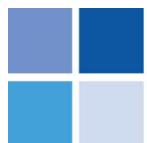


**ANNUAL COMPREHENSIVE FINANCIAL REPORT
OF THE PANAMA CITY COMMUNITY
REDEVELOPMENT AGENCY - A COMPONENT
UNIT OF THE CITY OF PANAMA CITY, FLORIDA**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022



Tipton, Marler, Garner & Chastain
The CPA Group

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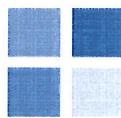
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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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 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, 2022, 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, 2022, 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.

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 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.

Emphasis of Matter

Change in Accounting Principle

As described in Note 12 to the financial statements, in 2022, the Panama City Community Redevelopment Agency adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Correction of an Error

As described in Note 11 to the financial statements, the Panama City Community Redevelopment Agency's September 30, 2021 financial statements have been restated to account for disallowed costs due to fraud and correct receivable balances. Our opinion is not modified with respect to this matter.

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 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 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 budgetary comparison information on pages 25-28 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.

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 August 29, 2023, 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.

Lipton, Marler, Garner & Chastain

Panama City, Florida

August 29, 2023

PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 1,229,102
Accounts receivable	84,090
Lease asset receivables	229,077
Due from the City of Panama City	9,601
Prepaid items	31,046
Inventories	303,780
Notes receivable	225,291
Capital assets:	
Non-depreciable	2,148,044
Depreciable, net	3,965,001
Lease right-of-use assets, net	100,879
Total assets	8,325,911
LIABILITIES	
Accounts payable	76,016
Due to the City of Panama City	109,060
Accrued salaries	5,802
Deposits	100
Accrued other liabilities	156
Noncurrent liabilities:	
Due within one year:	
Compensated absences	912
Lease liability	63,786
Due in more than one year:	
Compensated absences	2,736
Total liabilities	258,568
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows-lease revenue	228,479
NET POSITION	
Net investment in capital assets	6,150,138
Restricted for:	
Community redevelopment	1,688,726
Total net position	\$ 7,838,864

See the accompanying notes.

PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental activities:				
General government	\$ 2,642,276	\$ 117,456	\$ 226,000	\$ (2,298,820)
Interest on long-term debt	7	-	-	(7)
Total governmental activities	<u>\$ 2,642,283</u>	<u>\$ 117,456</u>	<u>\$ 226,000</u>	<u>(2,298,827)</u>
General revenues				
Taxes:				
Ad valorem taxes				1,650,658
Unrestricted investment earnings				7,292
Miscellaneous				31,427
Transfers				(206,656)
Total general revenues and transfers				<u>1,482,721</u>
Change in net position				<u>(816,106)</u>
Net position, beginning of year				8,534,918
Restatement of prior year balances (see note 11)				<u>120,052</u>
Net position, beginning of year, as restated				<u>8,654,970</u>
Net position, end of year				<u>\$ 7,838,864</u>

PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
BALANCE SHEET – RECONCILIATION OF THE GOVERNMENTAL
FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

	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	\$ 95,659	\$ 12,370	\$ 667,009	\$ 454,064	\$ 1,229,102
Accounts receivable	700	83,390	-	-	84,090
Leases asset receivables	-	229,077	-	-	229,077
Due from the City of Panama City	-	9,050	-	551	9,601
Prepaid items	15,523	-	15,523	-	31,046
Inventories	-	303,780	-	-	303,780
Notes receivable	-	225,291	-	-	225,291
Total assets	<u>\$ 111,882</u>	<u>\$ 862,958</u>	<u>\$ 682,532</u>	<u>\$ 454,615</u>	<u>\$ 2,111,987</u>

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES,
AND FUND BALANCES**

Liabilities:					
Accounts payable	\$ 7,880	\$ 61,229	\$ 4,065	\$ 2,842	\$ 76,016
Due to the City of Panama City	-	109,060	-	-	109,060
Accrued salaries	1,662	2,669	1,471	-	5,802
Deposits	-	100	-	-	100
Accrued other liabilities	-	156	-	-	156
Total liabilities	<u>9,542</u>	<u>173,214</u>	<u>5,536</u>	<u>2,842</u>	<u>191,134</u>

Deferred inflows of resources:

Deferred inflows-lease revenue	-	228,479	-	-	228,479
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Fund Balances:

Non-spendable:					
Prepaid items	15,523	-	15,523	-	31,046
Inventories	-	303,780	-	-	303,780
Restricted:					
Community redevelopment	86,817	157,485	661,473	451,773	1,357,548
Total fund balances	<u>102,340</u>	<u>461,265</u>	<u>676,996</u>	<u>451,773</u>	<u>1,692,374</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 111,882</u>	<u>\$ 862,957</u>	<u>\$ 682,532</u>	<u>\$ 454,615</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					
Capital assets	\$ 9,160,238				
Less accumulated depreciation	(2,946,314)				
					6,213,924
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.					
Compensated absences	(3,648)				
Lease liability	(63,786)				
Net position of governmental activities	<u>\$ 7,838,864</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, 2022

	Downtown Community Redevelopment Area	Downtown North Community Redevelopment Area	St. Andrews Community Redevelopment Area	Millville Community Redevelopment Area	Total Governmental Funds
REVENUES					
Intergovernmental	\$ 247,555	\$ 838,705	\$ 410,877	\$ 379,521	\$ 1,876,658
Investment earnings	442	1,662	3,099	2,089	7,292
Rents and royalties	-	93,480	-	13,976	107,456
Miscellaneous	30,615	283	457	72	31,427
Total revenues	278,612	934,130	414,433	395,658	2,022,833
EXPENDITURES					
Current:					
General government:					
Personnel services	65,219	90,836	119,305	49,504	324,864
Operating expenditures	416,099	1,158,238	269,336	123,903	1,967,576
Debt Service:					
Debt service principal	12,024	34,446	6,499	12,024	64,993
Debt service interest	1	4	1	1	7
Capital outlay	23,824	212,590	37,828	63,587	337,829
Total expenditures	517,167	1,496,114	432,969	249,019	2,695,269
Excess (deficiency) of revenues over (under) expenditures	(238,555)	(561,984)	(18,536)	146,639	(672,436)
OTHER FINANCING SOURCES (USES)					
Insurance proceeds	-	10,000	-	-	10,000
Issuance of debt for lease	23,824	68,253	12,878	23,824	128,779
Transfers out	-	(50,028)	-	(156,628)	(206,656)
Total other financing sources (uses)	23,824	28,225	12,878	(132,804)	(67,877)
Net change in fund balances	(214,731)	(533,759)	(5,658)	13,835	(740,313)
FUND BALANCES					
Beginning of year	317,071	874,972	682,654	437,938	
Restatement of prior year balances	-	120,052	-	-	
Beginning of year, as restated	317,071	995,024	682,654	437,938	
End of year	\$ 102,340	\$ 461,265	\$ 676,996	\$ 451,773	

See the accompanying notes.

Net change in fund balances - total governmental funds

(740,313)

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	\$ 337,829
Less current year depreciation	<u>(359,082)</u>
	(21,253)

The net effect of various miscellaneous transactions involving capital assets

(e.g. sales, trade-ins, donations) is to increase net position 2,403

The issuance of long-term debt (leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect of 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.

(63,786)

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	<u>6,843</u>
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Change in net position of governmental activities\$ (816,106)

**PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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 (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 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 \$848,160 in Ad valorem taxes from the City for the year ended September 30, 2022.

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, 2022

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, 2022.

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.

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, 2022

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. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is 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.

PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

Prepaid Items

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

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

PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

capital 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

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 report 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. Re-measurement 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 agreements. In the case of a partial or full lease termination, the carrying value of the lease receivable and the related deferred inflow 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.

PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Inflow 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 as discussed in Note 7.

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.

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.

PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 annual leave and sick pay at year ended September 30, 2022 was \$3,648.

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 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 has implemented GASB Statement No. 87 in this report.

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

PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

this statement are effective for reporting periods beginning after December 15, 2020. The Agency has implemented GASB Statement No. 89 in this report, however, it does not have any current impact on the Agency.

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 effective for reporting periods beginning after June 15, 2021. The Agency has implemented GASB Statement No. 92 in this report.

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 was updated with the release of GASB Statement No. 99. All other requirements of this statement are effective for reporting periods beginning after June 15, 2021. The Agency has implemented GASB Statement No. 93 in the report, however, it does not have any current impact on the Agency.

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 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.

PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Paragraph 4 and 5 of this statement are effective immediately; all other requirements of this statement are effective for reporting periods beginning after June 15, 2021. The Agency has implemented GASB Statement No. 97 in this report, however, it does not have any current impact on the Agency.

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 the provisions of GASB Statement No. 99 that are effective upon issuance. The Agency is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption of all other provisions.

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

PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2022:

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, Florida Security for Public Deposits Act, 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, non-interest-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 Florida Security for Public Deposits Act of the State of Florida.

Investments

Section 218.415, Florida Statutes, limits the types of investments that a government can invest in unless specifically authorized in an investment policy. The Agency has adopted an investment policy pursuant to Section 218.415, Florida Statutes, that established permitted investments, asset allocation limits, issuer limits, and maturity limits to protect the Agency's cash and investment assets. The investment policy applies to all cash and investments held or controlled by the Agency.

**PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 2 – DEPOSITS WITH FINANCIAL INSTITUTIONS (Continued)

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

- a. United States Government Securities
- b. Interest Bearing Time Deposit or Saving Accounts
- c. Federal Instrumentalities (United States Government sponsored agencies)
- d. Repurchase Agreements
- e. Money Market accounts placed with financial institutions qualifying as public depositories as provided for in Chapter 280, Florida Statutes
- f. Registered Investment Companies (Mutual Funds)
- g. Intergovernmental Investment Pool
- h. Commercial Paper

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 mailed	November 30	Tax sale-delinquent property tax	June 1

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

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, 2022

NOTE 5 – CAPITAL ASSETS

Changes in capital assets for the year ended September 30, 2022 are as follows:

	Balance September 30, 2021	Increases	Decreases	Transfers	Balance September 30, 2022
Capital assets, not being depreciated:					
Land	\$ 1,960,887	\$ 39,763	\$ -	\$ -	\$ 2,000,650
Construction in progress	-	147,394	-	-	147,394
Total capital assets, not being depreciated	<u>1,960,887</u>	<u>187,157</u>	<u>-</u>	<u>-</u>	<u>2,148,044</u>
Capital assets, being depreciated:					
Buildings	1,650,501	14,744	-	-	1,665,245
Improvements other than buildings	2,680,937	-	-	-	2,680,937
Machinery and equipment	77,388	7,148	-	29,193	113,729
Roads/infrastructure	2,423,503	-	-	-	2,423,503
Total capital assets, being depreciated	<u>6,832,329</u>	<u>21,892</u>	<u>-</u>	<u>29,193</u>	<u>6,883,414</u>
Less accumulated depreciation for:					
Buildings	75,050	55,677	-	-	130,727
Improvements other than buildings	1,466,000	148,789	-	-	1,614,789
Machinery and equipment	50,517	8,922	-	26,790	86,229
Roads/infrastructure	968,875	117,793	-	-	1,086,668
Total accumulated depreciated	<u>2,560,442</u>	<u>331,181</u>	<u>-</u>	<u>26,790</u>	<u>2,918,413</u>
Total capital assets, being depreciated, net	<u>4,271,887</u>	<u>(309,289)</u>	<u>-</u>	<u>2,403</u>	<u>3,965,001</u>
Lease right-of-use asset, being amortized:					
Machinery and equipment	-	128,780	-	-	128,780
Less accumulated amortization for:					
Machinery and equipment	-	27,901	-	-	27,901
Total lease right-of-use asset, net	<u>-</u>	<u>100,879</u>	<u>-</u>	<u>-</u>	<u>100,879</u>
Governmental activities capital assets, net	<u>\$ 6,232,774</u>	<u>\$ (21,253)</u>	<u>\$ -</u>	<u>\$ 2,403</u>	<u>\$ 6,213,924</u>

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

General government	<u>\$ 359,082</u>
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PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 6 – LONG-TERM LIABILITIES

Changes in long-term liability obligations for the year ended September 30, 2022 are as follows:

	Balance September 30,			Balance September 30,		Due in One Year
	2021	Increases	Decreases	2022		
Compensated absences	\$ 10,491	\$ 13,675	\$ 20,518	\$ 3,648	\$ 912	
Lease liability	—	128,779	64,993	63,786	63,786	
Total long-term liabilities	\$ 10,491	\$ 142,454	\$ 85,511	\$ 67,434	\$ 64,698	

Principal and interest requirements to maturity for the lease liability at September 30, 2022 is as follows:

Year Ended September 30	Principal	Interest
2023	\$ 63,786	\$ 1,213

NOTE 7 – LEASES

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, 2022, the future rental commitments were not determinable.

Agency as Lessee

The Agency accounts for leases in accordance with GASB 87, *Leases*. In April 2022, the Agency entered into a lease agreement to obtain the right-to-use lease equipment. The lease is for twenty-four months with an optional renewal of twenty-four months that the Agency is not reasonably certain will be exercised, with annual payments of \$65,000 and an incremental borrowing rate of 1.902%.

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 \$2,239 and expire from September 2026 to November 2026 and an incremental borrowing rate ranging from 0.632% to 0.804%. For the year ended September 30, 2022, the Agency reported rents and royalties of \$107,456, of which \$50,871 is noncancellable, and interest revenue of \$1,423 related to noncancellable lease payments received.

PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 7 – LEASES (Continued)

Principal and interest to maturity for the lease receivables at September 30, 2022 is as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>
<u>September 30</u>		
2023	\$ 54,346	\$ 1,329
2024	54,699	976
2025	55,053	621
2026	55,410	264
2027	8,770	30
2028	<u>799</u>	<u>1</u>
Total	<u>\$ 229,077</u>	<u>\$ 3,221</u>

NOTE 8 – 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:

<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%

PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 8 – RETIREMENT PLAN (Continued)

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 \$19,252, of which \$3,120 was from forfeitures, for the fiscal year ended September 30, 2022. 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 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, 2022 is as follows:

Governmental Funds –	
Downtown CRA	\$ 139
Downtown North CRA	60,694
Millville CRA	<u>49,543</u>
 Total outstanding encumbrances	 \$ 110,376

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, 2022 are as follows:

Governmental Funds –	
Downtown North CRA	\$ 54,274
Millville CRA	<u>49,543</u>
 Total construction commitments	 \$ 103,817

PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 11 – PRIOR PERIOD ADJUSTMENTS

Subsequent to the issuance of the prior year audited financial statements, the Agency determined that notes receivable and due from other governmental entities were not carried at the proper amount. In addition, a prior key employee was convicted of misappropriating funds totaling \$83,390 from Downtown North CRA. The aggregate impact of these adjustments is shown on the financial statements. Details of the adjustments are as follows:

	Statement of Revenues, Expenses, and Changes in Fund Balances – <u>Downtown North CRA</u>	<u>Statement of Activities</u>
Beginning balance, as previously reported	\$ 874,972	\$ 8,534,918
Prior period adjustments:		
Notes receivable	60,605	60,605
Due from other governmental entities	83,390	83,390
Due to other governmental entities	<u>(23,943)</u>	<u>(23,943)</u>
Beginning balance, as restated	<u>\$ 995,024</u>	<u>\$ 8,654,970</u>

NOTE 12 – CHANGE IN ACCOUNTING PRINCIPLE

In fiscal year 2022, the Agency implemented GASB Statement No. 87, *Leases*. In accordance with generally accepted accounting principles, the implementation of this statement requires the restatement of the September 30, 2022 net position in the statement of activities to record the cumulative effect of recording the original basis of the leased assets less accumulated amortization as of September 30, 2021.

	<u>Governmental Activities</u>
Net position, as previously reported	\$ 8,534,918
Lease asset receivables	132,308
Deferred inflows related to leases	(132,308)
Prior period adjustment (see note 11)	<u>120,052</u>
Net position, as restated	<u>\$ 8,654,970</u>

NOTE 13 – SUBSEQUENT EVENTS

The Agency evaluated the effect subsequent events would have on the financial statements through August 29, 2023, 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, 2022

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
Taxes	\$ 248,095	\$ 248,095	\$ 247,555	\$ (540)
Investment earnings	-	-	442	442
Miscellaneous	-	-	30,615	30,615
Total revenues	<u>248,095</u>	<u>248,095</u>	<u>278,612</u>	<u>30,517</u>
EXPENDITURES				
Current:				
General government:				
Personnel services	89,501	94,951	65,219	29,732
Operating expenditures	321,600	412,861	416,099	(3,238)
Debt service:				
Debt service principal	-	-	12,024	(12,024)
Debt service interest	-	-	1	(1)
Capital outlay	<u>225,000</u>	<u>150,000</u>	<u>23,824</u>	<u>126,176</u>
Total expenditures	<u>636,101</u>	<u>657,812</u>	<u>517,167</u>	<u>140,645</u>
Deficiency of revenues under expenditures	(388,006)	(409,717)	(238,555)	171,162
OTHER FINANCING SOURCES (USES)				
Issuance of debt for lease	-	-	23,824	23,824
Transfers out	<u>(5,450)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (used)	<u>(5,450)</u>	<u>-</u>	<u>23,824</u>	<u>23,824</u>
Deficiency of revenues and other financing sources under expenditures and other financing uses	<u>\$ (393,456)</u>	<u>\$ (409,717)</u>	<u>(214,731)</u>	<u>\$ 194,986</u>
FUND BALANCES				
Beginning of year			317,071	
End of year			<u>\$ 102,340</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, 2022

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Taxes	\$ 583,232	\$ 583,232	\$ 612,705	\$ 29,473
Investment earnings	-	-	1,662	1,662
Intergovernmental	-	-	226,000	226,000
Rents and royalties	-	-	93,480	93,480
Miscellaneous	237,064	237,064	283	(236,781)
Total revenues	<u>820,296</u>	<u>820,296</u>	<u>934,130</u>	<u>113,834</u>
EXPENDITURES				
Current:				
General government:				
Personnel services	77,886	87,086	90,836	(3,750)
Operating expenditures	959,830	1,156,248	1,158,238	(1,990)
Debt service:				
Debt service principal	-	-	34,446	(34,446)
Debt service interest	-	-	4	(4)
Capital outlay	<u>340,700</u>	<u>664,771</u>	<u>212,590</u>	<u>452,181</u>
Total expenditures	<u>1,378,416</u>	<u>1,908,105</u>	<u>1,496,114</u>	<u>411,991</u>
Deficiency of revenues under expenditures	(558,120)	(1,087,809)	(561,984)	525,825
OTHER FINANCING SOURCES (USES)				
Insurance proceeds	-	-	10,000	10,000
Issuance of debt for lease	-	-	68,253	68,253
Transfers out	<u>(61,053)</u>	<u>(51,853)</u>	<u>(50,028)</u>	<u>1,825</u>
Total other financing sources (uses)	<u>(61,053)</u>	<u>(51,853)</u>	<u>28,225</u>	<u>80,078</u>
Deficiency of revenues and other financing sources under expenditures and other financing uses	\$ (619,173)	\$ (1,139,662)	\$ (533,759)	\$ 605,903
FUND BALANCES				
Beginning of year			874,972	
Restatement of prior year balances			<u>120,052</u>	
Beginning of year, as restated			<u>995,024</u>	
End of year			<u>\$ 461,265</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, 2022

	Budgeted Amounts				Variance
	Original	Final	Actual		
REVENUES					
Taxes	\$ 408,253	\$ 408,253	\$ 410,877	\$ 2,624	
Investment earnings	-	-	3,099	3,099	
Miscellaneous	-	-	457	457	
Total revenues	<u>408,253</u>	<u>408,253</u>	<u>414,433</u>	<u>6,180</u>	
EXPENDITURES					
Current:					
General government:					
Personnel services	176,181	186,996	119,305	67,691	
Operating expenditures	249,075	645,810	269,336	376,474	
Debt service:					
Debt service principal	-	-	6,499	(6,499)	
Debt service interest	-	-	1	(1)	
Capital outlay	375,000	225,640	37,828	187,812	
Total expenditures	<u>800,256</u>	<u>1,058,446</u>	<u>432,969</u>	<u>625,477</u>	
Deficiency of revenues under expenditures	(392,003)	(650,193)	(18,536)	631,657	
OTHER FINANCING SOURCES (USES)					
Issuance of debt for lease	-	-	12,878	12,878	
Transfers out	<u>(10,815)</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Total other financing sources (uses)	<u>(10,815)</u>	<u>-</u>	<u>12,878</u>	<u>12,878</u>	
Deficiency of revenues and other financing sources under expenditures and other financing uses	<u>\$ (402,818)</u>	<u>\$ (650,193)</u>	<u>(5,658)</u>	<u>\$ 644,535</u>	
FUND BALANCES					
Beginning of year				682,654	
End of year				<u>\$ 676,996</u>	

See the independent auditor's report.

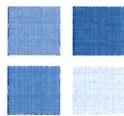
PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET (GAAP BASIS) AND ACTUAL – MILLVILLE CRA
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Taxes	\$ 374,611	\$ 374,611	\$ 379,521	\$ 4,910
Investment earnings	170	170	2,089	1,919
Rents and royalties	-	-	13,976	13,976
Miscellaneous	-	-	72	72
Total revenues	<u>374,781</u>	<u>374,781</u>	<u>395,658</u>	<u>20,877</u>
EXPENDITURES				
Current:				
General government:				
Personnel services	77,586	81,419	49,504	31,915
Operating expenditures	207,495	307,495	123,903	183,592
Debt service:				
Debt service principal	-	-	12,024	(12,024)
Debt service interest	-	-	1	(1)
Capital outlay	250,000	77,944	63,587	14,357
Total expenditures	<u>535,081</u>	<u>466,858</u>	<u>249,019</u>	<u>217,839</u>
Excess (deficiency) of revenues over (under) expenditures	(160,300)	(92,077)	146,639	238,716
OTHER FINANCING SOURCES (USES)				
Issuance of debt for lease	-	-	23,824	23,824
Transfers out	<u>(160,461)</u>	<u>(246,628)</u>	<u>(156,628)</u>	<u>90,000</u>
Total other financing sources (uses)	<u>(160,461)</u>	<u>(246,628)</u>	<u>(132,804)</u>	<u>113,824</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ <u>(320,761)</u>	\$ <u>(338,705)</u>	\$ 13,835	\$ <u>352,540</u>
FUND BALANCES				
Beginning of year			<u>437,938</u>	
End of year			<u>\$ 451,773</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 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, 2022, 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 August 29, 2023.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described below, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described below as items 2022-001 and 2022-002 to be material weaknesses.

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.

Bank Reconciliations 2022-001 (Previously 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.

Review of Policies and Procedures 2022-002:

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 below. 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. 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.

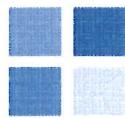
Purpose of this Report

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.

Lipton, Marler, Garner & Chastain

Panama City, Florida

August 29, 2023



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 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, 2022, and have issued our report thereon dated August 29, 2023.

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 the 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 August 29, 2023, 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 years audit finding 2021-002 remains uncorrected and is reported as current year audit finding 2022-001.

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.

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 Community Redevelopment Agency reported:

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as 12.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 11.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$324,864.
- d. All compensation earned or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$852,233.

- 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 25-28.

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.

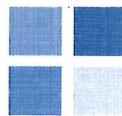
Purpose of this Letter

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.

Lipton, Marler, Garner & Chastain

Panama City, Florida

August 29, 2023



**INDEPENDENT ACCOUNTANT'S REPORT ON
COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES**

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, 2022. 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.

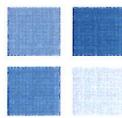
We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

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, 2022.

Tipton, Marler, Garner & Chastain

Panama City, Florida
August 29, 2023



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

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 Sections 163.387(6) and 163.387(7), Florida Statutes, regarding redevelopment trust fund policies during the year ended September 30, 2022. 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, 2022.

Tipton, Marler, Garner & Chastain

Panama City, Florida
August 29, 2023