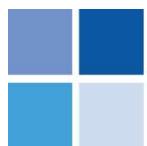


**PANAMA CITY COMMUNITY
REDEVELOPMENT AGENCY**

PANAMA CITY, FLORIDA

COMPONENT UNIT FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2021



Tipton, Marler, Garner & Chastain
The CPA Group

PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY

PANAMA CITY, FLORIDA

COMPONENT UNIT FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2021

PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY

PANAMA CITY, FLORIDA

COMPONENT UNIT FINANCIAL STATEMENTS

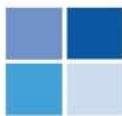
FISCAL YEAR ENDED SEPTEMBER 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor, City Commissioners,
and City Manager
Panama City Community Redevelopment Agency
Panama City, Florida

Report on the Financial Statements

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, 2021, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Panama City Community Redevelopment Agency, as of September 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 21-24 be presented to supplement the basic financial statements. Such information, 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2022, 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 the Panama City Community Redevelopment Agency's internal control over financial reporting and compliance.

Tipton, Marley, Glaser & Chastain

Panama City, Florida
September 26, 2022

PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

| | <u>Governmental Activities</u> |
|----------------------------------|------------------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 1,545,383 |
| Due from other funds | 188,404 |
| Prepaid items | 8,585 |
| Inventories | 303,780 |
| Notes receivable | 333,632 |
| Capital assets: | |
| Non-depreciable | 1,960,887 |
| Depreciable, net | 4,271,887 |
| Total assets | 8,612,558 |
| LIABILITIES | |
| Accounts payable | 38,820 |
| Due to other funds | 22,164 |
| Accrued salaries | 6,165 |
| Noncurrent liabilities: | |
| Due within one year: | |
| Compensated absences | 2,623 |
| Due in more than one year: | |
| Compensated absences | 7,868 |
| Total liabilities | 77,640 |
| NET POSITION | |
| Net investment in capital assets | 6,232,774 |
| Restricted for: | |
| Community redevelopment | 2,302,144 |
| Total net position | \$ 8,534,918 |

See the accompanying notes.

PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2021

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| REVENUES | |
| General revenues: | |
| Tax Increment Ad valorem taxes | 1,269,030 |
| Miscellaneous | 136,152 |
| Total revenues | <u>1,405,182</u> |
| EXPENSES | |
| General government: | |
| Personnel services | \$ 29,705 |
| Operating expenditures | 2,065,558 |
| Total program expenses | <u>2,095,263</u> |
| DEFICIENCY OF REVENUES UNDER EXPENSES | (690,081) |
| TRANSFERS | <u>(240,494)</u> |
| DECREASE IN NET POSITION | (930,575) |
| NET POSITION, BEGINNING OF YEAR | <u>9,465,493</u> |
| NET POSITION, END OF YEAR | <u>\$ 8,534,918</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, 2021

| | 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 | \$ 276,282 | \$ 247,627 | \$ 617,064 | \$ 404,410 | \$ 1,545,383 |
| Due from other funds | 43,861 | 21,372 | 89,597 | 33,574 | 188,404 |
| Prepaid items | - | - | 8,585 | - | 8,585 |
| Inventories | - | 303,780 | - | - | 303,780 |
| Notes receivable | - | 330,796 | - | 2,836 | 333,632 |
| Total assets | \$ 320,143 | \$ 903,575 | \$ 715,246 | \$ 440,820 | \$ 2,379,784 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 1,869 | \$ 5,493 | \$ 29,520 | \$ 1,938 | \$ 38,820 |
| Due to other funds | - | 22,164 | - | - | 22,164 |
| Accrued salaries | 1,203 | 946 | 3,072 | 944 | 6,165 |
| Total liabilities | 3,072 | 28,603 | 32,592 | 2,882 | 67,149 |
| Fund Balances: | | | | | |
| Non-spendable: | | | | | |
| Prepaid items | - | - | 8,585 | - | 8,585 |
| Inventories | - | 303,780 | - | - | 303,780 |
| Spendable: | | | | | |
| Restricted: | | | | | |
| Community redevelopment | 317,071 | 571,192 | 674,069 | 437,938 | 2,000,270 |
| Total fund balances | 317,071 | 874,972 | 682,654 | 437,938 | 2,312,635 |
| Total liabilities and fund balances | \$ 320,143 | \$ 903,575 | \$ 715,246 | \$ 440,820 | |
| Amounts reported for governmental activities in the statement of net position are different because: | | | | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | | | | |
| Capital assets | | | | \$ 8,793,216 | |
| Less accumulated depreciation | | | | (2,560,442) | 6,232,774 |
| Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds. | | | | | (10,491) |
| Net position of governmental activities | | | | | \$ 8,534,918 |

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
FISCAL YEAR ENDED SEPTEMBER 30, 2021

| | Downtown Community Redevelopment Area | Downtown North Community Redevelopment Area | St. Andrews Community Redevelopment Area | Millville Community Redevelopment Area | Total Governmental Funds |
|--|--|--|---|---|--------------------------------|
| REVENUES | | | | | |
| Intergovernmental | \$ 140,294 | \$ 478,660 | \$ 377,026 | \$ 273,050 | \$ 1,269,030 |
| Miscellaneous | - | 108,959 | 7,166 | 20,027 | 136,152 |
| Total revenues | 140,294 | 587,619 | 384,192 | 293,077 | 1,405,182 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government: | | | | | |
| Personnel services | 1,836 | 23,134 | 80 | 2,957 | 28,007 |
| Operating expenditures | 218,706 | 1,039,512 | 363,605 | 101,191 | 1,723,014 |
| Economic environment: | | | | | |
| Community redevelopment improvements | - | 4,678 | 19,548 | - | 24,226 |
| Total expenditures | 220,542 | 1,067,324 | 383,233 | 104,148 | 1,775,247 |
| Excess (deficiency) of revenues over (under) expenditures | (80,248) | (479,705) | 959 | 188,929 | (370,065) |
| OTHER FINANCING USES | | | | | |
| Transfers out | (6,996) | (55,612) | (15,895) | (161,991) | (240,494) |
| Net change in fund balances | (87,244) | (535,317) | (14,936) | 26,938 | (610,559) |
| FUND BALANCES | | | | | |
| Beginning of year | 404,315 | 1,410,289 | 697,590 | 411,000 | |
| End of year | \$ 317,071 | \$ 874,972 | \$ 682,654 | \$ 437,938 | |
| Amounts reported for governmental activities in the statement of activities are different because: | | | | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. | | | | | |
| Expenditures for capital assets | | | | \$ 24,226 | |
| Capital disposals | | | | (1,021) | |
| Less current year depreciation | | | | <u>(341,523)</u> | (318,318) |
| 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 | | | | | (1,698) |
| Change in net position of governmental activities | | | | <u>\$ (930,575)</u> | |

See the accompanying notes.

**PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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 163.357(2). On September 12, 2006, the City restructured the Agency by adopting ordinance No. 2216 pursuant to Section 163.357, Florida Statutes. Four community redevelopment areas have been established for which separate trust funds have been opened. The Downtown Community Redevelopment Area (CRA) was established to finance projects within the central business region in Downtown Panama City. The Downtown CRA District was recently 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 Board are appointed by the City Board of 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 \$658,108 in Ad valorem taxes from the City for the year ended September 30, 2021.

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, 2021

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, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government. 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 activities for the year ended September 30, 2021.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and agency 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.

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.

PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

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 fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due.

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 at the end of the year 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 project budgets, lapse at the end of each fiscal year.

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 accounts is

PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

available to meet current operating requirements. Cash in excess of current requirements is invested in money market accounts.

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

Receivables

Receivables are reported at their gross value. Management considers all receivables as collectible, therefore, no provision for doubtful 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.

Inventory

All inventory is 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 \$1,500 and an estimated useful life in excess of two years. Donated assets are recorded at acquisition value on the date received. 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 |
| Machinery and equipment | 5-10 years |
| Roads/Infrastructure | 40 years |

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.

PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 inventories and prepaid amounts) or legally or contractually required to be maintained intact.

Spendable –

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

Committed – the portion of fund balance that can be used only for specific purposes that are internally imposed by the Agency through formal action of the Agency's highest level of decision-making authority. Such formal action may only be modified or rescinded by the same formal action that imposed the original constraint.

Assigned – the portion of fund balance amounts established by management of the Agency, per the Agency's expenditure policy, that are intended to be used for specific purposes that are neither restricted nor committed.

Unassigned – residual net resources.

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

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

PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

government funds in the fund financial statements, all of the compensated absences are considered long-term and, therefore, are not a fund liability and represent a reconciling item between the fund level and government-wide presentations. 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 vacation for the year ended September 30, 2021 was \$10,491.

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 January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This statement will enhance consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2019. The Agency has implemented GASB statement No. 84 in this report, however, it does not have any current impact on the Agency.

In June 2017, the GASB issued Statement No. 87, *Leases*. This statement will increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2021. The Agency is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This statement will enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and will simplify accounting for interest cost incurred before the end of a construction period. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. The Agency is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests*. This statement will improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and will improve the relevance of financial statement information

PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

for certain component units. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. The Agency has implemented GASB Statement No. 90 in this report, however, it does not have any current impact.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. This statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with 1) commitments extended by issuers, 2) arrangements associated with conduit debt obligations, and 3) related note disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2021. The Agency is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This statement will enhance the comparability in accounting and financial reporting and improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. The requirements of this statement related to Statement 87 and Implementation Guide 2019-3 was effective upon issuance with all other requirements are effective for reporting periods beginning after June 15, 2021. The Agency is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption of all other requirements.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. This statement establishes accounting and financial reporting requirements related to the replacement of interbank offered rates (IBORS) in hedging derivative instruments and leases and identifies appropriate benchmark interest rates for hedging derivative instruments. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this statement are effective for reporting periods beginning after June 15, 2020. The Agency has implemented the necessary provisions of GASB Statement No. 93 in the report, however, it does not have any current impact on the Agency. The Agency is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption of all other requirements.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This statement is to better meet the information needs of financial statement users by improving the comparability of financial statements among governments that enter into public-public partnership arrangements (PPPS) and availability payment arrangements (APAs) and by enhancing the understanding, relevance, and consistency of information about PPPS and APAs. The requirements of this statement are effective for reporting periods beginning after June 15, 2022. The Agency is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement is to provide guidance on the accounting and financial reporting for

PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this statement are effective for reporting periods beginning after June 15, 2022. The Agency is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. The Agency is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

In October 2021, the GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. This statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. The requirements of this statement are effective for reporting periods ending after December 15, 2021. The Agency has implemented GASB Statement No. 98 in this report.

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, 2021:

PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 2 – DEPOSITS WITH FINANCIAL INSTITUTIONS (Continued)

Deposits:

Under the Agency's investment policy, the Agency may invest in obligations of the U.S. Treasury and its agencies, interest-bearing time deposits or savings accounts in banks provided that such deposits are secured by collateral as prescribed by Chapter 280, Security for Public Deposits, of the Florida Statutes and the State Treasurer's investment pool.

Included in the Agency's cash balances are amounts deposited with banks in interest-bearing accounts, noninterest-bearing demand accounts, and interest-bearing time deposit accounts. The bank balances are entirely insured by federal depository insurance or by collateral pursuant to the Security for Public Deposits Act of the State of Florida.

NOTE 3 – PROPERTY TAX CALENDAR

The Agency receives property taxes from the City and Bay County, Florida, who assesses and collects the taxes. The property tax revenue calendar is as follows:

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

NOTE 4 – RISK MANAGEMENT

The Agency is exposed to various risks of losses 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.

PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 5 – CAPITAL ASSETS

Changes in capital assets were as follows:

| | Balance | | | | Balance |
|--|-----------------------|---------------------|-----------------|---------------|-----------------------|
| | September 30, 2020 | Increases | Decreases | Transfers | September 30, 2021 |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 1,960,887 | \$ - | \$ - | \$ - | \$ 1,960,887 |
| Construction in progress | - | - | - | - | - |
| Total capital assets, not being depreciated | <u>1,960,887</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,960,887</u> |
| Capital assets, being depreciated: | | | | | |
| Buildings | 1,645,823 | 4,678 | - | - | 1,650,501 |
| Improvements other than buildings | 2,680,937 | - | - | - | 2,680,937 |
| Machinery and equipment | 56,491 | 19,548 | 12,258 | 13,607 | 77,388 |
| Roads/Infrastructure | 2,423,503 | - | - | - | 2,423,503 |
| Total capital assets, being depreciated | <u>6,806,754</u> | <u>24,226</u> | <u>12,258</u> | <u>13,607</u> | <u>6,832,329</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings | 19,927 | 55,123 | - | - | 75,050 |
| Improvements other than buildings | 1,299,906 | 166,094 | - | - | 1,466,000 |
| Machinery and equipment | 45,634 | 2,512 | 11,236 | 13,607 | 50,517 |
| Roads/Infrastructure | 851,082 | 117,793 | - | - | 968,875 |
| Total accumulated depreciation | <u>2,216,549</u> | <u>341,522</u> | <u>11,236</u> | <u>13,607</u> | <u>2,560,442</u> |
| Total capital assets, being depreciated, net | <u>4,590,205</u> | <u>(317,296)</u> | <u>1,022</u> | <u>-</u> | <u>4,271,887</u> |
| Governmental activities capital assets, net | <u>\$ 6,551,092</u> | <u>\$ (317,296)</u> | <u>\$ 1,022</u> | <u>\$ -</u> | <u>\$ 6,232,774</u> |

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

General government \$ 341,522

NOTE 6 – LONG-TERM LIABILITIES

Changes in long-term liability obligations for the year ended September 30, 2021 are as follows:

| | Balance | | | | Balance | Due |
|----------------------|-----------------------|------------------|------------------|-------------|-----------------------|-----------------|
| | September 30, 2020 | Increases | Decreases | Transfers | September 30, 2021 | in One Year |
| Compensated absences | <u>\$ 8,793</u> | <u>\$ 24,618</u> | <u>\$ 22,920</u> | <u>\$ -</u> | <u>\$ 10,491</u> | <u>\$ 2,623</u> |

**PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 7 – OPERATING LEASE

On September 30, 2008 an agreement was made between the Agency and the City. The City has agreed to purchase park property 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, 2021, the future rental commitments were not determinable.

Three leases were signed with FEMA in December 2018 in which Downtown North CRA and Millville CRA were the lessor, along with the City. These leases operate on a month-to-month basis with monthly rents ranging from \$18,261 to \$39,255 depending on the parcel and size of the premises. Rental income, recorded under miscellaneous income, was \$83,619 and \$17,382 for Downtown North CRA and Millville CRA, respectively, for the year ended September 30, 2021. Lease agreements with FEMA were not renewed. The approximate carrying value and accumulated depreciation pertaining to property held for rental at September 30, 2021 is not readily available.

Downtown North CRA rents out part of one of its premises for events on a first come, first serve basis. These rents are not consistent and are not readily determinable. The approximate carrying value and accumulated depreciation pertaining to property held for rental at September 30, 2021 is not readily available.

NOTE 8 – RETIREMENT PLANS

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

- a. *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.
- b. *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, after obtaining ten years of creditable service, on the first of the month coinciding with or following the participant's 65th birthday.

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, 2021

NOTE 8 – RETIREMENT PLANS (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 12 months of service will be returned to the employer. All other forfeitures are allocated to the employer contribution accounts of eligible participants.

- c. *Contribution Obligations* – The 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 \$1,554, of which there was no forfeitures, for the fiscal year ended September 30, 2021. This is a noncontributory plan.
- d. A separately issued annual report of the Fund is available from Voya Financial, Plan Number 666935, 1 Orange Way C35, Windsor, CT 06095.

NOTE 9 – 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, 2021 is as follows:

| | | |
|--------------------------------|---------|-------------------|
| Governmental Funds – | | |
| Special Revenue Funds – | | |
| Downtown CRA | \$ | 26,344 |
| Downtown North CRA | | 71,634 |
| St. Andrews CRA | | 41,856 |
| Millville CRA | <u></u> | <u>49,543</u> |
| Total outstanding encumbrances | <u></u> | <u>\$ 189,377</u> |

**PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 10 – 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, 2021 is as follows:

| | |
|--------------------------------|-------------------|
| Governmental Funds – | |
| Special Revenue Funds – | |
| Downtown North CRA | \$ 54,274 |
| Millville CRA | <u>49,542</u> |
| Total construction commitments | \$ <u>103,816</u> |

NOTE 11 – SUBSEQUENT EVENTS

The Agency evaluated the effect subsequent events would have on the financial statements through September 26, 2022, 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
FISCAL YEAR ENDED SEPTEMBER 30, 2021

| | Budgeted Amounts | | Actual | Variance |
|--|---------------------|---------------------|-------------------|-------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 145,154 | \$ 145,154 | \$ 140,294 | \$ (4,860) |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government: | | | | |
| Personnel services | 100,643 | 100,643 | 1,836 | 98,807 |
| Operating expenditures | 206,740 | 332,622 | 218,706 | 113,916 |
| Economic environment: | | | | |
| Community redevelopment improvements | 240,000 | 140,000 | - | 140,000 |
| Total expenditures | <u>547,383</u> | <u>573,265</u> | <u>220,542</u> | <u>352,723</u> |
| Excess (deficiency) of revenues over (under) expenditures | (402,229) | (428,111) | (80,248) | 347,863 |
| OTHER FINANCING USES | | | | |
| Transfers out | <u>(5,200)</u> | <u>(5,200)</u> | <u>(6,996)</u> | <u>(1,796)</u> |
| Deficiency of revenues and other financing sources under expenditures and other financing uses | <u>\$ (407,429)</u> | <u>\$ (433,311)</u> | <u>(87,244)</u> | <u>\$ 346,067</u> |
| FUND BALANCES | | | | |
| Beginning of year | | | <u>404,315</u> | |
| End of year | | | <u>\$ 317,071</u> | |

PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET (GAAP BASIS) AND ACTUAL – DOWNTOWN NORTH CRA
FISCAL YEAR ENDED SEPTEMBER 30, 2021

| | Budgeted Amounts | | Actual | Variance |
|--|---------------------|-----------------------|-------------------|-------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 492,775 | \$ 492,775 | \$ 478,660 | \$ (14,115) |
| Investment earnings | - | - | - | - |
| Intergovernmental | - | 250,000 | - | (250,000) |
| Miscellaneous | 237,064 | 237,064 | 108,959 | (128,105) |
| Total revenues | <u>729,839</u> | <u>979,839</u> | <u>587,619</u> | <u>(392,220)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government: | | | | |
| Personnel services | 102,924 | 102,924 | 23,134 | 79,790 |
| Operating expenditures | 1,114,706 | 1,390,797 | 1,039,512 | 351,285 |
| Economic environment: | | | | |
| Community redevelopment improvements | 375,000 | 838,555 | 4,678 | 833,877 |
| Total expenditures | <u>1,592,630</u> | <u>2,332,276</u> | <u>1,067,324</u> | <u>1,264,952</u> |
| Deficiency of revenues under expenditures | (862,791) | (1,352,437) | (479,705) | 872,732 |
| OTHER FINANCING USES | | | | |
| Transfers out | <u>(60,500)</u> | <u>(60,500)</u> | <u>(55,612)</u> | <u>4,888</u> |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | <u>\$ (923,291)</u> | <u>\$ (1,412,937)</u> | <u>(535,317)</u> | <u>\$ 877,620</u> |
| FUND BALANCES | | | | |
| Beginning of year | | | <u>1,410,289</u> | |
| End of year | | | <u>\$ 874,972</u> | |

See 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
FISCAL YEAR ENDED SEPTEMBER 30, 2021

| | Budgeted Amounts | | Actual | Variance |
|---|---------------------|---------------------|-------------------|-------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 390,855 | \$ 390,855 | \$ 377,026 | \$ (13,829) |
| Miscellaneous | - | - | 7,166 | 7,166 |
| Total revenues | <u>390,855</u> | <u>390,855</u> | <u>384,192</u> | <u>(6,663)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government: | | | | |
| Personnel services | 176,517 | 176,517 | 80 | 176,437 |
| Operating expenditures | 256,522 | 53,516 | 363,605 | (310,089) |
| Economic environment: | | | | |
| Community redevelopment improvements | <u>525,000</u> | <u>525,000</u> | <u>19,548</u> | <u>505,452</u> |
| Total expenditures | <u>958,039</u> | <u>755,033</u> | <u>383,233</u> | <u>371,800</u> |
| Excess (deficiency) of revenues over (under) expenditures | (567,184) | (364,178) | 959 | 365,137 |
| OTHER FINANCING USES | | | | |
| Transfers out | <u>(10,300)</u> | <u>(10,300)</u> | <u>(15,895)</u> | <u>(5,595)</u> |
| Excess (deficiency) of revenues over expenditures and other financing uses | <u>\$ (577,484)</u> | <u>\$ (374,478)</u> | <u>(14,936)</u> | <u>\$ 359,542</u> |
| FUND BALANCES | | | | |
| Beginning of year | | | <u>697,590</u> | |
| End of year | | | <u>\$ 682,654</u> | |

PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET (GAAP BASIS) AND ACTUAL – MILLVILLE CRA
FISCAL YEAR ENDED SEPTEMBER 30, 2021

| | Budgeted Amounts | | Actual | Variance |
|--|---------------------|---------------------|-------------------|-------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 282,149 | \$ 282,149 | \$ 273,050 | \$ (9,099) |
| Investment earnings | 170 | 170 | - | (170) |
| Miscellaneous | - | - | 20,027 | 20,027 |
| Total revenues | <u>282,319</u> | <u>282,319</u> | <u>293,077</u> | <u>10,758</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government: | | | | |
| Personnel services | 71,656 | 71,656 | 2,957 | 68,699 |
| Operating expenditures | 117,055 | 197,224 | 101,191 | 96,033 |
| Economic environment: | | | | |
| Community redevelopment improvements | 65,000 | 150,775 | - | 150,775 |
| Total expenditures | <u>253,711</u> | <u>419,655</u> | <u>104,148</u> | <u>315,507</u> |
| Excess (deficiency) of revenues over (under) expenditures | 28,608 | (137,336) | 188,929 | 326,265 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | <u>(160,199)</u> | <u>(160,199)</u> | <u>(161,991)</u> | <u>(1,792)</u> |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | <u>\$ (131,591)</u> | <u>\$ (297,535)</u> | <u>26,938</u> | <u>\$ 324,473</u> |
| FUND BALANCES | | | | |
| Beginning of year | | | <u>411,000</u> | |
| End of year | | | <u>\$ 437,938</u> | |

See 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 Honorable Mayor, City Commissioners,
and City Manager
Panama City Community Redevelopment Agency
Panama City, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of Panama City Community Redevelopment Agency, component unit of the City of Panama City, Florida, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Panama City Community Redevelopment Agency's basic financial statements and have issued our report thereon dated September 26, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the Panama City Community Redevelopment Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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.

However, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described below, that we consider to be a material weakness.

Material Adjustments 2021-001

Material adjustments to the financial records were made in order for the financial statements to conform to generally accepted accounting principles. Internal controls should prevent, or detect and correct adjustments timely to provide materially correct financial information. We recommend that the Panama City Community Redevelopment Agency and the City of Panama City, Florida staff strive towards identifying proposed audit adjustments more timely.

Bank Reconciliations 2021-002:

During our audit, we noted that the concentration bank account was not timely reconciled during the fiscal year. Due to the volume of activity involved in the concentration bank account, we recommend that priority is established with allocating the time and expertise needed to accurately and timely reconcile this account.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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

Panama City Community Redevelopment Agency agrees with the auditors' recommendations and is currently updating internal controls to correct this deficiency. The Panama City Community Redevelopment Agency's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Tipton, Marley, Garner & Chastain

Panama City, Florida
September 26, 2022



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Honorable Mayor, City Commissioners,
and City Manager
Panama City Community Redevelopment Agency
Panama City, Florida

Report on the Financial Statements

We have audited the financial statements of Panama City Community Redevelopment Agency, component unit of the City of Panama City, Florida, as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated September 26, 2022.

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 Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated September 26, 2022, 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 2020 – 001 Bank Reconciliation was moved to the management letter and reported as a material weakness.

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.

Special District Component Units

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

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Panama City Downtown Improvement Board reported:

- a. The total number of district employees compensated in the last pay period of the district's fiscal year was 12.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year was 8.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency was \$61,954.

- d. All compensation earned or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency was \$519,501.
- e. Each construction project with a total cost of at least \$65,000 approved by the district that was scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as:

| | |
|--|------------|
| Harris Gym Renovation | \$ 112,000 |
| License Plate Reader Recognition Program | 66,923 |

Additional Matters

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

Purpose of this Letter

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

Tipton, Marley, Gainer & Chastain

Panama City, Florida
September 26, 2022



INDEPENDENT ACCOUNTANT'S REPORT

To the Honorable Mayor, City Commissioners,
and City Manager
Panama City Community Redevelopment Agency
Panama City, Florida

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, 2021. 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 the 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 American Institute of Certified Public Accountants. 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 referenced above. An examination involves performing procedures to obtain evidence about whether PCCRA 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.

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, 2021.

Tipton, Marler, Garner & Chastain

Panama City, Florida
September 26, 2022