

**CITY OF QUINCY, FLORIDA**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**CITY OF QUINCY, FLORIDA  
 AUDITED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2018  
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**CITY OF QUINCY, FLORIDA**

**INTRODUCTORY SECTION**

**SEPTEMBER 30, 2018**



June 24, 2019

To the Honorable Board of  
City Commissioners and to the  
Citizens of the City of Quincy  
Quincy, Florida

The Annual Financial Report (AFR) of the City of Quincy (the "City") for the fiscal year ended September 30, 2018, is respectfully submitted. State law requires that a complete set of financial statements be published within nine months of fiscal year end and presented in conformance with Generally Accepted Accounting Principles (GAAP) as applicable to governmental entities and audited in accordance with generally accepted auditing standards by licensed independent certified public accountants.

This report was prepared by the Finance Department of the City of Quincy (as part of the Finance Director's legally prescribed duties as the Chief Financial Officer of the City) of which the City Manager and his staff are responsible for the contents of this AFR. We believe the financial information presented is accurate in all material respects, and is set forth in a manner designed to present fairly the financial position and results of operations of the City as measured by the financial activity of its various funds. The report contains all of the disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs.

The City established a comprehensive internal control framework, to provide reasonable but not absolute assurance that assets are safeguarded against loss from unauthorized use or disposition and ensure that the financial records for preparing financial statements and maintaining accountability for assets are reliable. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived and that the evaluation of costs and benefits requires judgments and estimates by management. All internal control evaluations occur within the above framework. We think that the City's internal controls adequately safeguard assets and provide reasonable assurance of properly recorded financial transactions.

In compliance with the laws of the State of Florida, the City's independent auditors, Moran & Smith LLP, have audited the financial statements. This firm is a certified public accounting firm, licensed by the State of Florida. In addition to meeting the requirements set forth in State Statutes, the audit was also designed to meet the requirements of the Federal and State Single Audit Act and the related U.S. Office of Management and Budget's Circular A-133. Auditing standards generally accepted in the United States of America and the standards set forth in the Government Accountability Office's *Government Auditing Standards* were used by the auditors in conducting the engagement.

The audit was performed to provide reasonable assurance that the financial statements are free of material misstatement for the fiscal year ended September 30, 2018. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion and that the City's financial statements for the fiscal year ended September 30, 2018, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The Annual Financial Report contains two major sections: The Introductory and Financial Sections. The Introductory Section, which is unaudited, is designed to give the reader some basic background about the governmental unit as a whole. This letter of transmittal will present a brief overview of the City's structure and services and a discussion of the City's financial condition.

The financial section includes the Management's Discussion and Analysis (MD&A), basic notes to the financial statements, combining statements and supplemental information as well as the Independent Auditors' Report on the financial statements and schedules. GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Quincy's MD&A can be found in the financial section following the Independent Auditors' Report.

### **City Services and Reporting Entity**

The City operates under a commission/administrator form of government, with a governing board consisting of five city commissioners. The City is divided into five geographical districts, with five commissioners elected from one of each of these separate districts. The City of Quincy's Board of City Commissioners (the "Commission") exercises a varying degree of budgetary control, including administrative policy control, over the activities of the City.

The primary government includes the General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service Funds, Internal Service Fund and Enterprise Funds.

Budgetary control (i.e., the level at which expenditures cannot exceed the appropriated amount) is established at the fund level, pursuant to Section 129.07, Florida Statutes. Budgets for all governmental fund types are adopted on a basis consistent with GAAP. The Finance Department, on behalf of the City Manager is responsible for the preparation of the City's budget.

The legally adopted total appropriation by fund may only be changed by Resolution of the Board. Through agenda items, the Board also approves all budgetary expenditures greater than \$10,000. Full authority to expend budgetary amounts other than these instances is delegated to the City Manager. When the Board adopts the program budget, it is integrated into the reporting system for management reporting purposes. Budget-to-actual comparisons are provided in this report for each fund for which an appropriated annual budget has been adopted. Original and final budgets for major governmental funds are also provided.

## **Financial Condition of the City**

The information presented in the financial statements is best understood when considered from the broader perspective of the environment that the City operates. Financial condition reflects the City's existing and future resources and claims on those resources. Information useful in assessing financial condition include a review of the major initiatives along with the prospects for the future, a summary of the economic conditions, current and planned City capital projects and acquisitions, cash management and investment practices and risk management policies.

## **Major Accomplishments**

The City's economic development activities resulted in the location of the largest medical cannabis licensed the State of Florida on June 22, 2018. Trulieve is a vertically integrated "seed-to-sale" company, which cultivates and produces all its products in-house and distributes those products to Trulieve-branded stores (dispensaries) throughout the State of Florida. The Company employs nearly 500 employees in the City and county and statewide 1,787 employees. It operates in California, Massachusetts, and Connecticut. Trulieve's utility's monthly invoice is equal to the monthly utility invoice of the largest of top 50 customers, BASF, and is projected to exceed BASF Catalysts monthly utility invoices by 148% by June of 2019. The City's property tax base is positively affected by the addition of this Company.

The Florida Department of Environmental Protection approved the City's Request for Inclusion and Planning Loan Application on August 8, 2018, for a Solar Array Project. Eighty percent (80%) of the principal, \$3,559,596, upon the completion of the Wastewater System Asset Management and Fiscal Sustainability plan. The loan proceeds will be used to design and install a solar energy system to offset costs related to sewer treatment facilities. The single axis array with battery backup involves capturing the sun's energy as Direct Current (DC) via strings of photovoltaic panels. The projected case recovery to the City is \$122,558 per year for 20 years.

The City made a significant renovation to the R.D. Edwards building to relocate Police Department to its former home.

The City amended its ordinance to substantially reduce the development fee schedule for commercial development by 42% to attract growth.

## **Prospects for the Future**

The State unemployment rate as of September 30, 2018, is 3.9% and Quincy has an unemployment rate of 4.5%. The City anticipates a drop in the unemployment rate because of:

- The City's \$750,000 sewer replacement of the truck line that runs south, approximately from the corner of Washington and 9<sup>th</sup> Street to, and along GF&F to the wastewater treatment plant at the end of GF&F will provide job opportunities. The work will begin mid-2019.
- Hurricane Michael hit the City on October 10, 2018; ten days FY 2018 Budget ended. The City passed in December 2019 a Hurricane Michael 1¢ surcharge to repay the \$4,000,000 loan borrowed to cover the materials and labor cost to repair the significant damage done to the electric grid and the fiber systems supporting the electrical system and to harden the system against future hurricanes. More than 150 outside linemen were used to restore the system. Two additional linemen crews were hired by the City to harden the utility grid, and an outside vendor will be utilized to provide a robust Tree Trimming and Vegetation Management Program.
- Gadsden County residents received and are anticipated to spend in the next fiscal year \$11.4 million for home repair, to include roofing, small business loans, and grants for homeowners and renters.
- Trulieve has pulled permits for a significant expansion in the City's water and gas territory in the next fiscal year.

## **Economic Conditions and Outlook**

The low cost of power placed the City among the lowest electric cost providers in the State. The relatively lower cost of electric power will assist in marketing downtown business development and in attracting new businesses to the community.

## **Next Year's Budget and Economic Factors**

The City's anticipate strong revenue growth in the electric enterprise under normal climatic weather conditions and gas, water, sewer, and refuses revenues will have moderate growth. Trulieve related revenues are expected to be at year-end 150% of the previous fiscal year revenues.

The City, above its required bond reserve funding, will budget for \$100,000 to be placed in the City's rate stabilization funds; FEMA and State Disaster recovery funds will be placed in a Utility storm reserve. The recovery funds are anticipated to be \$2.7 million over three to four years.

The City's five-year capital budget will include the construction of the \$3,559,596, Solar Array Project. This project is anticipated to come online in year one in the fourth quarter of the budget year, and the projected cost recovery to the City is \$122,558 per year for 20 years. In addition to the expected cost recovery, the project will generate excess power to sale on the City's electrical grid.



**Risk Management**

Risk management is the process of managing the City of Quincy's activities in order to minimize the total long-term cost to the City for all accidental losses and their consequences. The main elements of the Risk Management Program are risk identification, risk control (loss reduction) and risk financing (restoration of the economic damages of losses incurred). Pursuant to Commission action, the Risk Management function was created to review and identify areas of risk, loss and insurance coverage for each participant. This function is also charged with the establishment and implementation of a safety plan, which incorporates loss prevention and safety standards. In addition, the function establishes standard insurance and indemnification provisions for contracts, leases, and other special use agreements entered into by the participating governmental units.

The City of Quincy purchased commercial coverage for automobile liability, general liability, property, aviation and pollution liability.

Presently, the City's Risk Management Program calls for self-insuring many types of risk, subject to the following limitations:

Type of Risk	Amount of Risk Retained by City	Limit of Excess Insurance Coverage
Workers Compensation	\$ 0	Statutory
General Liability	\$10,000	\$1,000,000/\$2,000,000
Automobile Liability	\$10,000	\$300,000
Property Actual Loss	\$ 5,000	\$17,118,096
Named Wind Storm	2% value with minimum \$25,000	\$17,118,096

The limits stated above are on a per occurrence basis.

**Cash Management**

In May 2003, the City of Quincy's Commissioners revised the City's Investment Policy based on recommendations by the Finance Director. With respect to the City Commissioners, the Finance Director serves as custodian of City funds and disburses funds on their behalf as required by law and applicable management directives. The City utilizes the services of an investment advisor to assist the City with the investment of its unrestricted investments. With the current interest rate environment and the recent increases in the fed funds rate, the City is keeping a short duration portfolio.

**Acknowledgments**

An Annual Financial Report of this nature could not have been prepared without the efficient and dedicated service of all staff members involved. We would like to express appreciation to the staff of the Finance Department for their efforts in producing this report. Finally, thanks to the City Commissioners for the interest, patience and support in planning and conducting the fiscal operations of the City of Quincy.

Jack L. McLean, Jr.  
Interim City Manager

**CITY OF QUINCY, FLORIDA  
LIST OF PRINCIPAL OFFICIALS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Keith Dowdell  
Mayor

Angela Sapp  
Commissioner

Ronte Harris  
Mayor Pro-Tem

Freida Bass-Prieto  
Commissioner

Daniel McMillan  
Commissioner

**CITY OF QUINCY, FLORIDA**

**FINANCIAL SECTION**

**SEPTEMBER 30, 2018**

## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor, City Commissioners, and City Manager  
City of Quincy, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the City of Quincy, Florida, (the City) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and remaining aggregate fund information of the City as of September 30, 2018, and the respective changes in financial position, where applicable, and the respective budgetary comparison and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## INDEPENDENT AUDITORS' REPORT

(Concluded)

### Other Matters

#### *Required Supplementary Information*

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

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2019, on our consideration of the City'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Moran & Smith LLP*

Moran & Smith LLP

June 24, 2019

Quincy, Florida

**CITY OF QUINCY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

This discussion and analysis of the City of Quincy's (the "City") financial statements is designed to introduce the basic financial statements and provide an analytical overview of the City's financial activities for the fiscal year ended September 30, 2018. The basic financial statements are comprised of the government-wide financial statements, fund financial statements, and footnotes. As management of the City of Quincy, Florida, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2018. Please read it in conjunction with the accompanying basic financial statements beginning on page 13.

**FINANCIAL HIGHLIGHTS**

- The City's net position at September 30, 2018, was \$3,680,151 as compared to \$6,448,651 for fiscal year 2017 as restated for GASB 75 compliance. The City's unrestricted net assets as of September 30, 2017, were negative \$2,926,445 compared to negative \$7,030,083 for fiscal year ended September 30, 2018.
- Governmental activities net position was a negative \$1,902,396 as of September 30, 2017, versus negative \$9,811,963 as of September 30, 2018.
- The total revenues from all sources were \$25,137,140 for the fiscal year 2018 versus \$23,119,743 for the fiscal year 2017. Enterprise fund revenue increased \$1,446,452, while governmental fund revenue increased \$570,945.
- The total cost of all City programs was \$22,919,469 for the fiscal year 2018 versus \$22,045,842 for the fiscal year 2017. Overall, there were increases in expenses in the Governmental Funds of \$196,539 and an increase in the Enterprise Funds of \$677,087.
- During fiscal year 2018, the City's governmental and business activity total expenses exceeded revenues (change in net assets) by \$2,217,671 while the expenses exceeded revenue by \$1,073,901 for 2017.
- Total expenditures in the Governmental Funds of \$8,524,600 exceeded total revenues of \$4,355,739 by \$4,168,861, excluding net transfers of \$4,168,807 for fiscal year 2018, while total expenditures for fiscal year 2017 of \$8,328,061 exceeded total revenues of \$3,784,847 by \$4,543,214, excluding net transfers in the amount of \$4,316,573.
- The General Fund's fund balance was \$837,604 for fiscal year 2017, and increased to \$1,023,371 at the end of fiscal year 2018.
- The City's total long-term debt is \$19,343,465 as of September 30, 2018 representing a decrease of \$1,313,481 from \$20,656,946 as of September 30, 2017.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. There are three components of the financial statements: (1) Government-wide financial statements which include the Statement of Net Assets and the Statement of Activities, which provide information about the activities of the City as a whole. (2) Fund financial statements, which tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements, providing information about the City's most significant funds. (3) Notes to the financial statements.

**CITY OF QUINCY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**REPORTING THE CITY AS A WHOLE**

**Statement of Net Assets and the Statement of Activities (Government-wide)**

A frequently asked question regarding the City's financial health is whether the current year's activities contributed positively to its overall financial well-being. The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question.

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

These two statements report the City's net position and changes therein. Net position, the difference between assets and liabilities, are one way to measure the City's financial health, or financial position. Over time, increases or decreases in net position are an indicator of whether the financial health is improving or deteriorating.

The Statement of Net Position and the Statement of Activities present information about the following:

Governmental activities - All of the City's basic services are considered to be governmental activities, including general government, community development, public safety, public services, and recreation. Property taxes, sales taxes, utility taxes, and franchise fees finance most of these activities

Proprietary or Business type activities - The City charges a fee to customers to cover all of the costs of the services provided.

**REPORTING THE CITY'S MOST SIGNIFICANT FUNDS**

**Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds - not the City as a whole. Some funds are required by State law. However, management establishes other funds, which aid in the management of money for particular purposes or meet legal responsibilities associated with the usage of certain taxes, grants, and other money. The City's three types of funds; *governmental*, *proprietary*, and *fiduciary* use different accounting approaches as explained below.

**CITY OF QUINCY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**Governmental funds** – Most of the City's basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out, as well as the balances remaining at year end that are available for spending. These funds are reported using an accounting method called the *modified accrual* accounting method, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term* view of the City's general government operations and the basic services it provides. Governmental fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The basic governmental fund financial statements can be found on pages 15 through 18 of this report.

**Proprietary funds** - The City has two kinds of proprietary funds. *Enterprise funds* are used to report the same functions presented in the business-type activities in the government-wide financial statements. The City maintains the following enterprise funds: sewer, electric, water, gas, refuse, and landfill. They charge customers for the services they provide.

**Internal service funds** are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City maintains one internal service fund to account for information technology services provided both to the general government and to the enterprise funds. The amount of the allocation is based on an equal distribution of cost across all departments. All of these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. The basic proprietary fund financial statements can be found on pages 19 to 23 of this report.

**Fiduciary funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 24 and 25 of this report.

These funds are presented on a governmental fund financial statement and a proprietary fund financial statement format. The City's major funds are presented in separate columns on the fund financial statements. The definition of a major fund is one that meets certain criteria set- forth in GASB 34. The funds that do not meet the criteria of a major fund are considered non- major funds and are combined into a single column on the fund financial statements. Table 1 on page 6 summarizes the major features of the basic financial statements.



**CITY OF QUINCY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**Notes to the Financial Statements**

Notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. Refer to Note 1 of the financial statements for more detailed information on the elements of the financial statements.

**Table 1: Major Features of the Basic Financial Statements**

	<b>Government-wide Fund Financial Statements</b>	<b>Fund Financial Statements</b>		
		<i>Governmental Funds</i>	<i>Proprietary Funds</i>	<i>Fiduciary Funds</i>
<b>Scope</b>	Entire City government (except fiduciary funds)	Activities of the City that are not proprietary or fiduciary	Activities of the City that are operated similar to private businesses	Instances in which the City is the trustee or agent for someone else's resources
<b>Required financial Statements</b>	Statement of Net Assets, Statement of Activities	Balance Sheet, Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Net Assets, Statement of Cash Flows	Statement of Fiduciary Net Assets
<b>Accounting basis and measurement focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<b>Type of asset/liability information</b>	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
<b>Type of inflow/outflow information</b>	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year Expenditures when goods or services have been received and payment is due during the year	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

**CITY OF QUINCY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, total net assets exceeded liabilities by \$3,680,151 at the close of fiscal year 2018 as compared to \$6,448,651 in fiscal Year 2017. For fiscal year 2017, Governmental Activities comprised of negative \$1,902,396 of the net assets while Business Activities comprised \$8,351,046 of net assets versus fiscal year 2018 where Governmental activities was negative \$6,497,134 and Business-type activities was \$10,177,285.

Table 2  
Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Assets:</b>						
Current & Other	\$ 2,026,116	\$ 1,802,122	\$ 11,357,840	\$ 10,029,467	\$ 13,383,956	\$ 11,831,589
Capital	5,849,217	5,340,753	19,331,557	19,701,060	25,180,774	25,041,813
<b>Total Assets</b>	<b>7,875,333</b>	<b>7,142,875</b>	<b>30,689,397</b>	<b>29,730,527</b>	<b>38,564,730</b>	<b>36,873,402</b>
Deferred Outflows of Resources	795,471	1,080,253	0	0	795,471	1,080,253
<b>Liabilities:</b>						
Long-term Debt	8,583,007	3,353,765	14,715,311	15,589,932	23,298,318	18,943,697
Other Liabilities	3,016,494	3,869,173	5,796,801	5,789,549	8,813,295	9,658,722
Net Pension Liability	2,803,873	2,902,585	-	-	2,803,873	2,902,585
<b>Total Liabilities</b>	<b>14,403,374</b>	<b>10,125,523</b>	<b>20,512,112</b>	<b>21,379,481</b>	<b>34,915,486</b>	<b>31,505,004</b>
Deferred Inflows of Resources	764,565	0	0	0	764,565	0
<b>Net Position:</b>						
Invested in Capital	2,832,723	1,986,988	3,388,361	3,049,842	6,221,084	5,036,830
Restricted	482,106	355,933	4,007,044	3,982,332	4,489,149	4,338,265
Unrestricted	(9,811,963)	(4,245,317)	2,781,880	1,318,872	(7,030,083)	(2,926,445)
<b>Total Net Position</b>	<b>\$ (6,497,134)</b>	<b>\$ (1,902,396)</b>	<b>\$ 10,177,285</b>	<b>\$ 8,351,046</b>	<b>\$ 3,680,151</b>	<b>\$ 6,448,650</b>

By far, the largest portion of the City's total assets, for fiscal year 2017 and for fiscal year 2018 is its investment in capital assets (e.g., land, buildings, machinery, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (67%) for fiscal year 2017 versus (74%) for fiscal year 2018 represents resources that are subject to external restrictions on how they may be used. Net Assets is one measure that can be used in determining the City's ability to meet its obligations. Because the debt of the government is matched with the related assets, this number may be negative from time to time. In this case, the unrestricted net assets for fiscal year 2018 are negative \$7,030,083 versus negative \$2,926,445 for fiscal year 2017.

**CITY OF QUINCY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**Governmental Activities**

Governmental activities increased the City's net assets by \$391,432 from fiscal year 2017 to fiscal year 2018. The Business-type activities increased the net assets by \$1,826,239 from fiscal year 2017 to fiscal year 2018. Key elements of these changes are as follows:

Table 3  
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues	\$ 1,175,239	\$ 772,069	\$ 20,756,800	\$ 19,276,293	\$ 21,932,039	\$ 20,048,362
Property Tax	978,019	932,993	0	0	978,019	932,993
Tax Increment	415,677	413,266	0	0	415,677	413,266
Utility Service Tax	245,721	240,872	0	0	245,721	240,872
Discretionary Sales Tax	506,003	470,288	0	0	506,003	470,288
Local Option Sales Tax	217,464	232,846	0	0	217,464	232,846
Shared Revenues	594,555	579,565	0	0	594,555	579,565
Investment Earnings	24,430	82,837	24,547	58,602	48,977	141,439
Miscellaneous	198,686	60,112	0	0	198,686	60,112
Total Revenues	4,355,793	3,784,847	20,781,347	19,334,895	25,137,141	23,119,743
Program Expenses:						
General Government	2,468,930	2,468,930	0	0	2,468,930	2,468,930
Public Safety	3,677,637	3,677,637	0	0	3,677,637	3,677,637
Physical Environment	209,640	209,640	0	0	209,640	209,640
Transportation	898,761	898,761	0	0	898,761	898,761
Economic Environment	542,682	542,682	0	0	542,682	542,682
Culture and Recreation	435,160	435,160	0	0	435,160	435,160
Interest on Long-term Debt	95,250	95,250	0	0	95,250	95,250
Water	0	0	1,475,171	1,359,812	1,475,171	1,359,812
Electric	0	0	8,919,301	8,343,613	8,919,301	8,343,613
Sewer	0	0	1,524,435	1,447,121	1,524,435	1,447,121
Non-major	0	0	2,475,962	2,567,236	2,475,962	2,567,236
Total Expenses	8,328,061	8,328,061	14,394,869	13,717,782	22,722,929	22,045,842
Excess (deficit before transfers)	(3,972,268)	(4,543,214)	6,386,478	5,617,113	2,414,212	1,073,901
Transfers	4,560,239	4,316,573	(4,560,239)	(4,316,573)	0	0
Change in Net Assets	587,972	(226,641)	1,826,239	1,300,540	2,414,212	1,073,901
Net Position, Beginning	(1,902,395)	(1,675,755)	8,351,045	7,050,505	6,448,650	5,374,750
Adjustments to Beginning	(5,182,711)	0	0	0	(5,182,711)	0
Net Position, Ending	\$ (6,497,134)	\$ (1,902,395)	\$ 10,177,285	\$ 8,351,045	\$ 3,680,151	\$ 6,448,650

**CITY OF QUINCY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

The City's programs include primarily General Government, Public Safety, Transportation Services, Economic and Physical Environment Services, and Recreation/Culture Services. Each program's net cost (total cost, less revenues generated by the activities) is presented below. The net cost shows the extent to which the City's general taxes support each of the City's programs.

Table 4  
Governmental Activities

	2018		2017	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General Government	\$ 2,367,894	\$(2,183,512)	\$ 2,468,930	\$(2,241,245)
Public Safety	4,122,383	(3,692,863)	3,677,637	(3,196,940)
Physical Environment	181,124	(181,124)	209,640	(209,640)
Transportation	884,265	(356,225)	898,761	(883,130)
Economic Environment	350,704	(350,704)	542,682	(542,682)
Culture and Recreation	537,355	(504,058)	435,160	(387,105)
Interest on Long-term Debt	80,874	(80,874)	95,250	(95,250)
	<u>\$ 8,524,600</u>	<u>\$(7,349,360)</u>	<u>\$ 8,328,060</u>	<u>\$(7,555,992)</u>

The cost of all governmental activities this year was \$8,524,600. As shown in the Statement of Activities, \$1,175,239 of this cost was paid for by those who directly benefited from the programs. The remaining source of funding came from transfers from business activities in the amount of \$4,560,239, various taxes in the amount of \$2,362,884 and the remaining \$817,670 is investments, shared revenues and other miscellaneous revenues. The nature of governmental activities is to be funded primarily from taxes and other non-governmental activities. Governmental activities are not normally self-supporting. As a result, the combination of taxes and non-governmental activities are sufficient to cover program expenses.

Table 5  
Business-type Activities

	2018		2017	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Electric	\$ 8,919,301	\$ 4,877,467	\$ 8,343,613	\$ 4,195,386
Water	1,475,171	304,335	1,359,812	392,616
Sewer	1,524,435	454,319	1,447,121	497,263
Non-major	2,475,962	725,809	2,567,236	473,246
	<u>\$ 14,394,869</u>	<u>\$ 6,361,930</u>	<u>\$ 13,717,782</u>	<u>\$ 5,558,511</u>

**CITY OF QUINCY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**Business Type Activities**

Net assets of the Proprietary Funds at September 30, 2018, were \$10,177,285 which was up from \$8,351,046 in fiscal year 2017. Transfers from the Utility Funds to the General Fund were \$4,560,239 million in fiscal year 2018 compared to \$4,316,573 in fiscal year 2017.

It is noteworthy that the Proprietary Funds net revenue increased from \$5,617,113 in fiscal year 2017 to \$6,386,478 in fiscal year 2018.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds - The focus of the City's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements and is an accommodation to assist the budget process. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year 2018, the City's governmental funds reported combined ending fund balance of \$1,505,477. This represents a increase of \$311,940 when compared to fund balances in fiscal year 2017 which was \$1,193,537.

**Capital Assets**

The capital assets of the City are those assets that are used in the performance of City functions. Capital assets include equipment, buildings, land, park facilities, etc. The City previously elected to defer retroactive application of the capitalization requirements of GASB Statement No. 34 to major general infrastructure assets acquired in fiscal years ended after June 30, 1980, or that were significantly reconstructed or improved during that multi-year period. The City now has chosen to report infrastructure assets and to depreciate them as well. The summary of these assets is included in the amount shown for entity-wide statements as well as Note 6.

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2018, amounts to \$25,044,839 (net of accumulated depreciation) compared to \$25,041,814 at September 30, 2017. The increase of \$3,025 resulted primarily from depreciation.

**CITY OF QUINCY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Table 6  
Capital Assets Net of Depreciation

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 4,606,224	\$ 4,606,224	\$ 1,666,353	\$ 1,666,353	\$ 6,272,577	\$ 6,272,577
Buildings and Improvements	5,704,080	5,471,612	25,363,949	25,071,847	31,068,029	30,543,459
Improvements other than Buildings	10,684,059	10,681,809	19,926,208	19,600,208	30,610,267	30,282,017
Infrastructure	6,779,638	6,377,530	1,874,362	1,809,313	8,654,000	8,186,843
Furniture, Fixtures, and Equipment	6,970,671	6,564,469	4,763,107	4,578,294	11,733,778	11,142,763
Total Assets	<u>34,744,672</u>	<u>33,701,644</u>	<u>53,593,979</u>	<u>52,726,015</u>	<u>88,338,651</u>	<u>86,427,659</u>
Less Accumulated Depreciation	(28,895,455)	(28,360,891)	(34,398,357)	(33,024,954)	(63,293,812)	(61,385,845)
Total Capital Assets	<u>\$ 5,849,217</u>	<u>\$ 5,340,753</u>	<u>\$ 19,195,622</u>	<u>\$ 19,701,061</u>	<u>\$ 25,044,839</u>	<u>\$ 25,041,814</u>

Additional information on the City's capital assets can be found in Note 6 on page 40 of this report.

**Debt**

Currently the City uses debt financing on an as needed basis each year. At the end of fiscal year 2018, the City had total debt of \$19,343,465 versus \$20,656,946 for fiscal year 2017, inclusive of Compensated Absences (vacation and sick time owed to employees) which totaled \$254,361 and \$343,133 respectively. Revenue bonds amounted to \$13,814,000 for fiscal year 2018. Notes payable in the amount of \$4,086,664 for fiscal year 2017 and \$4,949,595 for fiscal year 2018 are all secured by related assets. The remaining loans payable are secured by franchise fees and public services taxes. The capital leases are secured by equipment.

Table 7  
Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenue Bonds	\$ 2,904,000	\$ 3,195,000	\$ 10,910,000	\$ 11,230,000	\$ 13,814,000	\$ 14,425,000
Capitalized Leases	86,576	100,762	779,186	906,864	865,762	1,007,626
Compensated Absences	156,213	269,704	98,148	73,429	254,361	343,133
Notes Payable	25,918	58,003	4,060,746	4,460,930	4,086,664	4,518,933
Landfill	0	0	322,678	362,254	322,678	362,254
Total Outstanding Debt	<u>\$ 3,172,707</u>	<u>\$ 3,623,469</u>	<u>\$ 16,170,758</u>	<u>\$ 17,033,477</u>	<u>\$ 20,656,946</u>	<u>\$ 20,656,946</u>

Additional information on the City's debt can be found in Note 7 on page 41 of this report.

**CITY OF QUINCY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**NEXT YEAR'S BUDGET AND ECONOMIC FACTORS**

The City's anticipate strong revenue growth in the electric enterprise under normal climatic weather conditions and gas, water, sewer, and refuses revenues will have moderate growth. Trulieve related revenues are expected to be at year-end 150% of the previous fiscal year revenues.

The City, above its required bond reserve funding, will budget for \$100,000 to be placed in the City's rate stabilization funds; FEMA and State Disaster recovery funds will be placed in a Utility storm reserve. The recovery funds are anticipated to be \$2.7 million over three to four years.

The City's five-year capital budget will include the construction of the \$3,559,596, Solar Array Project. This project is anticipated to come online in year one in the fourth quarter of the budget year, and the projected cost recovery to the City is \$122,558 per year for 20 years. In addition to the expected cost recovery, the project will generate excess power to sale on the City's electrical grid.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's Finance Department, at the City of Quincy, 404 West Jefferson Street, Quincy, Florida 32351-2328.

**CITY OF QUINCY, FLORIDA**  
**BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**



**CITY OF QUINCY, FLORIDA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2018**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>Assets</b>			
Cash and Cash Equivalents	\$ 726,383	\$ 1,516,730	\$ 2,243,114
Investments	797,755	1,151,562	1,949,316
Accounts Receivables, Net	85,906	2,653,682	2,739,588
Assessment Receivables	172,699	0	172,699
Due from Other Governments	243,374	0	243,374
Inventories	0	388,993	388,993
Restricted Assets:			
Restricted Cash and Investments	0	4,007,044	4,007,044
Capital Assets:			
Nondepreciable	4,606,224	1,666,353	6,272,577
Depreciable, Net	1,242,993	17,665,205	18,908,198
Internal Balances	0	1,639,829	1,639,829
<b>Total Assets</b>	<b>7,875,333</b>	<b>30,689,397</b>	<b>38,564,730</b>
<b>Deferred Outflows of Resources</b>			
Deferred Outflows for OPEB	217,294	0	217,294
Deferred Outflows for Pensions	578,177	0	578,177
<b>Total Deferred Outflows of Resources</b>	<b>795,471</b>	<b>0</b>	<b>795,471</b>
<b>Liabilities</b>			
Accounts Payable	134,040	862,783	996,823
Accrued Payroll	280,272	65,252	345,524
Accrued Interest	0	295,938	295,938
Accrued Compensated Absences	0	25,513	25,513
Bonds and Notes Payable	0	1,039,755	1,039,755
Customer Deposits	0	1,468,515	1,468,515
Unearned Revenue	0	0	0
Rate Stabilization	0	0	0
Noncurrent Liabilities:			
Accrued Compensated Absences	156,213	76,539	232,752
Bonds and Notes Payable	3,016,494	14,715,311	17,731,805
Net Pension Liability	2,803,873	0	2,803,873
Internal Balances	0	1,639,829	1,639,829
Other Postemployment Benefits Liability	8,012,482	0	8,012,482
Landfill Closure	0	322,677	322,677
<b>Total Liabilities</b>	<b>14,403,374</b>	<b>20,512,112</b>	<b>34,915,486</b>
<b>Deferred Inflows of Resources</b>			
Deferred Inflows for OPEB	741,220	0	741,220
Deferred Inflows for Pensions	23,345	0	23,345
<b>Total Deferred Inflows of Resources</b>	<b>764,565</b>	<b>0</b>	<b>764,565</b>
<b>Net Position</b>			
Net Investment in Capital Assets	2,832,723	3,388,361	6,221,084
Restricted for:			
Debt Service	90,087	4,007,044	4,097,131
Public Safety	25,827	0	25,827
Economic Environment	366,192	0	366,192
Unrestricted	(9,811,963)	2,781,880	(7,030,083)
<b>Total Net Position</b>	<b>\$ (6,497,134)</b>	<b>\$ 10,177,285</b>	<b>\$ 3,680,151</b>

See accompanying notes to Financial Statements

**CITY OF QUINCY, FLORIDA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
<b>Governmental Activities:</b>							
General Government	\$ 2,367,894	\$ 184,382	\$ 0	\$ 0	\$ (2,183,512)	\$ 0	\$ (2,183,512)
Public Safety	4,122,383	429,520	0	0	(3,692,863)	0	(3,692,863)
Physical Environment	181,124	0	0	0	(181,124)	0	(181,124)
Transportation	884,265	293,244	0	234,796	(356,225)	0	(356,225)
Economic Environment	350,704	0	0	0	(350,704)	0	(350,704)
Culture and Recreation	537,355	33,297	0	0	(504,058)	0	(504,058)
Interest on Long-term Debt	80,874	0	0	0	(80,874)	0	(80,874)
<b>Total Governmental Activities</b>	<b>8,524,600</b>	<b>940,443</b>	<b>0</b>	<b>234,796</b>	<b>(7,349,361)</b>	<b>0</b>	<b>(7,349,361)</b>
<b>Business- Type Activities</b>							
Water Fund	1,475,171	1,779,506	0	0	0	304,335	304,335
Electric Fund	8,919,301	13,796,769	0	0	0	4,877,467	4,877,467
Wastewater Fund	1,524,435	1,970,504	8,250	0	0	454,319	454,319
Non-Major Funds	2,475,962	3,201,770	0	0	0	725,809	725,809
<b>Total Business-type Activities</b>	<b>14,394,869</b>	<b>20,748,550</b>	<b>8,250</b>	<b>0</b>	<b>0</b>	<b>6,361,931</b>	<b>6,361,931</b>
<b>Total Primary Government</b>	<b>\$ 22,919,469</b>	<b>\$ 21,688,992</b>	<b>\$ 8,250</b>	<b>\$ 234,796</b>	<b>\$ (7,349,361)</b>	<b>\$ 6,361,931</b>	<b>\$ (987,430)</b>
<b>General Revenues</b>							
Taxes:							
Property Taxes					\$ 978,019	\$ 0	\$ 978,019
Tax Increment					415,677	0	415,677
Utility Service Tax					245,721	0	245,721
Discretionary Sales Surtax					506,003	0	506,003
Local Option Gas Tax					217,464	0	217,464
Sales Tax and Other Shared Revenues					594,555	0	594,555
Investment Earnings					24,430	24,547	48,977
Miscellaneous					198,686	0	198,686
Transfers					4,560,239	(4,560,239)	0
<b>Total General Revenues and Transfers</b>					<b>7,740,793</b>	<b>(4,535,692)</b>	<b>3,205,101</b>
<b>Change in Net Position</b>					<b>391,432</b>	<b>1,826,238</b>	<b>2,217,671</b>
<b>Net Position Beginning of Year (As Restated)</b>					<b>(6,888,567)</b>	<b>8,351,046</b>	<b>1,462,479</b>
<b>Net Position End of Year</b>					<b>\$ (6,497,134)</b>	<b>\$ 10,177,285</b>	<b>\$ 3,680,151</b>

See accompanying notes to Financial Statements

**CITY OF QUINCY, FLORIDA**  
**BALANCE SHEET-GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2018**

	<u>General Fund</u>	<u>Community Redevelopment Agency</u>	<u>Non-Major Governmental</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Cash and Cash Equivalent	\$ 212,193	\$ 398,276	\$ 115,915	\$ 726,383
Investments	797,755	0	0	797,755
Receivables (Net)	85,906	0	0	85,906
Assessment Receivables (Net)	172,699	0	0	172,699
Due from Other Governments	243,374	0	0	243,374
Advances to Other Funds	0	0	0	0
<b>Total Assets</b>	<u>1,511,926</u>	<u>398,276</u>	<u>115,915</u>	<u>2,026,116</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	104,995	29,045	0	134,040
Accrued Expenses	277,233	3,039	0	280,272
Due to Other Governments	0	0	0	0
Advances from Other Funds	0	0	0	0
Unearned Revenue	0	0	0	0
<b>Total Liabilities</b>	<u>382,228</u>	<u>32,084</u>	<u>0</u>	<u>414,312</u>
<b>Deferred Inflows of Resources</b>	<u>106,328</u>	<u>0</u>	<u>0</u>	<u>106,328</u>
<b>Fund Balances</b>				
Nonspendable:				
Prepays	0	0	0	0
Advances to Other Funds	0	0	0	0
Restricted for:				
Law Enforcement	0	0	25,827	25,827
Physical Environment	0	0	0	0
Economic Environment	0	366,192	0	366,192
Debt Service	0	0	90,087	90,087
Assigned	221,973	0	0	221,973
Unassigned	801,398	0	0	801,398
<b>Total Fund Balances</b>	<u>1,023,371</u>	<u>366,192</u>	<u>115,914</u>	<u>1,505,477</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 1,511,926</u>	<u>\$ 398,276</u>	<u>\$ 115,914</u>	<u>\$ 2,026,116</u>

See accompanying notes to Financial Statements

**CITY OF QUINCY, FLORIDA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE**  
**STATEMENT OF NET POSITION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

<b>Total Fund Balances of Governmental Funds</b>		<b>\$ 1,505,477</b>
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		5,849,217
Receivables that do not provide current financial resources are reported as deferred inflows of resources in the governmental funds.		106,328
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds and Notes Payable	(3,016,494)	
Other postemployment benefits	(8,012,482)	
Net pension liability	(2,803,873)	
Compensated absences	<u>(156,213)</u>	(13,989,062)
The net pension asset is not a current financial resource and, therefore, is not reported in governmental funds.		0
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in governmental funds.		
Deferred outflows of resources for pensions	578,177	
Deferred outflows of resources for OPEB	217,294	
Deferred inflows of resources for OPEB	(741,220)	
Deferred inflows of resources for pensions	<u>(23,345)</u>	<u>30,906</u>
<b>Total Net Position of Governmental Activities</b>		<b><u>\$ (6,497,134)</u></b>

See accompanying notes to Financial Statements

**CITY OF QUINCY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>General Fund</u>	<u>Community Redevelopment Agency</u>	<u>Non-Major Governmental</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Taxes	\$ 1,945,592	\$ 0	\$ 0	\$ 1,945,592
Tax Increment	0	415,677	0	415,677
Licenses and Permits	149,942	0	0	149,942
Intergovernmental Revenues	1,118,369	0	0	1,118,369
Charges for Services	456,652	0	0	456,652
Fines and Forfeitures	35,100	0	0	35,100
Miscellaneous Revenues	228,049	913	101	229,063
<b>Total Revenues</b>	<u>3,933,704</u>	<u>416,590</u>	<u>101</u>	<u>4,350,395</u>
<b>Expenditures</b>				
Current:				
General Government	1,939,150	0	0	1,939,150
Public Safety	3,555,669	0	0	3,555,669
Physical Environment	159,481	0	0	159,481
Transportation	687,141	0	0	687,141
Economic Environment	142,055	191,261	0	333,315
Culture and Recreation	462,764	0	0	462,764
Debt Service:				
Principal	46,235	0	291,000	337,235
Interest	7,425	0	73,485	80,910
Capital Outlay	948,256	94,773	0	1,043,028
<b>Total Expenditures</b>	<u>7,948,176</u>	<u>286,033</u>	<u>364,485</u>	<u>8,598,694</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(4,014,472)</u>	<u>130,557</u>	<u>(364,384)</u>	<u>(4,248,299)</u>
<b>Other Financing Sources (Uses)</b>				
Debt Proceeds	0	0	0	0
Transfers In	4,560,239	0	360,000	4,920,239
Transfers Out	(360,000)	0	0	(360,000)
<b>Total Other Financing Sources (Uses)</b>	<u>4,200,239</u>	<u>0</u>	<u>360,000</u>	<u>4,560,239</u>
<b>Net Change in Fund Balances</b>	185,767	130,557	(4,384)	311,940
<b>Fund Balances, Beginning of Year</b>	<u>837,604</u>	<u>235,635</u>	<u>120,298</u>	<u>1,193,537</u>
<b>Fund Balances, End of Year</b>	<u>\$ 1,023,371</u>	<u>\$ 366,192</u>	<u>\$ 115,914</u>	<u>\$ 1,505,477</u>

See accompanying notes to Financial Statements

**CITY OF QUINCY, FLORIDA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

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

Net Change in Fund Balances - Total Governmental Funds.		\$ 311,940
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Expenditures for Capital Assets	1,043,028	
Less: Current Year Depreciation	(534,564)	508,464
Repayment of long-term debt is reported as an expenditure in governmental funds, but as a reduction of long-term liabilities in the statement of net assets.		
		337,271
The issuance of long-term debt provides current financial resources to governmental funds, while it has no effect on the statement of activities.		
Certain pension related amounts are being deferred and amortized over a period of years or are being deferred as contributions to the plan made after the measurement date:		
Deferred Inflows Related to Pensions	(23,528)	
Deferred Outflows Related to Pensions	(502,076)	
Deferred Inflows Related to OPEB	(741,220)	
Deferred Outflows Related to OPEB	21,345	(1,245,479)
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:		
Changes in Compensated Absences	113,491	
Change in Other Postemployment Benefits	261,635	
Change in Net Pension Liability	98,712	473,838
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds		
		5,398
<b>Change in Net Position of Governmental Activities</b>		<b>\$ 391,432</b>

See accompanying notes to Financial Statements

**CITY OF QUINCY, FLORIDA**  
**STATEMENT OF FUNDS NET POSITION-PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2018**

	Enterprise Funds					Internal Service Fund
	Major Funds			Non-Major Funds	Total Enterprise Funds	
	Water Fund	Electric Fund	Wastewater Fund			
<b>Assets</b>						
<b>Current Assets</b>						
Cash and Cash Equivalents	\$ 281,293	\$ 918,331	\$ 72,886	\$ 244,221	\$ 1,516,730	\$ 0
Investments	817,690	333,872	0	0	1,151,562	0
Receivables (Net)	241,369	1,840,425	243,683	328,204	2,653,682	0
Prepaid Items	0	0	0	0	0	0
Inventories	55,608	325,999	4,636	2,749	388,993	0
<b>Total Current Assets</b>	<u>1,395,961</u>	<u>3,418,627</u>	<u>321,205</u>	<u>575,174</u>	<u>5,710,967</u>	<u>0</u>
<b>Noncurrent Assets</b>						
<b>Restricted Assets:</b>						
Restricted Cash and Cash Equivalents	1,777,771	1,246,309	584,862	398,101	4,007,044	0
<b>Total Restricted Assets</b>	<u>1,777,771</u>	<u>1,246,309</u>	<u>584,862</u>	<u>398,101</u>	<u>4,007,044</u>	<u>0</u>
<b>Capital Assets:</b>						
Land and Land Improvements	400,323	403,717	403,717	458,595	1,666,353	0
Property, Plant and Equipmen (Accumulated Depreciation)	14,669,860 (11,394,309)	25,751,893 (16,252,908)	9,668,071 (4,999,520)	1,973,738 (1,751,620)	52,063,562 (34,398,357)	0
<b>Total Net Capital Assets</b>	<u>3,675,874</u>	<u>9,902,702</u>	<u>5,072,268</u>	<u>680,713</u>	<u>19,331,557</u>	<u>0</u>
<b>Other Assets:</b>						
Advances to other Funds	479,943	200,000	479,943	479,943	1,639,829	0
<b>Total Noncurrent Assets</b>	<u>5,933,588</u>	<u>11,349,011</u>	<u>6,137,073</u>	<u>1,558,757</u>	<u>24,978,430</u>	<u>0</u>
<b>Total Assets</b>	<u>\$ 7,329,549</u>	<u>\$ 14,767,638</u>	<u>\$ 6,458,278</u>	<u>\$ 2,133,931</u>	<u>\$ 30,689,397</u>	<u>\$ 0</u>

See accompanying notes to Financial Statements

**CITY OF QUINCY, FLORIDA**  
**STATEMENT OF FUNDS NET POSITION-PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2018**

	Business-Type Activities					
	Enterprise Funds					
	Major Funds			Non-Major Funds	Total Enterprise Funds	Internal Service Fund
Water Fund	Electric Fund	Wastewater Fund				
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Accounts Payable	\$ 18,457	\$ 695,778	\$ 8,250	\$ 138,447	\$ 860,931	\$ 1,851
Accrued Payroll	4,879	46,006	4,879	7,259	63,023	2,229
Due to other Governments	0	0	0	0	0	0
Accrued Interest Payable	81,727	146,631	51,008	16,571	295,938	0
Current Portion:						
Bonds Payable	104,550	265,100	104,550	20,800	495,000	0
Notes Payable	171,199	0	235,506	0	406,706	0
Capitalized Leases Payable	23,008	73,627	41,415	0	138,050	0
Compensated Absences Payable	1,415	17,126	1,479	4,516	24,537	976
<b>Total Current Liabilities</b>	<b>405,236</b>	<b>1,244,268</b>	<b>447,088</b>	<b>187,592</b>	<b>2,284,184</b>	<b>5,056</b>
<b>Noncurrent Liabilities</b>						
Customer Deposits	21,168	1,438,689	0	8,658	1,468,515	0
Advances from Other Funds	0	1,439,829	200,000	0	1,639,829	0
Long-term Portion:						
Bonds Payable	1,954,150	5,686,300	1,954,150	660,400	10,255,000	0
Notes Payable	2,859,051	0	960,124	0	3,819,175	0
Capitalized Lease Payable	106,856	341,939	192,341	0	641,136	0
Compensated Absences	4,246	51,379	4,438	13,547	73,610	2,929
Land Fill Closure Liability	0	0	0	322,677	322,677	0
<b>Total Noncurrent Liabilities</b>	<b>4,945,471</b>	<b>8,958,135</b>	<b>3,311,054</b>	<b>1,005,282</b>	<b>18,219,942</b>	<b>2,929</b>
<b>Total Liabilities</b>	<b>5,350,707</b>	<b>10,202,403</b>	<b>3,758,142</b>	<b>1,192,874</b>	<b>20,504,127</b>	<b>7,985</b>
<b>Net Position</b>						
Net Investment in Capital Assets	(1,542,940)	3,535,736	1,533,173	(137,608)	3,388,361	0
Restricted for:						
Debt Service	1,777,771	1,246,309	584,862	398,101	4,007,044	0
Unrestricted	1,744,011	(216,810)	582,101	680,564	2,789,865	(7,985)
<b>Total Net Position</b>	<b>1,978,842</b>	<b>4,565,235</b>	<b>2,700,136</b>	<b>941,057</b>	<b>10,185,270</b>	<b>(7,985)</b>
<b>Total Liabilities and Net Position</b>	<b>\$7,329,549</b>	<b>\$ 14,767,638</b>	<b>\$6,458,278</b>	<b>\$2,133,931</b>	<b>\$30,689,397</b>	<b>\$ 0</b>

See accompanying notes to Financial Statements



**CITY OF QUINCY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Business-Type Activities					
	Enterprise Funds					
	Major Funds				Total Enterprise Funds	Internal Service Fund
Water Fund	Electric Fund	Wastewater Fund	Non-Major Funds			
<b>Operating Revenues</b>						
Charges for Services	\$ 1,683,692	\$ 13,486,118	\$ 1,970,504	\$ 3,064,263	\$ 20,204,577	\$ 0
Interfund Charges	95,814	310,651	0	0	406,465	137,507
<b>Total Operating Revenue</b>	<u>1,779,506</u>	<u>13,796,769</u>	<u>1,970,504</u>	<u>3,064,263</u>	<u>20,611,042</u>	<u>137,507</u>
<b>Operating Expenses</b>						
Purchase Power	0	6,302,610	0	766,737	7,069,346	0
Personal Service	155,432	574,130	152,343	209,748	1,091,654	63,093
Contractual Service	402,493	92,924	730,037	1,142,881	2,368,336	55,208
Supplies	4,804	58,516	1,717	9,590	74,627	688
Repairs and Maintenance	24,723	136,896	24,330	13,568	199,517	0
Utility/Telephone	101,721	109,900	184,205	4,131	399,957	4,421
Shared Service	40,356	274,922	40,356	80,713	436,347	0
Depreciation	466,359	729,010	204,377	(26,343)	1,373,403	0
Other Expenses	74,937	312,737	33,125	109,278	530,076	3,264
Bad Debt	(4,247)	0	0	0	(4,247)	0
IT- Support	9,167	9,167	9,167	5,842	33,344	0
<b>(Total Operating Expenses)</b>	<u>(1,275,745)</u>	<u>(8,600,812)</u>	<u>(1,379,658)</u>	<u>(2,316,145)</u>	<u>(13,572,360)</u>	<u>(126,675)</u>
<b>Operating Income</b>	<u>503,761</u>	<u>5,195,957</u>	<u>590,847</u>	<u>748,118</u>	<u>7,038,683</u>	<u>10,833</u>
<b>Non-Operating (Expenses)</b>						
Capital Grants	0	0	8,250	0	8,250	0
Interest Income	5,270	5,384	618	0	11,272	0
Interest Expenses	(199,426)	(318,489)	(144,778)	(33,142)	(695,835)	0
Investment Gains and Losses	10,836	2,439	0	0	13,275	0
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(183,320)</u>	<u>(310,666)</u>	<u>(135,910)</u>	<u>(33,142)</u>	<u>(663,038)</u>	<u>0</u>
<b>Income Before Transfers</b>	<u>320,441</u>	<u>4,885,291</u>	<u>454,937</u>	<u>714,976</u>	<u>6,375,645</u>	<u>10,833</u>
<b>Operating Transfers</b>						
Transfers In	0	1,232,638	0	48,000	1,280,638	0
Transfers Out	(77,997)	(4,017,581)	(120,000)	(392,661)	(4,608,239)	(1,232,638)
<b>Total Operating Transfers</b>	<u>(77,997)</u>	<u>(2,784,943)</u>	<u>(120,000)</u>	<u>(344,661)</u>	<u>(3,327,601)</u>	<u>(1,232,638)</u>
<b>Extraordinary Item</b>						
<b>Change in Net Position</b>	<u>242,444</u>	<u>2,100,348</u>	<u>334,937</u>	<u>370,315</u>	<u>3,048,044</u>	<u>(1,221,805)</u>
<b>Net Position, Beginning of Year</b>	1,736,397	2,464,887	2,365,199	570,742	7,137,225	1,213,820
<b>Net Position, End of Year</b>	<u>\$ 1,978,842</u>	<u>\$ 4,565,235</u>	<u>\$ 2,700,136</u>	<u>\$ 941,057</u>	<u>\$ 10,185,270</u>	<u>\$ (7,985)</u>

See accompanying notes to Financial Statements

**CITY OF QUINCY, FLORIDA**  
**STATEMENT OF CASH FLOWS PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Water Fund	Electric Fund	Wastewater Fund	Non-Major Funds	Total Enterprise Funds	Internal Service Funds
<b>Cash Flows from Operating Activities</b>						
Cash Received from Customers and Others	\$ 1,779,506	\$ 13,825,428	\$ 1,955,000	\$ 3,011,834	\$ 20,571,768	\$ 137,507
Cash Paid to Employees	(160,237)	(545,471)	(167,847)	(262,177)	(1,135,733)	(63,093)
Cash Paid to Suppliers	(642,560)	(6,768,056)	(800,255)	(2,040,677)	(10,251,548)	(63,582)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>976,709</u>	<u>6,511,901</u>	<u>986,898</u>	<u>708,980</u>	<u>9,184,488</u>	<u>10,833</u>
<b>Cash Flows from Noncapital Financing Activities</b>						
Amounts Received from Other Funds	0	0	0	0	0	0
Operating Transfers In	0	2,824,161	0	75,000	2,899,161	317,300
Operating Transfers Out	(137,497)	(4,146,081)	(62,000)	(382,810)	(4,728,388)	(561,687)
<b>Net Cash Provided by (Used in) Noncapital Financing Activities</b>	<u>(137,497)</u>	<u>(1,321,920)</u>	<u>(62,000)</u>	<u>(307,810)</u>	<u>(1,829,227)</u>	<u>(244,387)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>						
Loan Proceeds	0	2,951,695	165,135	3,317	3,120,147	0
Principal Payments on Debt	(292,726)	(325,695)	(372,945)	(63,698)	(1,055,064)	0
Interest Payments on Debt	(145,192)	(318,489)	(447,640)	(33,142)	(944,463)	0
Purchase of Fixed Assets	(326,000)	(6,642,714)	(292,102)	(169,432)	(7,430,248)	0
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>	<u>(763,918)</u>	<u>(4,335,204)</u>	<u>(947,551)</u>	<u>(262,955)</u>	<u>(6,309,628)</u>	<u>0</u>
<b>Cash Flows from Investing Activities</b>						
Interest Received	5,270	5,384	618	0	11,272	0
Investment Activity	10,836	2,439	0	0	13,275	0
Investments Purchased	0	0	0	0	0	0
<b>Net Cash Provided from Investing</b>	<u>16,106</u>	<u>7,823</u>	<u>618</u>	<u>0</u>	<u>24,547</u>	<u>0</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	91,400	862,601	(22,036)	138,215	1,070,180	(233,554)
<b>Cash and Cash Equivalents, Beginning of Year</b>	1,967,665	1,302,039	679,784	504,107	4,453,595	233,554
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 2,059,065</u>	<u>\$ 2,164,640</u>	<u>\$ 657,748</u>	<u>\$ 642,322</u>	<u>\$ 5,523,774</u>	<u>\$ 0</u>

See accompanying notes to Financial Statements

**CITY OF QUINCY, FLORIDA**  
**STATEMENT OF CASH FLOWS PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Water Fund	Electric Fund	Wastewater Fund	Non-Major Funds	Total Enterprise Funds	Internal Service Funds
\$ 281,293	\$ 918,331	\$ 72,886	\$ 244,221	\$ 1,516,730	\$ 0	
1,777,771	1,246,309	584,862	398,101	4,007,044	0	
<u>2,059,065</u>	<u>2,164,640</u>	<u>657,748</u>	<u>642,322</u>	<u>5,523,774</u>	<u>0</u>	
503,761	5,195,957	599,097	748,118	7,046,933	10,833	
466,359	729,010	204,377	(26,343)	1,373,403	0	
(24,682)	(31,373)	2,072	2,593	(51,389)	0	
21,627	503,603	227,085	(21,017)	731,299	0	
15,890	(14,786)	(40,533)	7,650	(31,780)	(7,501)	
(50)	(8,285)	181	(1,419)	(9,573)	245	
(2,416)	66,923	(2,416)	(416)	61,676	(69,313)	
0	0	0	0	0	0	
(3,186)	27,522	(2,966)	(6)	21,364	34	
(595)	43,330	0	(180)	42,555	0	
<u>\$ 976,709</u>	<u>\$ 6,511,901</u>	<u>\$ 986,898</u>	<u>\$ 708,980</u>	<u>\$ 9,184,488</u>	<u>\$ (65,702)</u>	

**Included on the Accompanying Balance Sheet**

**Under the Following Captions**

Cash and Cash Equivalents	
Restricted Assets:	
Cash and Cash Equivalents	
<b>Total</b>	

**Reconciliation of Operating Income (Loss) to Net Cash**

<b><u>Provided by (Used in) Operating Activities</u></b>	
<b>Cash Flows from Operating Activities</b>	
Operating Income (Loss)	
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Depreciation	
Changes in Assets - Decrease (Increase) and Liabilities - Increase (Decrease)	
Inventory	
Accounts Receivable, Net	
Accounts Payable	
Accrued Payroll	
Accrued Interest Payable	
Rate Stabilization	
Compensated Absences	
Customer Deposits	
<b>Net Cash Provided by (Used in) Operating Activities</b>	

**CITY OF QUINCY, FLORIDA**  
**STATEMENT OF FIDUCIARY NET POSITION-FIDUCIARY FUND**  
**SEPTEMBER 30, 2018**

	<u>Retirement Savings Plan</u>	<u>Police and Firemen's Supplemental Pension Plan</u>	<u>Total</u>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 10,822	\$ 185,211	\$ 196,033
Investments	7,584,113	7,551,267	15,135,379
Receivables	0	101,515	101,515
Total Current Assets	<u>7,594,934</u>	<u>7,837,993</u>	<u>15,432,928</u>
<b>Total Assets</b>	<u>7,594,934</u>	<u>7,837,993</u>	<u>15,432,928</u>
<b>Liabilities</b>			
<b>Payables</b>			
Refunds of Member Contributions	<u>0</u>	<u>9,417</u>	<u>9,417</u>
Total Liabilities	<u>0</u>	<u>9,417</u>	<u>9,417</u>
<b>Net Assets</b>			
<b>Refund</b>			
Held in Trust for Pension Benefits	<u>7,594,934</u>	<u>7,828,576</u>	<u>15,423,510</u>
<b>Total Net Assets</b>	<u>\$ 7,594,934</u>	<u>\$ 7,828,576</u>	<u>\$ 15,423,510</u>

See accompanying notes to Financial Statements

**CITY OF QUINCY, FLORIDA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION-FIDUCIARY FUND**  
**SEPTEMBER 30, 2018**

	<u>Retirement Savings Plan</u>	<u>Police and Firemen's Supplemental Pension Plan</u>	<u>Total</u>
<b>Additions</b>			
<b>Contributions</b>			
Plan Members	\$ 0	\$ 64,854	\$ 64,854
City	410,436	324,065	734,500
State	0	100,512	100,512
<b>Total Contributions</b>	<u>410,436</u>	<u>489,430</u>	<u>899,866</u>
<b>Investment Income (Loss):</b>			
Net Realized and Unrealized Gains	447,953	479,355	927,309
Interest and Dividends	403,643	247,322	650,965
<b>Net Investment Income</b>	<u>851,597</u>	<u>726,677</u>	<u>1,578,274</u>
<b>Total Additions</b>	<u>1,262,032</u>	<u>1,216,107</u>	<u>2,478,139</u>
<b>Deductions</b>			
Benefits Payments	507,039	726,418	1,233,456
Administrative Expenses	0	55,823	55,823
<b>Total Deductions</b>	<u>507,039</u>	<u>782,240</u>	<u>1,289,279</u>
<b>Change in Net Position</b>	754,994	433,867	1,188,860
<b>Net Position - Beginning of Year</b>	6,839,941	7,394,710	14,234,650
<b>Net Assets - End of Year</b>	<u>\$ 7,594,934</u>	<u>\$ 7,828,576</u>	<u>\$ 15,423,510</u>

See accompanying notes to Financial Statements

**CITY OF QUINCY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**CITY OF QUINCY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**Note 1 - Summary of Significant Accounting Policies**

The financial statements of the City of Quincy, Florida, (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Significant City accounting policies are described below:

**Reporting Entity**

The City of Quincy, Florida, (the City) is a municipality, which operates under a Commission-City Manager form of government established on November 19, 1828, pursuant to a Special Act of the State of Florida Legislature. The City provides municipal services to its residents, including general government, public safety, public works, culture and recreation, economic environment, cemetery and engineering. The City also provides electric, water, sewer (waste water), gas, refuse collection, and a landfill.

The following is a summary of the City's significant accounting policies presented to assist the reader in interpreting the financial statements and other data in this report. These policies are considered essential and should be read in conjunction with the accompanying financial statements.

**Reporting Standards**

In accordance with Codification of Governmental Accounting and Financial Reporting Standards, the accompanying financial statements include all funds for which the City is financially accountable. The City has also considered all other potential organizations for which the nature and significance of their relationships with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. GASB has set forth criteria for consideration in determining financial accountability. These criteria include appointing a majority of an organization's governing body and: (1) the ability of the City to impose its will on that organization; or, (2) the potential for that organization to provide specific benefits to or impose specific financial burdens on the City. Other considerations are whether the organization is legally separate, whether the City holds the corporate powers of the organization, and whether there is fiscal dependency by the organization on the City.

**Blended Component Unit**

**Quincy Community Redevelopment Agency (CRA)** - In 1999, the City passed Ordinance No. 896 establishing the CRA which is governed by the City Commission. The CRA has responsibility for the southern portion of the City which includes three enumeration districts.

The CRA is reported as a blended component unit because the organization's governing body is the same as the City and the organization provides services almost entirely to the primary government. With the adoption of GASB 61 and management's re-evaluation of the CRA, the City is now reporting the CRA as a major special revenue fund in order to more fully comply with generally accepted accounting principles.

**CITY OF QUINCY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the City. For the most part, the effect of the interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, postemployment benefits, and claims and judgments, are recorded only when payment is due.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of revenues. In one, such as in grants and similar items, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded and the availability criteria. Licenses and permits, fines and forfeiture, charges for sales and services (other than utility), and miscellaneous revenues are generally recorded as revenue when received in cash, because they are generally not measurable until actually received. Utility services, investment earnings, and utility taxes are recorded as earned, since they are measurable and available.



**CITY OF QUINCY, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

Property taxes are recognized as revenue at the time an enforceable legal claim is established. This is determined to occur November 1, of each year. The assessment roll is validated July 1, and the millage resolution is approved by September 30. The City's property tax becomes a lien on October 1, and the tax is levied by Gadsden County each November 1, for real and personal property located in the City. Property taxes are due before April 1, with the maximum discount available, if payment is made on or before November 30. If payment remains delinquent, a tax certificate for the full amount of any unpaid taxes is sold no later than June 1. Under this arrangement, there are no property tax receivables at the end of the fiscal year on September 30.

**Fund Accounting**

The accounts of the City are organized into funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balance/net assets, revenues, and expenditures or expenses, as appropriate. The City has the following funds:

**Governmental Fund Types**

Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets and liabilities, the fund equity, is referred to as "fund balance." The measurement focus is upon determination of changes in financial position, rather than upon net income determination.

The following comprise the City's major governmental funds:

- **General Fund** - The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other funds are accounted for in this fund. Many of the more important activities of the City, including operation of the City's street and highway maintenance; public safety, parks, recreation programs, and general service departments are accounted for in this fund.
- **Quincy Community Redevelopment Agency (The CRA)** was created in accordance with Chapter 163, Florida Statutes on February 23, 1999, by the City. The CRA is funded by the incremental tax funds contributed by Gadsden County and the City, and is charged with the responsibility of facilitating the revitalization of designated "slum" and or "blighted" areas within the City.

**CITY OF QUINCY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

The other governmental funds of the City are considered non-major and are as follows:

- **Special Revenue Funds** - used to account for revenues derived from specific sources, which are usually required by law or regulation to be accounted for in separate funds.
- **Confiscated Property** - used to account for confiscated property to be used for public safety purposes.
- **Debt Service Funds** – used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

**Proprietary Fund Types** – used to account for a government's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position, and cash flows. Pursuant to the election option made available by GASB Statement No. 20, pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989, are not applied in the preparation of the financial statements of the Proprietary Fund types.

**Enterprise Funds** - finance and account for the acquisition, operation, and maintenance of the City's facilities and services which are supported primarily by user charges. The following comprise the City's major enterprise funds:

- **Electric Fund** – used to account for the operation and maintenance of the City's electric distribution system.
- **Water Fund** – used to account for the operation and maintenance of the City's water distribution system.
- **Waste Water Fund** – used to account for the operation and maintenance of the City's sewer system.

The other enterprise funds of the City are considered non-major and are as follows:

- **Refuse Fund** – used to account for the operation and maintenance of the City's refuse system.
- **Landfill Fund** – used to account for the operation and maintenance of the City's landfill site.
- **Gas Fund** – used to account for the operation and maintenance of the City's gas distribution system.
- **Internal Service Funds** – was originally used to accumulate and allocate costs internally among the City's various functions. However, over the years it has been used to accumulate the discontinued operations related to "Net Quincy" including all assets and liabilities. The City transferred all the assets and general long term debt of the fund to the electric fund during the year.

**CITY OF QUINCY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Fiduciary Fund Types (Trust Funds)** - used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

**Trust and Agency Funds** – used to account for assets held in a trustee capacity or as an agent for other funds, governmental units and others. The *pension trust fund* is accounted for in essentially the same manner as proprietary funds, using the same measurement focus and basis of accounting. The *pension trust fund* accounts for the assets of the City's Retirement Savings Plan and for the Police and Firemen's Supplemental Pension Plan.

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

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

**Deposits and Investments**

The City maintains a cash pool that is available for use by all funds. Interest income earned as a result of pooling is distributed monthly to the appropriate funds based on average daily balances. The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and highly liquid instruments with original maturities of three months or less from the date of acquisition.

Florida Statutes require state and local governmental units to deposit monies with financial institutions classified as qualified public depositories, a multiple financial institution pool whereby groups of securities pledged by the various financial institutions provide common collateral for their deposits of public funds. This pool is provided as additional insurance to the federal depository insurance and allows for additional assessments against the member institutions providing full insurance for public deposits. The City had deposits only with qualifying institutions as of September 30, 2018.

Investments are held in the General fund and the proprietary funds and consist of marketable securities reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales quote at current exchange rates. Investments that do not have an established market are reported at estimated fair value based on market indicators regarded as measures of equity or fixed income performance results.

**CITY OF QUINCY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Receivable and Payables**

Outstanding balances between funds are reported as “advances to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Receivables are reported net of an allowance of uncollectible. The City calculates its allowance for uncollectible using historical collections data, specific account analysis, and management’s judgment.

**Inventory**

Inventory for governmental-type activities is valued at the lower of cost, using the first-in, first-out (FIFO) method, or market value. Generally, the costs of governmental fund type inventories are recorded as expenditures when consumed (consumption method) rather than when purchased. Business-type activities, utility supplies and plant inventory are valued at lower of cost, as determined by the average unit cost method, or market value.

**Prepaid**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are accounted for by use of the consumption method.

**Restricted Assets**

Certain resources are set aside for debt reserves, customer deposits, and other purposes. These resources are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants, ordinances, or regulations.

**Capital Assets**

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000 and an estimated useful life, in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend assets’ lives, are not capitalized.

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

Buildings	10-50 Years
Improvements	10-35 Years
Infrastructure	40-55 Years
Furniture, Fixtures, and Equipment	3-20 Years

**CITY OF QUINCY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Compensated Absences**

Accumulated unpaid vacation time, compensatory time, and sick time amounts, including the related direct and incremental salary-related payments, accrues in the enterprise funds, and appear as increases in salary expenses in the proprietary financial statements. In the governmental funds, these costs are recognized when payments are made to employees or when the costs mature as a result of an employee resignation or retirement. All vacation, compensatory, and sick pay accrues when incurred in the government-wide financial statements.

**Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the bond premium or discount. Bond issuance costs are expensed when incurred, with the exception of bond insurance, which is amortized over the term of the related debt.

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

**Fund Balance**

Fund balance classifications comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components: nonspendable, restricted, committed, assigned and unassigned:

- **Nonspendable** - this component of fund balance consists of amounts that cannot be spent because: (a) they are not expected to be converted to cash; or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories. On the governmental funds balance sheet, the inventory balance reported is offset by a nonspendable fund balance classification which indicates it does not constitute "available spendable resources" even though it is a component of net current position.
- **Restricted** - this component of fund balance consists of amounts that are constrained either: (a) externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments); or (b) by law through constitutional provisions or enabling legislation.
- **Committed** - this component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (i.e., by ordinance) of the organization's governing authority (the City Commission). These committed amounts cannot be used for any other purpose unless the City Commission removes or changes the specified use by taking the same type of action employed to constrain those amounts.
- **Assigned** - this component of fund balance consists of amounts that the City intends to use for a specific purpose as determined by the City Commission in accordance with the City's fiscal policies. In addition, residual balances in capital projects and debt service funds are considered assigned for the general purpose of the respective fund.

**CITY OF QUINCY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

- **Unassigned** - this classification is used for: (a) deficit unrestricted fund balances in any governmental fund; or (b) fund balances within the general fund that are not restricted, committed or assigned. When both restricted and unrestricted resources are available for use, it is generally the practice of the City to use restricted resources first, then unrestricted resources as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use in any governmental fund, it is the City's practice to use committed resources first, then assigned, and then unassigned as needed.

**Net Position**

Net position invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position invested in capital assets, net of related debt excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors, laws, or regulations.

Net position not reported as net position invested in capital assets, net of related debt or restricted net position, are reported as unrestricted net position. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as needed.

**Deferred Outflows, Deferred Inflows, and Net Position**

In addition to assets and liabilities, the government wide statement of net position reports a separate section for *deferred inflows of resources* reported on applicable governmental fund types represent revenues which are measurable but not available in accordance with the modified accrual basis of accounting. The deferred inflows will be recognized as revenue in the fiscal year they are earned or become available. *Deferred outflows of resources* represent consumption of net position that is applicable to a future reporting period. Deferred outflows have a positive effect on net position, similar to assets.

***Pension and OPEB Related***—Pension and OPEB Related Deferred Inflows and Outflows represent the difference between expected and actual experience with regard to economic or demographic factors and changes to assumptions in the measurement of total pension and OPEB liability, and the differences between expected and actual earnings on pension plan investments, and changes in the City's proportionate share of pension contributions. These amounts are reported as deferred inflows or outflows of resources, to be recognized in expense over time. Also included in deferred outflows are amounts contributed to the pension plans subsequent to the measurement date. See Note 10 and Note 11 for more information on Pension Related Deferred Inflows and Outflows and OPEB Related Deferred Inflows and Outflows.

***Unavailable Revenues***—Unavailable revenues are revenues which are measurable, but not available because they have not been received within the City's period of availability. These revenues are deferred and recorded as deferred outflows of resources in governmental funds financial statements.

**CITY OF QUINCY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Postemployment Benefits Other than Pension Benefits (OPEB)**

The City participates and administers a single-employer plan under which qualified retired employees are permitted to participate in the health, dental, vision, and life insurance benefits program. Additional information on the City's OPEB liability can be found in Note 10.

**Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America as applied to governmental units, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.

**Budgets and Budgetary Accounting**

The City, in accordance with its charter and state law, adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

Prior to August 15, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are held to obtain taxpayer comments.

Prior to October 1, the budget is legally enacted through passage of an ordinance.

Budgetary control is maintained at the departmental and fund level, with finance department providing support to departments in the administration of their budgets. In accordance with the City's budget transfer policy, the City Manager is authorized to transfer budgeted amounts within any fund or function; however, the City Commission must approve any supplemental appropriations or revisions that amend the total expenditures of any fund. During the year, supplementary appropriations were necessary to ensure that expenditures did not exceed budgeted appropriations.

All budgets are on a basis consistent with accounting principles generally accepted in the United States of America.

Budgeted amounts are as originally adopted, or as amended in accordance with City ordinances. The accompanying financial statements incorporate the original budget ordinances.

All annual appropriations lapse at fiscal year-end.

**CITY OF QUINCY, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**Note 1 - Summary of Significant Accounting Policies (Concluded)**

**Adoption of New Accounting Pronouncement**

During the year ended September 30, 2018, the City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multi-Employer Plans*, for Other Post-Employment Benefits (OPEB). This Statement establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, including the recognition and measurement of liabilities, deferred outflows or resources, deferred inflows of resources and expenses. For each qualifying plan providing postemployment benefits other than pensions, employers are required to report the difference between the actuarial OPEB liability and the related plan's fiduciary net position as the net OPEB liability on the statement of net position. Previously, a liability was recognized only to the extent that contributions made to each plan were exceeded by the actuarially calculated contributions for those plans. Additionally, Statement No. 75 sets forth note disclosure and required supplementary disclosure requirements for defined contribution OPEB. As part of implementation this new accounting pronouncement the City restated net position as follows:

Net Position, Beginning of Year, as Originally Reported	\$ (1,902,396)
Restatement of OPEB Liability	<u>(4,986,171)</u>
Net Position, Beginning of Year, as Restated	<u><u>\$ (6,888,567)</u></u>

**Note 2 - Cash, Cash Equivalents, and Investments**

Deposits and investments as of September 30, 2018, are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Cash Equivalents	\$ 2,243,114
Total Cash and Cash Equivalents	<u>2,243,114</u>
Restricted:	
Cash and Investments	<u>4,007,044</u>
Total Cash and Investments	<u><u>\$ 6,250,158</u></u>



**CITY OF QUINCY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**Note 2 - Cash, Cash Equivalents, and Investments (Continued)**

**Deposits**

All of the City's cash deposits are held in banks that qualify as a public depository under the Florida Security for Public Deposits Act as required by chapter 280, Florida Statutes. Under the Act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits, times the depository's collateral pledged level. The pledging level may range from 25% to 125% depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. In the event of default by a qualified public depository, all claims for public deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the public depository in default and if necessary, a pro rata assessment to the other qualified public depositories in the collateral pool. Therefore, all cash and time deposits held by banks are fully insured and collateralized.

**Investments**

Following are the investments, credit ratings and maturities of the City's governmental and business-type activities at September 30, 2018:

	<u>Carrying Amount</u>	<u>Credit Rating</u>	<u>Maturity</u>
Certificates of Deposit	\$ 503,747	N/A	<180 days
Externally Managed Portfolio Cantella	1,445,569	N/A	N/A
Total Investment	<u>\$1,949,316</u>		

As of September 30, 2018, the value of the General Employees' Retirement Savings Plan's investment with their respective credit ratings, were as follows:

	<u>Carrying Amount</u>	<u>Credit Rating</u>	<u>Maturity</u>
Externally Managed Portfolio			
American Funds	<u>\$7,594,934</u>	N/A	N/A
Total Externally Managed Portfolio	<u>\$7,594,934</u>		

General Employees' Pension Funds are invested with American Funds which is considered a mutual fund.

**CITY OF QUINCY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**Note 2 - Cash, Cash Equivalents, and Investments (Concluded)**

As of September 30, 2018, the value of the City's deposits and investments in the Police and Fire Supplemental activities, with their respective credit ratings, were as follows:

	<u>Cost Amount</u>	<u>Carrying Amount</u>	<u>Credit Rating</u>	<u>Maturity</u>
Externally Managed Portfolio				
Cash and Equivalents:				
Salem Trust-515	\$ 169,619	\$ 169,619	N/A	N/A
Salem Trust-507	15,592	15,592	N/A	N/A
Mutual Funds:				
Fixed Income	1,849,494	1,820,873	AAA	N/A
Equity	4,196,982	5,003,584	AAA	N/A
Pooled Funds:				
Real Estate	<u>700,000</u>	<u>726,810</u>	AAA	N/A
Total Externally Managed Portfolio	<u>\$ 6,931,687</u>	<u>\$ 7,736,478</u>		

*Credit Risk-* The City's Investment Policy limits credit risk by restricting authorized investments to the following: Local Government Surplus Funds Trust Fund, State direct obligations of the United States or its agencies and instrumentalities, direct obligations of states and municipalities, repurchase agreements, commercial paper, bankers' acceptances, and money market mutual funds.

*Interest Rate Risk-* Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of investments. The City manages interest rate risk by setting the range of duration for the City's portfolio as .5 years to 2.5 years, with a five-year average of 1.5 years. The effective duration of investments is listed in the preceding table

*Custodial Credit Risk-* Custodial credit risk is the risk that, in the event of a bank failure or the failure of the counterparty, the government's deposits may not be returned to it, or may not be able to recover the value of its investments that are in the possession of an outside party. The City generally utilizes third party custodians to help manage custodial credit risk. Custodians are primarily bank trust departments, insurance companies, and brokerage firms.

*Concentration of Credit Risk-* The City's investment policy requires diversification of investments in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. All of the City's investments are in external investment pools.

The City's deposits are, therefore, considered fully insured or collateralized. Cash balances at September 30, 2018, were \$2,243,114 and restricted cash (exclusive of externally managed portfolio) of \$2,739,588. Due to the nature of the City's cash and investments, there is no exposure to credit risk, interest rate risk, custodial credit risk or concentration of credit risk.

**CITY OF QUINCY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**Note 3 - Restricted Assets**

Various restrictions on deposits and investments are summarized below:

Restricted Cash and Investments:

Smart Grid Cash from Bond Issue	\$ 1,531,805
Cash with Fiscal Agent (Series 2003 Bond)	778,782
Cash Held for Debt Service (Series 2003 Bond)	77,323
Cash Held for Debt Service SRF Loan	130,430
Cash Held for Debt Service Drinking Loan	592,499
Cash Held for Rate Stabilization	200,222
Financial Assurance Landfill Closure	<u>45,282</u>
Total Restricted Cash and Investments	<u><u>\$ 3,356,343</u></u>

**Business Type Activities**

Restricted for debt service represents cash and cash equivalents (a) held by paying agents as required by Utility System Improvement and Refunding Revenue Bonds, Series 2003, \$778,782, other debt of \$77,323 (b) amounts restricted for payments of drinking water loan, \$592,499; and amounts restricted for a State Revolving Loan for Sewer, \$130,430 c) funds required to be restricted for debt service under the terms of the 2011 Series Capital Improvement Bond and Loan Covenants, \$1,531,805.

The City is required to establish a landfill escrow account in compliance with the financial assurance requirements of Section 62-701.630 of the Florida Administrative Code. This rule requires the City to annually deposit funds in an interest-bearing escrow account for the purpose of funding the estimated landfill closure and post closure costs of the City's landfill.

The amount to be deposited into the Escrow Account is based on financial cost assurance cost estimates made annually by a Registered Professional Engineer. The City has closed the landfill. The City was also able to document that the Landfill had not taken any class II garbage in the past nineteen (19) years and as a result the City has been given credit for the past monitoring. The latest estimates prepared by the City's contracted engineers of \$322,677 for post closure care costs, were filed with the Florida Department of Environmental Protection on October 20, 2017. The amount was based on an estimated annual monitoring expense of \$45,282 multiplied by the number of years the City is required to monitor the closed landfill. Since the entire landfill site is now closed, the post closure care cost requirement is applicable. The restricted cash of \$45,282 is not sufficient for monitoring requirements. The City added sufficient cash to cover the monitoring requirements after year end.

**CITY OF QUINCY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**Note 4 - Inventory**

Inventory at September 30, 2018, consists of the following:

Electric Utility Supplies	\$	325,999
Water, Wastewater, and Gas Supplies		62,994
Total	<u>\$</u>	<u>388,993</u>

**Note 5 - Receivables**

Receivables as of year-end, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Proprietary Fund Activities		
	General	Water	Electric	Waste Water
Accounts Receivable	\$ 85,906	\$ 371,580	\$ 2,327,112	\$ 377,177
Less Allowance for Bad Debt	0	(130,211)	(486,687)	(133,494)
Net Accounts Receivable	<u>\$ 85,906</u>	<u>\$ 241,369</u>	<u>\$ 1,840,425</u>	<u>\$ 243,683</u>

	Proprietary Fund Activities			Total
	Gas	Refuse	Landfill	
Accounts Receivable	\$ 205,618	\$ 268,908	\$ 14,240	\$ 3,650,541
Less Allowance for Bad Debt	(79,085)	(81,476)	0	(910,953)
Net Accounts Receivable	<u>\$ 126,533</u>	<u>\$ 187,432</u>	<u>\$ 14,240</u>	<u>\$ 2,739,588</u>

**CITY OF QUINCY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**Note 6 - Capital Assets**

	Balance September 30, 2017	Increase	Decrease	Balance September 30, 2018
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 4,606,224	\$ 0	\$ 0	\$ 4,606,224
Total Capital Assets, Not Being Depreciated	4,606,224	0	0	4,606,224
Capital Assets, Being Depreciated:				
Building and Improvements	5,471,612	232,468	0	5,704,080
Improvements other than Buildings	10,681,809	2,250	0	10,684,059
Infrastructure	6,377,530	402,108	0	6,779,638
Equipment and Other	6,564,469	406,202	0	6,970,671
Total Capital Assets, Being Depreciated	29,095,420	1,043,028	0	30,138,448
Less Accumulated Depreciation for:				
Buildings and Improvements	(4,865,911)	(284,507)	0	(5,150,418)
Improvements other than Buildings	(10,617,296)	(214,998)	0	(10,832,294)
Infrastructure	(6,324,787)	(7,713)	0	(6,332,500)
Equipment and Other	(6,552,897)	(27,346)	0	(6,580,243)
Total Accumulated Depreciation	(28,360,891)	(534,564)	0	(28,895,455)
Total Capital Assets, Being Depreciated, Net	734,529	508,464	0	1,242,993
<b>Total Governmental Capital Assets, Net</b>	<b>\$ 5,340,753</b>	<b>\$ 508,464</b>	<b>\$ 0</b>	<b>\$ 5,849,217</b>

**Business-Type Activities:**

Capital Assets, Not Being Depreciated:				
Land	\$ 1,666,353	\$ 0	\$ 0	\$ 1,666,353
Total Capital Assets, Not Being Depreciated	1,666,353	0	0	1,666,353
Capital Assets, Being Depreciated				
Buildings	25,071,847	292,102	0	25,363,949
Utility, Plant Equipment and Improvements	19,600,208	326,000	0	19,926,208
Infrastructure	1,809,313	65,049	0	1,874,362
Equipment and Other	4,578,294	184,813	0	4,763,107
Total Capital Assets, Being Depreciated	51,059,662	867,964	0	51,927,626
Less Accumulated Depreciation for:				
Buildings	(17,729,349)	(732,064)	0	(18,461,413)
Utility, Plant Equipment and Improvements	(11,785,723)	(438,331)	0	(12,224,054)
Equipment and Other	(3,509,882)	(203,008)	0	(3,712,890)
Total Accumulated Depreciation	(33,024,954)	(1,373,403)	0	(34,398,357)
Total Capital Assets, Being Depreciated, Net	18,034,708	(505,439)	0	17,529,269
<b>Total Business-Type Capital Assets, Net</b>	<b>\$ 19,701,061</b>	<b>\$ (505,439)</b>	<b>\$ 0</b>	<b>\$ 19,195,622</b>

**Depreciation expense was charged to governmental functions as follows:**

General Government	\$ 201,650
Public Safety	180,739
Transportation	121,349
Culture and Recreation	30,144
Economic Development	490
Physical Environment	192
<b>Total</b>	<b>\$ 534,564</b>

**CITY OF QUINCY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**Note 7 - Long Term Debt**

	September 30, 2017	Additions	Reductions	September 30, 2018
<b>Governmental Funds:</b>				
<b>General Fund:</b>				
Capital Improvement Refunding Revenue Bond 2012	\$ 3,195,000	\$ 0	\$ 291,000	\$ 2,904,000
Honeywell Lease (Gov't Portion)	100,762	0	14,186	86,576
Equipment Loan Police Cars	50,446	0	24,528	25,918
Equipment Loan Public Works & Net Quincy (PW Portion)	7,557	0	7,557	0
Compensated Absences	269,704	0	113,491	156,213
Net Pension Liability	2,902,585	0	98,712	2,803,873
Other Post Employment Benefits Liability	8,274,117	0	261,635	8,012,482
<b>Total General Fund Debt</b>	<b>14,800,171</b>	<b>0</b>	<b>811,109</b>	<b>13,989,062</b>
<b>Total Governmental Activities Long Term Debt</b>	<b>14,800,171</b>	<b>0</b>	<b>811,109</b>	<b>13,989,062</b>
<b>Business-Type Activities:</b>				
<b>Electric Fund:</b>				
Utility System Series 2011 Bonds	3,294,000	0	97,600	3,196,400
Utility System Series 2003 Bonds	0	2,915,000	160,000	2,755,000
Honeywell Lease (Electric Portion)	483,661	0	68,095	415,566
Compensated Absences	31,810	36,695	0	68,505
<b>Total General Long Term Debt: Electric Fund</b>	<b>3,809,471</b>	<b>2,951,695</b>	<b>325,695</b>	<b>6,435,471</b>
<b>Water Fund:</b>				
Utility System Series 2003 Bonds	1,457,500	0	80,000	1,377,500
Utility System Series 2011 Bonds	702,000	0	20,800	681,200
State Revolving Loan - Project No. DW2006010	3,196,649	0	166,399	3,030,250
Honeywell Lease (Water Portion)	151,144	0	21,280	129,864
Compensated Absences	9,906	0	4,247	5,659
<b>Total General Long Term Debt: Water Fund</b>	<b>5,517,199</b>	<b>0</b>	<b>292,726</b>	<b>5,224,473</b>
<b>Sewer Fund:</b>				
Utility System Series 2003 Bonds	1,457,500	0	80,000	1,377,500
Utility System Series 2011 Bonds	702,000	0	20,800	681,200
State Revolving Loan - Project No. CS12064107P	638,757	0	207,526	431,231
State Revolving Loan - Project No. 200100	405,800	0	22,362	383,438
State Revolving Loan - Project No. 641090	215,827	165,135	0	380,962
Honeywell Lease (Sewer Portion)	272,059	0	38,303	233,756
Compensated Absences	9,872	0	3,954	5,918
<b>Total General Long Term Debt: Sewer Fund</b>	<b>3,701,815</b>	<b>165,135</b>	<b>372,945</b>	<b>3,494,005</b>
<b>Gas Fund:</b>				
Utility System Series 2011 Bonds	702,000	0	20,800	681,200
Compensated Absences	11,410	3,317	0	14,727
<b>Total General Long Term Debt: Gas Fund</b>	<b>713,410</b>	<b>3,317</b>	<b>20,800</b>	<b>695,927</b>
<b>Landfill Fund:</b>				
Compensated Absences	6,661	0	3,322	3,339
Estimated Landfill Closure and Post Closure	362,254	0	39,576	322,678
<b>Total General Long Term Debt: Landfill Fund</b>	<b>368,915</b>	<b>0</b>	<b>42,898</b>	<b>326,017</b>
<b>Internal Service Fund:</b>				
Compensated Absences	3,768	137	3,905	0
Utility System Series 2003 Bonds	2,915,000	0	2,915,000	0
Equipment Loan Public Works & Net Quincy (NQ Portion)	3,897	0	3,897	0
<b>Total General Long Term Debt: Internal Service Fund</b>	<b>2,922,665</b>	<b>137</b>	<b>2,922,802</b>	<b>0</b>
<b>Total Business-type Activities Long Term Debt</b>	<b>\$ 17,033,475</b>	<b>\$ 3,120,284</b>	<b>\$ 3,977,866</b>	<b>\$ 16,175,893</b>

**CITY OF QUINCY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**Note 7 - Long Term Debt (Continued)**

	September 30, 2017	Additions	Reductions	September 30, 2018	Due Within One Year
<b>Governmental Activities:</b>					
<b>Bonds:</b>					
Capital Improvement Refunding Revenue Bond 2012	\$ 3,195,000	\$ 0	\$ 291,000	\$ 2,904,000	\$ 288,000
<b>Capitalized Leases:</b>					
Honeywell Lease (Gov't Portion)	100,762	0	14,186	86,576	15,339
<b>Notes Payable:</b>					
Equipment Loan Police Cars	50,446	0	24,528	25,918	25,918
Equipment Loan Public Works & Net Quincy (PW Portion)	7,557	0	7,557	0	0
Compensated Absences	269,704	0	113,491	156,213	39,053
Net Pension Liability	2,902,585	0	98,712	2,803,873	0
Other Post Employment Benefits Liability	8,274,117	0	261,635	8,012,482	0
<b>Total Governmental Activities Debt</b>	<b>14,800,171</b>	<b>0</b>	<b>811,109</b>	<b>13,989,062</b>	<b>368,310</b>
<b>Business-Type Activities:</b>					
<b>Bonds:</b>					
Utility System Series 2003 Bonds	5,830,000	2,915,000	3,235,000	5,510,000	335,000
Utility System Series 2011 Bonds	5,400,000	0	160,000	5,240,000	170,000
<b>Notes Payable:</b>					
State Revolving Loan - Project No. DW2006010	3,196,649	0	166,399	3,030,250	171,199
State Revolving Loan - Project No. CS12064107P	638,757	0	207,526	431,231	212,873
State Revolving Loan - Project No. 200100	405,800	0	22,362	383,438	22,633
State Revolving Loan - Project No. 641090	215,827	165,135	0	380,962	0
Equipment Loan Public Works & Net Quincy (NQ Portion)	3,897	0	3,897	0	0
<b>Capitalized Leases:</b>					
Honeywell Lease (Sewer Portion)	272,059	0	38,303	233,756	41,415
Honeywell Lease (Electric Portion)	483,661	0	68,095	415,566	73,627
Honeywell Lease (Water Portion)	151,144	0	21,280	129,864	23,008
Estimated Landfill Closure and Post Closure	362,254	0	39,576	322,678	45,282
Compensated Absences	73,427	40,149	15,428	98,148	24,537
<b>Total Business-Type Activities Debt</b>	<b>17,033,475</b>	<b>3,120,284</b>	<b>3,977,866</b>	<b>16,175,893</b>	<b>1,119,574</b>

**CITY OF QUINCY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**Note 7 – Long Term Debt (Continued)**

**Long Term Debt – Governmental Activities**

**\$4,507,000 City of Quincy, Florida Capital Improvement Refunding Revenue Bond Series 2012**

Series 2012 Bond: Dated December 28, 2012, with a maturity date of June 1 2027. The fixed interest rate is 2.3%. Payments of principal and interest are due on June 1, and interest only due December 1. The first payment starts June 1, 2017, and continues until maturity on June 1, 2027.

The Series 2012 bond is declared to be a special, limited obligation of the issuer, secured solely by the pledged revenues, and shall not be or constitute a general obligation or indebtedness of the City. Neither the Series 2012 Bond nor the loan agreement shall constitute a “bond” of the issuer within the meaning of Article VII, Section 12, Florida Constitution (1968). The bonds are payable from and secured by a pledge of and lien upon the combined funds collected by the State of Florida and remitted to the City such as: (1) Guaranteed Entitlement Revenues, (2) Local Communication Service Tax Revenues, and (3) Half-Cent Sales Tax Revenues and certain funds and accounts created by the City. The bonds are subject to mandatory redemption in part prior to maturity by lot, at redemption prices equal to 100% of the principal amount thereof plus accrued interest to the date of redemption. The principal amount designated in each year for mandatory redemption constitutes the amortization installments.

These bonds require the creation and establishment of a Debt Service Fund. On a monthly basis the city will transfer Pledged Revenues from the Revenue Fund to the Debt Service Fund to provide for the payment of debt service on the Series 2012 bonds. The Debt Service Fund and the portion of the Revenue Fund allocated to pay debt service on the Series 2012 Bonds will be used primarily to achieve a proper matching of pledged Revenues and debt service on the Series 2012 Bonds within each bond Year. Amounts deposited in such accounts allocated to the payment of debt service on the Series 2012 Bonds will be depleted at least once a year except for a reasonable carryover amount not to exceed the greater of the earning on such a fund for the immediately preceding Bond Year, or one-twelfth of the debt service on the Series 2012 Bonds for the immediately preceding bond year.

These funds are accounted for under the Debt Service Fund. As of September 30, 2018, the City had a balance of \$90,087, and transferred \$360,000, the required debt service payments to the Debt Service Fund.

**Equipment Loans and Capital Lease Obligations**

Capital lease obligations relate to the acquisition of several vehicles with annual interest rates ranging from 5% to 6.6%. the balance of the Governmental for Equipment loans was \$25,918. In addition, Honeywell’s high efficiency HVAC and lighting upgrades throughout the City represents the remaining capital lease obligations. The balance of lease payables (including the Governmental portion of \$86,576) as of September 30, 2018 is \$865,762. The lease is payable in thirty semi-annual installments on January 1 and July 1, of which annual lease payments are due through July 1, 2023, in accordance with the payment schedule per agreement.



**CITY OF QUINCY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**Note 7 – Long Term Debt (Continued)**

**Long Term Debt – Business-type Activities**

Long-term debt of the City’s business-type activities, excluding compensated absences, estimated landfill post-closure costs, and capitalized leases, consists of the following:

**\$8,890,000 City of Quincy, Florida Utility System Improvement and Refunding Revenue Bonds Series 2003. (the Series 2003 Bonds)**

The City issued the Series 2003 Bonds for the purpose of refunding the utility system parity revenue Bonds Series 1986, to finance the acquisition and construction of various capital improvements to the City’s water, electric and sewer systems, to finance the acquisition and construction of capital improvements to the City’s fiber optics/broadband telecommunications system, and to fund the Reserve Account. The Series 2003 Utility Bonds are payable solely from and secured by a pledge of the net revenues of the City’s Utility System. The Series 2003 Utility Bonds principal amounts, maturities and interest rates by lot are as follows:

\$1,845,000	5.0% Term Bonds Due October 1, 2023
\$3,060,000	5.0% Term Bonds Due October 1, 2029
\$ 605,000	5.0% Term Bonds Due October 1, 2030

The Bond was issued with an original issue discount of \$118,802. The Bond Resolution created and established numerous funds and accounts including the Water System Revenue Fund, the Sewer System Revenue Fund, the Electric System Revenue Fund, the Gas System Revenue Fund, the Fiber Optic Revenue Fund, the Debt Service Fund, the Utility System Reserve Fund with the composite reserve account therein. It also required the establishment of a Utility System Renewal and Replacement Fund and the Utility System Rate Stabilization Fund. The Bond requires monthly transfers to the Debt Service Fund, the Utility System Reserve Fund, the Utility System Renewal and Replacement Fund and the Utility System Rate Stabilization Fund. All bond payments were made in a timely manner. During the year the City Transferred the assets and the balance of the Series 2002 Bonds that were recorded in the Internal Service fund to the Electric Fund. Balance at September 30, 2018: Electric Fund \$2,755,000 Water Fund \$1,377,500, Sewer Fund \$1,377,500 for a total balance at September 30, 2018 of \$5,550,000.

The Series 2003 Bonds are payable solely from and secured by a pledge of the net revenues of the City’s utility system. The Series 2003 Utility Bonds are subject to redemption prior to their stated dates of maturity at redemption prices equal to 100% of the principal amount thereof plus accrued interest to the date of redemption.

**\$6,000,000 City of Quincy, Florida Utility System Revenue Bonds Series 2011 (the Series 2011 Utility Bonds)**

The \$6.0 million Series 2011 Utility Bonds were issued in May 2011, to finance the acquisition and construction of various capital improvements to the City’s utility systems. The Project consists of utilization of existing fiber assets to deploy an Advanced Metering Infrastructure (AMI) system, upgrade the electric distribution system including the addition of monitoring devices, Supervisory Control and Data Acquisition (SCADA) and load control systems; adjusting the distribution system for the retrofit of seven substation reclosers and twenty-one substation regulators controllers for voltage control along with thirty-six motor operators for the distribution GOAB switches and six switched capacitors; those capital improvement projects previously approved and other capital improvements to the utility system allowed by law and approved by the City Commission.

**CITY OF QUINCY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**Note 7 – Long Term Debt (Continued)**

The Bond Resolution created and established numerous funds and accounts including the Water System Revenue Fund, the Sewer System Revenue Fund, the Electric System Revenue Fund, the Gas System Revenue Fund, the Fiber Optic Revenue Fund the Debt Service Fund, the Utility System Reserve Fund with the composite reserve account therein. It also required the establishment of a Utility System Renewal and Replacement Fund and the Utility System Rate Stabilization Fund. The Bond requires monthly transfers to the Debt Service Fund, the Utility System Reserve Fund, the Utility System Renewal and Replacement Fund and the Utility System Rate Stabilization Fund.

The Series 2011 Utility Bonds are payable solely from and secured by a prior lien on the net revenues of the following combined sources of the City: net revenue of the System and until expended, the moneys on deposit in the funds and accounts created by the Resolution. The lien on the net revenues of the series 2011 bonds will be on parity with the lien on the City's outstanding \$8.890 million Utility System Improvement and Refunding Revenue bonds, series 2003.

The Balance on September by fund: Electric Fund \$3,196,400, Water Fund \$681,200, Sewer Fund \$681,200, Gas Fund \$681,200 for a total balance on September 30, 2018 of \$5,240,000.

**Drinking Water State Revolving Loan Note from Florida Department of Environmental Protection FDEP (Project DW2006010) (CFDA 66.468)**

The loan was issued in an amount up to \$6,277,772 for the construction of water supply and transmission facilities which bears an annual interest of 2.33% and payable in 40 semiannual payments of \$213,246 including interest, every June 15 and December 15 of each year, starting June 15, 2003 through June 15, 2023, collateralized by revenues from the operation of the water and sewer systems. The Outstanding Balance at September 30, 2018 was \$3,030,250.

**State Revolving Loan Note from FDEP (CS12064107P)**

The loan was issued in an amount up to \$3,466,732, for a waste water treatment plant upgrade bearing annual interest at 2.56% payable in semi-annual payments of \$111,279 including interest starting March 15, 2001 through September 15, 2020, collateralized by revenues from the operation of the water and sewer systems. Outstanding Balance at September 30, 2018 was \$431,231.

**State Revolving Loan Note from FDEP (200100) (CSFA 37.077)**

The loan has an original award date of February 11, 2016, with an award amount of up to \$564,488, of which the City borrowed \$480,291 during the year. The proceeds were used for a waste water treatment plant upgrade. The interest rate is 6.05%. The loan is currently set at forty semi-annual payments of \$22,362 scheduled to be made on March 15 and September 15. The first payment was scheduled to be made September 15, 2018. The Note is collateralized by revenues from the operation of the water and sewer systems. Outstanding Balance at September was \$383,438.

**CITY OF QUINCY, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**Note 7 – Long Term Debt (Concluded)**

**State Revolving Loan Note from FDEP (641090) (CFDA 66.458)**

The loan has an original award date of September 2, 2009, with an award amount of up to \$478,753, of which the City borrowed \$200,618 over the past five years. The proceeds were used for a waste water inflow infiltration correction. The interest rate is 1.07%. The Loan had capitalized interest of \$15,208. The loan is currently set for semi-annual payments of \$15,734 scheduled to be made on May 15 and November 15 during the year the City borrowed an additional \$165,135 during the year. The first payment was scheduled to be made May 15, 2018. The note is collateralized by revenues from the operation of the water and wastewater systems. The Outstanding Balance at September 30, 2018 was \$380,962.

**Equipment Loans and Capital Lease Obligations**

Capital lease obligations relate to the acquisition of several vehicles with annual interest rates ranging from 5% to 6.6%. In addition, Honeywell’s high efficiency HVAC and lighting upgrades throughout the City represents the remaining capital lease obligations. The net book value of these assets under capital leases as of September 30, 2018 is \$1,590,173. The lease is payable in thirty semi-annual installments on January 1, and July 1, of which annual lease payments are due through July 1, 2023, in accordance with the payment schedule per agreement.

**Debt Service Requirements**

The annual requirements to amortize all long-term debt outstanding at September 30, 2018, other than the liability for accumulated vacation and sick leave, is as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2019	329,257	70,634	1,049,755	658,682
2020	323,042	63,279	1,095,787	617,312
2021	330,114	55,437	737,435	573,334
2022	335,964	47,408	765,604	541,263
2023	340,117	39,261	779,651	508,013
2024-2028	1,358,000	78,867	5,248,885	2,038,518
2029-2033	0	0	6,077,950	850,483
Total	<u>\$ 3,016,494</u>	<u>\$ 354,886</u>	<u>\$ 15,755,067</u>	<u>\$ 5,787,605</u>

**CITY OF QUINCY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**Note 8 - Contingencies and Commitments**

**Electric Purchase Contract**

During the fiscal year 2017, the City had purchase power contract with the U.S. Department of Energy, Southern Power Administration (SEPA) and with Florida Power and Light (FP&L). Under the terms of these contracts, in the given month the City purchased 8,400 kilowatts of its capacity from SEPA and the remainder of its capacity from FP&L. The City's contract with SEPA is an ongoing contract which can be terminated by either party by giving a two-year advance notice. The City entered into an eight-year agreement with Florida Power and Light beginning January 1, 2016. The City may elect to terminate early on December 31, 2021. For the year ended September 30, 2018, the City purchased electric capacity totaling \$6,302,610.

**Gas Supply Contract**

The City has an existing gas supply contract with the Municipal Gas Authority of Georgia (the "Authority") through December 31, 2025. Under the terms of the original contract including supplemental contracts, the Authority is obligated to establish a fair and non-discriminatory pricing mechanism designed to recover all of the costs for such services and maintain, to the extent practical, relative comparative pricing in a manner consistent in the industry. The City must establish, maintain and collect rates and charges, to be able to pay all amounts payable to the Authority including but not limited to (a) cost of gas supplies provided to the City and costs allocated to the City under the Annual Authority Budget and Project Cost Projections; and (b) all other lawful charges against the City's gas revenue. In addition, the City is obligated not to suspend or discontinue any payments provided in the contract, until all obligations of the Authority for the furtherance of providing services to the City, have been fully paid. For the year ended September 30, 2018, the City purchased gas totaling \$766,737.

**Grant Programs**

The City participates in a number of federal and state grant programs. These programs are subject to financial and compliance audits by the grantors or their respective representatives. The possible disallowance of any item charged to the program or request for the return of any unexpended funds cannot be determined at this time. No provision, for any liability that may result has been made in the financial statements.

**Litigation**

The City is involved in pending lawsuits. Although the outcome of these lawsuits is not presently determined, in the opinion of management and the City's Attorney, potential claims from litigation against the City which are not covered by insurance, would not materially affect the financial position of the City.

**CITY OF QUINCY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**Note 8 - Contingencies and Commitments (Concluded)**

**Accounting for Municipal Landfill Closure and Post Closure Care Costs**

At September 30, 2018, the City's total liability for landfill closure and post-closure care costs was approximately \$322,678. The City was notified by Florida Department of Environmental Protection (FDEP) that the Quincy-Byrd Landfill was determined to be closed.

The current liability is based on annual monitoring costs of \$45,282 for a period of eight years. The liability was reduced by the annual monitoring expenses estimated. The City is required by state and federal laws and regulations to make annual deposits in an interest-bearing escrow account to cover one year of post closure care costs of \$45,282. Cash deposited in the escrow account was \$45,282.

**Permit to Operate Sewer System**

The City is operating its Sewer system under a permit from the Florida Department of Environmental Protection (FL0029033-Major). This permit is issued under the provisions of Chapter 403, Florida Statutes (F.S.), and applicable rules of the Florida Administrative Code (F.A.C.) and constitutes authorization to discharge to waters of the state under the National Pollutant Discharge Elimination System. The permit is accompanied by an Administrative Order, pursuant to paragraphs 403.088(2)(e) and (f), Florida Statutes.

Compliance with Administrative Order, AO058NWD is a specific requirement of the permit. The City filed a one hundred and eighty (180) day permit renewal application before the August 19, 2017, sewer permit expiration date to continue to operate the sewer facilities. The City's 180-day permit renewal application provides an automatic extension to continue operations of the Sewer system facility, until the five (5) year renewal permit is issued.

**Note 9 - Retirement Savings Plan (RSP)**

The Retirement Savings Plan (RSP) of the City is a defined contribution pension plan established to provide benefits to employees upon retirement. The City is required to contribute an amount equal to 12% of the base pay of each eligible employee. Plan provisions and contribution requirements are established and may be amended by the City. During the fiscal year September 30, 2018, the City contributed \$410,436 for eligible employees.

**Note 10 – General Information About The OPEB Plan**

*Plan Description:*

The City of Quincy's Retiree Health Care Plan (Plan) is a single-employer defined benefit postemployment health care plan that covers eligible retired employees of the City.

The Plan, which is administered by the City, allows employees who retire and meet retirement eligibility requirements under one of the City's retirement plans to continue medical insurance coverage as a participant in the City's plan. The plan is funded on a pay-as-you-go basis and is not administered as a formal qualifying trust. There were no plan assets as of September 30, 2018. For purposes of applying Paragraph 4 under Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the Plan does not meet the requirements for an OPEB plan administered through a trust. All amounts have been determined on the same basis as they are reported by the City.

**CITY OF QUINCY, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**Note 10 – General Information About The OPEB Plan (Continued)**

*Employees Covered by Benefit Terms:*

At September 30, 2017, the following employees were covered by the benefit terms:

Inactive Plan Members, or Beneficiaries Currently Receiving Benefits	35
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	0
Active Plan Members	87
	122

*Benefits Provided:*

The City pays 100% of the retiree’s monthly medical premium before and after age 65. The retiree must pay the full premium for eligible dependent coverage. Retirees are covered for their lifetime and eligible dependents are also covered for their lifetime as long as they continue to pay the premium.

Retirees participating in the dental insurance plans offered by the City are required to contribute 100% of the Active premiums. As such, the projected employee premiums for the dental program are assumed to cover the entire cost of the program.

**TOTAL OPEB LIABILITY**

The measurement date is September 30, 2017.

The measurement period for the OPEB expense was October 1, 2016 to September 30, 2017.

The reporting period is October 1, 2017 through September 30, 2018.

The City’s Total OPEB Liability was measured as of September 30, 2017.

Note – The City’s Total OPEB Liability for the City’s ledger adjustment was measured as of September 30, 2016 using a discount rate of 3.06%. The Total OPEB Liability was “rolled-back” from September 30, 2017 at 3.06%, thus producing no experience gain or loss for the period from October 1, 2016 to September 30, 2017.

*Actuarial Assumptions:*

The Total OPEB Liability was determined by an actuarial valuation as of September 30, 2018 using the following actuarial assumptions:

Inflation Rate	2.50%
Salary Increase Rate(s)	4.00%
Discount Rate	3.64%
Initial Trend Rate	8.50%
Ultimate Trend Rate	4.00%
Years to Ultimate	55

**CITY OF QUINCY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**Note 10 – General Information About The OPEB Plan (Continued)**

All mortality rates were based on the RP-2000 mortality tables. All mortality rates are those outlined in Milliman's July 1, 2018 Florida Retirement System (FRS) valuation report.

**Mortality – Active Lives:**

For female lives, 100% of the Combined Healthy White-Collar table was used. For male (non-special risk) lives, a 50% Combined Healthy White-Collar table, 50% Combined Healthy Blue-Collar table blend was used. For male special risk lives, a 10% Combined Healthy White-Collar table, 90% Combined Healthy Blue-Collar table blend was used. All tables include fully generational adjustments for mortality improvements using improvement scale BB.

**Mortality – Inactive Healthy Lives:**

For female lives, 100% of the Annuitant White-collar table was used. For male (non-special risk) lives, a 50% Annuitant White-Collar table, 50% Annuitant Blue-Collar table blend was used. For male special risk lives, a 10% Annuitant White-Collar table, 90% Annuitant Blue-Collar table blend was used. All tables include fully generational adjustments for mortality improvements using improvement scale BB.

**Mortality – Disabled Lives:**

For female (non-special risk) lives, 100% of the Disabled Female table was used, set forward two years. For female special risk lives, a 60% Disabled Female table, 40% Annuitant White-Collar table with no setback blend was used. For male (non-special risk) lives, 100% of the Disabled Male table was used, set back four years. For male special risk lives, a 60% Disabled Male table, 40% Annuitant White-Collar table with no setback blend was used. Disabled mortality has not been adjusted for mortality improvement.

**Discount Rate:**

Given the City's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 3.64%. The high-quality municipal bond rate was based on the week closest but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve. The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

**CITY OF QUINCY, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**Note 10 – General Information About The OPEB Plan (Continued)**

**CHANGE IN TOTAL OPEB LIABILITY**

	Increases and (Decreases) in Total OPEB Liability	
Reporting Period Ending September 30, 2017	\$	8,274,117
Changes for the Year:		
Service Cost		502,595
Interest		265,592
Differences between Expected and Actual Experience		0
Changes of assumptions		(833,873)
Changes of benefit terms		0
Contributions – Employer		0
Benefit Payments		(195,949)
Other Changes		0
Net Charges		(261,635)
Reporting Period Ending September 30, 2018	\$	8,012,482

Changes in assumptions reflect a change in the discount rate from 3.06% for the reporting period ended September 30, 2017, to 3.64% for the reporting period ended September 30, 2018.

*Sensitivity of the Total OPEB Liability to changes in the Discount Rate:*

The following presents the Total OPEB Liability of the City, as well as what the City’s Total OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease 2.64%	Current Discount Rate 3.64%	1% Increase 4.64%
Total OPEB Liability (Asset)	\$ 9,529,715	\$ 8,012,482	\$ 6,821,440

*Sensitivity of the Total OPEB Liability to changes in the Healthcare Cost Trend Rates:*

The following presents the Total OPEB Liability of the City, as well as what the City’s Total OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease 3.00% - 7.50%	Healthcare Cost Trend Rates 4.00% - 8.50%	1% Increase 5.00% - 9.50%
Total OPEB Liability (Asset)	\$ 6,737,784	\$ 8,012,482	\$ 9,668,379



**CITY OF QUINCY, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**Note 10 – General Information About The OPEB Plan (Concluded)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.** For the year ended September 30, 2018, the City reported Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 0	\$ 0
Changes in Assumptions	0	741,220
Employer Contributions Subsequent to the Measurement		
Date	217,294	0
Total	\$ 217,294	\$ 741,220

Amounts reported as Deferred Outflows or Resources and Deferred Inflows of Resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30,	
2019	\$ (92,653)
2020	(92,653)
2021	(92,653)
2022	(92,653)
2023	(92,653)
Thereafter	(277,955)
Total	\$ (741,220)

**Note 11- Police and Firemen’s Supplemental Pension Plan**

*Plan Administration*

The Plan is a single-employer defined benefit pension plan administered by the Plan’s Board of Trustees comprised of: Five Members, two of whom, unless prohibited by law shall be legal residents of the municipality, who shall be appointed by the legislative body of the city and one Member of the Board shall be a police officer as defined in F.S. & 185.02 and one Member shall be a firefighter as defined in F.S. & 175.032, respectively, elected by a majority of the active firefighters and police officers who are Members of the plan. The fifth Member shall be chosen by a majority of the previous four Members as provided for herein, and such person’s name shall be submitted to the legislative body of the city.

Plan Membership as of October 1, 2017:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	38
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	26
Active Plan Members	22
	86

**CITY OF QUINCY, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**Note 11- Police and Firemen’s Supplemental Pension Plan (Continued)**

*Benefits Provided*

The Plan provides retirement, termination, disability and death benefits.

**Normal Retirement**

Eligibility: Earlier of: 1) age 55 and 10 years of Credited Service, or 2) the completion of 25 years of Credited Service, regardless of age.

Benefit: 2.0% of Average Final Compensation through April 10, 2007 and 2.5% thereafter, times Credited Service.

**Early Retirement**

Eligibility: Age 50 and 10 years of Credited Service.

Benefit: Calculated in the same manner as for Normal Retirement, but reduced 3% per year that the Early Retirement Date precedes Normal Retirement.

**Vesting**

Less than 5 years of Service: Refund of Member Contributions, if any, with 5% interest.

5 years or more: Vested percentage of accrued benefit payable at otherwise Normal Retirement Date. Percentage determined as follows:

Credited Service	Percentage
5	50%
6	60%
7	70%
8	80%
9	90%
10	100%

**Disability**

Eligibility: Service Incurred Covered from Date of Employment.

Non-Service Incurred 10 years of Credited Service.

Benefit: Benefit accrued to date of disability but not less than 42% of Average Final Compensation (Service Incurred.)

**Pre-Retirement Death Benefits**

Hired before 12/31/99: A monthly income which can be provided by greater of

- (a) Single-sum value of accrued deferred monthly retirement income at date of death, or
- (b) The smaller of:
  1. 120 times Average Final Compensation at date of death, or
  2. 100 times anticipated monthly retirement income at normal retirement.

Hired after 12/30/99:

Vested Monthly accrued benefit payable to designated Beneficiary for life (with the first 120 payments guaranteed) at otherwise Normal Retirement Date.

Non-Vested Refund of accumulated contributions with interest.

**Share Plan:**

Adopted with ordinance 1086-2016. Currently, no Chapter 175 and 185 Premium Tax Monies are available for allocation

**CITY OF QUINCY, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**Note 11- Police and Firemen's Supplemental Pension Plan (Continued)**

*Contributions*

Member Contributions: 7.5% of Salary.

City and State Contributions: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

**Investments**

*Investment Policy*

The following was the Board's adopted asset allocation policy as of September 30, 2018:

Asset Class	Target Allocation
Domestic Equity	55%
International Equity	10%
Broad Market Fixed Income	20%
Global Fixed Income	5%
Real Estate	10%
Total	100%

*Concentrations*

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's Fiduciary Net Position.

*Rate of Return:*

For the year ended September 30, 2018, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was 9.82% percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net Pension Liability of the Sponsor**

The components of the Net Pension Liability of the Sponsor on September 30, 2018, were as follows:

Total Pension Liability	\$10,632,450
Plan Fiduciary Net Position	(7,828,577)
Sponsor's Net Pension Liability	\$2,803,873
Plan Fiduciary Net Position as a percentage of Total	73.63%

*Actuarial Assumptions*

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2018, updated to September 30, 2018, using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	4.00%
Discount Rate	7.50%
Investment Rate of Return	7.50%

**CITY OF QUINCY, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**Note 11- Police and Firemen’s Supplemental Pension Plan (Continued)**

*Mortality Rate Healthy Inactive Lives:*

Female: RP2000 Generational, 100% Annuitant white collar, Scale BB

Male: RP2000 Generational, 10% Annuitant white collar, 90% Annuitant Blue Collar, Scale BB

*Mortality Rate Healthy Active Lives:*

Female: RP2000 Generational, 100% Annuitant white collar, Scale BB

Male: RP2000 Generational, 10% Annuitant white collar, 90% Annuitant Blue Collar, Scale BB

*Mortality Rate Disabled Lives:*

Female: 60% RP2000 Disabled Female set forward two years/40% Annuitant Whiter Collar with no Setback, no projection scale

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

The most recent actuarial experience study used to review the other significant assumptions was dated July 30, 2013.

Long-Term Expected Rate of Return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Pension Plan investment expenses and inflation) are developed for each major asset class.

For 2018 the inflation rate assumption was 2.5%. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the Pension Plan’s target asset allocation as of September 30, 2018, are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return
Domestic Equity	7.5%
International Equity	8.5%
Broad Market Fixed Income	2.5%
Global Fixed Income	3.5%
Real Estate	4.5%

Discount Rate: The discount rate used to measure the Total Pension Liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan’s Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

**CITY OF QUINCY, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**Note 11- Police and Firemen's Supplemental Pension Plan (Continued)**

**Sensitivity of the Net Pension liability to Changes in the Discount Rate**

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Sponsor's Net Pension Liability	\$ 3,933,646	\$ 2,803,873	\$ 1,854,383

**Schedule of Changes in Net Pension Liability and Related Ratios**

	<u>9/30/2018</u>
<b>Total Pension Liability</b>	
Service Cost	\$ 91,547
Interest	776,987
Change in Funding Standard Account	0
Changes of benefit terms	0
Differences Between Expected and Actual Experience	(58,773)
Changes of Assumptions	251,771
Benefit Payments, including refunds of Employee Contributions	<u>(726,417)</u>
<b>Net Change in Total Pension Liability</b>	335,155
<b>Total Pension Liability - Beginning</b>	<u>10,297,295</u>
<b>Total Pension Liability - Ending (a)</b>	<u>\$10,632,450</u>
<b>Plan Fiduciary Net Position</b>	
Contributions - Employer	\$ 320,186
Contributions - State	104,390
Contributions - Employee	64,854
Net Investment Income	703,177
Benefit Payments, including Refunds and Contributions	(726,417)
Administrative Expense	<u>(32,323)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	433,867
<b>Plan Fiduciary Net Position - Beginning</b>	<u>7,394,710</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>7,828,577</u>
<b>Net Pension Liability (Asset) (a) - (b)</b>	<u>\$ 2,803,873</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	73.68%
Covered Employee Payroll	\$ 864,717
Net Pension Liability as a percentage of Covered Employee Payroll	324.25%

**Change of Assumption**

For measurement date September 30, 2018 amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.75% to 7.50% per year compounded annually, net of investment related expenses.

**CITY OF QUINCY, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**Note 11- Police and Firemen’s Supplemental Pension Plan (Concluded)**

For measurements dated September 30, 2016, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to assumptions used by the Florida Retirement System for special risk employees. The inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation assumption by Plan’s investment consultant.

Final Pension Expense and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2018, the sponsor has recognized a Pension expense of \$489,896.

On September 30, 2018, the sponsor reported Deferred outflows or resources and Deferred inflows of Resources related to Pensions from the following sources:

**Schedule of Deferred Outflows and Deferred Inflows**

	Deferred Outflows of Resources	Deferred Inflows of resources
Differences between Expected and Actual Experiences	\$ 153,601	\$ 0
Change of Assumptions	0	0
Net Difference between Projected and Actual Earnings on Pension		
Plan Investment	0	23,528
Employer and State Contributions Subsequent to Measurement Date	424,576	0
Total	\$ 578,177	\$ 23,528

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer and State contributions subsequent to the measurement date has been recognized as a reduction of the Net Pension Liability in the year-ended September 30, 2018. Other amounts reported as Deferred Outflows of resources and Deferred Inflows of Resources related to pension will be recognized in Pension Expense as follows:

Year ended September 30,	
2019	\$ 187,904
2020	78,525
2021	(46,471)
2022	(89,885)
2023	0
Thereafter	0
Total	\$ 130,073

Payable to the Pension Plan: On September 30, 2017, the sponsor reported a payable of \$77,174 for the outstanding amount of contributions of the Pension plan required for the year-ended September 30, 2017.

**CITY OF QUINCY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**Note 12 - Risk Management**

It is the policy of the City to purchase insurance for the risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City obtained general liability insurance at a cost it considered to be economically justifiable. The government pays an annual premium for its general insurance coverage to Florida League of Cities, Inc.

**Note 13 - Budget**

For the year ended September 30, 2018, expenditures were under appropriations in the City's general fund in most expenditure categories.

**Note 14 - Interfund Transfers**

<u>Transfers Out</u>	<u>Transfers In</u>					<u>Total</u>
	<u>General Fund</u>	<u>Refuse Fund</u>	<u>Debt Service</u>	<u>Landfill</u>	<u>Electric Fund</u>	
General Fund	\$ 0	\$ 0	\$ 360,000	\$ 0	\$ 0	\$ 360,000
Electric	4,017,581	0	0	0	0	4,017,581
Water	77,997	0	0	0	0	77,997
Waste Water	120,000	0	0	0	0	120,000
Refuse	50,000	0	0	0	0	50,000
Landfill	0	48,000	0	0	0	48,000
Gas	294,661	0	0	0	0	294,661
Internal service	0	0	0	0	1,232,638	1,232,638
<b>Total</b>	<b>\$ 4,560,239</b>	<b>\$ 48,000</b>	<b>\$ 360,000</b>	<b>\$ 0</b>	<b>\$ 1,232,638</b>	<b>\$ 4,968,239</b>

**Note 15 - Advances To and From Other Funds**

<u>Advances To</u>	<u>Advances From</u>		
	<u>Electric</u>	<u>Waste Water</u>	<u>Total</u>
Electric	\$ 200,000	\$ 0	\$ 200,000
Water	479,943	479,943	479,943
Waste Water	479,943	479,943	479,943
Gas	479,943	479,943	479,943
<b>Total</b>	<b>\$1,639,829</b>	<b>\$1,439,829</b>	<b>\$ 200,000</b>

**Note 16 - Fund Balance**

In accordance with GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions, the City classifies governmental fund balances as follows:

**CITY OF QUINCY, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**Note 16 - Fund Balance (Concluded)**

Non-spendable Fund Balances – includes fund balance amounts that cannot be spent either because they are a) not in a spendable form, such as inventory, or b) because they are legally or contractually required to be maintained intact.

Spendable fund balances:

- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation.
- Assigned – includes spendable fund balance amounts established by management of the City that are intended to be used for specific purposes that are neither considered restricted or committed.
- Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The City uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made. The City does not have a formal fund balance policy.

**Schedule of the City's Fund Balances is shown below:**

	<u>General Fund</u>	<u>CRA</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Restricted for:					
Law Enforcement	\$ 0	\$ 0	\$25,827	\$ 0	\$ 25,827
Debt Service	0	0	0	90,087	90,087
Economic Environment	0	366,192	0	0	366,192
Assigned	221,973	0	0	0	221,973
Unassigned	801,398	0	0	0	801,398
Total Fund Balance	<u>\$1,023,371</u>	<u>\$366,192</u>	<u>\$25,827</u>	<u>\$90,087</u>	<u>\$ 1,505,477</u>

**Note 17 – Subsequent Events**

Management has evaluated subsequent events through June 24, 2018 the date the financial statements were available to be issued, and concluded that there are no other subsequent events warranting presentation or disclosure in the financial statements.



**CITY OF QUINCY, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2018**

**CITY OF QUINCY, FLORIDA  
POLICE AND FIREMEN'S SUPPLEMENTAL  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
YEAR ENDED SEPTEMBER 30, 2018**

	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Total Pension Liability	\$ 91,547	\$ 97,154	\$ 81,748	\$ 79,756	\$ 75,629
Service cost	776,987	743,912	706,961	707,360	702,446
Interest	0	0	0	0	(104,969)
Change in Funding Standard Account	0	0	0	0	0
Changes of benefit terms	(58,733)	307,201	28,822	(139,070)	0
Differences between Expected and Actual Experience	251,771	0	344,566	0	0
Changes of assumptions	<u>(726,417)</u>	<u>(705,357)</u>	<u>(696,094)</u>	<u>(614,276)</u>	<u>(613,357)</u>
Benefit Payments, including Refunds of Employee Contributions	335,155	442,910	466,003	33,770	59,749
Net Changes in Total Pension Liability	10,297,295	9,854,385	9,388,382	9,354,612	9,294,863
Total Pension Liability - Beginning	<u>10,632,450</u>	<u>10,297,295</u>	<u>9,854,385</u>	<u>9,388,382</u>	<u>9,354,612</u>
Total Pension Liability - Ending (a)					
Plan Fiduciary Net Position	320,186	332,291	324,161	173,276	203,047
Contributions - Employer	104,390	101,068	100,511	196,371	102,057
Contributions - State	64,854	69,532	74,620	64,890	60,662
Contributions - Employee	703,177	957,394	286,861	(96,294)	713,364
Net Investment Income	<u>(726,417)</u>	<u>(705,357)</u>	<u>(696,094)</u>	<u>(614,276)</u>	<u>(613,357)</u>
Benefit Payments, including Refunds of Employee Contributions	(32,323)	(31,832)	(38,392)	(31,320)	(27,834)
Administrative Expense	433,867	723,096	51,667	(307,353)	437,939
Net Change in Plan Fiduciary Net Position	7,394,710	6,671,614	6,619,947	6,927,300	6,489,361
Plan Fiduciary Net Position - Beginning	<u>7,828,577</u>	<u>7,394,710</u>	<u>6,671,614</u>	<u>6,619,947</u>	<u>6,927,300</u>
Plan Fiduciary Net Position - Ending (b)					
Net Pension Liability - Ending (a) - (b)	\$ 2,803,873	\$ 2,902,585	\$ 3,182,771	\$ 2,768,435	\$ 2,427,312
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	73.63%	71.81%	67.70%	70.51%	74.05%
Covered Payroll	\$ 864,717	\$ 931,955	\$ 1,023,306	\$ 867,717	\$ 808,824
Net Pension Liability as a percentage of Covered Payroll	324.25%	311.45%	311.03%	319.05%	300.10%

**Notes to Schedule:**

*Changes in assumptions:*

For measurement date 09/30/2018, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.75% to 7.50% per year compounded annually, net of investment related expenses

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

**CITY OF QUINCY, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
POLICE AND FIREMEN'S SUPPLEMENTAL PENSION PLAN  
YEAR ENDED SEPTEMBER 30, 2018**

**SCHEDULE OF CONTRIBUTIONS  
Last 10 Fiscal Years**

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Payroll
9/30/2018	\$ 424,576	\$ 424,576	0	\$ 864,717	49.10%
9/30/2017	\$ 433,359	\$ 433,359	0	\$ 931,955	46.50%
9/30/2016	\$ 424,672	\$ 424,672	0	\$ 1,023,306	41.50%
9/30/2015	\$ 369,647	\$ 369,647	0	\$ 867,717	42.60%
9/30/2014	\$ 410,073	\$ 410,073	0	\$ 808,824	50.70%

**Notes to Schedule**

Valuation Date: 10/01/2017

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

Methods and assumptions used to determine contribution rates:

Funding Method:	Entry Age Normal Actuarial Cost Method
Amortization Method:	Level dollar
Remaining Amortization Period:	20 years (as of 10/1/2017) valuation
Mortality Rate:	<i>Healthy Lives</i> ; Female RP2000 Generational, 100% Annuitant White collar, Scale BB. Male: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB <i>Disabled Lives</i> ; Female 60% RP 2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale. Male; 60% RP2000 Disabled Male setback four years / 40% Annuitant White

Collar with no setback, no projection scale.

The above assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumption used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2016 FRS valuation report for special risk participants. We feel this assumption sufficiently accommodates future mortality improvements.

Interest Rate:	7.75% per year compounded annually, net of investment related expenses. This is supported by the target asset class allocation of the trust and the expected long-term return by asset class.
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Salary Increases:	4% per year.
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**CITY OF QUINCY, FLORIDA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 POLICE AND FIREMEN'S SUPPLEMENTAL PENSION PLAN  
 YEAR ENDED SEPTEMBER 30, 2018**

**Notes to Schedule (continued)**

Final Salary Load: Projected salary in the year of retirement is increased by 2% to account for non-regular compensation.  
 Payroll Growth: None

Normal Retirement:	Credit Service	Probability
	25	50%
	26	25%
	27	67%
	28	50%
	29	50%
	30	100%

In addition to the above table, 100% of retirement is assumed upon the attainment of age 55 with 10 years Credited Service. These rates are based on an experience study issued July 30, 2013.

Disability Rates: See Table for below sample rates. 75% of Disability Retirements are assumed to be service-incurred.

AGE	% Becoming Disabled During the year
25	0.09%
35	0.14%
45	0.24%
55	0.38%

These rates are based on an experience study issued July 30, 2013

Asset Smoothing Methodology: The Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net-of-fees). Over time, this may result in an insignificant bias that is above or below the Market Value of Assets.

Termination Rates

Credit Service	Assumption
Less than 5 years	20%
5 or more years	5.0%

Early Retirement: Commencing at the eligibility for Early Retirement, Members are assumed to retire with an immediate subsidized benefit at the rate of 20% per year. This rate is based on an experience study issued July 30, 2013.

**CITY OF QUINCY, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
POLICE AND FIREMEN'S SUPPLEMENTAL PENSION PLAN  
YEAR ENDED SEPTEMBER 30, 2018**

**SCHEDULE OF INVESTMENT RETURNS**  
Last 10 Fiscal Years

<u>Fiscal Year Ended</u>	<u>Annual Money-Weighted Rate of Return Net of Investment Expense</u>
9/30/2018	9.82%
9/30/2017	14.85%
9/30/2016	4.46%
9/30/2015	-1.44%
9/30/2014	11.33%

**CITY OF QUINCY, FLORIDA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 OTHER POSTEMPLOYMENT BENEFITS PROGRAM  
 YEAR ENDED SEPTEMBER 30, 2018**

**SCHEDULE OF CHANGES IN CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS**

Reporting Period Ending	9/30/2018
Measurement Date	<u>9/30/2017</u>
<b>Total OPEB Liability</b>	
Service cost	\$ 502,595
Interest	265,592
Changes of benefit terms	0
Differences between Expected and Actual Experience	0
Changes of assumptions	(833,873)
Benefit Payments	<u>(195,949)</u>
Net Change in Total OPEB Liability	(261,635)
Total OPEB Liability - Beginning	<u>8,274,117</u>
Total OPEB Liability - Ending	<u>\$ 8,012,482</u>
Covered Payroll	\$ 3,602,887
City's total OPEB Liability as a percentage of Covered Payroll	222.39%

**Notes to Schedule:**

Covered Employee Payroll was projected one year forward from the valuation date for the reporting period ending September 30, 2018.

*Changes of assumptions:* Changes of Assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

FY 2018	3.64%
FY 2017	3.06%

**CITY OF QUINCY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL-GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 1,894,160	\$ 1,894,160	\$ 1,945,592	\$ 51,432
Licenses and Permits	157,400	\$ 157,400	149,942	(7,458)
Intergovernmental Revenues	1,041,400	\$ 1,041,400	1,118,369	76,969
Charges for Services	465,350	\$ 465,350	456,652	(8,698)
Fines and Forfeitures	33,000	\$ 33,000	35,100	2,100
Miscellaneous Revenues	147,396	\$ 147,396	228,049	80,653
<b>Total Revenues</b>	<u>3,738,706</u>	<u>3,738,706</u>	<u>3,933,704</u>	<u>194,998</u>
<b>Expenditures</b>				
Current:				
General Government	2,080,666	2,080,666	1,939,150	141,516
Public Safety	3,689,580	3,689,580	3,555,669	133,911
Physical Environment	1,952,771	1,952,771	159,481	1,793,290
Transportation	0	0	687,141	(687,141)
Economic Environment	0	0	142,055	(142,055)
Culture and Recreation	439,912	439,912	462,764	(22,852)
Debt Service:				
Principal	47,659	47,659	46,235	1,424
Interest	7,519	7,519	7,425	94
Capital Outlay	322,838	322,838	948,256	(625,418)
<b>(Total Expenditures)</b>	<u>(8,540,945)</u>	<u>(8,540,945)</u>	<u>(7,948,176)</u>	<u>592,769</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(4,802,239)</u>	<u>(4,802,239)</u>	<u>(4,014,472)</u>	<u>787,767</u>
<b>Other Financing Sources (Uses)</b>				
Debt Proceeds	0	0	0	0
Operating Transfers in	4,610,239	4,610,239	4,560,239	(50,000)
Operating Transfers out	0	0	(360,000)	(360,000)
<b>Total Other Financing Sources (Uses)</b>	<u>4,610,239</u>	<u>4,610,239</u>	<u>4,200,239</u>	<u>(410,000)</u>
<b>Net Change in Fund Balance</b>	(192,000)	(192,000)	185,767	377,767
<b>Fund Balance, Beginning of Year</b>	<u>192,000</u>	<u>192,000</u>	<u>837,604</u>	<u>645,604</u>
<b>Fund Balance, End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,023,371</u>	<u>\$ 1,023,371</u>

**CITY OF QUINCY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL-COMMUNITY REDEVELOPMENT AGENCY**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Tax Increment	413,266	413,266	415,677	2,411
Licenses and Permits	0	0	0	0
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Fines and Forfeitures	0	0	0	0
Miscellaneous Revenues	0	0	913	913
<b>Total Revenues</b>	<u>413,266</u>	<u>413,266</u>	<u>416,590</u>	<u>3,324</u>
<b>Expenditures</b>				
Current:				
General Government	0	0	0	0
Public Safety	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Economic Environment	210,766	210,766	191,261	(19,505)
Culture and Recreation	0	0	0	0
Debt Service:				
Principal	0	0	0	0
Interest	0	0	0	0
Capital Outlay	402,500	402,500	94,773	(307,728)
<b>(Total Expenditures)</b>	<u>613,266</u>	<u>613,266</u>	<u>286,033</u>	<u>(19,505)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(200,000)</u>	<u>(200,000)</u>	<u>130,557</u>	<u>22,829</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers in	0	0	0	0
Operating Transfers out	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Change in Fund Balance</b>	(200,000)	(200,000)	130,557	22,829
<b>Fund Balance, Beginning of Year</b>	<u>200,000</u>	<u>200,000</u>	<u>235,635</u>	<u>35,635</u>
<b>Fund Balance, End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 366,192</u>	<u>\$ 58,464</u>



**CITY OF QUINCY, FLORIDA**  
**NOTES TO BUDGETARY COMPARISON SCHEDULE**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2018**

**Notes to Budgetary Comparison Schedule**

Chapter 166, Florida Statutes, requires that all municipalities prepare, approve, adopt and execute an annual budget for such funds as may be required by law or by sound financial practices and generally accepted accounting principles. The budgets control the levy and the expenditures of money for City purposes for the ensuing fiscal year. The budgeting process is based on estimates of revenues and expenditures. The City budgets are prepared on a modified-accrual basis or accrual basis of accounting in accordance with generally accepted accounting principles.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to August 15, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are held to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.
4. Budgetary control is maintained at the department and fund level, with Finance Department providing support to departments in the administration of their budget. In accordance with the City's budget transfer policy, the City Manager is authorized to transfer budgeted amounts within any fund or function; however, the City Commission must approve any supplemental appropriations or revisions that amend the total expenditures of any fund. All budgets are on a basis consistent with accounting principles generally accepted in the United States of America.
5. Budget amounts are as originally adopted, or as amended in accordance with City ordinances. The accompanying financial statements incorporate the original budget ordinance and all amendments thereto.
6. All annual appropriations lapse at fiscal year-end.

**CITY OF QUINCY, FLORIDA**  
**COMBINING FUND FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**CITY OF QUINCY, FLORIDA  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2018**

	<u>Special Revenue Confiscated Property Fund</u>	<u>Debt Service 2012 Refunding Bond</u>	<u>Total Non-Major Governmental Funds</u>
<b>Assets</b>			
Cash and Cash Equivalent	\$ 25,827	\$ 90,087	\$ 115,915
Investments	0	0	0
Reveivables (Net)	0	0	0
Assessment Receivables (Net)	0	0	0
Due from Other Governments	0	0	0
Advances to Other Funds	0	0	0
<b>Total Assets</b>	<u>25,827</u>	<u>90,087</u>	<u>115,915</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	0	0	0
Accrued Expenses	0	0	0
Due to Other Governments	0	0	0
Advances to Other Funds	0	0	0
<b>Total Liabilities</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances</b>			
Nonspendable:			
Advances to Other Funds	0	0	0
Restricted for:			
Law Enforcement	25,827	0	25,827
Physical Environment	0	0	0
Debt Service	0	90,087	90,087
Unassigned	0	0	0
<b>Total Fund Balances</b>	<u>25,827</u>	<u>90,087</u>	<u>115,914</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 25,827</u>	<u>\$ 90,087</u>	<u>\$ 115,914</u>

**CITY OF QUINCY, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Special Revenue Confiscated Property Fund</u>	<u>Debt Service 2012 Refunding Bond</u>	<u>Total Combined Non-Major Funds</u>
<b>Revenues</b>			
Taxes	\$ 0	\$ 0	\$ 0
Tax Increment	0	0	0
Licenses and Permits	0	0	0
Intergovernmental Revenues	0	0	0
Charges for Services	0	0	0
Fines and Forfeitures	0	0	0
Miscellaneous Revenues	41	61	101
<b>Total Revenues</b>	<u>41</u>	<u>61</u>	<u>101</u>
<b>Expenditures</b>			
General Government	0	0	0
Public Safety	0	0	0
Physical Environment	0	0	0
Transportation	0	0	0
Economic Environment	0	0	0
Culture and Recreation	0	0	0
IT Support	0	0	0
Debt Service:	0	0	0
Principal	0	291,000	291,000
Interest	0	73,485	73,485
Capital Outlay	0	0	0
<b>(Total Expenditures)</b>	<u>0</u>	<u>364,485</u>	<u>364,485</u>
<b>(Deficiency) Excess of Revenues (Under) Over Expenditures</b>	<u>41</u>	<u>(364,424)</u>	<u>(364,384)</u>
<b>Other Financing Sources (Uses)</b>			
Debt Proceeds	0	0	0
Transfers in	0	360,000	360,000
Transfers (out)	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>360,000</u>	<u>360,000</u>
<b>Net Change in Fund Balances</b>	41	(4,424)	(4,384)
<b>Fund Balances, Beginning of Year</b>	<u>25,786</u>	<u>94,512</u>	<u>120,298</u>
<b>Fund Balances, End of Year</b>	<u>\$ 25,827</u>	<u>\$ 90,087</u>	<u>\$ 115,915</u>

**CITY OF QUINCY, FLORIDA**  
**COMBINING STATEMENT OF FUND NET POSITION**  
**NON-MAJOR PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2018**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Total Non-Major Funds</b>
	<b>Non-Major Funds</b>			
	<b>Refuse Fund</b>	<b>Landfill Fund</b>	<b>Gas Fund</b>	
<b>Assets</b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 35	\$ 62,131	\$ 182,055	\$ 244,221
Investments	0	0	0	0
Receivables, net	187,432	14,240	126,533	328,204
Inventories	0	0	2,749	2,749
<b>Total Current Assets</b>	<u>187,466</u>	<u>76,371</u>	<u>311,337</u>	<u>575,174</u>
<b>Noncurrent Assets</b>				
<b>Restricted Assets:</b>				
Restricted Cash and Cash Equivalents	0	45,282	352,819	398,101
<b>Total Restricted Assets</b>	<u>0</u>	<u>45,282</u>	<u>352,819</u>	<u>398,101</u>
<b>Capital Assets:</b>				
Land and Land Improvements	0	54,878	403,717	458,595
Property, Plant and Equipment	137,121	485,528	1,351,089	1,973,738
(Accumulated Depreciation)	0	(432,842)	(1,318,778)	(1,751,620)
<b>Total Net Capital Assets</b>	<u>137,121</u>	<u>107,564</u>	<u>436,028</u>	<u>680,713</u>
<b>Other Assets:</b>				
Advances to Other Funds	0	0	479,943	479,943
<b>Total Noncurrent Assets</b>	<u>137,121</u>	<u>152,846</u>	<u>1,268,790</u>	<u>1,558,757</u>
<b>Total Assets</b>	<u>\$ 324,587</u>	<u>\$ 229,217</u>	<u>\$ 1,580,127</u>	<u>\$ 2,133,931</u>

**CITY OF QUINCY, FLORIDA**  
**COMBINING STATEMENT OF FUND NET POSITION**  
**NON-MAJOR PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2018**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Total Non-Major Funds</b>
	<b>Non-Major Funds</b>			
	<b>Refuse Fund</b>	<b>Landfill Fund</b>	<b>Gas Fund</b>	
<b>Liabilities</b>				
<b>Current Liabilities:</b>				
Accounts Payable	\$ 97,313	\$ 427	\$ 40,706	\$ 138,447
Accrued Expenses	0	2,204	5,055	7,259
Due to Other Governments	0	0	0	0
Accrued Interest Payable	0	0	16,571	16,571
Current Portion:				
Bonds Payable	0	0	20,800	20,800
Notes Payable	0	0	0	0
Mortgages Payable	0	0	0	0
Capitalized Lease Payable	0	834	3,682	4,516
Compensated Absenses	0	0	0	0
<b>Total Current Liabilities</b>	<u>97,313</u>	<u>3,465</u>	<u>86,814</u>	<u>187,592</u>
<b>Noncurrent Liabilities:</b>				
Customer Deposits	0	0	8,658	8,658
Advances to Other Funds	0	0	0	0
Long Term Portion:				
Bonds Payable	0	0	660,400	660,400
Notes Payable	0	0	0	0
Capitalized Lease Payable	0	0	0	0
Compensated Absenses	0	2,502	11,045	13,547
Land Fill Closure Liability	0	322,677	0	322,677
<b>Total Noncurrent Liabilities</b>	<u>0</u>	<u>325,179</u>	<u>680,103</u>	<u>1,005,282</u>
<b>Total Liabilities</b>	<u>97,313</u>	<u>328,644</u>	<u>766,917</u>	<u>1,192,874</u>
<b>Net Position</b>				
Net Investment in Capital Assets	0	107,564	(245,172)	(137,608)
Restricted for:				
Debt Service	0	45,282	352,819	398,101
Unrestricted	227,274	(252,274)	705,564	680,564
<b>Total Net Position</b>	<u>227,274</u>	<u>(99,427)</u>	<u>813,210</u>	<u>941,057</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 324,587</u>	<u>\$ 229,217</u>	<u>\$ 1,580,127</u>	<u>\$ 2,133,931</u>

**CITY OF QUINCY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN FUND NET POSITION**  
**NON-MAJOR PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Total Non-Major Funds</b>
	<b>Non-Major Funds</b>			
	<b>Refuse Fund</b>	<b>Landfill Fund</b>	<b>Gas Fund</b>	
<b>Operating Revenues</b>				
Charges for Services	\$ 1,336,910	\$ 174,587	\$ 1,552,766	\$ 3,064,263
<b>Total Operating Revenue</b>	<u>1,336,910</u>	<u>174,587</u>	<u>1,552,766</u>	<u>3,064,263</u>
<b>Operating Expenses</b>				
Purchase Power	0	0	766,737	766,737
Personal Service	0	63,309	146,439	209,748
Contractual Service	1,101,300	13,651	27,931	1,142,881
Supplies	0	0	9,590	9,590
Repairs and Maintenance	0	793	12,775	13,568
Utility/Telephone	0	398	3,733	4,131
Shared Service	40,356	0	40,356	80,713
Depreciation	0	(26,343)	0	(26,343)
Other Expenses	80,411	2,239	26,628	109,278
Bad Debt	0	0	0	0
IT-Support	0	(3,325)	9,167	5,842
<b>(Total Operating Expenses)</b>	<u>(1,222,067)</u>	<u>(50,722)</u>	<u>(1,043,356)</u>	<u>(2,316,145)</u>
<b>Operating Income</b>	<u>114,843</u>	<u>123,865</u>	<u>509,410</u>	<u>748,118</u>
<b>Non-Operating Revenues (Expenses)</b>				
Capital Grants	0	0	0	0
Interest Income	0	0	0	0
Interest Expense	0	0	(33,142)	(33,142)
Investment Gains and Losses	0	0	0	0
<b>Total Non-Operating Revenues (Expenses)</b>	<u>0</u>	<u>0</u>	<u>(33,142)</u>	<u>(33,142)</u>
<b>Income Before Capital Contributions and Transfers</b>	<u>114,843</u>	<u>123,865</u>	<u>476,268</u>	<u>714,976</u>
<b>Operating Transfers</b>				
Transfers In	48,000	0	0	48,000
Transfers Out	(50,000)	(48,000)	(294,661)	(392,661)
<b>Total Capital Grants and Operating Transfers</b>	<u>(2,000)</u>	<u>(48,000)</u>	<u>(294,661)</u>	<u>(344,661)</u>
<b>Change in Net Position</b>	<u>112,843</u>	<u>75,865</u>	<u>181,607</u>	<u>370,315</u>
<b>Net Position, Beginning of Year</b>	114,431	(175,292)	631,603	570,742
<b>Net Position, End of Year</b>	<u>\$ 227,274</u>	<u>\$ (99,427)</u>	<u>\$ 813,210</u>	<u>\$ 941,057</u>

**CITY OF QUINCY, FLORIDA**

**COMPLIANCE SECTION**

**SEPTEMBER 30, 2018**



**INDEPENDENT AUDITORS' 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 Honorable City Council,  
City of Quincy, Florida:

We have audited, in accordance with the auditing standards generally accepted in the United States of America 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 the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund and the aggregate remaining fund information of the City of Quincy, (the City) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 24, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 may exist that have not been identified.

**INDEPENDENT AUDITORS' 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**  
*(concluded)*

**Compliance and Other Matters**

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

**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 City'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.

*Moran & Smith LLP*

Moran and Smith LLP  
June 24, 2019  
Quincy, FL

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH THE  
REQUIREMENTS OF SECTION 218.415 FLORIDA STATUTES**

To the Honorable City Council,  
City of Quincy, Florida:

We have examined the City of Quincy, Florida (the City) compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2018. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with specific 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 our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be used by anyone other than these specified parties.

*Moran & Smith LLP*

Moran & Smith LLP  
June 24, 2019  
Quincy, Florida

## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Honorable City Council,  
City of Quincy, Florida:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the City of Quincy, Florida (the City), as of and for the year ended September 30, 2018, and have issued our report thereon June 24, 2019.

### **Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

### **Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with AICPA *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 24, 2019, 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 significant findings and recommendations made in the preceding annual financial audit report. There were no findings and associated recommendations made in the preceding 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 the management letter, unless disclosed in the notes to the financial statements. These disclosures can be found in Note 1 to the financial statements.

### **Financial Condition and Management**

Section 10.554(1)(i)5.a. and 10.556(7) *Rules of the Auditor General*, requires that we report the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

*(concluded)*

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the 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.

### **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 have any such findings.

### **Purpose of the 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 City Commission, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*Moran & Smith LLP*

Moran & Smith LLP

June 24, 2019

Quincy, Florida