

PANAMA CITY - BAY COUNTY

AIRPORT AND INDUSTRIAL DISTRICT

PANAMA CITY, FLORIDA

FINANCIAL STATEMENTS

AND SUPPLEMENTARY INFORMATION

YEARS ENDED SEPTEMBER 30, 2023 AND 2022



Tipton, Marler, Garner & Chastain
The CPA Group

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AIRPORT AND INDUSTRIAL DISTRICT
PANAMA CITY, FLORIDA
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YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Panama City - Bay County
Airport and Industrial District
Panama City, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of Panama City - Bay County Airport and Industrial District, as of and for the years ended September 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise Panama City - Bay County Airport and Industrial District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Panama City - Bay County Airport and Industrial District, as of September 30, 2023 and 2022, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5-14 and 32-

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Panama City - Bay County Airport and Industrial District's basic financial statements. The accompanying schedule of expenditures of federal awards, state financial assistance, and passenger facility charges, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Chapter 10.550, Rules of the Auditor General, and as specified in the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, state financial assistance, and passenger facility charges is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the other supplementary information but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2024 on our consideration of Panama City - Bay County Airport and Industrial District'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 Panama City - Bay County Airport and Industrial District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Panama City - Bay County Airport and Industrial District's internal control over financial reporting and compliance.

Lipton, Mauler, Garner & Chastain

Panama City, Florida
February 23, 2024

**PANAMA CITY-BAY COUNTY AIRPORT
AND INDUSTRIAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Overview of the Financial Statements

The following Management's Discussion and Analysis ("MD&A") of the Panama City-Bay County Airport and Industrial District (the "District") provides an introduction of the basic financial statements of the District for the year ended September 30, 2023. The District's basic financial statements consist of three components: 1) Management Discussion & Analysis; 2) Financial Statements; and 3) Notes to Financial Statements. Management prepared this unaudited MD&A, which should be read in conjunction with the information contained in the financial statements and the notes thereto, which are essential to a full understanding of the financial statement data.

The financial statements report information about the District using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities.

The *Statements of Net Position* include all of the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). They also provide the basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

The *Statements of Revenues, Expenses, and Changes in Net Position* report total operating revenues, operating expenses, non-operating income and expenses, capital contributions and the changes in net position during the year ended September 30, 2023. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows.

The *Statements of Cash Flows* present information showing how the District's cash and cash equivalents position changed during the year ended September 30, 2023. The primary purpose of these statements is to provide information about the District's cash receipts and cash payments during the reporting period. These statements report cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provide answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

Since the District charges fees to tenants and concessionaires to cover the costs of the services it provides, the District records its activities in one proprietary fund. Proprietary funds are reported using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. Under this method of accounting, all of the current year's revenues and expenses are considered regardless of when cash is received or paid.

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Notes to Financial Statements

The Notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements follow the Financial Statements section of this report.

District Background and History

The District was established pursuant to a special act of the Florida Legislature in 1967, recodified and amended by Chapter 2005-311, Laws of Florida, and subsequently amended by Chapter 2010-274, Laws of Florida. It is a political subdivision of the state and is an independent special district pursuant to the constitution and laws of Florida. The District owns and operates the Northwest Florida Beaches International Airport (the "Airport"), which opened on May 23, 2010. The Federal Aviation Administration ("FAA") Airport identifier is ECP.

The District is governed by a seven-member Board of Directors who are appointed to four-year terms. The legislative act requires that two members of the Board be appointed by the City Commission of the City of Panama City, two members be appointed by the Board of County Commissioners of Bay County, two members be appointed by the City Council of Panama City Beach, and one member be appointed by the Board of County Commissioners of Walton County.

The Airport is situated on approximately 4,000 acres located in Bay County, Florida, 12 miles north of Panama City Beach. It is classified as a small hub airport by the FAA. Phase One of development of the Airport property includes approximately 1,200 acres.

The Airport has one concrete/grooved runway, Runway 16/34. It measures 10,000 feet in length and is used by both commercial, military, and general aviation aircraft.

ECP was the first commercial international airport designed and built after September 11, 2001. The terminal building measures approximately 129,000 square feet and houses seven gates.

The District is self-supporting, using aircraft landing fees, airline rentals and fees, terminal and airport property rentals, and revenues from concessions and parking to fund operating expenses. Operating expenses of the District are not taxpayer funded. Construction programs are funded by federal and state grants, Passenger Facility Charges ("PFCs"), and District revenues.

Airport Activity

In FY 2023, enplanements increased to 812,251 from 770,665 in 2022, while total passengers increased 5.8% to 1,624,584. Operations (a landing or takeoff) decreased and landed weight increased as airlines changed fleet mix, adding larger aircraft, equating to fewer landings, and heavier aircraft. Military operations were also down in FY 2023, which also helped contribute to a lower number of operations.

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Airport activity during for the past three fiscal years are shown on the following table:

	<u>FY 2023</u>	<u>FY 2022</u>	<u>FY 2021</u>
Enplanements	812,251	770,665	742,094
Deplanements	812,333	764,926	742,524
Total Passengers	1,624,584	1,535,591	1,484,618

The following table below shows additional Airport indicators:

	<u>FY 2023</u>	<u>FY 2022</u>	<u>FY 2021</u>
Passenger Load Factor	84.8%	85.2%	67.8%
Aircraft Operations	73,544	78,312	82,496
Aircraft Landed Weight	877,624,220	830,559,830	1,003,929,917

FINANCIAL HIGHLIGHTS

Net Position

The changes in net position over time may serve as a useful indicator of the District's financial position. In FY 2023:

- Total assets of the District exceeded total liabilities and deferred inflows by \$255,456,090 (net position). Of this amount, \$30,532,777 is unrestricted.
- The District's outstanding long-term debt decreased by \$1,898,944, or 6.1%, from prior year.
- Total net position decreased by \$471,118, or 0.2%, from FY 2022.

Investments in capital assets (e.g., land, buildings, and equipment), net of any related outstanding debt used to acquire those assets, represents the District's largest portion of net assets. These capital assets are utilized to provide services to the public; consequently, these assets are not available for future spending. Unrestricted net position, which represents assets available for future spending at the District's discretion, increased by \$4,085,972, or 15.45% in FY 2023. Restricted net position represents assets that are subject to restrictions imposed by law or other agreements as to how they are used.

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The following table provides a summary of the assets, liabilities, deferred inflows of resources and net position of the District for the year ended September 30, 2023:

Condensed Comparative Statements of Net Position

	2023	2022
Current and Other Assets	\$ 37,485,012	\$ 31,930,730
Non-Current Assets	13,705,278	11,617,520
Capital Assets	242,483,277	249,924,916
Total Assets	293,673,567	293,473,166
Long-Term Debt Outstanding	29,064,005	30,962,949
Other Liabilities	8,262,387	5,431,663
Total Liabilities	37,326,392	36,394,612
Deferred Inflows of Resources	891,085	1,151,346
Net Position:		
Net Investment in Capital Assets	212,069,317	218,961,967
Restricted	12,853,996	10,518,436
Unrestricted	30,532,777	26,446,805
Total Net Position	\$ 255,456,090	\$ 255,927,208

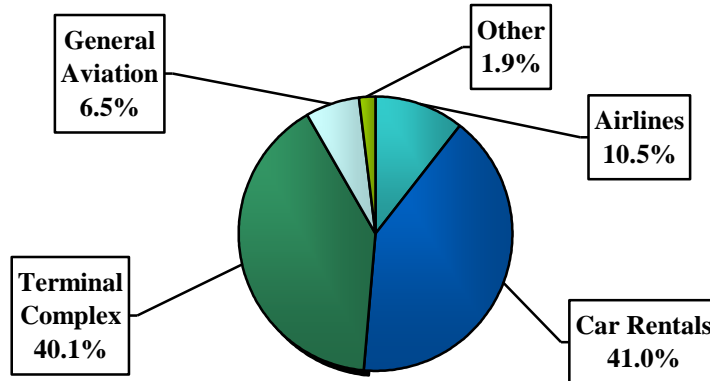
Revenues, Expenses, and Changes in Net Position

Operating revenues for the District are primarily generated from users of the Airport and include airline fees and charges, concessions, parking, car rentals, general aviation space rentals and building rentals. These collections of revenues are accounted for in the District's one proprietary fund. In FY 2023, highlights include:

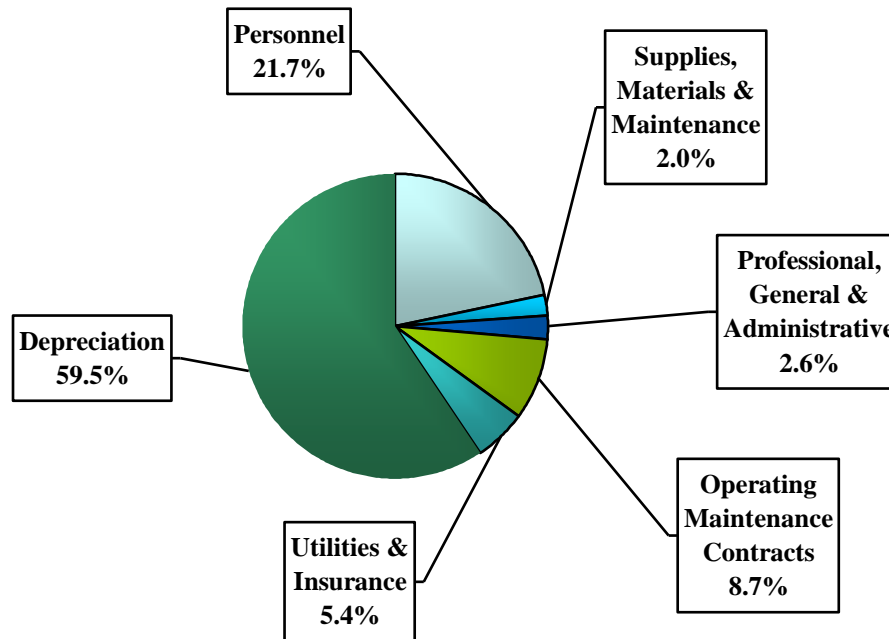
- Operating revenues increased by \$1,096,440, or 7.5%, over prior year operating revenues and totaled \$15,819,474 for the fiscal year.
- Operating expenses increased by \$1,188,969, or 4.7%, over prior year operating expenses and totaled \$26,559,238 for the fiscal year.

The largest sources of operating revenues for the District are rental cars at \$6,488,955, the terminal complex, which includes parking and concessions, at \$6,345,249, and the airlines at \$1,656,591. The following chart shows the major sources of revenues for the year ended September 30, 2023:

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Depreciation accounts for the largest portion of operating expenses at \$15,807,950. Depreciation is not budgeted, and it also represents a high percentage of the District's expenses compared to other airports. Since the facility is relatively new, having opened in 2010, other airports of similar size may have fully depreciated facilities, thus depreciation is not such a large portion of expenses. Other major operating expenses include personnel at \$5,775,430, utilities and insurance at \$1,431,232 and operating maintenance contracts totaling \$2,321,226. The following chart shows the major categories of expenses for the year:



The following is a summary of revenues, expenses and the changes in net position for the current year:

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Condensed Statements of Revenues, Expenses and Changes in Net Position

	<u>2023</u>	<u>2022</u>
Revenues		
Operating Revenues	\$ 15,819,474	\$ 14,723,034
Grants and Entitlements	5,868,178	4,968,139
PFC Revenues	2,993,370	2,693,720
CFC Revenues	1,404,046	1,120,160
Interest	735,298	69,344
Total Revenues	<u>26,820,366</u>	<u>23,574,397</u>
Expenses		
Operating Expenses	26,559,238	25,370,269
Interest Expense	715,274	757,961
Total Expenses	<u>27,274,512</u>	<u>26,128,230</u>
Excess (Deficiency) Before Special Items	<u>(454,146)</u>	<u>(2,553,833)</u>
Special Items		
Net Insurance Proceeds	(17,072)	10,411
Disaster/COVID-19 Expense	-	(2,144)
Gain (Loss) on Disposal of Assets	100	5,425
Total Special Items	<u>(16,972)</u>	<u>13,692</u>
Increase (Decrease) in Net Position	<u>\$ (471,118)</u>	<u>\$ (2,540,141)</u>

Cash Flows

Cash equivalents represent cash on hand, bank deposits and liquid investments with a maturity of twelve months or less. The following shows a summary of the major sources and uses of cash and cash equivalents for the year ended September 30, 2023:

Condensed Statements of Cash Flows

	<u>2023</u>	<u>2022</u>
Net Cash Provided by (used in):		
Operating Activities	\$ 8,211,693	\$ 5,026,030
Capital and Related Activities	(412,728)	3,013,340
Interest Earned on Investments	700,665	31,164
Net increase (decrease)	<u>8,499,630</u>	<u>8,070,534</u>
Cash and Cash Equivalents, Beginning of Year	<u>35,940,302</u>	<u>27,869,768</u>
Cash and Cash Equivalents, End of Year	<u>\$ 44,439,932</u>	<u>\$ 35,940,302</u>

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Capital Assets

At September 30, 2023, the District had \$423,107,379 invested in a broad range of capital assets including buildings, furniture and fixtures, police and fire equipment, maintenance equipment, vehicles, and capital improvement projects. This amount represents a net increase before depreciation (including additions and disposals of capital assets) of \$8,254,901, or 2.0%, compared to last year. Total Net Capital Assets, after depreciation, decreased \$7,441,639, or 3.0%, from FY 2022, with asset categories shown below:

Capital Assets

	2023	2022
Land	\$ 70,669,561	\$ 70,669,561
Buildings	191,190,512	191,190,512
Improvements Other than Buildings	145,187,596	141,630,402
Furniture & Equipment	11,544,837	10,529,766
Construction Work-in-Progress	4,514,873	832,237
Total Before Depreciation	423,107,379	414,852,478
Depreciation	(180,624,102)	(164,927,562)
Total Net Capital Assets	\$ 242,483,277	\$ 249,924,916

Capital asset notable changes during the current fiscal year include the following:

- Capital equipment additions totaled \$1,081,956 with disposals equaling \$66,885;
- Improvements additions totaled \$3,601,719 with disposals of \$44,525;
- Mitigation site development was ongoing at a cost of \$284,848, of which \$63,844 was funded by FAA grants;
- Purchase of a new Aircraft Rescue and Firefighting vehicle at a cost of \$717,557, of which the FAA funded at 100%;
- Completion of the new paved Long-Term Parking Lot and the expansion of the Cell Phone Parking Lot were completed at a cost of \$2,300,163 and \$193,941 respectively, of which FDOT funded \$900,575;
- Installation of a replacement vacuum system at the rental car quick turnaround facility at a cost of \$92,899, all of which was funded by Consolidated Facility Charges (“CFC”) funds, resulting in no use of the Airport’s unrestricted cash; and
- Construction Work-In-Progress net balance increased by \$3,682,636 due to ongoing construction projects.

Total capitalized assets in FY 2023 were \$4,683,675 for grant and non-grant projects and equipment. Federal and state contributions to these expenditures totaled \$2,306,597, CFC funds contributed \$92,899, with the remaining \$2,284,179 being funded by the District.

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Debt Activity

At year-end, the District had long-term debt of \$29,064,005 with the State Infrastructure Bank of Florida (“SIB”) These loans mature in Fiscal Year 2036 and are collateralized by a pledge of net revenues and eligible Passenger Facility Charge revenues. The loan interest rates are 1.97% for Loan #1 and 2.71% for Loan #2. The outstanding balances are shown below:

	Outstanding Debt	
	<u>FY 2023</u>	<u>FY 2022</u>
SIB Loan #1	\$ 15,683,142	\$ 16,732,748
SIB Loan #2	13,380,863	14,230,201
Total Debt	<u>\$ 29,064,005</u>	<u>\$ 30,962,949</u>

Budgetary Analysis

As an Independent Special District, the District must adopt a budget each fiscal year. This adopted budget regulates expenditures of the District. It is unlawful for the District to expend or contract for expenditures in any fiscal year except in fulfillment of appropriations.

The FY 2023 budget projected operating revenues of \$18,621,519 and operating expenses in the amount of \$11,790,391. It also included Airport funds for capital projects and purchases of \$6,595,511, while debt service was budgeted at \$2,614,217. No budget amendments were made during the course of the year.

The operating revenues for FY 2023 totaled \$15,819,474, which is under budget by \$2,802,045. The primary reason for the deficiency is the airline settlement payment, which is discussed below.

Without regard to depreciation, the District’s operating expenses were under budget by \$1,039,103, or 8.8%, due in large part to staff efforts to control costs and operate as efficiently as possible. Actual operating expenses, including unbudgeted depreciation expense of \$15,807,950, exceeded budget by \$14,768,847.

The annual budget process considers expenses and revenues to calculate the fees and charges that its tenants and users will pay for using the Airport. Costs and revenues are categorized by cost center, of which the Airport has four – Terminal, Airfield, Ground Transportation, and Other. The budgeted Airport Rates & Charges were as follows:

	<u>FY 2023</u>	<u>FY 2022</u>	<u>% Increase (Decrease)</u>
Terminal Rental Rate	\$ 64.52	\$ 61.65	4.7%
Landing Fee	\$ 4.86	\$ 3.39	43.4%
Signatory Cost Per Enplanement	\$ 5.75	\$ 5.62	2.3%

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The District's agreement with the signatory airlines provides for a rent and fees rebate and revenue sharing based on the financial results of operations of the Airport (the "Settlement"). The agreement requires the Settlement calculation be done at the end of each fiscal year. This calculation takes into consideration all operating revenues and expenses and recalculates the terminal rental rate and landing fee. Any difference in the recalculated rate and the budgeted rate is either refunded or invoiced to the airlines. The agreement also provides for revenue sharing with the signatory partners, and this amount is calculated at the same time as the Settlement. The FY 2023 Settlement amount of \$5,476,566 includes rent rebates of \$232,671, landing fee rebates of \$1,362,199, and revenue sharing of \$3,881,696.

The Settlement rates and charges, as recalculated, for the airlines are as follows:

	FY 2023	FY 2022	% Increase (Decrease)
Terminal Rental Rate	\$ 59.29	\$ 59.13	0.3%
Landing Fee	\$ 3.31	\$ 2.68	23.5%
Signatory Cost Per Enplanement	\$ 2.02	\$ 2.08	(2.9%)

Currently Known Facts, Decisions or Conditions

Northwest Florida Beaches International Airport opened on May 23, 2010 and has shown significant growth since that time. Passenger volumes have consistently increased each fiscal year since 2014 with the exception of FY 2020, which was a result of the COVID-19 pandemic. FY 2023 proved to be a record-breaking year, with an excess of 1.6 million passengers utilizing the Airport.

As seen in the FY 2023 financial statements, the District continues the development of a sound monetary structure. In order to move forward and carry on this trend, the District's goals for 2024 include working with the FAA and FDOT to further efforts in the development of the terminal facility, the airfield, and other Airport property, as well as working with the Bay County Economic Development Alliance to encourage aviation-related businesses to locate at the Airport. Currently, ECP is working with a number of prospective tenants on airfield development projects, and the District plans to continue to develop both additional air service and other airport related business opportunities for our region.

FY 2023 was a busy year for the Airport with several ongoing construction projects. Included are the following:

- The North Terminal Buildout project, which will add gate and holding space, additional restrooms and concessions space;
- The Baggage Make-up Expansion project, which will more than double the size of the current facility and add a "non-readable baggage tag" diversion belt;
- The North Terminal Expansion design neared completion while Staff worked with the FAA on the environmental approval so that the construction phase and funding can be planned;

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- The Parking Expansion project, which includes a new paved additional long-term parking lot, cell-phone lot expansion, and additional employee and long-term parking was substantially completed, with the final lot opening in January, 2024;
- Continued Environmental Mitigation; and
- Southern Sky Aviation, the Airport's new Fixed Base Operator, began construction on its terminal and hangar facilities with an opening date schedule in Spring, 2024.

The District continues to work with the Florida National Guard to relocate the Panama City Armory to the Airport and will be working with the FAA and the U.S. Army Corp of Engineers on the basic Environmental Assessment on various parcels not included in the Phase One Permit.

Future construction projects currently in the design phase include the North Terminal Concourse Expansion, the components of which include the TSA Screening Checkpoint and Baggage Claim Relocations and Expansions, the Rental Car Customer Service Relocation and related new facility, continued Environmental Mitigation, the addition of an escalator on the east side of the concourse, three new replacement Passenger Boarding Bridges, and a new maintenance, repair and overhaul (MRO) facility to be located on Airport property.

Our continued refinement of the business process, improved cost effectiveness and marketing initiatives, and other strategic initiatives will guide our vision for the upcoming fiscal year. The outlook for the Airport and its growth is bright.

Requests for Information

This financial report is designed to provide our customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Director of Finance and Administration, Northwest Florida Beaches International Airport, 6300 West Bay Parkway, Box A, Panama City Beach, Florida 32409.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2023 AND 2022**

ASSETS	2023	2022
Current Assets		
Cash and cash equivalents	\$ 31,953,554	\$ 25,740,452
Accounts receivable - trade	1,505,577	1,671,212
Accounts receivable - grants	3,935,045	4,390,582
Prepaid items	90,836	128,484
Total current assets	37,485,012	31,930,730
Noncurrent Assets		
Restricted assets	12,853,996	10,518,436
Lease receivable - long term	851,282	1,099,084
Capital assets:		
Land	70,669,561	70,669,561
Buildings and improvements	191,190,512	191,190,512
Improvements other than buildings	145,187,596	141,630,402
Furniture and equipment	11,544,837	10,529,766
Less accumulated depreciation	(180,624,102)	(164,927,562)
Construction work-in-process	4,514,873	832,237
Net capital assets	242,483,277	249,924,916
Total noncurrent assets	256,188,555	261,542,436
Total assets	293,673,567	293,473,166
LIABILITIES		
Current Liabilities		
Accounts payable	7,491,714	4,712,751
Accrued expenses	329,310	316,577
Current maturities of compensated absences	27,630	27,681
Total current liabilities	7,848,654	5,057,009
Long-Term Liabilities		
Long-term debt, less current maturities	29,064,005	30,962,949
Compensated absences, less current maturities	413,733	374,654
Total long-term liabilities	29,477,738	31,337,603
Total liabilities	37,326,392	36,394,612
DEFERRED INFLOWS OF RESOURCES		
Leases	891,085	1,151,346
NET POSITION		
Net investment in capital assets	212,069,317	218,961,967
Restricted	12,853,996	10,518,436
Unrestricted	30,532,777	26,446,805
Total net position	\$ 255,456,090	\$ 255,927,208

See accompanying notes to the financial statements.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	2023	2022
Operating Revenues		
Airlines	\$ 1,656,591	\$ 1,619,702
Car rentals	6,488,955	6,391,449
Terminal complex	6,345,249	5,515,564
General aviation	1,023,273	969,794
Other tenants and miscellaneous	305,406	226,525
Total operating revenues	15,819,474	14,723,034
Operating Expenses		
Personnel costs	5,775,430	5,092,262
Supplies, materials, and maintenance	533,753	680,741
General and administrative expenses	689,647	712,767
Operating maintenance contracts	2,321,226	1,947,694
Utilities and insurance	1,431,232	1,305,023
Depreciation	15,807,950	15,631,782
Total operating expenses	26,559,238	25,370,269
Loss from operations	(10,739,764)	(10,647,235)
Nonoperating Revenues (Expenses)		
COVID-19 expenses	-	(2,144)
Interest income	700,665	31,164
Interest income - leases	34,633	38,180
PFC revenues	2,993,370	2,693,720
CFC revenues	1,404,046	1,120,160
Interest expense	(715,274)	(757,961)
Grant revenues	5,868,178	4,968,139
Gain on disposal of assets	100	5,425
Net insurance proceeds	(17,072)	10,411
Total nonoperating revenues (expenses)	10,268,646	8,107,094
Change in Net Position	(471,118)	(2,540,141)
Total Net Position at Beginning of Year	255,927,208	258,467,349
Total Net Position at End of Year	\$ 255,456,090	\$ 255,927,208

See accompanying notes to the financial statements.

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**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	2023	2022
Cash Flows From Operating Activities		
Cash received from customers	\$ 16,022,757	\$ 15,014,343
Cash paid to suppliers for goods and services	(2,197,717)	(5,782,459)
Cash paid to employees for services	(5,613,347)	(4,205,854)
Net cash provided by operating activities	8,211,693	5,026,030
Cash Flows From Capital and Related Financing Activities		
Acquisition of capital assets	(8,366,310)	(4,238,430)
Proceeds from disposition of assets	100	5,425
PFC/CFC revenues	4,348,385	3,822,544
Interest income - leases	34,633	38,180
Lease receivable	247,802	(1,099,084)
Deferred inflows of resources - leases	(260,261)	1,151,346
Proceeds from insurance	(17,072)	10,411
SIB loan proceeds (principal paid)	(1,898,944)	(1,856,256)
Interest expense on debt	(715,274)	(757,961)
Grants received:		
FEMA/SERT	-	42,310
Florida Department of Transportation	1,440,639	933,395
Federal Aviation Administration	4,773,574	4,961,460
Net cash provided by (used in) capital and related financing activities	(412,728)	3,013,340
Cash Flows From Investing Activities		
Interest earned on investments	700,665	31,164
Net Increase in Cash and Cash Equivalents	8,499,630	8,070,534
Cash and Cash Equivalents at Beginning of Year	35,940,302	27,869,768
Cash and Cash Equivalents at End of Year	\$ 44,439,932	\$ 35,940,302

	<u>2023</u>	<u>2022</u>
Reconciliation of Loss from Operations to Net Cash Provided By Operating Activities		
Loss from operations	\$ (10,739,764)	\$ (10,647,235)
Adjustments to reconcile loss from operations to net cash provided by operating activities:		
Depreciation	15,807,950	15,631,782
COVID-19 expenses	-	(2,144)
Federal Aviation Administration	-	739,409
TSA	109,500	90,520
(Increase) decrease in assets:		
Accounts receivable	165,635	313,747
Prepaid items	37,648	(22,436)
Increase (decrease) in liabilities:		
Accounts payable	2,778,964	(1,177,241)
Accrued expenses	12,733	69,358
Compensated absences	39,028	30,270
Net cash provided by operating activities	<u>\$ 8,211,694</u>	<u>\$ 5,026,030</u>
 Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	<u>\$ 715,274</u>	<u>\$ 757,961</u>
 Reconciliation of Cash and Cash Equivalents per Statement of Cash Flows to the Statement of Net Position		
Cash and cash equivalents	\$ 31,953,554	\$ 25,740,452
Restricted cash and cash equivalents	<u>12,486,378</u>	<u>10,199,850</u>
	<u>\$ 44,439,932</u>	<u>\$ 35,940,302</u>

See accompanying notes to the financial statements.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity:

The Panama City - Bay County Airport and Industrial District (“the District”) is an independent special district created by an act of the Legislature of the State of Florida and is not considered a component unit of any other local governmental unit. The special act which created the District was Chapter 67-1099 of House Bill 1608 filed June 19, 1967, which was later repealed and replaced by Chapter 98-527 of House Bill 4545 filed May 22, 1998, Chapter 2005-311 of House Bill 939 filed June 14, 2005, and Chapter 2005-311 of House Bill 1635 filed July 1, 2010. The District operates the Northwest Florida Beaches International Airport.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

The financial statements are reported using the economic resources measurement focus (accrual basis of accounting). This means that all assets and liabilities (whether current or noncurrent) associated with this activity are included on the statement of net position. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The annual budget is adopted on a basis consistent with generally accepted accounting principles.

The District is accounted for as an enterprise fund. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The District operates as a proprietary (enterprise) fund and applies Financial Accounting Standards Board (FASB) Codification pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements, in which case, GASB prevails.

Enterprise 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 an enterprise fund’s principal ongoing operations. The principal operating revenues of the District are lease fees and related charges. Operating expenses of the District include personnel costs, supplies, materials, maintenance, general and administrative expenses, operating maintenance contracts, utilities and insurance, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues (expenses). Capital grants are reported as nonoperating revenues in compliance with GASB Statement No. 33.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Advertising:

Advertising costs are generally charged to operations in the year incurred. Advertising expense was \$244,438 and \$230,231 for the years ended September 30, 2023 and 2022, respectively.

Prepaid Items:

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Net Position:

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 which are not accessible for general use because of third party limitations.

Unrestricted net position represents unrestricted liquid assets.

Capital Assets:

Capital assets are recorded at cost and are depreciated principally by the straight-line method over the estimated useful lives of individual assets. Donated capital assets are recorded at estimated fair market value at the date of donation.

Estimated useful lives are generally as follows:

Buildings and improvements	10-39 years
Improvements other than buildings	5-39 years
Furniture and equipment	3-15 years

Cash Equivalents:

For purposes of the statement of cash flows, the District considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable:

Accounts are charged to bad debt expense as they are deemed uncollectible. At September 30, 2023 and 2022, no allowance for uncollectible accounts was considered necessary.

Lease Receivable:

The District's lease receivable is measured at the present value of the lease payments expected to be received during the lease term. Under the lease agreements, the District may receive variable lease payments that are dependent upon the lessor's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Deferred Inflows of Resources:

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element 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 District has one item that qualifies for reporting in this category which is related to leases as discussed in Note 8.

Estimates:

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Recently Issued Accounting Pronouncements:

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 District has implemented GASB Statement No. 91 in this annual report, however, it does not have any current impact on the District.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 District has implemented GASB Statement No. 94 in this annual report, however, it does not have any current impact on the District.

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 for government end users. The requirements of this statement are effective for reporting periods beginning after June 15, 2022. The District has implemented GASB Statement No. 96 in this annual report, however, it does not have any current impact on the District.

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing 1) practice issues that have been identified during implementation and application of certain GASB Statements and 2) accounting and financial reporting for financial guarantees. Certain provisions of Statement No. 99 are effective upon issuance, while other provisions of Statement No. 99 are effective for fiscal years beginning after June 15, 2022 and 2023. The District has implemented the provisions of GASB Statement No. 99 that are effective upon issuance. The District is evaluating the impact, if any, upon its financial position, results of operation, or cash flows upon adoption of all other provisions.

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

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This statement clarifies the recognition and measurement guidance for compensated absences. This statement

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

requires that liabilities for compensated absences be recognized for 1) leave that has not been used and 2) leave that has been used but not yet paid in cash or settled through noncash means. The requirements of this statement are effective for financial statements for reporting periods beginning after December 15, 2023. The District is evaluating the impact, if any, upon its financial position, results of operation, or cash flows upon adoption.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This statement provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This statement requires a government to assess (1) whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact and (2) whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this statement are effective for fiscal years beginning after June 15, 2024. The Board is evaluating the impact, if any, upon its financial position, results of operations, or cash flows upon adoption.

NOTE 2 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; business interruption; job-related illnesses or injuries to employees; and natural disasters for which the District carries commercial insurance.

There have been no significant reductions in insurance coverage from coverage in the prior year. The amounts of settlements have not exceeded insurance coverage for any of the past three fiscal years.

NOTE 3 – PASSENGER FACILITY CHARGES

The District imposes a passenger facility charge ("PFC") of \$4.50 per enplaned passenger (except for those passengers exempt under the application or the regulation) at the District. The air carriers receive a \$0.11 handling fee per passenger, so the District nets \$4.39 per enplaned passenger. The PFC application allows PFC funds to be collected up to five years in advance of an anticipated project or an alternative project in the event the anticipated project is not undertaken.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 4 – RESTRICTED ASSETS

The restricted assets primarily represent cash and investments reserved in accordance with the loan ordinances and with requirements of the Passenger Facility Charge program.

At September 30, 2023 and 2022, restricted assets consisted of the following:

Cash and Cash Equivalents:	<u>2023</u>	<u>2022</u>
CFC account	\$ 7,672,075	\$ 6,972,573
PFC excess cash	4,712,538	3,127,593
Forfeiture funds	3,911	3,820
Law Enforcement Trust	620	606
Escrow fund	12,000	12,000
Treasury funds	85,234	83,258
Accounts Receivable - PFC	<u>367,618</u>	<u>318,586</u>
	<u>\$ 12,853,996</u>	<u>\$ 10,518,436</u>

NOTE 5 – COMPENSATED ABSENCES

All full-time employees of the District earn vacation pay based on years of service.

Employees are not paid in lieu of vacation except in the event of resignation or termination, in which case unused vacation pay is paid up to the amount earned. Vacation benefits are accrued in the period they are earned. The liability for accumulated annual leave (excluding payroll taxes) at September 30, 2023 and 2022 is \$318,449 and \$299,854, respectively.

All full-time employees, excluding firefighters, of the District earn or accumulate sick leave with pay at the rate of one day per month and may accumulate a maximum of 60 days. Firefighters earn or accumulate sick leave with pay at 4.89 hours per pay period or 127 hours annually and may accumulate a maximum of 636 hours. Employees accumulating the maximum sick leave may be paid annually for one-third of the excess sick leave earned over the maximum, provided the maximum accumulation is maintained. A percentage of accumulated sick leave may be paid upon termination. The liability for accumulated annual sick leave at September 30, 2023 and 2022 is \$49,383 and \$36,092, respectively.

NOTE 6 – RETIREMENT PLAN

The District provides pension benefits for all of its full-time employees through the Panama City - Bay County Airport and Industrial District Money Purchase Plan, a defined contribution plan. The plan is administered by the District with Regions Morgan Keegan Trust serving as trustee and can only be amended by an action of the Board. In a defined contribution plan, benefits depend solely on

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 6 – RETIREMENT PLAN (Continued)

amounts contributed to the plan plus investment earnings. Employees are eligible to participate one month after the date of employment. Benefits fully vest after six years of employment. Plan forfeitures are used to pay Plan administrative fees. Contributions in the amount of 10% of the preceding month's compensation are made each month by the District, as outlined in the adoption agreement which was approved by the Board on November 2, 1982. The Plan is noncontributory. Plan assets are invested in annuity contracts. Contributions made equaled required contributions for the current and two preceding years. The plan had 79 active participants at September 30, 2023.

The District's total personnel costs for the years ended September 30, 2023 and 2022 was \$5,775,430 and \$5,092,262, respectively. The District's contributions were calculated using the salary amount of approximately \$4,072,718 and \$3,546,615 for September 30, 2023 and 2022, respectively. The retirement expense of the District was \$412,606 and the amount contributed was \$412,606 for the year ended September 30, 2023; the expense for the year ended September 30, 2022 was \$393,408, and the amount contributed was \$393,408.

NOTE 7 – LONG-TERM LIABILITIES

Changes in long-term liabilities are summarized as follows:

	<u>Balance</u> <u>10/1/2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>9/30/2023</u>	<u>Due in</u> <u>One Year</u>
State Infrastructure Bank Loan: Agreement dated December 21, 2007 authorized a total principal of \$25,000,000; interest payable at 4.60% beginning October 1, 2011 with principal and interest payments of \$1,668,074 due annually beginning October 1, 2011. The agreement was amended August 1, 2021, interest payable at 1.97% with principal and interest payments of \$1,379,241 beginning August 1, 2021 and maturing in 2036; the loan is collateralized by a pledge of net revenues and eligible PFC revenues.	\$ 16,732,748	\$	-	\$ 15,683,141	\$ -

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 7 – LONG-TERM LIABILITIES (Continued)

State Infrastructure Bank Loan:

Agreement dated April 27, 2009 authorized a total principal of \$20,000,000; interest payable at 4.60% beginning October 1, 2011 with principal and interest payments of \$1,421,500 due annually beginning October 1, 2012. The agreement was amended August 1, 2021, interest payable at 2.71% with principal and interest payments of \$1,234,976 beginning August 1, 2021 and maturing in 2036; the loan is collateralized by a pledge of net revenues and eligible PFC revenues.

	<u>14,230,201</u>	-	<u>849,337</u>	<u>13,380,864</u>	-
Total Long-Term Debt	<u>30,962,949</u>	-	<u>1,898,944</u>	<u>29,064,005</u>	-
Total Compensated Absences	<u>402,335</u>	<u>96,150</u>	<u>57,122</u>	<u>441,363</u>	<u>27,630</u>
Total Long-Term Debt and Compensated Absences	<u>\$31,365,284</u>	<u>\$ 96,150</u>	<u>\$ 1,956,066</u>	<u>\$ 29,505,368</u>	<u>\$ 27,630</u>

Debt service requirements to maturity for long-term debt subsequent to September 30, 2023, are as follows:

Fiscal Year Ended	State Infrastructure Bank Loan Agreement		State Infrastructure Bank Loan Agreement	
	Principal	Interest	Principal	Interest
2025	\$ 1,070,283	\$ 308,958	\$ 872,355	\$ 362,621
2026	1,091,368	287,873	895,995	338,981
2027	1,112,868	266,373	920,277	314,699
2028	1,134,792	244,450	945,216	289,760
2029	1,157,147	222,094	970,831	264,114
2030-2034	6,136,787	759,420	5,263,355	911,525
2035-2037	<u>3,979,896</u>	<u>157,827</u>	<u>3,512,835</u>	<u>192,093</u>
	<u>\$ 15,683,141</u>	<u>\$ 2,246,995</u>	<u>\$ 13,380,864</u>	<u>\$ 2,673,793</u>

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 7 – LONG-TERM LIABILITIES (Continued)

The Florida Department of Environmental Protection (“DEP”) required the District to establish a management endowment to earn interest, which would be used to pay mitigation costs. In lieu of an endowment, the District established a \$6,000,000 letter of credit as agreed upon with the DEP. The DEP is authorized to draw down on the letter of credit. As of September 30, 2023 and 2022, there were no draws on the letter of credit.

NOTE 8 – LEASES

The District, as a Lessor, recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with exceptions for certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. As lessor, the asset underlying the lease is not unrecognized. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term. The deferred inflow of resources is measured at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods.

For the purposes of GASB No. 87 implementation, the District leases have been categorized as follows:

1. GASB No. 87 Leases – Included
2. GASB No. 87 Leases – Excluded Leases – Regulated
3. GASB No. 87 Leases – Excluded Leases – Short Term

GASB No. 87 Leases – Included

In accordance with GASB No. 87, the District recognizes a lease receivable and a deferred inflow of resources for leases the District categories as GASB No. 87 – Included. For these leases, the District is reporting lessor lease receivables of \$851,282 and \$1,099,084 for the years ending September 30, 2023 and 2022, respectively. For fiscal year ending September 30, 2023, the District reported lease revenue of \$247,801 and interest revenue of \$34,633 related to lease payments received. For fiscal year September 30, 2022, the District reported lease revenue of \$366,265 and interest revenue of \$38,180 related to lease payments received.

The leases held by the District do not have an implicit rate of return, therefore, the District used their incremental borrowing rate of 3.25% to discount the lease revenue to the net present value, recently agreed upon by the State Infrastructure Bank of Florida. In some cases the leases reported under GASB No. 87 contain termination clauses. In these cases the clause required the lessee or lessor to show cause to terminate the lease.

GASB No. 87 included leases are summarized as follows:

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 8 – LEASES (Continued)

Concessionaire Lease:

The District has a five-year concessionaire agreement for the use of the exclusive food and beverage in the terminals. The terms of the concession lease agreements include a fixed revenue component or Minimum Annual Guarantee (MAG). Fixed revenue received totaled \$116,082 and \$119,857 for the fiscal years ended September 30, 2023 and 2022, respectively.

The terms of the concessionaire lease agreements include a variable revenue component based on a percentage of gross sales. The variable revenue received was not included in the measurement of lease receivable.

Property Lease:

The District leases land for terms that range from one to five years. The terms of the property lease include a fixed revenue component based on square footage. The terms of these lease agreements do not include a variable revenue component.

Minimum future lease receipts to be received under lease agreements are as follows:

Fiscal Year	Principal	Interest	Total
October 1, 2023- September 30, 2024	\$ 391,452	\$ 22,491	\$ 413,943
October 1, 2024- September 30, 2025	308,038	10,068	318,106
October 1, 2025- September 30, 2026	65,041	4,342	69,383
October 1, 2026- September 30, 2027	52,053	2,492	54,545
October 1, 2027- September 30, 2028	7,599	1,356	8,955
October 1, 2028- September 30, 2033	27,099	2,005	29,104
	<u>\$ 851,282</u>	<u>\$ 42,754</u>	<u>\$ 894,036</u>

GASB No. 87 Excluded Leases – Short Term Leases

In accordance with GASB No. 87, the District does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that have a minimum possible term under the lease contract of 12 months (or less), including an option to extend, regardless of their probability of being exercised.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 8 – LEASES (Continued)

GASB No. 87 Excluded Leases – Regulated

In accordance with GASB No. 87, the District does not recognize a lease receivable and a deferred inflow of resources for regulated leases. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings, such as requirements from the U.S. Department of Transportation and Federal Aviation Administration. All regulated leases between the District and air carriers or other aeronautical users are month-to-month agreements, therefore, they are treated as short term leases.

Leased assets in the other air service leases included land, airfield, and office space. The expiration date of the other air service leases varies between 1 and 22 years.

The District leases certain assets to various third parties, including ticket counters, terminal operations space, terminal office space, baggage service office space, hangars, grounds and land, and are regulated leases under the FAA Rates and Charges Policy and Grant Assurance 22. Land leases and hangars are considered exclusive use, while several of the terminal locations are considered preferential or joint use.

Four airlines have preferential use of seven gates. All four airlines have preferential use of their own counters. And the four airlines have exclusive use of their own respective office space(s) and preferential use of the baggage room.

Future expected minimum payments related to the District’s regulated leases at September 30, 2023 are as follows:

Fiscal Year Ended 9/30	Amount
2024	\$ 6,313,027
2025	741,224
2026	481,971
2027	481,971
2028	481,971
2029-2033	2,409,856
2034-2038	2,409,856
2039-2043	2,409,856
2044-2045	963,942
Total	<u>\$ 16,693,674</u>

The airline leases expire on September 30, 2024. Most T Hangars expire by 2025.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 8 – LEASES (Continued)

Most of these leases do not contain any early termination provisions, and the few that do can only be terminated by either the lessor or lessee but not both. In addition, nearly all of the regulated leases are long term in nature.

NOTE 9 – COMMITMENTS, CONTINGENCIES, AND SUBSEQUENT EVENTS

Litigation:

There is no pending or, to the knowledge of the District, threatened litigation.

Contract Commitments:

At September 30, 2023, the District had contractual commitments of approximately \$12,281,387 for construction of airport projects. Funding of these future expenditures is expected to be received from federal grants, state grants, and current operations.

Subsequent Events:

The District did not have any other subsequent events requiring disclosure or recording in these financial statements through February 23, 2024, which is the date these financial statements were available to be issued.

NOTE 10 – DEPOSITS AND INVESTMENTS

The District has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415, Florida Statutes. The District may invest any surplus public funds in the following:

- a) The Local Government Surplus Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act;
- b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
- c) Interest-bearing time deposits or savings accounts in qualified public depositories;
- d) Direct Obligations of the U.S. Treasury.

Securities listed in c) and d) shall be invested to provide sufficient liquidity to pay obligations as they come due. In addition, surplus funds may be deposited into certificates of deposit which are insured.

The District records all interest income related to investment activities in the respective funds and reports investments at fair value.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 10 – DEPOSITS AND INVESTMENTS (Continued)

Included in the District'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.

NOTE 11 – BUDGET TO ACTUAL - REVENUES AND EXPENSES

The annual budget is adopted on a basis consistent with generally accepted accounting principles. Management may not increase a department's total expenditures without seeking the approval of the Board of Directors, 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.

For the year ended September 30, 2023, the District's actual operating revenues were less than budgeted operating revenues by \$2,802,045, due to revenue sharing with the airlines of \$3,881,696, and actual total operating expenses exceeded total budgeted operating expenses by \$14,768,847. The actual operating expenses increase over budgeted operating expenses was due to the following:

- \$15,807,950 in depreciation expense that was not budgeted by the District in 2023.

For the year ended September 30, 2022, the District's actual operating revenues were less than budgeted operating revenues by \$487,098, due to revenue sharing with the airlines of \$3,239,419, and actual total operating expenses exceeded total budgeted operating expenses by \$14,910,384. The actual operating expenses increase over budgeted operating expenses was due to the following:

- \$15,631,782 in depreciation expense that was not budgeted by the District in 2022.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

NOTE 13 – CAPITAL ASSETS

Changes in capital assets were as follows:

	Balance 9/30/2021	Increases	Decreases	Balance 9/30/2022	Increases	Decreases	Balance 9/30/2023
Capital assets, not being depreciated:							
Land	\$ 70,669,561	\$ -	\$ -	\$ 70,669,561	\$ -	\$ -	\$ 70,669,561
Construction work-in-process	1,060,599	3,323,450	(3,551,812)	832,237	10,190,505	(6,507,869)	4,514,873
Total capital assets, not being depreciated	<u>71,730,160</u>	<u>3,323,450</u>	<u>(3,551,812)</u>	<u>71,501,798</u>	<u>10,190,505</u>	<u>(6,507,869)</u>	<u>75,184,434</u>
Capital assets, being depreciated:							
Buildings and improvements	190,315,958	874,554	-	191,190,512	-	-	191,190,512
Improvements other than buildings	140,363,345	1,757,187	(490,130)	141,630,402	3,601,719	(44,525)	145,187,596
Furniture and equipment	8,978,218	1,835,051	(283,503)	10,529,766	1,081,956	(66,885)	11,544,837
Total capital assets, being depreciated	<u>339,657,521</u>	<u>4,466,792</u>	<u>(773,633)</u>	<u>343,350,680</u>	<u>4,683,675</u>	<u>(111,410)</u>	<u>347,922,945</u>
Less accumulated depreciation for:							
Buildings and improvements	54,118,915	5,181,530	-	59,300,445	5,202,337	-	64,502,782
Improvements other than buildings	88,820,152	9,812,280	(490,130)	98,142,302	9,915,606	(44,525)	108,013,383
Furniture and equipment	7,130,346	637,972	(283,503)	7,484,815	690,007	(66,885)	8,107,937
Total accumulated depreciation	<u>150,069,413</u>	<u>15,631,782</u>	<u>(773,633)</u>	<u>164,927,562</u>	<u>15,807,950</u>	<u>(111,410)</u>	<u>180,624,102</u>
Total capital assets being depreciated, net	<u>189,588,108</u>	<u>(11,164,990)</u>	<u>-</u>	<u>178,423,118</u>	<u>(11,124,275)</u>	<u>-</u>	<u>167,298,843</u>
Capital assets, net	<u>\$ 261,318,268</u>	<u>\$ (7,841,540)</u>	<u>\$ (3,551,812)</u>	<u>\$ 249,924,916</u>	<u>\$ (933,770)</u>	<u>\$ (6,507,869)</u>	<u>\$ 242,483,277</u>

**REQUIRED SUPPLEMENTARY
INFORMATION OTHER THAN
MANAGEMENT'S DISCUSSION
AND ANALYSIS – ENTERPRISE FUND**

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
SCHEDULES OF BUDGETED AND ACTUAL RECEIPTS AND EXPENSES
YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	2023		2022
	Budget	Actual	Actual
Operating Revenues			
Airlines -			
Airline landing fees	\$ 3,673,586	\$ 2,903,062	\$ 2,227,844
Cargo airline landing fees	10,500	14,284	12,155
Airline terminal rent	2,858,588	2,620,941	2,614,965
Airline per use fees	-	-	4,157
Signatory airline revenue sharing	-	(3,881,696)	(3,239,419)
Total airlines	<u>6,542,674</u>	<u>1,656,591</u>	<u>1,619,702</u>
Car rentals -			
Rental cars concession fees	4,500,000	4,936,144	4,864,568
Rental cars customer facility charges	1,558,016	1,552,811	1,526,881
Total car rentals	<u>6,058,016</u>	<u>6,488,955</u>	<u>6,391,449</u>
Terminal complex -			
Public and employee parking	3,690,000	4,589,564	4,310,029
Ground transportation fees	130,000	523,996	249,021
Advertising concessions	60,000	79,249	59,994
Retail merchandise concessions	145,000	266,987	186,727
Food and beverage concessions	475,000	586,077	561,113
Other terminal revenue	193,701	299,376	148,680
Total terminal complex	<u>4,693,701</u>	<u>6,345,249</u>	<u>5,515,564</u>
General aviation -			
Fixed base operator rents	472,604	479,727	448,784
Fuel flowage fees	120,000	98,030	105,506
Hangar/land rentals	438,500	445,516	415,504
Total general aviation	<u>1,031,104</u>	<u>1,023,273</u>	<u>969,794</u>
Other tenants and miscellaneous -			
Other tenants and miscellaneous	99,360	136,933	65,163
Fuel farm	139,714	139,714	139,714
Cargo building rental	56,950	28,759	21,648
Total other tenants and miscellaneous	<u>296,024</u>	<u>305,406</u>	<u>226,525</u>
Total operating revenues	<u>18,621,519</u>	<u>15,819,474</u>	<u>14,723,034</u>

See independent auditor's report.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
SCHEDULES OF BUDGETED AND ACTUAL RECEIPTS AND EXPENSES
YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	2023		2022
	Budget	Actual	Actual
Operating Expenses			
Personnel costs -			
Salary and wages	4,306,713	4,092,248	3,628,710
Overtime	110,244	103,603	102,227
FICA contributions	332,991	306,453	269,871
Group insurance	832,412	727,314	605,840
Retirement	438,672	412,606	359,564
Workers compensation insurance	136,500	120,706	108,277
Other personnel costs	42,500	12,500	17,773
Total personnel costs	<u>6,200,032</u>	<u>5,775,430</u>	<u>5,092,262</u>
Supplies, materials, and maintenance -			
Airfield and grounds	136,200	91,082	130,571
Computer supplies and software	49,650	30,587	33,537
Machinery and equipment	38,500	38,177	37,663
Miscellaneous supplies	6,600	4,711	6,718
Radio equipment	10,000	32,000	10,109
Safety and security	38,500	34,711	25,951
Small tools and equipment	12,900	5,860	5,934
Terminal facility services and supplies	286,200	207,692	339,998
Uniforms, clothing, and boots	18,100	11,937	17,563
Vehicles, oil, tires, and fuel	98,000	76,996	72,697
Total supplies, materials, and maintenance	<u>694,650</u>	<u>533,753</u>	<u>680,741</u>
General and administrative expenses -			
Bank charges	64,500	71,709	65,929
Bad debt expense	2,000	-	-
Business meetings and events	9,500	8,746	4,008
Dues, licenses, publications, and training	100,255	79,335	66,025
Marketing and advertising	300,000	244,438	230,231
Office services and supplies	29,360	25,752	28,523
Financial consulting services	76,296	41,263	55,018
Legal services	60,000	49,053	39,183
Professional services	301,000	137,243	204,480
Travel and conferences	37,200	32,108	19,370
Total general and administrative expenses	<u>980,111</u>	<u>689,647</u>	<u>712,767</u>

See independent auditor's report.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
SCHEDULES OF BUDGETED AND ACTUAL RECEIPTS AND EXPENSES
YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	2023		2022
	Budget	Actual	Actual
Operating Expenses (continued)			
Operating maintenance contracts			
Computer services	315,902	176,085	152,575
Janitorial service and supplies	1,128,698	1,197,572	862,519
Elevator and escalator services	55,000	47,535	41,397
Loading bridges contract and parts	352,207	334,178	286,855
Parking lot management	621,052	565,856	604,348
Total operating maintenance contracts	<u>2,472,859</u>	<u>2,321,226</u>	<u>1,947,694</u>
Utilities and insurance			
Electricity	848,915	864,405	786,976
Telephone	46,000	49,023	45,066
Water and sewer	244,556	213,174	220,228
Building and contents insurance	180,722	180,723	140,795
Liability insurance	122,546	123,907	111,958
Total utilities and insurance	<u>1,442,739</u>	<u>1,431,232</u>	<u>1,305,023</u>
Total	11,790,391	10,751,288	9,738,487
Depreciation	<u>-</u>	<u>15,807,950</u>	<u>15,631,782</u>
Total operating expenses	<u>11,790,391</u>	<u>26,559,238</u>	<u>25,370,269</u>
Operating income (loss)	<u>6,831,128</u>	<u>(10,739,764)</u>	<u>(10,647,235)</u>
Nonoperating Revenues (Expenses)			
COVID-19 expenses	-	-	(2,144)
Interest income	3,000	700,665	31,164
Interest income - leases	-	34,633	38,180
PFC revenues	2,633,562	2,993,370	2,693,720
CFC revenues	1,027,761	1,404,046	1,120,160
Interest expense	(715,274)	(715,274)	(757,961)
Grant revenues	26,546,845	5,868,178	4,968,139
Gain on disposal of assets	-	100	5,425
Net insurance proceeds	-	(17,072)	10,411
Total nonoperating revenues (expenses)	<u>29,495,894</u>	<u>10,268,646</u>	<u>8,107,094</u>
Income (Loss)	<u>\$ 36,327,022</u>	<u>\$ (471,118)</u>	<u>\$ (2,540,141)</u>

See independent auditor's report.

**OTHER SUPPLEMENTARY
INFORMATION – ENTERPRISE FUND**

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
SCHEDULE OF CONSTRUCTION WORK-IN-PROGRESS
SEPTEMBER 30, 2023**

<u>Funding Source</u>		
Airport Funding	Terminal parking expansion	\$ 393,477
Airport Funding	Terminal expansion design	2,537,572
FDOT JPA 423599-2-94-01	Terminal concourse buildout	967,991
Airport Funding	Baggage make-up expansion	535,313
Airport Funding	Escalator addition	80,520
		<u>\$ 4,514,873</u>

See independent auditor's report.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
SCHEDULE OF NON-GRANT FUNDED CAPITAL ITEMS
ACQUIRED DURING THE YEAR ENDED SEPTEMBER 30, 2023**

Explosion Proof Vacuum System	\$	92,899
Carpet Replacement in Gate Holdrooms		53,028
Emergency Scenario Table Top Builder		3,500
Ticket Counter Inserts		2,590
Crosswalk Flashing Beacon Signals		5,087
ATCT Condenser Assembly		11,214
ARFF Turnout Gear (Qty 2)		4,152
All Terrain Vehicle		10,152
Replacement Baggage Lift		25,190
Security Camera		2,190
Computer Server (Qty 2)		22,378
SCBA Cylinder (Qty 4)		4,916
Aircraft Wheel Dolly		7,046
Metal Exit Doors (Qty 2 Sets)		7,991
		<hr/>
	\$	<u><u>252,333</u></u>

See independent auditor's report.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
SCHEDULE OF GRANT FUNDED CAPITAL ITEMS
EXPENDED DURING THE YEAR ENDED SEPTEMBER 30, 2023**

Project Number	Description	Airport Funding	FAA Funding	FDOT Funding	Total
Capital Projects:					
AIP 3-12-0159-019-2021	Mitigation site development	\$ -	\$ 29,153	\$ -	\$ 29,153
AIP 3-12-0159-036-2022	Mitigation site development	221,003	34,692	-	255,695
	Total mitigation site development	<u>221,003</u>	<u>63,845</u>	<u>-</u>	<u>284,848</u>
CARES 3-12-0159-018-2020	Southern Sky Economic Development	-	400,000	-	400,000
JPA 450599-4-94-01	Overflow parking lot	1,399,588	-	900,575	2,300,163
JPA 423599-2-94-01	North concourse expansion apron design	2,122,243	-	225,319	2,347,562
AIP 3-12-0159-041-2023	Bag make-up expansion	16,589	481,781	-	498,370
AIP 3-12-0159-042-2023	North terminal buildout	67,811	871,192	-	939,003
JPA 423599-2-94-01	North terminal buildout design	601	-	601	1,202
	Total north terminal buildout	<u>68,412</u>	<u>871,192</u>	<u>601</u>	<u>940,205</u>
JPA 450393-1-94-01	Gate apron repairs	19,514	-	12,149	31,663
	Total capital projects	<u>3,847,349</u>	<u>1,816,818</u>	<u>1,138,644</u>	<u>6,802,811</u>
Capital Equipment:					
CARES 3-12-0159-018-2020	ARFF Vehicle & Equipment	-	717,557	-	717,557
CARES 3-12-0159-018-2020	Radio System - Additional Costs	-	26,257	-	26,257
JPA 423364-7-94-01	Door security exit devices	4,538	-	4,538	9,076
	Total capital equipment	<u>4,538</u>	<u>743,814</u>	<u>4,538</u>	<u>752,890</u>
Operating Costs:					
CARES 3-12-0159-018-2020	Operating costs	-	26,825	-	26,825
CARES 3-12-0159-021-2021	Operating costs	-	75,226	-	75,226
ARPA 3-12-0159-023-2022	Operating costs	-	1,953,685	-	1,953,685
	Total operating costs	<u>-</u>	<u>2,055,736</u>	<u>-</u>	<u>2,055,736</u>
Total Grant Funded Capital Items		<u>\$ 3,851,887</u>	<u>\$ 4,616,368</u>	<u>\$ 1,143,182</u>	<u>\$ 9,611,437</u>

See independent auditor's report.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
SCHEDULES OF OPERATIONS, GRANTS, AND CAPITAL EXPENDITURES
LAST TEN FISCAL YEARS**

Year Ended 9/30	Percentage Increase (Decrease) of Operating Revenues Over Prior Year	Operating Revenues	Operating Expenses	Net Operating Income (Loss)	PFC Revenues	Contributions/ Grants for Capital Outlay	Net Operating Income, PFC Revenues, and Contributions	Capital/ Grant Expenditures
2023	7%	\$ 15,819,474	\$ 26,559,238	\$ (10,739,764)	\$ 2,993,370	\$ 5,868,178	\$ (1,878,216)	\$ 8,366,310
2022	10%	14,723,034	25,370,269	(10,647,235)	2,693,720	4,968,139	(2,985,376)	4,238,430
2021	11%	13,428,769	23,815,442	(10,386,673)	2,714,234	7,208,155	(464,284)	6,993,749
2020	-5%	12,147,202	22,436,981	(10,289,779)	1,619,871	8,798,424	128,516	10,868,908
2019	8%	12,769,223	21,295,226	(8,526,003)	2,169,008	3,199,856	(3,157,139)	3,855,724
2018	3%	11,845,657	20,907,556	(9,061,899)	1,795,951	4,070,819	(3,195,129)	5,356,885
2017	3%	11,504,891	20,696,329	(9,191,438)	1,579,988	2,794,938	(4,816,512)	3,141,260
2016	8%	11,152,922	21,281,096	(10,128,174)	1,530,157	1,279,147	(7,318,870)	1,402,366
2015	3%	10,320,416	20,300,887	(9,980,471)	1,503,418	823,494	(7,653,559)	2,002,064
2014	2%	9,973,071	19,950,890	(9,977,819)	1,435,586	2,793,047	(5,749,186)	3,680,103

The following are omitted from the above data:

- (1) Interest income
- (2) Interest expense
- (3) Gain on disposal of assets
- (4) Miscellaneous nonoperating revenues (expenses)
- (5) CFC revenues

See independent auditor's report.

SINGLE AUDIT SECTION

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, STATE FINANCIAL
ASSISTANCE, AND PASSENGER FACILITY CHARGES
YEAR ENDED SEPTEMBER 30, 2023**

	CFDA/ CSFA Number	Balance 10/01/2022	Adjustments (1)	Cash Receipts	Expenditures	Balance 09/30/2023
<u>Federal Aviation Administration</u>						
3-12-0159-016-2020	20.106	\$ 18,132	\$ -	\$ 18,132	\$ -	\$ -
3-12-0159-018-2020	20.106	-	-	453,081	(453,081)	-
3-12-0159-019-2021	20.106	114,522	-	143,675	(29,153)	-
3-12-0159-020-2021	20.106	-	-	717,557	(717,557)	-
3-12-0159-021-2021	20.106	-	-	75,256	(75,256)	-
3-12-0159-023-2022	20.106	1,377,498	-	3,331,183	(1,953,685)	-
3-12-0159-036-2022	20.106	-	-	34,692	(34,692)	-
3-12-0159-041-2023	20.106	-	(33,248)	-	(448,533)	481,781
3-12-0159-042-2023	20.106	-	(26,090)	-	(845,103)	871,193
Total Federal Aviation Administration		<u>1,510,152</u>	<u>(59,338)</u>	<u>4,773,576</u>	<u>(4,557,060)</u>	<u>1,352,974</u>
<u>Department of Homeland Security</u>						
70T02021-T6114N098	NA	<u>29,340</u>	<u>-</u>	<u>109,500</u>	<u>(108,600)</u>	<u>28,440</u>
<u>FEMA</u>						
15-SP-8Z-01-13-13-557	97.036	<u>1,940,063</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,940,063</u>
Total Federal Awards		<u>\$ 3,479,555</u>	<u>\$ (59,338)</u>	<u>\$ 4,883,076</u>	<u>\$ (4,665,660)</u>	<u>\$ 3,321,477</u>
<u>Florida Department of Transportation</u>						
423599-2-94-01	55.004	\$ 203,988	\$ -	\$ 395,626	\$ (225,920)	\$ 34,282
423599-3-94-01	55.004	75,433	-	75,433	-	-
423599-4-94-01	55.004	-	-	638,987	(900,575)	261,588
423364-7-94-01	55.004	132,229	-	136,767	(4,538)	-
450393-1-94-01	55.004	<u>181,678</u>	<u>3,682</u>	<u>193,827</u>	<u>(15,831)</u>	<u>-</u>
Total Florida Department of Transportation		<u>593,328</u>	<u>3,682</u>	<u>1,440,640</u>	<u>(1,146,864)</u>	<u>295,870</u>
<u>SERT</u>						
SERT		<u>317,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>317,700</u>
Total State Financial Assistance		<u>\$ 911,028</u>	<u>\$ 3,682</u>	<u>\$ 1,440,640</u>	<u>\$ (1,146,864)</u>	<u>\$ 613,570</u>
		Cash/Investments/ Receivables 10/01/2022	Adjustments	Revenue (2)	Expenditures	Cash/Investments/ Receivables 09/30/2023
Passenger Facility Charges		<u>\$ 3,446,178</u>	<u>\$ -</u>	<u>\$ 2,993,370</u>	<u>\$ (1,359,393)</u>	<u>\$ 5,080,155</u>

(1) Prior period expenses that were deemed eligible by the FAA/FDOT.

(2) Including interest earnings

See independent auditor's report and accompanying notes to the schedule of expenditures of federal awards, state financial assistance, and passenger facility charges.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, STATE
FINANCIAL ASSISTANCE, AND PASSENGER FACILITY CHARGES
YEAR ENDED SEPTEMBER 30, 2023**

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards, state financial assistance, and passenger facility charges (the Schedule), includes the grant activity of the District and is presented on the accrual basis of accounting.

The accompanying Schedule summarizes the federal, state, and passenger facility charge expenditures of the District under programs of the federal government, state departments, and Passenger Facility Charge Audit Guide for Public Agencies, for the year ended September 30, 2023. 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), Chapter 10.550, Rules of the Auditor General, and as specified in the Passenger Facility Charge Audit Guide for Public Agencies, issued by the FAA. The amounts reported as federal awards, state projects, and passenger facility charge expenditures were obtained from the District's general ledger. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

For purposes of the Schedule, federal awards, state projects, and passenger facility charges include all grants, contracts, and similar agreements entered into directly with the federal government, state departments, and passenger facility charge programs. The District has obtained Catalog of Federal Domestic Assistance (CFDA) and Catalog of State Financial Assistance (CSFA) numbers to ensure that all programs and projects have been identified in 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

To the Board of Directors
Panama City - Bay County
Airport and Industrial District
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 business-type activities of Panama City - Bay County Airport and Industrial District, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise Panama City - Bay County Airport and Industrial District's basic financial statements, and have issued our report thereon dated February 23, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Lipton, Mauler, Garner & Chastain

Panama City, Florida
February 23, 2024



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, STATE PROJECT, AND PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, CHAPTER 10.550, RULES OF THE AUDITOR GENERAL, AND PASSENGER FACILITY CHARGE AUDIT GUIDE FOR PUBLIC AGENCIES

To the Board of Directors
Panama City - Bay County
Airport and Industrial District
Panama City, Florida

Report on Compliance for Each Major Federal Program, State Project, and Passenger Facility Charge Program

Opinion on Each Major Federal Program, State Project, and Passenger Facility Charge Program

We have audited Panama City - Bay County Airport and Industrial District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement*, the requirements described in the Department of Financial Services' *State Projects Compliance Supplement*, and the requirements described in the Passenger Facility Audit Guide for Public Agencies, issued by the Federal Aviation Administration that could have a direct and material effect on each of Panama City - Bay County Airport and Industrial District's major federal programs, state projects, and Passenger Facility Charge programs for the year ended September 30, 2023. Panama City - Bay County Airport and Industrial District's major federal programs, state projects, and Passenger Facility Charge programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Panama City - Bay County Airport and Industrial District 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, state projects, and Passenger Facility Charge programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program, State Project, and Passenger Facility Charge Program

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); Chapter 10.500, Rules of the Auditor General; and the requirements described in the Passenger Facility Audit Guide for Public Agencies, issued by the Federal Aviation Administration. Our responsibilities under those standards, the Uniform Guidance, Chapter 10.550, Rules of the Auditor General, and the Passenger Facility Audit Guide for Public Agencies, are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Panama City - Bay County Airport and Industrial District's federal programs, state projects, and Passenger Facility Charge programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Panama City - Bay County Airport and Industrial District's compliance based on our audit. Reasonable assurance is a high level of assurance but is no absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, Chapter 10.550, Rules of the Auditor General, and the Passenger Facility Audit Guide for Public Agencies will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Panama City - Bay County Airport and Industrial District's compliance with the requirements of each major federal program, state project, and Passenger Facility Charge program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, Chapter 10.550, Rules of the Auditor General, and the Passenger Facility Audit Guide for Public Agencies, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Panama City - Bay County Airport and Industrial District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Panama City - Bay County Airport and Industrial District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, Chapter 10.550, Rules of the Auditor General, and the Passenger Facility Audit Guide for Public Agencies, but not for the purpose of expressing an opinion on the effectiveness of Panama City - Bay County Airport and Industrial District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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, state project, and Passenger Facility Charge program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program, state project, and Passenger Facility Charge program 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, state project, and Passenger Facility Charge program 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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, Chapter 10.550, Rules of the Auditor General, and the Passenger Facility Audit Guide for Public Agencies. Accordingly, this report is not suitable for any other purpose.

Lipton, Mauler, Garner & Chastain

Panama City, Florida
February 23, 2024

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2023**

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Panama City - Bay County Airport and Industrial District were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are 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 Panama City - Bay County Airport and Industrial District, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control relating to the audit of the major federal award programs, state financial assistance projects, or Passenger Facility Charge programs are reported in the Independent Auditor's Report on Compliance for Each Major Federal Program, State Project, and Passenger Facility Charge Program and on Internal Control over Compliance Required by the Uniform Guidance, Chapter 10.550, Rules of the Auditor General, and Passenger Facility Charge Audit Guide for Public Agencies.
5. The auditor's report on compliance for the major federal award programs, state financial assistance projects, and Passenger Facility Charge programs for Panama City - Bay County Airport and Industrial District expresses an unmodified opinion on all major federal programs, state projects, and Passenger Facility Charge programs.
6. Our audit disclosed no findings that are required to be reported in accordance with 2 CFR section 200.516(a) and Chapter 10.557, Rules of the Auditor General.
7. The programs and projects tested as major programs and projects included the following:

Federal Program	Federal CFDA No.
Federal Aviation Administration	20.106
State Project	State CSFA No.
Florida Department of Transportation	55.004

8. The threshold used for distinguishing between Type A and Type B federal programs was \$750,000, and for state projects was \$344,059.
9. Panama City - Bay County Airport and Industrial District was determined to be a low-risk auditee for federal programs and state projects.

**PANAMA CITY - BAY COUNTY
AIRPORT AND INDUSTRIAL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2023**

FINDINGS – FINANCIAL STATEMENT AUDIT

NONE

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AND
STATE PROJECTS AUDIT**

NONE



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Board of Directors
Panama City - Bay County
Airport and Industrial District
Panama City, Florida

Report on the Financial Statements

We have audited the financial statements of Panama City - Bay County Airport and Industrial District, as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated February 23, 2024.

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, State Project, and Passenger Facility Charge Program and 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 February 23, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. Panama City - Bay County Airport and Industrial District is an independent special district created by an act of the Legislature of the State of Florida and is not considered a component unit of any other local governmental unit. The special act which created the District was Chapter 67-1099 of House Bill 1608 filed June 19, 1967, which was later repealed and replaced by Chapter 98-527 of House Bill 4545 filed May 22, 1998, Chapter 2005-311 of House Bill 939 filed June 14, 2005, and Chapter 2005-311 of House Bill 1635 filed July 1, 2010.

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 Panama City - Bay County Airport and Industrial District 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 Panama City - Bay County Airport and Industrial District 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 Panama City - Bay County Airport and Industrial District. It is management's responsibility to monitor Panama City - Bay County Airport and Industrial District's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

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

Special District Component Units

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

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, Panama City - Bay County Airport and Industrial District reported:

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as: 65.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as: 0.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as: \$4,195,852.

- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as: \$0.
- e. Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as:

<u>Project Name</u>	<u>FY24 Expenditures</u>
Baggage Make-Up	\$ 498,370
Terminal Buildout	940,205
Mitigation	284,848
Parking Expansion	2,734,896
Escalator Addition	71,407
Gate Apron Repair	31,662
North Terminal Expansion	2,347,562
	<u>\$ 6,908,950</u>

- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, is included on pages 32-34.

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 which 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 Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Lipton, Mauler, Garner & Chastain

Panama City, Florida
February 23, 2024



INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Directors
Panama City - Bay County
Airport and Industrial District
Panama City, Florida

We have examined Panama City - Bay County Airport and Industrial District's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2023. Management of Panama City - Bay County Airport and Industrial District is responsible for Panama City - Bay County Airport and Industrial District's compliance with the specified requirements. Our responsibility is to express an opinion on Panama City - Bay County Airport and Industrial District's compliance with the specified requirements based on our examination.

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

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

Our examination does not provide a legal determination on Panama City - Bay County Airport and Industrial District's compliance with specified requirements.

In our opinion, Panama City - Bay County Airport and Industrial District complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2023.

This report is intended solely for the information and use of Panama City - Bay County Airport and Industrial District and the Florida Auditor General and is not intended to be, and should not be, used by anyone other than the specified parties.

Tipton, Marler, Garner & Chastain

Panama City, Florida
February 23, 2024