add value to the asset or materially extend asset lives are not capitalized. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets. Estimated useful lives are as follows:

Buildings	30 years
Improvements other than buildings	10 years
Right-of-use lease assets	Leased time period
Machinery and equipment	5-10 years
Roads/infrastructure	40 years

PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

Leases are defined by the general government as the right to use an underlying asset. As lessee, the Agency recognizes a lease liability and an intangible right-of-use lease asset at the beginning of a lease unless the lease is considered a short-term lease or transfers ownership of the underlying asset. Right-of-use lease assets are measured based on the net present value of the future lease payments at inception, using the weighted average cost of capital, which approximate the incremental borrowing rate. Remeasurement of a lease liability occurs when there is a change in the lease term and/or other changes that are likely to have a significant impact on the lease liability.

The Agency calculates the amortization of the discount on the lease liability and reports that amount as outflows of resources. Payments are allocated first to accrued interest liability and then to the lease liability. Variable lease payments based on the usage of the underlying assets are not included in the lease liability calculations but are recognized as outflows of resources in the period in which the obligation was incurred.

As lessor, the Agency recognizes a lease receivable. The lease receivable is measured using the net present value of future lease payments to be received for the lease term and deferred inflow of receivables at the beginning of the lease term. Periodic amortization of the discount on the receivable are reported as interest revenue for that period. Deferred inflows of resources are recognized as inflows on a straight-line basis over the term of the lease. This recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases. Any initial direct costs are reported as an outflow of resources for that period. Remeasurement of lease receivables occur when there are modifications, including but not limited to changes in the contract price, lease term, and adding or removing an underlying asset to the lease agreement. In the case of a partial or full lease termination, the carrying value of the lease receivable and the related deferred inflows of resources will be reduced and will include a gain or loss for the difference.

For lease contracts that are short-term, the Agency recognizes short-term lease payments as inflows of resources (revenues) based on the payment provisions of the lease contract. Liabilities are only recognized if payments are received in advance, and receivables are only recognized if payments are received subsequent to the reporting period.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The Agency has one item that qualifies for reporting in this category which is related to leases.

PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

Net position is classified in two categories. The general meaning of each is as follows:

Net investment in capital assets represents the difference between the cost of capital assets, less accumulated depreciation reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets.

Restricted net position is liquid assets (generated from revenues) which are not accessible for general use because of third-party (statutory) limitations.

Fund Balance Reporting

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Agency classifies governmental fund balances as follows:

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

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

Compensated Absences

It is the Agency's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide financial statements. One-third of total sick leave balances of employees with six years or more of service is accrued in the government-wide financial statements. In accordance with GAAP, for the governmental funds in the fund financial statements, all of the compensated absences are considered long-term and, therefore, are not a fund liability and represent a reconciling item between the fund level and government-wide presentations. Employees are entitled to certain compensated absences based on their length of employment. With minor exceptions, compensated absences either vest or accumulate and are accrued when they are earned. The amount of accrued annual leave and sick pay at September 30, 2024 was \$5,662.

Interfund Transactions

Interfund transactions (transactions between the Agency and the City) are reflected as services provided. Services provided are treated as revenues and expenditures/expenses. The Agency paid the City \$58,343 for Agency administration during the year ended September 30, 2024.

PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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

Recently Issued Accounting Pronouncements

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing 1) practice issues that have been identified during implementation and application of certain GASB Statements and 2) accounting and financial reporting for financial guarantees. Certain provisions of this statement are effective upon issuance, while other provisions are effective for years beginning after June 15, 2022 and 2023. The Agency has implemented GASB Statement No. 99 in this annual report, however, it does not have any current impact on the basic financial statements.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections— an Amendment of GASB Statement No. 62*. This statement prescribes the accounting and financial reporting for 1) each type of accounting change and 2) error corrections. This statement requires that a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this statement are effective for financial statements for reporting period beginning after June 15, 2023. The Agency has implemented GASB Statement No. 100 in this annual report, however, it does not have any current impact on the basic financial statements.

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

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This statement provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This statement requires a government to assess 1) whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact and 2) whether an event or events associated with a concentration

PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this statement are effective for fiscal years beginning after June 15, 2024. The Agency is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

In April 2024, the GASB issued statement No. 103, *Financial Reporting Model Improvements*. This statement outlines new regulations regarding governmental accounting, focusing on enhancing the effectiveness of the financial reporting model for state and local governments. The targeted improvements contained in this statement establish or modify existing accounting and financial reporting requirements related to: 1) management's discussion and analysis, 2) unusual or infrequent items, 3) presentation of the proprietary fund statements of revenues, expenses and changes in fund net position, 4) major component unit information, and 5) budgetary comparison information. The requirements of this statement are effective for fiscal years beginning after June 15, 2025. The Agency is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this statement are effective for fiscal years beginning after June 15, 2025. The Agency is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

NOTE 2 – DEPOSITS WITH FINANCIAL INSTITUTIONS

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

In accordance with GASB Statement No. 40, the following disclosures are made regarding the Agency's deposit balance as of September 30, 2024:

Deposits

All of the Agency's cash balances are amounts deposited in an interest-bearing bank account entirely insured by federal depository insurance or by collateral pursuant to Florida Statute 280, the Florida Security for Public Deposits Act.

PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 3 – RISK MANAGEMENT

The Agency is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency maintains commercial insurance coverage covering each of the above risks of loss. Management believes that the coverage is adequate to preclude any significant uninsured risk exposure to the Agency. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 4 – CAPITAL ASSETS

Changes in capital assets for the year ended September 30, 2024 are as follows:

	Balance September 30, 2023	Increases	Decreases	Transfers	Balance September 30, 2024
Capital assets, not being depreciated:					
Land	\$ 2,336,154	\$ 18,669	\$ -	\$ -	\$ 2,354,823
Construction in progress	197,704	906,731	-	(194,084)	910,351
Total capital assets, not being depreciated	<u>2,533,858</u>	<u>925,400</u>	<u>-</u>	<u>(194,084)</u>	<u>3,265,174</u>
Capital assets, being depreciated:					
Buildings	1,658,912	50,000	-	169,134	1,878,046
Improvements other than buildings	2,688,249	22,928	-	24,950	2,736,127
Right-of-use lease assets-equipment- amortizable	128,780	309,252	128,779	-	309,253
Machinery and equipment	90,435	82,915	11,148	-	162,202
Roads/infrastructure	<u>2,408,726</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,408,726</u>
Total capital assets being depreciated,	<u>6,975,102</u>	<u>465,095</u>	<u>139,927</u>	<u>194,084</u>	<u>7,494,354</u>
Less accumulated depreciation for:					
Buildings	182,900	58,949	-	-	241,849
Improvements other than buildings	1,739,092	143,649	-	-	1,882,741
Right-of-use lease assets-equipment- amortizable	92,291	73,245	128,779	-	36,757
Machinery and equipment	46,386	14,011	4,368	-	56,029
Roads/infrastructure	<u>1,195,133</u>	<u>76,401</u>	<u>-</u>	<u>-</u>	<u>1,271,534</u>
Total accumulated depreciated	<u>3,255,802</u>	<u>366,255</u>	<u>133,147</u>	<u>-</u>	<u>3,488,910</u>
Total capital assets, being depreciated, net	<u>3,719,300</u>	<u>98,840</u>	<u>6,780</u>	<u>194,084</u>	<u>4,005,444</u>
Governmental activities capital assets, net	<u>\$ 6,253,158</u>	<u>\$ 1,024,240</u>	<u>\$ 6,780</u>	<u>\$ -</u>	<u>\$ 7,270,618</u>

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

General government	\$ 366,255
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PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 5 – LONG-TERM LIABILITIES

Changes in long-term governmental liability obligations for the year ended September 30, 2024 are as follows:

	Balance September 30, 2023	Increases	Decreases	Balance September 30, 2024	Due in One Year
Compensated absences	\$ 3,648	\$ 15,237	\$ 13,223	\$ 5,662	\$ 1,416
Lease liability	<u>-</u>	<u>309,251</u>	<u>61,471</u>	<u>247,780</u>	<u>52,115</u>
Total long-term liabilities	<u>\$ 3,648</u>	<u>\$ 324,488</u>	<u>\$ 74,694</u>	<u>\$ 253,442</u>	<u>\$ 53,531</u>

NOTE 6 – LEASES

On September 30, 2008 an agreement was made between the Agency and the City. The City has agreed to purchase Millville Waterfront Park requested by the Agency for not more than \$2.5 million dollars. The Agency agrees to lease the property from the City. The rent will be an amount equal to the difference between any acquisition grants secured and the actual purchase costs of the property in annual amounts amortized over fifteen years. At September 30, 2024, the future rental commitments were not determinable.

Agency as Lessee

The Agency accounts for leases in accordance with GASB 87, *Leases*. In February 2024, the Agency entered into a lease agreement to obtain the right-to-use lease equipment. The lease is for four years with a maturity date of February 2028, with annual payments of \$62,500 and an incremental borrowing rate of 4.188%.

Minimum future lease payments to be paid are as follows:

Year Ended <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 52,115	\$ 10,385	\$ 62,500
2026	54,300	8,200	62,500
2027	<u>141,365</u>	<u>5,925</u>	<u>147,290</u>
Total	<u>\$ 247,780</u>	<u>\$ 24,510</u>	<u>\$ 272,290</u>

**PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 6 – LEASES (Continued)

Agency as Lessor

Downtown North CRA rents out its premises for events on a first come, first serve basis. These rents are not consistent and are not readily determinable. In addition, the Agency leases office space to several non-profit organizations. The leases are for five years with monthly payments ranging from \$400 to \$2,114, expire from September 2026 to November 2027, and an incremental borrowing rate ranging from 0.632% to 0.804%. For the year ended September 30, 2024, the Agency reported rents and royalties of \$73,521, of which \$54,293 is noncancellable, and interest revenue of \$981 related to noncancellable lease payments received.

Minimum future lease receipts to be received are as follows:

Year Ended <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 57,804	\$ 671	\$ 58,475
2026	55,410	264	55,674
2027	8,770	30	8,800
2028	<u>799</u>	<u>1</u>	<u>800</u>
Total	<u>\$ 122,783</u>	<u>\$ 966</u>	<u>\$ 123,749</u>

NOTE 7 – RETIREMENT PLAN

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

Plan Description – The Agency participates in the Retirement Plan and Trust for the General Employees of the City (Fund). The Fund is a single-employer defined contribution plan administered by Voya Financial.

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

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

PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 7 – RETIREMENT PLAN (Continued)

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

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

Contribution Obligations – The Agency is required by a resolution of the City to contribute 10% of participants' salaries to the plan. The City Commission has the authority to change contribution amounts. Total pension expense amounted to \$16,135, of which \$5,871 was forfeitures, for the year ended September 30, 2024. This is a noncontributory plan.

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

NOTE 8 – ENCUMBRANCES

The amount of encumbrances at year-end do not constitute expenditures or liabilities; therefore, they are not reflected in the financial statements. The amount of encumbrances outstanding as of September 30, 2024 are as follows:

Governmental Funds –	
Downtown CRA	\$ 227,226
Downtown North CRA	64,929
St. Andrews CRA	23,240
Millville CRA	<u>284,871</u>
 Total outstanding encumbrances	 <u><u>\$ 600,266</u></u>

**PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 9 – CONSTRUCTION COMMITMENTS

The Agency has outstanding commitments for construction contracts at year-end. The commitments represent the difference between the contract prices of the various projects and the amounts paid on each contract. Outstanding construction commitments as of September 30, 2024 are as follows:

Governmental Funds –	
Downtown CRA	\$ 217,655
St. Andrews CRA	2,514
Millville CRA	<u>262,291</u>
 Total outstanding construction commitments	 <u>\$ 482,460</u>

NOTE 10 – SUBSEQUENT EVENTS

On April 8, 2025, the City Commission adopted Resolution No. 20250408.1, extending the boundaries of the St. Andrews Community Redevelopment District based on the Findings of Necessity report and approving adoption and execution of the Interlocal Agreement between the City, CRA and Bay County, Florida. On May 6, 2025, Bay County approved the Interlocal Agreement and authorized its execution. The Agency evaluated the effect subsequent events would have on the financial statements through May 22, 2025, which is the date the financial statements were available to be issued.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET (GAAP BASIS) AND ACTUAL – DOWNTOWN CRA
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Intergovernmental	\$ 412,859	\$ 412,859	\$ 466,368	\$ 53,509
Investment earnings	-	-	29,225	29,225
Miscellaneous	-	-	291	291
Total revenues	<u>412,859</u>	<u>412,859</u>	<u>495,884</u>	<u>83,025</u>
EXPENDITURES				
Current:				
General government:				
Personnel services	35,638	35,638	32,908	2,730
Operating expenditures	146,883	137,312	199,438	(62,126)
Debt service:				
Debt service principal	-	-	12,294	(12,294)
Debt service interest	-	-	206	(206)
Capital outlay	314,500	280,543	135,599	144,944
Total expenditures	<u>497,021</u>	<u>453,493</u>	<u>380,445</u>	<u>73,048</u>
Excess (deficiency) of revenues over (under) expenditures	(84,162)	(40,634)	115,439	156,073
OTHER FINANCING SOURCES				
Capital contributions	-	100,000	100,000	-
Issuance of debt for lease	-	-	61,850	61,850
Total other financing sources	<u>-</u>	<u>100,000</u>	<u>161,850</u>	<u>61,850</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (84,162)</u>	<u>\$ 59,366</u>	277,289	<u>\$ 217,923</u>
FUND BALANCES				
Beginning of year			<u>80,426</u>	
End of year			<u>\$ 357,715</u>	

See the independent auditor's report.

PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET (GAAP BASIS) AND ACTUAL – DOWNTOWN NORTH CRA
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Intergovernmental	\$ 968,949	\$ 968,949	\$ 1,115,653	\$ 146,704
Investment earnings	-	-	69,327	69,327
Rents and royalties	-	-	69,929	69,929
Miscellaneous	-	-	90	90
Total revenues	<u>968,949</u>	<u>968,949</u>	<u>1,254,999</u>	<u>286,050</u>
EXPENDITURES				
Current:				
General government:				
Personnel services	83,412	83,412	81,997	1,415
Operating expenditures	759,818	920,731	676,545	244,186
Debt service:				
Debt service principal	-	-	31,965	(31,965)
Debt service interest	-	-	535	(535)
Capital outlay	402,500	67,943	283,441	(215,498)
Total expenditures	<u>1,245,730</u>	<u>1,072,086</u>	<u>1,074,483</u>	<u>(2,397)</u>
Excess (deficiency) of revenues over (under) expenditures	(276,781)	(103,137)	180,516	283,653
OTHER FINANCING SOURCES				
Insurance proceeds	-	19,796	19,796	-
Issuance of debt for lease	-	-	160,811	160,811
Total other financing sources	<u>-</u>	<u>19,796</u>	<u>180,607</u>	<u>160,811</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (276,781)</u>	<u>\$ (83,341)</u>	361,123	<u>\$ 444,464</u>
FUND BALANCES				
Beginning of year			<u>582,964</u>	
End of year			<u>\$ 944,087</u>	

See the independent auditor's report.

PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET (GAAP BASIS) AND ACTUAL – ST. ANDREWS CRA
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Intergovernmental	\$ 667,824	\$ 1,167,824	\$ 753,917	\$ (413,907)
Investment earnings	-	-	67,403	67,403
Miscellaneous	-	-	129	129
Total revenues	<u>667,824</u>	<u>1,167,824</u>	<u>821,449</u>	<u>(346,375)</u>
EXPENDITURES				
Current:				
General government:				
Personnel services	60,246	60,246	75,655	(15,409)
Operating expenditures	298,634	277,942	299,987	(22,045)
Debt service:				
Debt service principal	-	-	4,918	(4,918)
Debt service interest	-	-	82	(82)
Capital outlay	277,500	437,364	477,120	(39,756)
Total expenditures	<u>636,380</u>	<u>775,552</u>	<u>857,762</u>	<u>(82,210)</u>
Excess (deficiency) of revenues over (under) expenditures	31,444	392,272	(36,313)	(428,585)
OTHER FINANCING SOURCES				
Issuance of debt for lease	-	-	24,740	24,740
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 31,444</u>	<u>\$ 392,272</u>	(11,573)	<u>\$ (403,845)</u>
FUND BALANCES			<u>633,924</u>	
Beginning of year			<u>\$ 622,351</u>	
End of year				

See the independent auditor's report.

PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET (GAAP BASIS) AND ACTUAL – MILLVILLE CRA
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Intergovernmental	\$ 657,318	\$ 807,318	\$ 742,114	\$ (65,204)
Investment earnings	-	-	95,017	95,017
Rents and royalties	-	-	3,592	3,592
Miscellaneous	-	-	1,254	1,254
Total revenues	<u>657,318</u>	<u>807,318</u>	<u>841,977</u>	<u>34,659</u>
EXPENDITURES				
Current:				
General government:				
Personnel services	59,713	59,713	68,555	(8,842)
Operating expenditures	323,889	323,408	145,294	178,114
Debt service:				
Debt service principal	-	-	12,294	(12,294)
Debt service interest	-	-	206	(206)
Capital outlay	500,000	432,693	494,335	(61,642)
Total expenditures	<u>883,602</u>	<u>815,814</u>	<u>720,684</u>	<u>95,130</u>
Excess (deficiency) of revenues over (under) expenditures	(226,284)	(8,496)	121,293	129,789
OTHER FINANCING SOURCES				
Issuance of debt for lease	-	-	61,850	61,850
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (226,284)</u>	<u>\$ (8,496)</u>	183,143	<u>\$ 191,639</u>
FUND BALANCES				
Beginning of year			<u>654,742</u>	
End of year			<u>\$ 837,885</u>	

See the independent auditor's report.

COMPLIANCE SECTION



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

To the Panama City Community Redevelopment Agency Board
and Executive Director

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 of Panama City Community Redevelopment Agency, component unit of the City of Panama City, Florida, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise Panama City Community Redevelopment Agency's basic financial statements and have issued our report thereon dated May 22, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described below as item 2024-001 that we consider to be a material weakness.

Review of Policies and Procedures 2024-001 (Previously 2023-001):

During our audit, several deficiencies were noted regarding the Panama City Community Redevelopment Agency's policies, procedures, and plan documents, and maintaining proper documentation verifying compliance with Florida Statutes. It is our recommendation that the Panama City Community Redevelopment Agency update their policies, procedures, and plans, including verifying compliance with Florida Statute and grant requirements.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Panama City Community Redevelopment Agency'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*.

Panama City Community Redevelopment Agency's Response to Findings

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

Panama City Community Redevelopment Agency agrees with the auditors' recommendations and is currently updating internal controls to correct these deficiencies.

Purpose of This Report

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

Lipton, Maule, Garner & Chastain

Panama City, Florida
May 22, 2025



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Panama City Community Redevelopment Agency Board
and Executive Director

Report on the Financial Statements

We have audited the financial statements of the Panama City Community Redevelopment Agency, component unit of the City of Panama City, Florida, as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated May 22, 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; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Component Unit Financial Statements Performed in Accordance with *Government Auditing Standards* 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, which are dated May 22, 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. Prior year audit finding 2023-001 remains uncorrected and is reported as current year audit finding 2024-001.

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. For information regarding the specific legal authority for the entity, see Note 1 to the financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Panama City Community Redevelopment Agency 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 Panama City Community Redevelopment Agency 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 Panama City Community Redevelopment Agency. It is management's responsibility to monitor the Panama City Community Redevelopment Agency's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

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

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, the Panama City Community Redevelopment Agency is required to include a statement as to whether a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did/did not operate within the Panama City Community Redevelopment Agency's geographical boundaries during the fiscal year under audit. The Panama City Community Redevelopment Agency has not authorized the operation of a PACE program, and management is not aware of the operation of any such program, within its geographical boundaries.

Special District Component Units

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

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7., Rules of the Auditor General, the Panama City Community Redevelopment Agency reported:

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as 4.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 1.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$259,115.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$174,089.
- e. There are no construction projects with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, is included on pages 28-31.

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 has an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Honorable Mayor, City Commissioners, the City Manager, the Panama City Community Redevelopment Agency Board and Executive Director, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Lipton, Mauler, Garner & Chastain

Panama City, Florida
May 22, 2025



**INDEPENDENT ACCOUNTANT'S REPORT ON
COMPLIANCE WITH FLORIDA STATUTE 218.415 RELATED TO LOCAL
GOVERNMENT INVESTMENT POLICIES**

To the Panama City Community Redevelopment Agency Board
and Executive Director

We have examined Panama City Community Redevelopment Agency's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2024. Management of Panama City Community Redevelopment Agency is responsible for Panama City Community Redevelopment Agency's compliance with the specified requirements. Our responsibility is to express an opinion on Panama City Community Redevelopment Agency'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 Panama City Community Redevelopment Agency complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Panama City Community Redevelopment Agency complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, 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 Panama City Community Redevelopment Agency's compliance with specified requirements.

In our opinion, Panama City Community Redevelopment Agency complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2024.

This report is intended solely for the information and use of Panama City Community Redevelopment Agency and the Florida Auditor General and is not intended to be, and should not be, used by anyone other than the specified parties.

Tipton, Marler, Garner & Chastain

Panama City, Florida
May 22, 2025



**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH FLORIDA
STATUTES 163.387(6) AND 163.387(7)**

To the Panama City Community Redevelopment Agency Board
and Executive Director

We have examined Panama City Community Redevelopment Agency's compliance with Sections 163.387(6) and 163.387(7), Florida Statutes, regarding redevelopment trust fund policies during the year ended September 30, 2024. Management of Panama City Community Redevelopment Agency is responsible for Panama City Community Redevelopment Agency's compliance with the specified requirements. Our responsibility is to express an opinion on Panama City Community Redevelopment Agency'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 Panama City Community Redevelopment Agency complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Panama City Community Redevelopment Agency complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, 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 Panama City Community Redevelopment Agency's compliance with specified requirements.

In our opinion, Panama City Community Redevelopment Agency complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2024.

This report is intended solely for the information and use of Panama City Community Redevelopment Agency and the Florida Auditor General and is not intended to be, and should not be, used by anyone other than the specified parties.

Tipton, Marler, Garner & Chastain

Panama City, Florida
May 22, 2025