

2020



City of Panama City, Florida

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2020**



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City of Panama City, Florida

Comprehensive Annual Financial Report For the fiscal year ended September 30, 2020

Prepared by:
The City of Panama City
Accounting Division

Cover photo: Shrimp Boat on the Bay

Photographer: Doug Dobos



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**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE CITY OF PANAMA CITY, FLORIDA
FISCAL YEAR ENDED SEPTEMBER 30, 2020
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INTRODUCTORY SECTION

THIS SECTION CONTAINS THE FOLLOWING SUBSECTIONS:

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



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*“Dedicated to Excellence...
People Serving People”*

August 30, 2021

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

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Panama City (City) for the fiscal year ended September 30, 2020. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the enclosed data is accurate in all material aspects and is presented in a manner designed to fairly set forth the financial position and the results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The September 30, 2020 financial statements have been presented in accordance with Generally Accepted Accounting Principles (GAAP). These principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). The Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Panama City's MD&A can be found on page 4.

The Reporting Entity and Its Services

The City of Panama City was incorporated on March 12, 1926 and covers an area of approximately 34 square miles. The population of the City for 2020 was estimated to be 34,517. The City is the county seat of Bay County. The City has a commission-manager form of government and provides a full range of municipal services including general government, public safety, public improvements, planning and zoning, and related general and administrative services. In addition, the City operates three enterprise activities: water and sewer, solid waste management, and marina services.

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

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

The following component units were included, by discrete presentation for 2020, based upon the criteria noted above:

- Panama City Downtown Improvement Board
- Panama City Port Authority

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

Relevant Financial Policies

Due to the City's coastal location, which is subject to hurricane activity, the City Commission adopted a fund balance policy that authorized a committed fund balance with a target balance of 30% of annual budgeted operating expenditures and the City targeted a balance of 10% as unassigned fund balance to meet general operating expenditures. For Enterprise Funds, the City authorized a target unrestricted net position balance of 30% of annual budgeted operating expenditures. The fiscal year ended September 30, 2020 balances adequately meet the targets adopted in the policy.

Economic Condition and Outlook

Since Hurricane Michael, housing within the City remains a top priority. After losing a high percentage of available housing, City officials and staff have found innovative ways to bring housing back stronger and more affordable. Some of the positive solutions are micro-housing and modular construction. The City's Community Development department is committed to rehouse those affected by Hurricane Michael and COVID-19 and to stabilize vulnerable populations.

The Community Development department is diligently working to turn renting citizens into home owners. Currently, the national ratio is 30% renters to 70% owners while in the City the ratio is 70% renters to 30% owners. The Community Development department hopes to reverse this trend and create resident stability and resiliency through homeownership.

Therefore, the Community Development department updated its Local Housing Assistance Plan (LHAP) and increased income thresholds for applicant qualifications. This allows an estimated 40% of the City and Bay County residents to qualify for some type of needed housing assistance such as purchase assistance (up to \$45,000 down payment assistance and \$5,000 in closing costs). Under the prior LHAP, only an estimated 10% of residents would have qualified for assistance.

CARES Act funds were administered by the City's Community Development Department for Bay County and the City of Panama City. These funds assisted citizens with foreclosure prevention as well as rental and utility assistance.

The CRA continues a grant program which allows for commercial and residential improvement incentives. In addition, a paint voucher program was created as well as a job creation incentive credit program. These programs were created to attract investment and reverse blight and have been responsible for creating new jobs.

New housing developments continue to succeed and provide needed new housing for the City's citizens. SweetBay, located at the old Panama City Airport, has sold out Phase I and is completing Phase II for a total of 487 homes. 360 apartments are currently under construction with another 350 single family and multi-family lots being developed. The housing development, Liberty, planned for Panama City North, will provide 1,900 single family homes when fully developed.

The retail development, Bay City Point, continues its growth with eight new stores which continues to attract interest in developers to the area. The project is expected to provide a total of 800 jobs to the area.

The Panama City Mall is looking to reconfigure its retail development and begin rebuilding their property in the near future.

The City anticipates continued improvements in the local economy due to rebuilding and revitalizing

projects throughout the City after Hurricane Michael. City Officials closely monitor economic conditions and are committed to working with community groups to attract businesses and tourists to Panama City.

COVID-19 has impacted the City in several of its revenue streams from, State Revenue Sharing, half-cent sales tax and local option gas tax. Additional COVID-19 impacts to revenue can continue to potentially be realized into FY21.

The levy and collection of the Panama City Tourist taxes began during 2015. Annual revenue generated by this tax approximates \$800 thousand for FY20. These funds are collected by Bay County and disbursed to the Panama City Community Development Council, Inc. to promote tourist-related business activities. The Council plans to focus on developing key interest points for visitors within the City, including sailing and boating tourism, culinary tourism, and arts and culture tourism. The new Destination Panama City Visitors Center is expected to open in the Summer of 2021.

For fiscal year ended September 30, 2020, Bay County published reports confirm that sales tax collections were down by 11%.

Major Initiatives

The Panama City Port Authority East terminal development is well underway. Phase I includes a 250,000 square foot warehouse, including railroad and road infrastructure. The expansion will double the working acreage of the Port facilities and accommodate the potential for more ships and businesses. Phase I and II of the project is nearing completion.

Because of Hurricane Michael, Eastern Shipbuilding received a delivery deadline time extension which helped to secure their \$10 billion dollar contract to build cutters for the United States Coast Guard.

The City has identified over 200 projects to help rebuild the City of Panama City using the Federal Emergency Management Agency (FEMA) Section 428 Alternative Public Assistance Program. These projects located in the downtown and surrounding areas represent a \$50 million dollar capital investment into the City's facilities and infrastructure.

The City and Bay County continue to work closely together to identify cost-effective post-disaster projects within the City that will greatly reduce or eliminate future disaster risk to facilities within the City. The bulk of the funding for these projects will be obtained through the FEMA Hazard Mitigation Grant Program (HMGP).

Recovery, rebuilding and development plans continue moving forward for the Panama City and St. Andrews marinas. Both are now clear of storm debris and progress on the bulkhead repairs at the Panama City Marina is near completion.

The City continues the Panama City Marina redevelopment project with the St. Joe Company. The hotel and restaurant are now under construction. The Marina redevelopment project is expected to become a lucrative part of the City, sustaining investment returns through sales and property taxes. The City will consider tax-increment financing, concessions for impact fees and funding for infrastructure improvements.

For the Future

The Downtown CRA plan was extended until year 2034. The new revised plan includes continuing community policing efforts, improving the streetscape, encouraging increased economic and tourism based activities, and increasing the grants program.

The City adopted a Strategic Vision for Downtown to direct future growth, to preserve the City's history, its waterfront, and its strong sense of community. During fiscal year 2020, the City asked the citizens to help set a vision for the future of Glenwood, Millville and St. Andrews. The Strategic Vision for each neighborhood reflects the community's ideas and priorities for preservation, sustainable building, streets, public spaces, dealing with storm water, and more. The City is working to illustrate these ideas and blend them into one plan, which will be used to guide future actions.

Several transformative projects are set to begin in 2021, which have been in the planning stages. The Sudduth Park project will create a revitalized neighborhood ball field with modern amenities. Lindenwood Dr. is slated to be completely reconstructed to include new water, sewer, and stormwater utilities. Panama City North continues to see investment which calls for the expansion and continued investment of our utilities system. The Harrison Ave. Streetscape project will be underway in the Summer of 2021. Phase I of this project encompasses Harrison Ave. from Government to 4th St. including a plaza at the 4th St. intersection. Citizens can expect to see wider sidewalks, and pedestrian friendly walkability, and a massive facelift to downtown Panama City. Utilities and stormwater will also be addressed during the project. Additionally, the historic St. Andrews School revitalization project will be in the process of securing all necessary funding from a variety of State and Federal grant sources.

The United States Air Force which depends on the support of local communities is underway with the planning process to rebuild Tyndall Air Force base. The United States Air Force plans to rebuild the base as a premiere military facility that will host up to four F-35 stealth fighter squadrons and also host two dozen MQ-9 Reaper drones by 2023.

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

Accounting System and Internal Control

The City's accounting, budgetary, and financial reporting systems have been designed to conform to the standards set forth by the American Institute of Certified Public Accountants, the Governmental Accounting Standards Board, the Office of Management and Budget, and the State of Florida.

In developing and altering the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding:

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

The concept of reasonable assurance recognizes that:

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

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

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

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

Budgetary Controls

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

Reporting Achievement


The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Panama City, Florida, for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2019. This was the 27th consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgments

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

Respectfully submitted,



Janette Smith
City Clerk-Treasurer



Mark McQueen
City Manager



City of Panama City Officials

Commission - Manager Form of Government

City Commission

Greg Brudnicki, Mayor

Ward I

Jenna Flint Haligas

Ward II

Kenneth Brown

Ward III

Billy Rader

Ward IV

Mike Nichols

City Manager

Mark McQueen

City Attorney

Nevin Zimmerman

City Clerk - Treasurer

Janette Smith

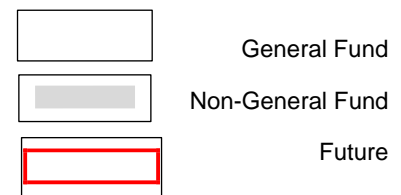
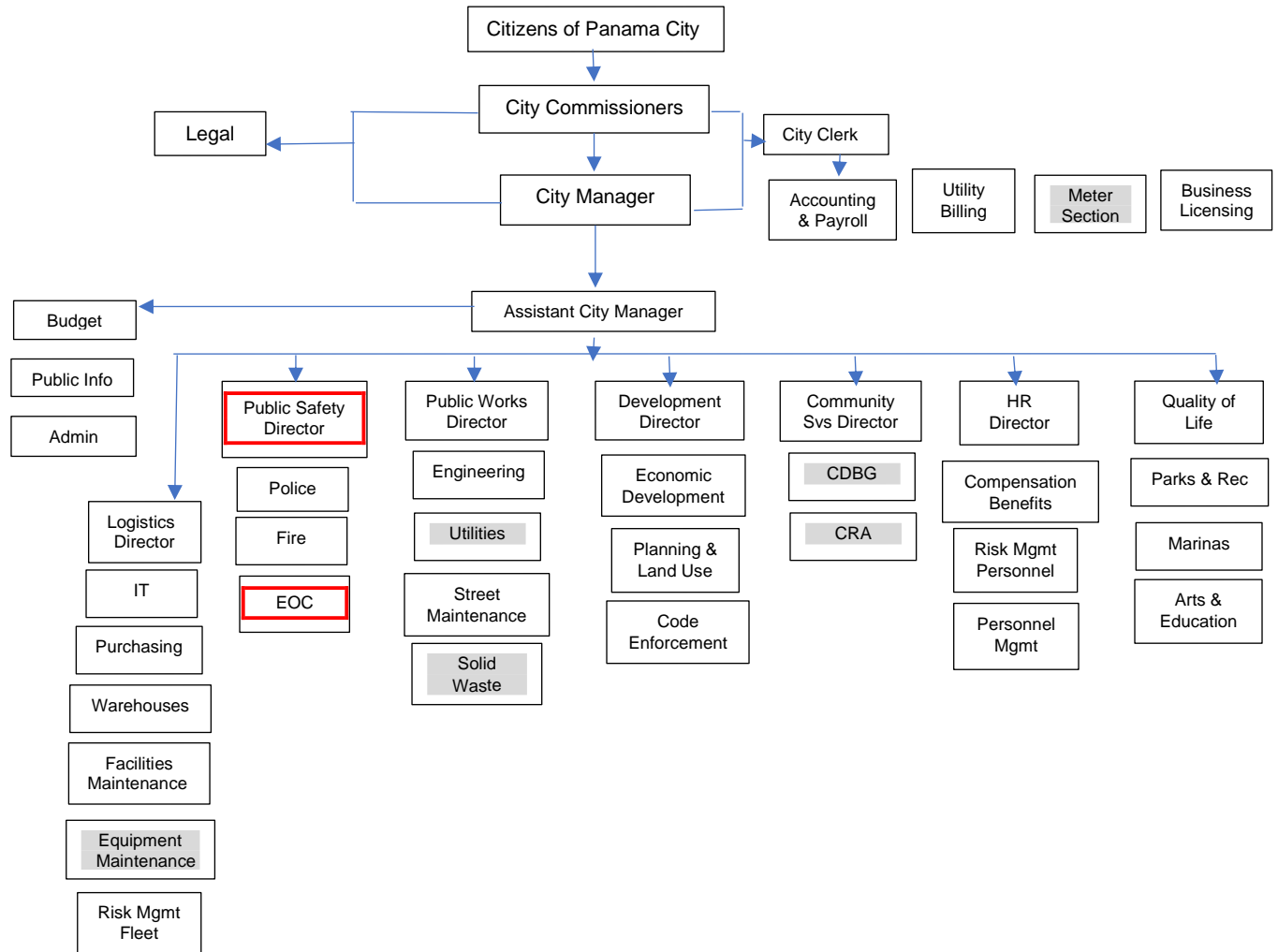
Independent Auditors

Tipton, Marler, Garner & Chastain

**As of
August 30, 2021**



CITY OF PANAMA CITY
ORGANIZATIONAL CHART
FISCAL YEAR 2020





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Panama City
Florida**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morrell

Executive Director/CEO

FINANCIAL SECTION

THIS SECTION CONTAINS THE FOLLOWING SUBSECTIONS:

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



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Panama City, Florida, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Panama City, Florida's basic financial statements as listed in the table of contents.

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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Panama City, Florida, as of September 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 16, and budget to actual comparison – major funds (general fund) on page 129 and pension and other post employment schedules on pages 130 through 144 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Panama City, Florida's basic financial statements. The introductory section, combining and individual financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of funds related to the Deepwater Horizon oil spill is presented for purposes of additional analysis as required by Section 215.97, Florida Statutes, and is also not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Section 215.97, Florida Statutes, and is also not a required part of the basic financial statements.

The combining and individual financial statements, the schedule of expenditures of funds related to the Deepwater Horizon oil spill, and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual financial statements, and schedule of expenditures of funds related to the Deepwater Horizon oil spill, and the schedule of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2021, on our consideration of the City of Panama City, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Panama City, Florida's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Panama City, Florida's internal control over financial reporting and compliance.

Lipton, Maule, Garner & Chastain

Panama City, Florida
August 30, 2021

City of Panama City, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2020

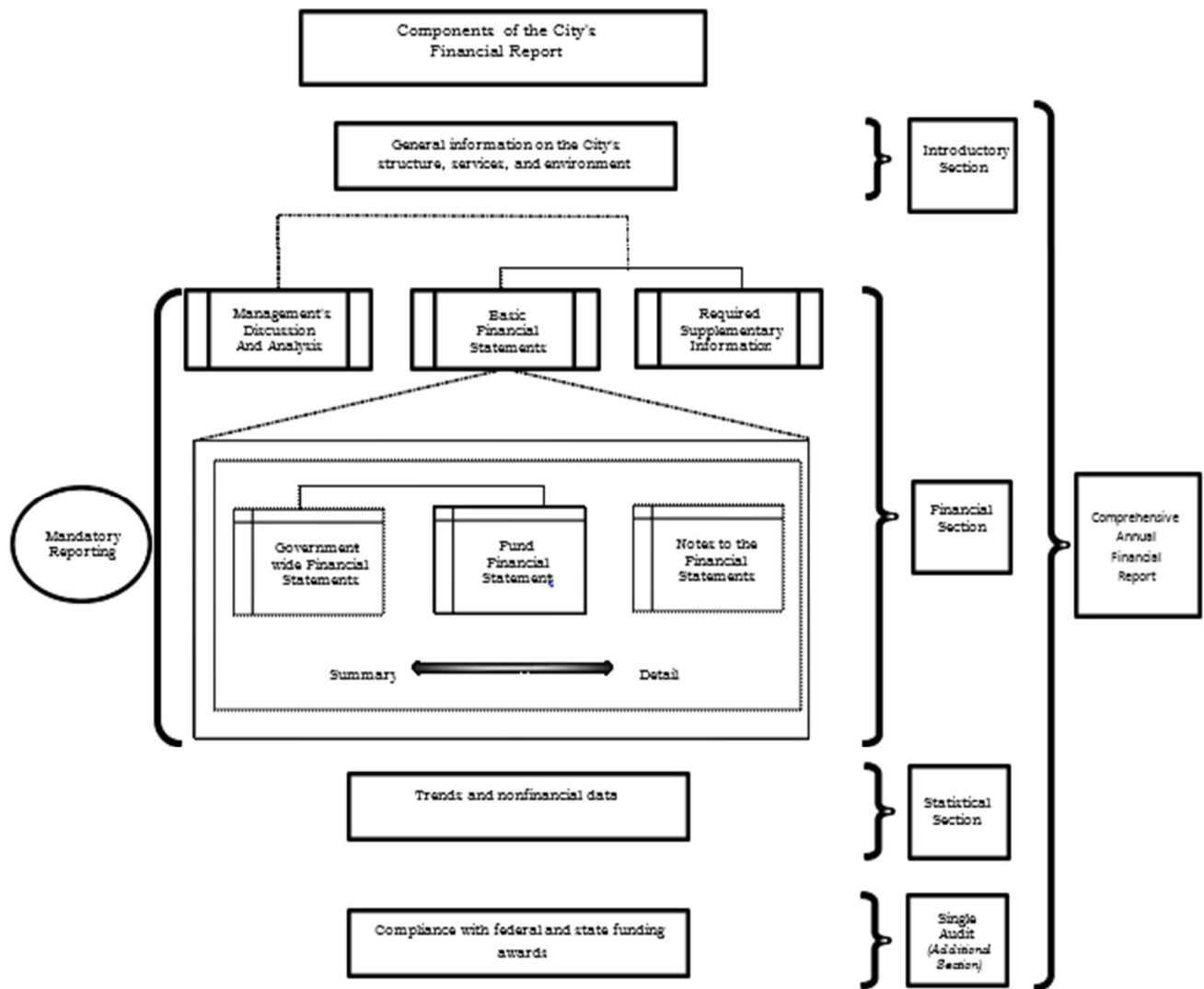
The City of Panama City, Florida's Management Discussion and Analysis provides an overview of the City's financial activities for the fiscal year ended September 30, 2020 and offers a comparative analysis between fiscal years 2020 and 2019. It serves as an introduction to the City's basic financial statements which consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This discussion should be read in conjunction with the City's financial statements, which begin on page 17, and the Letter of Transmittal, located in the Introductory Section.

Financial Highlights

- The City's assets (\$388,914,549) and deferred outflows of resources (\$8,371,863) exceeded its liabilities (\$190,945,941) and deferred inflows of resources (\$4,044,002) as of September 30, 2020 by \$202,296,469. Of this amount, \$25,373,694 (unrestricted net position) represents the portion of total net assets which may be used to meet the government's ongoing obligations to citizens, customers, and creditors. Of the total net position, \$129,337,201 is invested in capital assets (net of related debt) and the remaining \$47,585,574 is restricted.
- Total net position for the City decreased \$2,810,589 (1.4%) over fiscal year 2019 ending net position of \$205,107,058. Governmental activities had decreased by 5.2% (\$5,951,273) at the end of fiscal year 2020 and accounted for \$108,331,822 of the City's total net position. Business-type activities increased 3.5% (\$3,140,684) over the previous fiscal year to \$93,964,647. Unrestricted net position for governmental activities equaled \$13,208,298 and restricted equaled \$34,797,523. Business-type activities reported net positions of \$12,165,396 in unrestricted and \$12,788,051 in restricted.
- Capital assets increased 4.6% from fiscal year 2019 to \$197,150,582 at the close of fiscal year 2020. Of this amount, \$96,175,145 are assets held in governmental activities and \$100,975,437 are assets held in business type activities.
- The General Fund reported a total fund balance of \$18,244,975 on September 30, 2020, an increase of \$3,836,605 (26.6%) from fiscal year 2019. The general fund ending balance represents 41.3% of general fund expenditures and transfers out for fiscal year 2020.
- Total debt for fiscal year 2020 increased 5.0% from fiscal year 2019. The increase of \$8,517,287 was primarily due to the issuance of debt during fiscal year 2020 to finance repairs for Hurricane Michael prior to receiving FEMA and other sources reimbursement.

Overview of the Financial Statements

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



Government-wide Financial Statements

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

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

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

activities include water and sewer utilities, solid waste, and marina operations. Costs of business-type activities are supported by user charges and fees.

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

Fund Financial Statements

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

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

The City of Panama City maintains twenty-five governmental funds. The General Fund, Hurricane Michael Fund, Capital Projects Fund, Capital Projects 2013 Fund, Capital Projects Infrastructure Surtax Fund, Capital Projects New City Hall Fund and Capital Project 428 Fund are the major funds. Therefore, a balance sheet and statement of revenues, expenditures, and changes in fund balances are presented beginning on page 20. Data from the other eighteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 20 through 24 of this report.

Proprietary fund financial statements can be found beginning on page 25. The City of Panama City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. They include the Utilities Fund, Solid Waste Fund, and the Marina Fund. All are considered to be major funds of the City. *Internal service funds* account for the financing of goods or services provided by one department to other departments of the City. The funds maintained by the City include the Equipment Maintenance, Medical Self-Insurance, and Dental Insurance funds. Because these services predominantly benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

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

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

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. They are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Panama City's own programs. The accounting for those funds is much like that used for proprietary funds. The City's fiduciary funds include Police, Fire, and Senior Management Supplemental Pension Funds, and can be found beginning on page 29.

The *notes to the financial statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31 through 128 of this report.

Other information, in addition to the basic financial statements and accompanying notes, includes Police, Fire, and Senior Management Supplemental Pension funding obligations in the *required supplementary information* beginning on page 129. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information beginning on page 145.

Government-wide Financial Analysis

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

The largest component (63.9%) of the City's net position at September 30, 2020 is net investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure). This amount (\$129,337,201) is net of any related outstanding debt used to acquire those assets. The City of Panama City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. Approximately 12.6% (\$25,373,694) remains available to meet the City's ongoing obligations to citizens, creditors and customers. The remaining 23.5% of total net position (\$47,585,574) are resources subject to external restrictions on how they may be used.

City of Panama City, Florida
Summary Statement of Net Position
As of September 30, 2020 and 2019

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|---|-------------------------|-----------------------|--------------------------|----------------------|--------------------------|-----------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Current and Other assets | \$ 160,934,408 | \$ 167,076,686 | \$ 30,829,559 | \$ 35,387,907 | \$ 191,763,967 | \$ 202,464,593 |
| Capital assets | 96,175,145 | 91,776,940 | 100,975,437 | 96,788,260 | 197,150,582 | 188,565,200 |
| Total assets | <u>257,109,553</u> | <u>258,853,626</u> | <u>131,804,996</u> | <u>132,176,167</u> | <u>388,914,549</u> | <u>391,029,793</u> |
| Total deferred outflows of resources | <u>7,827,773</u> | <u>4,243,900</u> | <u>544,090</u> | <u>600,811</u> | <u>8,371,863</u> | <u>4,844,711</u> |
| Current and Other liabilities | 14,250,516 | 18,745,612 | 5,222,213 | 5,888,900 | 19,472,729 | 24,634,512 |
| Noncurrent liabilities | 139,133,813 | 127,456,325 | 32,339,399 | 35,496,501 | 171,473,212 | 162,952,826 |
| Total liabilities | <u>153,384,329</u> | <u>146,201,937</u> | <u>37,561,612</u> | <u>41,385,401</u> | <u>190,945,941</u> | <u>187,587,338</u> |
| Total deferred inflows of resources | <u>3,221,175</u> | <u>2,612,494</u> | <u>822,827</u> | <u>567,614</u> | <u>4,044,002</u> | <u>3,180,108</u> |
| Net position: | | | | | | |
| Net investment in capital assets | 60,326,001 | 72,191,254 | 69,011,200 | 61,995,159 | 129,337,201 | 134,186,413 |
| Restricted | 34,797,523 | 31,273,810 | 12,788,051 | 12,679,599 | 47,585,574 | 43,953,409 |
| Unrestricted | 13,208,298 | 10,818,031 | 12,165,396 | 16,149,205 | 25,373,694 | 26,967,236 |
| Total net position | <u>\$ 108,331,822</u> | <u>\$ 114,283,095</u> | <u>\$ 93,964,647</u> | <u>\$ 90,823,963</u> | <u>\$ 202,296,469</u> | <u>\$ 205,107,058</u> |

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

The City's overall net position on September 30, 2020 decreased by \$2,810,589 from fiscal year 2019 (See table below). The City is required to report on the face of the financial statements the deferred inflows, deferred outflows, net pension assets and net pension liabilities for each of the City's pension plans and proportionate share of the Florida Retirement System (FRS). (See note 9).

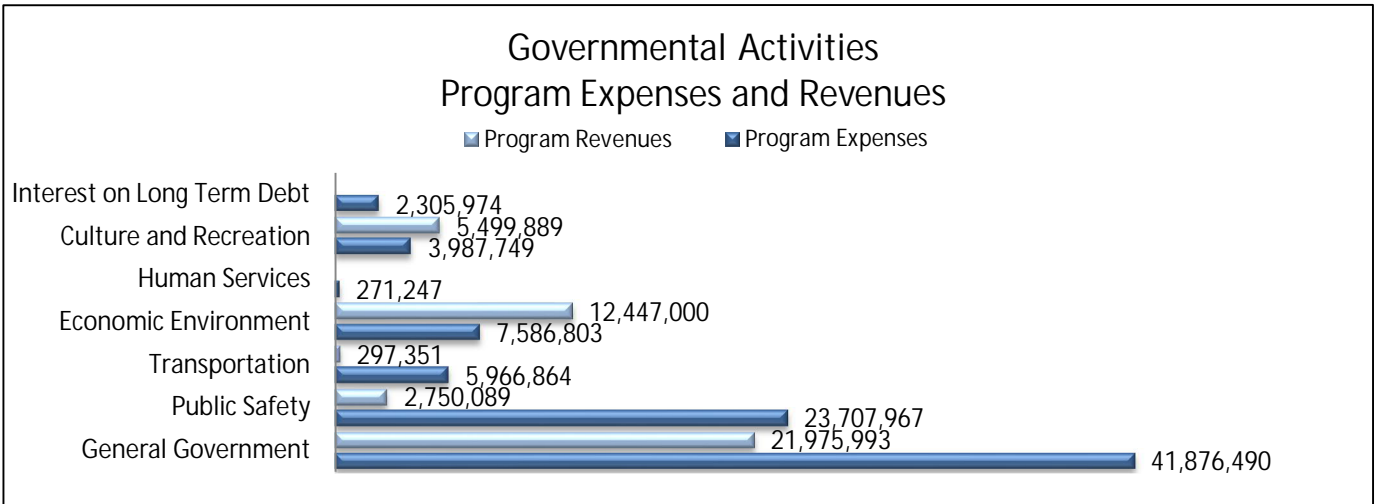
Key elements of the increases and decreases between 2019 and 2020 can be compared by examining changes in net position on the *Statement of Activities* (See below). The Statement of Activities shows the governmental and business-type activities during the previous two fiscal years.

City of Panama City, Florida
Statement of Activities
Fiscal Years Ended September 30, 2020 and 2019

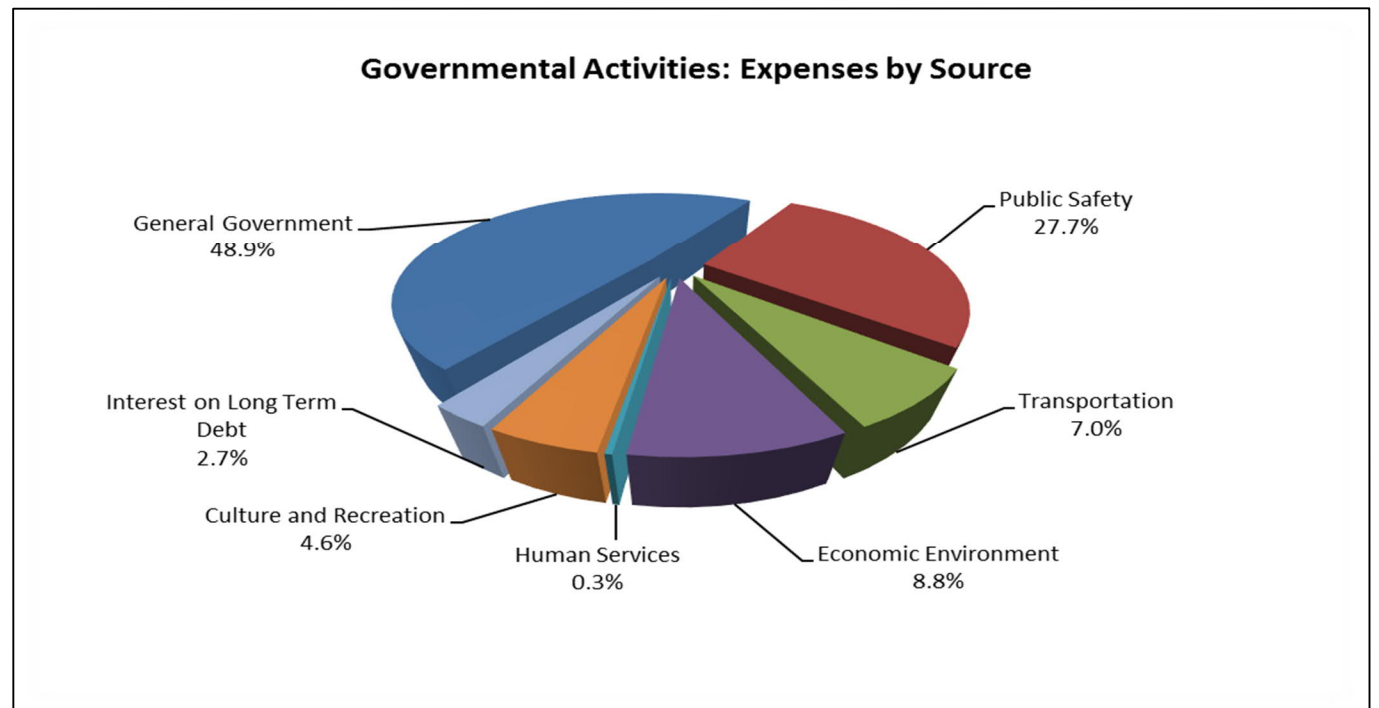
| | Governmental Activities | | Business-type Activities | | Total | |
|--|-------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Revenues | | | | | | |
| Program Revenues: | | | | | | |
| Charges for services-governmental | \$ 25,391,274 | \$ 25,033,681 | | | \$ 25,391,274 | \$ 25,033,681 |
| Charges for services-utilities | | | \$ 18,404,388 | \$ 15,934,927 | 18,404,388 | 15,934,927 |
| Charges for services-solid waste | | | 7,287,431 | 5,943,083 | 7,287,431 | 5,943,083 |
| Charges for services-marinas | | | 1,791,249 | 748,905 | 1,791,249 | 748,905 |
| Operating grants and contributions | 17,579,048 | 84,287,672 | 54,631 | 9,699,648 | 17,633,679 | 93,987,320 |
| Capital grants and contributions | | | 506,409 | 637,468 | 506,409 | 637,468 |
| General Revenues: | | | | | | |
| Taxes: | | | | | | |
| Ad valorem | 11,049,811 | 10,099,539 | | | 11,049,811 | 10,099,539 |
| Tax increment | 1,617,978 | 2,311,262 | | | 1,617,978 | 2,311,262 |
| Gas tax | 1,269,117 | 1,315,941 | | | 1,269,117 | 1,315,941 |
| Franchise fees | 3,612,700 | 3,490,296 | | | 3,612,700 | 3,490,296 |
| Utility service taxes | 3,901,790 | 3,719,556 | | | 3,901,790 | 3,719,556 |
| Communications service taxes | 1,542,282 | 1,361,929 | | | 1,542,282 | 1,361,929 |
| Local option sales tax | 3,405,468 | 3,596,071 | | | 3,405,468 | 3,596,071 |
| State revenue sharing | 5,181,838 | 5,531,002 | | | 5,181,838 | 5,531,002 |
| Investment earnings | 707,005 | 1,253,276 | 250,612 | 560,802 | 957,617 | 1,814,078 |
| Miscellaneous | 2,127,706 | 1,937,466 | 61,732 | 1,846 | 2,189,438 | 1,939,312 |
| Total Revenues | 77,386,017 | 143,937,691 | 28,356,452 | 33,526,679 | 105,742,469 | 177,464,370 |
| Expenses | | | | | | |
| General government | 41,876,490 | 84,430,144 | | | 41,876,490 | 84,430,144 |
| Public safety | 23,707,967 | 22,418,938 | | | 23,707,967 | 22,418,938 |
| Transportation | 5,966,864 | 5,478,278 | | | 5,966,864 | 5,478,278 |
| Economic environment | 7,586,803 | 4,195,606 | | | 7,586,803 | 4,195,606 |
| Human services | 271,247 | 235,158 | | | 271,247 | 235,158 |
| Culture and recreation | 3,987,749 | 7,002,602 | | | 3,987,749 | 7,002,602 |
| Interest on long-term debt | 2,305,974 | 1,593,953 | | | 2,305,974 | 1,593,953 |
| Water and sewer utilities | | | 18,138,534 | 23,524,617 | 18,138,534 | 23,524,617 |
| Solid waste operations | | | 7,045,202 | 6,569,405 | 7,045,202 | 6,569,405 |
| Marinas operations | | | 2,838,965 | 2,656,578 | 2,838,965 | 2,656,578 |
| Total Expenses | 85,703,094 | 125,354,679 | 28,022,701 | 32,750,600 | 113,725,795 | 158,105,279 |
| Increase (decrease) in net position before transfers | (8,317,077) | 18,583,012 | 333,751 | 776,079 | (7,983,326) | 19,359,091 |
| Transfers in (out) | (1,373,984) | 1,725,845 | 1,373,984 | (1,725,845) | | |
| Increase (decrease) in net position | (9,691,061) | 20,308,857 | 1,707,735 | (949,766) | (7,983,326) | 19,359,091 |
| Net position-beginning of year | 114,283,095 | 93,974,238 | 90,823,963 | 91,773,729 | 205,107,058 | 185,747,967 |
| Prior Period Adjustment | 3,739,788 | | 1,432,949 | | 5,172,737 | |
| Net position -beginning of year, as restated | 118,022,883 | 93,974,238 | 92,256,912 | 91,773,729 | 210,279,795 | 185,747,967 |
| Net position - end of year | \$ 108,331,822 | \$ 114,283,095 | \$ 93,964,647 | \$ 90,823,963 | \$ 202,296,469 | \$ 205,107,058 |

Governmental Activities

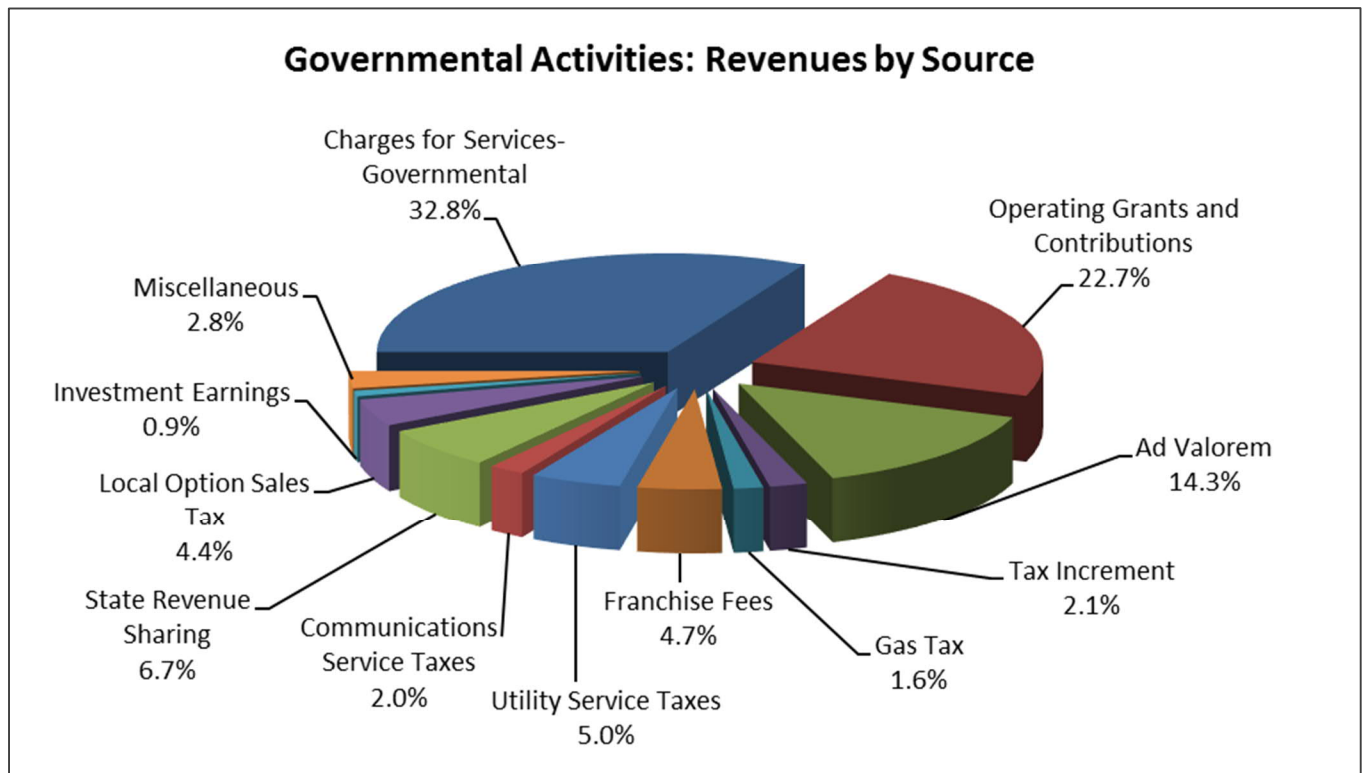
GASB Statement No. 34 reporting requires that functional expenses are matched with revenues that directly support the function. The bar chart below gives a clear indication of which functions are dependent on general revenues to support their operations. Public Safety, consisting of police and fire services,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



Expenses in the governmental activities are highest in the general government category (48.9%) followed by public safety (27.7%) and economic environment (8.8%). Total governmental activity expenses decreased by 31.6% (\$39,651,585) in fiscal year 2020. The largest dollar increase and decrease for expenses occurred in the economic environment category in the amount of \$3,391,197 and in the general government category in the amount of \$42,553,654, respectively. The overall governmental activities and general government category decreases are mainly due to a decrease in Hurricane Michael repair expenditures, and to the COVID-19 pandemic delaying many expenditures.

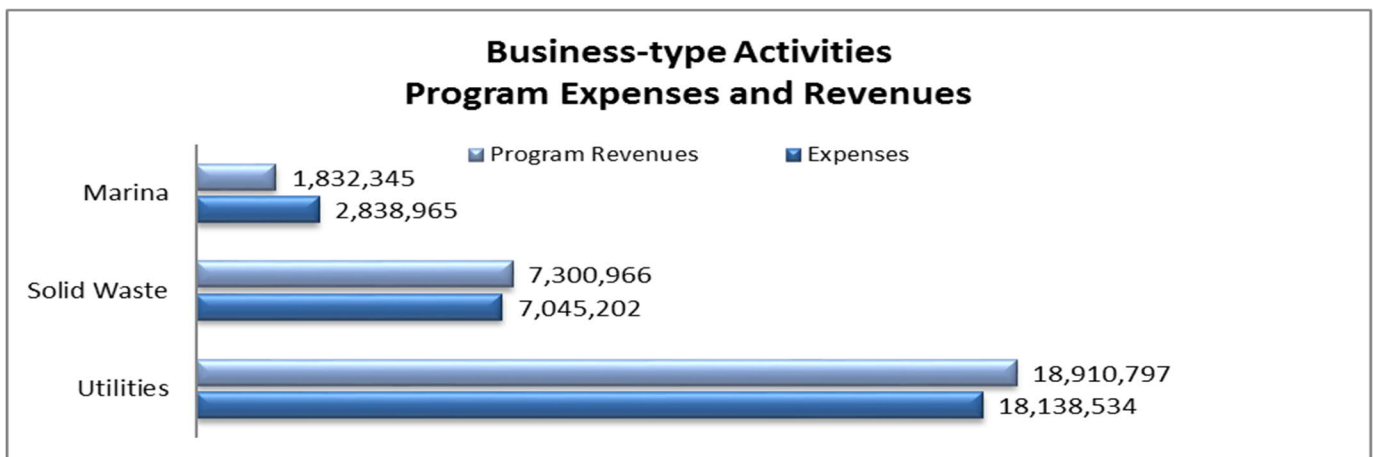


Revenues from governmental activities decreased \$66,351,031 from fiscal year 2019. This decrease is mainly due to a decrease in FEMA and State Disaster grant revenue. After charges for services, operating grants and contributions is the second largest revenue source in governmental activities (22.7%), followed by ad valorem taxes (14.3%).

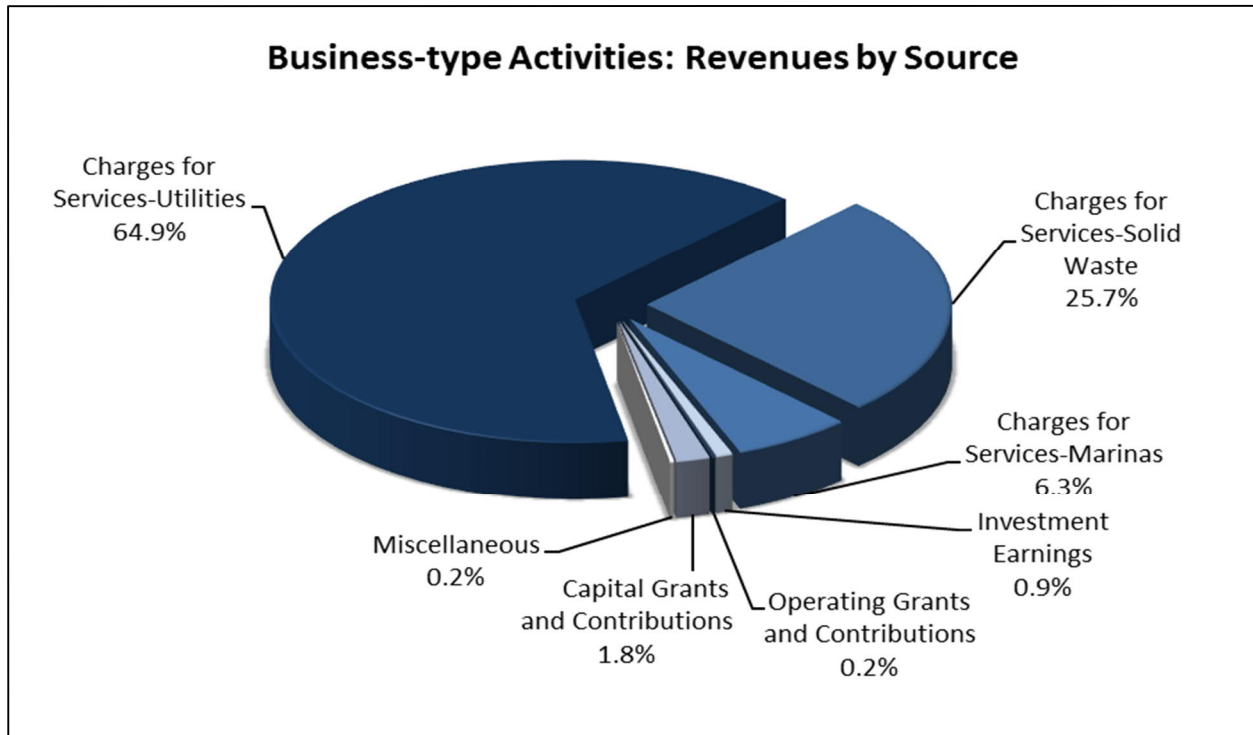


Business-Type Activities

All funds that provide business-type activities for the City of Panama City charge fees in order to cover the cost of operations during the fiscal year. The chart below compares the amount of program revenues received for “charges for services” to the amount of program expenses for each of the three business-type activities during fiscal year 2020.



Total expenses for business-type activities decreased 14.4%, (\$4,727,899) in fiscal year 2020. Expenses for utility activities, solid waste services, and marina activities had increases (decreases) (22.9%), 7.3%, and 6.9%, respectively. Combined business-type expenses, for the fiscal year ended September 30, 2020, were \$28,022,701. Charges for services are the major source of revenue (96.9%) for business-type activities. These charges represent \$27,483,068 of revenue dollars utilized by the City to provide utility, solid waste, and marina services to citizens and customers. Revenues from all business-type activities sources decreased \$4,919,923 (14.9%) from fiscal year 2019.



Financial Analysis of the City's Funds

Governmental Funds

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

Fund balances are the differences between assets and liabilities in a governmental fund. The non-spendable fund balance includes amounts that are not in spendable form (such as inventory), or amounts that are required to be maintained intact. Restricted fund balance includes amounts that can be spent only for the specific purposes that are stipulated by their providers, such as grant, bond, or higher levels of government. Committed fund balance includes amounts that can be used only for the specific purposes that are determined by formal action of the government's highest level of decision making authority (City Commission). Assigned fund balance applies to amounts that are intended for specific purposes as expressed by the governing body or authorized official. Unassigned fund balance includes all amounts not contained in other classifications for the general fund, and deficit fund balances in any other governmental fund.

The City of Panama City's coastal location places a risk of natural disaster which could severely impair its ability to continue operations or services following the impact of such an event. In addition, the City

recognizes that fluctuations in the economy can affect the resources available from year to year. As a measure to provide economic stability for the City and enable continued long term operations, the City established a committed fund balance which is subject to specified criteria as prescribed by the City Commission. Committed funds cannot be utilized for any purpose other than those established by the City Commission. Unassigned fund balance is maintained at a level sufficient to adequately provide for the annual operating expenditures of the City. Further information on fund balance can be found in the notes to the financial statements.

The *general fund* is the chief operating fund of the City of Panama City. On September 30, 2020, the total fund balance in the general fund was \$18,244,975, of which \$383,043 was non-spendable, \$534,724 was assigned, and \$17,327,208 was unassigned. Compared to fiscal year 2019, the total fund balance increased by \$3,836,605 (26.6%). This was due to an increase in revenue from the return of business activity and citizens rebuilding their homes after Hurricane Michael.

General revenue decreased \$25,197 (0.1%) in fiscal year 2020. Both Taxes and Licenses and Permits revenue increased from 2019 by \$1,388,439 (6.9%) and \$514,649 (5.3%), respectively. The increases were a result of citizens rebuilding homes and business and increasing related property values as well as an increase in reopening businesses shut down from Hurricane Michael and new businesses opening. All other general fund revenue categories decreased for the fiscal year ended September 30, 2020. General fund expenditures increased in fiscal year 2020 by \$2,026,167 (6.1%). Capital outlay decreased by 37.0% (\$494,154), which was the greatest dollar decrease of all the categories, resulting mainly because the City's efforts were focused on recovery versus building during the year. The largest dollar increase occurred in general government \$2,055,426 (33.1%) compared to the previous fiscal year. This increase is mostly due to an increase in code enforcement activity and related legal costs, legal costs related to the Marina and other areas, and a change in the City's pay grades.

During fiscal year 2020, special revenue fund balances decreased by \$5,572,887. Increases or decreases in special revenue funds are typically indicative of funding changes as activities are identified, initiated, or completed. The greatest decrease (\$10,133,122) was in the Hurricane Michael fund. This fund was created in fiscal year 2019 to account for the Hurricane Michael related revenues and expenses. The decrease in fund balance is related to an increase in Hurricane Michael related expenses. The City administers State Housing Initiative Partnership funds awarded to both the City and Bay County for housing initiatives, and additional funding was received in fiscal year 2020 to aid in housing stability programs. The SHIP City and SHIP County combined fund balances increased by \$6,576,784. The Panama City Community Redevelopment Agency is a blended component unit of the City that utilizes tax increment dollars, from changes in assessed property values in target areas, to fund revitalization and redevelopment efforts in designated areas of the City. The amounts in the Special Revenue Funds are restricted to accomplishing the various objectives of each specific program.

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term principal and interest for the City's general bonded debt. Principal and interest payment obligation were met in a timely manner during the fiscal year. Payments for general bonded debt are funded by transfers from the City's general fund.

The City utilizes five capital projects funds to account for projects in governmental activities costing over \$25,000. The total capital projects fund balance on September 30, 2020 was \$30,296,311, a decrease of \$1,679,762 from fiscal year 2019. This fund balance decrease is due to final expenses in the Capital Projects New City Hall Fund. The available fund balance is assigned for pending capital projects. Capital projects are funded by transfers from the general fund, or other City funds, in addition to debt for related projects.

Proprietary Funds

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

The Utility Fund had a total net position of \$80,110,067 at fiscal year-end, an increase of \$5,014,632 over the prior fiscal year. Operating revenues increased \$2,469,461 in fiscal year 2020, and operating expenses decreased in the amount of \$5,448,445.

The Solid Waste Fund had a total net position of \$8,860,185 at the end of fiscal year 2020. Total net position decreased by \$801,866. Operating revenues increased by \$1,344,348 and operating expenses increased \$216,974.

The Marina Fund had a total net position of \$3,976,105 in fiscal year 2020, which was a decrease of \$1,272,133 from the prior fiscal year. Operating revenues increased by \$1,042,344 and operating expenses increased in the amount of \$277,305.

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

| | Operating Income (Loss) | |
|------------------|--------------------------------|-----------------------|
| | 2020 | 2019 |
| Utility Fund | \$ 1,932,427 | \$ (5,985,489) |
| Solid Waste Fund | 703,673 | (423,701) |
| Marina Fund | (1,022,632) | (1,787,671) |
| Total | <u>\$ 1,613,468</u> | <u>\$ (8,196,861)</u> |

Both the Utility Fund and Solid Waste Funds operating revenues exceeded operating expenses before transfers. The Marina Fund incurred operating expense in excess of operating revenues due to ongoing Hurricane Michael repair expenses.

The individual internal service funds are reported on pages 178-181.

General Fund Budgetary Highlights

A budget to actual statement is provided for the General Fund on page 129. Columns for both the original budget, adopted in fiscal year 2020, as well as the final budget are presented. Estimated budgeted amounts are adjusted throughout the year to more closely reflect the actual final amounts that occur. Original budgeted revenues for fiscal year 2020 were \$37,384,653, while amended and final budgeted revenues were \$37,392,800 during the year. Actual revenues for fiscal year 2020 totaled \$40,265,741 which was \$2,872,941 more than the final budget. Original budgeted expenditures for fiscal year 2020 were \$36,648,789, amended in the amount of \$1,139,459 to a final fiscal year 2020 budget of \$37,788,248.

Actual expenditures for fiscal year 2020 totaled \$35,268,580 which was \$2,519,668 less than the final budget. Expenditures for general government, public safety, transportation, economic environment, human services, and culture/recreation had final expenditures less than the final budget due to the City's

conservative spending practices. The total amount carried forward from fiscal year 2019 budget to fiscal year 2020 budget was \$1,180,689. Overall, revenues exceeded actual expenditures for fiscal year 2020.

Capital Assets

The City's investment in capital assets for its governmental and business-type activities, as of September 30, 2020 was \$197,150,582 (net of accumulated depreciation). This is an increase of \$8,585,385 from fiscal year 2019. Investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, and drainage systems. Governmental activities accounted for \$96,175,145 and business-type activities \$100,975,437 of total capital assets of the City of Panama City on September 30, 2020. Capital assets held by the City at the end of the most current and previous fiscal years are summarized in the table below.

City of Panama City, Florida Capital Assets (net of depreciation)

Fiscal Years Ended September 30, 2020 and 2019

| | Governmental Activities | | Business-type Activities | | Total | |
|-----------------------------------|-------------------------|----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Land | \$ 19,817,495 | \$ 19,488,856 | \$ 1,828,384 | \$ 1,828,384 | \$ 21,645,879 | \$ 21,317,240 |
| Construction in Progress | 11,705,781 | 7,412,438 | 49,577,027 | 41,306,130 | 61,282,808 | 48,718,568 |
| Buildings | 18,657,142 | 15,162,636 | 2,544,093 | 2,274,053 | 21,201,235 | 17,436,689 |
| Improvements Other Than Buildings | 16,829,187 | 18,631,692 | 41,967,365 | 44,907,282 | 58,796,552 | 63,538,974 |
| Machinery and Equipment | 3,128,975 | 3,624,173 | 5,056,697 | 6,469,739 | 8,185,672 | 10,093,912 |
| Intangibles | 112,550 | 35,012 | 1,871 | 2,672 | 114,421 | 37,684 |
| Infrastructure | 25,924,015 | 27,422,133 | | | 25,924,015 | 27,422,133 |
| Total | <u>\$ 96,175,145</u> | <u>\$ 91,776,940</u> | <u>\$ 100,975,437</u> | <u>\$ 96,788,260</u> | <u>\$ 197,150,582</u> | <u>\$ 188,565,200</u> |

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

Debt Management

At the end of the fiscal year, the City had total bonded debt outstanding of \$145,296,497. All of the City's debt maintains a "AAA" rating from Standard & Poor's and a "Aaa" rating from Moody's Investors Services. Additional information regarding the activities of the City's bonded debt during fiscal year 2020 may be found in the notes to the financial statements beginning on page 60.

Outstanding Bonded Debt As Of September 30, 2020 and 2019

| Governmental Activities | | Business-type Activities | | Total | |
|-------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| <u>\$ 113,157,497</u> | <u>\$ 102,189,497</u> | <u>\$ 32,139,000</u> | <u>\$ 35,045,000</u> | <u>\$ 145,296,497</u> | <u>\$ 137,234,497</u> |

Economic Factors

The City of Panama City, in 2020 had an unemployment rate of 4.7%. This was a decrease of 0.8% from the prior fiscal year.

Taxable property values in Panama City increased 48.07% from \$2,057,342,366 in 2019 to \$3,046,244,134 in 2020.

Hurricane Michael

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

This report was prepared by the Accounting Division of the City of Panama City under the direction of the City Clerk-Treasurer. Questions concerning this report or requests for additional information should be addressed to Janette Smith, City Clerk-Treasurer, P.O. Box 1880, Panama City, Florida 32402-1880.

BASIC FINANCIAL STATEMENTS

THIS SUBSECTION CONTAINS THE FOLLOWING:

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



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**CITY OF PANAMA CITY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020**

| | Primary Government | | | Component Units | |
|---|-------------------------|--------------------------|-----------------------|---|----------------------------------|
| | Governmental Activities | Business-type Activities | Total | Panama City Downtown Improvement Board | Panama City Port Authority |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 90,527,472 | \$ 7,711,765 | \$ 98,239,237 | \$ 143,778 | \$ 5,622,132 |
| Investments | 4,768,658 | 631,548 | 5,400,206 | | 3,099,086 |
| Receivables, net: | | | | | |
| Accounts | 987,838 | 4,315,839 | 5,303,677 | | 1,400,890 |
| Special assessments | 81,309 | | 81,309 | | |
| Insurance | 5,550,420 | 233,704 | 5,784,124 | | |
| Internal balances | 6,744,551 | (6,744,551) | | | |
| Prepaid items | 339,489 | 203 | 339,692 | 1,000 | 432,848 |
| Due from other governmental entities | 39,004,968 | 8,567,887 | 47,572,855 | | |
| Inventories | 4,538,889 | 1,292,686 | 5,831,575 | | |
| Restricted assets: | | | | | |
| Cash and cash equivalents | | 14,820,478 | 14,820,478 | | |
| Notes receivable | 8,390,814 | | 8,390,814 | | |
| Capital assets: | | | | | |
| Non-depreciable | 31,523,276 | 51,405,411 | 82,928,687 | 424,999 | 52,956,822 |
| Depreciable (net) | 64,651,869 | 49,570,026 | 114,221,895 | 23,412 | 85,477,448 |
| Total assets | 257,109,553 | 131,804,996 | 388,914,549 | 593,189 | 148,989,226 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Outflows from hedging | | | | | 461,757 |
| Charges on debt refunding | | 154,442 | 154,442 | | |
| OPEB related outflows | 193,168 | 67,871 | 261,039 | | 73,791 |
| Pension related outflows | 7,634,605 | 321,777 | 7,956,382 | | 1,285 |
| Total deferred outflows of resources | 7,827,773 | 544,090 | 8,371,863 | | 536,833 |
| LIABILITIES | | | | | |
| Accounts payable | 8,398,841 | 1,478,811 | 9,877,652 | 2,594 | 108,444 |
| Due to other governmental entities | 251,616 | | 251,616 | | |
| Accrued salaries | 626,240 | 170,755 | 796,995 | | |
| Accrued taxes payable | | 10,453 | 10,453 | | |
| Unearned revenue | | 10,444 | 10,444 | | 50,666 |
| Deposits | 84 | | 84 | | |
| Accrued interest payable | | 457,849 | 457,849 | | |
| Accrued other liabilities | 246,947 | | 246,947 | | 197,434 |
| Noncurrent liabilities: | | | | | |
| Due within one year: | | | | | |
| Claims and judgments | | | | | 20,735 |
| Compensated absences | 389,013 | 105,901 | 494,914 | | 29,027 |
| Line of credit | | | | | 3,000,000 |
| Bonds, notes, leases, and loans payable | 4,337,775 | 2,988,000 | 7,325,775 | | 3,128,177 |
| Due in more than one year: | | | | | |
| Deposits | | 1,441,638 | 1,441,638 | | |
| Claims and judgments | | | | | 331,160 |
| Compensated absences | 1,167,039 | 317,701 | 1,484,740 | | 87,082 |
| OPEB liability | 1,656,890 | 582,125 | 2,239,015 | | 238,553 |
| Bonds, notes, leases, and loans payable | 110,251,148 | 29,151,000 | 139,402,148 | | 18,724,057 |
| Net pension liability | 26,058,736 | 846,935 | 26,905,671 | | 266,536 |
| Interest rate swap agreement (net) | | | | | 461,757 |
| Total liabilities | 153,384,329 | 37,561,612 | 190,945,941 | 2,594 | 26,643,628 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| OPEB related inflows | 1,258,233 | 442,082 | 1,700,315 | | 65,758 |
| Pension related inflows | 1,962,942 | 380,745 | 2,343,687 | | 75,080 |
| Total deferred inflows of resources | 3,221,175 | 822,827 | 4,044,002 | | 140,838 |
| NET POSITION | | | | | |
| Net investment in capital assets | 60,326,001 | 69,011,200 | 129,337,201 | 448,411 | 113,118,890 |
| Restricted for: | | | | | |
| General Government | 110,588 | | 110,588 | | |
| Housing and Urban Development | 16,833,584 | | 16,833,584 | | |
| Infrastructure | 4,116,026 | | 4,116,026 | | |
| Debt service | 5,126,670 | 10,530,180 | 15,656,850 | | |
| Self-insurance | 5,687,461 | | 5,687,461 | | |
| Community redevelopment | 2,923,194 | | 2,923,194 | | |
| Hurricane Michael | | 2,257,871 | 2,257,871 | | |
| Unrestricted | 13,208,298 | 12,165,396 | 25,373,694 | 142,184 | 9,622,703 |
| Total net position | \$ 108,331,822 | \$ 93,964,647 | \$ 202,296,469 | \$ 590,595 | \$ 122,741,593 |

See the accompanying notes.

**CITY OF PANAMA CITY, FLORIDA
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2020**

| | Program Revenues | | | |
|---|------------------|---------------|---------------|---------------|
| | | Charges for | Operating | Capital |
| | Expenses | Services | Grants and | Grants and |
| FUNCTIONS/PROGRAMS | | | Contributions | Contributions |
| Primary government: | | | | |
| Governmental activities: | | | | |
| General government | \$ 41,876,490 | \$ 16,896,365 | \$ 5,079,628 | |
| Public safety | 23,707,967 | 2,145,159 | 604,930 | |
| Transportation | 5,966,864 | 259,216 | 38,135 | |
| Economic environment | 7,586,803 | 787,449 | 11,659,551 | |
| Culture and recreation | 3,987,749 | 5,303,085 | 196,804 | |
| Human services | 271,247 | | | |
| Interest on long-term debt | 2,305,974 | | | |
| Total governmental activities | 85,703,094 | 25,391,274 | 17,579,048 | |
| Business-type activities: | | | | |
| Utilities | 18,138,534 | 18,404,388 | | \$ 506,409 |
| Solid Waste | 7,045,202 | 7,287,431 | 13,535 | |
| Marina | 2,838,965 | 1,791,249 | 41,096 | |
| Total business-type activities | 28,022,701 | 27,483,068 | 54,631 | 506,409 |
| Total primary government | \$ 113,725,795 | \$ 52,874,342 | \$ 17,633,679 | \$ 506,409 |
| Component units: | | | | |
| Panama City Downtown Improvement Board | \$ 99,267 | | | |
| Panama City Port Authority | 17,527,768 | \$ 16,862,273 | | \$ 6,721,040 |
| Total component units | \$ 17,627,035 | \$ 16,862,273 | | \$ 6,721,040 |
| General revenues: | | | | |
| Taxes: | | | | |
| Ad valorem taxes | | | | |
| Tax Increment Ad valorem taxes | | | | |
| Local option gasoline tax | | | | |
| Franchise fees | | | | |
| Utility service tax | | | | |
| Communications service tax | | | | |
| Local option sales tax | | | | |
| Unrestricted state revenue sharing | | | | |
| Unrestricted investment earnings | | | | |
| Miscellaneous | | | | |
| Transfers | | | | |
| Total general revenues and transfers | | | | |
| Change in net position | | | | |
| Net position - beginning of year | | | | |
| Prior Period Adjustment | | | | |
| Net position - beginning of year, as restated | | | | |
| Net position - end of year | | | | |

See the accompanying notes.

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

| Primary Government | | | Component Units | |
|----------------------------|-----------------------------|-----------------|---|----------------------------------|
| Governmental Activities | Business-type Activities | Total | Panama City Downtown Improvement Board | Panama City Port Authority |
| \$ (19,900,497) | | \$ (19,900,497) | | |
| (20,957,878) | | (20,957,878) | | |
| (5,669,513) | | (5,669,513) | | |
| 4,860,197 | | 4,860,197 | | |
| 1,512,140 | | 1,512,140 | | |
| (271,247) | | (271,247) | | |
| (2,305,974) | | (2,305,974) | | |
| (42,732,772) | | (42,732,772) | | |
| | \$ 772,263 | 772,263 | | |
| | 255,764 | 255,764 | | |
| | (1,006,620) | (1,006,620) | | |
| | 21,407 | 21,407 | | |
| (42,732,772) | 21,407 | (42,711,365) | | |
| | | | \$ (99,267) | |
| | | | (99,267) | \$ 6,055,545 |
| | | | | 6,055,545 |
| 11,049,811 | | 11,049,811 | 108,111 | |
| 1,617,978 | | 1,617,978 | | |
| 1,269,117 | | 1,269,117 | | |
| 3,612,700 | | 3,612,700 | | |
| 3,901,790 | | 3,901,790 | | |
| 1,542,282 | | 1,542,282 | | |
| 3,405,468 | | 3,405,468 | | |
| 5,181,838 | | 5,181,838 | | |
| 707,005 | 250,612 | 957,617 | | 94,682 |
| 2,127,706 | 61,732 | 2,189,438 | 1,203 | |
| (1,373,984) | 1,373,984 | | | |
| 33,041,711 | 1,686,328 | 34,728,039 | 109,314 | 94,682 |
| (9,691,061) | 1,707,735 | (7,983,326) | 10,047 | 6,150,227 |
| 114,283,095 | 90,823,963 | 205,107,058 | 580,548 | 116,236,513 |
| 3,739,788 | 1,432,949 | 5,172,737 | | 354,853 |
| 118,022,883 | 92,256,912 | 210,279,795 | 580,548 | 116,591,366 |
| \$ 108,331,822 | \$ 93,964,647 | \$ 202,296,469 | \$ 590,595 | \$ 122,741,593 |

See the accompanying notes.

**CITY OF PANAMA CITY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

| | <u>General</u> | <u>Hurricane Michael</u> | <u>Capital Projects</u> | <u>Capital Projects 2013</u> |
|--|----------------------|------------------------------|-----------------------------|----------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 14,359,010 | \$ 25,281,688 | \$ 4,456,463 | \$ 4,004,499 |
| Investments | 545,712 | | 1,400,717 | 2,822,229 |
| Receivables, net: | | | | |
| Accounts | 55,996 | 858,752 | 23,090 | |
| Special assessments | 81,309 | | | |
| Insurance | | 5,550,420 | | |
| Due from other funds | 2,202,228 | 7,779,175 | | |
| Due from other governmental entities | 1,298,961 | 33,656,486 | 300,000 | |
| Prepaid items | 188,874 | 10,000 | | |
| Inventories | 191,917 | | | |
| Notes receivable | 1,450,825 | | 1,800,000 | |
| Total assets | <u>\$ 20,374,832</u> | <u>\$ 73,136,521</u> | <u>\$ 7,980,270</u> | <u>\$ 6,826,728</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 1,270,233 | \$ 4,375,774 | \$ 257,699 | \$ 38,503 |
| Due to other funds | 6,351 | 12,045 | 880,077 | |
| Due to other governmental entities | | | | |
| Accrued salaries | 593,223 | | | |
| Accrued other liabilities | 246,947 | | | |
| Deposits | 84 | | | |
| Total liabilities | <u>2,116,838</u> | <u>4,387,819</u> | <u>1,137,776</u> | <u>38,503</u> |
| Deferred inflows of resources: | | | | |
| Deferred inflows of resources | <u>13,019</u> | <u>29,553,022</u> | | |
| Fund balances: | | | | |
| Non-spendable | 383,043 | 10,000 | | |
| Spendable: | | | | |
| Restricted | | | | |
| Committed | | 39,185,680 | | |
| Assigned | 534,724 | | 6,842,494 | 6,788,225 |
| Unassigned | 17,327,208 | | | |
| Total fund balances | <u>18,244,975</u> | <u>39,195,680</u> | <u>6,842,494</u> | <u>6,788,225</u> |
| Total liabilities and fund balances | <u>\$ 20,374,832</u> | <u>\$ 73,136,521</u> | <u>\$ 7,980,270</u> | <u>\$ 6,826,728</u> |

See the accompanying notes.

| Capital Projects Infrastructure Surtax | Capital Projects New City Hall | Capital Projects 428 | Non-Major Other Governmental Funds | Total Governmental Funds |
|---|---|---------------------------------|---|---|
| \$ 14,988,776 | \$ 1,705,012 | | \$ 19,272,007 | \$ 84,067,455 |
| | | | | 4,768,658 |
| | | | | 937,838 |
| | | | | 81,309 |
| | | | | 5,550,420 |
| | | | 1,032,024 | 11,013,427 |
| | | | 3,730,103 | 38,985,550 |
| | | | 67,776 | 266,650 |
| | | | 4,187,215 | 4,379,132 |
| | | | 5,139,989 | 8,390,814 |
| <u>\$ 14,988,776</u> | <u>\$ 1,705,012</u> | | <u>\$ 33,429,114</u> | <u>\$ 158,441,253</u> |
| | | | | |
| \$ 3,671 | | \$ 9,375 | \$ 1,489,071 | \$ 7,444,326 |
| | | 15,150 | 2,278,565 | 3,192,188 |
| | | | 251,616 | 251,616 |
| | | | 19,009 | 612,232 |
| | | | | 246,947 |
| | | | | 84 |
| <u>3,671</u> | | <u>24,525</u> | <u>4,038,261</u> | <u>11,747,393</u> |
| | | | | |
| | | | 992,156 | 30,558,197 |
| | | | | |
| | | | 4,254,991 | 4,648,034 |
| | | | 24,673,971 | 24,673,971 |
| 14,985,105 | \$ 1,705,012 | | | 39,185,680 |
| | | (24,525) | (530,265) | 30,855,560 |
| <u>14,985,105</u> | <u>1,705,012</u> | <u>\$ (24,525)</u> | <u>28,398,697</u> | <u>116,135,663</u> |
| <u>\$ 14,988,776</u> | <u>\$ 1,705,012</u> | | <u>\$ 33,429,114</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. | 96,136,531 |
| Deferred outflows for pension related items. | 7,634,605 |
| Deferred outflows for OPEB related items. | 193,168 |
| Deferred inflows for pension related items. | (1,962,942) |
| Deferred inflows for OPEB related items. | (1,258,233) |
| Deferred inflows of resources | 30,558,197 |
| Internal service funds are used by management to charge the costs of certain activities, such as insurance and equipment maintenance, to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position. | 4,695,406 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. | |
| Governmental long-term debt | (114,588,923) |
| Compensated absences | (1,540,803) |
| Net pension liability | (26,058,736) |
| Net OPEB liability | (1,612,111) |

Net position of governmental activities

See the accompanying notes.

\$ 108,331,822

CITY OF PANAMA CITY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | <u>General</u> | <u>Hurricane Michael</u> | <u>Capital Projects</u> | <u>Capital Projects 2013</u> |
|--|----------------------|------------------------------|-----------------------------|----------------------------------|
| REVENUES | | | | |
| Taxes | \$ 21,375,700 | | | |
| Licenses and permits | 10,164,936 | | | |
| Intergovernmental | 6,718,723 | \$ 4,437,842 | \$ 760,368 | |
| Charges for services | 1,127,439 | | | |
| Investment earnings | 207,889 | 33,931 | 76,920 | \$ 123,640 |
| Miscellaneous | 671,054 | 72,690 | | |
| Total revenues | <u>40,265,741</u> | <u>4,544,463</u> | <u>837,288</u> | <u>123,640</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 8,256,437 | 30,371,546 | | |
| Public safety | 18,836,271 | 248,049 | 39,103 | |
| Transportation | 3,249,469 | 117,164 | 275,989 | |
| Economic environment | 937,793 | 4,170 | | |
| Human services | 271,247 | | | |
| Culture and recreation | 2,399,679 | 1,059,408 | | |
| Debt service: | | | | |
| Capital lease principal | 390,148 | | | |
| Capital lease interest | 87,129 | | | |
| Principal retirement | | | | |
| Interest and other charges | | | | |
| Capital outlay | 840,407 | 5,621,074 | 1,826,016 | 1,501,814 |
| Total expenditures | <u>35,268,580</u> | <u>37,421,411</u> | <u>2,141,108</u> | <u>1,501,814</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>4,997,161</u> | <u>(32,876,948)</u> | <u>(1,303,820)</u> | <u>(1,378,174)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Insurance proceeds | 107,915 | 12,543,836 | | |
| Issuance of long-term debt | 5,501,564 | 10,000,000 | | |
| Transfers in | 2,155,631 | | 1,033,058 | |
| Transfers out | (8,925,666) | | | |
| Total other financing sources (uses) | <u>(1,160,556)</u> | <u>22,543,836</u> | <u>1,033,058</u> | |
| Net change in fund balances | <u>3,836,605</u> | <u>(10,333,112)</u> | <u>(270,762)</u> | <u>(1,378,174)</u> |
| Fund Balances: | | | | |
| Beginning of year | <u>15,131,988</u> | <u>78,759,785</u> | <u>7,113,256</u> | <u>8,166,399</u> |
| Change in accounting estimate | <u>(723,618)</u> | <u>(29,230,993)</u> | | |
| Beginning of year, as restated | <u>14,408,370</u> | <u>49,528,792</u> | <u>49,528,792</u> | <u>8,166,399</u> |
| End of year | <u>\$ 18,244,975</u> | <u>\$ 39,195,680</u> | <u>\$ 6,842,494</u> | <u>\$ 6,788,225</u> |

See the accompanying notes.

| Capital Projects Infrastructure Surtax | Capital Projects New City Hall | Capital Projects 428 | Non-Major Other Governmental Funds | Total Governmental Funds |
|---|---|---------------------------------|---|---|
| | | | \$ 3,405,468 | \$ 24,781,168 |
| | | | | 10,164,936 |
| | | | 12,684,631 | 24,601,564 |
| | | | | 1,127,439 |
| \$ 134,182 | \$ 9,222 | | 121,221 | 707,005 |
| | | | 1,217,375 | 1,961,119 |
| <u>134,182</u> | <u>9,222</u> | | <u>17,428,695</u> | <u>63,343,231</u> |
| | | | | |
| | 112,048 | | | 38,740,031 |
| | | | 52,020 | 19,175,443 |
| | | | | 3,642,622 |
| | | | 6,566,690 | 7,508,653 |
| | | | | 271,247 |
| | | | | 3,459,087 |
| | | | | 390,148 |
| | | | | 87,129 |
| | | | 4,032,000 | 4,032,000 |
| | | | 2,217,163 | 2,217,163 |
| 7,342 | 10,315 | \$ 24,525 | 814,628 | 10,646,121 |
| <u>7,342</u> | <u>122,363</u> | <u>24,525</u> | <u>13,682,501</u> | <u>90,169,644</u> |
| | | | | |
| <u>126,840</u> | <u>(113,141)</u> | <u>(24,525)</u> | <u>3,746,194</u> | <u>(26,826,413)</u> |
| | | | | |
| | | | 787,449 | 13,439,200 |
| | | | | 15,501,564 |
| | | | 6,892,774 | 10,081,463 |
| (20,000) | | | (6,012,934) | (14,958,600) |
| <u>(20,000)</u> | | | <u>1,667,289</u> | <u>24,063,627</u> |
| | | | | |
| 106,840 | (113,141) | (24,525) | 5,413,483 | (2,762,786) |
| | | | | |
| <u>14,878,265</u> | <u>1,818,153</u> | | <u>22,985,214</u> | <u>148,853,060</u> |
| | | | | |
| | | | | (29,954,611) |
| | | | | |
| <u>14,878,265</u> | <u>1,818,153</u> | | <u>22,985,214</u> | <u>118,898,449</u> |
| | | | | |
| <u>\$ 14,985,105</u> | <u>\$ 1,705,012</u> | <u>\$ (24,525)</u> | <u>\$ 28,398,697</u> | <u>\$ 116,135,663</u> |

See the accompanying notes.

CITY OF PANAMA CITY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2020

Net change in fund balances - total governmental funds **\$ (2,762,786)**

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 | 10,646,121 | |
| Less current year depreciation | <u>(6,201,686)</u> | 4,444,435 |

The net effect of various miscellaneous transactions involving capital assets (e.g. sales, trade-ins, donations) is to decrease net position. (76,359)

Revenue in the statement of activities that do not provide current financial resources are deferred as revenues in the funds. 2,777,748

The governmental funds consider grant revenues available if collected for up to one year and expenditures have occurred. Revenue reported during the period related to prior periods. (2,174,162)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (11,081,098)

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 | | (171,976) |
| Employer pension related costs | | (1,136,459) |
| Other post employment benefits (OPEB) cost | | (112,064) |

Internal service funds are used by management to charge the costs of certain activities, such as insurance and equipment maintenance, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities. 601,660

Change in net position of governmental activities **\$ (9,691,061)**

See the accompanying notes.

**CITY OF PANAMA CITY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2020**

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Funds |
|--|--|---------------------|---------------------|----------------------|---|
| | Utilities | Solid Waste | Marina | Total | |
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 3,768,309 | \$ 2,467,499 | \$ 1,475,957 | \$ 7,711,765 | \$ 6,460,017 |
| Investments | | 631,548 | | 631,548 | |
| Due from other governmental entities | 8,536,695 | 31,192 | | 8,567,887 | 19,418 |
| Due from other funds | 381,985 | 194,515 | | 576,500 | |
| Receivables, net: | | | | | |
| Accounts | 3,065,678 | 1,194,007 | 56,154 | 4,315,839 | 50,000 |
| Insurance | 27,892 | 35,090 | 170,722 | 233,704 | |
| Inventories | 1,246,136 | | 46,550 | 1,292,686 | 159,757 |
| Prepaid items | 203 | | | 203 | 72,839 |
| Total current assets | 17,026,898 | 4,553,851 | 1,749,383 | 23,330,132 | 6,762,031 |
| Noncurrent assets: | | | | | |
| Restricted cash and cash equivalents: | | | | | |
| Impact fee account | 4,269,977 | | | 4,269,977 | |
| Utility upgrade account | 20,321 | | | 20,321 | |
| Revenue bond - future debt reserve accounts | 4,033,088 | | | 4,033,088 | |
| Revenue bond contingency (renewal and replacement) account | 6,497,092 | | | 6,497,092 | |
| Capital assets: | | | | | |
| Land | 724,193 | 598,675 | 505,516 | 1,828,384 | |
| Buildings | 2,741,387 | 88,118 | 76,195 | 2,905,700 | |
| Improvements other than buildings | | 2,216,189 | 11,331,903 | 13,548,092 | |
| Machinery and equipment | 4,793,376 | 8,758,838 | 2,894,906 | 16,447,120 | 175,886 |
| Intangibles | 4,007 | | | 4,007 | |
| Utility system | 95,148,415 | | | 95,148,415 | |
| Less accumulated depreciation | (60,648,466) | (5,410,052) | (12,424,790) | (78,483,308) | (137,270) |
| Construction work in progress | 49,497,109 | | 79,918 | 49,577,027 | |
| Total noncurrent assets | 107,080,499 | 6,251,768 | 2,463,648 | 115,795,915 | 38,616 |
| Total assets | 124,107,397 | 10,805,619 | 4,213,031 | 139,126,047 | 6,800,647 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Charges on debt refunding | 154,442 | | | 154,442 | |
| OPEB related outflows | 42,549 | 19,317 | 6,005 | 67,871 | 5,220 |
| Pension related outflows | 238,847 | 32,089 | 50,841 | 321,777 | |
| Total deferred outflows of resources | 435,838 | 51,406 | 56,846 | 544,090 | 5,220 |
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 1,036,689 | 326,222 | 115,900 | 1,478,811 | 954,514 |
| Due to other funds | 7,942,824 | 390,100 | 6,417 | 8,339,341 | 58,398 |
| Accrued salaries | 117,414 | 48,206 | 5,135 | 170,755 | 14,008 |
| Compensated absences | 67,609 | 35,457 | 2,835 | 105,901 | 3,812 |
| Accrued taxes payable | | | 10,453 | 10,453 | |
| Current portion of bonds, notes, and loans payable | 2,988,000 | | | 2,988,000 | |
| Accrued interest payable | 457,849 | | | 457,849 | |
| Unearned revenue | | | 10,444 | 10,444 | |
| Total current liabilities | 12,610,385 | 799,985 | 151,184 | 13,561,554 | 1,030,732 |
| Noncurrent liabilities: | | | | | |
| Compensated absences | 202,827 | 106,370 | 8,504 | 317,701 | 11,438 |
| Net OPEB liability | 364,941 | 165,687 | 51,497 | 582,125 | 44,779 |
| Deposits | 837,243 | 604,395 | | 1,441,638 | |
| Bonds, notes, and loans payable | 29,151,000 | | | 29,151,000 | |
| Net pension liability | 692,562 | 131,203 | 23,170 | 846,935 | |
| Total noncurrent liabilities | 31,248,573 | 1,007,655 | 83,171 | 32,339,399 | 56,217 |
| Total liabilities | 43,858,958 | 1,807,640 | 234,355 | 45,900,953 | 1,086,949 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| OPEB related inflows | 277,151 | 125,823 | 39,108 | 442,082 | 34,006 |
| Pension related inflows | 297,059 | 63,377 | 20,309 | 380,745 | |
| Total deferred inflows of resources | 574,210 | 189,200 | 59,417 | 822,827 | 34,006 |
| NET POSITION | | | | | |
| Net investment in capital assets | 60,295,784 | 6,251,768 | 2,463,648 | 69,011,200 | 38,616 |
| Restricted for: | | | | | |
| Hurricane Michael | 2,257,871 | | | 2,257,871 | |
| Debt service | 10,530,180 | | | 10,530,180 | |
| Claims | | | | | 5,687,461 |
| Unrestricted | 7,026,232 | 2,608,417 | 1,512,457 | 11,147,106 | (41,165) |
| Total net position | \$ 80,110,067 | \$ 8,860,185 | \$ 3,976,105 | 92,946,357 | \$ 5,684,912 |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds | | | | 1,018,290 | |
| Net position of business-type activities | | | | \$ 93,964,647 | |

See the accompanying notes.

CITY OF PANAMA CITY, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Funds |
|--|--|---------------------|---------------------|---------------------|--|
| | Utilities | Solid Waste | Marina | Totals | |
| Operating revenues: | | | | | |
| Charges for services | \$ 17,915,500 | \$ 7,250,485 | \$ 1,670,495 | \$ 26,836,480 | \$ 618,956 |
| Connection and hydrant fees | 463,089 | | | 463,089 | |
| Contributions | | | | | 2,921,220 |
| Miscellaneous | 25,799 | 36,946 | 120,754 | 183,499 | 50,477 |
| Total operating revenues | <u>18,404,388</u> | <u>7,287,431</u> | <u>1,791,249</u> | <u>27,483,068</u> | <u>3,590,653</u> |
| Operating expenses: | | | | | |
| Personnel services | 4,090,536 | 1,920,449 | 209,919 | 6,220,904 | 474,126 |
| Operating expenses | 9,300,498 | 3,242,508 | 2,399,798 | 14,942,804 | 1,653,918 |
| Insurance claims and expenses | | | | | 5,462,818 |
| Depreciation | 3,080,927 | 1,420,801 | 204,164 | 4,705,892 | 3,523 |
| Total operating expenses | <u>16,471,961</u> | <u>6,583,758</u> | <u>2,813,881</u> | <u>25,869,600</u> | <u>7,594,385</u> |
| Operating income (loss) | <u>1,932,427</u> | <u>703,673</u> | <u>(1,022,632)</u> | <u>1,613,468</u> | <u>(4,003,732)</u> |
| Nonoperating revenues (expenses): | | | | | |
| Investment earnings | 199,524 | 36,499 | 14,589 | 250,612 | 36,382 |
| Grant | | 13,535 | 41,096 | 54,631 | |
| Interest expense | (915,697) | | | (915,697) | |
| Other debt service costs | (77,221) | | | (77,221) | |
| Scrap sales | 5,550 | 56,182 | | 61,732 | 485 |
| Gain (loss) on disposal of asset | | (95,644) | | (95,644) | 835 |
| Total nonoperating revenues (expenses) | <u>(787,844)</u> | <u>10,572</u> | <u>55,685</u> | <u>(721,587)</u> | <u>37,702</u> |
| Income (loss) before contributions and transfers | <u>1,144,583</u> | <u>714,245</u> | <u>(966,947)</u> | <u>891,881</u> | <u>(3,966,030)</u> |
| Contributions and transfers: | | | | | |
| Capital contributions | 506,409 | | | 506,409 | |
| Transfers in | 3,745,000 | | | 3,745,000 | 4,852,293 |
| Transfers out | (1,814,309) | (1,516,111) | (305,186) | (3,635,606) | (84,550) |
| Total contributions and transfers | <u>2,437,100</u> | <u>(1,516,111)</u> | <u>(305,186)</u> | <u>615,803</u> | <u>4,767,743</u> |
| Change in net position | <u>3,581,683</u> | <u>(801,866)</u> | <u>(1,272,133)</u> | <u>1,507,684</u> | <u>801,713</u> |
| Net position - beginning of year, as restated | <u>76,528,384</u> | <u>9,662,051</u> | <u>5,248,238</u> | | <u>4,883,199</u> |
| Net position - end of year | <u>\$ 80,110,067</u> | <u>\$ 8,860,185</u> | <u>\$ 3,976,105</u> | | <u>\$ 5,684,912</u> |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds | | | | 200,051 | |
| Change in net position of business-type activities | | | | <u>\$ 1,707,735</u> | |

See the accompanying notes.



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CITY OF PANAMA CITY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Funds |
|--|--|---------------------|---------------------|----------------------|---|
| | Utilities | Solid Waste | Marina | Total | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Receipts from customers | \$ 18,544,878 | \$ 7,445,862 | \$ 2,051,936 | \$ 28,042,676 | \$ 609,177 |
| Payments to suppliers | (9,172,607) | (3,237,749) | (2,387,413) | (14,797,769) | (14,378) |
| Payments to employees | (4,165,371) | (1,953,997) | (211,011) | (6,330,379) | (477,915) |
| Internal activity-payments (to) from other funds | (365,039) | (79,597) | (2,400) | (447,036) | |
| Cash received for insurance contributions | | | | | 2,971,220 |
| Cash paid for insurance claims | | | | | (7,142,660) |
| Net cash provided by (used in) operating activities | <u>4,841,861</u> | <u>2,174,519</u> | <u>(548,888)</u> | <u>6,467,492</u> | <u>(4,054,556)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Grants | | 13,535 | 41,096 | 54,631 | |
| Transfers in | 3,745,000 | | | 3,745,000 | 4,852,293 |
| Transfers out | (1,814,309) | (1,516,111) | (305,186) | (3,635,606) | (84,550) |
| Net cash provided by (used in) noncapital financing activities | <u>1,930,691</u> | <u>(1,502,576)</u> | <u>(264,090)</u> | <u>164,025</u> | <u>4,767,743</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Purchases of capital assets | (8,699,007) | (289,706) | | (8,988,713) | (33,655) |
| Proceeds from disposition of capital assets | 5,550 | 56,182 | | 61,732 | 1,321 |
| Interest and other debt service costs paid on capital debt | (3,821,697) | | | (3,821,697) | |
| Impact fees | 506,409 | | | 506,409 | |
| Net cash provided by (used in) capital and related financing activities | <u>(12,008,745)</u> | <u>(233,524)</u> | | <u>(12,242,269)</u> | <u>(32,334)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Proceeds from maturity of investments | | 1,170,673 | | 1,170,673 | |
| Purchase of investment securities | | (631,548) | | (631,548) | |
| Interest and dividends | 199,524 | 36,499 | 14,589 | 250,612 | 36,382 |
| Net cash provided by investing activities | <u>199,524</u> | <u>575,624</u> | <u>14,589</u> | <u>789,737</u> | <u>36,382</u> |
| Net increase (decrease) in cash and cash equivalents | <u>(5,036,669)</u> | <u>1,014,043</u> | <u>(798,389)</u> | <u>(4,821,015)</u> | <u>717,235</u> |
| Cash and cash equivalents: | | | | | |
| Balances - beginning of year | <u>23,625,456</u> | <u>1,453,456</u> | <u>2,274,346</u> | <u>27,353,258</u> | <u>5,742,782</u> |
| Balances - end of year | <u>\$ 18,588,787</u> | <u>\$ 2,467,499</u> | <u>\$ 1,475,957</u> | <u>\$ 22,532,243</u> | <u>\$ 6,460,017</u> |

See the accompanying notes.

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Funds |
|--|--|---------------------|---------------------|----------------------|---|
| | Utilities | Solid Waste | Marina | Total | |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | | |
| Operating income (loss) | \$ 1,932,427 | \$ 703,673 | \$ (1,022,632) | \$ 1,613,468 | \$ (4,003,732) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | |
| Depreciation expense | 3,080,927 | 1,420,801 | 204,164 | 4,705,892 | 3,523 |
| Change in assets and liabilities: | | | | | |
| Receivables, net | (682,774) | (297,426) | 212,194 | (768,006) | |
| Due from other governmental entities | 744,274 | 336,754 | 45,007 | 1,126,035 | (10,256) |
| Prepaid items | | | | | (72,839) |
| Deferred outflows of resources | (8,973) | (5,456) | | (14,429) | (5,220) |
| Inventories | 186,811 | | 78,885 | 265,696 | 156,486 |
| Accounts payable | (573,992) | (37,768) | (75,266) | (687,026) | (126,169) |
| Accrued salaries | (17,112) | (18,387) | (1,916) | (37,415) | 5,377 |
| Accrued interest payable | (31,911) | | | (31,911) | |
| Accrued taxes payable | | | 9,078 | 9,078 | |
| Compensated absences | (4,663) | 7,856 | 4,404 | 7,597 | (3,833) |
| Due to other funds | 181,944 | 19,173 | 6,366 | 207,483 | |
| Deposits | 78,990 | 62,860 | (2,285) | 139,565 | |
| Net pension liability | (75,633) | (31,380) | | (107,013) | |
| Deferred inflows of resources | 161,541 | 72,835 | 14,763 | 249,139 | 18,058 |
| Net OPEB liability | (129,995) | (59,016) | (18,343) | (207,354) | (15,951) |
| Unearned revenue | | | (3,307) | (3,307) | |
| Net cash provided by (used in) operating activities | <u>\$ 4,841,861</u> | <u>\$ 2,174,519</u> | <u>\$ (548,888)</u> | <u>\$ 6,467,492</u> | <u>\$ (4,054,556)</u> |
| Reconciliation of cash and cash equivalents per statement of cash flows to the statement of net position: | | | | | |
| Cash and cash equivalents | \$ 3,768,309 | \$ 2,467,499 | \$ 1,475,957 | \$ 7,711,765 | \$ 6,460,017 |
| Restricted cash and cash equivalents: | | | | | |
| Utility upgrade account | 20,321 | | | 20,321 | |
| Impact fee account | 4,269,977 | | | 4,269,977 | |
| Revenue bond - future debt reserve accounts | 4,033,088 | | | 4,033,088 | |
| Revenue bond contingency account | 6,497,092 | | | 6,497,092 | |
| Total cash and cash equivalents | <u>\$ 18,588,787</u> | <u>\$ 2,467,499</u> | <u>\$ 1,475,957</u> | <u>\$ 22,532,243</u> | <u>\$ 6,460,017</u> |

See the accompanying notes.

CITY OF PANAMA CITY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2020

| | Pension Funds | Agency Funds |
|---|--------------------------|-------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 2,867,039 | \$ 158,605 |
| Investments: | | |
| Common stock | 9,991,269 | |
| Mutual funds | 41,573,754 | |
| Pooled/common/commingled funds | 24,556,882 | |
| Total investments | <u>76,121,905</u> | |
| Accounts receivable | 84,217 | |
| Prepaid expenses | | <u>12,938</u> |
| Total assets | <u>79,073,161</u> | <u>\$ 171,543</u> |
| LIABILITIES | | |
| Accounts payable | 53,120 | \$ 5,620 |
| Accrued payroll deductions and matching | | <u>165,923</u> |
| Total liabilities | <u>53,120</u> | <u>\$ 171,543</u> |
| NET POSITION | | |
| Restricted for pension benefits | <u>\$ 79,020,041</u> | |

See the accompanying notes.

CITY OF PANAMA CITY, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Pension Trust |
|--|-----------------------------|
| ADDITIONS | |
| Contributions: | |
| Employer | \$ 3,457,583 |
| State | 668,829 |
| Plan members | 692,079 |
| Total contributions | <u>4,818,491</u> |
| Investment earnings: | |
| Net appreciation in fair value of investments | 2,922,158 |
| Interest | 1,668,741 |
| Total investment earnings | <u>4,590,899</u> |
| Less investment expense | <u>(346,791)</u> |
| Net investment earnings | <u>4,244,108</u> |
| Total additions | <u><u>9,062,599</u></u> |
| DEDUCTIONS | |
| Benefits | 6,333,557 |
| Refunds of member contributions | 192,625 |
| Administrative expenses | 136,618 |
| Total deductions | <u><u>6,662,800</u></u> |
| Change in net position | 2,399,799 |
| Net Position Restricted for Pension Benefits: | |
| Beginning of year | <u>76,620,242</u> |
| End of year | <u><u>\$ 79,020,041</u></u> |

See the accompanying notes.



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CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The significant accounting policies of the City are described below.

Reporting Entity

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

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

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

Blended Component Units

The following component units were included, by blended presentation for 2020, based on the criteria noted above:

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

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Administrative Offices:

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

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

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Discretely Presented Component Units

The following component units were included, by discrete presentation for 2020, based upon the criteria noted above:

- Panama City Downtown Improvement Board
- Panama City Port Authority

Governmental Fund Type

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

Proprietary Fund Type

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

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

Administrative Offices:

Panama City Downtown Improvement Board
501 Harrison Avenue
Panama City, Florida 32401

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

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

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, except for the agency funds which are a part of the fiduciary fund statements and have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

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

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

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

The *capital projects 2013 fund* is used to account for capital improvements to the Panama City Marina.

The *capital projects infrastructure surtax fund* is used to account for capital improvements to the City's infrastructure funded by debt proceeds received from pledged State of Florida infrastructure surtax revenue.

The *capital projects new city hall fund* is used to account for capital improvements to the building at 501 Harrison Avenue, the new city hall for the City of Panama City.

The *capital projects 428 fund* is used to account for capital improvements that have or will have a fixed cost funding agreement. The City has more flexibility with a funding agreement that caps the reimbursable costs associated with disaster recovery.

The government reports the following major proprietary funds:

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

The *solid waste fund* is used to account for activities related to retail solid waste operations.

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

Additionally, the government reports the following funds:

Special revenue funds account for revenues received from the Department of Housing and Urban Development, the State Housing Initiatives Partnership program, Community Redevelopment Agencies, the State of Florida infrastructure surtax, charitable contributions for Hurricane Michael relief, small disaster relief funding, and other general grants. Revenues are restricted to accomplishing the various objectives of these programs.

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Agency funds account for cafeteria plan assets held by the City in a trustee capacity and do not involve measurement of results of operations.

Debt service funds account for the payment of principal and interest on debt reported in the general long-term debt account group.

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

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

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

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

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

Deposits and investments

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

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Receivables and payables

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

Notes, assessments, and accounts receivable are charged to bad debt expense as they are deemed uncollectible.

The property tax revenues calendar is as follows:

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

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

Inventories and prepaid items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

In governmental fund type accounts, prepaid items are generally accounted for using the purchases method. Under the purchases method, prepaid items are treated as expenditures when purchased and residual balances, if any, at year end are not accounted for as assets.

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted assets

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

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. For this fiscal year, net interest cost is considered immaterial.

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

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

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

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred outflows/inflows of resources

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

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

Pensions

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

Compensated absences

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

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term obligations

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

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

Net position

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

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

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

Unrestricted net position represents unrestricted liquid assets.

Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Categories and classification of fund balance

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

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

assigned, and unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the general fund. The general fund should be the only fund that reports a positive unassigned balance. For further details of the various fund balance classifications refer to Note 13.

Use of estimates

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

Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with GAAP for all governmental funds and proprietary fund types. All annual appropriations lapse at fiscal year end. It is the City's policy to reappropriate such amounts at the beginning of the next fiscal year.

Budgets for all funds, except pension trust funds, are legally adopted at the beginning of each fiscal year through passage of a resolution by the City Commissioners. The level of classification detail at which expenditures may not legally exceed appropriations is within a department or division by fund.

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

Excess of Expenditures Over Appropriations in Individual Funds

The City had expenditures exceed appropriations by \$609,699 in the General Fund for the fiscal year ended September 30, 2020.

New 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 City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In June 2017, the GASB issued Statement No. 87, *Leases*. This statement increased 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 City 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 City 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 enhance the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. The City is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

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 City 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 are effective for reporting periods beginning after June 15, 2021. The City is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

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

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 City is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

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 City 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 City 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, 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 City is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

NOTE 2 - DEPOSITS AND INVESTMENTS

GASB Statement No. 40, *Deposits and Investment Risk Disclosures* amends GASB Statement No. 3, *Deposits with Financial Institutions, Investments, and Reverse Repurchase Agreements*, and is designed to inform financial statement users about deposit and investment risks that could affect a

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

government's ability to provide services and meets its obligations as they become due. GASB Statement No. 40 addresses common deposit and investment risks related to credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk and requires that deposit and investment policies related to the risks be disclosed, as applicable.

In accordance with GASB Statement No. 40, the following disclosures are made regarding the City's deposit and investment balances as of September 30, 2020:

Deposits:

Under the City's investment policy the City 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 City'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 City has adopted an investment policy pursuant to Section 218.415, Florida Statutes, that established permitted investments, asset allocation limits, issuer limits, and maturity limits to protect the City's cash and investment assets. The investment policy applies to all cash and investments held or controlled by the City with the exception of Pension Funds.

The City 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

The City participates in the State Board of Administration's (SBA) Local Government Surplus Funds Trust Fund, a Florida PRIME governmental investment pool. As a Florida PRIME participant, the City invests in pools of investments whereby the City owns a share of the respective pool, not the

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

underlying securities. GASB Statement No. 31, titled *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, applies to the Florida PRIME. GASB 31 defines an external investment pool as an arrangement that commingles (pools) the moneys of more than one legally separate entity and invests, on the participants' behalf, in an investment portfolio; one or more of the participants is not part of the sponsor's reporting entity.

In December 2015, GASB issued Statement 79 titled *Certain External Investment Pools and Pool Participants* in response to the Securities and Exchange Commission's amendments in 2014 to regulations that apply to money market funds. GASB 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. If the external investment pool meets the criteria in GASB 79 and measures all of its investments at amortized cost, the pool's participants also should measure their investments in that external investment pool at amortized cost for financial reporting purposes.

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

With regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states that "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days."

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made.

As of September 30, 2020, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of the account value.

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Florida Prime annually issues a publicly available financial report available at www.sbafla.com.

The Florida Municipal Investment Trust (FMIVT) is an authorized investment under Section 163.01, Florida Statutes, for units of local government in Florida. It was created to offer diversified and professionally managed portfolios for the investment of the assets of participating municipalities. The Trustees of the Trust are designated as having official custody of the funds, which are invested by the purchase of shares of beneficial interest in the Trust. The Trust operates as a fiduciary trust fund under governmental accounting rules that require the Trust to prepare a series of financial statements. The FMIVT is a Local Governmental Investment Pool (LGIP) and, therefore, considered an external investment pool for GASB reporting purposes. The City's investment is the FMIVT portfolio, not the individual securities held within each portfolio.

The Firefighters' and Police Officers' pension plans' investment policies restricted un-invested cash to minimal balances generally covered by the FDIC and cash instruments with a minimum rating of at least Standard and Poor's A1 or Moody's P1. As of September 30, 2020, cash instruments for both funds consisted of Federated Treasury Obligations.

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

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

Credit Risk

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. A credit risk exists when there is a possibility the issuer or the counterparty to an investment may be unable to meet its obligations. GASB Statement No. 40 requires disclosure of credit quality ratings for investments in debt securities as well as investments in external investment pools, money market funds, and other pooled investments of fixed income securities.

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Generally, the City's investing activities are managed by the City Clerk Treasurer. Investing is performed according to the City's investment policy in accordance with the investment policy set forth by the State of Florida Statutes. The structure of the City's investment policy is designed to minimize credit risk. As of September 30, 2020, the City's investment portfolio was held with a third-party custodian as required by the City's investment policy.

It is the City's intention to limit its investment in these investment types to the top rating issued by nationally recognized statistical rating organizations (NRSROs). Some funds are sent to the Florida State Board of Administration (SBA) for investment. The Florida PRIME is rated by Standard and Poor's. The current rating is AAAm.

FMIvT investment guidelines state that each fund will seek to maintain a bond fund credit rating from a nationally recognized statistical rating organization of AAA. Funds having an AAA bond fund credit rating are composed of a preponderance of assets that carry the highest credit ratings from a NRSRO. Funds having an AA bond fund credit rating are composed of a large percentage of assets that carry the highest credit rating from a NRSRO. The funds may invest in corporate bonds issued by any corporation in the United States with at least an A rating and collateralized mortgage obligations having a rating of AAA. The City only invested in the FMIvT 0-2 Year High Quality Bond Fund. At September 30, 2020, Fitch rated the portfolio investment as AAASF/S1.

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

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City or Pension Trust Plans will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in pools should be disclosed, but not categorized under GASB No. 40 because they are not evidenced by security that exist in physical or book entry form.

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

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

Concentration Credit Risk

GASB Statement No. 40 requires disclosure of the concentration of credit risk when five or more percent of the total assets of the portfolio are invested with a single issuer. Investments issued are explicitly guaranteed by the U.S. government and investments in mutual funds or pools are excluded from the concentration of credit risk disclosures requirements.

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

The City limits the amount it may invest in any one investment varying by the type of investment. The SBA, FMIvT, and FMPTF are all pooled investments, therefore no additional disclosure is required.

The Police Officers' and Firefighters' Pension Trust Plans' investment policies prohibit investments in common stock that exceed 70% of the funds assets at market value, investments in common stock in any one issuer that exceed 5% of the funds assets at cost, investments that comprises 5% or more of any one issuer's outstanding stock, and investments in foreign securities that exceed 25% of the fund assets. Additionally, cash and cash equivalents may not exceed 5% of the funds assets, and all repurchase agreement transactions must adhere to the requirements of the Master Repurchase Agreement.

Interest Rate Risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Interest rate risk disclosures are required for all debt instruments as well as investments in mutual funds, external investment pools, and other pooled investments that do not meet the definition of a "2a-7 like" pool. Additionally, GASB Statement No. 40 requires that the interest rate be disclosed using one of five approved methods. The five methods are: segmented time distribution, specific identification, weighted average maturity (WAM), duration, and simulation model. Different methods may be presented for different types of investments.

The City's investment policy is limited to complying with the State's investment statutes. The State law has not addressed an interest rate risk and, therefore, the City has not adopted an investment policy on that point. It is the City's intention to make investments to provide sufficient liquidity to pay obligations as they become due. The City uses the weighted average maturity method for its FMIvT 0-2 Year High Quality Bond Fund which results in a duration of 0.65 and a WAM of 0.70. The City uses the weighted average maturity method for Florida PRIME which results in a WAM of 48 days, and a weighted average life (WAL) of 63 days.

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

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Foreign Currency Risk

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

Deposits and Investments:

Deposits and investments as of September 30, 2020 are classified in the accompanying financial statements as follows:

Statement of net position:

| | |
|--------------------------------------|---------------|
| Cash and cash equivalents | \$ 98,239,237 |
| Restricted cash and cash equivalents | 5,400,206 |
| Investments | 14,820,478 |

Statement of fiduciary net position:

| | |
|----------------------------|-----------------------|
| Cash and cash equivalents | 2,867,039 |
| Investments | <u>76,121,905</u> |
| Total cash and investments | <u>\$ 197,448,865</u> |

Cash on hand, deposits, and investments as of September 30, 2020 consist of the following:

Governmental and business-type investments:

| | |
|--|-------------|
| Cash on hand | \$ 23,184 |
| Deposits with financial institutions | 102,066,518 |
| SBA | 5,958,022 |
| Short term investments | 5,557,702 |
| Investments in federal instrumentalities | 4,854,495 |

Senior management pension plan:

| | |
|---|-----------|
| Deposits with financial institutions | 28,924 |
| Investments in pooled/common/commingled funds | 3,586,611 |

Police officers and firefighters pension plan:

| | |
|---|-----------------------|
| Deposits with financial institutions | 2,838,115 |
| Investments in mutual funds | 41,573,754 |
| Investments in equity/common stock | 9,991,269 |
| Investments in pooled/common/commingled funds | <u>20,970,271</u> |
| Total cash and investments | <u>\$ 197,448,865</u> |

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Deposits and Investment Risk Disclosures:

As of September 30, 2020, the City held the following investments as categorized below in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosure*:

| Primary Government: | Investment Maturities | | | | Total | Average Rating (1) |
|--------------------------------|-----------------------|---------------------|---------------|--------------------|----------------------|--------------------|
| | Less than 1 Year | 1 to 5 Years | 6 to 10 Years | More than 10 Years | | |
| Investment Type | | | | | | |
| Federal Instrumentalities | \$ 499,976 | \$ 4,354,519 | | | \$ 4,854,495 | AA |
| State Board of Administration | | | | | | |
| Florida PRIME | <u>5,958,022</u> | | | | <u>5,958,022</u> | AAAm |
| Total primary government | <u>\$ 6,457,998</u> | <u>\$ 4,354,519</u> | | | <u>\$ 10,812,517</u> | |
| Fiduciary Funds: | | | | | | |
| Investment Type | Less than 1 Year | 1 to 5 Years | 6 to 10 Years | More than 10 Years | Total | Average Rating (1) |
| Common Stock | \$ 9,991,269 | | | | \$ 9,991,269 | N/A |
| Pooled/common/commingled funds | 24,556,882 | | | | 24,556,882 | NR |
| Mutual Funds | <u>41,573,754</u> | | | | <u>41,573,754</u> | NR |
| Total fiduciary funds | <u>\$ 76,121,905</u> | | | | <u>\$ 76,121,905</u> | |

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

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Fair Value

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

Primary Government

| | | Fair Value Measurements Using | | |
|--|--------------------------|--------------------------------------|--|---------------------------------------|
| | | Quoted prices | Other significant observable inputs | Significant unobservable inputs |
| | Total 9/30/20 | Level 1 | Level 2 | Level 3 |
| Investments by fair value level | | | | |
| Government agency securities | \$ 4,854,495 | | \$ 4,854,495 | |

Fiduciary Funds

| | | Fair Value Measurements Using | | |
|---|--------------------------|--------------------------------------|--|---------------------------------------|
| | | Quoted prices | Other significant observable inputs | Significant unobservable inputs |
| | Total 9/30/20 | Level 1 | Level 2 | Level 3 |
| Investments by fair value level | | | | |
| Stocks | \$ 9,991,269 | \$ 9,991,269 | | |
| Mutual funds – fixed income | 24,718,854 | 24,718,854 | | |
| Mutual funds - equity | 16,854,900 | 16,854,900 | | |
| Pooled–real estate investment trust | 6,204,196 | | | \$ 6,204,196 |
| Pooled – fixed income | 502,559 | | \$ 502,559 | |
| Pooled - equity | 17,850,127 | | 2,259,310 | 15,590,817 |
| Total Investment by fair value level | \$ 76,121,905 | \$ 51,565,023 | \$ 2,761,869 | \$ 21,795,013 |

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

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

For investments held by Florida Municipal Investment Trust (FMIVT), administered by the Florida League of Cities, Inc., most of the security prices were obtained from a pricing service. While the underlying asset values are based on quoted prices or market-corroborated inputs, the net asset value of the portfolio is not publicly quoted, these shares are reported as Level 2. The investments with unobservable inputs are reported as Level 3.

Discretely Presented Component Unit

Panama City Port Authority

Derivative instruments outstanding as of September 30, 2020:

| <u>Item</u> | <u>Type</u> | <u>Objective</u> | <u>Notional Amount</u> | <u>Effective Date</u> | <u>Maturity Date</u> | <u>Terms</u> | <u>09/30/2020 Fair Value (Negative)</u> |
|-------------|------------------------------|--|------------------------|-----------------------|----------------------|---|---|
| A | Pay-fixed interest rate swap | Hedge the variable rate risk associated with the first draw on the \$7,500,000 debt. | \$7,500,000 | 06/01/2007 | 06/01/2027 | Pay 4.43%, receive 67% of LIBOR plus 70 basis points. | \$(461,757) |

Derivative instrument A is considered a hedging derivative instrument for 2020. The fair value of the interest rate swap was estimated using a proprietary valuation model developed by the counterparty. This method calculates future cash flows by projecting forward rates, then discounting those cash flows at their present value.

Risks

1. *Credit Risk:*

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

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

2. *Interest Rate Risk:*

The Port Authority is exposed to interest rate risk on its interest rate swap. On its pay-fixed, variable-rate interest rate swap, as LIBOR decreases, the Port Authority's net payment on the swap increases.

3. *Basis Risk:*

The Port Authority is exposed to basis risk on its pay-fixed swap derivative instrument because the variable-rate payments received by the Port Authority on this derivative instrument is based on a rate or index other than interest rates the Port Authority pays on its hedged variable-rate debt. At September 30, 2020, variable interest rate and LIBOR-based rate of the swap was as follows:

| | <u>Variable Rate</u> | <u>LIBOR Based Rate</u> |
|--------------|----------------------|-------------------------|
| Derivative A | .0090 | 2.2678 |

4. *Termination Risk:*

The swap may be terminated by the Port Authority or the counterparty if the other party fails to perform under the terms of the swap agreement. If the swap is terminated, the Port Authority would prospectively pay the variable-rate on the Line of Credit. The termination of the swap agreement could increase the Port Authority's total debt service if, at the time of termination, the swap has a negative fair value by the amount of such negative fair value. As noted below under fair value, the Port Authority has a negative fair value for derivative instrument A as of September 30, 2020 and would be liable to the counterparty if the swap was terminated prematurely.

5. *Rollover Risk:*

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

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Derivative Instruments – Fair Value

The fair value balance of the derivative instrument outstanding at September 30, 2020, classified by type, and the changes in fair value of such derivative instrument are as follows:

| | <u>Changes in Fair Value</u> | | <u>Fair Value at September 30, 2020</u> | | |
|------------------------------|------------------------------|---------------|---|---------------|-----------------|
| | <u>Classification</u> | <u>Amount</u> | <u>Classification</u> | <u>Amount</u> | <u>Notional</u> |
| Business-type activities | | | | | |
| Cash flow hedges: | | | | | |
| Pay-fixed interest rate swap | | | | | |
| Derivative A | Deferred outflow | \$ (43,153) | Debt | \$ (461,757) | \$ 7,500,000 |

| | | | | <u>Fair Value Measurements</u> | | |
|---|--|--------------|--|--------------------------------|--|--|
| | | | | <u>Quoted Prices</u> | <u>Other Significant Observable Inputs</u> | |
| | | | | <u>Level 1</u> | <u>Level 2</u> | |
| | | | | <u>9/30/20</u> | | |
| Investment derivative by fair value level | | | | | | |
| Pay-fixed interest rate swap | | \$ (461,757) | | | \$ (461,757) | |

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

NOTE 3 – NOTES RECEIVABLE

General Fund:

A note receivable is recorded in the general fund for \$1,450,825 related to the sale of property. Principal and interest payments, at 5% interest rate, are to be made over twenty-four years beginning in February 2012.

Capital Projects:

A note receivable is recorded in the capital projects fund for \$1,800,000 related to the Industrial Park. Interest payments, at 2% interest rate, are to be made for the entirety of the loan. Principal is payable upon the earlier of demand or the sale or lease of any portion of the specified property.

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 3 – NOTES RECEIVABLE (Continued)

Special Revenue Fund:

The City participates in loan rehabilitation programs that assist low income residents in obtaining safe and sanitary housing, businesses in downtown improvement areas, and rental housing improvements. The loans, accounted for in the special revenue fund, are due and payable at their respective maturity dates or change of home ownership, whichever occurs first. The City maintains a security interest in the property. These loans are non-interest bearing and will mature at various dates up to 2049.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020 was as follows:

Primary Government

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|--|----------------------|--------------|--------------|-----------|-------------------|
| Governmental Activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 19,488,856 | \$ 328,639 | | | \$ 19,817,495 |
| Construction in progress | 7,412,438 | 6,592,311 | \$ 2,298,968 | | 11,705,781 |
| Total capital assets, not being depreciated | 26,901,294 | 6,920,950 | 2,298,968 | | 31,523,276 |
| Capital assets, being depreciated: | | | | | |
| Buildings | 22,845,284 | 4,117,947 | | | 26,963,231 |
| Improvements other than buildings | 30,856,046 | 704,023 | | | 31,560,069 |
| Machinery and equipment | 18,710,500 | 1,014,999 | 860,164 | \$ 30,329 | 18,895,664 |
| Intangibles | 69,934 | 102,650 | | | 172,584 |
| Infrastructure, excluding bridges | 70,287,932 | 45,481 | | | 70,333,413 |
| Total capital assets, being depreciated | 142,769,696 | 5,985,100 | 860,164 | 30,329 | 147,924,961 |
| Less accumulated depreciation for: | | | | | |
| Buildings | 7,682,648 | 623,441 | | | 8,306,089 |
| Improvements other than buildings | 12,224,354 | 2,506,528 | | | 14,730,882 |
| Machinery and equipment | 15,086,327 | 1,506,529 | 856,496 | 30,329 | 15,766,689 |
| Intangibles - amortizable | 34,922 | 25,112 | | | 60,034 |
| Infrastructure, excluding bridges | 42,865,799 | 1,543,599 | | | 44,409,398 |
| Total accumulated depreciation | 77,894,050 | 6,205,209 | 856,496 | \$ 30,329 | 83,273,092 |
| Total capital assets, being depreciated, net | 64,875,646 | (220,109) | 3,668 | | 64,651,869 |
| Governmental activities capital assets, net | \$ 91,776,940 | \$ 6,700,841 | \$ 2,302,636 | | \$ 96,175,145 |

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 4 - CAPITAL ASSETS (Continued)

Primary Government (Continued)

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|----------------------|--------------|------------|-------------|-------------------|
| Business-type Activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 1,828,384 | | | | \$ 1,828,384 |
| Construction in progress | 41,306,130 | \$ 8,270,897 | | | 49,577,027 |
| Total capital assets, not being depreciated | 43,134,514 | 8,270,897 | | | 51,405,411 |
| Capital assets, being depreciated: | | | | | |
| Buildings | 2,600,071 | 305,629 | | | 2,905,700 |
| Improvements other than buildings | 108,668,622 | 27,885 | | | 108,696,507 |
| Intangibles | 4,007 | | | | 4,007 |
| Machinery and equipment | 16,491,373 | 384,304 | \$ 398,228 | \$ (30,329) | 16,447,120 |
| Total capital assets, being depreciated | 127,764,073 | 717,818 | 398,228 | (30,329) | 128,053,334 |
| Less accumulated depreciation for: | | | | | |
| Buildings | 326,018 | 35,589 | | | 361,607 |
| Improvements other than buildings | 63,761,340 | 2,967,802 | | | 66,729,142 |
| Intangibles - amortizable | 1,335 | 801 | | | 2,136 |
| Machinery and equipment | 10,021,634 | 1,701,702 | 302,584 | (30,329) | 11,390,423 |
| Total accumulated depreciation | 74,110,327 | 4,705,894 | 302,584 | \$ (30,329) | 78,483,308 |
| Total capital assets, being depreciated, net | 53,653,746 | (3,988,076) | 95,644 | | 49,570,026 |
| Business-type activities capital assets, net | \$ 96,788,260 | \$ 4,282,821 | \$ 95,644 | | \$ 100,975,437 |

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 4 - CAPITAL ASSETS (Continued)

Total depreciation expense for governmental activities for fiscal year 2020 is \$6,205,209. Total depreciation expense for business-type activities for fiscal year 2020 is \$4,705,892.

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

| | |
|---|---------------------|
| Governmental activities: | |
| General government | \$ 2,571,586 |
| Public safety | 1,424,166 |
| Highways and streets, including depreciation of general infrastructure assets | 1,914,888 |
| Culture and recreation | <u>291,046</u> |
| | 6,201,686 |
| Other: Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets | <u>3,523</u> |
| Total depreciation expense - governmental activities | <u>\$ 6,205,209</u> |
| Business-type activities: | |
| Utilities | \$ 3,080,927 |
| Solid waste | 1,420,801 |
| Marina | <u>204,164</u> |
| Total depreciation expense - business-type activities | <u>\$ 4,705,892</u> |

Discretely Presented Component Units

Activity for the Panama City Downtown Improvement Board for the year ended September 30, 2020, was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|-------------------|------------------|---------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 424,999 | _____ | _____ | \$ 424,999 |
| Capital assets, being depreciated: | | | | |
| Improvements other than buildings | <u>107,474</u> | _____ | _____ | <u>107,474</u> |
| Less accumulated depreciation for: | | | | |
| Improvements other than buildings | <u>75,826</u> | \$ 8,236 | _____ | <u>84,062</u> |
| Total capital assets, being depreciated, net | <u>31,648</u> | <u>(8,236)</u> | _____ | <u>23,412</u> |
| Downtown Improvement Board capital assets, net | <u>\$ 456,647</u> | <u>\$ (8,236)</u> | ===== | <u>\$ 448,411</u> |

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 4 - CAPITAL ASSETS (Continued)

Activity for the Panama City Port Authority for the year ended September 30, 2020, was as follows:

| | Beginning Balance, as restated | Increases | Decreases | Ending Balance |
|--|--------------------------------------|---------------------|---------------------|----------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 26,049,047 | \$ 348,551 | | \$ 26,397,598 |
| Construction in progress | 44,082,143 | 12,981,515 | \$30,504,434 | 26,559,224 |
| Total capital assets, not being depreciated | <u>70,131,190</u> | <u>13,330,066</u> | <u>30,504,434</u> | <u>52,956,822</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 50,962,564 | 16,238,431 | | 67,200,995 |
| Improvements other than buildings | 57,829,520 | 13,363,448 | | 71,192,968 |
| Machinery and equipment | 18,231,288 | 532,763 | 276,467 | 18,487,584 |
| Total capital assets, being depreciated | <u>127,023,372</u> | <u>30,134,642</u> | <u>276,467</u> | <u>156,881,547</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 27,186,340 | 1,632,702 | | 28,819,042 |
| Improvements other than buildings | 29,009,413 | 2,597,288 | | 31,606,701 |
| Machinery and equipment | 10,165,950 | 1,060,182 | 247,776 | 10,978,356 |
| Total accumulated depreciation | <u>66,361,703</u> | <u>5,290,172</u> | <u>247,776</u> | <u>71,404,099</u> |
| Total capital assets, being depreciated, net | <u>60,661,669</u> | <u>24,844,470</u> | <u>28,691</u> | <u>85,477,448</u> |
| Port Authority capital assets, net | <u>\$130,792,859</u> | <u>\$38,174,536</u> | <u>\$30,533,125</u> | <u>\$138,434,270</u> |

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 5 - RISK MANAGEMENT

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

The City has established a medical self-insurance fund and a dental insurance fund which are accounted for as Internal Service Funds. The purpose of these funds is to pay medical claims and dental insurance of the City of Panama City employees and their covered dependents and minimize the total cost of annual insurance to the municipality. Medical claims exceeding \$100,000 per insured are covered through private carriers. Dental claims are limited to \$1,000 per year for each insured person. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Contributions to the self-insurance fund are determined by projected losses based on historical claims experience. Claims liabilities are based on the estimated ultimate cost of settling the claims, using past experience adjusted for current trends, and any other factors that would modify past experience. Claim liabilities include specific incremental claim adjustment expenses. Unpaid losses occurring prior to September 30, 2020, have been estimated and accrued at present value as a liability as of September 30, 2020. Changes in the balances of claims liabilities during the fiscal years 2020 and 2019 were as follows:

Medical Self Insurance

| <u>Year</u> | <u>Balance Fiscal Year Beginning October 1</u> | <u>Current Year Claims/Fees and Changes in Estimates</u> | <u>Claims/Fees Payments</u> | <u>Balance Fiscal Year Ending September 30</u> |
|-------------|--|--|---------------------------------|--|
| 2020 | \$ 993,058 | \$ 6,686,460 | \$ 6,784,123 | \$ 895,395 |
| 2019 | 1,157,019 | 5,439,053 | 5,603,014 | 993,058 |

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 6 - LONG-TERM DEBT

Primary Government - *Governmental Activities*:

Long-term obligations at September 30, 2020, includes the following debt issues:

| | <u>Authorized And Issued</u> | <u>Balance September 30, 2020</u> |
|---|----------------------------------|---|
| Revenue Note, Series 2008 (Modified), interest 1.94%, principal and interest payable semi-annually on April 1 and October 1; principal matures April 1, 2023; collateralized by and payable from pledged funds of non-ad valorem revenues. | \$ 1,922,000 | \$ 449,000 |
| Capital Improvement Revenue Note, Series 2013B, interest 2.81%, payable semi-annually on April 1 and October 1; principal is payable on October 1; collateralized by a lien and pledge of the business tax receipts. | 12,999,000 | 7,678,000 |
| Capital Improvement Revenue Note, Series 2016, interest 1.87%, Interest and principal are payable quarterly on January 1, April 1, July 1, and October 1; collateralized by a lien and pledge of the business tax receipts. | 3,207,000 | 2,534,000 |
| Capital Improvement Revenue Note, Series 2018, interest 3.30%, payable semi-annually on April 1 and October 1; principal is payable on October 1; collateralized by a lien and pledge of the business tax receipts. | 16,330,000 | 15,012,000 |
| Infrastructure Sales Surtax Revenue Note, Series 2018, interest 3.02%, payable semi-annually on April 1 and October 1; principal is payable on October 1; collateralized by a lien and pledge of the sales surtax revenues and all moneys in the related funds. | 15,100,000 | 13,430,000 |
| FEMA Community Disaster Loan, Series 2019, interest 1.625%, interest and principal payable in full at November 5, 2024. | 5,000,000 | 5,000,000 |

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 6 - LONG-TERM DEBT (Continued)

Hurricane Recovery and Refunding Revenue Note,
Series 2019, Revolving Line of Credit, amount
authorized is \$75,000,000, amount unused is
\$5,945,503, interest at 2.384%, interest payable
on January 1 and October 1, Principal payable in
full at January 1, 2022, collateralized by a lien and
payable from pledged funds on non-ad valorem
revenues.

69,054,497 69,054,497

Total

\$ 123,612,497 \$ 113,157,497

Primary Government - *Business-Type Activities*:

Long-term obligations at September 30, 2020 includes the following issues:

Water and Sewer Refunding Revenue Note,
Series 2012: dated April 19, 2012, interest 2.36%,
principal payable annually on October 1,
interest payable semi-annually on April 1 and
October 1; collateralized by a lien on and pledge
of the net revenues of the water and
wastewater system.

| | <u>Authorized And Issued</u> | <u>Balance September 30, 2020</u> |
|--|----------------------------------|---|
| | \$ 5,465,000 | \$ 5,014,000 |

Water and Sewer Revenue Note,
Series 2015: dated September 22, 2015, interest
2.94%, principal payable annually on October 1;
interest payable semi-annually on April 1 and
October 1; collateralized by a lien on and pledge
of the net revenues of the water and wastewater
system.

32,135,000 27,125,000

Total

\$ 37,600,000 \$ 32,139,000

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 6 - LONG-TERM DEBT (Continued)

Long-term liability activity Governmental activities for the year ended September 30, 2020, is as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> | <u>Due within One Year</u> |
|---|------------------------------|----------------------|---------------------|---------------------------|--------------------------------|
| Governmental Activities: | | | | | |
| Revenue Note, Series 2008 (Modified) | \$ 595,000 | | \$ 146,000 | \$ 449,000 | \$ 149,000 |
| Capital Improvement Taxable Revenue Refunding Note, Series 2013A | 237,000 | | 237,000 | | |
| Capital Improvement Revenue Note, Series 2013B | 8,543,000 | | 865,000 | 7,678,000 | 885,000 |
| Capital Improvement Revenue Note, Series 2016 | 2,735,000 | | 201,000 | 2,534,000 | 204,000 |
| Capital Improvement Revenue Note, Series 2018 | 15,925,000 | | 913,000 | 15,012,000 | 943,000 |
| Infrastructure Sales Surtax Revenue Note, Series 2018 | 15,100,000 | | 1,670,000 | 13,430,000 | 1,752,000 |
| FEMA Community Disaster Loan, Series 2019 | | \$ 5,000,000 | | 5,000,000 | |
| Add (Deduct) deferred amounts on premium | <u>(39,213)</u> | <u>2,282</u> | <u>599</u> | <u>(37,530)</u> | <u>(2,358)</u> |
| Total bonds/notes payable | 43,095,787 | 5,002,282 | 4,032,599 | 44,065,470 | 3,930,642 |
| Capital lease obligation | 1,357,541 | 501,564 | 390,149 | 1,468,956 | 407,133 |
| Net pension liability | 24,987,758 | 1,070,978 | | 26,058,736 | |
| Net OPEB liability | 2,247,054 | | 590,164 | 1,656,890 | |
| Hurricane Recovery and Refunding Note, Series 2019 (Line of Credit) | 59,054,497 | 10,000,000 | | 69,054,497 | |
| Compensated absences | <u>1,387,909</u> | <u>1,478,568</u> | <u>1,310,425</u> | <u>1,556,052</u> | <u>389,013</u> |
| Total long-term liabilities | <u>\$132,130,546</u> | <u>\$ 18,053,392</u> | <u>\$ 6,323,337</u> | <u>\$ 143,860,601</u> | <u>\$ 4,726,788</u> |

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 6 - LONG-TERM DEBT (Continued)

Long-term liability activity Business -type activities for the year ended September 30, 2020, is as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> | <u>Due within One Year</u> |
|--|------------------------------|-------------------|---------------------|---------------------------|--------------------------------|
| Business-type Activities: | | | | | |
| Water and Sewer | | | | | |
| Refunding Revenue Note, Series 2012 | \$ 5,076,000 | | \$ 62,000 | \$ 5,014,000 | \$ 1,638,000 |
| Refunding Revenue Note, Series 2014 | 1,529,000 | | 1,529,000 | | |
| Revenue Note, Series 2015 | <u>28,440,000</u> | | <u>1,315,000</u> | <u>27,125,000</u> | <u>1,350,000</u> |
| Total bonds/notes payable | 35,045,000 | | 2,906,000 | 32,139,000 | 2,988,000 |
| Net OPEB liability | 789,477 | | 207,352 | 582,125 | |
| Net pension liability | 953,948 | | 107,013 | 846,935 | |
| Compensated absences | <u>416,005</u> | <u>\$ 418,970</u> | <u>411,373</u> | <u>423,602</u> | <u>105,901</u> |
| Total long-term liabilities | <u>\$ 37,204,430</u> | <u>\$ 418,970</u> | <u>\$ 3,631,738</u> | <u>\$33,991,662</u> | <u>\$ 3,093,901</u> |

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

Debt Issuances and Refundings

On June 23, 2020, the City issued FEMA Community Disaster Loan, Series 2019, in the amount of \$5,000,000. Proceeds were placed in the general fund for loss of revenue.

| <u>Note Series</u> | <u>True Interest Cost</u> | <u>Average Coupon Rate</u> | <u>Maturity Date</u> | <u>Net Proceeds</u> | <u>Underwriters Cost of Issuance</u> |
|------------------------|-----------------------------------|------------------------------------|--------------------------|-------------------------|--|
| 2019 | 1.625 | 1.625 | 11/5/2024 | \$ 5,000,000 | \$ - |

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 6 - LONG-TERM DEBT (Continued)

Panama City Port Authority

Changes in long-term liability obligations for the year ended September 30, 2020, are as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> | <u>Due in One Year</u> |
|--|------------------------------|------------------|------------------|---------------------------|----------------------------|
| Bank Line of Credit - Interest currently at 4.43%; principal and interest is due based on equal quarterly installments amortized over the period to the final maturity date of the note; collateralized by the pledge of the net revenues of the facility, maturity date June 2027. | \$ 3,733,293 | | \$ 308,173 | \$ 3,425,120 | \$ 427,061 |
| Note payable - Interest at 3%; interest payable quarterly and principal balance payable upon the earlier of the sale or lease of any portion of the specified Industrial Park property or upon demand; collateralized by specified Industrial Park property. | 300,000 | | | 300,000 | 300,000 |
| Note payable- Interest at 2%; interest payable quarterly and principal balance payable upon the earlier of the sale or lease of any portion of the specified Industrial Park property or upon demand; collateralized by specified Industrial Park property. | 1,800,000 | | | 1,800,000 | 1,800,000 |

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 6 - LONG-TERM DEBT (Continued)

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> | <u>Due in One Year</u> |
|--|------------------------------|-------------------|---------------------|---------------------------|----------------------------|
| State Infrastructure Bank Loan- Interest currently at 4%; principal and interest is due based on equal annual installments amortized over the period to the final maturity date of the note; collateralized by the pledge of the net revenues of the facility, maturity date October 2032. | 3,525,506 | | 226,889 | 3,298,617 | 235,964 |
| State Infrastructure Bank Loan- Interest currently at 4%; principal and interest is due based on equal annual installments amortized over the period to the final maturity date of the note; collateralized by the pledge of the net revenues of the facility, maturity date October 2035. | 1,647,613 | | 80,394 | 1,567,219 | 83,610 |
| State Infrastructure Bank Loan- Interest currently at 3%; principal and interest is due based on equal annual installments amortized over the period to the final maturity date of the note; collateralized by the pledge of the net revenues of the facility, maturity date October 2047. | <u>11,734,620</u> | | <u>273,342</u> | <u>11,461,278</u> | <u>281,542</u> |
| Total notes payable | 22,741,032 | | 888,798 | 21,852,234 | 3,128,177 |
| Claims and judgments | 354,300 | \$ 25,383 | 27,788 | 351,895 | 20,735 |
| Net pension liability | 236,407 | 30,129 | | 266,536 | |
| Net OPEB liability | 280,392 | | 41,839 | 238,553 | |
| Compensated absences | <u>104,431</u> | <u>222,937</u> | <u>211,259</u> | <u>116,109</u> | <u>29,027</u> |
| Total long-term liabilities | <u>\$ 23,716,562</u> | <u>\$ 278,449</u> | <u>\$ 1,169,684</u> | <u>\$ 22,825,327</u> | <u>\$ 3,177,939</u> |

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 6 - LONG-TERM DEBT (Continued)

Debt service requirements to maturity subsequent to September 30, 2020, are as follows:

| Year Ended September 30 | Notes Payable | | Bank Swap | |
|-------------------------------|--------------------|------------------|--------------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2021 | \$2,100,000 | \$ 45,000 | \$ 427,061 | \$ 146,706 |
| 2022 | | | 446,297 | 127,175 |
| 2023 | | | 466,398 | 106,782 |
| 2024 | | | 487,406 | 85,623 |
| 2025 | | | 509,359 | 63,016 |
| 2026-2030 | | | <u>1,088,599</u> | <u>54,662</u> |
| Total | <u>\$2,100,000</u> | <u>\$ 45,000</u> | <u>\$3,425,120</u> | <u>\$ 583,964</u> |

| Year Ended September 30 | State Infrastructure Loan Agreements | |
|-------------------------------|---|--------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2021 | \$ 601,116 | \$ 538,472 |
| 2022 | 622,345 | 517,243 |
| 2023 | 644,339 | 495,249 |
| 2024 | 667,126 | 472,462 |
| 2025 | 690,734 | 448,853 |
| 2026-2030 | 3,838,743 | 1,859,196 |
| 2031-2035 | 3,037,801 | 1,202,519 |
| 2036-2040 | 2,328,761 | 798,139 |
| 2041-2045 | 2,699,672 | 427,228 |
| 2046-2047 | <u>1,196,477</u> | <u>54,104</u> |
| Total | <u>\$16,327,114</u> | <u>\$6,813,465</u> |

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 6 - LONG-TERM DEBT (Continued)

Derivative instruments outstanding as of September 30, 2020 are as follows:

| Item | Type | Objective | Notional Amount | Effective Date | Maturity Date | Terms | 9/30/2020 Fair Value (negative) |
|------|------------------------------|--|-----------------|----------------|---------------|--|---------------------------------|
| A | Pay-fixed interest rate swap | Hedge the variable rate risk associated with the first draw on the \$7,500,000 debt. | \$ 7,500,000 | 6/1/2007 | 6/1/2027 | Pay 4.43%, receive 67% of LIBOR plus 70 basis points | \$ (461,757) |

Derivative instrument A is considered a hedging derivative instrument for 2020. The fair value of the interest rate swap was estimated using a proprietary valuation model developed by the counterparty. This method calculates future cash flows by projecting forward rates, then discounting those cash flows at their present value.

Derivative Instrument Payments and Hedged Debt – Derivative A

As of September 30, 2020, aggregate debt service requirements of the Port Authority's debt (fixed-rate and variable-rate) and net receipts/payments on associated hedging derivative instruments are presented below. These amounts assume a forward implied interest rate on the variable interest rates that the Port Authority will receive from the hedging derivative instrument. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instrument will vary. The hedging derivative instrument column reflects only net receipts/payments on the derivative instrument that qualify for hedge accounting.

| Fiscal Year Ended September 30 | Principal | Interest | Hedging Derivatives, Net | Total |
|--------------------------------|---------------------|-------------------|--------------------------|---------------------|
| 2021 | \$ 427,061 | \$ 146,706 | \$ (28,475) | \$ 545,292 |
| 2022 | 446,297 | 127,175 | (23,955) | 549,517 |
| 2023 | 466,398 | 106,782 | (21,013) | 552,167 |
| 2024 | 487,406 | 85,623 | (18,438) | 554,591 |
| 2025 | 509,359 | 63,016 | (15,130) | 557,245 |
| 2026-2027 | <u>1,088,599</u> | <u>54,662</u> | <u>(15,196)</u> | <u>1,128,065</u> |
| | <u>\$ 3,425,120</u> | <u>\$ 583,964</u> | <u>\$ (122,207)</u> | <u>\$ 3,886,877</u> |

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 6 - LONG-TERM DEBT (Continued)

Compensated Absences

The amount of accrued annual and sick leave pay at September 30, 2020, is as follows:

| Primary Government | <u>Current Portion</u> | <u>Long-Term Portion</u> | <u>Total</u> |
|---------------------------|----------------------------|------------------------------|---------------------|
| Governmental activities | \$ 389,013 | \$ 1,167,039 | \$ 1,556,052 |
| Business-type activities | <u>105,901</u> | <u>317,701</u> | <u>423,602</u> |
| Total | <u>\$ 494,914</u> | <u>\$ 1,484,740</u> | <u>\$ 1,979,654</u> |

Discretely Present Component Units

| | <u>Current Portion</u> | <u>Long-Term Portion</u> | <u>Total</u> |
|----------------------------|----------------------------|------------------------------|--------------|
| Panama City Port Authority | \$ 29,027 | \$ 87,082 | \$ 116,109 |

Advance Refundings

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

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

| | <u>Fund Affected</u> | <u>Date Issued</u> | <u>Amount of Original Issue</u> | <u>Final Maturity Date</u> | <u>Amount of Bonds Outstanding at 9/30/20</u> |
|--|--------------------------|------------------------|---|------------------------------------|---|
| Water and Sewer Revenue Refunding Bonds - Series 2003 B | Utility | 2003 | \$ 4,980,000 | 9/30/23 | \$ 4,980,000 |

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 6 - LONG-TERM DEBT (Continued)

Bonded debt service requirements to maturity are as follows:

Governmental Activities

| Year Ending September 30 | Revenue Note, Series 2008 (Modified) | | Capital Improvement Revenue Note, Series 2013B | | Capital Leases | |
|-----------------------------|---|------------------|--|-------------------|---------------------|-------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2021 | \$ 149,000 | \$ 7,993 | \$ 885,000 | \$ 203,139 | \$ 407,133 | \$ 61,484 |
| 2022 | 151,000 | 5,092 | 905,000 | 178,011 | 405,463 | 43,762 |
| 2023 | 149,000 | 2,143 | 926,000 | 152,309 | 290,156 | 25,994 |
| 2024 | | | 948,000 | 126,002 | 234,427 | 14,118 |
| 2025 | | | 969,000 | 99,092 | 131,777 | 5,184 |
| 2026-2030 | | | 3,045,000 | 129,525 | | |
| | <u>\$ 449,000</u> | <u>\$ 15,228</u> | <u>\$ 7,678,000</u> | <u>\$ 888,078</u> | <u>\$ 1,468,956</u> | <u>\$ 150,542</u> |

| Year Ending September 30 | Capital Improvement Revenue Note, Series 2016 | | Infrastructure Sales Surtax Revenue Note, Series 2018 | | Capital Improvement Revenue Note, Series 2018 | |
|-----------------------------|---|-------------------|---|---------------------|---|---------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2021 | \$ 204,000 | \$ 45,955 | \$ 1,752,000 | \$ 379,131 | \$ 943,000 | \$ 479,837 |
| 2022 | 208,000 | 42,114 | 1,804,000 | 325,435 | 975,000 | 448,190 |
| 2023 | 212,000 | 38,195 | 1,859,000 | 270,124 | 1,007,000 | 415,486 |
| 2024 | 216,000 | 34,202 | 1,915,000 | 213,137 | 1,040,000 | 381,711 |
| 2025 | 220,000 | 30,135 | 1,973,000 | 154,428 | 1,074,000 | 346,830 |
| 2026-2030 | 1,166,000 | 86,858 | 4,127,000 | 125,556 | 5,927,000 | 1,169,273 |
| 2031-2033 | 308,000 | 4,332 | | | 4,046,000 | 203,181 |
| | <u>\$ 2,534,000</u> | <u>\$ 281,791</u> | <u>\$ 13,430,000</u> | <u>\$ 1,467,811</u> | <u>\$ 15,012,000</u> | <u>\$ 3,444,508</u> |

| Year Ending September 30 | FEMA Community Disaster Loan, Series 2019 | |
|-----------------------------|--|------------------|
| | Principal | Interest |
| 2021 | | |
| 2022 | | |
| 2023 | | |
| 2024 | | |
| 2025 | \$ 5,000,000 | \$ 21,977 |
| | <u>\$ 5,000,000</u> | <u>\$ 21,977</u> |

Business-type Activities

| Year Ending September 30 | Water & Sewer Refunding Revenue Note, Series 2012 | | Water & Sewer Revenue Note, Series 2015 | |
|-----------------------------|---|-------------------|---|---------------------|
| | Principal | Interest | Principal | Interest |
| 2021 | \$ 1,638,000 | \$ 79,601 | \$ 1,350,000 | \$ 757,785 |
| 2022 | 1,673,000 | 40,154 | 1,390,000 | 716,919 |
| 2023 | 1,703,000 | | 1,430,000 | 674,877 |
| 2024 | | | 1,475,000 | 631,512 |
| 2025 | | | 1,520,000 | 586,824 |
| 2026-2030 | | | 8,290,000 | 2,216,907 |
| 2031-2035 | | | 9,580,000 | 886,998 |
| 2036-2037 | | | 2,090,000 | |
| | <u>\$ 5,014,000</u> | <u>\$ 119,755</u> | <u>\$ 27,125,000</u> | <u>\$ 6,471,822</u> |

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 7 - LEASES

Primary Government:

Operating Lease. The City leases a portion of its property in the capital assets. All revenues from rentals are accounted for by the operating lease method. The cost of leased property in the capital assets is not determinable and is included in the municipal waterfront land, buildings, and improvements of \$1,638,279. Rental income totaled \$222,047 in the General Fund during the fiscal year ended September 30, 2020. As of September 30, 2020, minimum rentals collectible on the noncancellable lease in the General Fund totaled \$900,000 as follows:

| <u>Year</u> | |
|-------------|-------------------|
| 2021 | \$ 20,000 |
| 2022 | 20,000 |
| 2023 | 20,000 |
| 2024 | 20,000 |
| 2025 | 20,000 |
| 2026-2030 | 100,000 |
| 2031-2035 | 100,000 |
| 2036-2040 | 100,000 |
| 2041-2045 | 100,000 |
| 2046-2050 | 100,000 |
| 2051-2055 | 100,000 |
| 2056-2060 | 100,000 |
| 2061-2065 | <u>100,000</u> |
| Total | <u>\$ 900,000</u> |

Capital Leases. The City has entered into lease agreements to finance equipment. These lease agreements qualify as capital leases for accounting purposes and have been recorded at the present value of their future minimum lease payments as of the inception date. The cost of assets acquired through capital leases is \$4,136,760 and is included in equipment. Accumulated depreciation for the equipment is \$2,513,524 as of September 30, 2020, which makes the net value \$1,623,236. Interest in the amount of \$87,130 was incurred and charged to expense for the fiscal year ended September 30, 2020. The future minimum lease obligations and the net present value of these lease payments as of September 30, 2020 are as follows:

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 7 - LEASES (Continued)

| <u>Year</u> | |
|---|----------------------------|
| 2021 | \$ 468,617 |
| 2022 | 449,225 |
| 2023 | 316,150 |
| 2024 | 248,545 |
| 2025 | <u>136,961</u> |
| | 1,619,498 |
| Less amount representing interest | <u>(150,542)</u> |
| Present value of minimum lease payments | <u><u>\$ 1,468,956</u></u> |

Discretely Presented Component Unit:

Panama City Port Authority

Operating Lease. The Port Authority leases a portion of its property to various lessees under operating lease agreements, both cancellable and noncancellable. Total minimum future rentals for noncancellable leases at September 30, 2020, are as follows:

| <u>Year</u> | |
|-------------|----------------------------|
| 2021 | \$ 2,321,213 |
| 2022 | 2,253,979 |
| 2023 | 2,275,596 |
| 2024 | 1,709,076 |
| 2025 | <u>1,020,501</u> |
| Total | <u><u>\$ 9,580,365</u></u> |

The cost and accumulated depreciation of property held for rental included on the balance sheet are as follows:

| | |
|----------------------------|----------------------------|
| Land | \$ 360,383 |
| Buildings and improvements | 12,781,657 |
| Accumulated depreciation | <u>(8,231,135)</u> |
| Total | <u><u>\$ 4,910,905</u></u> |

The Port Authority recognized \$2,633,094 of revenue from property leases during the year, none of which was from contingent rentals.

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 7 - LEASES (Continued)

The Port Authority is the lessee in an agreement with the City of Panama City, Florida, for the lease of the land occupied by the Port Authority. The lease is for a period of 99 years, expiring August 31, 2065. The terms of the lease include a minimum annual payment of \$20,000 plus additional rent as the Port Authority deems appropriate in view of its surplus. This additional amount is arbitrary and subject to mutual agreement. Annual rent in the amount of \$26,000, \$6,000 above the minimum, was paid for the year ended September 30, 2020.

Future minimum rental commitments at September 30, 2020, are as follows:

| <u>Year</u> | |
|-------------|-------------------|
| 2021 | \$ 20,000 |
| 2022 | 20,000 |
| 2023 | 20,000 |
| 2024 | 20,000 |
| 2025 | 20,000 |
| 2026-2030 | 100,000 |
| 2031-2035 | 100,000 |
| 2036-2040 | 100,000 |
| 2041-2045 | 100,000 |
| 2046-2050 | 100,000 |
| 2051-2055 | 100,000 |
| 2056-2060 | 100,000 |
| 2061-2065 | <u>100,000</u> |
| Total | <u>\$ 900,000</u> |

Capital Leases. The Port Authority entered into a capital lease for machinery and equipment during the year ended September 30, 2019. The lease has a bargain purchase option of \$1 with monthly payments of \$1,397. The lease was paid off during the year ended September 30, 2021. Minimum lease payments have been capitalized for the financial statements. The cost of assets acquired through capital leases is \$33,527 and is included in machinery and equipment. Accumulated depreciation for the machinery and equipment is \$6,705 as of September 30, 2020, which makes the net value \$26,822. The future minimum lease obligations and the net present value of these lease payments as of September 30, 2020 are as follows:

| <u>Year</u> <u>Ended</u> | <u>Amount</u> |
|-----------------------------|---------------|
| 2021 | \$ 1,390 |

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 8 - INTERFUND BALANCES AND TRANSFERS

The composition of interfund balances at September 30, 2020, are summarized as follows:

| | <u>Due From</u> | <u>Due To</u> |
|---|-----------------------------|---------------------|
| Primary Government: | | |
| Governmental Funds - | | |
| Major - | | |
| General Fund | \$ 2,202,228 | \$ 6,351 |
| Capital Projects | | 880,077 |
| Capital Projects 428 | | 15,150 |
| Hurricane Michael | 7,779,175 | 12,045 |
| Nonmajor Special Revenue Funds – | | |
| Disaster Fund | | 246,792 |
| Community Planning and Development | 37,079 | 660,767 |
| State Housing Initiative Partnership-County | 3,229 | 1,008,376 |
| State Housing Initiative Partnership-City | 867,218 | 75,711 |
| Panama City Community Redevelopment | | |
| Agency-St. Andrews | 45,132 | 9,587 |
| Panama City Community Redevelopment | | |
| Agency-Downtown | 26,585 | 9,587 |
| Panama City Community Redevelopment | | |
| Agency-Downtown North | 26,128 | 82,277 |
| Panama City Community Redevelopment | | |
| Agency-Millville | 26,653 | 9,587 |
| Panama City Florida Hurricane Disaster | | |
| Relief Fund | | 7,880 |
| General Grants | | 154,095 |
| Nonmajor Debt Service Funds - | | |
| Revenue Note, Series 2008 (Modified) | | 13,906 |
| Proprietary Funds - | | |
| Major - | | |
| Utilities | 381,985 | 7,942,824 |
| Solid Waste | 194,515 | 390,100 |
| Marina | | 6,417 |
| Nonmajor - | | |
| Equipment Maintenance | <u> </u> | <u>58,398</u> |
| Total | <u>\$11,589,927</u> | <u>\$11,589,927</u> |

All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 8 - INTERFUND BALANCES AND TRANSFERS (Continued)

Transfers in/out are summarized as follows:

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|---|----------------------|----------------------|
| Primary Government: | | |
| Governmental Funds - | | |
| Major | | |
| General Fund | \$ 2,155,631 | \$ 8,925,666 |
| Capital Projects | 1,033,058 | |
| Capital Projects Infrastructure Sales Tax | | 20,000 |
| Aggregate Major | <u>3,188,689</u> | <u>8,945,666</u> |
| Nonmajor | | |
| General Grants | | 13,095 |
| Community Planning and Development | | 63,559 |
| State Housing Initiative Partnership-City | | 26,246 |
| State Housing Initiative Partnership-County | | 22,953 |
| Panama City Community Redevelopment | | |
| Agency - St. Andrews | | 8,025 |
| Panama City Community Redevelopment | | |
| Agency - Downtown | | 3,279 |
| Panama City Community Redevelopment | | |
| Agency - Downtown North | | 53,440 |
| Panama City Community Redevelopment | | |
| Agency - Millville | | 160,707 |
| Infrastructure Surtax | | 5,657,586 |
| Debt Service Series 2008 | 157,428 | |
| Debt Service Series 2013A | | 4,044 |
| Debt Service Series 2013B | 1,100,562 | |
| Debt Service Series 2016 | 250,802 | |
| Debt Service Infrastructure Series 2018 | 2,157,586 | |
| Debt Service Series 2018 | 1,438,396 | |
| Debt Service Hurricane Series 2019 | <u>1,788,000</u> | |
| Aggregate Nonmajor | <u>6,892,774</u> | <u>6,012,934</u> |
| Proprietary Funds - | | |
| Major | | |
| Utilities | 3,745,000 | 1,814,309 |
| Solid Waste | | 1,516,111 |
| Marina | | 305,186 |
| Aggregate Major | <u>3,745,000</u> | <u>3,635,606</u> |
| Nonmajor | | |
| Medical Self-Insurance | 4,736,236 | |
| Dental Insurance | 116,057 | |
| Equipment Maintenance | | 84,550 |
| Aggregate Nonmajor | <u>4,852,293</u> | <u>84,550</u> |
| | <u>\$ 18,678,756</u> | <u>\$ 18,678,756</u> |

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 8 - INTERFUND BALANCES AND TRANSFERS (Continued)

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 9 - RETIREMENT PLANS

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

9.1 Florida Retirement System

Plan Administration:

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

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

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 9 - RETIREMENT PLANS (Continued)

Pension Plan

Plan Description:

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

a. *Benefits Provided*

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

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

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

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

b. *Contributions*

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

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 9 - RETIREMENT PLANS (Continued)

governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2019 through June 30, 2020 and from July 1, 2020 through September 30, 2020, respectively, were as follows: Regular – 8.47% and 10%; Senior Management Service – 25.41% and 27.29%; and DROP participants – 14.60% and 16.98%. These employer contribution rates include 1.66% HIS Plan subsidy for both periods.

The contributions, including employee contributions, to the Pension Plan for the fiscal year ended September 30, 2020 are as follows:

| <u>Primary Government</u> | <u>Component Unit</u> |
|---------------------------|-----------------------|
| \$122,743 | \$17,842 |

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

Primary Government:

At September 30, 2020, the City reported a liability of \$1,314,653 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The City's proportionate share of the net pension liability was based on the City's 2019-20 fiscal year contributions relative to the 2018-19 fiscal year contributions of all participating members. At June 30, 2020, the City's proportionate share was .003033245 percent, which was a decrease of .001145954 percent from its proportionate share measured as of June 30, 2019.

Discretely Presented Component Unit:

At September 30, 2020, the Port Authority reported a liability of \$208,196 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The Port Authority's proportionate share of the net pension liability was based on the Port Authority's 2019-20 fiscal year contributions relative to the 2018-19 fiscal year contributions of all participating members. At June 30, 2020, the Port Authority's proportionate share was .0004803670 percent, which was a decrease of .000026494 percent from its proportionate share measured as of June 30, 2019.

Primary Government and Discretely Presented Component Unit:

The pension expense amounts recognized for the fiscal year ended September 30, 2020 are as follows:

| <u>Primary Government</u> | <u>Discretely Presented Component Unit</u> |
|---------------------------|--|
| \$98,642 | \$29,095 |

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 9 - RETIREMENT PLANS (Continued)

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

| | Primary Government | | Discretely Presented Component Unit | |
|---|---------------------------------------|--------------------------------------|--|--------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 50,314 | | \$ 7,968 | |
| Change of assumptions | 237,994 | | 37,690 | |
| Net difference between projected and actual earnings on investments | 78,276 | | 12,396 | |
| Differences in proportion and differences between Pension Plan contributions and proportionate share of contributions | | \$ 419,673 | 2,804 | \$ 37,897 |
| Pension Plan contributions subsequent to the measurement date | 31,158 | | 3,702 | |
| Total Pension Plan | \$ 397,742 | \$ 419,673 | \$ 64,560 | \$ 37,897 |

The deferred outflows of resources related to the Pension Plan, resulting from contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2021. Subsequent contributions are as follows;

| <u>Primary Government</u> | <u>Discretely Presented Component Unit</u> |
|---------------------------|--|
| \$31,158 | \$3,702 |

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

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 9 - RETIREMENT PLANS (Continued)

| Fiscal Year Ending September 30: | Primary Government | Discretely Presented Component Unit |
|-------------------------------------|-----------------------|---|
| 2021 | \$ (74,691) | \$ (1,175) |
| 2022 | (31,715) | 1,718 |
| 2023 | (14,238) | 3,995 |
| 2024 | 3,752 | 4,308 |
| 2025 | 19,824 | 7,150 |
| Thereafter | 43,979 | 6,965 |
| Total | <u>\$ (53,089)</u> | <u>\$ 22,961</u> |

Actuarial Assumptions:

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Inflation | 2.40% |
| Salary increases | 3.25%, average, including inflation |
| Investment rate of return | 6.8%, net of pension plan investment expense, including inflation |

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

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

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

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 9 - RETIREMENT PLANS (Continued)

| Asset Class | Target Allocation (1) | Annual Arithmetic Return | Compound Annual (Geometric) Return | Standard Deviation |
|--------------------------|-----------------------------|--------------------------------|---|-----------------------|
| Cash | 1.0% | 2.2% | 2.2% | 1.2% |
| Fixed income | 19.0% | 3.0% | 2.9% | 3.5% |
| Global equity | 54.20% | 8.0% | 6.7% | 17.10% |
| Real estate | 10.30% | 6.4% | 5.8% | 11.7% |
| Private equity | 11.10% | 10.8% | 8.1% | 25.7% |
| Strategic investments | 4.40% | 5.5% | 5.3% | 6.9% |
| Assumed Inflation - Mean | | | | 2.4% |
| | | | | 1.7% |

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

Discount Rate:

The discount rate used to measure the total pension liability was 6.8%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation of the total pension liability is equal to the long-term expected rate of return.

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

The following represents the proportionate shares of the net pension liability calculated using the discount rate of 6.8%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.8%) or one percentage point higher (7.8%) than the current rate:

| | 1% Decrease 5.8% | Current Discount Rate 6.8% | 1% Increase 7.8% |
|---|---------------------|----------------------------------|---------------------|
| City's proportionate share of the net pension liability | \$ 2,099,280 | \$ 1,314,653 | \$ 659,329 |
| Port Authority's proportionate share of the net pension liability | \$ 332,457 | \$ 208,196 | \$ 104,416 |

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 9 - RETIREMENT PLANS (Continued)

Pension Plan Fiduciary Net Position:

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

Payables to the Pension Plan:

At September 30, 2020, the City reported a payable in the amount of \$10,619 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2020.

Discretely Presented Component Unit:

Payables to the Pension Plan:

At September 30, 2020, the Port Authority reported a payable in the amount of \$1,427 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2020.

HIS Plan

Plan Description:

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

a. ***Benefits Provided***

For the fiscal year ended September 30, 2020, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

b. ***Contributions***

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2020, the HIS contribution for the period was 1.66%. The City and the Port Authority contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 9 - RETIREMENT PLANS (Continued)

The contributions to the HIS Plan totaled for the fiscal year ended September 30, 2020, are as follows:

| <u>Primary Government</u> | <u>Discretely Presented Component Unit</u> |
|---------------------------|--|
| \$17,341 | \$2,536 |

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

Primary Government:

At September 30, 2020, the City reported a liability of \$380,986 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The City's proportionate share of the net pension liability was based on the City's 2019-20 fiscal year contributions relative to the 2018-19 fiscal year contributions of all participating members. At June 30, 2020, the City's proportionate share was .003120317 percent, which was a decrease of .001161278 percent from its proportionate share measured as of June 30, 2019.

Discretely Presented Component Unit:

At September 30, 2020, the Port Authority reported a liability of \$58,340 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The Port Authority's proportionate share of the net pension liability was based on the Port Authority's 2019-20 fiscal year contributions relative to the 2018-19 fiscal year contributions of all participating members. At June 30, 2020, the Port Authority's proportionate share was .000477782 percent, which was a decrease of .000075004 percent from its proportionate share measured as of June 30, 2019.

Primary Government and Discretely Presented Component Unit:

The pension expense (income) amounts recognized for the fiscal year ended September 30, 2020, are as follows:

| <u>Primary Government</u> | <u>Discretely Presented Component Unit</u> |
|---------------------------|--|
| (\$56,980) | \$5,176 |

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

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 9 - RETIREMENT PLANS (Continued)

| | Primary Government | | Discretely Presented Component Unit | |
|---|---------------------------------------|--------------------------------------|--|--------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 15,585 | \$ 294 | \$ 2,386 | \$ 45 |
| Change of assumptions | 40,967 | 22,153 | 6,273 | 3,392 |
| Net difference between projected and actual earnings on investments | 304 | | 47 | |
| Differences in proportion and differences between HIS Plan contributions and proportionate share of contributions | | 263,899 | | 33,746 |
| HIS Plan contributions subsequent to the measurement date | 4,286 | | 525 | |
| Total HIS Plan | \$ 61,142 | \$ 286,346 | \$ 9,231 | \$ 37,183 |

The deferred outflows of resources related to the HIS Plan, resulting from contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2021. Subsequent contributions are as follows:

| <u>Primary Government</u> | <u>Discretely Presented Component Unit</u> |
|---------------------------|--|
| \$4,286 | \$525 |

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

| Fiscal Year Ending September 30: | Primary Government | Discretely Presented Component Unit |
|---|---------------------------|--|
| 2021 | \$ (79,293) | \$ (8,884) |
| 2022 | (56,861) | (6,748) |
| 2023 | (37,223) | (5,250) |
| 2024 | (28,215) | (4,000) |
| 2025 | (18,131) | (3,439) |
| Thereafter | (9,767) | (156) |
| Total | \$ (229,490) | \$ (28,477) |

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 9 - RETIREMENT PLANS (Continued)

Actuarial Assumptions:

The total pension liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

| | |
|---------------------|-------------------------------------|
| Inflation | 2.40% |
| Salary increases | 3.25%, average, including inflation |
| Municipal Bond Rate | 2.21% |

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

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018 of the FRS Pension Plan.

Discount Rate:

The discount rate used to measure the total pension liability was 2.21%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the FRS Actuarial Assumption Conference. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

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

The following represents the City and the Port Authority's proportionate share of the net pension liability calculated using the discount rate of 2.21%, as well as what the City and the Port Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current rate:

| | 1% Decrease 1.21% | Current Discount Rate 2.21% | 1% Increase 3.21% |
|---|----------------------|-----------------------------------|----------------------|
| City's proportionate share of the net pension liability | \$ 440,402 | \$ 380,986 | \$ 332,353 |
| Port Authority's proportionate share of the net pension liability | \$ 67,434 | \$ 58,340 | \$ 50,890 |

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 9 - RETIREMENT PLANS (Continued)

Pension Plan Fiduciary Net Position:

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

Payables to the HIS Plan:

At September 30, 2020, the City reported a payable in the amount of \$1,297 for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2020.

Discretely Presented Component Unit:

Payables to the HIS Plan:

At September 30, 2020, the Port Authority reported a payable in the amount of \$202 for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2020.

Investment Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular class, Elected County Officers, etc.) as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2019-20 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 6.30%, Special Risk Administrative Support class 7.95%, and County Elected Officers class 11.34%.

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

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 9 - RETIREMENT PLANS (Continued)

represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account.

If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2020, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

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

The City did not have any participants in the Investment Plan for the fiscal year ended September 30, 2020.

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

Plan Description:

a. Plan Names

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

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

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

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

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 9 - RETIREMENT PLANS (Continued)

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

c. Plan Membership

Membership of each plan consisted of the following:

| | Police Officers' Pension <u>10/1/19</u> | Firefighters' Pension <u>10/1/19</u> | Senior Management Pension <u>10/1/20</u> |
|--|--|--|---|
| Inactive plan members or beneficiaries currently receiving benefits | 96 | 82 | 14 |
| Inactive plan members entitled to but not yet receiving benefits | 27 | 12 | 3 |
| Active plan members | <u>87</u> | <u>64</u> | <u>18</u> |
| Total members | <u><u>210</u></u> | <u><u>158</u></u> | <u><u>35</u></u> |
| Number of participating employers | 1 | 1 | 1 |

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 9 - RETIREMENT PLANS (Continued)

d. Benefits Provided

Normal Retirement

| | Police Officers' <u>Pension</u> | Firefighters' <u>Pension</u> | Senior Management <u>Pension</u> |
|---------|---|---|--|
| Date | Earlier of: 1) age 50 and the completion of 15 years of credited service, 2) the completion of 23 years of credited service, regardless of age, 3) age 55 and the completion of 10 years of credited service. | Earlier of: 1) Age 55 and the completion of 10 years of credited service, or 2) 25 years of credited service, regardless of age. | Age 59 with 10 years of credited service for Category 1 employees, or at least 6 years of credited service for Category 2 and 3 employees. |
| Benefit | The Plan provides retirement, termination, disability and death benefits. A summary of the benefit provisions can be found in the October 1, 2019 Actuarial Valuation Report for the City of Panama City Municipal Police Officers' Pension Trust Fund prepared by Foster & Foster Actuaries and Consultants. | The Plan provides retirement, termination, disability and death benefits. A summary of the benefit provisions can be found in the October 1, 2019 Actuarial Valuation Report for the City of Panama City Municipal Firefighters' Retirement System prepared by Foster & Foster Actuaries and Consultants. | 1% of average earnings times the years of credited service, or a minimum benefit of \$50 per month times up to 20 years each year of credited service for Category 1 and 2 employees, or \$100 per month for each year of service up to 10 years for Category 3 employees. |

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 9 - RETIREMENT PLANS (Continued)

Early Retirement

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

Termination of Employment

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

Disability

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

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 9 - RETIREMENT PLANS (Continued)

Pre-Retirement Death Benefits

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

Supplement

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

Cost-of-Living Adjustment

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

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 9 - RETIREMENT PLANS (Continued)

e. Contributions

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

Investments:

a. Investment Policy:

The following was the Board’s adopted asset allocation policy as of September 30, 2020:

| | <u>Police Officers’ Pension</u> | <u>Firefighters’ Pension</u> | <u>Senior Management Pension</u> | |
|----------------------|-------------------------------------|----------------------------------|--------------------------------------|------------------------------|
| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Target Allocation</u> | <u>Asset Class</u> | <u>Target Allocation</u> |
| Domestic equity | 32.00% | 32.00% | Core bonds | 15.00% |
| International equity | 15.00% | 15.00% | Core plus | 15.00% |
| Bonds | 24.00% | 24.00% | U. S. large cap equity | 34.00% |
| High yield bonds | 5.00% | 5.00% | U. S. small cap equity | 11.00% |
| Convertibles | 8.00% | 8.00% | Non-U.S. equity | 15.00% |
| Private real estate | 5.00% | 5.00% | Core real estate | 10.00% |
| REITS | 5.00% | 5.00% | | |
| Infrastructure | 5.00% | 5.00% | | |
| Cash | 1.00% | 1.00% | | |

b. Concentrations:

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

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 9 - RETIREMENT PLANS (Continued)

c. Rate of Return:

| Police Officers' <u>Pension</u> | Firefighters' <u>Pension</u> | Senior Management <u>Pension</u> |
|---|---|---|
| For the year ended September 30, 2020 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense was 7.93%. | For the year ended September 30, 2020 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense was 3.33%. | For the year ended September 30, 2020, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 6.29%. |
| The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. | The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. | The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. |

Deferred Retirement Option Program:

Eligibility

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

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 9 - RETIREMENT PLANS (Continued)

| | Police Officers' <u>Pension</u> | Firefighters' <u>Pension</u> | Senior Management <u>Pension</u> |
|-----------------------|--|--|--|
| <u>Participation</u> | If a member has completed less than 25 years of service, not to exceed 60 months. If a member has completed at least 25 but less than 27 years of service, not to exceed 60 months. If a member has completed at least 27 but less than 30 years of service, not to exceed 36 months. Members with 30 years and 1 day of service are ineligible. | If normal retirement is 55 with 10 years of service, not to exceed 36 months. If a member has completed 25-27 years of service, not to exceed 60 months. If a member has completed 27-30 years of service, not to exceed 36 months. Members with 30 years and 1 day of service are ineligible. | Categories are as follows: Category 1 - designated managers and directors and the City engineer. Category 2 – City Commission, Assistant City Manager, and City Clerk Category 3 – City Manager |
| <u>Rate of Return</u> | 6.5% per annum, credited quarterly. The DROP balance as of September 30, 2020 is \$258,039. | 6.5% per annum, credited quarterly. The DROP balance as of September 30, 2020 is \$558,434. | None provided |

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

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

Net pension liabilities, deferred pension outflows of resources, deferred pension inflows of resources, and pension expense are all presented as of the City's reporting date (September 30, 2020) and for the City's reporting period (the year ended September 30, 2020). These amounts are measured as of the measurement date and for the measurement period (the period between the prior and current measurement dates). GASB Statement No. 68 requires that the current measurement date be no earlier than the end of the employer's prior fiscal year. For the reporting date of September 30, 2020, the City has chosen to use the end of the prior fiscal year (September 30, 2019) as the measurement date, and the year ended September 30, 2019 as the measurement period for the Police Officers' and Firefighters' Pensions and September 30, 2020 as the measurement date, and the year ended September 30, 2020 as the measurement period for Senior Management Pension.

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 9 - RETIREMENT PLANS (Continued)

The total pension liability is determined by an actuarial valuation performed as of the measurement date, or by the use of update procedures to roll forward to the measurement date amounts from an actuarial valuation as of a date no more than 30 months and 1 day earlier than the employer's most recent fiscal year-end. The City has elected to apply update procedures to roll forward amounts from an actuarial valuation performed as of October 1, 2018 to the measurement date of September 30, 2019 for the Police Officers' and Firefighters' Pensions, and to apply update procedures to roll forward amounts from an actuarial valuation performed as of October 1, 2019 to the measurement date of September 30, 2020 for the Senior Management Pension.

Net Pension Liability (Employer Reporting):

The components of the net pension liability of the sponsor on September 30, 2020 were as follows:

| Police Officers' Changes in Net Pension Liability | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a)-(b) |
|---|-----------------------------------|---|--|
| Reporting Period Ending September 30, 2019 | \$ 43,575,748 | \$ 34,639,865 | \$ 8,935,883 |
| Changes for a year: | | | |
| Service cost | 996,560 | | 996,560 |
| Interest | 3,366,495 | | 3,366,495 |
| Change in Excess State Money | 8,697 | | 8,697 |
| Differences between expected and actual experience | (208,747) | | (208,747) |
| Changes of assumptions | 464,770 | | 464,770 |
| Changes of benefit terms | 1,564 | | 1,564 |
| Contributions – Employer | | 969,030 | (969,030) |
| Contributions – State | | 356,414 | (356,414) |
| Contributions – Employee | | 365,560 | (365,560) |
| Net investment income | | 2,493,084 | (2,493,084) |
| Benefit payments, including refunds of employee contributions | (2,822,952) | (2,822,952) | |
| Administrative expense | | (91,542) | 91,542 |
| Net changes | 1,806,387 | 1,269,594 | 536,793 |
| Reporting Period Ending September 30, 2020 | \$ 45,382,135 | \$ 35,909,459 | \$ 9,472,676 |

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 9 - RETIREMENT PLANS (Continued)

Firefighters'

| Changes in Net Pension Liability | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a)-(b) |
|---|--------------------------------|------------------------------------|----------------------------------|
| Reporting Period Ending September 30, 2019 | \$ 51,091,324 | \$ 36,119,426 | \$ 14,971,898 |
| Changes for a year: | | | |
| Service cost | 833,187 | | 833,187 |
| Interest | 3,924,315 | | 3,924,315 |
| Differences between expected and actual experience | (320,412) | | (320,412) |
| Changes of assumptions | 576,569 | | 576,569 |
| Changes in benefit terms | (627) | | (627) |
| Contributions – Employer | | 1,942,755 | (1,942,755) |
| Contributions – State | | 290,472 | (290,472) |
| Contributions – Employee | | 263,161 | (263,161) |
| Contributions – Buy Back | | | |
| Net investment income | | 1,883,317 | (1,883,317) |
| Benefit payments, including refunds of employee contributions | (3,211,705) | (3,211,705) | |
| Administrative expense | | (45,233) | 45,233 |
| Net changes | 1,801,327 | 1,122,767 | 678,560 |
| Reporting Period Ending September 30, 2020 | \$ 52,892,651 | \$ 37,242,193 | \$ 15,650,458 |

Senior Management

| Changes in Net Pension Liability | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a)-(b) |
|---|--------------------------------|------------------------------------|----------------------------------|
| Balances at September 30, 2019 | \$ 3,584,188 | \$ 3,468,590 | \$ 115,598 |
| Changes for a Year: | | | |
| Service cost | 130,384 | | 130,384 |
| Expected interest growth | 252,856 | 240,056 | 12,800 |
| Unexpected investment income | | (13,318) | 13,318 |
| Demographic experience | (54,748) | | (54,748) |
| Contributions – Employer | | 85,472 | (85,472) |
| Contributions – Employee | | 59,447 | (59,447) |
| Net investment income | | | |
| Benefit payments, including refunds of employee contributions | (210,248) | (210,248) | |
| Administrative expense | | (14,464) | 14,464 |
| Net changes | 118,244 | 146,945 | (28,701) |
| Balances at September 30, 2020 | \$ 3,702,432 | \$ 3,615,535 | \$ 86,897 |

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 9 - RETIREMENT PLANS (Continued)

Pension Expense (Employer Reporting):

For the year ended September 30, 2020, the Sponsor will recognize a pension expense of:

| Police Officers' | Firefighters' | Senior Management |
|------------------|---------------|-------------------|
| \$1,897,894 | \$2,419,429 | \$92,037 |

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

On September 30, 2020, the Sponsor reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Police Officers' | | Firefighters' | | Senior Management | |
|--|--------------------------------|-------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected actual experience | | \$ 424,261 | \$ 192,730 | \$ 813,645 | \$ 41,894 | \$ 163,964 |
| Changes in assumptions | \$ 659,433 | | 1,289,859 | 127,629 | 325,620 | 108,169 |
| Net difference between projected and actual earnings on pension plan investments | 643,802 | | 782,103 | | 3,386 | |
| Pension Plan contributions subsequent to the measurement date | 1,325,444 | | 2,233,227 | | | |
| Total | \$ 2,628,679 | \$ 424,261 | \$ 4,497,919 | \$ 941,274 | \$ 370,900 | \$ 272,133 |

The deferred outflows of resources related to the Pension Plan, resulting from contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2021. Subsequent contributions are as follows;

| Police Officers' | Firefighters' |
|------------------|---------------|
| \$1,325,444 | \$2,233,227 |

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 9 - RETIREMENT PLANS (Continued)

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

| Fiscal Year Ending September 30: | Police Officers' Pension | Firefighters' Pension | Senior Management Pension |
|-------------------------------------|-----------------------------|--------------------------|---------------------------------|
| 2021 | \$ 578,362 | \$ 852,014 | \$ (1,302) |
| 2022 | 10,987 | 81,064 | (4,843) |
| 2023 | 215,338 | 126,003 | 34,867 |
| 2024 | 74,287 | 264,337 | 37,419 |
| 2025 | | | 32,626 |
| Total | <u>\$ 878,974</u> | <u>\$ 1,323,418</u> | <u>\$ 98,767</u> |

Actuarial Assumptions (Employer Reporting):

| | Police Officers' <u>Pension</u> | Firefighters' <u>Pension</u> | Senior Management <u>Pension</u> |
|-------------------------------|--|--|--|
| Funding method | Entry age normal actuarial cost method. The following loads are utilized for determination of the total required contribution: -Interest – a half-year, based on the 8.0% assumption. -Salary – a full-year, based on the 6% assumption. | Entry age normal actuarial cost method. The following loads are utilized for determination of the total required contribution: -Interest – a half-year, based on the 7.9% assumption. -Salary – a full-year, based on the 5.9% assumption. | Aggregate cost method |
| Amortization method | Level % of pay, Closed | Level % of pay, Closed | Level % of pay, Open |
| Remaining amortization period | 30 years | 30 years | 30 years |

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 9 - RETIREMENT PLANS (Continued)

| | Police Officers' <u>Pension</u> | Firefighters' <u>Pension</u> | Senior Management <u>Pension</u> Market Value |
|---------------------------|---|---|---|
| Asset Valuation Method | Each year, the Actuarial Value of Assets is brought forward utilizing the historical geometric four-year average of Market Value return (net-of-fees). It is possible that over time this technique will produce an insignificant bias above or below Market Value of Assets. | Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric four-year average of Market Value return (net-of-fees). It is possible that over time this technique will produce an insignificant bias above or below Market Value of Assets. | |
| Post Retirement COLA | 2% per year from the later of retirement or age 50 to Social Security Retirement Age | 3% per year from the later of retirement or age 50 to Social Security Retirement Age | 2% per year for category 1 with 15 years and category 2 and 3 with 10 years of service. |
| Inflation | 2.7% | 2.7% | 2.77% |
| Salary Increases | Service based | Service based | 4.00% |
| Investment rate of return | 7.7% | 7.7% | 4.23% |
| Mortality Rates | RP-2000 Generational, with projection scale BB tables | RP-2000 Generational, with projection scale BB tables | RP-2000 combined with full generational improvements scale BB tables |

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 9 - RETIREMENT PLANS (Continued)

Long-term expected rate of return

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

Police Officers' and Firefighters' as of September 30, 2019

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Police Officers' Long-Term Expected Real Rate of Return</u> | <u>Firefighters' Long-Term Expected Real Rate of Return</u> |
|----------------------|--------------------------|--|---|
| Domestic equity | 32.00% | 7.3% | 7.3% |
| International equity | 15.00% | 2.7% | 2.7% |
| Bonds | 24.00% | 3.6% | 3.6% |
| High yield bonds | 5.00% | 5.7% | 5.7% |
| Convertibles | 8.00% | 6.3% | 6.3% |
| Private real estate | 5.00% | 4.9% | 4.9% |
| REITS | 5.00% | 7.2% | 7.2% |
| Infrastructure | 5.00% | 8.1% | 8.1% |
| Cash | 1.00% | .7% | .6% |

Senior Management as of September 30, 2020

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------|--------------------------|---|
| Core bonds | 15.00% | 1.6% |
| Core plus | 15.00% | 2.1% |
| U.S. large cap equity | 34.00% | 4.6% |
| U.S. small cap equity | 11.00% | 5.5% |
| Non-U.S. equity | 15.00% | 6.7% |
| Core real estate | 10.00% | 5.0% |

Discount Rate (Employer Reporting):

The discount rate used to measure the total pension liability was 7.7% for Police Officers', 7.7% for Firefighters', and 7.0% for senior management. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 9 - RETIREMENT PLANS (Continued)

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

| Sponsor's Net Pension Liability | 1% Decrease 6.70% | Current Discount Rate 7.70% | 1% Increase 8.70% |
|---------------------------------|----------------------|-----------------------------------|----------------------|
| Police Officers' | \$ 14,644,465 | \$ 9,472,676 | \$ 5,170,175 |
| Firefighters' | \$ 22,098,412 | \$ 15,650,458 | \$ 10,332,251 |
| Senior Management | \$ 498,620 | \$ 86,897 | \$ (257,466) |

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

This section includes the information that is required to be presented by GASB Statement No. 67, reporting on the financial statement for the defined benefit plans for the year ended September 30, 2020. Separate valuations were performed by actuaries to calculate the total pension liability in accordance with this standard for financial reporting by pension plans and calculates the net pension liability (NPL). The plans elected to base the valuations on plan data as of September 30, 2020. In addition to presenting the NPL, this section also includes information on the actuarial assumptions used in the valuation, the discount rate that was used to calculate the NPL, and disclosures as to the sensitivity of the NPL to changes in the discount rate.

Net Pension Liabilities (Plan Reporting):

| | Police Officers' <u>Pension</u> | Firefighters' <u>Pension</u> | Senior Management <u>Pension</u> |
|--|------------------------------------|---------------------------------|-------------------------------------|
| Total pension liability | \$ 47,054,795 | \$ 55,000,296 | \$ 3,702,432 |
| Plan fiduciary net position | <u>(37,474,669)</u> | <u>(37,929,837)</u> | <u>(3,615,535)</u> |
| Sponsor's net pension liability | <u>\$ 9,580,126</u> | <u>\$ 17,070,459</u> | <u>\$ 86,897</u> |
| Plan fiduciary net position as a percentage of total pension liability | 79.64% | 68.96% | 97.65% |

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 9 - RETIREMENT PLANS (Continued)

Actuarial Assumptions (Plan Reporting):

The September 30, 2020 total pension liability for Police Officers' and Firefighters' was determined by rolling forward the total pension liability as of September 30, 2019 to September 30, 2020, using the actuarial assumptions and methods used in the October 1, 2019 actuarial valuation on the plans. Except for the changes listed as follows there have been no other changes. For the 2020 fiscal year, amounts reported as changes of assumptions for the pension plan resulted from:

Changes of assumptions

Police Officers' Pension

For measurement date 09/30/2020, as mandated by Chapter 2015-157 Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics. Additionally, as approved by the Board of Trustees, the assumed rate of investment was lowered from 7.7% per year to 7.6% per year, net of investment related expenses.

Firefighters' Pension

For measurement date 09/30/2020, as mandated by Chapter 2015-157 Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics. Additionally, as approved by the Board of Trustees, the assumed rate of investment was lowered from 7.7% per year to 7.6% per year, net of investment related expenses.

The long-term expected rate of return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2020 are summarized in the following table:

| Asset Class | Police Officers' Pension Long-Term | Firefighters' Pension Long-Term |
|----------------------|--|---------------------------------------|
| | Expected Real Rate of Return | Expected Real Rate of Return |
| Domestic equity | 8.5% | 8.5% |
| International equity | 4.1% | 4.1% |
| Bonds | 3.7% | 3.7% |
| High yield bonds | 6.4% | 6.4% |

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 9 - RETIREMENT PLANS (Continued)

| Asset Class | Police Officers' Pension Long-Term Expected Real Rate of Return | Firefighters' Pension Long-Term Expected Real Rate of Return |
|---------------------|---|--|
| Convertibles | 7.9% | 7.9% |
| Private real estate | 5.0% | 5.0% |
| REITS | 7.9% | 7.9% |
| Infrastructure | 6.4% | 6.4% |
| Cash | .5% | .5% |

Discount Rate (Plan Reporting):

The discount rate used to measure the total pension liability was 7.6% for Police Officers', 7.6% for Firefighters', and 7.0% for senior management. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

| Sponsor's Net Pension Liability | 1% Decrease 6.6% | Current Discount Rate 7.6% | 1% Increase 8.6% |
|---------------------------------|---------------------|----------------------------------|---------------------|
| Police Officers' | \$ 14,858,355 | \$ 9,580,126 | \$ 5,174,890 |
| | | | |
| | 1% Decrease 6.6% | Current Discount Rate 7.6% | 1% Increase 8.6% |
| Firefighters' | \$ 23,720,730 | \$ 17,070,459 | \$ 11,570,702 |
| | | | |
| | 1% Decrease 6.0% | Current Discount Rate 7.0% | 1% Increase 8.0% |
| Senior Management | \$ 498,620 | \$ 86,897 | \$ (257,466) |

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 9 - RETIREMENT PLANS (Continued)

Combining Statement of Pension Plan Net Position
September 30, 2020

| | Police Officers' Pension | Firefighters' Pension | Senior Management Pension | Total |
|----------------------------------|-----------------------------|--------------------------|---------------------------------|-------------------|
| Assets: | | | | |
| Cash and cash equivalents: | | | | |
| Short term investments | \$ 1,268,871 | \$ 1,504,935 | | \$ 2,773,806 |
| Transfer in transit | 36,570 | 27,428 | | 63,998 |
| Cash | 311 | | \$ 28,924 | 29,235 |
| Total cash and equivalents | 1,305,752 | 1,532,363 | 28,924 | 2,867,039 |
| Receivables: | | | | |
| City contributions | 41,569 | | | 41,569 |
| From broker for investments sold | 507 | | | 507 |
| Investment income | 30,515 | 11,626 | | 42,141 |
| Total receivables | 72,591 | 11,626 | | 84,217 |
| Investments: | | | | |
| Common Stocks | 9,991,269 | | | 9,991,269 |
| Mutual funds: | | | | |
| Fixed income | 12,349,005 | 12,369,849 | | 24,718,854 |
| Equity | 10,785,347 | 6,069,553 | | 16,854,900 |
| Pooled/common/commingled funds: | | | | |
| Fixed income | | | 502,559 | 502,559 |
| Equity | | 15,095,089 | 2,755,038 | 17,850,127 |
| Real estate investment trust | 3,000,458 | 2,874,724 | 329,014 | 6,204,196 |
| Total investments | 36,126,079 | 36,409,215 | 3,586,611 | 76,121,905 |
| Total assets | 37,504,422 | 37,953,204 | 3,615,535 | 79,073,161 |
| Liabilities: | | | | |
| Accounts Payable: | | | | |
| Administrative expenses | 1,827 | 2,829 | | 4,656 |
| Investment expenses | 15,559 | 14,011 | | 29,570 |
| Prior refunds | 668 | | | 668 |
| Other payables | 11,699 | 6,527 | | 18,226 |
| Total accounts payable | 29,753 | 23,367 | | 53,120 |
| Total liabilities | 29,753 | 23,367 | | 53,120 |
| Net Position: | | | | |
| Restricted for pension benefits | \$ 37,474,669 | \$ 37,929,837 | \$ 3,615,535 | \$ 79,020,041 |

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 9 - RETIREMENT PLANS (Continued)

Combining Statement of Changes in Net Position
Fiscal Year Ended September 30, 2020

| | Police Officers' Pension | Firefighters' Pension | Senior Management Pension | Total |
|---|-----------------------------|--------------------------|---------------------------------|----------------------|
| Additions | | | | |
| Contributions: | | | | |
| Plan members | \$ 363,306 | \$ 269,326 | \$ 59,447 | \$ 692,079 |
| Employer | 1,237,615 | 2,134,496 | 85,472 | 3,457,583 |
| State | 353,224 | 315,605 | | 668,829 |
| Total contributions | <u>1,954,145</u> | <u>2,719,427</u> | <u>144,919</u> | <u>4,818,491</u> |
| Investment earnings: | | | | |
| Net appreciation in fair value of investments | 2,172,632 | 522,788 | 226,738 | 2,922,158 |
| Interest | 769,162 | 899,579 | | 1,668,741 |
| Total investment earnings | <u>2,941,794</u> | <u>1,422,367</u> | <u>226,738</u> | <u>4,590,899</u> |
| Less investment expense | <u>(151,693)</u> | <u>(195,098)</u> | | <u>(346,791)</u> |
| Net investment earnings | <u>2,790,101</u> | <u>1,227,269</u> | <u>226,738</u> | <u>4,244,108</u> |
| Total additions | <u>4,744,246</u> | <u>3,946,696</u> | <u>371,657</u> | <u>9,062,599</u> |
| Deductions | | | | |
| Distributions to members: | | | | |
| Benefit payments | 2,682,336 | 3,122,293 | 209,296 | 6,013,925 |
| Lump sum DROP distributions | 319,632 | | | 319,632 |
| Refunds of member contributions | 100,477 | 91,196 | 952 | 192,625 |
| Total distributions | <u>3,102,445</u> | <u>3,213,489</u> | <u>210,248</u> | <u>6,526,182</u> |
| Administrative expenses | 76,591 | 45,563 | 14,464 | 136,618 |
| Total deductions | <u>3,179,036</u> | <u>3,259,052</u> | <u>224,712</u> | <u>6,662,800</u> |
| Change in Net Position | <u>1,565,210</u> | <u>687,644</u> | <u>146,945</u> | <u>2,399,799</u> |
| Net Position Restricted for Pension Benefits | | | | |
| Beginning of year | <u>35,909,459</u> | <u>37,242,193</u> | <u>3,468,590</u> | <u>76,620,242</u> |
| End of year | <u>\$ 37,474,669</u> | <u>\$ 37,929,837</u> | <u>\$ 3,615,535</u> | <u>\$ 79,020,041</u> |

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 9 - RETIREMENT PLANS (Continued)

9.3 Aggregate Schedule of Retirement Plan Information

For the fiscal year ended September 30, 2020, in total, reported deferred outflows of resources and deferred inflows of resources related to pensions were from the following sources:

| | Primary Government | | Discretely Presented Component Unit | |
|---|---|--|--|--|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 300,523 | \$ 1,402,164 | \$ 10,354 | \$ 45 |
| Change of assumptions | 2,553,873 | 257,951 | 43,963 | 3,392 |
| Net difference between projected and actual earnings on investments | 1,507,871 | | 12,443 | |
| Differences in proportion and differences between Pension Plan contributions and proportionate share of contributions | | 683,572 | 2,804 | 71,643 |
| Pension Plan contributions subsequent to the measurement date | 3,594,115 | | 4,227 | |
| Total | \$ 7,956,382 | \$ 2,343,687 | \$ 73,791 | \$ 75,080 |

Pension Expense

For the fiscal year ended September 30, 2020, the City recognized total pension expense of \$4,451,022.

For the fiscal year ended September 30, 2020, the Port Authority recognized total pension expense of \$34,271.

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 9 - RETIREMENT PLANS (Continued)

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

a. Plan Description:

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

b. Plan Provisions and Eligibility:

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

| <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 City is required by a resolution of the City of Panama City, Florida to contribute 10% of participants' salaries to the plan. The City Commission has the authority to change contribution amounts. Total pension expense amounted to \$1,050,263, of which \$128,977 was forfeitures, for the fiscal year ended September 30, 2020. This is a noncontributory plan. Contributions are as follows:

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 9 - RETIREMENT PLANS (Continued)

| | | <u>Required Contribution</u> | <u>Percentage of the Amount Contributed</u> |
|---------|----|----------------------------------|---|
| 9/30/20 | \$ | 1,050,263 | 100% |
| 9/30/19 | | 961,011 | 100% |
| 9/30/18 | | 929,999 | 100% |
| 9/30/17 | | 907,119 | 100% |
| 9/30/16 | | 838,546 | 100% |

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

9.5 Discretely Presented Component Unit

Retirement Plan and Trust for the General Employees

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

a. *Plan Description:*

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

b. *Plan Provisions and Eligibility:*

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

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

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 9 - RETIREMENT PLANS (Continued)

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

c. Contribution Obligations:

The Port Authority is required to contribute 7% of participants' salaries to the plan. The City Commission has the authority to change contribution amounts. Total pension expense amounted to \$198,926, of which \$30,684 was forfeitures, for the fiscal year ended September 30, 2020. This is a noncontributory plan. Contributions are as follows:

| | | <u>Required Contribution</u> | <u>Percentage of the Amount Contributed</u> |
|---------|----|----------------------------------|---|
| 9/30/20 | \$ | 198,926 | 100% |
| 9/30/19 | | 183,661 | 100% |
| 9/30/18 | | 172,563 | 100% |
| 9/30/17 | | 138,205 | 100% |
| 9/30/16 | | 176,936 | 100% |

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

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description:

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

a. Contribution requirement

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

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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

b. Benefits Provided

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

c. Membership

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

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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

| | Primary Government | Discretely Presented Component Unit |
|---|-----------------------|--|
| Retirees and beneficiaries currently receiving benefits | 42 | - |
| Active members: | <u>397</u> | <u>63</u> |
| | <u>439</u> | <u>63</u> |

OPEB Liability, OPEB Expense, and Actuarial Assumptions

Measurement Date, and Valuation Date

The Net OPEB Liability was measured as of September 30, 2020. The Total OPEB Liability was determined from an actuarial valuation as of October 1, 2019, for the primary government and October 1, 2019 for the discretely presented component unit. The Net OPEB Liability is the Total OPEB Liability less the Plan Fiduciary Net Position. The Total OPEB Liability is the present value of all future benefit payments for current retirees and active employees, considering assumptions about demographics, turnover, mortality, disability, retirement, health care trends, and other actuarial assumptions.

Net OPEB Liability:

| | Primary Government | Discretely Presented Component Unit |
|------------------------------|-----------------------|--|
| Total OPEB Liability | \$ 2,239,015 | \$ 238,553 |
| Less: Fiduciary Net Position | - | - |
| Net OPEB Liability | <u>\$ 2,239,015</u> | <u>\$ 238,553</u> |

| | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Liability |
|---|----------------------------|--------------------------------------|--------------------------|
| Primary Government: | | | |
| Change in Net OPEB Liability | | | |
| Beginning Net OPEB Liability | \$ 3,036,531 | | \$ 3,036,531 |
| Service Cost | 162,171 | | 162,171 |
| Interest | 66,610 | | 66,610 |
| Changes of Assumptions | 297,345 | | 297,345 |
| Benefit Payments | (173,069) | | (173,069) |
| Difference between expected and actual experience | (1,150,573) | | (1,150,573) |
| Net Change | <u>(797,516)</u> | | <u>(797,516)</u> |
| Ending Net OPEB Liability | <u>\$ 2,239,015</u> | | <u>\$ 2,239,015</u> |

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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

| Discretely Presented Component Unit: | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Liability |
|--------------------------------------|----------------------------|--------------------------------------|--------------------------|
| Change in Net OPEB Liability | | | |
| Beginning Net OPEB Liability | \$ 280,392 | | \$ 280,392 |
| Service Cost | 27,219 | | 27,219 |
| Interest | 6,534 | | 6,534 |
| Demographic Gain | (3,966) | | (3,966) |
| Assumption Changes | (66,995) | | (66,995) |
| Benefit Payments | (4,631) | | (4,631) |
| Net Change | (41,839) | | (41,839) |
| Ending Net OPEB Liability | <u>\$ 238,553</u> | | <u>\$ 238,553</u> |

OPEB Expense (Income):

The OPEB Expense (Income) amounts recognized for the fiscal year ended September 30, 2020 are as follows:

| Primary Government | Discretely Presented Component Unit |
|-----------------------|--|
| <u>\$ (155,645)</u> | <u>\$ 24,044</u> |

Deferred OPEB Outflows of Resources and Deferred OPEB inflows of Resources

| | Primary Government | | Discretely Presented Component Unit | |
|--|--------------------------------------|-------------------------------------|--|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | | \$ 1,476,412 | | |
| Change of assumptions | <u>\$ 261,039</u> | <u>223,903</u> | <u>\$ 1,285</u> | <u>\$ 65,758</u> |
| Total | <u>\$ 261,039</u> | <u>\$ 1,700,315</u> | <u>\$ 1,285</u> | <u>\$ 65,758</u> |

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

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

| Fiscal Year Ending September 30: | Primary Government | Discretely Presented Component Unit |
|-------------------------------------|-----------------------|---|
| 2021 | \$ (211,357) | \$ (5,078) |
| 2022 | (211,357) | (5,078) |
| 2023 | (211,357) | (5,078) |
| 2024 | (211,357) | (5,078) |
| 2025 | (211,357) | (5,078) |
| Thereafter | (382,491) | (39,083) |
| Total | \$ (1,439,276) | \$ (64,473) |

Actuarial Assumption:

| | City | Discretely Presented Component Unit |
|-----------------------------|---|---|
| Discount Rate | 2.14% per annum: this rate was used to discount all future benefit payments and is based on the return on the S&P Municipal Bond 20-year High Grade index as of the measurement date. | 2.14% per annum: this rate was used to discount all future benefit payments and is based on the return on the S&P Municipal Bond 20-year High Grade index as of the measurement date. |
| Salary increases | 3.0% per annum | 3.0% per annum |
| Cost-of-living increases | Retiree contributions and health insurance premiums have been assumed to increase in accordance with the healthcare cost trend rates. | Retiree contributions, health insurance premiums, and the implied subsidy have been assumed to increase in accordance with the healthcare cost trend rates. |
| Healthcare cost trend rates | Increases in healthcare costs are assumed to be 7.00% for the 2019/20 fiscal year graded down by 0.50% per year to 5.00% for the 2023/24 and later fiscal years. | Increases in healthcare costs are assumed to be 7.00% for the 2019/20 fiscal year graded down by 0.50% per year to 5.00% for the 2023/24 and later fiscal years. |

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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

| | City | Discretely Presented Component Unit |
|---------------------------------|--|---|
| Age-related morbidity | Healthcare costs are assumed to increase at the rate of 3.50% for each year of age. | Healthcare costs are assumed to increase at the rate of 3.50% for each year of age. |
| Expected claims/Implied subsidy | Claims cost at age 59 is assumed to be \$11,775 per covered individual for the 2019/20 fiscal year; this amount was determined based on actual claims during the preceding two years, with greater weight given to more recent experience. | Because the insurance carrier charges the same monthly rate for health insurance regardless of age, an implied monthly subsidy of \$625 for the retiree and \$450 for the retiree's spouse has been assumed at age 62 for the 2019/20 fiscal year; at other ages, the implied subsidy was developed based on the age-related morbidity assumption and, for other fiscal years, the implied subsidy was increased in accordance with the healthcare cost trend rates; the implied subsidy is assumed to disappear at age 65. |
| Mortality basis | Sex-distinct rates set forth in the PUB-2010 mortality table for general and public safety employees with full generational improvements in mortality using Scale MP-2020. | Sex-distinct rates set forth in the PUB-2010 Mortality Table, with full generational improvements in mortality using Scale MP-2017. |
| Retirement | For general employees, retirement is assumed to occur at age 59 with 10 years of service or at any age with 30 years of service; for firefighters, retirement is assumed to occur at age 55 with 10 years of service or at any age with 25 years of service; for police officers, retirement is assumed to occur at age 55 with 10 years of service, at age 50 with 15 years of service, or at any age with 23 years of service. | For employees hired prior to July 1, 2011, retirement is assumed to occur at age 62 with six years of service or at any age with 30 years of service; for employees hired on or after July 1, 2011, retirement is assumed to occur at age 65 with 8 years of service or at any age with 33 years of service. |

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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

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

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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

| | City | Discretely Presented Component Unit |
|----------------|--|---|
| Life Insurance | Life insurance premiums are assumed to be 25% higher than the pure insurance cost; because data was not provided for retirees who have not elected to continue their health insurance coverage under the City's plan, retiree life insurance liability has been loaded by a factor of four to account for the estimated number of covered retirees as well as the assumption that the unknown retirees are generally older than those retirees who are covered under the City's health insurance plan. | None provided |
| Changes | Since the prior measurement date, the discount rate was decreased from 3.58% to 2.14% per annum, the assumed claims cost at age 59 for the 2019/20 fiscal year was decreased from \$13,249 to \$11,775, and the mortality improvement scale was changed from the Scale MP-2017 to Scale MP-2020. | Since the prior measurement date, the discount rate was decreased from 3.58% to 2.14% per annum, the monthly implied subsidy at age 55 for the 2019/20 fiscal year for the retiree and his spouse was decreased from \$754.65 to \$625, and the mortality basis was changed from the RP-2000 combined Mortality Table with generational improvements in Scale BB to the PUB-2010 Mortality Table with generational improvements in mortality using Scale MP 2017. |

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

| | 1% Decrease 1.14% | Current Discount Rate 2.14% | 1% Increase 3.14% |
|---------------------------------|----------------------|-----------------------------------|----------------------|
| City's OPEB Liability | \$ 2,507,834 | \$ 2,239,015 | \$ 2,023,319 |
| Port Authority's OPEB Liability | 263,927 | 238,553 | 216,167 |

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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

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

| | 1% Decrease 6.00% decreasing to 4.00% | Healthcare Cost Trend Rates 7.00% decreasing to 5.00% | 1% Increase 8.00% decreasing to 6.00% |
|------------------------------------|---|--|---|
| City's OPEB Liability | \$ 2,001,099 | \$ 2,239,015 | \$ 2,534,346 |
| | 1% Decrease 6.00% decreasing to 4.00% | 7.00% decreasing to 5.00% | 1% Increase 8.0% decreasing to 6.00% |
| Port Authority's OPEB Liability | \$ 204,431 | \$ 238,553 | \$ 281,241 |

NOTE 11 - AGENCY FUNDS

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

As required by Internal Revenue Code Section 457, the assets are held in a trust for the employees' benefit. An administrator or committee, selected by the government, is responsible for the administration of the plan, including approval of certain investment alternatives (funds) which are made available to plan participants. The government has a fiduciary duty to administer the plans properly and to assure that the investment alternatives made available are reasonable. However, since plan participants select the investment fund or funds in which their deferred compensation accounts are invested, the government has no liability for investment losses which occur as a result of the investments selected by the plan participants.

Assets of the plans are valued at market value and amount to \$6,318,333 as of September 30, 2020. Since the City has no fiduciary responsibilities other than administrative in connection with the plans, the assets are not presented in these financial statements.

- b. ***Cafeteria Plan Agency Fund.*** The City offers a flexible compensation program on an annual basis to all employees who have completed their initial probationary period. Enrolled employees make pre-tax contributions to pay for benefits which can include health care, dental care, vision care, and child care. The employee chooses among various health benefit programs that best meet the needs of the employee and the employee's family.

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 12 - 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, 2020, is as follows:

| | |
|---|---------------------|
| Governmental Funds- | |
| General Fund | \$ 534,724 |
| Hurricane Michael | 491,995 |
| Disaster Fund | 16,530 |
| General Grants | 5,728 |
| Capital Projects | 1,066,214 |
| Capital Projects 2013 | 5,355,543 |
| Capital Projects New City Hall | 76,962 |
| Capital Projects Infrastructure Sales Tax | 166,305 |
| Capital Projects 428 | 60,295 |
| Infrastructure Surtax | 295,905 |
| Panama City Redevelopment Agency - St. Andrews | 55,300 |
| Panama City Redevelopment Agency - Downtown North | 60,694 |
| Panama City Redevelopment Agency - Millville | 49,543 |
| State Housing Initiative Partnership – County | 214 |
| Proprietary Funds- | |
| Equipment Maintenance | 6,222 |
| Marina | 472,457 |
| Solid Waste | 295,870 |
| Utilities | <u>14,595,670</u> |
| Total | <u>\$23,606,171</u> |

NOTE 13 - FUND BALANCES

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City 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.

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 13 – FUND BALANCES (Continued)

Committed – the portion of fund balance that can be used only for specific purposes that are internally imposed by the government through formal action of the City’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. An ordinance adopted by City Council establishes a fund balance commitment.

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

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

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

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

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

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



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**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 13 - FUND BALANCES (Continued)

Fund Balance Summary

A summary of the nature and purpose of fund balances at September 30, 2020 is as follows:

| | Major Funds | | | |
|-------------------------------|----------------------|--------------------------|-------------------------|------------------------------|
| | General | Hurricane Michael | Capital Projects | Capital Projects 2013 |
| Fund Balances: | | | | |
| Non-spendable: | | | | |
| Inventory | \$ 191,917 | | | |
| Prepaid items | 188,874 | \$ 10,000 | | |
| Other | 2,252 | | | |
| Total non-spendable | <u>383,043</u> | <u>10,000</u> | | |
| Spendable: | | | | |
| Restricted for: | | | | |
| General Government | | | | |
| Housing and Urban Development | | | | |
| Infrastructure | | | | |
| Community Redevelopment | | | | |
| Debt Service | | | | |
| Hurricane Michael | | | | |
| Total restricted | | | | |
| Committed to: | | | | |
| Disaster/Emergency Reserve | | 39,185,680 | | |
| Assigned | <u>534,724</u> | | <u>\$ 6,842,494</u> | <u>\$ 6,788,225</u> |
| Unassigned | <u>17,327,208</u> | | | |
| Total | <u>\$ 18,244,975</u> | <u>\$ 39,195,680</u> | <u>\$ 6,842,494</u> | <u>\$ 6,788,225</u> |

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 13 - FUND BALANCES (Continued)

Fund Balance Summary

A summary of the nature and purpose of fund balances at September 30, 2020 is as follows:

| Major Funds | | | Non-Major Special Revenue Funds | |
|---|---|---------------------------------|--|---------------------------|
| Capital Projects Infrastructure Surtax | Capital Projects New City Hall | Capital Projects 428 | Infrastructure Surtax | General Grants |
| | | | | |
| | | | | |
| | | | | \$ 110,588 |
| | | | \$ 4,116,026 | |
| | | | | |
| | | | 4,116,026 | 110,588 |
| | | | | |
| \$ 14,985,105 | \$ 1,705,012 | | | |
| | | \$ (24,525) | | |
| \$ 14,985,105 | \$ 1,705,012 | \$ (24,525) | \$ 4,116,026 | \$ 110,588 |

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 13 - FUND BALANCES (Continued)

Fund Balance Summary

A summary of the nature and purpose of fund balances at September 30, 2020 is as follows:

| Non-Major Special Revenue Funds | | | | |
|--|---|--|--|---|
| Disaster Fund | Community Planning and Development | State Housing Initiative Partnership City | State Housing Initiative Partnership County | Panama City Florida Hurricane Disaster Relief Fund |
| Fund Balances: | | | | |
| Non-spendable: | | | | |
| Inventory | \$ 124,761 | \$ 3,849,251 | | |
| Prepaid items | 66,456 | | | |
| Other | | | | |
| Total non-spendable | <u>191,217</u> | <u>3,849,251</u> | | |
| Spendable: | | | | |
| Restricted for: | | | | |
| General Government | | | | |
| Housing and Urban Development | 1,000,433 | 11,268,377 | | |
| Infrastructure | | | | |
| Community Redevelopment | | | | |
| Debt Service | | | | |
| Hurricane Michael | | | | \$ 343,206 |
| Total restricted | <u>1,000,433</u> | <u>11,268,377</u> | | <u>343,206</u> |
| Committed to: | | | | |
| Disaster/Emergency Reserve | | | | |
| Assigned | | | | |
| Unassigned | <u>\$ (62,415)</u> | | <u>\$ (467,850)</u> | |
| Total | <u>\$ (62,415)</u> | <u>\$ 15,117,628</u> | <u>\$ (467,850)</u> | <u>\$ 343,206</u> |

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 13 - FUND BALANCES (Continued)

Fund Balance Summary

A summary of the nature and purpose of fund balances at September 30, 2020 is as follows:

| Panama City Community Redevelopment Agency St. Andrews | Panama City Community Redevelopment Agency Downtown | Panama City Community Redevelopment Agency Downtown North | Panama City Community Redevelopment Agency Millville |
|---|--|--|---|
| | | \$ 213,203 1,320 | |
| | | 214,523 | |
| | | | |
| \$ 697,590 | \$ 404,315 | 1,195,766 | \$ 411,000 |
| 697,590 | 404,315 | 1,195,766 | 411,000 |
| | | | |
| | | | |
| \$ 697,590 | \$ 404,315 | \$ 1,410,289 | \$ 411,000 |

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 13 - FUND BALANCES (Continued)

Fund Balance Summary

A summary of the nature and purpose of fund balances at September 30, 2020 is as follows:

| | Non-Major Debt Service Funds | | | |
|-------------------------------|---|---|--|---|
| | Capital Improvement Revenue Refunding Note, Series 2013A | Capital Improvement Revenue Note, Series 2013B | Capital Improvement Revenue Note, Series 2016 | Revenue Note, Series 2008 (Modified) |
| Fund Balances: | | | | |
| Non-spendable: | | | | |
| Inventory | | | | |
| Prepaid items | | | | |
| Other | | | | |
| Total non-spendable | | | | |
| Spendable: | | | | |
| Restricted for: | | | | |
| General Government | | | | |
| Housing and Urban Development | | | | |
| Infrastructure | | | | |
| Community Redevelopment | | | | |
| Debt Service | | \$ 1,011,340 | \$ 63,806 | \$ 83,171 |
| Hurricane Michael | | | | |
| Total restricted | | 1,011,340 | 63,806 | 83,171 |
| Committed to: | | | | |
| Disaster/Emergency Reserve | | | | |
| Assigned | | | | |
| Unassigned | | | | |
| Total | | \$ 1,011,340 | \$ 63,806 | \$ 83,171 |

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 14 – MERCHANT LICENSE TAX ABATEMENT

The City considers economic incentives to encourage retail businesses to build or expand within the city limits of Panama City. City Commission uses both qualitative and quantitative economic factors in approving abatements. To incentivize the development of a retail center located in Panama City, the City entered into an agreement with a real estate developer to refund a portion of the City's operating merchant license tax attributable to the merchants' operations on the retail center site. The agreement refunds 90% of the operating merchant license tax collected on the property, with a maximum reinvestment amount by the City of \$15,142,467 over a period of up to 15 years. As conditions for payments by the City, the developer must certify that 50% or more of the business units are new business units which are open to the public. The City's promise to pay is evidenced and secured by an annual covenant to budget and appropriate from lawfully available, non-ad valorem revenues containing a disclaimer of the City maintaining any particular revenue source, all in a form traditionally used in municipal borrowings and often validated under Florida Statutes Chapter 75. For the fiscal year ended September 30, 2020, the City abated merchant license taxes totaling \$189,629, all of which were to this business.

NOTE 15 – HURRICANE MICHAEL

The City continues its primary focus on recovery and restoration of the City from Hurricane Michael, the catastrophic category 5 hurricane and third strongest storm on record to impact the U.S. mainland, that struck the area on October 10, 2018. Our consultants, FEMA, and the State continue to work with the City to complete damage assessments and restoration costs. The City created a Project Management Office ("PMO") specifically to manage the rebuilding process and all of the various funding sources available to the City in its recovery efforts. Currently, the funding sources available are from FEMA, the State, FEMA 428 programs, insurance, HMGP, CDBG-DR, CDBG-MIT, BRIC, FMA, and State SRF.

There are currently 70 FEMA projects in progress for Hurricane Michael. The total costs of debris removal, repairs, and restoration of the City is expected to be approximately \$400 million and will take about five years to complete. The City received \$36,011,796 from FEMA in FY20, \$14,961,503 in FY19 and expects to receive an additional \$43 million by September 30, 2021. \$29,566,041 of FEMA receivable is reported in the governmental funds as deferred inflows of resources for revenues. These resources have met the eligibility criteria for grant expenditures but not for the timing availability.

NOTE 16 – COVID-19 PANDEMIC

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern." The COVID-19 outbreak is disrupting supply chains and affecting production and sales

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 16 – COVID-19 PANDEMIC (Continued)

across a range of industries. The extent of the impact of COVID-19 on the City's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, as well as the impact on the City's customers, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the City has experienced reduced revenues from various sources as a result of the COVID-19 shutdowns. However, the extent to which COVID-19 may impact the City's financial condition or results of operations is uncertain.

NOTE 17 - COMMITMENTS, CONTINGENCIES, AND SUBSEQUENT EVENTS

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

The U.S. Department of Housing and Urban Development has approved a Community Development Block Grant in the amount of \$375,478 that begins on October 1, 2020.

Triumph Gulf Coast, Inc. approved an infrastructure improvement grant in the amount of \$20,000,000 that began on August 1, 2019.

The U. S. Department of Housing and Urban Development has approved two CARES Act grants in the amounts of \$220,915 which began April 2, 2020 and \$316,049 which began September 11, 2020.

The U. S. Department of the Treasury has approved The American Rescue Plan in the amount of \$10,100,000 that begins on October 1, 2021.

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

Marina Project. The City borrowed \$12,999,000 in 2013 of which \$6,826,728 remains unspent. The remaining portion of the project is still in the planning phase.

Line of Credit Issuance. On December 9, 2020 the City issued two new lines of credit: 1) Hurricane Recovery Revenue Note, Series 2020A in the amount of \$70,000,000 and 2) Hurricane Recovery Revenue Note, Series 2020B in the amount of \$10,000,000, both for Hurricane Michael related expenses. As of August 30, 2021, which is the date these financial statements were issued, the City has made \$187,500 in draws on these lines of credit.

Utilities Refunding. On May 13, 2021 the City issued the Water and Sewer Refunding Revenue Note, Series 2021 in the amount of \$25,891,000 for the refinancing of the Water and Sewer Refunding Revenue Note, Series 2015.

CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 17 - COMMITMENTS, CONTINGENCIES, AND SUBSEQUENT EVENTS

(Continued)

Construction Commitments. The City has outstanding commitments for construction contracts at year end. The commitments represent the difference between the contract prices of the various projects and the amounts paid on each contract. Outstanding construction commitments by fund at September 30, 2020, are as follows:

| | |
|---|---------------|
| Governmental Funds - | |
| General Fund | \$ 8,918 |
| Hurricane Michael | 486,082 |
| Capital Projects | 703,872 |
| Capital Projects 2013 | 5,565,847 |
| Capital Projects Infrastructure Sales Tax | 166,304 |
| Community Redevelopment Agency-Downtown North | 54,273 |
| Community Redevelopment Agency-Millville | 49,543 |
| Infrastructure Surtax | 462,209 |
| Proprietary Funds: | |
| Utilities | \$ 14,351,864 |
| Marina | 579,752 |

Other Subsequent Events. The City did not have any other subsequent events requiring disclosure or recording in these financial statements through August 30, 2021, which is the date these financial statements were issued.

NOTE 18 – INSURANCE PROCEEDS

As a result of Hurricane Michael which made landfall in October 2018, the City has recorded related insurance recoveries as reflected in charges for service.

| | <u>Government-wide Statement of Activities</u> | |
|-------------------------------------|--|---|
| | Primary Government Insurance Proceeds | Panama City Port Authority Insurance Proceeds |
| General Government | \$ 6,384,884 | |
| Public Safety | 1,092,358 | |
| Transportation | 46,815 | |
| Economic Environment | 787,449 | |
| Culture and recreation | 5,127,694 | |
| Propriety Fund-Utilities | 616,199 | |
| Propriety Fund-Solid Waste | 56,243 | |
| Propriety Fund-Marina | 209,387 | |
| Internal Service Fund-Equipment | | |
| Maintenance | 18,634 | |
| Discretely Presented Component Unit | | \$ 800,529 |

**CITY OF PANAMA CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 19 – CHANGE IN ACCOUNTING ESTIMATE AND PRIOR PERIOD ADJUSTMENT

During the year ended September 30, 2020, an adjustment was made to governmental activities due to a correction for subsequent pension contributions in a prior year, in the amount of \$3,739,788.

Also, during the audit, it was determined that the Panama City Port Authority component unit received \$354,853 of capital grants in 2020 that was attributable to expense reimbursement for the year ended September 30, 2019.

In addition, an adjustment was made to the Propriety Fund - Utilities due to a correction of the beginning inventory balance in the amount of \$1,432,949.

Also, a change in accounting estimate was made due to the timing of the FEMA receivable in the General Fund and the Hurricane Michael Fund.

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

| | Primary Government Government-wide Activities | Component Unit- Government-wide Activities | |
|---|--|--|----------------------|
| Beginning balance, as previously reported | \$ 114,283,095 | \$ 116,236,513 | |
| Prior period adjustments: | | | |
| Subsequent pension contributions | 3,739,788 | | |
| Capital Grants | | 354,853 | |
| Capital Assets | | 108,248 | |
| Accounts Payable | | (108,248) | |
| Beginning balance, as restated | <u>\$ 118,022,883</u> | <u>\$ 116,591,366</u> | |
| | Proprietary Fund - Utilities | General Fund | Hurricane Michael |
| Beginning balance, as previously reported | \$ 75,095,435 | \$ 15,131,988 | \$ 78,759,785 |
| Prior period adjustments: | | | |
| Change in inventory | 1,432,949 | | |
| Change in accounting estimate | | (723,618) | (29,230,993) |
| Beginning balance, as restated | <u>\$ 76,528,384</u> | <u>\$ 14,408,370</u> | <u>\$ 49,528,792</u> |



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REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT DISCUSSION AND ANALYSIS

THIS SUBSECTION CONTAINS THE FOLLOWING:

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



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CITY OF PANAMA CITY, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Budgeted Amounts | | | |
|---|---------------------|----------------------|----------------------|---------------------|
| | Original | Final | Actual | Variance |
| Revenues: | | | | |
| Taxes | \$ 20,417,178 | \$ 20,417,178 | \$ 21,375,700 | \$ 958,522 |
| Licenses and permits | 9,335,000 | 9,335,000 | 10,164,936 | 829,936 |
| Intergovernmental | 6,076,015 | 6,076,015 | 6,718,723 | 642,708 |
| Charges for services | 1,046,460 | 1,046,460 | 1,127,439 | 80,979 |
| Investment earnings | 300,000 | 300,000 | 207,889 | (92,111) |
| Miscellaneous | 210,000 | 218,147 | 671,054 | 452,907 |
| Total revenues | <u>37,384,653</u> | <u>37,392,800</u> | <u>40,265,741</u> | <u>2,872,941</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 7,728,228 | 8,769,547 | 8,256,437 | 513,110 |
| Public safety | 19,767,739 | 19,627,240 | 18,836,271 | 790,969 |
| Transportation | 4,504,752 | 4,519,429 | 3,249,469 | 1,269,960 |
| Economic environment | 949,511 | 949,511 | 937,793 | 11,718 |
| Human services | 285,000 | 285,000 | 271,247 | 13,753 |
| Culture and recreation | 2,573,319 | 2,540,004 | 2,399,679 | 140,325 |
| Debt Service: | | | | |
| Capital lease principal | 773,680 | 779,680 | 390,148 | 389,532 |
| Capital lease interest | | | 87,129 | (87,129) |
| Capital outlay | 66,560 | 317,837 | 840,407 | (522,570) |
| Total expenditures | <u>36,648,789</u> | <u>37,788,248</u> | <u>35,268,580</u> | <u>2,519,668</u> |
| Excess of revenues over expenditures | 735,864 | (395,448) | 4,997,161 | 5,392,609 |
| Other Financing Sources (Uses): | | | | |
| Insurance proceeds | | | 107,915 | 107,915 |
| Transfers in | 2,151,492 | 7,151,587 | 2,155,631 | (4,995,956) |
| Transfers out | (9,159,766) | (9,239,460) | (8,925,666) | 313,794 |
| Issuance of long-term debt | | | 5,501,564 | 5,501,564 |
| Total other financing sources (uses) | <u>(7,008,274)</u> | <u>(2,087,873)</u> | <u>(1,160,556)</u> | <u>927,317</u> |
| Net change in fund balance | (6,272,410) | (2,483,321) | 3,836,605 | 6,319,926 |
| Fund Balance: | | | | |
| Beginning of year | 15,131,988 | 15,131,988 | 15,131,988 | |
| Change in accounting estimate | | (723,618) | (723,618) | |
| Beginning of year, as restated | | <u>14,408,370</u> | <u>14,408,370</u> | |
| End of year | <u>\$ 8,859,578</u> | <u>\$ 11,925,049</u> | <u>\$ 18,244,975</u> | <u>\$ 6,319,926</u> |

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
SCHEDULES OF CHANGES IN NET PENSION
LIABILITY AND RELATED RATIOS
REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED SEPTEMBER 30, 2020
Last 10 Fiscal Years

| | Police Officers' Pension 9/30/2020 | Police Officers' Pension 9/30/2019 | Police Officers' Pension 9/30/2018 | Police Officers' Pension 9/30/2017 | Police Officers' Pension 9/30/2016 | Police Officers' Pension 9/30/2015 |
|--|--|--|--|--|--|--|
| Total Pension Liability | | | | | | |
| Service cost | \$ 996,560 | \$ 880,010 | \$ 861,961 | \$ 885,176 | \$ 1,254,367 | \$ 1,110,917 |
| Interest | 3,366,495 | 3,259,155 | 3,181,465 | 3,099,797 | 2,907,190 | 2,710,277 |
| Change in Excess State Money | 8,697 | 2,209 | | | | |
| Changes in benefit terms | 1,564 | | | | 619,363 | |
| Differences between expected and actual experience | (208,747) | (37,800) | (565,730) | (452,178) | 726,890 | |
| Changes in assumptions | 464,770 | 879,242 | | | 184,891 | |
| Contributions - buy back | | | 13,249 | 11,054 | | |
| Benefit payments, including refunds of employee contributions | (2,822,952) | (2,533,001) | (2,542,719) | (2,456,851) | (2,136,270) | (2,108,924) |
| Net change in total pension liability | 1,806,387 | 2,449,815 | 948,226 | 1,086,998 | 3,556,431 | 1,712,270 |
| Total pension liability - beginning | 43,575,748 | 41,125,933 | 40,177,707 | 39,090,709 | 35,534,278 | 33,822,008 |
| Total pension liability - ending (a) | 45,382,135 | 43,575,748 | 41,125,933 | 40,177,707 | 39,090,709 | 35,534,278 |
| Plan Fiduciary Net Position | | | | | | |
| Contributions - employer | 969,030 | 924,910 | 957,303 | 1,372,342 | 1,292,438 | 1,411,641 |
| Contributions - state | 356,414 | 343,438 | 336,697 | 325,836 | 312,431 | 292,899 |
| Contributions - employee | 365,560 | 346,586 | 329,705 | 334,052 | 221,583 | 220,523 |
| Contributions - buy back | | | 13,249 | 11,054 | | |
| Net investment income | 2,493,084 | 2,258,395 | 2,827,366 | 2,640,449 | (966,448) | 2,905,224 |
| Benefit payments including refunds of employee contributions | (2,822,952) | (2,533,001) | (2,542,719) | (2,456,851) | (2,136,270) | (2,108,924) |
| Administrative expense | (91,542) | (64,719) | (40,885) | (46,785) | (41,641) | (29,479) |
| Net change in plan fiduciary net position | 1,269,594 | 1,275,609 | 1,880,716 | 2,180,097 | (1,317,907) | 2,691,884 |
| Plan fiduciary net position - beginning | 34,639,865 | 33,364,256 | 31,483,540 | 29,303,443 | 30,621,350 | 27,929,466 |
| Plan fiduciary net position - ending (b) | 35,909,459 | 34,639,865 | 33,364,256 | 31,483,540 | 29,303,443 | 30,621,350 |
| Net pension liability - ending (a) - (b) | \$ 9,472,676 | \$ 8,935,883 | \$ 7,761,677 | \$ 8,694,167 | \$ 9,787,266 | \$ 4,912,928 |
| Plan fiduciary net position as a percentage of the total pension | 79.13% | 79.49% | 81.13% | 78.36% | 74.96% | 86.17% |
| Covered payroll | \$ 4,496,435 | \$ 4,263,073 | \$ 4,055,417 | \$ 4,184,070 | \$ 4,041,893 | \$ 3,952,031 |
| Net pension liability as a percentage of covered payroll | 210.67% | 209.61% | 191.39% | 207.79% | 242.15% | 124.31% |

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

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
SCHEDULES OF CHANGES IN NET PENSION
LIABILITY AND RELATED RATIOS
REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED SEPTEMBER 30, 2020
Last 10 Fiscal Years**

Notes to Schedules:

Changes of benefit terms:

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

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

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

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

Changes of assumption:

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

For measurement date 9/30/18, the investment rate of return was lowered from 8.00% to 7.80%

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

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

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

- The assumed rate of salary increases has been changed from a flat assumption of 6.00% per year to a service-based assumption table.
- The mortality table assumption has been changed from the RP-2000 Combined Healthy Mortality Table (sex distinct) with no adjustment for future mortality improvements for healthy lives and a 5-year set forward for disabled lives to the mortality table assumption that is in compliance with Chapter 2015-157, Florida Statutes. Specifically, the new mortality table assumption is the special risk mortality tables reflected in the Florida Retirement System Actuarial Valuation as of July 1, 2014.
- The assumed probability of Early Retirement has increased from 5.0% to 10.0% per year.
- The assumed probability of Normal Retirement has been changed from 100% retirement probability for any member who has satisfied the requirements for Normal Retirement eligibility to a table with a 50% probability at first eligibility, 75% the following year and 100% two (2) years following first eligibility.
- The assumed rate of termination has been changed from an age-based table to a service-based table.
- The assumed rate of disablement has been reduced in half at each age.

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
SCHEDULES OF CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED SEPTEMBER 30, 2020
Last 10 Fiscal Years**

| | Police Officers' Pension 9/30/2020 | Police Officers' Pension 9/30/2019 | Police Officers' Pension 9/30/2018 | Police Officers' Pension 9/30/2017 | Police Officers' Pension 9/30/2016 | Police Officers' Pension 9/30/2015 | Police Officers' Pension 9/30/2014 |
|--|--|--|--|--|--|--|--|
| Actuarially determined contribution | \$ 1,584,017 | \$ 1,321,483 | \$ 1,271,961 | \$ 1,290,387 | \$ 1,688,178 | \$ 1,604,869 | \$ 1,704,540 |
| Contributions in relation to the actuarially determined contributions | 1,583,737 | 1,316,747 | 1,266,139 | 1,294,000 | 1,698,178 | 1,604,869 | 1,704,540 |
| Contribution deficiency (excess) | \$ 280 | \$ 4,736 | \$ 5,822 | \$ (3,613) | \$ (10,000) | \$ - | \$ - |
| Covered payroll | \$ 4,468,701 | \$ 4,496,435 | \$ 4,263,073 | \$ 4,055,417 | \$ 4,184,070 | \$ 4,041,893 | \$ 3,952,031 |
| Contributions as a percentage of covered payroll | 35.44% | 29.28% | 29.70% | 31.91% | 40.59% | 39.71% | 43.13% |

Notes to Schedules:

Valuation Date: 10/1/2018 (AIS 3/10/2019)

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

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost Method.

Amortization Method: Level Percentage of Pay, closed.

Remaining Amortization Period: 30 Years (as of 10/01/2017).

Mortality Rate Healthy Active Lives: Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.

Male: RP-2000 Generational, 10% Annuitant White Collar/90% Annuitant Blue Collar, Scale BB.

Healthy Inactive: Female: RP-2000 Generational, 100% Combined Healthy, White Collar, Scale BB.

Male: RP-2000 Generational, 10% Combined Healthy, White Collar/90% Annuitant Healthy Blue Collar, Scale BB.

Mortality Rate Disabled Lives: Female: 60% RP2000 Disabled Female set forward two years/40% Annuitant White Collar with no setback, no projection scale.

Male: 60 % RP2000 Disabled Male setback four years/40% Annuitant White Collar with no setback, no projection scale.

Interest Rate: 8% per year, compounded annually, net of investment related expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.

Normal Retirement: Number of Years Following First

| Eligibility | Retirement Probability |
|-------------|------------------------|
| | 50% |
| | 75% |
| | 100% |

This assumption was approved by the Board in conjunction with our December 2, 2015 actuarial experience study.

Early Retirement: Commencing with the earliest Early Retirement Age (40), Members are assumed to retire with an immediate subsidized benefit at the rate of 10% per year. This assumption was approved by the Board in conjunction with our December 2, 2015 actuarial experience study.

Payroll Growth: 1.52% per year. The assumption is in compliance with Part VII of Chapter 112, Florida Statutes.

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

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
SCHEDULES OF CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED SEPTEMBER 30, 2020
Last 10 Fiscal Years**

Disability Rates: See table below (1207 * 0.5). It is assumed that 75% of disablements are service related.

| Age | Probability |
|-----|-------------|
| 25 | 0.045% |
| 35 | 0.07% |
| 45 | 0.15% |
| 55 | 0.48% |
| 65 | 0.00% |

The assumed rates of disablement were approved by the Board in conjunction with our December 2, 2015 actuarial experience study.

Termination Rates:

| Service | Probability |
|---------|-------------|
| <1 | 12.0% |
| 1 | 11.5% |
| 2 | 11.0% |
| 3 | 10.5% |
| 4 | 10.0% |
| 5 | 8.0% |
| 6 | 7.5% |
| 7 | 7.0% |
| 8 | 6.5% |
| 9 | 6.0% |
| 10 | 5.5% |
| 11 | 5.0% |
| 12 | 4.5% |
| 13 | 4.0% |
| 14 | 3.5% |
| 15+ | 2.0% |

This assumption was approved by the Board in conjunction with our December 2, 2015 actuarial experience study.

Salary Increases:

| Service | Increase |
|---------|----------|
| <1 | 8.5% |
| 1 | 7.5% |
| 2 | 6.5% |
| 3-10 | 5.5% |
| 11+ | 5.0% |

This assumption was approved by the Board in conjunction with our December 2, 2015 actuarial experience study.

Additionally, the projected salary in the year of retirement is increased on an individual basis to account for payouts of non-regular compensation.

Cost-of-Living: 2% per year from the later retirement of age 50 to Social Security Retirement Age.

Asset Valuation Method: Each year, the Actuarial Value of Assets is brought forward using the historical geometric four-year average of Market Value Return (net-of-fees). It is possible that over time, this technique will produce an insignificant bias above or below the Market Value of Assets.

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
SCHEDULES OF CHANGES IN NET PENSION
LIABILITY AND RELATED RATIOS
REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED SEPTEMBER 30, 2020
Last 10 Fiscal Years

| | Firefighters' Pension 9/30/2020 | Firefighters' Pension 9/30/2019 | Firefighters' Pension 9/30/2018 | Firefighters' Pension 9/30/2017 | Firefighters' Pension 9/30/2016 | Firefighters' Pension 9/30/2015 |
|--|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Total Pension Liability | | | | | | |
| Service cost | \$ 833,187 | \$ 807,572 | \$ 932,890 | \$ 814,109 | \$ 840,054 | \$ 753,886 |
| Interest | 3,924,315 | 3,813,594 | 3,844,945 | 3,713,228 | 3,604,980 | 3,478,697 |
| Changes in benefit terms | (627) | | | | | |
| Differences between expected and actual experience | (320,412) | 158,830 | (656,507) | (839,486) | 196,997 | |
| Changes in assumptions | 576,569 | 556,455 | (212,715) | 1,689,388 | | |
| Contributions - buy back | | | | 20,069 | | |
| Benefit payments, including refunds of employee contributions | (3,211,705) | (3,434,408) | (3,709,120) | (4,030,129) | (2,495,847) | (2,984,580) |
| Net change in total pension liability | 1,801,327 | 1,902,043 | 199,493 | 1,367,179 | 2,146,184 | 1,248,003 |
| Total pension liability - beginning | 51,091,324 | 49,189,281 | 48,989,788 | 47,622,609 | 45,476,425 | 44,228,422 |
| Total pension liability - ending (a) | 52,892,651 | 51,091,324 | 49,189,281 | 48,989,788 | 47,622,609 | 45,476,425 |
| Plan Fiduciary Net Position | | | | | | |
| Contributions - employer | 1,942,755 | 1,912,733 | 1,730,909 | 1,641,064 | 1,568,772 | 1,433,019 |
| Contributions - state | 290,472 | 313,843 | 305,820 | 331,496 | 327,139 | 355,576 |
| Contributions - employee | 263,161 | 252,579 | 248,753 | 229,393 | 218,870 | 207,185 |
| Contributions - buy back | | | | 20,069 | | |
| Net investment income | 1,883,317 | 2,119,621 | 3,139,126 | 2,897,802 | (1,162,379) | 3,164,093 |
| Benefit payments including refunds of employee contributions | (3,211,705) | (3,434,408) | (3,709,120) | (4,030,129) | (2,495,847) | (2,984,580) |
| Administrative expense | (45,233) | (58,383) | (38,203) | (38,737) | (33,019) | (26,647) |
| Net change in plan fiduciary net position | 1,122,767 | 1,105,985 | 1,677,285 | 1,050,958 | (1,576,464) | 2,148,646 |
| Plan fiduciary net position - beginning | 36,119,426 | 35,013,441 | 33,336,156 | 32,285,198 | 33,861,662 | 31,713,016 |
| Plan fiduciary net position - ending (b) | 37,242,193 | 36,119,426 | 35,013,441 | 33,336,156 | 32,285,198 | 33,861,662 |
| Net pension liability - ending (a) - (b) | <u>\$ 15,650,458</u> | <u>\$ 14,971,898</u> | <u>\$ 14,175,840</u> | <u>\$ 15,653,632</u> | <u>\$ 15,337,411</u> | <u>\$ 11,614,763</u> |
| Plan fiduciary net position as a percentage of the total pension | 70.41% | 70.70% | 71.18% | 68.05% | 67.79% | 74.46% |
| Covered payroll | \$ 3,508,805 | \$ 3,367,671 | \$ 3,316,702 | \$ 3,058,582 | \$ 3,402,962 | \$ 2,656,214 |
| Net pension liability as a percentage of covered payroll | 446.03% | 444.58% | 427.41% | 511.79% | 450.71% | 437.27% |

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

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
SCHEDULES OF CHANGES IN NET PENSION
LIABILITY AND RELATED RATIOS
REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED SEPTEMBER 30, 2020
Last 10 Fiscal Years**

Notes to Schedules:

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

Changes of benefit terms:

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

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

Changes of assumption:

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

For measurement date 9/30/2018, the investment rate of return was lowered from 7.9% to 7.8% per year net of investment related expenses.

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

- * The assumed rate of investment return was lowered from 8.00% to 7.90% per year, net of investment related expenses.
- * The assumed rates of salary increases were amended from a flat rate of 6.00% per year to a service-based table.
- * As mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed from the rates used by the Florida Retirement System actuary in July 1, 2015 actuarial valuation to the rates used in the July 1, 2016 actuarial valuation for special risk lives.
- * The assumed rates of retirement were amended to remove the assumption that members eligible for normal retirement on the valuation date will continue employment for one additional year. Additionally, the retirement rates were amended to be 75% upon completion of 25 or 26 years of service (previously 100% at completion of 25 years), and the assumed rates of early retirement were amended from 2% per year to 0% per year.
- * The assumed rates of withdrawal were amended from an age-based table to a service-based table.
- * The assumed rates of disablement were reduced at each age by 30%.
- * The payroll growth assumption was reduced from 0.9% to 0.0% per year.
- * Prior to measuring the impact of the assumption changes stated directly above, a "fresh start" to the existing Unfunded Actuarial Accrued Liability (UAAL) was implemented. The "fresh start" effectively consolidated all existing UAAL layers into one single layer which will be amortized over a 16-year period. As approved by the Board of Trustees, all future UAAL layers will be amortized as a level dollar over a 15-year period.

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

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

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
SCHEDULES OF CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED SEPTEMBER 30, 2020
Last 10 Fiscal Years**

| | Firefighters' Pension 9/30/2020 | Firefighters' Pension 9/30/2019 | Firefighters' Pension 9/30/2018 | Firefighters' Pension 9/30/2017 | Firefighters' Pension 9/30/2016 | Firefighters' Pension 9/30/2015 | Firefighters' Pension 9/30/2014 |
|---|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Actuarially determined contribution | \$ 2,430,902 | \$ 2,231,911 | \$ 2,252,865 | \$ 2,003,301 | \$ 1,969,699 | \$ 1,895,911 | \$ 1,788,595 |
| Contributions in relation to the actuarially determined contributions | 2,450,101 | 2,233,227 | 2,226,576 | 2,036,729 | 1,972,560 | 1,895,911 | 1,788,595 |
| Contribution deficiency (excess) | <u>\$ (19,199)</u> | <u>\$ (1,316)</u> | <u>\$ 26,289</u> | <u>\$ (33,428)</u> | <u>(2,861)</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 3,591,012 | \$ 3,508,805 | \$ 3,367,671 | \$ 3,316,702 | \$ 3,058,582 | \$ 3,402,962 | \$ 2,656,214 |
| Contributions as a percentage of covered payroll | 68.23% | 63.65% | 66.12% | 61.41% | 64.49% | 55.71% | 67.34% |

Notes to Schedules:

Valuation Date: 10/1/2018 (AIS 11/18/2019)

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

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost Method. The following loads are utilized for determination of the Total Required Contribution:
- Interest - a half-year, based on the 7.9% assumption.
- Salary - a full-year, based on the 5.9% assumption.

Amortization Method: Level Percentage of Pay, Layered closed

Remaining Amortization Period: 30 Years (as of 10/01/2017)

Mortality Rate Healthy Lives: Female: RP-2000 Generational, 100% Combined Healthy, White Collar, Scale BB.
Male: RP-2000 Generational, 10% Annuitant White Collar/90% Annuitant Blue Collar, Scale BB.

Mortality Rate Disabled Lives: Female: 60% RP-2000 Disabled Female set forward two years/40% Annuitant White Collar with no setback, no projection scale.
Male: 60% RP2000 Disabled Male setback four years/40% Annuitant White Collar with no setback, no projection scale.

The above assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumption used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2015 FRS valuation report. We feel this assumption sufficiently accommodates future mortality improvements.

Interest Rate: 7.9% per year, compounded annually, net of investment related expenses.

| Retirement Age: | Age | Service | Rate |
|-----------------|-----|--------------------|--------|
| | 55+ | Less than 25 years | 100.0% |
| | All | 25 years | 75.0% |
| | All | 26 years | 75.0% |
| | All | 27+ years | 100.0% |

The assumed rates were approved in conjunction with an actuarial experience study dated November 2017.

Early Retirement: Commencing with the eligibility for Early Retirement Age (45), Members are assumed to retire with an immediate subsidized benefit at the rate of 0% per year.

Disability and Termination Rates: See table below. It is assumed that 75% of disablements are service related.

| Disability Rates | | Termination Rates | |
|------------------|--------|-------------------|------|
| Age | Rate | Service | Rate |
| 20 | 0.049% | <10 | 6.0% |
| 30 | 0.077% | 10-15 | 4.0% |
| 40 | 0.130% | 16+ | 2.0% |
| 50 | 0.357% | | |

The assumed rates were approved in conjunction with an actuarial experience study dated November 2017.

| Salary Increases: | Service | Rate |
|-------------------|---------|--------|
| | <1 | 10.00% |
| | 1-9 | 5.50% |
| | 10-15 | 5.50% |
| | 16+ | 4.50% |

The assumed rates were approved in conjunction with an actuarial experience study dated November 2017.

Payroll Growth: 0.9% per year

Cost-of-Living Increase: 3% per year from retirement to Social Security Retirement Age.

Asset Valuation Method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric four-year average of Market Value Return (net-of-fees). It is possible that over time this technique will produce an insignificant bias above or below the Market Value of Assets.

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

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
SCHEDULES OF CHANGES IN NET PENSION
LIABILITY AND RELATED RATIOS
REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED SEPTEMBER 30, 2020
Last 10 Fiscal Years

| | Senior Management Pension 9/30/2020 | Senior Management Pension 9/30/2019 | Senior Management Pension 9/30/2018 | Senior Management Pension 9/30/2017 | Senior Management Pension 9/30/2016 | Senior Management Pension 9/30/2015 | Senior Management Pension 9/30/2014 |
|---|--|--|--|--|--|--|--|
| Total Pension Liability | | | | | | | |
| Service cost | \$ 130,384 | \$ 110,201 | \$ 120,363 | \$ 132,908 | \$ 111,867 | \$ 77,922 | \$ 82,808 |
| Interest | 252,856 | 248,762 | 251,099 | 225,197 | 175,476 | 230,283 | 194,644 |
| Differences Between Expected and Actual Experience | (54,748) | (75,694) | (196,369) | 85,036 | (14,017) | 58,580 | |
| Changes in Assumptions | | | | 178,858 | 599,329 | (250,495) | |
| Benefit payments, including refunds of employee contributions | (210,248) | (244,545) | (187,835) | (238,268) | (181,415) | (178,688) | (119,587) |
| Net change in total pension liability | 118,244 | 38,724 | (12,742) | 383,731 | 691,240 | (62,398) | 157,865 |
| Total pension liability - beginning | 3,584,188 | 3,545,464 | 3,558,206 | 3,174,475 | 2,483,235 | 2,545,633 | 2,387,768 |
| Total pension liability - ending (a) | 3,702,432 | 3,584,188 | 3,545,464 | 3,558,206 | 3,174,475 | 2,483,235 | 2,545,633 |
| Plan Fiduciary Net Position | | | | | | | |
| Contributions - employer | 85,472 | 126,650 | 133,443 | 120,859 | 94,097 | 75,852 | 83,416 |
| Contributions - employee | 59,447 | 60,396 | 51,728 | 56,300 | 57,925 | 54,179 | 59,205 |
| Net investment income | 226,738 | 174,734 | 234,985 | 378,842 | 218,716 | 1,838 | 218,211 |
| Benefit payments including refunds of employee contributions | (210,248) | (244,545) | (187,835) | (238,268) | (181,415) | (174,790) | (142,266) |
| Administrative expense | (14,464) | (14,254) | (21,537) | (22,323) | (15,276) | (18,501) | (18,611) |
| Net change in plan fiduciary net position | 146,945 | 102,981 | 210,784 | 295,410 | 174,047 | (61,422) | 199,955 |
| Plan fiduciary net position - beginning | 3,468,590 | 3,365,609 | 3,154,825 | 2,859,415 | 2,685,368 | 2,746,790 | 2,546,835 |
| Plan fiduciary net position - ending (b) | 3,615,535 | 3,468,590 | 3,365,609 | 3,154,825 | 2,859,415 | 2,685,368 | 2,746,790 |
| Net pension liability - ending (a) - (b) | <u>\$ 86,897</u> | <u>\$ 115,598</u> | <u>\$ 179,855</u> | <u>\$ 403,381</u> | <u>\$ 315,060</u> | <u>\$ (202,133)</u> | <u>\$ (201,157)</u> |
| Plan fiduciary net position as a percentage of the total pension | 97.65% | 96.77% | 94.93% | 88.66% | 90.08% | 108.14% | 107.90% |
| Covered payroll | \$ 1,380,552 | \$ 1,124,599 | \$ 1,147,863 | \$ 1,338,740 | \$ 1,203,982 | \$ 1,177,075 | \$ 1,250,562 |
| Net pension liability as a percentage of covered payroll | 6.29% | 10.28% | 15.67% | 30.13% | 26.17% | Not applicable | Not applicable |

Notes to Schedule;

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

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

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
SCHEDULES OF CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED SEPTEMBER 30, 2020
Last 10 Fiscal Years**

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

Notes to Schedules:

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

Methods and assumptions used to determine contribution rates:

| | |
|--------------------------------|---|
| Funding Method: | Aggregate actuarial cost method |
| Amortization Method: | Level Percentage of Pay, Open |
| Remaining Amortization Period: | 30 Years (as of 10/01/2018) |
| Asset Valuation Method: | Market Value |
| Inflation: | 2.77% per year |
| Salary Increases: | 4% |
| Interest Rate: | 7% per year, compounded annually, net of investment related expenses. |
| Retirement Age: | Age 59 with 10 years of credited service for Category I employees, or age 59 with 6 years of credited service for Category II and III employees. Categories are as follows: Category I - Designated managers and directors and the City Engineer. Category II - City Commission, Assistant City Manager, and City Clerk. Category III - City Manager. |
| Mortality: | Sex-distinct rates set forth in the RP 2000 Combined Mortality Table, with full generational improvements in mortality using Scale BB. |

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

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
SCHEDULES OF PROPORTIONATE SHARE OF
NET PENSION LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED SEPTEMBER 30, 2020
Last 10 Fiscal Years

| | Florida Retirement System 9/30/2020 | Florida Retirement System 9/30/2019 | Florida Retirement System 9/30/2018 | Florida Retirement System 9/30/2017 | Florida Retirement System 9/30/2016 | Florida Retirement System 9/30/2015 |
|--|--|--|--|--|--|--|
| City's proportion of the net pension liability | 0.003033245% | 0.004179199% | 0.004192135% | 0.005168281% | 0.005341020% | 0.007041064% |
| City's proportionate share of the net pension liability | \$ 1,314,653 | \$ 1,439,258 | \$ 1,262,693 | \$ 1,528,743 | \$ 1,348,612 | \$ 909,448 |
| City's covered payroll | \$ 1,077,402 | \$ 1,434,755 | \$ 1,485,888 | \$ 1,709,792 | \$ 1,783,283 | \$ 2,166,895 |
| City's proportionate share of the net pension liability as a percentage of its covered payroll | 122.02% | 100.31% | 84.98% | 89.41% | 75.63% | 41.97% |
| Plan fiduciary net position as a percentage of the total pension liability | 78.85% | 82.61% | 84.26% | 83.39% | 84.88% | 92.00% |

Notes to Schedules:

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

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

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
SCHEDULES OF CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED SEPTEMBER 30, 2020
Last 10 Fiscal Years**

| | Florida Retirement System 9/30/2020 | Florida Retirement System 9/30/2019 | Florida Retirement System 9/30/2018 | Florida Retirement System 9/30/2017 | Florida Retirement System 9/30/2016 | Florida Retirement System 9/30/2015 |
|--|--|--|--|--|--|--|
| Actuarially determined contribution | \$ 105,899 | \$ 125,644 | \$ 119,349 | \$ 133,004 | \$ 132,720 | \$ 133,750 |
| Contributions in relation to the actuarially determined contributions | 105,899 | 125,644 | 119,349 | 133,004 | 132,720 | 133,750 |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 1,044,659 | \$ 1,373,757 | \$ 1,455,964 | \$ 1,665,463 | \$ 1,761,327 | \$ 1,979,255 |
| Contributions as a percentage of covered payroll | 10.14% | 9.15% | 8.20% | 7.99% | 7.54% | 6.76% |

Notes to Schedules:

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

Methods and assumptions used to determine contribution rates:

| | |
|--------------------------------|--|
| Actuarial Cost Method: | Individual Entry Age Normal |
| Amortization Method: | Level Percent, Closed, Layered |
| Remaining Amortization Period: | 30 Years |
| Asset Valuation Method: | 5 years, Asymptotic, 80%-120% of fair market value |
| Inflation: | 2.40% |
| Salary Increases: | 0.65% |
| Investment Rate of Return: | 7.00% |
| Cost of Living Adjustments: | 3% for pre-July 2011 benefit service; 0% thereafter |
| Mortality: | PUB-2010 base table varies by member category and gender, projected generationally with Scale MP-2018 |

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

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
SCHEDULES OF PROPORTIONATE SHARE OF
NET PENSION LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED SEPTEMBER 30, 2020
Last 10 Fiscal Years

| | Health Insurance Subsidy Program 9/30/2020 | Health Insurance Subsidy Program 9/30/2019 | Health Insurance Subsidy Program 9/30/2018 | Health Insurance Subsidy Program 9/30/2017 | Health Insurance Subsidy Program 9/30/2016 | Health Insurance Subsidy Program 9/30/2015 |
|---|--|--|--|--|--|--|
| City's proportion of the net pension liability | 0.003120317% | 0.004281595% | 0.004510270% | 0.005285613% | 0.005781922% | 0.007153432% |
| City's proportionate share of the net pension liability | \$ 380,986 | \$ 479,068 | \$ 477,372 | \$ 565,162 | \$ 673,859 | \$ 729,538 |
| City's covered payroll | \$ 1,077,402 | \$ 1,434,755 | \$ 1,485,888 | \$ 1,709,792 | \$ 1,783,283 | \$ 2,166,895 |
| City's proportionate share of the net pension liability as a percentage of its covered payroll | 35.36% | 33.39% | 32.13% | 33.05% | 37.79% | 33.67% |
| Plan fiduciary net position as a percentage of the total pension liability | 3.00% | 2.63% | 2.15% | 1.64% | 0.97% | 0.50% |

Notes to Schedules:

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

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

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
SCHEDULES OF CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED SEPTEMBER 30, 2020
Last 10 Fiscal Years**

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

Notes to Schedules:

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

Methods and assumptions used to determine contribution rates:

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

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

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
SCHEDULES OF INVESTMENT RETURNS
REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED SEPTEMBER 30, 2020
Last 10 Fiscal Years**

| | <u>9/30/2020</u> | <u>9/30/2019</u> | <u>9/30/2018</u> | <u>9/30/2017</u> | <u>9/30/2016</u> | <u>9/30/2015</u> | <u>9/30/2014</u> |
|---|----------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | <u>Police Officers'</u> | | | | | | |
| Annual Money-Weighted Rate of Return Net of Investment Expense | 7.93% | 7.32% | 6.89% | 9.15% | 9.14% | (3.19%) | 10.49% |
| | <u>Firefighters'</u> | | | | | | |
| Annual Money-Weighted Rate of Return Net of Investment Expense | 3.33% | 5.26% | 6.16% | 9.71% | 9.15% | (3.45%) | 10.13% |
| | <u>Senior Management</u> | | | | | | |
| Annual Money-Weighted Rate of Return Net of Investment Expense | 6.29% | 4.94% | 7.50% | 13.41% | 8.23% | 0.07% | 8.60% |
| | <u>Florida Retirement System</u> | | | | | | |
| Annual Money-Weighted Rate of Return Net of Investment Expense | 3.35% | 5.98% | 9.28% | 13.59% | 0.57% | 3.77% | 17.57% |
| | <u>Health Insurance Subsidy</u> | | | | | | |
| Annual Money-Weighted Rate of Return Net of Investment Expense | 3.35% | 5.98% | 9.28% | 13.59% | 0.57% | 3.77% | 17.57% |

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

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
SCHEDULE OF CHANGE IN NET OPEB
LIABILITY AND RELATED RATIOS
REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED SEPTEMBER 30, 2020
Last 10 Fiscal Years

| | OPEB 9/30/2020 | OPEB 9/30/2019 | OPEB 9/30/2018 |
|--|-------------------|-------------------|-------------------|
| Total OPEB Liability | | | |
| Service cost | \$ 162,171 | \$ 162,702 | \$ 202,889 |
| Interest | 66,610 | 140,393 | 140,999 |
| Changes in Assumptions | 297,345 | (293,437) | |
| Difference between actual and expected experience | (1,150,573) | (611,146) | |
| Benefit payments, including refunds of employee contributions | (173,069) | (239,660) | (271,432) |
| Net change in total pension liability | (797,516) | (841,148) | 72,456 |
| Total OPEB liability - beginning | 3,036,531 | 3,877,679 | 3,805,223 |
| Total OPEB liability - ending (a) | 2,239,015 | 3,036,531 | 3,877,679 |
| Plan Fiduciary Net Position | | | |
| Contributions - employer | | | |
| Contributions - employee | | | |
| Net investment income | | | |
| Benefit payments including refunds of employee contributions | | | |
| Administrative expense | | | |
| Net change in plan fiduciary net position | | | |
| Plan fiduciary net position - beginning | | | |
| Plan fiduciary net position - ending (b) | | | |
| Net OPEB liability - ending (a) - (b) | \$ 2,239,015 | \$ 3,036,531 | \$ 3,877,679 |
| Plan fiduciary net position as a percentage of the total OPEB | | | |
| Covered payroll | \$ 16,996,166 | \$ 18,201,713 | \$ 17,336,337 |
| Net OPEB liability as a percentage of covered payroll | 13.17% | 16.68% | 22.37% |

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

See independent auditor's report.

COMBINING AND INDIVIDUAL FINANCIAL STATEMENTS AND SCHEDULES

THIS SUBSECTION CONTAINS THE FOLLOWING:

- NON-MAJOR GOVERNMENTAL FUNDS
- BUDGET TO ACTUAL COMPARISON – GENERAL FUND
- SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET (GAAP BASIS) AND ACTUAL – OTHER MAJOR AND NON-MAJOR GOVERNMENTAL FUNDS
- INTERNAL SERVICE FUNDS
- FIDUCIARY FUNDS



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NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Infrastructure Surtax – This special revenue fund is used to account for local option infrastructure sales surtax (pursuant to Florida Statutes 212.055) to provide for the construction of various infrastructure improvements including park and recreation improvements, street resurfacing, and street reconstruction.

General Grants - This special revenue fund is used to account for revenues received from various state and federal agencies other than grants accounted for in other special revenue funds.

Community Planning and Development – This special revenue fund accounts for revenues from the Department of Housing and Urban Development and expenditures of these funds.

State Housing Initiative Partnership – City and County – These special revenue funds are used to account for revenues received from the State Housing Initiative Partnership program.

Panama City Florida Hurricane Disaster Relief Fund – This special revenue fund is used to account for charitable contributions for Hurricane Michael relief.

Panama City Community Redevelopment Agency – St. Andrews, Downtown, Downtown North, and Millville – These special revenue funds are used to account for revenues derived from the incremental increases in ad valorem taxes levied each year by taxing authorities on taxable real property in the project areas.

Disaster Fund – This special revenue fund is used to account for revenues received from small disasters.

Debt Service Funds

Debt service funds account for the payment of principal and interest on debt reported in the general long-term debt account group.

The *Capital Improvement Taxable Revenue Refunding Note, Series 2013A*, accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the 2013A note.

The *Capital Improvement Revenue Note, Series 2013B*, accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the 2013B note.

The *Capital Improvement Revenue Note, Series 2016*, accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the 2016 note.

The *Revenue Note, Series 2008 (Modified)* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the 2008 revenue note.

The *Capital Improvement Revenue Note, Series 2018*, accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the 2018 note.

The *Infrastructure Sales Surtax Revenue Note, Series 2018*, accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the 2018 note.

The *Hurricane Recovery Revenue Note and Refunding, Series 2019*, accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the 2019 note.



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**CITY OF PANAMA CITY, FLORIDA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

| ASSETS | Special Revenue | | | | |
|--|--------------------------|-------------------|-------------------|---|---|
| | Infrastructure Surtax | General Grants | Disaster Fund | Community Planning and Development | State Housing Initiative Partnership City |
| Assets: | | | | | |
| Cash and cash equivalents | \$ 3,840,683 | | | \$ 94,108 | \$ 7,356,273 |
| Due from other governmental entities | 275,343 | \$ 264,683 | \$ 233,655 | 368,351 | |
| Due from other funds | | | | 37,079 | 867,218 |
| Prepaid items | | | | 66,456 | |
| Inventories | | | | 124,761 | 3,849,251 |
| Notes receivable | | | | 1,172,454 | 3,603,119 |
| Total Assets | <u>\$ 4,116,026</u> | <u>\$ 264,683</u> | <u>\$ 233,655</u> | <u>\$ 1,863,209</u> | <u>\$ 15,675,861</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | | | \$ 49,278 | \$ 5,374 | \$ 477,033 |
| Due to other funds | | \$ 154,095 | 246,792 | 660,767 | 75,711 |
| Due to other governmental entities | | | | | |
| Accrued salaries | | | | 5,418 | 5,489 |
| Total liabilities | | <u>154,095</u> | <u>296,070</u> | <u>671,559</u> | <u>558,233</u> |
| Deferred Inflows of Resources: | | | | | |
| Deferred inflows of resources | | | | | |
| Fund Balances: | | | | | |
| Non-Spendable | | | | 191,217 | 3,849,251 |
| Spendable: | | | | | |
| Restricted | \$ 4,116,026 | 110,588 | | 1,000,433 | 11,268,377 |
| Unassigned | | | (62,415) | | |
| Total fund balances | <u>4,116,026</u> | <u>110,588</u> | <u>(62,415)</u> | <u>1,191,650</u> | <u>15,117,628</u> |
| Total Liabilities and Fund Balances | <u>\$ 4,116,026</u> | <u>\$ 264,683</u> | <u>\$ 233,655</u> | <u>\$ 1,863,209</u> | <u>\$ 15,675,861</u> |

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

| Special Revenue | | | | | |
|---|---|--|---|---|--|
| State Housing Initiative Partnership County | Panama City Florida Hurricane Disaster Relief Fund | Panama City Community Redevelopment Agency St. Andrews | Panama City Community Redevelopment Agency Downtown | Panama City Community Redevelopment Agency Downtown North | Panama City Community Redevelopment Agency Millville |
| \$ 116,421 | \$ 364,085 | \$ 664,043 | \$ 388,313 | \$ 947,859 | \$ 359,646 |
| 2,588,071 | | 45,132 | 26,585 | 26,128 | 26,653 |
| 3,229 | | | | 1,320 | |
| | | | | 213,203 | |
| | | | | 327,744 | 36,672 |
| <u>\$ 2,707,721</u> | <u>\$ 364,085</u> | <u>\$ 709,175</u> | <u>\$ 414,898</u> | <u>\$ 1,516,254</u> | <u>\$ 422,971</u> |
| | | | | | |
| \$ 918,593 | \$ 12,999 | \$ 1,197 | \$ 195 | \$ 22,887 | \$ 1,515 |
| 1,008,376 | 7,880 | 9,587 | 9,587 | 82,277 | 9,587 |
| 251,616 | | | | | |
| 4,830 | | 801 | 801 | 801 | 869 |
| <u>2,183,415</u> | <u>20,879</u> | <u>11,585</u> | <u>10,583</u> | <u>105,965</u> | <u>11,971</u> |
| | | | | | |
| <u>992,156</u> | | | | | |
| | | | | | |
| | | | | 214,523 | |
| | 343,206 | 697,590 | 404,315 | 1,195,766 | 411,000 |
| <u>(467,850)</u> | | | | | |
| <u>(467,850)</u> | <u>343,206</u> | <u>697,590</u> | <u>404,315</u> | <u>1,410,289</u> | <u>411,000</u> |
| | | | | | |
| <u>\$ 2,707,721</u> | <u>\$ 364,085</u> | <u>\$ 709,175</u> | <u>\$ 414,898</u> | <u>\$ 1,516,254</u> | <u>\$ 422,971</u> |

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

| Debt Service | | | |
|--|---|---|--|
| ASSETS | Capital Improvement Taxable Revenue Refunding Note, Series 2013A | Capital Improvement Revenue Note, Series 2013B | Capital Improvement Revenue Note, Series 2016 Revenue Note, Series 2008 (Modified) |
| Assets: | | | |
| Cash and cash equivalents | \$ | 1,011,340 | \$ 63,806 \$ 97,077 |
| Due from other governmental entities | | | |
| Due from other funds | | | |
| Prepaid items | | | |
| Inventories | | | |
| Notes receivable | | | |
| Total Assets | \$ | 1,011,340 | \$ 63,806 \$ 97,077 |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | | | |
| Due to other funds | | | \$ 13,906 |
| Due to other governmental entities | | | |
| Accrued salaries | | | |
| Total liabilities | | | 13,906 |
| Deferred Inflows of Resources: | | | |
| Deferred inflows of resources | | | |
| Fund Balances: | | | |
| Non-Spendable | | | |
| Spendable: | | | |
| Restricted | \$ | 1,011,340 | \$ 63,806 83,171 |
| Unassigned | | | |
| Total fund balances | \$ | 1,011,340 | \$ 63,806 83,171 |
| Total Liabilities and Fund Balances | \$ | 1,011,340 | \$ 63,806 \$ 97,077 |

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

| Debt Service | | | |
|--|--|---|---|
| Capital Improvement Revenue Note, Series 2018 | Infrastructure Sales Surtax Revenue Note, Series 2018 | Hurricane Recovery and Refunding Revenue Note, Series 2019 | Total Non-Major Governmental Funds |
| \$ 1,204,063 | \$ 1,960,359 | \$ 803,931 | \$ 19,272,007 |
| | | | 3,730,103 |
| | | | 1,032,024 |
| | | | 67,776 |
| | | | 4,187,215 |
| | | | 5,139,989 |
| <u>\$ 1,204,063</u> | <u>\$ 1,960,359</u> | <u>\$ 803,931</u> | <u>\$ 33,429,114</u> |
| | | | |
| | | | \$ 1,489,071 |
| | | | 2,278,565 |
| | | | 251,616 |
| | | | 19,009 |
| | | | |
| | | | 4,038,261 |
| | | | |
| | | | 992,156 |
| | | | |
| | | | 4,254,991 |
| \$ 1,204,063 | \$ 1,960,359 | \$ 803,931 | 24,673,971 |
| | | | (530,265) |
| <u>1,204,063</u> | <u>1,960,359</u> | <u>803,931</u> | <u>28,398,697</u> |
| | | | |
| <u>\$ 1,204,063</u> | <u>\$ 1,960,359</u> | <u>\$ 803,931</u> | <u>\$ 33,429,114</u> |

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Special Revenue | | | | |
|--|----------------------------------|---------------------------|--------------------------|---|--|
| | Infrastructure Surtax | General Grants | Disaster Fund | Community Planning and Development | State Housing Initiative Partnership City |
| Revenues: | | | | | |
| Intergovernmental | | \$ 239,116 | \$ 233,655 | \$ 353,462 | \$ 8,650,217 |
| Taxes | \$ 3,405,468 | | | | |
| Investment earnings | 39,564 | 227 | | 2,926 | 43,958 |
| Miscellaneous | | 13,097 | | 6,411 | 237,516 |
| Total revenues | <u>3,445,032</u> | <u>252,440</u> | <u>233,655</u> | <u>362,799</u> | <u>8,931,691</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| Economic environment | | | 293,304 | 231,163 | 1,358,494 |
| Public Safety | | 52,020 | | | |
| Debt service- | | | | | |
| Principal retirement | | | | | |
| Interest and other charges | | | | | |
| Capital outlay | | 185,058 | 2,766 | 247,485 | |
| Total expenditures | <u></u> | <u>237,078</u> | <u>296,070</u> | <u>478,648</u> | <u>1,358,494</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>3,445,032</u> | <u>15,362</u> | <u>(62,415)</u> | <u>(115,849)</u> | <u>7,573,197</u> |
| Other Financing | | | | | |
| Sources (Uses): | | | | | |
| Insurance proceeds | | | | 214,237 | 277,134 |
| Transfers in | | | | | |
| Transfers out | (5,657,586) | (13,095) | | (63,559) | (26,246) |
| Total other financing sources (uses) | <u>(5,657,586)</u> | <u>(13,095)</u> | <u></u> | <u>150,678</u> | <u>250,888</u> |
| Net change in fund balances | (2,212,554) | 2,267 | (62,415) | 34,829 | 7,824,085 |
| Fund Balances: | | | | | |
| Beginning of year | <u>6,328,580</u> | <u>108,321</u> | <u></u> | <u>1,156,821</u> | <u>7,293,543</u> |
| End of year | <u>\$ 4,116,026</u> | <u>\$ 110,588</u> | <u>\$ (62,415)</u> | <u>\$ 1,191,650</u> | <u>\$ 15,117,628</u> |

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2020

| Special Revenue | | | | | |
|---|---|--|---|---|--|
| State Housing Initiative Partnership County | Panama City Florida Hurricane Disaster Relief Fund | Panama City Community Redevelopment Agency St. Andrews | Panama City Community Redevelopment Agency Downtown | Panama City Community Redevelopment Agency Downtown North | Panama City Community Redevelopment Agency Millville |
| \$ 1,590,203 | | \$ 395,029 | \$ 128,395 | \$ 857,411 | \$ 237,143 |
| 3,080 | \$ 1,394 | 4,640 | 4,414 | 5,940 | 1,387 |
| 6 | 218,423 | 22 | 5 | 522,746 | 219,149 |
| 1,593,289 | 219,817 | 399,691 | 132,814 | 1,386,097 | 457,679 |
| 2,817,637 | 102,286 | 285,643 | 232,067 | 1,144,006 | 102,090 |
| | | 3,517 | 3,517 | 372,285 | |
| 2,817,637 | 102,286 | 289,160 | 235,584 | 1,516,291 | 102,090 |
| (1,224,348) | 117,531 | 110,531 | (102,770) | (130,194) | 355,589 |
| | | | | 296,078 | |
| (22,953) | | (8,025) | (3,279) | (53,440) | (160,707) |
| (22,953) | | (8,025) | (3,279) | 242,638 | (160,707) |
| (1,247,301) | 117,531 | 102,506 | (106,049) | 112,444 | 194,882 |
| 779,451 | 225,675 | 595,084 | 510,364 | 1,297,845 | 216,118 |
| \$ (467,850) | \$ 343,206 | \$ 697,590 | \$ 404,315 | \$ 1,410,289 | \$ 411,000 |

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Debt Service | | | |
|--|---|---|--|---|
| | Capital Improvement Taxable Revenue Refunding Note, Series 2013A | Capital Improvement Revenue Note, Series 2013B | Capital Improvement Revenue Note, Series 2016 | Revenue Note, Series 2008 (Modified) |
| Revenues: | | | | |
| Intergovernmental | | | | |
| Taxes | | | | |
| Investment earnings | \$ 279 | \$ 2,815 | \$ 240 | \$ 714 |
| Miscellaneous | | | | |
| Total revenues | <u>279</u> | <u>2,815</u> | <u>240</u> | <u>714</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Economic environment | | | | |
| Public Safety | | | | |
| Debt service- | | | | |
| Principal retirement | 237,000 | 865,000 | 201,000 | 146,000 |
| Interest and other charges | 2,654 | 227,705 | 49,742 | 10,845 |
| Capital outlay | | | | |
| Total expenditures | <u>239,654</u> | <u>1,092,705</u> | <u>250,742</u> | <u>156,845</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(239,375)</u> | <u>(1,089,890)</u> | <u>(250,502)</u> | <u>(156,131)</u> |
| Other Financing Sources (Uses): | | | | |
| Insurance proceeds | | | | |
| Transfers in | | 1,100,562 | 250,802 | 157,428 |
| Transfers out | (4,044) | | | |
| Total other financing sources (uses) | <u>(4,044)</u> | <u>1,100,562</u> | <u>250,802</u> | <u>157,428</u> |
| Net change in fund balances | (243,419) | 10,672 | 300 | 1,297 |
| Fund Balances: | | | | |
| Beginning of year | \$ 243,419 | 1,000,668 | 63,506 | 81,874 |
| End of year | <u></u> | <u>\$ 1,011,340</u> | <u>\$ 63,806</u> | <u>\$ 83,171</u> |

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2020

| Debt Service | | | |
|--|--|---|---|
| Capital Improvement Revenue Note, Series 2018 | Infrastructure Sales Surtax Revenue Note, Series 2018 | Hurricane Recovery and Refunding Revenue Note, Series 2019 | Total Non-Major Governmental Funds |
| | | | \$ 12,684,631 |
| | | | 3,405,468 |
| \$ 3,469 | \$ 5,290 | \$ 884 | 121,221 |
| | | | 1,217,375 |
| <u>3,469</u> | <u>5,290</u> | <u>884</u> | <u>17,428,695</u> |
| | | | 6,566,690 |
| | | | 52,020 |
| 913,000 | 1,670,000 | | 4,032,000 |
| 510,461 | 430,803 | 984,953 | 2,217,163 |
| | | | 814,628 |
| <u>1,423,461</u> | <u>2,100,803</u> | <u>984,953</u> | <u>13,682,501</u> |
| (1,419,992) | (2,095,513) | (984,069) | 3,746,194 |
| | | | 787,449 |
| 1,438,396 | 2,157,586 | 1,788,000 | 6,892,774 |
| | | | (6,012,934) |
| <u>1,438,396</u> | <u>2,157,586</u> | <u>1,788,000</u> | <u>1,667,289</u> |
| 18,404 | 62,073 | 803,931 | 5,413,483 |
| <u>1,185,659</u> | <u>1,898,286</u> | | <u>22,985,214</u> |
| <u>\$ 1,204,063</u> | <u>\$ 1,960,359</u> | <u>\$ 803,931</u> | <u>\$ 28,398,697</u> |

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2020**

| | Original Budget | Final Budget | Actual | Variance |
|--|-----------------------------|-----------------------------|-----------------------------|----------------------------|
| Legislative | \$ 353,516 | \$ 353,516 | \$ 291,499 | \$ 62,017 |
| Executive | 1,010,659 | 1,036,048 | 1,018,554 | 17,494 |
| Finance and Administration - City Clerk | 1,017,543 | 1,005,609 | 966,681 | 38,928 |
| Finance and Administration - Purchasing | 42,868 | 39,677 | 30,988 | 8,689 |
| Finance and Administration - Human Resources | 545,339 | 542,866 | 441,376 | 101,490 |
| Finance and Administration - Data Processing | 866,092 | 996,478 | 992,894 | 3,584 |
| Finance and Administration - Logistics | 252,841 | 252,841 | 244,153 | 8,688 |
| Finance and Administration - Legal Counsel | 552,200 | 1,127,200 | 1,124,733 | 2,467 |
| Public Works - Engineering | 1,446,672 | 1,849,318 | 1,765,459 | 83,859 |
| Public Works - Street | 4,389,560 | 4,410,137 | 3,140,642 | 1,269,495 |
| Public Works - Other | 1,004,331 | 1,000,577 | 880,402 | 120,175 |
| Police | 12,148,812 | 12,146,824 | 11,718,891 | 427,933 |
| Fire | 8,459,167 | 8,419,858 | 8,290,729 | 129,129 |
| Leisure Services | 2,243,625 | 2,303,543 | 2,234,991 | 68,552 |
| Non-departmental | <u>2,315,564</u> | <u>2,303,756</u> | <u>2,126,588</u> | <u>177,168</u> |
| Total General Fund | | | | |
| Expenditures by Department | <u><u>\$ 36,648,789</u></u> | <u><u>\$ 37,788,248</u></u> | <u><u>\$ 35,268,580</u></u> | <u><u>\$ 2,519,668</u></u> |

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
HURRICANE MICHAEL
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2020**

| | Budgeted Amounts | | | |
|--|------------------|---------------|---------------|--------------|
| | Original | Final | Actual | Variance |
| Revenues: | | | | |
| Grants | | \$ 373,161 | \$ 4,437,842 | \$ 4,064,681 |
| Investment earnings | | 33,931 | 33,931 | |
| Miscellaneous | | | 72,690 | 72,690 |
| Total revenues | | 407,092 | 4,544,463 | 4,137,371 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | | 29,622,172 | 30,371,546 | (749,374) |
| Public safety | | 74,188 | 248,049 | (173,861) |
| Transportation | | 128,456 | 117,164 | 11,292 |
| Economic environment | | 5,000 | 4,170 | 830 |
| Culture/recreation | | 131,938 | 1,059,408 | (927,470) |
| Capital outlay: | | | | |
| General government | | 89,402 | 469,643 | (380,241) |
| Public safety | | 68,000 | 849,712 | (781,712) |
| Transportation | | | 82,728 | (82,728) |
| Economic environment | | 4,944 | 4,622 | 322 |
| Culture/recreation | | 564,740 | 4,214,369 | (3,649,629) |
| Total expenditures | | 30,688,840 | 37,421,411 | (6,732,571) |
| Deficiency of revenues under expenditures | | (30,281,748) | (32,876,948) | (2,595,200) |
| Other Financing Sources (Uses): | | | | |
| Insurance proceeds | | 1,048,709 | 12,543,836 | 11,495,127 |
| Proceeds from long-term debt | | 10,000,000 | 10,000,000 | |
| Total other financing sources (uses) | | 11,048,709 | 22,543,836 | 11,495,127 |
| Net change in fund balance | | (19,233,039) | (10,333,112) | 8,899,927 |
| Fund Balance: | | | | |
| Beginning of year | \$ 78,759,785 | 78,759,785 | 78,759,785 | |
| Change in accounting estimate | | (29,230,993) | (29,230,993) | |
| Beginning of year, as restated | \$ 78,759,785 | 49,528,792 | 49,528,792 | |
| End of year | \$ 157,519,570 | \$ 30,295,753 | \$ 39,195,680 | \$ 8,899,927 |

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
INFRASTRUCTURE SURTAX
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2020**

| | Budgeted Amounts | | | |
|---|---------------------|---------------------|---------------------|-------------------|
| | Original | Final | Actual | Variance |
| Revenues: | | | | |
| Taxes | \$ 3,200,000 | \$ 3,200,000 | \$ 3,405,468 | \$ 205,468 |
| Investment earnings | | | 39,564 | 39,564 |
| Total revenues | <u>3,200,000</u> | <u>3,200,000</u> | <u>3,445,032</u> | <u>245,032</u> |
| Expenditures: | | | | |
| Capital outlay | <u>1,000,000</u> | <u>20,000</u> | | <u>20,000</u> |
| Excess of revenues over expenditures | <u>2,200,000</u> | <u>3,180,000</u> | <u>3,445,032</u> | <u>265,032</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers - out | <u>(5,711,235)</u> | <u>(5,711,235)</u> | <u>(5,657,586)</u> | <u>53,649</u> |
| Net change in fund balance | (3,511,235) | (2,531,235) | (2,212,554) | 318,681 |
| Fund Balance: | | | | |
| Beginning of year | <u>6,328,580</u> | <u>6,328,580</u> | <u>6,328,580</u> | |
| End of year | <u>\$ 2,817,345</u> | <u>\$ 3,797,345</u> | <u>\$ 4,116,026</u> | <u>\$ 318,681</u> |

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
GENERAL GRANTS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Budgeted Amounts | | | |
|--|------------------|------------|------------|-------------|
| | Original | Final | Actual | Variance |
| Revenues: | | | | |
| Intergovernmental | | \$ 316,206 | \$ 239,116 | \$ (77,090) |
| Investment Earnings | | | 227 | 227 |
| Miscellaneous | \$ 13,000 | 13,000 | 13,097 | 97 |
| Total revenues | 13,000 | 329,206 | 252,440 | (76,766) |
| Expenditures: | | | | |
| Current: | | | | |
| Public Safety | | 96,660 | 52,020 | 44,640 |
| Capital outlay | | 317,989 | 185,058 | 132,931 |
| Total expenditures | | 414,649 | 237,078 | 177,571 |
| Excess (deficiency) of revenues over (under) expenditures | 13,000 | (85,443) | 15,362 | 100,805 |
| Other Financing Sources (Uses): | | | | |
| Transfers in | | 79,694 | | (79,694) |
| Transfers out | (13,000) | (13,000) | (13,095) | (95) |
| Total other financing sources (uses) | (13,000) | 66,694 | (13,095) | (79,789) |
| Net change in fund balance | | (18,749) | 2,267 | 21,016 |
| Fund Balance: | | | | |
| Beginning of year | 108,321 | 108,321 | 108,321 | |
| End of year | \$ 108,321 | \$ 89,572 | \$ 110,588 | \$ 21,016 |

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
DISASTER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2020**

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|--------------|-------------|------------|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | | | \$ 233,655 | \$ 233,655 |
| Expenditures: | | | | |
| Current: | | | | |
| Public Safety | | \$ 299,420 | 293,304 | 6,116 |
| Capital outlay | | 2,800 | 2,766 | 34 |
| Total expenditures | | 302,220 | 296,070 | 6,150 |
| Excess (deficiency) of revenues over (under) expenditures | | (302,220) | (62,415) | 239,805 |
| Net change in fund balance | | (302,220) | (62,415) | 239,805 |
| Fund Balance: | | | | |
| Beginning of year | | | | |
| End of year | | \$ (302,220) | \$ (62,415) | \$ 239,805 |

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
COMMUNITY PLANNING AND DEVELOPMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2020**

| | Budgeted Amounts | | | |
|--|---------------------|---------------------|---------------------|------------------|
| | Original | Final | Actual | Variance |
| Revenues: | | | | |
| Intergovernmental | \$ 777,812 | \$ 777,812 | \$ 353,462 | \$ (424,350) |
| Investment earnings | 2,500 | 2,500 | 2,926 | 426 |
| Miscellaneous | | | 6,411 | 6,411 |
| Total revenues | <u>780,312</u> | <u>780,312</u> | <u>362,799</u> | <u>(417,513)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Economic environment: | | | | |
| Housing and Urban Development | 740,079 | 741,353 | 231,163 | 510,190 |
| Capital outlay | | | 247,485 | (247,485) |
| Total expenditures | <u>740,079</u> | <u>741,353</u> | <u>478,648</u> | <u>262,705</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>40,233</u> | <u>38,959</u> | <u>(115,849)</u> | <u>(154,808)</u> |
| Other Financing Sources (Uses): | | | | |
| Insurance proceeds | | | 214,237 | 214,237 |
| Transfers out | <u>(37,382)</u> | <u>(37,382)</u> | <u>(63,559)</u> | <u>(26,177)</u> |
| Total other financing sources (uses) | <u>(37,382)</u> | <u>(37,382)</u> | <u>150,678</u> | <u>188,060</u> |
| Net change in fund balance | 2,851 | 1,577 | 34,829 | 33,252 |
| Fund Balance: | | | | |
| Beginning of year | <u>1,156,821</u> | <u>1,156,821</u> | <u>1,156,821</u> | |
| End of year | <u>\$ 1,159,672</u> | <u>\$ 1,158,398</u> | <u>\$ 1,191,650</u> | <u>\$ 33,252</u> |

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
STATE HOUSING INITIATIVE PARTNERSHIP - CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2020**

| | Budgeted Amounts | | | |
|---|---------------------|----------------------|----------------------|---------------------|
| | Original | Final | Actual | Variance |
| Revenues: | | | | |
| Intergovernmental | \$ 1,356,640 | \$ 9,788,440 | \$ 8,650,217 | \$ (1,138,223) |
| Charges for services | 250,000 | 250,000 | | (250,000) |
| Investment earnings | 7,500 | 7,500 | 43,958 | 36,458 |
| Miscellaneous | 95,000 | 95,000 | 237,516 | 142,516 |
| Total revenues | <u>1,709,140</u> | <u>10,140,940</u> | <u>8,931,691</u> | <u>(1,209,249)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Economic environment: | | | | |
| Housing and Urban Development | <u>1,606,639</u> | <u>4,440,814</u> | <u>1,358,494</u> | <u>3,082,320</u> |
| Excess of revenues over expenditures | <u>102,501</u> | <u>5,700,126</u> | <u>7,573,197</u> | <u>1,873,071</u> |
| Other Financing Sources (Uses): | | | | |
| Insurance proceeds | | | 277,134 | 277,134 |
| Transfers out | <u>(8,360)</u> | <u>(8,360)</u> | <u>(26,246)</u> | <u>(17,886)</u> |
| Total other financing sources (uses) | <u>(8,360)</u> | <u>(8,360)</u> | <u>250,888</u> | <u>259,248</u> |
| Net change in fund balance | 94,141 | 5,691,766 | 7,824,085 | 2,132,319 |
| Fund Balance: | | | | |
| Beginning of year | <u>7,293,543</u> | <u>7,293,543</u> | <u>7,293,543</u> | |
| End of year | <u>\$ 7,387,684</u> | <u>\$ 12,985,309</u> | <u>\$ 15,117,628</u> | <u>\$ 2,132,319</u> |

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
STATE HOUSING INITIATIVE PARTNERSHIP - COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Budgeted Amounts | | | |
|--|-------------------|-----------------------|---------------------|---------------------|
| | Original | Final | Actual | Variance |
| Revenues: | | | | |
| Intergovernmental | \$ 710,000 | \$ 710,000 | \$ 1,590,203 | \$ 880,203 |
| Investment earnings | | | 3,080 | 3,080 |
| Miscellaneous | | | 6 | 6 |
| Total revenues | <u>710,000</u> | <u>710,000</u> | <u>1,593,289</u> | <u>883,289</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Economic environment: | | | | |
| Housing and Urban Development | <u>704,009</u> | <u>2,990,871</u> | <u>2,817,637</u> | <u>173,234</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>5,991</u> | <u>(2,280,871)</u> | <u>(1,224,348)</u> | <u>1,056,523</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers out | <u>(6,115)</u> | <u>(23,115)</u> | <u>(22,953)</u> | <u>162</u> |
| Net change in fund balance | (124) | (2,303,986) | (1,247,301) | 1,056,685 |
| Fund Balance: | | | | |
| Beginning of year | <u>779,451</u> | <u>779,451</u> | <u>779,451</u> | |
| End of year | <u>\$ 779,327</u> | <u>\$ (1,524,535)</u> | <u>\$ (467,850)</u> | <u>\$ 1,056,685</u> |

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
PANAMA CITY FLORIDA HURRICANE DISASTER RELIEF FUND -
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Budgeted Amounts | | | |
|----------------------------|------------------|------------|------------|----------|
| | Original | Final | Actual | Variance |
| Revenues: | | | | |
| Contributions | | \$ 218,423 | \$ 218,423 | |
| Investment earnings | | 1,394 | 1,394 | |
| Total revenues | | 219,817 | 219,817 | |
| Expenditures: | | | | |
| Current: | | | | |
| Economic environment | | 102,286 | 102,286 | |
| Net change in fund balance | | 117,531 | 117,531 | |
| Fund Balance: | | | | |
| Beginning of year | \$ 225,675 | 225,675 | 225,675 | |
| End of year | \$ 225,675 | \$ 343,206 | \$ 343,206 | |

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY -
ST. ANDREWS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Budgeted Amounts | | | |
|--|--------------------|------------------|-------------------|-------------------|
| | Original | Final | Actual | Variance |
| Revenues: | | | | |
| Intergovernmental | \$ 342,597 | \$ 342,597 | \$ 395,029 | \$ 52,432 |
| Investment earnings | | | 4,640 | 4,640 |
| Miscellaneous | | | 22 | 22 |
| Total revenues | <u>342,597</u> | <u>342,597</u> | <u>399,691</u> | <u>57,094</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Economic environment | 452,724 | 331,058 | 285,643 | 45,415 |
| Capital outlay | <u>483,079</u> | <u>521,094</u> | <u>3,517</u> | <u>517,577</u> |
| Total expenditures | <u>935,803</u> | <u>852,152</u> | <u>289,160</u> | <u>562,992</u> |
| Excess (deficiency) of revenues over (under) expenditures | (593,206) | (509,555) | 110,531 | 620,086 |
| Other Financing Sources (Uses): | | | | |
| Transfers out | <u>(12,300)</u> | <u>(12,300)</u> | <u>(8,025)</u> | <u>4,275</u> |
| Net change in fund balance | (605,506) | (521,855) | 102,506 | 624,361 |
| Fund Balance: | | | | |
| Beginning of year | <u>595,084</u> | <u>595,084</u> | <u>595,084</u> | |
| End of year | <u>\$ (10,422)</u> | <u>\$ 73,229</u> | <u>\$ 697,590</u> | <u>\$ 624,361</u> |

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY -
DOWNTOWN
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Budgeted Amounts | | | |
|--|-------------------|---------------------|-------------------|-------------------|
| | Original | Final | Actual | Variance |
| Revenues: | | | | |
| Intergovernmental | \$ 113,814 | \$ 113,814 | \$ 128,395 | \$ 14,581 |
| Investment earnings | | | 4,414 | 4,414 |
| Miscellaneous | | | 5 | 5 |
| Total revenues | <u>113,814</u> | <u>113,814</u> | <u>132,814</u> | <u>19,000</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Economic environment | 107,634 | 231,838 | 232,067 | (229) |
| Capital outlay | | 524,092 | 3,517 | 520,575 |
| Total expenditures | <u>107,634</u> | <u>755,930</u> | <u>235,584</u> | <u>520,346</u> |
| Excess (deficiency) of revenues over (under) expenditures | 6,180 | (642,116) | (102,770) | 539,346 |
| Other Financing Sources (Uses): | | | | |
| Transfers out | <u>(6,180)</u> | <u>(6,180)</u> | <u>(3,279)</u> | <u>2,901</u> |
| Net change in fund balance | | (648,296) | (106,049) | 542,247 |
| Fund Balance: | | | | |
| Beginning of year | <u>510,364</u> | <u>510,364</u> | <u>510,364</u> | |
| End of year | <u>\$ 510,364</u> | <u>\$ (137,932)</u> | <u>\$ 404,315</u> | <u>\$ 542,247</u> |

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY -
DOWNTOWN NORTH
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Budgeted Amounts | | | |
|--|---------------------|-------------------|---------------------|-------------------|
| | Original | Final | Actual | Variance |
| Revenues: | | | | |
| Intergovernmental | \$ 748,978 | \$ 748,978 | \$ 857,411 | \$ 108,433 |
| Investment earnings | | | 5,940 | 5,940 |
| Miscellaneous | | 497,478 | 522,746 | 25,268 |
| Total revenues | <u>748,978</u> | <u>1,246,456</u> | <u>1,386,097</u> | <u>139,641</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Economic environment | 1,426,781 | 1,661,785 | 1,144,006 | 517,779 |
| Capital outlay | <u>795,646</u> | <u>195,562</u> | <u>372,285</u> | <u>(176,723)</u> |
| Total expenditures | <u>2,222,427</u> | <u>1,857,347</u> | <u>1,516,291</u> | <u>341,056</u> |
| Excess (deficiency) of revenues over (under) expenditures | (1,473,449) | (610,891) | (130,194) | 480,697 |
| Other Financing Sources (Uses): | | | | |
| Insurance proceeds | | | 296,078 | 296,078 |
| Transfers out | <u>(60,975)</u> | <u>(60,975)</u> | <u>(53,440)</u> | <u>7,535</u> |
| Total other financing sources (uses) | <u>(60,975)</u> | <u>(60,975)</u> | <u>242,638</u> | <u>303,613</u> |
| Net change in fund balance | (1,534,424) | (671,866) | 112,444 | 784,310 |
| Fund Balance: | | | | |
| Beginning of year | <u>1,297,845</u> | <u>1,297,845</u> | <u>1,297,845</u> | |
| End of year | <u>\$ (236,579)</u> | <u>\$ 625,979</u> | <u>\$ 1,410,289</u> | <u>\$ 784,310</u> |

See independent auditor's report.

**PANAMA CITY COMMUNITY REDEVELOPMENT AGENCY -
MILLVILLE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2020**

| | Budgeted Amounts | | | |
|---|-------------------|-------------------|-------------------|-------------------|
| | Original | Final | Actual | Variance |
| Revenues: | | | | |
| Intergovernmental | \$ 207,201 | \$ 207,201 | \$ 237,143 | \$ 29,942 |
| Investment earnings | 170 | 170 | 1,387 | 1,217 |
| Miscellaneous | | | 219,149 | 219,149 |
| Total revenues | <u>207,371</u> | <u>207,371</u> | <u>457,679</u> | <u>250,308</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Economic environment | 116,548 | 27,079 | 102,090 | (75,011) |
| Capital outlay | <u>16,722</u> | <u>(55,460)</u> | <u></u> | <u>(55,460)</u> |
| Total expenditures | <u>133,270</u> | <u>(28,381)</u> | <u>102,090</u> | <u>(130,471)</u> |
| Excess of revenues over expenditures | 74,101 | 235,752 | 355,589 | 119,837 |
| Other Financing Sources (Uses): | | | | |
| Transfers out | <u>(161,228)</u> | <u>(161,228)</u> | <u>(160,707)</u> | <u>521</u> |
| Net change in fund balance | (87,127) | 74,524 | 194,882 | 120,358 |
| Fund Balance: | | | | |
| Beginning of year | <u>216,118</u> | <u>216,118</u> | <u>216,118</u> | |
| End of year | <u>\$ 128,991</u> | <u>\$ 290,642</u> | <u>\$ 411,000</u> | <u>\$ 120,358</u> |

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
CAPITAL IMPROVEMENT TAXABLE REVENUE REFUNDING NOTE, SERIES 2013A
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Budgeted Amounts | | | |
|--|------------------|------------|------------|------------|
| | Original | Final | Actual | Variance |
| Revenues: | | | | |
| Investment earnings | | | \$ 279 | \$ 279 |
| Expenditures: | | | | |
| Debt service: | | | | |
| Principal retirement | \$ 237,000 | \$ 237,000 | 237,000 | |
| Interest and other charges | 2,654 | 2,654 | 2,654 | |
| Total expenditures | 239,654 | 239,654 | 239,654 | |
| Deficiency of revenues under expenditures | (239,654) | (239,654) | (239,375) | 279 |
| Other Financing Sources (Uses): | | | | |
| Transfers out | | | (4,044) | (4,044) |
| Net change in fund balance | (239,654) | (239,654) | (243,419) | (3,765) |
| Fund Balance: | | | | |
| Beginning of year | 243,419 | 243,419 | \$ 243,419 | |
| End of year | \$ 3,765 | \$ 3,765 | | \$ (3,765) |

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
CAPITAL IMPROVEMENT REVENUE NOTE, SERIES 2013B
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Budgeted Amounts | | | |
|--|------------------|-------------|--------------|------------|
| | Original | Final | Actual | Variance |
| Revenues: | | | | |
| Investment earnings | \$ 5,000 | \$ 5,000 | \$ 2,815 | \$ (2,185) |
| Expenditures: | | | | |
| Debt service: | | | | |
| Principal retirement | 865,000 | 865,000 | 865,000 | |
| Interest and other charges | 187,353 | 228,353 | 227,705 | 648 |
| Total expenditures | 1,052,353 | 1,093,353 | 1,092,705 | 648 |
| Deficiency of revenues under expenditures | (1,047,353) | (1,088,353) | (1,089,890) | (1,537) |
| Other Financing Sources (Uses): | | | | |
| Transfers in | 1,062,362 | 1,062,362 | 1,100,562 | 38,200 |
| Net change in fund balance | 15,009 | (25,991) | 10,672 | 36,663 |
| Fund Balance: | | | | |
| Beginning of year | 1,000,668 | 1,000,668 | 1,000,668 | |
| End of year | \$ 1,015,677 | \$ 974,677 | \$ 1,011,340 | \$ 36,663 |

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
CAPITAL IMPROVEMENT REVENUE NOTE, SERIES 2016
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Budgeted Amounts | | | |
|--|------------------|------------|-----------|----------|
| | Original | Final | Actual | Variance |
| Revenues: | | | | |
| Investment earnings | | | \$ 240 | \$ 240 |
| Expenditures: | | | | |
| Debt service: | | | | |
| Principal retirement | \$ 201,000 | \$ 201,000 | 201,000 | |
| Interest and other charges | 49,742 | 49,742 | 49,742 | |
| Total expenditures | 250,742 | 250,742 | 250,742 | |
| Deficiency of revenues under expenditures | (250,742) | (250,742) | (250,502) | 240 |
| Other Financing Sources (Uses): | | | | |
| Transfers in | 250,802 | 250,802 | 250,802 | |
| Net change in fund balance | 60 | 60 | 300 | 240 |
| Fund Balance: | | | | |
| Beginning of year | 63,506 | 63,506 | 63,506 | |
| End of year | \$ 63,566 | \$ 63,566 | \$ 63,806 | \$ 240 |

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
REVENUE NOTE, SERIES 2008 (MODIFIED)
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Budgeted Amounts | | | |
|--|------------------|------------|-----------|----------|
| | Original | Final | Actual | Variance |
| Revenues: | | | | |
| Investment earnings | | | \$ 714 | 714 |
| Expenditures: | | | | |
| Debt service: | | | | |
| Principal retirement | \$ 148,000 | \$ 148,000 | 146,000 | 2,000 |
| Interest and other charges | 9,428 | 9,428 | 10,845 | (1,417) |
| Total expenditures | 157,428 | 157,428 | 156,845 | 583 |
| Deficiency of revenues under expenditures | (157,428) | (157,428) | (156,131) | 1,297 |
| Other Financing Sources (Uses): | | | | |
| Transfers in | 157,428 | 157,428 | 157,428 | |
| Net change in fund balance | | | 1,297 | 1,297 |
| Fund Balance: | | | | |
| Beginning of year | 81,874 | 81,874 | 81,874 | |
| End of year | \$ 81,874 | \$ 81,874 | \$ 83,171 | \$ 1,297 |

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
CAPITAL IMPROVEMENT REVENUE NOTE, SERIES 2018
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Budgeted Amounts | | | |
|--|------------------|--------------|--------------|------------|
| | Original | Final | Actual | Variance |
| Revenues: | | | | |
| Investment earnings | \$ 6,000 | \$ 6,000 | \$ 3,469 | \$ (2,531) |
| Expenditures: | | | | |
| Debt service: | | | | |
| Principal retirement | 913,000 | 913,000 | 913,000 | |
| Interest and other charges | 510,461 | 510,461 | 510,461 | |
| Total expenditures | 1,423,461 | 1,423,461 | 1,423,461 | |
| Deficiency of revenues under expenditures | (1,417,461) | (1,417,461) | (1,419,992) | (2,531) |
| Other Financing Sources (Uses): | | | | |
| Transfers in | 1,441,396 | 1,441,396 | 1,438,396 | (3,000) |
| Net change in fund balance | 23,935 | 23,935 | 18,404 | (5,531) |
| Fund Balance: | | | | |
| Beginning of year | 1,185,659 | 1,185,659 | 1,185,659 | |
| End of year | \$ 1,209,594 | \$ 1,209,594 | \$ 1,204,063 | \$ (5,531) |

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
INFRASTRUCTURE SALES SURTAX REVENUE NOTE, SERIES 2018
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Budgeted Amounts | | | |
|--|------------------|--------------|--------------|-------------|
| | Original | Final | Actual | Variance |
| Revenues: | | | | |
| Investment earnings | | | \$ 5,290 | \$ 5,290 |
| Expenditures: | | | | |
| Debt service: | | | | |
| Principal retirement | \$ 1,586,000 | \$ 1,600,000 | 1,670,000 | (70,000) |
| Interest and other charges | 500,990 | 500,990 | 430,803 | 70,187 |
| Total expenditures | 2,086,990 | 2,100,990 | 2,100,803 | 187 |
| Deficiency of revenues under expenditures | (2,086,990) | (2,100,990) | (2,095,513) | 5,477 |
| Other Financing Sources (Uses): | | | | |
| Transfers in | 2,211,235 | 2,211,235 | 2,157,586 | (53,649) |
| Net change in fund balance | 124,245 | 110,245 | 62,073 | (48,172) |
| Fund Balance: | | | | |
| Beginning of year | 1,898,286 | 1,898,286 | 1,898,286 | |
| End of year | \$ 2,022,531 | \$ 2,008,531 | \$ 1,960,359 | \$ (48,172) |

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
HURRICANE RECOVERY AND REFUNDING REVENUE NOTE, SERIES 2019
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Budgeted Amounts | | | |
|--|------------------|------------|------------|----------|
| | Original | Final | Actual | Variance |
| Revenues: | | | | |
| Investment earnings | | | \$ 884 | \$ 884 |
| Expenditures: | | | | |
| Debt service: | | | | |
| Interest and other charges | | \$ 985,000 | 984,953 | 47 |
| Deficiency of revenues under expenditures | | (985,000) | (984,069) | 931 |
| Other Financing Sources (Uses): | | | | |
| Transfers in | | 1,788,000 | 1,788,000 | |
| Net change in fund balance | | 803,000 | 803,931 | 931 |
| Fund Balance: | | | | |
| Beginning of year | | | | |
| End of year | | \$ 803,000 | \$ 803,931 | \$ 931 |

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
CAPITAL PROJECTS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2020**

| | Budgeted Amounts | | | |
|--|------------------|--------------|--------------|------------|
| | Original | Final | Actual | Variance |
| Revenues: | | | | |
| Grants | | \$ 760,368 | \$ 760,368 | |
| Investment earnings | | | 76,920 | \$ 76,920 |
| Total revenues | | 760,368 | 837,288 | 76,920 |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | | 41,699 | 39,103 | 2,596 |
| Transportation | | 335,171 | 275,989 | 59,182 |
| Capital outlay: | | | | |
| General government | | (82,989) | | (82,989) |
| Public safety | | 8,930 | 10,450 | (1,520) |
| Transportation | \$ 1,000,000 | 252,862 | 129,099 | 123,763 |
| Culture/recreation | | 1,670,358 | 1,686,467 | (16,109) |
| Total expenditures | 1,000,000 | 2,226,031 | 2,141,108 | 84,923 |
| Deficiency of revenues under expenditures | (1,000,000) | (1,465,663) | (1,303,820) | 161,843 |
| Other Financing Sources (Uses): | | | | |
| Transfers in | 1,000,000 | 1,000,000 | 1,033,058 | 33,058 |
| Net change in fund balance | | (465,663) | (270,762) | 194,901 |
| Fund Balance: | | | | |
| Beginning of year | 7,113,256 | 7,113,256 | 7,113,256 | |
| End of year | \$ 7,113,256 | \$ 6,647,593 | \$ 6,842,494 | \$ 194,901 |

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
CAPITAL PROJECTS 2013
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Budgeted Amounts | | | |
|----------------------------|---------------------|---------------------|---------------------|-----------------------|
| | Original | Final | Actual | Variance |
| Revenues: | | | | |
| Investment earnings | | | \$ 123,640 | \$ 123,640 |
| Expenditures: | | | | |
| Capital outlay: | | | | |
| General government | | \$ 60,245 | 1,501,814 | (1,441,569) |
| Net change in fund balance | | (60,245) | (1,378,174) | (1,317,929) |
| Fund Balance: | | | | |
| Beginning of year | \$ 8,166,399 | 8,166,399 | 8,166,399 | |
| End of year | <u>\$ 8,166,399</u> | <u>\$ 8,106,154</u> | <u>\$ 6,788,225</u> | <u>\$ (1,317,929)</u> |

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
CAPITAL PROJECTS INFRASTRUCTURE SURTAX
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2020**

| | Budgeted Amounts | | | |
|---|----------------------|----------------------|----------------------|-------------------|
| | Original | Final | Actual | Variance |
| Revenues: | | | | |
| Investment earnings | | | \$ 134,182 | \$ 134,182 |
| Expenditures: | | | | |
| Capital outlay: | | | | |
| General government | | \$ 7,342 | 7,342 | |
| Excess of revenues over expenditures | | (7,342) | 126,840 | 134,182 |
| Other Financing Sources (Uses): | | | | |
| Transfers - out | | (20,000) | (20,000) | |
| Net change in fund balance | | (27,342) | 106,840 | 134,182 |
| Fund Balance: | | | | |
| Beginning of year | \$ 14,878,265 | 14,878,265 | 14,878,265 | |
| End of year | <u>\$ 14,878,265</u> | <u>\$ 14,850,923</u> | <u>\$ 14,985,105</u> | <u>\$ 134,182</u> |

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
CAPITAL PROJECTS NEW CITY HALL
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2020**

| | Budgeted Amounts | | | |
|----------------------------|------------------|--------------|--------------|--------------|
| | Original | Final | Actual | Variance |
| Revenues: | | | | |
| Investment earnings | | | \$ 9,222 | \$ 9,222 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | | | 112,048 | (112,048) |
| Capital outlay: | | | | |
| General government | | \$ 2,448,852 | 10,315 | 2,438,537 |
| Total expenditures | | 2,448,852 | 122,363 | 2,326,489 |
| Net change in fund balance | | (2,448,852) | (113,141) | 2,335,711 |
| Fund Balance: | | | | |
| Beginning of year | \$ 1,818,153 | 1,818,153 | 1,818,153 | |
| End of year | \$ 1,818,153 | \$ (630,699) | \$ 1,705,012 | \$ 2,335,711 |

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
CAPITAL PROJECTS 428
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2020**

| | Budgeted Amounts | | | |
|----------------------------|------------------|-------------|-------------|-------------|
| | Original | Final | Actual | Variance |
| Revenues: | | | | |
| Investment earnings | | | | |
| Expenditures: | | | | |
| Capital outlay: | | | | |
| General government | | \$ 12,075 | \$ 24,525 | \$ (12,450) |
| Net change in fund balance | | (12,075) | (24,525) | (12,450) |
| Fund Balance: | | | | |
| Beginning of year | | | | |
| End of year | | \$ (12,075) | \$ (24,525) | \$ (12,450) |

See independent auditor's report.

INTERNAL SERVICE FUNDS

These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies on the cost-reimbursement basis.

The following funds account for the City's insurance operations:

Medical Self-Insurance

Dental Insurance

The following fund accounts for labor and repairs on City owned equipment:

Equipment Maintenance Fund



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CITY OF PANAMA CITY, FLORIDA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

| | Equipment Maintenance | Medical Self- Insurance | Dental Insurance | Total |
|---------------------------------------|--------------------------|-------------------------------|---------------------|--------------|
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and cash equivalents | | \$ 6,070,882 | \$ 389,135 | \$ 6,460,017 |
| Accounts receivable | | 50,000 | | 50,000 |
| Due from other government entities | \$ 19,418 | | | 19,418 |
| Inventories | 159,757 | | | 159,757 |
| Prepaid items | | 72,839 | | 72,839 |
| Total current assets | 179,175 | 6,193,721 | 389,135 | 6,762,031 |
| Noncurrent Assets: | | | | |
| Capital Assets: | | | | |
| Machinery and equipment | 175,886 | | | 175,886 |
| Less accumulated depreciation | (137,270) | | | (137,270) |
| Total noncurrent assets | 38,616 | | | 38,616 |
| Total assets | 217,791 | 6,193,721 | 389,135 | 6,800,647 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| OPEB related outflows | 5,220 | | | 5,220 |
| LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Due to other funds | 58,398 | | | 58,398 |
| Accounts payable | 59,119 | 895,395 | | 954,514 |
| Accrued salaries | 14,008 | | | 14,008 |
| Compensated absences | 3,812 | | | 3,812 |
| Total current liabilities | 135,337 | 895,395 | | 1,030,732 |
| Noncurrent Liabilities: | | | | |
| Net OPEB liability | 44,779 | | | 44,779 |
| Compensated absences | 11,438 | | | 11,438 |
| Total noncurrent liabilities | 56,217 | | | 56,217 |
| Total liabilities | 191,554 | 895,395 | | 1,086,949 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| OPEB related inflows | 34,006 | | | 34,006 |
| NET POSITION | | | | |
| Net investment in capital assets | 38,616 | | | 38,616 |
| Restricted for claims | | 5,298,326 | 389,135 | 5,687,461 |
| Unrestricted | (41,165) | | | (41,165) |
| Total net position | \$ (2,549) | \$ 5,298,326 | \$ 389,135 | \$ 5,684,912 |

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
FISCAL YEAR ENDED SEPTEMBER 30, 2020**

| | Equipment Maintenance | Medical Self- Insurance | Dental Insurance | Total |
|--|--------------------------|-------------------------------|---------------------|---------------------|
| Operating Revenues: | | | | |
| Charges for services | \$ 618,956 | | | \$ 618,956 |
| Contributions: | | | | |
| Employee contributions | | \$ 785,988 | \$ 81,569 | 867,557 |
| Other agency contributions | | 1,425,312 | 37,701 | 1,463,013 |
| Retired employee contributions | | 525,790 | 64,860 | 590,650 |
| Miscellaneous | 477 | 50,000 | | 50,477 |
| Total operating revenues | <u>619,433</u> | <u>2,787,090</u> | <u>184,130</u> | <u>3,590,653</u> |
| Operating Expenses: | | | | |
| Personnel services | 474,126 | | | 474,126 |
| Operating expenses: | | | | |
| Operating expenses | 144,578 | | | 144,578 |
| Administration fees | | 1,223,642 | 285,698 | 1,509,340 |
| Depreciation | 3,523 | | | 3,523 |
| Insurance claims and expenses | | 5,462,818 | | 5,462,818 |
| Total operating expenses | <u>622,227</u> | <u>6,686,460</u> | <u>285,698</u> | <u>7,594,385</u> |
| Operating income (loss) | <u>(2,794)</u> | <u>(3,899,370)</u> | <u>(101,568)</u> | <u>(4,003,732)</u> |
| Nonoperating Revenues (Expenses): | | | | |
| Gain (loss) on disposal of assets | 835 | | | 835 |
| Scrap sales | 485 | | | 485 |
| Investment earnings | | 34,073 | 2,309 | 36,382 |
| Total nonoperating revenues (expenses) | <u>1,320</u> | <u>34,073</u> | <u>2,309</u> | <u>37,702</u> |
| Income (loss) before transfers | <u>(1,474)</u> | <u>(3,865,297)</u> | <u>(99,259)</u> | <u>(3,966,030)</u> |
| Transfers: | | | | |
| Transfers in | | 4,736,236 | 116,057 | 4,852,293 |
| Transfers out | (84,550) | | | (84,550) |
| Total transfers | <u>(84,550)</u> | <u>4,736,236</u> | <u>116,057</u> | <u>4,767,743</u> |
| Change in Net Position | (86,024) | 870,939 | 16,798 | 801,713 |
| Net Position - beginning of year | <u>83,475</u> | <u>4,427,387</u> | <u>372,337</u> | <u>4,883,199</u> |
| Net Position - end of year | <u>\$ (2,549)</u> | <u>\$ 5,298,326</u> | <u>\$ 389,135</u> | <u>\$ 5,684,912</u> |

See independent auditor's report.



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CITY OF PANAMA CITY, FLORIDA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Equipment Maintenance | Medical Self- Insurance | Dental Insurance | Total |
|---|--------------------------|-------------------------------|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers | \$ 609,177 | | | \$ 609,177 |
| Payments to suppliers | (14,378) | | | (14,378) |
| Payments to employees | (477,915) | | | (477,915) |
| Cash received for insurance contributions | | \$ 2,787,090 | \$ 184,130 | 2,971,220 |
| Cash paid for insurance claims | | (6,856,962) | (285,698) | (7,142,660) |
| Net cash provided by (used in) operating activities | <u>116,884</u> | <u>(4,069,872)</u> | <u>(101,568)</u> | <u>(4,054,556)</u> |
| FINANCING ACTIVITIES | | | | |
| Transfers in | | 4,736,236 | 116,057 | 4,852,293 |
| Transfers out | (84,550) | | | (84,550) |
| Net cash provided by (used in) noncapital financing activities | <u>(84,550)</u> | <u>4,736,236</u> | <u>116,057</u> | <u>4,767,743</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Purchases of capital assets | (33,655) | | | (33,655) |
| Proceeds from sales of capital assets | 1,321 | | | 1,321 |
| Net cash used in capital and related financing activities | <u>\$ (32,334)</u> | | | <u>(32,334)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest and dividends | | 34,073 | 2,309 | 36,382 |
| Net increase in cash and cash equivalents | | 700,437 | 16,798 | 717,235 |
| Cash and cash equivalents | | | | |
| Beginning of year | | 5,370,445 | 372,337 | 5,742,782 |
| End of Year | | <u>\$ 6,070,882</u> | <u>\$ 389,135</u> | <u>\$ 6,460,017</u> |

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | <u>Equipment Maintenance</u> | <u>Medical Self - Insurance</u> | <u>Dental Insurance</u> | <u>Total</u> |
|--|----------------------------------|---|-----------------------------|-----------------------|
| Reconciliation of operating loss to net cash used in operating activities: | | | | |
| Operating income (loss) | \$ (2,794) | \$ (3,899,370) | \$ (101,568) | \$ (4,003,732) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Depreciation expense | 3,523 | | | 3,523 |
| Change in assets and liabilities: | | | | |
| (Increase) Decrease: | | | | |
| Inventories | 156,486 | | | 156,486 |
| Due from other governmental entities | (10,256) | | | (10,256) |
| Prepaid items | | (72,839) | | (72,839) |
| Deferred outflows of resources | (5,220) | | | (5,220) |
| Increase (Decrease): | | | | |
| Accounts payable | (28,506) | (97,663) | | (126,169) |
| Accrued salaries | 5,377 | | | 5,377 |
| Compensated absences | (3,833) | | | (3,833) |
| Deferred inflows of resources | 18,058 | | | 18,058 |
| Net OPEB liability | (15,951) | | | (15,951) |
| Net cash provided by (used in) operating activities | <u>\$ 116,884</u> | <u>\$ (4,069,872)</u> | <u>\$ (101,568)</u> | <u>\$ (4,054,556)</u> |

See independent auditor's report.



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FIDUCIARY FUNDS

These funds are used to account for assets held in a trust by the City for others. They include Trust and Agency Funds.

Pension Trust Funds. These funds account for the activities of the police officers, firefighters, and senior management defined benefit pension plans. These funds are as follows:

Police Officers' Pension

Firefighters' Pension

Senior Management Pension

Cafeteria Plan Agency Fund. This fund accounts for pre-tax contribution of enrolled employees for benefits which can include health care, dental care, vision care, and child care.



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CITY OF PANAMA CITY, FLORIDA
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2020

| | Police Officers' Pension | Firefighters' Pension | Senior Management Pension | Total |
|----------------------------------|-----------------------------|--------------------------|---------------------------------|-------------------|
| Assets: | | | | |
| Cash and cash equivalents: | | | | |
| Short term investments | \$ 1,268,871 | \$ 1,504,935 | | \$ 2,773,806 |
| Transfer in transit | 36,570 | 27,428 | | 63,998 |
| Cash | 311 | | \$ 28,924 | 29,235 |
| Total cash and equivalents | 1,305,752 | 1,532,363 | 28,924 | 2,867,039 |
| Receivables: | | | | |
| City contributions | 41,569 | | | 41,569 |
| From broker for investments sold | 507 | | | 507 |
| Investment income | 30,515 | 11,626 | | 42,141 |
| Total receivables | 72,591 | 11,626 | | 84,217 |
| Investments: | | | | |
| Common Stocks | 9,991,269 | | | 9,991,269 |
| Mutual funds: | | | | |
| Fixed income | 12,349,005 | 12,369,849 | | 24,718,854 |
| Equity | 10,785,347 | 6,069,553 | | 16,854,900 |
| Pooled/common/commingled funds: | | | | |
| Fixed income | | | 502,559 | 502,559 |
| Equity | | 15,095,089 | 2,755,038 | 17,850,127 |
| Real estate investment trust | 3,000,458 | 2,874,724 | 329,014 | 6,204,196 |
| Total investments | 36,126,079 | 36,409,215 | 3,586,611 | 76,121,905 |
| Total assets | 37,504,422 | 37,953,204 | 3,615,535 | 79,073,161 |
| Liabilities: | | | | |
| Accounts Payable: | | | | |
| Administrative expenses | 1,827 | 2,829 | | 4,656 |
| Investment expenses | 15,559 | 14,011 | | 29,570 |
| Prior refunds | 668 | | | 668 |
| Other payables | 11,699 | 6,527 | | 18,226 |
| Total accounts payable | 29,753 | 23,367 | | 53,120 |
| Total liabilities | 29,753 | 23,367 | | 53,120 |
| Net Position: | | | | |
| Restricted for pension benefits | \$ 37,474,669 | \$ 37,929,837 | \$ 3,615,535 | \$ 79,020,041 |

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Police Officers' Pension | Firefighters' Pension | Senior Management Pension | Total |
|---|-----------------------------|--------------------------|---------------------------------|----------------------|
| Additions | | | | |
| Contributions: | | | | |
| Plan members | \$ 363,306 | \$ 269,326 | \$ 59,447 | \$ 692,079 |
| Employer | 1,237,615 | 2,134,496 | 85,472 | 3,457,583 |
| State | 353,224 | 315,605 | | 668,829 |
| Total contributions | <u>1,954,145</u> | <u>2,719,427</u> | <u>144,919</u> | <u>4,818,491</u> |
| Investment earnings: | | | | |
| Net appreciation in fair value of investments | 2,172,632 | 522,788 | 226,738 | 2,922,158 |
| Interest | 769,162 | 899,579 | | 1,668,741 |
| Total investment earnings | <u>2,941,794</u> | <u>1,422,367</u> | <u>226,738</u> | <u>4,590,899</u> |
| Less investment expense | <u>(151,693)</u> | <u>(195,098)</u> | | <u>(346,791)</u> |
| Net investment earnings | <u>2,790,101</u> | <u>1,227,269</u> | <u>226,738</u> | <u>4,244,108</u> |
| Total additions | <u>4,744,246</u> | <u>3,946,696</u> | <u>371,657</u> | <u>9,062,599</u> |
| Deductions | | | | |
| Distributions to members: | | | | |
| Benefit payments | 2,682,336 | 3,122,293 | 209,296 | 6,013,925 |
| Lump sum DROP distributions | 319,632 | | | 319,632 |
| Refunds of member contributions | 100,477 | 91,196 | 952 | 192,625 |
| Total distributions | <u>3,102,445</u> | <u>3,213,489</u> | <u>210,248</u> | <u>6,526,182</u> |
| Administrative expenses | <u>76,591</u> | <u>45,563</u> | <u>14,464</u> | <u>136,618</u> |
| Total deductions | <u>3,179,036</u> | <u>3,259,052</u> | <u>224,712</u> | <u>6,662,800</u> |
| Change in Net Position | <u>1,565,210</u> | <u>687,644</u> | <u>146,945</u> | <u>2,399,799</u> |
| Net Position Restricted for Pension Benefits | | | | |
| Beginning of year | <u>35,909,459</u> | <u>37,242,193</u> | <u>3,468,590</u> | <u>76,620,242</u> |
| End of year | <u>\$ 37,474,669</u> | <u>\$ 37,929,837</u> | <u>\$ 3,615,535</u> | <u>\$ 79,020,041</u> |

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
AGENCY FUND - CAFETERIA PLAN
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Balance October 1, 2019 | Additions | Deductions | Balance September 30, 2020 |
|--|-------------------------------|-------------------|-------------------|----------------------------------|
| ASSETS | | | | |
| Cash | \$ 93,889 | \$ 167,781 | \$ 103,065 | \$ 158,605 |
| Prepaid expenses | | 12,938 | | 12,938 |
| Total Assets | <u>\$ 93,889</u> | <u>\$ 180,719</u> | <u>\$ 103,065</u> | <u>\$ 171,543</u> |
| LIABILITIES | | | | |
| Accounts payable | | \$ 270,306 | \$ 275,926 | \$ 5,620 |
| Accrued payroll deductions and matching | \$ 93,889 | | 72,034 | 165,923 |
| Total Liabilities | <u>\$ 93,889</u> | <u>\$ 270,306</u> | <u>\$ 347,960</u> | <u>\$ 171,543</u> |

See independent auditor's report.



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SUPPLEMENTAL INFORMATION

THIS SUBSECTION CONTAINS THE FOLLOWING:

- SCHEDULE OF REVENUES, EXPENSES, AND CHANGE IN FUND NET POSITION – BUDGET (GAAP BASIS) AND ACTUAL – ENTERPRISE AND INTERNAL SERVICE FUNDS
- SUMMARY OF DEBT SERVICE REQUIREMENTS TO MATURITY



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CITY OF PANAMA CITY, FLORIDA
UTILITIES FUND
SCHEDULE OF REVENUES, EXPENSES, AND
CHANGE IN FUND NET POSITION - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2020

| | Final Budget | Actual | Variance |
|---|----------------------|----------------------|-----------------------|
| Operating Revenues: | | | |
| Charges for services | \$ 15,000,000 | \$ 17,915,500 | \$ 2,915,500 |
| Connection fees | 375,000 | 398,089 | 23,089 |
| Hydrant fees | 65,000 | 65,000 | |
| Miscellaneous | 40,000 | 25,799 | (14,201) |
| Total operating revenues | <u>15,480,000</u> | <u>18,404,388</u> | <u>2,924,388</u> |
| Operating Expenses: | | | |
| Personnel services | 4,356,618 | 4,090,536 | 266,082 |
| Operating expenses | 10,661,656 | 9,300,498 | 1,361,158 |
| Depreciation | 2,640,500 | 3,080,927 | (440,427) |
| Total operating expenses | <u>17,658,774</u> | <u>16,471,961</u> | <u>1,186,813</u> |
| Operating income | <u>(2,178,774)</u> | <u>1,932,427</u> | <u>4,111,201</u> |
| Nonoperating Revenues (Expenses): | | | |
| Investment earnings | 300,000 | 199,524 | (100,476) |
| Grants | 6,250,000 | | (6,250,000) |
| Interest expense | (926,528) | (915,697) | 10,831 |
| Other debt service costs | (110,000) | (77,221) | 32,779 |
| Scrap sales | | 5,550 | 5,550 |
| Total nonoperating revenues (expenses) | <u>5,513,472</u> | <u>(787,844)</u> | <u>(6,301,316)</u> |
| Income before contributions and transfers | 3,334,698 | 1,144,583 | (2,190,115) |
| Contributions and Transfers: | | | |
| Capital contributions | 385,000 | 506,409 | 121,409 |
| Transfers in | 3,725,000 | 3,745,000 | 20,000 |
| Transfers out | (1,849,775) | (1,814,309) | 35,466 |
| Total contributions and transfers | <u>2,260,225</u> | <u>2,437,100</u> | <u>176,875</u> |
| Change in Net Position | 5,594,923 | 3,581,683 | (2,013,240) |
| Net Position - beginning of year | 75,095,435 | 75,095,435 | |
| Prior period adjustment | <u>1,432,949</u> | <u>1,432,949</u> | |
| Net Position - beginning of year, as restated | <u>76,528,384</u> | <u>76,528,384</u> | |
| Net Position - end of year | <u>\$ 82,123,307</u> | <u>\$ 80,110,067</u> | <u>\$ (2,013,240)</u> |

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
SOLID WASTE FUND
SCHEDULE OF REVENUES, EXPENSES, AND
CHANGE IN FUND NET POSITION - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2020**

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|--|----------------------------|----------------------------|----------------------------|
| Operating Revenues: | | | |
| Charges for services | \$ 5,750,000 | \$ 7,250,485 | \$ 1,500,485 |
| Miscellaneous | 35,000 | 36,946 | 1,946 |
| Total operating revenues | <u>5,785,000</u> | <u>7,287,431</u> | <u>1,502,431</u> |
| Operating Expenses: | | | |
| Personnel services | 1,890,635 | 1,920,449 | (29,814) |
| Operating expenses | 3,749,774 | 3,242,508 | 507,266 |
| Depreciation | 1,255,000 | 1,420,801 | (165,801) |
| Total operating expenses | <u>6,895,409</u> | <u>6,583,758</u> | <u>311,651</u> |
| Operating income (loss) | <u>(1,110,409)</u> | <u>703,673</u> | <u>1,814,082</u> |
| Nonoperating Revenues (Expenses): | | | |
| Investment earnings | 45,000 | 36,499 | (8,501) |
| Grant | 250,000 | 13,535 | (236,465) |
| Scrap sales | | 56,182 | 56,182 |
| Gain (loss) on disposal of assets | | (95,644) | (95,644) |
| Total nonoperating revenues (expenses) | <u>295,000</u> | <u>10,572</u> | <u>(284,428)</u> |
| Income before transfers | (815,409) | 714,245 | 1,529,654 |
| Transfers: | | | |
| Transfers out | <u>(1,516,751)</u> | <u>(1,516,111)</u> | <u>640</u> |
| Change in Net Position | (2,332,160) | (801,866) | 1,530,294 |
| Net Position - beginning of year | <u>9,662,051</u> | <u>9,662,051</u> | |
| Net Position - end of year | <u><u>\$ 7,329,891</u></u> | <u><u>\$ 8,860,185</u></u> | <u><u>\$ 1,530,294</u></u> |

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
MARINA FUND
SCHEDULE OF REVENUES, EXPENSES, AND
CHANGE IN FUND NET POSITION - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2020**

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|---------------------|---------------------|-------------------|
| Operating Revenues: | | | |
| Charges for services: | | | |
| Rent | \$ 73,000 | \$ 92,843 | \$ 19,843 |
| Gas | 90,000 | 520,531 | 430,531 |
| Diesel | 320,000 | 1,057,121 | 737,121 |
| Miscellaneous | 128,100 | 120,754 | (7,346) |
| Total operating revenues | <u>611,100</u> | <u>1,791,249</u> | <u>1,180,149</u> |
| Operating Expenses: | | | |
| Personnel services | 258,055 | 209,919 | 48,136 |
| Operating expenses | 2,110,648 | 2,399,798 | (289,150) |
| Depreciation | 120,000 | 204,164 | (84,164) |
| Total operating expenses | <u>2,488,703</u> | <u>2,813,881</u> | <u>(325,178)</u> |
| Operating income (loss) | <u>(1,877,603)</u> | <u>(1,022,632)</u> | <u>854,971</u> |
| Nonoperating Revenues: | | | |
| Grant | | 41,096 | 41,096 |
| Investment earnings | 15,000 | 14,589 | (411) |
| Total nonoperating revenues | <u>15,000</u> | <u>55,685</u> | <u>40,685</u> |
| Loss before transfers | (1,862,603) | (966,947) | 895,656 |
| Transfers: | | | |
| Transfers out | <u>(315,640)</u> | <u>(305,186)</u> | <u>10,454</u> |
| Change in Net Position | (2,178,243) | (1,272,133) | 906,110 |
| Net Position - beginning of year | <u>5,248,238</u> | <u>5,248,238</u> | |
| Net Position - end of year | <u>\$ 3,069,995</u> | <u>\$ 3,976,105</u> | <u>\$ 906,110</u> |

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
EQUIPMENT MAINTENANCE FUND
SCHEDULE OF REVENUES, EXPENSES, AND
CHANGE IN FUND NET POSITION - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2020**

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|-------------------------|--------------------------|---------------------------|
| Operating Revenues: | | | |
| Charges for services | \$ 1,280,000 | \$ 618,956 | \$ (661,044) |
| Miscellaneous | | 477 | 477 |
| Total operating revenues | <u>1,280,000</u> | <u>619,433</u> | <u>(660,567)</u> |
| Operating Expenses: | | | |
| Personnel services | 643,000 | 474,126 | 168,874 |
| Operating expenses | 576,298 | 144,578 | 431,720 |
| Depreciation | 10,000 | 3,523 | 6,477 |
| Total operating expenses | <u>1,229,298</u> | <u>622,227</u> | <u>607,071</u> |
| Operating income (loss) | <u>50,702</u> | <u>(2,794)</u> | <u>(53,496)</u> |
| Nonoperating Revenues: | | | |
| Gain (loss) on disposal of assets | | 835 | 835 |
| Scrap sales | 500 | 485 | (15) |
| Total nonoperating revenues | <u>500</u> | <u>1,320</u> | <u>820</u> |
| Loss before transfers | 51,202 | (1,474) | (52,676) |
| Transfers: | | | |
| Transfers out | <u>(87,308)</u> | <u>(84,550)</u> | <u>2,758</u> |
| Change in Net Position | (36,106) | (86,024) | (49,918) |
| Net Position - beginning of year | <u>83,475</u> | <u>83,475</u> | |
| Net Position - end of year | <u><u>\$ 47,369</u></u> | <u><u>\$ (2,549)</u></u> | <u><u>\$ (49,918)</u></u> |

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
MEDICAL SELF-INSURANCE FUND
SCHEDULE OF REVENUES, EXPENSES, AND
CHANGE IN FUND NET POSITION - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2020**

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|----------------------------|----------------------------|--------------------------|
| Operating Revenues: | | | |
| Contributions: | | | |
| Employee contributions | \$ 830,000 | \$ 785,988 | \$ (44,012) |
| Other agency contributions | 1,300,000 | 1,425,312 | 125,312 |
| Retired employee contributions | 700,000 | 525,790 | (174,210) |
| Miscellaneous | <u>50,000</u> | <u>50,000</u> | <u>50,000</u> |
| Total operating revenues | <u>2,830,000</u> | <u>2,787,090</u> | <u>(42,910)</u> |
| Operating Expenses: | | | |
| Operating expenses: | | | |
| Administration fees | 1,630,000 | 1,223,642 | 406,358 |
| Insurance claims and expenses | <u>6,200,000</u> | <u>5,462,818</u> | <u>737,182</u> |
| Total operating expenses | <u>7,830,000</u> | <u>6,686,460</u> | <u>1,143,540</u> |
| Operating loss | (5,000,000) | (3,899,370) | 1,100,630 |
| Nonoperating Revenues: | | | |
| Investment earnings | <u>50,000</u> | <u>34,073</u> | <u>(15,927)</u> |
| Loss before transfers | (4,950,000) | (3,865,297) | 1,084,703 |
| Transfers: | | | |
| Transfers in | <u>4,950,000</u> | <u>4,736,236</u> | <u>(213,764)</u> |
| Change in Net Position | | 870,939 | 870,939 |
| Net Position - beginning of year | <u>4,427,387</u> | <u>4,427,387</u> | |
| Net Position - end of year | <u><u>\$ 4,427,387</u></u> | <u><u>\$ 5,298,326</u></u> | <u><u>\$ 870,939</u></u> |

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
DENTAL INSURANCE FUND
SCHEDULE OF REVENUES, EXPENSES, AND
CHANGE IN FUND NET POSITION - BUDGET (GAAP BASIS) AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2020**

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|--------------------------|--------------------------|-------------------------|
| Operating Revenues: | | | |
| Contributions: | | | |
| Employee contributions | \$ 90,000 | \$ 81,569 | \$ (8,431) |
| Other agency contributions | 40,000 | 37,701 | (2,299) |
| Retired employee contributions | 63,000 | 64,860 | 1,860 |
| Total operating revenues | <u>193,000</u> | <u>184,130</u> | <u>(8,870)</u> |
| Operating Expenses: | | | |
| Administration fees | <u>318,000</u> | <u>285,698</u> | <u>32,302</u> |
| Operating loss | (125,000) | (101,568) | 23,432 |
| Nonoperating Revenue: | | | |
| Investment earnings | <u></u> | <u>2,309</u> | <u>2,309</u> |
| Loss before transfers | (125,000) | (99,259) | 25,741 |
| Transfers: | | | |
| Transfers in | <u>125,300</u> | <u>116,057</u> | <u>(9,243)</u> |
| Change in Net Position | 300 | 16,798 | 16,498 |
| Net Position - beginning of year | <u>372,337</u> | <u>372,337</u> | |
| Net Position - end of year | <u><u>\$ 372,637</u></u> | <u><u>\$ 389,135</u></u> | <u><u>\$ 16,498</u></u> |

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
SUMMARY OF DEBT SERVICE REQUIREMENTS TO MATURITY
FISCAL YEAR ENDED SEPTEMBER 30, 2020

Governmental Activities

| Year Ending September 30 | Revenue Note, Series 2008 (Modified) | | Capital Improvement Revenue Note, Series 2013B | | Capital Leases | |
|-----------------------------|---|-------------------|---|---------------------|---|---------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2021 | \$ 149,000 | \$ 7,993 | \$ 885,000 | \$ 203,139 | \$ 407,133 | \$ 61,484 |
| 2022 | 151,000 | 5,092 | 905,000 | 178,011 | 405,463 | 43,762 |
| 2023 | 149,000 | 2,143 | 926,000 | 152,309 | 290,156 | 25,994 |
| 2024 | | | 948,000 | 126,002 | 234,427 | 14,118 |
| 2025 | | | 969,000 | 99,092 | 131,777 | 5,184 |
| 2026 | | | 992,000 | 71,564 | | |
| 2027 | | | 1,015,000 | 43,390 | | |
| 2028 | | | 1,038,000 | 14,571 | | |
| | <u>\$ 449,000</u> | <u>\$ 15,228</u> | <u>\$ 7,678,000</u> | <u>\$ 888,078</u> | <u>\$ 1,468,956</u> | <u>\$ 150,542</u> |
| | | | | | | |
| | Capital Improvement Revenue Note, Series 2016 | | Infrastructure Sales Surtax Revenue Note, Series 2018 | | Capital Improvement Revenue Note, Series 2018 | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2021 | \$ 204,000 | \$ 45,955 | \$ 1,752,000 | \$ 379,131 | \$ 943,000 | \$ 479,837 |
| 2022 | 208,000 | 42,114 | 1,804,000 | 325,435 | 975,000 | 448,190 |
| 2023 | 212,000 | 38,195 | 1,859,000 | 270,124 | 1,007,000 | 415,486 |
| 2024 | 216,000 | 34,202 | 1,915,000 | 213,137 | 1,040,000 | 381,711 |
| 2025 | 220,000 | 30,135 | 1,973,000 | 154,428 | 1,074,000 | 346,830 |
| 2026 | 225,000 | 25,993 | 2,033,000 | 93,937 | 1,110,000 | 310,794 |
| 2027 | 229,000 | 21,758 | 2,094,000 | 31,619 | 1,146,000 | 273,570 |
| 2028 | 233,000 | 17,447 | | | 1,184,000 | 235,125 |
| 2029 | 237,000 | 13,063 | | | 1,223,000 | 195,410 |
| 2030 | 242,000 | 8,597 | | | 1,264,000 | 154,374 |
| 2031 | 246,000 | 4,042 | | | 1,305,000 | 111,986 |
| 2032 | 62,000 | 290 | | | 1,348,000 | 68,211 |
| 2033 | | | | | 1,393,000 | 22,984 |
| | <u>\$ 2,534,000</u> | <u>\$ 281,791</u> | <u>\$ 13,430,000</u> | <u>\$ 1,467,811</u> | <u>\$ 15,012,000</u> | <u>\$ 3,444,508</u> |

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
SUMMARY OF DEBT SERVICE REQUIREMENTS TO MATURITY
FISCAL YEAR ENDED SEPTEMBER 30, 2020

Governmental Activities (continued)

| Year Ending September 30 | FEMA Community Disaster Loan, Series 2019 | |
|-----------------------------|--|------------------|
| | Principal | Interest |
| 2021 | | |
| 2022 | | |
| 2023 | | |
| 2024 | | |
| 2025 | \$ 5,000,000 | \$ 21,977 |
| | <u>\$ 5,000,000</u> | <u>\$ 21,977</u> |

Business-type Activities

| Year Ending September 30 | Water & Sewer Refunding Revenue Note, Series 2012 | | Water & Sewer Revenue Note, Series 2015 | |
|-----------------------------|---|-------------------|---|---------------------|
| | Principal | Interest | Principal | Interest |
| 2021 | \$ 1,638,000 | \$ 79,601 | \$ 1,350,000 | \$ 757,785 |
| 2022 | 1,673,000 | 40,154 | 1,390,000 | 716,919 |
| 2023 | 1,703,000 | | 1,430,000 | 674,877 |
| 2024 | | | 1,475,000 | 631,512 |
| 2025 | | | 1,520,000 | 586,824 |
| 2026 | | | 1,565,000 | 540,813 |
| 2027 | | | 1,610,000 | 493,479 |
| 2028 | | | 1,655,000 | 444,822 |
| 2029 | | | 1,705,000 | 394,695 |
| 2030 | | | 1,755,000 | 343,098 |
| 2031 | | | 1,805,000 | 290,031 |
| 2032 | | | 1,860,000 | 235,347 |
| 2033 | | | 1,915,000 | 179,046 |
| 2034 | | | 1,970,000 | 121,128 |
| 2035 | | | 2,030,000 | 61,446 |
| 2036 | | | 2,090,000 | |
| | <u>\$ 5,014,000</u> | <u>\$ 119,755</u> | <u>\$ 27,125,000</u> | <u>\$ 6,471,822</u> |

See independent auditor's report.

STATISTICAL SECTION

THIS SECTION CONTAINS THE FOLLOWING:

- FINANCIAL TRENDS
- REVENUE CAPACITY
- DEBT CAPACITY
- DEMOGRAPHIC AND ECONOMIC INFORMATION
- OPERATING INFORMATION



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STATISTICAL SECTION

This part of the City of Panama City, Florida's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

These schedules represent information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF PANAMA CITY, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED

| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>Fiscal Year</u> <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|---|------------------------|------------------------|------------------------|-----------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 5,874,629 | \$ 5,529,101 | \$ 6,364,801 | \$ 6,094,551 | \$ 7,332,537 | \$ 7,202,957 | \$ 8,047,155 | \$ 8,232,205 | \$ 84,430,144 | \$ 41,876,490 |
| Public safety | 17,346,057 | 17,954,974 | 18,443,729 | 19,060,516 | 18,241,148 | 21,345,141 | 21,091,964 | 21,197,707 | 22,418,938 | 23,707,967 |
| Physical environment | 37,477 | | | | | | | | | |
| Transportation | 5,760,884 | 5,877,854 | 5,455,287 | 5,481,149 | 5,320,025 | 5,293,976 | 5,781,421 | 5,824,445 | 5,478,278 | 5,966,864 |
| Leisure Services | | | | | | 5,748 | | | | |
| Economic environment | 3,112,085 | 3,779,765 | 3,309,023 | 3,728,293 | 3,553,702 | 3,584,832 | 3,528,539 | 4,956,197 | 4,195,606 | 7,586,803 |
| Culture and recreation | 3,317,259 | 3,375,322 | 3,470,268 | 3,505,846 | 3,373,667 | 3,322,205 | 3,625,195 | 3,665,526 | 7,002,602 | 3,987,749 |
| Human services | 373,967 | 326,609 | 301,127 | 341,100 | 298,840 | 244,089 | 282,512 | 244,479 | 235,158 | 271,247 |
| Interest on long-term debt | 451,014 | 465,549 | 462,930 | 415,035 | 364,137 | 385,657 | 531,878 | 205,222 | 1,593,953 | 2,305,974 |
| Total governmental activities expenses | <u>36,273,372</u> | <u>37,309,174</u> | <u>37,807,165</u> | <u>38,626,490</u> | <u>38,484,056</u> | <u>41,384,605</u> | <u>42,888,664</u> | <u>44,325,781</u> | <u>125,354,679</u> | <u>85,703,094</u> |
| Business-type activities: | | | | | | | | | | |
| Utilities | 13,708,629 | 13,889,586 | 14,032,601 | 13,575,865 | 13,818,774 | 15,018,401 | 15,252,532 | 15,981,122 | 23,524,617 | 18,138,534 |
| Solid waste | 5,458,696 | 5,422,422 | 5,591,570 | 5,450,759 | 5,592,968 | 5,764,430 | 6,012,230 | 6,440,541 | 6,569,405 | 7,045,202 |
| Marina | 3,296,092 | 3,669,461 | 3,213,703 | 3,025,662 | 2,895,496 | 2,500,262 | 2,707,680 | 2,842,914 | 2,656,578 | 2,838,965 |
| Total business-type activities expenses | <u>22,463,417</u> | <u>22,981,469</u> | <u>22,837,874</u> | <u>22,052,286</u> | <u>22,307,238</u> | <u>23,283,093</u> | <u>23,972,442</u> | <u>25,264,577</u> | <u>32,750,600</u> | <u>28,022,701</u> |
| Total primary government expenses | <u>\$ 58,736,789</u> | <u>\$ 60,290,643</u> | <u>\$ 60,645,039</u> | <u>\$ 60,678,776</u> | <u>\$ 60,791,294</u> | <u>\$ 64,667,698</u> | <u>\$ 66,861,106</u> | <u>\$ 69,590,358</u> | <u>\$ 158,105,279</u> | <u>\$ 113,725,795</u> |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | \$ 7,763,454 | \$ 7,882,958 | \$ 8,221,000 | \$ 8,854,998 | \$ 9,516,380 | \$ 9,674,256 | \$ 9,882,404 | \$ 10,332,074 | \$ 13,367,604 | \$ 16,896,365 |
| Public safety | 830,845 | 777,578 | 928,896 | 1,002,506 | 942,066 | 1,081,365 | 1,127,848 | 1,106,826 | 4,897,479 | 2,145,159 |
| Transportation | 510,790 | 442,727 | 483,251 | 455,887 | 281,775 | 188,709 | 194,373 | 200,205 | 615,382 | 259,216 |
| Economic environment | | 584,160 | | | 19,978 | | 5,119 | 1,489 | 499,945 | 787,449 |
| Culture and recreation | 165,238 | 167,982 | 199,286 | 184,717 | 275,060 | 250,591 | 279,223 | 378,443 | 5,653,271 | 5,303,085 |
| Other | 61,873 | | | | | | | | | |
| Operating grants and contributions | 1,955,297 | 3,356,769 | 2,696,614 | 2,443,538 | 2,573,798 | 1,085,770 | 1,278,837 | 1,301,296 | 84,287,672 | 17,579,048 |
| Capital grants and contributions | 61,299 | 51,717 | 20,494 | 25,000 | 25,000 | | | | | |
| Total governmental activities program revenues | <u>11,348,796</u> | <u>13,263,891</u> | <u>12,549,541</u> | <u>12,966,646</u> | <u>13,634,057</u> | <u>12,280,691</u> | <u>12,767,804</u> | <u>13,320,333</u> | <u>109,321,353</u> | <u>42,970,322</u> |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Utilities | 16,411,828 | 15,962,245 | 17,409,907 | 17,861,187 | 19,054,265 | 18,524,781 | 19,565,041 | 19,622,582 | 15,934,927 | 18,404,388 |
| Solid waste | 6,855,496 | 6,513,969 | 6,499,983 | 6,607,800 | 6,749,482 | 6,716,863 | 6,906,065 | 7,186,148 | 5,943,083 | 7,287,431 |
| Marina | 3,374,900 | 3,511,819 | 3,123,838 | 2,976,178 | 3,099,610 | 2,772,635 | 3,050,304 | 3,148,592 | 748,905 | 1,791,249 |
| Operating grants and contributions | | | | | 65,550 | | 17,476 | 218,225 | 9,699,648 | 54,631 |
| Capital grants and contributions | 177,734 | 172,820 | 142,542 | 138,515 | 178,999 | 200,432 | 591,888 | 361,400 | 637,468 | 506,409 |
| Total business-type activities program revenues | <u>26,819,958</u> | <u>26,160,853</u> | <u>27,176,270</u> | <u>27,583,680</u> | <u>29,147,906</u> | <u>28,214,711</u> | <u>30,130,774</u> | <u>30,536,947</u> | <u>32,964,031</u> | <u>28,044,108</u> |
| Total primary government program revenues | <u>\$ 38,168,754</u> | <u>\$ 39,424,744</u> | <u>\$ 39,725,811</u> | <u>\$ 40,550,326</u> | <u>\$ 42,781,963</u> | <u>\$ 40,495,402</u> | <u>\$ 42,898,578</u> | <u>\$ 43,857,280</u> | <u>\$ 142,285,384</u> | <u>\$ 71,014,430</u> |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | \$ (24,924,576) | \$ (24,045,283) | \$ (25,257,624) | \$ (25,659,844) | \$ (24,849,999) | \$ (29,103,914) | \$ (30,120,860) | \$ (31,005,448) | \$ (16,033,326) | \$ (42,732,772) |
| Business-type activities | 4,356,541 | 3,179,384 | 4,338,396 | 5,531,394 | 6,840,668 | 4,931,618 | 6,158,332 | 5,272,370 | 213,431 | 21,407 |
| Total primary government net expenses | <u>\$ (20,568,035)</u> | <u>\$ (20,865,899)</u> | <u>\$ (20,919,228)</u> | <u>\$ (20,128,450)</u> | <u>\$ (18,009,331)</u> | <u>\$ (24,172,296)</u> | <u>\$ (23,962,528)</u> | <u>\$ (25,733,078)</u> | <u>\$ (15,819,895)</u> | <u>\$ (42,711,365)</u> |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Ad valorem taxes | \$ 8,221,868 | \$ 8,008,760 | \$ 7,931,119 | \$ 8,338,872 | \$ 8,511,463 | \$ 8,861,504 | \$ 8,897,687 | \$ 8,929,919 | \$ 10,099,539 | \$ 11,049,811 |
| Tax increment ad valorem taxes | 1,716,903 | 1,588,207 | 1,503,382 | 2,095,743 | 2,308,216 | 2,306,065 | 2,239,986 | 2,172,010 | 2,311,262 | 1,617,978 |
| Local option gasoline tax | 1,272,508 | 1,269,175 | 1,394,258 | 1,376,850 | 1,410,878 | 1,479,612 | 1,281,331 | 1,295,819 | 1,315,941 | 1,269,117 |
| Franchise fees | 3,616,998 | 3,798,295 | 4,066,491 | 4,149,648 | 4,409,262 | 4,373,282 | 4,112,022 | 4,261,663 | 3,490,296 | 3,612,700 |
| Utility service tax | 3,462,259 | 3,420,265 | 3,479,637 | 3,879,713 | 4,176,778 | 4,276,080 | 4,287,390 | 4,540,419 | 3,719,556 | 3,901,790 |
| Communications service tax | 1,913,553 | 1,823,525 | 1,945,790 | 1,713,347 | 1,619,995 | 1,537,187 | 1,614,810 | 1,574,325 | 1,361,929 | 1,542,282 |
| Local option sales tax | 2,650,754 | 2,644,093 | 2,736,855 | 2,947,185 | 3,110,963 | 3,285,075 | 2,120,937 | 3,279,225 | 3,596,071 | 3,405,468 |
| Unrestricted state revenue sharing | 1,329,508 | 1,336,070 | 1,344,526 | 1,355,933 | 1,403,496 | 1,436,957 | 4,871,519 | 5,117,650 | 5,531,002 | 5,181,838 |
| Unrestricted investment earnings | 220,889 | 228,562 | 225,263 | 346,393 | 343,489 | 176,342 | 472,139 | 663,874 | 1,253,276 | 707,005 |
| Gain (loss) on disposal of capital assets | 52,993 | 1,468 | 16,980 | 14,930 | 23,980 | 28,398 | 33,503 | (107,719) | | |
| Miscellaneous | 478,638 | 738,522 | 2,950,334 | 608,564 | 941,573 | 1,389,553 | 563,515 | 618,970 | 1,937,466 | 2,127,706 |
| Contributions | 5,242,210 | | | | | | | | | |
| Transfers | 1,862,663 | 1,949,175 | 1,774,122 | 1,803,068 | 1,819,302 | 1,610,527 | 2,112,119 | 1,861,812 | 1,725,845 | (1,373,984) |
| Total governmental activities general revenues | <u>32,041,744</u> | <u>26,806,117</u> | <u>29,368,757</u> | <u>28,630,246</u> | <u>30,079,395</u> | <u>30,760,582</u> | <u>32,606,958</u> | <u>34,207,967</u> | <u>36,342,183</u> | <u>33,041,711</u> |
| Business-type activities: | | | | | | | | | | |
| Unrestricted investment earnings | 134,623 | 112,395 | 90,477 | 99,797 | 144,474 | 207,665 | 395,756 | 488,472 | 560,802 | 250,612 |
| Gain on disposal of capital assets | 3,200 | | | 3,145 | 22,964 | 24,775 | (265,461) | 8,585 | | |
| Miscellaneous | | 182,378 | 50,689 | 13,196 | 6,807 | 2,433 | 4,258 | 12,844 | 1,846 | 61,732 |
| Transfers | (1,862,663) | (1,949,175) | (1,774,122) | (1,803,068) | (1,819,302) | (1,610,527) | (2,112,119) | (1,861,812) | (1,725,845) | 1,373,984 |
| Total business-type activities general revenues | <u>(1,724,840)</u> | <u>(1,654,402)</u> | <u>(1,632,956)</u> | <u>(1,686,930)</u> | <u>(1,645,057)</u> | <u>(1,375,654)</u> | <u>(1,977,566)</u> | <u>(1,351,911)</u> | <u>(1,163,197)</u> | <u>1,686,328</u> |
| Total primary government general revenues | <u>\$ 30,316,904</u> | <u>\$ 25,151,715</u> | <u>\$ 27,735,801</u> | <u>\$ 26,943,316</u> | <u>\$ 28,434,338</u> | <u>\$ 29,384,928</u> | <u>\$ 30,629,392</u> | <u>\$ 32,856,056</u> | <u>\$ 35,178,986</u> | <u>\$ 34,728,039</u> |
| Changes in Net Position | | | | | | | | | | |
| Governmental activities | \$ 7,117,168 | \$ 2,760,834 | \$ 4,111,133 | \$ 2,970,402 | \$ 5,229,396 | \$ 1,656,668 | \$ 2,486,098 | \$ 3,202,519 | \$ 20,308,857 | \$ (9,691,061) |
| Business-type activities | 2,631,701 | 1,524,982 | 2,705,440 | 3,844,464 | 5,195,611 | 3,555,964 | 4,180,766 | 3,920,459 | (949,766) | 1,707,735 |
| Total primary government changes in net position | <u>\$ 9,748,869</u> | <u>\$ 4,285,816</u> | <u>\$ 6,816,573</u> | <u>\$ 6,814,866</u> | <u>\$ 10,425,007</u> | <u>\$ 5,212,632</u> | <u>\$ 6,666,864</u> | <u>\$ 7,122,978</u> | <u>\$ 19,359,091</u> | <u>\$ (7,983,326)</u> |

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
UNAUDITED**

| | Fiscal Year | | | | | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| Governmental activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 45,114,329 | \$ 48,578,821 | \$ 41,666,862 | \$ 57,092,075 | \$ 60,426,245 | \$ 61,541,617 | \$ 70,309,572 | \$ 70,572,052 | \$ 72,191,254 | \$ 60,326,001 |
| Restricted | 3,429,960 | 2,884,127 | 1,842,298 | 2,415,183 | 4,740,198 | 6,387,711 | 14,901,299 | 19,045,770 | 31,273,810 | 34,797,523 |
| Unrestricted | 45,293,687 | 45,135,862 | 55,225,669 | 42,197,973 | 21,883,518 | 20,777,301 | 5,981,856 | 4,356,416 | 10,818,031 | 13,208,298 |
| Total governmental activities net position | <u>\$ 93,837,976</u> | <u>\$ 96,598,810</u> | <u>\$ 98,734,829</u> | <u>\$ 101,705,231</u> | <u>\$ 87,049,961</u> | <u>\$ 88,706,629</u> | <u>\$ 91,192,727</u> | <u>\$ 93,974,238</u> | <u>\$ 114,283,095</u> | <u>\$ 108,331,822</u> |
| Business-type activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 39,075,302 | \$ 45,577,206 | \$ 46,401,318 | \$ 47,083,456 | \$ 46,182,187 | \$ 47,757,703 | \$ 67,700,504 | \$ 58,183,597 | \$ 61,995,159 | \$ 69,011,200 |
| Restricted | 417,800 | 2,023,696 | 5,038,071 | 3,510,242 | 5,726,784 | 8,787,979 | 6,841,454 | 10,248,871 | 12,679,599 | 12,788,051 |
| Unrestricted | 28,692,897 | 22,110,079 | 20,789,178 | 25,479,333 | 28,355,307 | 27,274,560 | 13,459,050 | 23,341,261 | 16,149,205 | 12,165,396 |
| Total business-type activities net position | <u>\$ 68,185,999</u> | <u>\$ 69,710,981</u> | <u>\$ 72,228,567</u> | <u>\$ 76,073,031</u> | <u>\$ 80,264,278</u> | <u>\$ 83,820,242</u> | <u>\$ 88,001,008</u> | <u>\$ 91,773,729</u> | <u>\$ 90,823,963</u> | <u>\$ 93,964,647</u> |
| Primary government: | | | | | | | | | | |
| Net investment in capital assets | \$ 84,189,631 | \$ 94,156,027 | \$ 88,068,180 | \$ 104,175,531 | \$ 106,608,432 | \$ 109,299,320 | \$ 138,010,076 | \$ 128,755,649 | \$ 134,186,413 | \$ 129,337,201 |
| Restricted | 3,847,760 | 4,907,823 | 6,880,369 | 5,925,425 | 10,466,982 | 15,175,690 | 21,742,753 | 29,294,641 | 43,953,409 | 47,585,574 |
| Unrestricted | 73,986,584 | 67,245,941 | 76,014,847 | 67,677,306 | 50,238,825 | 48,051,861 | 19,440,906 | 27,697,677 | 26,967,236 | 25,373,694 |
| Total primary government net position | <u>\$ 162,023,975</u> | <u>\$ 166,309,791</u> | <u>\$ 170,963,396</u> | <u>\$ 177,778,262</u> | <u>\$ 167,314,239</u> | <u>\$ 172,526,871</u> | <u>\$ 179,193,735</u> | <u>\$ 185,747,967</u> | <u>\$ 205,107,058</u> | <u>\$ 202,296,469</u> |

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
PROGRAM REVENUES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED**

| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>Fiscal Year</u> <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|--|----------------------|----------------------|----------------------|-----------------------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|
| Function/Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 7,763,454 | \$ 7,882,958 | \$ 8,221,000 | \$ 8,854,998 | \$ 9,516,380 | \$ 9,674,256 | \$ 9,882,404 | \$ 10,332,074 | \$ 93,858,826 | \$ 21,975,993 |
| Public safety | 1,746,190 | 3,142,050 | 1,993,601 | 2,192,020 | 2,576,709 | 1,196,295 | 1,188,058 | 1,156,941 | 6,063,332 | 2,750,089 |
| Transportation | 510,790 | 442,727 | 483,251 | 455,887 | 281,775 | 188,709 | 194,373 | 200,205 | 645,489 | 297,351 |
| Economic environment | 1,101,251 | 1,628,174 | 1,652,403 | 1,279,024 | 984,133 | 970,840 | 1,223,746 | 1,252,670 | 3,051,881 | 12,447,000 |
| Culture and recreation | 165,238 | 167,982 | 199,286 | 184,717 | 275,060 | 250,591 | 279,223 | 378,443 | 5,701,825 | 5,499,889 |
| Other | 61,873 | | | | | | | | | |
| Total governmental activities | <u>11,348,796</u> | <u>13,263,891</u> | <u>12,549,541</u> | <u>12,966,646</u> | <u>13,634,057</u> | <u>12,280,691</u> | <u>12,767,804</u> | <u>13,320,333</u> | <u>109,321,353</u> | <u>42,970,322</u> |
| Business-type activities: | | | | | | | | | | |
| Utilities | 16,589,562 | 16,135,065 | 17,552,449 | 17,999,702 | 19,233,264 | 18,725,213 | 20,156,929 | 19,983,982 | 25,859,090 | 18,910,797 |
| Solid waste | 6,855,496 | 6,513,969 | 6,499,983 | 6,607,800 | 6,749,482 | 6,716,863 | 6,906,065 | 7,186,148 | 6,311,029 | 7,300,966 |
| Marina | 3,374,900 | 3,511,819 | 3,123,838 | 2,976,178 | 3,165,160 | 2,772,635 | 3,067,780 | 3,366,817 | 793,912 | 1,832,345 |
| Total business-type activities | <u>26,819,958</u> | <u>26,160,853</u> | <u>27,176,270</u> | <u>27,583,680</u> | <u>29,147,906</u> | <u>28,214,711</u> | <u>30,130,774</u> | <u>30,536,947</u> | <u>32,964,031</u> | <u>28,044,108</u> |
| Total primary government function/program revenues | <u>\$ 38,168,754</u> | <u>\$ 39,424,744</u> | <u>\$ 39,725,811</u> | <u>\$ 40,550,326</u> | <u>\$ 42,781,963</u> | <u>\$ 40,495,402</u> | <u>\$ 42,898,578</u> | <u>\$ 43,857,280</u> | <u>\$ 142,285,384</u> | <u>\$ 71,014,430</u> |

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED**

| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>Fiscal Year</u> <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|------------------------------------|----------------------|----------------------|----------------------|-----------------------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|
| Governmental Funds | | | | | | | | | | |
| General fund: | | | | | | | | | | |
| Non-spendable | \$ 161,098 | \$ 432,325 | \$ 160,252 | \$ 212,444 | \$ 355,237 | \$ 292,545 | \$ 293,011 | \$ 319,010 | \$ 304,141 | \$ 383,043 |
| Spendable: | | | | | | | | | | |
| Restricted | | | | | | | | | | |
| Committed | 9,838,400 | 9,838,400 | 10,496,928 | 10,882,597 | 11,396,432 | 11,164,211 | 12,045,554 | 12,906,796 | | |
| Assigned | 1,053,855 | 783,378 | 230,253 | 228,760 | 228,760 | 286,399 | 546,933 | 546,933 | 242,020 | 534,724 |
| Unassigned | 9,254,662 | 9,545,027 | 11,542,588 | 13,262,912 | 12,591,442 | 14,868,795 | 8,207,390 | 11,543,501 | 14,585,827 | 17,327,208 |
| Total general fund | <u>20,308,015</u> | <u>20,599,130</u> | <u>22,430,021</u> | <u>24,586,713</u> | <u>24,571,871</u> | <u>26,611,950</u> | <u>21,092,888</u> | <u>25,316,240</u> | <u>15,131,988</u> | <u>18,244,975</u> |
| All other governmental funds: | | | | | | | | | | |
| Non-spendable | 167,695 | 164,350 | 161,352 | 166,328 | 1,931,733 | 1,947,538 | 2,322,141 | 2,285,632 | 2,532,757 | 4,264,991 |
| Spendable: | | | | | | | | | | |
| Restricted | 13,077,348 | 11,914,160 | 8,823,094 | 9,664,348 | 8,059,411 | 9,821,489 | 10,344,149 | 14,176,471 | 27,250,949 | 24,673,971 |
| Committed | 4,147,234 | 4,388,146 | 2,544,340 | 1,759,587 | 2,260,097 | | | | 71,961,293 | 39,185,680 |
| Assigned | 11,326,551 | 11,399,721 | 23,848,878 | 19,448,304 | 17,953,680 | 18,426,642 | 17,884,755 | 33,369,103 | 31,976,073 | 30,320,836 |
| Unassigned | | | | | | | | | | (554,790) |
| Total all other governmental funds | <u>28,718,828</u> | <u>27,866,377</u> | <u>35,377,664</u> | <u>31,038,567</u> | <u>30,204,921</u> | <u>30,195,669</u> | <u>30,551,045</u> | <u>49,831,206</u> | <u>133,721,072</u> | <u>97,890,688</u> |
| Total governmental funds | <u>\$ 49,026,843</u> | <u>\$ 48,465,507</u> | <u>\$ 57,807,685</u> | <u>\$ 55,625,280</u> | <u>\$ 54,776,792</u> | <u>\$ 56,807,619</u> | <u>\$ 51,643,933</u> | <u>\$ 75,147,446</u> | <u>\$ 148,853,060</u> | <u>\$ 116,135,663</u> |

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED

| | Fiscal Year | | | | | | | | | |
|---|--------------------|---------------------|----------------------|-----------------------|---------------------|---------------------|-----------------------|----------------------|----------------------|-----------------------|
| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| Revenues | | | | | | | | | | |
| Taxes | \$ 18,487,185 | \$ 18,320,020 | \$ 18,817,297 | \$ 19,458,430 | \$ 20,128,376 | \$ 20,527,665 | \$ 22,314,178 | \$ 23,881,370 | \$ 23,583,332 | \$ 24,781,168 |
| Licenses and permits | 7,523,145 | 7,590,601 | 7,966,335 | 8,657,993 | 9,163,514 | 9,361,261 | 9,573,480 | 10,013,624 | 9,650,287 | 10,164,936 |
| Intergovernmental | 8,476,178 | 10,321,430 | 9,006,077 | 9,623,619 | 10,174,102 | 8,888,292 | 9,150,093 | 9,372,046 | 91,693,380 | 24,601,564 |
| Charges for services | 1,075,967 | 1,011,432 | 1,253,090 | 1,175,095 | 1,209,316 | 1,156,224 | 1,249,335 | 1,317,923 | 1,164,419 | 1,127,439 |
| Investment earnings | 220,889 | 228,562 | 225,263 | 346,626 | 343,489 | 176,342 | 472,139 | 663,874 | 1,253,276 | 707,005 |
| Miscellaneous | 539,298 | 2,878,779 | 969,360 | 532,062 | 890,468 | 1,320,962 | 640,337 | 555,772 | 3,144,764 | 1,961,119 |
| Total revenues | <u>36,322,662</u> | <u>40,350,824</u> | <u>38,237,422</u> | <u>39,793,825</u> | <u>41,909,265</u> | <u>41,430,746</u> | <u>43,399,562</u> | <u>45,804,609</u> | <u>130,489,458</u> | <u>63,343,231</u> |
| Expenditures | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government | 4,951,169 | 4,555,892 | 5,357,993 | 4,928,462 | 5,465,271 | 5,043,149 | 5,314,495 | 5,631,954 | 81,212,990 | 38,740,031 |
| Public safety | 15,060,689 | 15,506,710 | 15,859,430 | 16,362,023 | 16,248,208 | 16,622,005 | 16,772,083 | 17,429,071 | 19,360,984 | 19,175,443 |
| Physical environment | 37,477 | | | | | 5,748 | | | | |
| Transportation | 3,728,533 | 3,727,188 | 3,888,680 | 3,852,140 | 3,660,154 | 3,601,914 | 3,754,584 | 3,821,614 | 3,280,396 | 3,642,622 |
| Economic environment | 3,076,424 | 3,747,936 | 3,265,201 | 3,682,475 | 3,500,184 | 3,514,085 | 3,455,302 | 4,881,270 | 4,145,662 | 7,508,653 |
| Human services | 347,571 | 305,925 | 274,702 | 313,463 | 265,926 | 244,089 | 282,512 | 244,479 | 235,158 | 271,247 |
| Culture and recreation | 2,306,535 | 2,330,338 | 2,446,464 | 2,447,613 | 2,588,130 | 2,626,840 | 2,713,367 | 2,790,838 | 6,562,198 | 3,459,087 |
| Debt service: | | | | | | | | | | |
| Capital lease principal | | | | 395,642 | 806,349 | 750,414 | 381,959 | 535,300 | 622,728 | 390,148 |
| Capital lease interest | | | | 10,070 | 6,666 | 62,601 | 45,269 | 33,583 | 44,326 | 87,129 |
| Principal | 1,690,000 | 1,771,000 | 1,387,000 | 1,187,000 | 1,802,000 | 1,838,000 | 3,243,000 | 216,000 | 1,821,000 | 4,032,000 |
| Interest and other charges | 450,642 | 1,618,578 | 715,680 | 418,705 | 370,427 | 332,915 | 493,141 | 175,387 | 1,550,357 | 2,217,163 |
| Capital outlay | <u>3,833,890</u> | <u>6,493,415</u> | <u>7,464,200</u> | <u>7,298,532</u> | <u>8,729,922</u> | <u>3,302,128</u> | <u>13,782,228</u> | <u>16,793,745</u> | <u>16,178,164</u> | <u>10,646,121</u> |
| Total expenditures | <u>35,482,930</u> | <u>40,056,982</u> | <u>40,659,350</u> | <u>40,896,125</u> | <u>43,443,237</u> | <u>37,943,888</u> | <u>50,237,940</u> | <u>52,553,241</u> | <u>135,013,963</u> | <u>90,169,644</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>839,732</u> | <u>293,842</u> | <u>(2,421,928)</u> | <u>(1,102,300)</u> | <u>(1,533,972)</u> | <u>3,486,858</u> | <u>(6,838,378)</u> | <u>(6,748,632)</u> | <u>(4,524,505)</u> | <u>(26,826,413)</u> |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Transfers in | 8,845,631 | 11,691,407 | 7,368,623 | 7,778,812 | 9,467,567 | 7,353,850 | 7,020,694 | 11,290,553 | 22,913,434 | 10,081,463 |
| Transfer out | (8,945,948) | (12,611,868) | (8,377,393) | (8,858,917) | (10,670,379) | (8,809,881) | (8,642,793) | (13,080,073) | (24,861,834) | (14,958,600) |
| Issuance of long term debt | | | 14,194,945 | | 1,888,296 | | 3,296,791 | 32,082,490 | 60,077,909 | 15,501,564 |
| Original issue discount | | | | | | | | (40,825) | | |
| Issuance of refunding bonds | | 2,883,000 | 3,315,000 | | | | | | 41,185,195 | |
| Payment to bond refunding escrow agent | | (2,817,717) | (3,289,219) | | | | | | (41,185,195) | |
| Insurance Proceeds | | | | | | | | | 20,100,610 | 13,439,200 |
| BP recovery | | | 1,900,000 | | | | | | | |
| Total other financing sources (uses) | <u>(100,317)</u> | <u>(855,178)</u> | <u>15,111,956</u> | <u>(1,080,105)</u> | <u>685,484</u> | <u>(1,456,031)</u> | <u>1,674,692</u> | <u>30,252,145</u> | <u>78,230,119</u> | <u>24,063,627</u> |
| Net change in fund balances | <u>\$ 739,415</u> | <u>\$ (561,336)</u> | <u>\$ 12,690,028</u> | <u>\$ (2,182,405)</u> | <u>\$ (848,488)</u> | <u>\$ 2,030,827</u> | <u>\$ (5,163,686)</u> | <u>\$ 23,503,513</u> | <u>\$ 73,705,614</u> | <u>\$ (2,762,786)</u> |
| Debt service as a percentage of noncapital expenditures | 6.76% | 10.10% | 6.33% | 5.99% | 8.60% | 8.61% | 11.42% | 2.69% | 3.40% | 8.46% |

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(IN THOUSANDS OF DOLLARS)
UNAUDITED

| Fiscal Year | Real Property | | Personal Property | | Centrally Assessed | | Total | | Ratio of Total Assessed Value to Total Estimated Actual Value | Total Direct Rate |
|----------------|-------------------|---------------------------|-------------------|---------------------------|--------------------|---------------------------|-------------------|---------------------------|--|----------------------|
| | Assessed Value | Estimated Actual Value | Assessed Value | Estimated Actual Value | Assessed Value | Estimated Actual Value | Assessed Value | Estimated Actual Value | | |
| 2011 | \$ 1,873,704 | \$ 3,094,310 | \$ 282,033 | \$ 429,748 | \$ 13,794 | \$ 14,003 | \$ 2,169,531 | \$ 3,538,061 | 61.32% | 3.8152 |
| 2012 | 1,847,348 | 2,994,001 | 275,999 | 419,831 | 13,756 | 13,953 | 2,137,103 | 3,427,785 | 62.35% | 3.8723 |
| 2013 | 1,910,954 | 2,882,465 | 300,007 | 418,383 | 13,761 | 14,011 | 2,224,722 | 3,314,859 | 67.11% | 3.8723 |
| 2014 | 1,915,492 | 2,876,959 | 320,082 | 440,593 | 15,372 | 16,216 | 2,250,946 | 3,333,768 | 67.52% | 3.8570 |
| 2015 | 1,925,554 | 2,837,577 | 361,462 | 459,143 | 15,210 | 15,503 | 2,302,226 | 3,312,223 | 69.51% | 3.9740 |
| 2016 | 1,938,954 | 2,845,484 | 337,167 | 433,798 | 16,547 | 17,190 | 2,292,668 | 3,296,472 | 69.55% | 3.9740 |
| 2017 | 1,981,248 | 2,897,689 | 320,030 | 417,208 | 20,272 | 20,624 | 2,321,550 | 3,335,521 | 69.60% | 3.9740 |
| 2018 | 2,051,763 | 2,964,195 | 328,829 | 425,405 | 15,412 | 15,795 | 2,396,004 | 3,405,395 | 70.36% | 4.3500 |
| 2019 | 2,416,478 | 2,492,004 | 402,164 | 407,563 | 14,711 | 14,711 | 2,833,353 | 2,914,278 | 97.22% | 5.5469 |
| 2020 | 2,607,743 | 2,726,502 | 422,905 | 428,077 | 15,597 | 15,597 | 3,046,244 | 3,170,175 | 96.09% | 4.9999 |

Source: Office of the Property Appraiser, Bay County, Florida

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
UNAUDITED**

| Overlapping Rates | | | | | | | | | | | | |
|-------------------|----------------------|----------------------------|--------------------------|----------------------|----------------------------|----------------------------|----------------------|----------------------------|----------------------------|---|--|---|
| Fiscal Year | City of Panama City | | | Bay County | | | Bay District Schools | | | Panama City Downtown Improvement Board | Northwest Florida Water Management District | Total Direct and Overlapping Rates |
| | Operating Millage | Debt Service Millage | Total City Millage | Operating Millage | Debt Service Millage | Total County Millage | Operating Millage | Debt Service Millage | Total School Millage | | | |
| 2011 | 3.8152 | | 3.8152 | 4.8025 | | 4.8025 | 7.1180 | | 7.1180 | 2.7180 | 0.0400 | 18.4937 |
| 2012 | 3.8723 | | 3.8723 | 4.8025 | | 4.8025 | 6.8580 | | 6.8580 | 2.7578 | 0.0400 | 18.3306 |
| 2013 | 3.8723 | | 3.8723 | 3.6500 | | 3.6500 | 6.7610 | | 6.7610 | 2.8918 | 0.0400 | 17.2151 |
| 2014 | 3.8570 | | 3.8570 | 4.6500 | | 4.6500 | 6.8890 | | 6.8890 | 2.8918 | 0.0039 | 18.2917 |
| 2015 | 3.9740 | | 3.9740 | 4.6500 | | 4.6500 | 6.9070 | | 6.9070 | 3.0000 | 0.0378 | 18.5688 |
| 2016 | 3.9740 | | 3.9740 | 4.6500 | | 4.6500 | 6.4750 | | 6.4750 | 3.0000 | 0.0366 | 18.1356 |
| 2017 | 3.9740 | | 3.9740 | 4.4362 | | 4.4362 | 6.3410 | | 6.3410 | 3.0000 | 0.0353 | 17.7865 |
| 2018 | 4.3500 | | 4.3500 | 4.4362 | | 4.4362 | 6.1220 | | 6.1220 | 3.0000 | 0.0338 | 17.9420 |
| 2019 | 5.5469 | | 5.5469 | 4.4362 | | 4.4362 | 5.9476 | | 5.9476 | 3.0000 | 0.0327 | 18.9634 |
| 2020 | 4.9999 | | 4.9999 | 4.4362 | | 4.4362 | 5.9680 | | 5.9680 | 3.0000 | 0.0311 | 18.4352 |

Source: Office of the Property Appraiser, Bay County, Florida

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED**

| <u>Taxpayer</u> | 2020 | | | 2011 | | |
|------------------------------------|------------------------------|------|---|------------------------------|------|---|
| | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| Gulf Power Company | \$ 534,743,662 | 1 | 17.55% | \$ 238,035,628 | 1 | 10.97% |
| St. Joe Land & Development | 124,626,407 | 2 | 4.09% | 162,234,916 | 2 | 7.48% |
| Westrock-Stone Container | 100,130,372 | 3 | 3.29% | - | | 0.00% |
| Hilton Companies | 69,471,275 | 4 | 2.28% | 34,340,792 | 10 | 1.58% |
| Pier Park LLC | 69,371,390 | 5 | 2.28% | 52,466,704 | 6 | 2.42% |
| Hospital Corporation of America | 67,068,022 | 6 | 2.20% | - | | |
| Cardone Ashley Member LLC | 54,759,519 | 7 | 1.80% | - | | |
| Wyndham Vacation | 54,678,695 | 8 | 1.79% | - | | |
| Wal-Mart Stores | 50,616,846 | 9 | 1.66% | - | | |
| Gulf Coast Electric Co-op | 41,873,268 | 10 | 1.37% | 36,797,064 | 9 | 1.70% |
| Laketown Wharf Marketing Corp | | | | 81,690,415 | 3 | 3.77% |
| Shores of Panama Collateral | | | | 66,862,120 | 4 | 3.08% |
| RockTenn (Smurfit-Stone Container) | | | | 55,821,723 | 5 | 2.57% |
| Marriott Ownership Resorts | | | | 43,251,080 | 7 | 1.99% |
| Arizona Chemical Company | | | | 41,034,491 | 8 | 1.89% |
| Total Principal Taxpayers | <u>\$ 1,167,339,456</u> | | <u>38.32%</u> | <u>\$ 812,534,933</u> | | <u>37.45%</u> |
| Total Taxable Assessed Value | \$ 3,046,244,134 | | | \$ 2,169,389,225 | | |

Source: Office of the Property Appraiser, Bay County, Florida

CITY OF PANAMA CITY, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS (1)
LAST TEN FISCAL YEARS
UNAUDITED

| Fiscal Year | Total Tax Levied for the Fiscal Year | Collected Within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|----------------|---|---|-----------------------|---------------------------------------|---------------------------|-----------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2011 | \$ 8,506,412 | \$ 8,188,062 | 96.26% | \$ 68,765 | \$ 8,256,827 | 97.07% |
| 2012 | 8,274,835 | 7,985,216 | 96.50% | 41,374 | 8,026,590 | 97.00% |
| 2013 | 8,614,083 | 7,903,674 | 91.75% | 27,445 | 7,931,119 | 92.07% |
| 2014 | 8,680,847 | 8,310,016 | 95.73% | 28,856 | 8,338,872 | 96.06% |
| 2015 | 9,148,158 | 8,458,119 | 92.46% | 53,346 | 8,511,465 | 93.04% |
| 2016 | 9,110,571 | 8,813,050 | 96.73% | 48,454 | 8,861,504 | 97.27% |
| 2017 | 9,225,232 | 8,868,185 | 96.13% | 29,502 | 8,897,687 | 96.45% |
| 2018 | 9,227,409 | 8,905,109 | 96.51% | 24,809 | 8,929,918 | 96.78% |
| 2019 | 10,419,785 | 9,730,839 | 93.39% | 368,700 | 10,099,539 | 96.93% |
| 2020 | 10,297,103 | 10,577,937 | 102.73% | 471,874 | 11,049,811 | 107.31% |

- (1) By May 31, during each year for which taxes are levied, all taxes have been collected and remitted to the City or the delinquent taxes are raised by public auction of tax certificates and the proceeds are remitted to the City by the County Tax Collector. Therefore, there are no material unremitted tax revenues for each fiscal year on September 30.

Source: Based on information provided by Office of the Property Appraiser, Bay County, Florida

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

| Fiscal Year | Governmental Activities | | Business-type Activities | | Total Primary Government | Percentage of Personal Income (1) | Per Capita (1) |
|----------------|-------------------------|------------------------------|--------------------------|----|--------------------------------|---|-------------------|
| | Revenue Bonds/Notes | Capital Lease Obligations | Revenue Bonds/Notes | | | | |
| 2011 | \$ 10,064,000 | | \$ 17,035,000 | \$ | 27,099,000 | 4.97% | 760 |
| 2012 | 7,203,000 | | 16,400,000 | | 23,603,000 | 5.75% | 645 |
| 2013 | 18,605,000 | \$ 295,945 | 15,202,000 | | 34,102,945 | 4.42% | 953 |
| 2014 | 17,418,000 | 200,303 | 13,129,000 | | 30,747,303 | 5.00% | 860 |
| 2015 | 15,638,480 | 1,582,251 | 44,878,789 | | 62,099,520 | 2.58% | 1,733 |
| 2016 | 13,790,621 | 1,131,837 | 43,379,092 | | 58,301,550 | 2.90% | 1,580 |
| 2017 | 13,748,090 | 839,668 | 37,899,394 | | 52,487,152 | 3.36% | 1,419 |
| 2018 | 44,917,517 | 956,857 | 37,891,697 | | 83,766,071 | 2.70% | 2,251 |
| 2019 | 43,095,787 | 1,357,541 | 35,045,000 | | 79,498,328 | 5.20% | 2,359 |
| 2020 | 44,065,470 | 1,468,956 | 32,139,000 | | 77,673,426 | Not Available | 2,000 |

Note: For the fiscal years ended September 30. Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics on page **206** for personal income and population data. For the purpose of this schedule, personal income attributable to Panama City was utilized.

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
(IN THOUSANDS OF DOLLARS)
UNAUDITED

| Governmental Unit | Debt Outstanding | Estimated Percent Applicable ¹ | Estimated Share of Overlapping Debt |
|-------------------------------------|---------------------|---|--|
| Bay County: | | | |
| Bonds payable | \$ 48,507 | 17.65% | \$ 8,563 |
| Capital leases | 1,334 | 17.65% | 235 |
| Notes payable | 158,788 | 17.65% | 28,030 |
| | <u>208,629</u> | | <u>36,828</u> |
| Bay County School Board: | | | |
| Sales tax revenue anticipation note | 1,282 | 16.14% | 207 |
| Revenue Anticipation Note | 3,078 | 16.14% | 497 |
| Certificates of participation | 122,326 | 16.14% | 19,747 |
| | <u>126,686</u> | | <u>20,451</u> |
| Subtotal of overlapping debt | | | 56,782 |
| City of Panama City direct debt | 45,534 | | <u>45,534</u> |
| Total direct and overlapping debt | | | <u><u>\$ 102,316</u></u> |

¹ The percentage of overlapping debt applicable is estimated using taxable assessed property values, for 2020, that are provided by the Bay County Property Appraiser's Office. The percentages were calculated by dividing the City's taxable assessed value by the County or School Board taxable assessed value.

Source: - Bay County Clerk of Court & Comptroller for fiscal year ended September 30, 2020

- District School Board of Bay County Superintendent's Annual Financial Report for the fiscal year ended June 30, 2020

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
PLEDGED - REVENUE COVERAGE - GOVERNMENTAL ACTIVITIES
LAST TEN FISCAL YEARS
UNAUDITED

| Local Option Gas Transportation Bonds | | | | | Utility Service Tax Bonds | | | | |
|---------------------------------------|----------------------|--------------|----------|----------|---------------------------|--------------|------------|----------|--|
| Fiscal Year | Revenue Collected | Debt Service | | Coverage | Revenue Collected | Debt Service | | Coverage | |
| | | Principal | Interest | | | Principal | Interest | | |
| 2011 | \$ 1,272,508 | | | | \$ 3,462,259 | \$ 865,000 | \$ 162,555 | 3.37 | |
| 2012 | 1,269,175 | | | | 3,100,905 | 910,000 | 73,420 | 3.15 | |
| 2013 | 1,394,258 | | | | 3,479,637 | 515,000 | 12,253 | 6.60 | |
| 2014 | 1,376,850 | | | | 3,879,713 | 291,000 | 7,900 | 12.98 | |
| 2015 | 1,410,878 | | | | 4,176,778 | 293,000 | 4,746 | 14.03 | |
| 2016 | 1,479,612 | | | | 4,276,080 | 293,000 | 1,582 | 14.52 | |
| 2017 | 1,281,331 | | | | 4,287,390 | | | | |
| 2018 | 1,295,819 | | | | 4,540,419 | | | | |
| 2019 | 1,315,941 | | | | 3,719,556 | | | | |
| 2020 | 1,269,117 | | | | 1,542,282 | | | | |

Utility Service Tax, Communications Services Tax, and
Merchants' License Fee Bonds

| Fiscal Year | Revenue Collected (1) | Debt Service | | Coverage |
|----------------|--------------------------|--------------|-----------|----------|
| | | Principal | Interest | |
| 2013 | \$ 12,025,916 | \$ 750,000 | \$ 87,756 | 14.35 |
| 2014 | 13,801,666 | 349,000 | 66,438 | 33.22 |
| 2015 | 14,250,305 | 605,000 | 52,886 | 21.66 |
| 2016 | 14,604,875 | 621,000 | 38,976 | 22.13 |
| 2017 | 15,191,733 | 1,272,000 | 44,453 | 11.54 |
| 2018 | 15,920,513 | | | |
| 2019 | 14,629,936 | | | |
| 2020 | 15,528,848 | | | |

(1) Revenue collected for Utility Service Tax, Communications Services Tax, and Merchants' License Fee Bonds includes the amount remaining after principal and interest payments for the bonds covered solely by Utility Service Taxes, plus the Communications Services Tax and the Merchants' License Fees.

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
PLEDGED - REVENUE COVERAGE - BUSINESS-TYPE ACTIVITIES (1)
LAST TEN FISCAL YEARS
UNAUDITED

| Fiscal Year | Gross Revenue (2) | Expenses (3) | Net Revenue Available for Debt Service (4) | DEBT SERVICE REQUIREMENTS | | | |
|----------------|----------------------|---------------|--|---------------------------|------------|--------------|----------|
| | | | | Principal | Interest | Total | Coverage |
| 2011 | \$ 16,484,624 | \$ 10,167,967 | \$ 6,316,657 | \$ 1,085,000 | \$ 761,203 | \$ 1,846,203 | 3.42 |
| 2012 | 16,202,985 | 10,573,093 | 5,629,892 | 1,647,000 | 165,837 | 1,812,837 | 3.11 |
| 2013 | 17,500,817 | 10,642,101 | 6,858,716 | 1,198,000 | 519,315 | 1,717,315 | 3.99 |
| 2014 | 17,914,768 | 10,140,302 | 7,774,466 | 1,261,000 | 520,473 | 1,781,473 | 4.36 |
| 2015 | 19,140,180 | 10,440,568 | 8,699,612 | 416,000 | 225,781 | 641,781 | 13.56 |
| 2016 | 18,709,289 | 10,657,103 | 8,052,186 | 1,492,000 | 1,165,638 | 2,657,638 | 3.03 |
| 2017 | 19,906,474 | 10,941,850 | 8,964,624 | 2,692,000 | 1,080,841 | 3,772,841 | 2.38 |
| 2018 | 19,850,187 | 11,445,855 | 8,404,332 | 2,780,000 | 1,036,363 | 3,816,363 | 2.20 |
| 2019 | 25,683,597 | 19,074,971 | 6,608,626 | 2,839,000 | 979,519 | 3,818,519 | 1.73 |
| 2020 | 18,603,912 | 13,468,255 | 5,135,657 | 2,906,000 | 915,697 | 3,821,697 | 1.34 |

- Notes:
- (1) Includes Utilities Fund only.
 - (2) Includes all operating and nonoperating revenues except impact fees.
 - (3) Includes all operating and nonoperating expenses except interest expense and depreciation expense.
 - (4) Before operating transfers out.

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED**

| <u>Fiscal Year</u> | <u>Estimated City Population (1)</u> | <u>Estimated County Population (2)</u> | <u>City to County Population Ratio</u> | <u>Personal Income (1)</u> | <u>Per Capita Personal Income (1)</u> | <u>Unemployment Rate (3)</u> |
|------------------------|--|--|--|--------------------------------|---|----------------------------------|
| 2011 | 36,590 | 169,278 | 21.62% | \$ 6,456,932 | \$ 38,144 | 10.7% |
| 2012 | 35,800 | 169,392 | 21.13% | 6,568,180 | 38,775 | 9.3% |
| 2013 | 35,720 | 169,866 | 21.03% | 6,634,581 | 42,179 | 7.8% |
| 2014 | 35,773 | 170,781 | 20.95% | 6,888,553 | 42,998 | 5.8% |
| 2015 | 35,835 | 173,310 | 20.68% | 7,214,062 | 44,731 | 5.1% |
| 2016 | 36,909 | 176,016 | 20.97% | 7,529,278 | 45,744 | 4.8% |
| 2017 | 36,988 | 178,820 | 20.68% | 7,796,975 | 47,648 | 3.3% |
| 2018 | 37,208 | 181,199 | 20.53% | 8,010,201 | 48,944 | 2.8% |
| 2019 | 32,951 | 167,283 | 19.70% | 7,982,208 | 45,690 | 3.9% |
| 2020 | 34,517 | 174,410 | 19.79% | Not Available | Not Available | 4.7% |

Source: (1) Florida Legislature, Office of Economic and Demographic Research
(2) U.S. Census Bureau
(3) U.S. Bureau of Labor Statistics

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
PRINCIPAL EMPLOYERS (1)
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED**

| Employer | 2020 | | | 2011 | | |
|------------------------------------|---------------|------|---|---------------|------|---|
| | Employees | Rank | Percentage of Total County Employment | Employees | Rank | Percentage of Total County Employment |
| Naval Support Activity Panama City | 5,200 | 1 | 5.92% | 3,908 | 2 | 4.33% |
| Tyndall Air Force Base | 3,888 | 2 | 4.43% | 7,352 | 1 | 8.15% |
| Bay District Schools | 3,000 | 3 | 3.42% | 3,062 | 3 | 3.39% |
| Maximus Federal | 2,000 | 4 | 2.28% | | | |
| Eastern Shipbuilding Group | 1,800 | 5 | 2.05% | 823 | 5 | 0.91% |
| Wal-Mart and Sam's Club | 1,500 | 6 | 1.71% | | | |
| Bay County Constitutional Officers | 1,214 | 7 | 1.38% | | | |
| Bay Medical Center | 1,000 | 8 | 1.14% | 2,000 | 4 | 2.22% |
| Trane Company | 800 | 9 | 0.91% | | | |
| Gulf Coast Medical Center | 631 | 10 | 0.72% | 651 | 6 | 0.72% |
| Gulf Coast State College | | | | 600 | 7 | 0.67% |
| City of Panama City | | | | 537 | 8 | 0.60% |
| Bay County Board | | | | 533 | 9 | 0.59% |
| Bay County Sheriff | | | | 516 | 10 | 0.57% |
| | <u>21,033</u> | | <u>23.96%</u> | <u>19,982</u> | | <u>22.15%</u> |
| Total Bay County Labor Force | <u>87,796</u> | | | <u>90,215</u> | | |

(1) Data presented reflects Bay County

Source: Bay County Economic Development Alliance

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED

| | Fiscal Year | | | | | | | | | |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| <u>Governmental activities:</u> | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Total crime arrests | 4,210 | 4,190 | 4,074 | 5,807 | 5,297 | 5,346 | 4,177 | 4,834 | 5,220 | 5,212 |
| Traffic violations | 10,551 | 11,240 | 10,286 | 6,683 | 9,179 | 8,385 | 8,438 | 5,427 | 6,870 | 4,434 |
| Parking violations | 315 | 104 | 135 | 154 | 98 | 42 | 70 | 61 | 31 | 19 |
| Code enforcement reports | 839 | 1,022 | 2,059 | 2,707 | 3,160 | 4,164 | 4,971 | 4,104 | 2,256 | 4,468 |
| Calls for service | 56,398 | 56,880 | 54,480 | 53,421 | 53,343 | 55,069 | 55,876 | 61,206 | 57,113 | 68,808 |
| Fire: | | | | | | | | | | |
| Structure fires | 39 | 49 | 48 | 44 | 35 | 62 | 29 | 44 | 38 | 39 |
| Total calls for service | 1,756 | 1,870 | 1,821 | 2,479 | 2,735 | 2,779 | 5,206 | 6,186 | 5,185 | 4,897 |
| Inspections | 1,985 | 2,132 | 1,721 | 1,870 | 2,358 | 2,508 | 3,396 | 2,502 | 2,606 | 2,607 |
| <u>Business-type activities:</u> | | | | | | | | | | |
| Wastewater system: | | | | | | | | | | |
| Number of service connections | 14,575 | 14,554 | 14,643 | 14,730 | 14,683 | 14,734 | 14,885 | 15,038 | 13,532 | 13,141 |
| Water system: | | | | | | | | | | |
| Number of service connections | 16,933 | 16,928 | 17,011 | 17,052 | 17,139 | 17,221 | 17,449 | 17,668 | 15,929 | 16,443 |

Source: City Departments

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED**

| | Fiscal Year | | | | | | | | | |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| <u>Governmental activities:</u> | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Number of stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of substations | 3 | 3 | 3 | 2 | 2 | 2 | 2 | 2 | 0 | 0 |
| Number of vehicles in fleet | 121 | 118 | 121 | 120 | 121 | 122 | 126 | 137 | 137 | 137 |
| Fire: | | | | | | | | | | |
| Number of stations | 5 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Transportation: | | | | | | | | | | |
| Miles of paved streets | 198 | 198 | 198 | 198 | 199 | 201 | 201 | 204 | 204 | 204 |
| Number of street lights | 4,401 | 4,832 | 4,846 | 4,857 | 4,949 | 4,952 | 5,036 | 5,060 | 5,060 | 5,060 |
| Culture and recreation: | | | | | | | | | | |
| Community centers | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Parks | 33 | 33 | 33 | 34 | 35 | 35 | 35 | 35 | 35 | 35 |
| Park acreage | 146 | 146 | 146 | 150 | 156 | 156 | 156 | 156 | 156 | 228 |
| Baseball and softball fields | 13 | 13 | 13 | 13 | 10 | 10 | 10 | 10 | 10 | 10 |
| Soccer fields | | | | | 1 | 1 | 1 | 1 | 1 | 1 |
| Public marinas | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Public boat launching areas | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Civic centers | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| <u>Business-type activities:</u> | | | | | | | | | | |
| Wastewater system: | | | | | | | | | | |
| Miles of sanitary sewers | 290 | 294 | 295 | 292 | 293 | 295 | 295 | 297 | 3 | 3 |
| Number of treatment plants | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Daily average treatment in gallons | 4,435,000 | 4,775,000 | 6,074,000 | 5,244,000 | 4,200,000 | 5,200,000 | 5,000,000 | 6,200,000 | 4,983,000 | 5,505,753 |
| Water system: | | | | | | | | | | |
| Miles of water mains | 365 | 368 | 338 | 337 | 339 | 339 | 339 | 341 | 341 | 341 |
| Number of fire hydrants | 1,635 | 1,677 | 1,681 | 1,683 | 1,701 | 1,718 | 1,730 | 1,759 | 1,615 | 1,615 |
| Daily average consumption in gallons | 5,807,000 | 5,754,000 | 6,049,000 | 5,190,000 | 5,351,000 | 5,310,000 | 5,680,000 | 4,926,000 | 3,980,000 | 4,272,014 |

Source: City Departments

See independent auditor's report.

CITY OF PANAMA CITY, FLORIDA
FULL - TIME EQUIVALENT - CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED

| Function/Program | Fiscal Year | | | | | | | | | |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| <u>Governmental activities:</u> | | | | | | | | | | |
| General government | 66 | 65 | 67 | 67 | 71 | 82 | 74 | 69 | 69 | 87 |
| Public safety | 220 | 220 | 220 | 213 | 216 | 224 | 243 | 233 | 257 | 226 |
| Transportation | 50 | 50 | 50 | 39 | 36 | 40 | 43 | 35 | 46 | 37 |
| Culture and recreation | 25 | 28 | 25 | 24 | 24 | 22 | 24 | 25 | 30 | 24 |
| Economic environment | 5 | 8 | 7 | 14 | 13 | 14 | 14 | 12 | 15 | 16 |
| <u>Business-type activities:</u> | | | | | | | | | | |
| Utilities | 92 | 93 | 91 | 79 | 83 | 79 | 77 | 82 | 90 | 92 |
| Solid waste | 39 | 39 | 39 | 39 | 39 | 39 | 40 | 39 | 44 | 41 |
| Marinas | <u>9</u> | <u>9</u> | <u>9</u> | <u>13</u> | <u>13</u> | <u>14</u> | <u>14</u> | <u>14</u> | <u>15</u> | <u>7</u> |
| Total | <u><u>506</u></u> | <u><u>512</u></u> | <u><u>508</u></u> | <u><u>488</u></u> | <u><u>495</u></u> | <u><u>514</u></u> | <u><u>529</u></u> | <u><u>509</u></u> | <u><u>566</u></u> | <u><u>530</u></u> |

Source: City of Panama City Annual Budget

See independent auditor's report.



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SINGLE AUDIT SECTION

THIS SECTION CONTAINS THE FOLLOWING:

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AND STATE FINANCIAL ASSISTANCE..... *p. 211*
- INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING
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- INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND STATE
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**CITY OF PANAMA CITY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FISCAL YEAR ENDED SEPTEMBER 30, 2020**

| Federal/State Agency, Pass-Through Entity, Federal Program/State Projects | CFDA/ CSFA Number | Expenditures |
|---|----------------------------------|-----------------------------|
| <u>Federal Awards</u> | | |
| U.S. Department of Housing and Urban Development | | |
| Direct programs: | | |
| Community Development Block Grants | 14.219 | \$ 353,462 |
| <i>Passed through Department of Economic Opportunity:</i> | | |
| Neighborhood Stabilization Program | 14.228 | 106,567 |
| Total U.S. Department of Housing and Urban Development | | <u>460,029</u> |
| U.S Department of Justice: | | |
| Direct Programs: | | |
| Bulletproof Vest Partnership Program - 2018 PCPD | 16.607 | 4,511 |
| 2018 Edward Byrne Justice Assistance Grant | 16.738 | 34,762 |
| 2019 Edward Byrne Justice Assistance Grant | 16.738 | 22,830 |
| Total U.S. Department of Justice | | <u>62,103</u> |
| U.S. Department of Homeland Security | | |
| Direct Programs: | | |
| Port Security Grant Program - 2018 | 97.056 | 54,872 |
| Port Security Grant Program - 2019 | 97.056 | 122,142 |
| <i>Passed through Florida Division of Emergency Management:</i> | | |
| Disaster Grants - Public Assistance (Presidential Declared Disasters) | 97.036 | 83,064,667 |
| Total U.S. Department of Homeland Security | | <u>83,241,681</u> |
| U.S. Department of the Treasury | | |
| Direct Programs: | | |
| <i>Passed through the Florida Department of Emergency Management:</i> | | |
| Coronavirus Relief Fund - COVID-19 | 21.019 | 285,219 |
| Coronavirus Relief Fund - CARES 1 - State Housing Institutions Partnership Program | 21.019 | 672,820 |
| Total U.S. Department of the Treasury | | <u>958,039</u> |
| Total Expenditures of Federal Awards | | <u><u>\$ 84,721,852</u></u> |

COMPONENT - UNIT - Panama City Port Authority

U.S. Department of Homeland Security:

Passed through the Florida Department of Emergency Management

Agency:

Disaster Grants - Public Assistance (Presidential
Declared Disasters)

97.036 \$ 95,804

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FISCAL YEAR ENDED SEPTEMBER 30, 2020**

| Federal/State Agency, Pass-Through Entity, Federal Program/State Projects | CFDA/ CSFA Number | Expenditures |
|---|----------------------------------|----------------------------|
| <u>State Financial Assistance</u> | | |
| Florida Housing Finance Corp: | | |
| State Housing Institutions Partnership Program | 40.901 | 218,725 |
| State Housing Institutions Partnership Program- Hurricane Housing Recovery Program | 40.902 | 2,207,025 |
| State Housing Institutions Partnership Program- Emergency Management | 40.901 | 251,381 |
| <i>Passed through Bay County:</i> | | |
| State Housing Institutions Partnership Program | 40.901 | 118,641 |
| State Housing Institutions Partnership Program- Hurricane Housing Recovery Program | 40.902 | 1,936,914 |
| State Housing Institutions Partnership Program- Emergency Management | 40.901 | 107,919 |
| Total Florida Housing Finance Corp | | <u>4,840,605</u> |
| Total Expenditures of State Financial Assistance | | <u><u>\$ 4,840,605</u></u> |
| <u>COMPONENT UNIT - Panama City Port Authority</u> | | |
| Florida Department of Transportation: | | |
| Grant No 43876319406 | 55.005 | 1,967,865 |
| Grant No 42836479405 | 55.005 | 2,208,240 |
| Total Expenditures of State Financial Assistance | | <u><u>\$ 4,176,105</u></u> |

See independent auditor's report.

**CITY OF PANAMA CITY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FISCAL YEAR ENDED SEPTEMBER 30, 2020**

NOTES TO SCHEDULE

The accompanying schedule of expenditures of federal awards and state financial assistance includes the grant activity of the City of Panama City, Florida and is presented on the accrual basis of accounting.

The accompanying schedule of expenditures of federal awards and state financial assistance summarizes the federal and state expenditures of the City under programs of the federal government and state departments for the year ended September 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the requirements of Chapter 10.550, Rules of the Auditor General. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

For purposes of the schedule, federal awards and state projects include all grants, contracts, and similar agreements entered into directly with the federal government and state departments. The City has obtained the Catalog of Federal Domestic Assistance (CFDA) and Catalog of State Financial Assistance (CSFA) numbers to ensure that all programs have been identified in the schedule.

Disaster Grants - Public Assistance (CFDA No. 97.036)

After a Presidential - Declared disaster, FEMA provides a Public Assistance Grant to reimburse eligible costs associated with repair, replacement, or restoration of disaster-damaged facilities. The Federal government reimburses in the form of cost-shared grants which requires state matching funds. For the fiscal year ended September 30, 2020, \$83,021,084 of approved eligible expenditures that were incurred in a prior year are included on the schedule.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Panama City, Florida, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Panama City, Florida's basic financial statements and have issued our report thereon dated August 30, 2021.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material

weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-003, that we consider to be a material weakness.

Compliance and Other Matters

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

City of Panama City, Florida's Response to Findings

The City of Panama City, Florida's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Panama City's response was not subjected to the auditing procedures applied in the audit of 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, Marley, Gainer : Chastain

Panama City, Florida
August 30, 2021



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

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

Report on Compliance for Each Major Federal Program and State Project

We have audited the City of Panama City, Florida's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the City of Panama City, Florida's major federal programs and state projects for the year ended September 30, 2020. The City of Panama City, Florida's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal and state statutes, regulations, and the terms and conditions of its federal awards and state financial assistance applicable to its federal programs and state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Panama City, Florida's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Chapter 10.550, Rules of the Auditor General. Those standards, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal programs and state project occurred. An audit includes examining, on a test basis, evidence about the City of Panama City, Florida's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the City of Panama City, Florida's compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, the City of Panama City, Florida complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2020.

Report on Internal Control over Compliance

Management of the City of Panama City, Florida is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Panama City, Florida's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Panama City, Florida's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2020-004 and 2020-005, that we consider to be significant deficiencies, and item 2020-006, that we consider to be a material weakness.

The City of Panama City, Florida's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Panama City, Florida's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Lipton, Mark, Garner : Chastain

Panama City, Florida

August 30, 2021

CITY OF PANAMA CITY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – PRIMARY GOVERNMENT
FISCAL YEAR ENDED SEPTEMBER 30, 2020

A. Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the City of Panama City, Florida were prepared in accordance with GAAP.
2. One material weakness relating to the audit of the financial statements is reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the City of Panama City, Florida, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. Two significant deficiencies and one material weakness in internal control over a major state project are reported in the Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and on Internal Control Over Compliance Required by Chapter 10.550, Rules of the Auditor General.
5. The auditor's report on compliance for the major federal award programs and major state projects for the City of Panama City, Florida, expresses an unmodified opinion on all major federal award programs and major state projects.
6. Our audit disclosed no findings to federal programs and state projects required to be disclosed in accordance with 2 CFR Section 200.516 (a) and Chapter 10.550 Rules of the Auditor General.
7. The programs and projects tested as major programs and projects included the following:

| <u>Federal Programs</u> | <u>Federal CFDA No.</u> |
|---|---------------------------|
| Disaster Grants-Public Assistance (Presidential Declared Disasters) | 97.036 |
| Coronavirus Relief Fund | 21.019 |
| <u>State Projects</u> | <u>State CSFA No.</u> |
| State Housing Institutions Partnership Program- Hurricane Housing Recovery Program | 40.902 |

8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. The City of the Panama City, Florida, did not qualify as a low-risk auditee for the federal programs or state projects.

CITY OF PANAMA CITY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – PRIMARY GOVERNMENT
FISCAL YEAR ENDED SEPTEMBER 30, 2020

B. Findings - Financial Statements Audit

2020 – 003

Condition: Material adjustments to the financial records were made in order for the financial statements to conform to generally accepted accounting principles.

Criteria: Internal controls should prevent, or detect and correct adjustment timely to provide materially correct financial information.

Cause: The City's controls did not identify the adjustments timely.

Effect: Adjustments were required for current year balances.

Recommendation: We recommend that the City staff continue to strive towards identifying proposed audit adjustments more timely.

Views of Responsible Officials and Planned Corrective Actions: The City agrees with the auditors' recommendations. See attached Managements Corrective Action Plan.

C. Findings and Questioned Costs - Major Federal Award Program and State Project

2020 – 004

Condition: Each year, the State Housing Initiatives Partnership Program must submit an annual report of its local affordable housing program expenditures, leveraging, and beneficiary characteristics (demographics). During our audit, we noted in several instances, the expenditures reported on the Annual Reports for closeout year 2017-2018 were submitted to Florida Housing Finance Corporation inaccurately by including expenditures outside of the time frame and contained amounts that did not correspond with the City's financial statements.

Criteria: Guidelines determined by Florida Housing Finance Corporation for completing the Annual Report should be followed.

Cause: Proper controls are procedures were not in place to ensure expenditures were properly reported on the Annual Report.

Effect: The Annual Reports submitted to Florida Housing include inaccurate information.

Recommendation: We recommend that that City staff establish controls to ensure and verify the completeness and accuracy of the Annual Reports submitted to Florida Housing Finance Corporation.

Views of Responsible Officials and Planned Corrective Actions: The City agrees with the auditors' recommendations. See attached Managements Corrective Action Plan.

CITY OF PANAMA CITY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – PRIMARY GOVERNMENT
FISCAL YEAR ENDED SEPTEMBER 30, 2020

2020 – 005

Condition: Significant adjustments to the financial records were made in order to properly classify to the appropriate program State Housing Initiatives Partnership Funds.

Criteria: Program expenditures should be properly classified when they occur.

Cause: Proper controls and procedures were not in place to ensure that costs were allocated to programs correctly.

Effect: The cost of assistance may be disallowed.

Recommendation: We recommend that City staff establish controls to verify that costs are classified to the correct programs.

Views of Responsible Officials and Planned Corrective Actions: The City agrees with the auditors' recommendations. See attached Managements Corrective Action Plan.

2020 – 006

Condition: Several State Housing Initiatives Partnership Program files that were tested were incomplete. All necessary documentation was not maintained timely.

Criteria: Files in progress are required per the contract to include notes and checklists that track the progress of the file.

Cause: Proper controls and procedures were not in place to ensure files were completed in a timely manner.

Effect: Files and related expenses could be missed in filing annual reports and documenting eligible expenses, which could lead to questioned costs.

Recommendation: We recommend that City staff establish controls to ensure and verify files are reviewed on a scheduled basis and documentation is kept up with in a timely manner.

Views of Responsible Officials and Planned Corrective Actions: The City agrees with the auditors' recommendations. See attached Managements Corrective Action Plan.

**CITY OF PANAMA CITY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – PRIMARY GOVERNMENT
FISCAL YEAR ENDED SEPTEMBER 30, 2020**

D. Prior Year Findings and Questioned Costs – Major Federal Award Program and State Project

2019 – 001

SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER COMPLIANCE

Condition – As noted in Note 15-Hurricane Michael, in the prior year, the City and its citizens suffered devastating destruction and property damage from Hurricane Michael. The immediate need to assist the citizens with housing issues led to expenditures that were not within the scope of the existing Local Housing Assistance Plan (LHAP). The Local Housing Assistance Plan was later amended.

Recommendation – The City staff implement controls to ensure expenditures fall under strategies allowed within the LHAP.

Current Status – Corrective action was taken, hence not repeated in fiscal year 2020.

2019 – 002

SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER COMPLIANCE

Condition – Eligibility documentation was incomplete. Due to the catastrophic event, the housing needs were and contribute to be significant. The City saw an overwhelming increase in the number of people needing assistance. As a result, the City found it difficult to maintain complete eligibility records.

Recommendation – The City staff establish controls to ensure and verify eligibility and completeness of documents before assistance is provided.

Current Status – Corrective action was taken, hence not repeated in fiscal year 2020.



*“Dedicated to Excellence...
People Serving People”*

August 30, 2021

City of Panama City, Florida
Management's Corrective Action Plan
For the Fiscal Year Ended September 30, 2020

Finding Number 2020-003,

Planned Corrective Action:

In preparing future Annual Financial Reports, the City will strive towards identifying and recording all needed adjustments during the year and before beginning the audit. This will include coordinating with all City departments to ensure that the accounting department is made aware of all needed adjustments.

It is important to note that accounting for the mass destruction caused by Hurricane Michael in October 2018 has continued to require major time and effort by the accounting department. The damaged and/or destroyed fixed asset accounting was not completed until July 2021 for FY2019, 9 months into FY2021. There has also been additional time required of the accounting department to record new assets purchased to replace the destroyed ones, time to record and track FEMA grants and income, and time for the additional disbursements for repairs and replacements. Along with the overwhelming accounting issues created by Hurricane Michael, the City also had another hurricane, Hurricane Sally, that caused damages and the Pandemic due to COVID-19, that have contributed to work over and above the daily normal accounting work. Overall, the City has not had the manpower available to address normal general ledger review and regular adjustments were delayed for FY2020.

Anticipated Completion Date: November 20, 2022

Finding Number 2020-004

Planned Corrective Action:

The City has revamped its annual report filing procedures to allow for timely reporting of expenses on the annual reports filed.

Anticipated Completion Date: November 20, 2022

Finding Number 2020-005

Planned Corrective Action:

The new department accountant, hired late September 2020, has been working to make sure expenses are correctly coded when initially recorded. Through the first nine months of FY21, there were a few, less than five, small corrections.

Anticipated Completion Date: January 31, 2022

Finding Number 2020-006

Planned Corrective Action:

The City has implemented additional procedures and controls to assist in regular monitoring of files. A “Notes” sheet will be added to each file. The monthly file reviewer will sign off on the date reviewed and

any additional information needed. As various contacts are made related to the file, a note will be added giving a brief description, the person involved and a date. Checklists will also be added to each file as required by the contract.

Anticipated Completion Date: November 30, 2022

Responsible Contact Person: Janette Smith

A handwritten signature in blue ink, consisting of a large loop followed by a series of smaller, connected loops and a final horizontal stroke.

City Clerk-Treasurer



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

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

We have examined the City of Panama City, Florida's (the "City") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds and with Federal and State laws, rules, regulations, contracts, or grant agreements related to the receipt and expenditure of funds (see section 288.8018(1), Florida Statutes) they received related to the Deepwater Horizon Oil Spill, during the year ended September 30, 2020. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements, based on our examination.

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

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2020.

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

Tipton, Marler, Garner & Chastain

Panama City, Florida
August 30, 2021



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the City of Panama City, Florida, as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated August 30, 2021.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated August 30, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. We determined that the City of Panama City, Florida compiled this information in Note 1 to the financial statements.

Financial Condition and Management

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

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we have the following recommendations:

2020 - 001 Bank Reconciliations:

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.

2020 - 002 Capital Assets Policies and Procedures:

During our audit, we noted in several instances that appropriate asset tags on the capital assets examined were missing. Also, several capital assets that were selected for testing were not able to be located. We recommend that the City follow their capital asset policies and procedures.

Additional Matters

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

Purpose of this Letter

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

Lipton, Mark, Gainer : Chastain

Panama City, Florida
August 30, 2021

**CITY OF PANAMA CITY, FLORIDA
SCHEDULE OF EXPENDITURES OF FUNDS
RELATED TO THE DEEPWATER HORIZON OIL SPILL
FISCAL YEAR ENDED SEPTEMBER 30, 2020**

| <u>Source</u> | <u>2020</u> | |
|--|----------------------------|----------------------------|
| | <u>Amount Received</u> | <u>Amount Expended</u> |
| COMPONENT UNIT-Panama City Port Authority | | |
| British Petroleum: | | |
| Triumph Gulf Coast Inc. | <u>\$3,961,628</u> | <u>\$ 2,449,131</u> |

Note: This does not include funds related to the Deepwater Horizon Oil Spill that are considered Federal awards or State financial assistance. The Schedule of Expenditures of Federal Awards and State Financial Assistance includes \$0 of expenditures of Federal Awards and State financial assistance, that are related to the Deepwater Horizon Oil Spill.

See independent auditor's report.