

CITY OF QUINCY, FLORIDA
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

**CITY OF QUINCY, FLORIDA
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

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CITY OF QUINCY, FLORIDA
INTRODUCTORY SECTION
SEPTEMBER 30, 2021

404 West Jefferson Street
www.myquincy.net



Quincy, FL 32351
850-618-1881
City Manager's Office

June 16, 2022

TO: The Honorable Mayor and Board of City Commissioners
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, 2021**, 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 Interim City Manager and 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, 2021. 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, 2021, are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditors' 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 entity. 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 sections include 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

Quincy is a small and rural "All American City," located in Florida's Panhandle, 25 miles west of the State Capital of Tallahassee, Florida. It was incorporated in 1825, twenty years before Florida was admitted to the Union' and is the county seat for the largely rural Gadsden County.

The city provides a full range of municipal services. These services include public safety (police and fire), construction and maintenance of streets and sidewalks, stormwater management, recreation, planning and zoning, general administrative services, and five utilities services: electric, gas, water, sewer, and solid waste collection. The total city population for 2022 is approximately **5,627 residents and the total City of Quincy's electric territory customers are 4,753.**

The Commission is required to adopt a final budget no later than the close of the fiscal year. This annual budget serves as the foundation for the City's financial planning and control. The annual budget is approved at the fund and department level. Transfers between funds and/or departments require approval by the City Commission.

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 included the maintenance of a commercial consumer and **the number #1** (one) and leading producer of medicinal marijuana in the State of Florida, **Trulieve**. In addition, Trulieve's vertically integrated "seed-to-sale" operation has approximately 50% of the Florida market. Trulieve's expansion plans has produced growth in the City of Quincy. They have become Quincy's largest utility customer in the current fiscal year. **BASF is the 2nd largest customer** and is expected to maintain its consumption.

The electric utility distribution system, both primary and secondary lines, have been hardened, increased resiliency, in an amount of \$1,408,026. Resilience *measures the performance of a system under threat or stress*, like the power grid performance under severe weather conditions or a cyberattack. This investment by the city increases the power system's ability of the power grid to withstand and recover from hurricanes, tornadoes, other severe weather events and malicious and inadvertent cyber and physical attacks. Additionally, the five-year plan which has been developed includes continuously enhancing our electricity system underground, increasing resilience even further, improving the vegetation management program, restoration of the supervisory control and data acquisition (SCADA) and outage management system.

The Florida Department of Environmental Protection awarded the city an eighty percent (80%) grant of approximately \$3.9 million dollars to design and install a solar energy system to offset costs related to the city's sewer treatment facilities. This project has started, and completion is planned for on or before December 31, 2022. In FY 2019, Hurricane Michael damages exceeded \$10 million dollars. The hurricane aftermath left residents and 4,753 customer-accounts without electricity. Significant damage was done to the electric grid and the fiber systems supporting the electrical system, along with many utility poles destroyed. Funds to pay for these repairs and the restoration of the City's systems were secured by borrowing from our banking partner, in the amount of \$3 million dollars. **This debt will be paid off in full by January 2022** and has a current balance of \$983,000.

To augment resources needed, the city is still adhering to the ordinance passed in January 2019 (Hurricane Michael Surcharge) to assist with the recovery of the costs of Hurricane Michael damages. Together with continuing to upgrade and stabilize the utility system, maintaining and supporting tree and vegetation management, upgrading, and promoting activities and services related to the disaster preparedness and recovery plan and emergency response, we remain committed to advancing and hardening the city.

The city has also received **FEMA reimbursements** during the fiscal year of 2020-2021 in the amount of **\$2,982,055** and expect to receive almost \$700,000 during the fiscal year of 2022-2023. Of the FEMA reimbursements received, the City will place the funds

in reserve and into other savings, increasing our cash reserve to \$2 million by fiscal year end.

IMPROVEMENTS IN THE CURRENT FISCAL YEAR

The **improved infrastructure for the utility system** will position the City to serve its citizens more responsibly and be able to withstand the weather conditions, reducing outages, repairs, and maintenance costs of the system.

- \$218,348 was spent during this fiscal year to further complete the Smart-Grid construction which was originally budgeted for eight hundred thousand dollars (\$800,000). It is anticipated that an additional \$350,000 will be required to complete the Smart-Grid to enhance our quality and level of service to our utility customers.

The City has spent \$183,000 to launch several **initiatives to help our community economic development conditions** and to increase our utility customer-base, such as Fresh Start, a grant program to incentivized new customers to purchase homes and the utility coupon program to help with the utility payments for the utility customers.

The city **received and managed approximately \$10.4 million in grants**, of which \$5.2 million in grant projects were completed during the fiscal year. The remainder will be completed in the coming fiscal year of 2021-2022.

The **JoyLand Well purchase** was completed in October 2020 and increased our consumer-base by almost forty-five new utility customers.

ECONOMIC CONDITIONS AND OUTLOOK

Grant writing, management and monitoring processes have been implemented as strategies to increase revenue streams, met the needs of the city and citizens, and improve the city's viability. The general fund will continue to make moderate improvements in cost sharing, personnel, and management of the City's resources. Grants are continuously being pursued which increases collaboration and resources between the County, nearby cities, the State of Florida, and federal partners. Such efforts have thus produced new partners and partnerships, plans, initiatives, and designs for shovel-ready project to grow and improve the City of Quincy's infrastructure, its residences, streets and roads, housing, businesses, and auxiliary activities and services.

The enterprise fund is primarily supported by the electric utility. The outlook is that the electric system is growing and able to maintain adequate regulations with the Federal Communications Commission (FCC) and liquidity services. The Florida Power and Light (FPL) and Southeastern Power Administration (SEPA) rates have been negotiated favorably and will lend even more profitability to the system.

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

The City anticipates moderate revenue growth in the electric enterprise fund under normal climatic weather conditions, with gas, water, sewer, and refuse revenues to have

moderate growth. Additionally, grant revenues are expected to increase by at least \$2 million annually, as a result of a potential grants writer on staff full-time.

Trulieve due to its expansion plans and current consumption level, is expected to maintain or increase the previous fiscal year’s revenues. **The American Rescue Act Plan Grant** is contributing greatly to the infrastructure development of the City of Quincy. **The recovery funds are expected to approximate \$3.5 million over the next two years.**

The city will strive to budget \$300,000 annually to be placed in the City’s pooled cash account in order to increase our liquidity and management-directed operating reserve amounts.

The **Capital Improvement Plan for next five years will approximate \$10.2 million dollars.** The plan includes improvements to roads and streets, the public works department building purchase/enhancements, police department building enhancements, city hall improvements and enhancements, storm drains, traffic/street /lights/signals, parks, and recreation center repairs and improvements.

The Solar Array Field project, which is in the beginning of the construction phase, will allow the city to generate power for the first time in its over one-hundred-year history; and to generate excess power for sale on the City’s electrical grid. The construction is expected to be completed by December 2022.

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

Type of Risk	Amount of Risk Retained by City	Limit of Excess Insurance Coverage
Named Windstorm	2% value with minimum \$25,000	\$17,118,096

Please Note: 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. For the fiscal year ended September 30, 2021, the investment funds experienced a growth rate of more than 15%.

ACKNOWLEDGMENTS

An Annual Financial Report of this nature could not have been prepared without the efficient, effective, and dedicated services 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 Mayor and City Commissioners for the interest, patience and support in planning and conducting the fiscal operations of the City of Quincy. Along with the citizens of the City of Quincy, for your support and concerns for the city during the 2020-2021 fiscal year world-wide pandemic.

With appreciation,

Dr. Beverly Nash, Ph.D.

Beverly A. Nash

Interim City Manager
City Hall
404 West Jefferson Street
City of Quincy, Florida 32351

**CITY OF QUINCY, FLORIDA
LIST OF PRINCIPAL OFFICIALS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Ronte R. Harris

Mayor

Angela Sapp

Commissioner

Keith Dowdell

Mayor Pro-Tem

Freida Bass-Prieto

Commissioner

Anessa A. Canidate

Commissioner

CITY OF QUINCY, FLORIDA

FINANCIAL SECTION

SEPTEMBER 30, 2021

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, 2021, 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.

Auditors' 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 auditors' 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, 2021, 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
(Continued)

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 accompanying schedule of expenditures of federal awards and state financial assistance projects, as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Chapter 10.550, *Rules of the Auditor General* of the State of Florida, is also 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.

INDEPENDENT AUDITORS' REPORT
(Concluded)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2022, 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, 2022
Tallahassee, Florida

**CITY OF QUINCY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

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, 2021. 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, 2021. Please read it in conjunction with the accompanying basic financial statements beginning on page 14.

FINANCIAL HIGHLIGHTS

- The City's net position as of September 30, 2021, was \$11,689,965 as compared to \$6,888,300 for fiscal year 2020, an increase of \$4,801,665 or 70%. The City's unrestricted net assets as of September 30, 2021, were negative \$6,637,549 compared to negative \$7,795,187 for fiscal year ended September 30, 2020.
- Governmental activities unrestricted net position was a negative \$11,119,648 as of September 30, 2021, versus negative \$10,926,371 as of September 30, 2020.
- The total revenues from all sources were \$32,759,198 for the fiscal year 2021 versus \$29,104,737 for the fiscal year 2020. Enterprise fund revenue increased \$2,743,914, while governmental fund revenue increased \$913,549, in fiscal year 2021.
- The total cost of all City programs was \$28,049,623 for the fiscal year 2021 versus \$28,016,074 for the fiscal year 2020. Overall, there was a decrease of \$288,775 in expenses in the Governmental Funds and an increase of expenses in the Enterprise Funds of \$33,549.
- During fiscal year 2021, the City's governmental and business activity total revenues exceeded expenses (change in net assets) by \$4,712,575, and the revenues exceeded expenses by \$1,088,662 for 2020. This is an increase of \$3,623,913 or 333%.
- Total expenditures in the Governmental Funds of \$11,703,683 exceeded total revenues of \$6,358,435 by \$5,345,247, excluding net transfers of \$5,202,730 for fiscal year 2021, while total expenditures for fiscal year 2020 of \$11,005,324 exceeded total revenues of \$5,872,069 by \$5,133,255, excluding net transfers in the amount of \$5,145,977.
- The General Fund's fund balance is \$1,204,697 for fiscal year 2021, compared to \$1,269,528 at the end of fiscal year 2020, a decrease of \$64,831.
- The City's total long-term debt is \$15,222,456 as of September 30, 2021 representing a decrease of \$2,386,607 from \$17,609,063 as of September 30, 2020.

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, 2021**

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 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, 2021**

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 16 through 19 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 - 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 20 to 24 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 25 and 26 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 7 summarizes the major features of the basic financial statements.

**CITY OF QUINCY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

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

	Government-wide Fund Financial Statements	Fund Financial Statements		
		<i>Governmental Funds</i>	<i>Proprietary Funds</i>	<i>Fiduciary Funds</i>
Scope	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
Required financial Statements	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
Accounting basis and measurement focus	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
Type of asset/liability information	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
Type of inflow/outflow information	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, 2021**

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 \$11,600,875 at the close of fiscal year 2021, as compared to \$6,888,300 in fiscal year 2020, an increase of \$4,712,575. For fiscal year 2021, governmental activities comprised of negative \$4,480,370 of the net assets versus fiscal year 2020 compared to governmental activities of negative \$6,083,634 (an increase of \$1,603,264). Business activities comprised \$16,081,246 of net assets in fiscal year 2021, compared to fiscal year 2020 business-type activities balance of \$12,971,934 (an increase of \$3,109,312).

Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets:						
Current & Other	\$ 2,719,149	\$ 3,007,250	\$ 14,322,117	\$ 14,002,620	\$ 17,041,266	\$ 17,009,870
Capital	8,252,668	6,840,918	19,714,536	19,542,143	27,967,204	26,383,061
Total Assets	10,971,817	9,848,168	34,036,653	33,544,763	45,008,470	43,392,931
Deferred Outflows of Resources	2,373,761	559,711	0	0	2,373,761	559,711
Liabilities:						
Long-term Debt	13,297,987	11,383,862	8,984,463	15,100,373	22,282,450	26,484,235
Other Liabilities	1,287,331	840,587	8,970,945	5,472,456	10,258,276	6,313,043
Net Pension Liability	1,078,373	2,709,553	0	0	1,078,373	2,709,553
Total Liabilities	15,663,691	14,934,002	17,955,408	20,572,829	33,619,099	35,506,831
Deferred Inflows of Resources	2,162,257	1,557,511	0	0	2,162,257	1,557,511
Net Position:						
Invested in Capital	6,114,275	4,272,367	7,321,153	5,237,784	13,435,428	9,510,151
Restricted	525,003	570,370	4,367,083	4,602,966	4,892,086	5,173,336
Unrestricted	(11,119,648)	(10,926,371)	4,482,099	3,131,184	(6,637,549)	(7,795,187)
Total Net Position	\$(4,480,370)	\$(6,083,634)	\$ 16,170,335	\$ 12,971,934	\$ 11,689,965	\$ 6,88,300

By far, the largest portion of the City's total assets, for fiscal year 2020 and for fiscal year 2021, 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.

Capital assets is 75% of the City's net assets for fiscal year 2021 versus 69% for fiscal year 2020 and represents resources which 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 2021 are negative \$6,083,634 versus negative \$10,926,371 for fiscal year 2020.

**CITY OF QUINCY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Governmental Activities

Governmental Activities increased the City's net assets by \$1,603,264 for fiscal year 2021, compared to \$171,556 in fiscal year 2020. The Business-type Activities increased the net assets by \$3,109,311 in fiscal year 2021, compared to \$917,105 in fiscal year 2020. Key elements of these changes are as follows:

Table 3
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues	\$ 1,973,035	\$ 2,486,494	\$26,439,101	\$23,181,729	\$28,412,136	\$25,668,223
Property Tax	1,103,471	1,078,789	0	0	1,103,471	1,078,789
Tax Increment	439,383	462,582	0	0	439,383	462,582
Utility Service Tax	222,854	232,472	0	0	222,854	232,472
Discretionary Sales Tax	559,179	559,988	0	0	559,179	559,988
Local Option Sales Tax	214,948	221,094	0	0	214,948	221,094
Shared Revenues	1,458,240	622,169	0	0	1,458,240	622,169
Investment Earnings	84,732	40,296	84,343	47,562	169,075	87,858
Miscellaneous	142,911	171,560	0	0	142,911	171,560
Total Revenues	6,238,752	5,875,444	26,523,444	23,229,291	32,762,196	29,104,735
Program Expenses:						
General Government	2,428,547	2,476,561	0	0	2,428,547	2,476,561
Public Safety	4,677,713	4,950,617	0	0	4,677,713	4,950,617
Physical Environment	335,007	515,368	0	0	335,007	515,368
Transportation	1,052,435	1,131,585	0	0	1,052,435	1,131,585
Economic Environment	669,479	761,502	0	0	669,479	761,502
Culture and Recreation	612,128	736,789	0	0	612,128	736,789
Interest on Long-term Debt	62,909	68,032	0	0	62,909	68,032
Water	0	0	1,553,255	1,668,000	1,553,255	1,668,000
Electric	0	0	11,337,056	10,636,116	11,337,056	10,636,116
Sewer	0	0	2,343,940	2,485,592	2,343,940	2,485,592
Non-major	0	0	2,977,153	2,585,913	2,977,153	2,585,913
Total Expenses	9,838,219	10,640,453	18,211,403	17,375,621	28,049,621	28,016,075
Excess (deficit before transfers)	(3,599,467)	(4,765,453)	8,312,041	5,853,670	4,712,575	1,088,660
Transfers	5,202,730	4,936,565	(5,202,730)	(4,936,565)	0	0
Change in Net Assets	1,603,264	171,556	3,109,311	917,105	4,712,575	1,088,660
Net Position, Beginning	(6,083,634)	(6,255,190)	12,971,934	12,054,829	6,888,300	5,799,639
Net Position, Ending	\$(4,480,370)	\$ (6,083,634)	\$16,081,245	\$12,971,934	\$ 11,600,876	\$ 6,888,300

**CITY OF QUINCY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

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

	2021		2020	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General Government	\$ 2,428,547	\$ (1,528,564)	\$ 2,476,561	\$ (1,016,291)
Public Safety	4,677,713	(3,857,457)	4,950,617	(4,403,561)
Physical Environment	335,007	(335,007)	515,368	(515,368)
Transportation	1,052,435	(832,595)	1,131,585	(670,009)
Economic Environment	669,479	(669,479)	761,502	(761,502)
Culture and Recreation	612,128	(579,173)	736,789	(719,197)
Interest on Long-term Debt	62,909	(62,909)	68,032	(68,032)
	<u>\$ 9,838,219</u>	<u>\$ (7,865,184)</u>	<u>\$ 10,640,453</u>	<u>\$ (8,153,960)</u>

In fiscal year 2021, the cost of all governmental activities was \$9,838,219, a reduction of \$802,234 in cost, when compared to prior fiscal year 2020 of \$10,640,453. As shown in the Statement of Activities, \$1,973,035 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 \$5,202,730, various taxes in the amount of \$2,579,834 and the remaining \$82,620 was derived from 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

	2021		2020	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Electric	\$ 11,337,056	\$ 6,700,986	\$ 10,636,116	\$ 4,817,933
Water	1,553,255	618,197	1,668,000	293,094
Sewer	2,343,940	593,097	2,485,592	329,881
Non-major	2,977,153	315,419	2,585,913	365,200
	<u>\$ 18,211,403</u>	<u>\$ 8,227,699</u>	<u>\$ 17,375,621</u>	<u>\$ 5,806,108</u>

**CITY OF QUINCY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Business Type Activities

Net assets of the Proprietary Funds as of September 30, 2021, were \$16,170,335, increased by \$3,198,401, when compared to prior fiscal year 2020 amount of \$12,971,934. Transfers from the Utility Funds to the General Fund were \$5,202,730 in fiscal year 2021, compared to \$4,936,565 in fiscal year 2020.

Proprietary Funds net revenue increased from \$5,853,670 in fiscal year 2020 to \$8,312,041 in fiscal year 2021, an increase of \$2,458,371, representing a growth rate of 42%.

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 2020, the City's governmental funds reported combined ending fund balance of \$1,524,682. This represents a decrease of \$142,517 when compared to fund balances in fiscal year 2020 which was \$1,667,199.

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, 2021, amounts to \$27,967,206 (net of accumulated depreciation) compared to \$26,394,154 at September 30, 2020. The increase of \$1,573,052 resulted from repairs and improvement to buildings and infrastructure.

**CITY OF QUINCY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

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

Table 6
Capital Assets Net of Depreciation

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 4,617,561	\$ 4,607,224	\$ 1,666,353	\$ 1,666,353	\$ 6,283,914	\$ 6,273,577
Buildings and Improvements	5,828,990	5,792,532	25,363,949	25,363,949	31,192,939	31,156,481
Improvements other than Buildings	11,058,291	11,053,291	20,897,620	20,768,752	31,955,911	31,822,043
Infrastructure	7,993,607	7,646,901	4,384,002	3,802,556	12,377,609	11,449,457
Furniture, Fixtures, and Equipment	9,016,080	7,712,754	6,735,842	5,525,952	15,751,922	13,238,706
Total Assets	38,514,529	36,812,702	59,047,766	57,127,562	97,562,295	93,940,264
Less Accumulated Depreciation	(30,261,859)	(29,970,785)	(39,333,230)	(37,574,325)	(69,595,089)	(67,545,110)
Total	\$ 8,252,670	\$ 6,841,917	\$ 19,714,536	\$ 19,553,237	\$ 27,967,206	\$ 26,395,154

Debt

Currently the City uses debt financing on an as needed basis each year. At the end of fiscal year 2021, the City's total debt was \$15,222,456 versus \$17,609,063 for the fiscal year 2020, a decrease in the amount of \$2,386,608. Compensated absences (vacation and sick time owed to employees) for fiscal year 2021 totaled \$371,456 compared to \$389,257 for fiscal year 2020. Revenue bonds amounted to \$11,839,302 for fiscal year 2021 and for the fiscal year 2020, \$12,887,394, a decrease of \$1,048,002. Notes payable in the amount of \$2,217,608 for fiscal year 2020 and \$3,281,875 for fiscal year 2020 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	
	2021	2020	2021	2020	2021	2020
Revenue Bonds	\$ 1,998,000	\$ 2,310,000	\$ 9,841,302	\$ 10,577,304	\$ 11,839,302	\$ 12,887,304
Bank Notes	0	64,100	1,282,707	1,982,707	1,282,707	2,046,807
Capitalized Leases	140,393	194,451	334,472	489,514	474,865	683,965
Compensated Absences	371,456	389,257	125,278	127,103	496,734	516,360
Notes Payable	0	0	934,901	1,235,068	934,901	1,235,068
Landfill	0	0	193,947	239,559	193,947	239,559
Total Outstanding Debt	\$ 2,509,849	\$ 2,957,808	\$ 12,712,607	\$ 14,651,255	\$ 15,222,456	\$ 17,609,063

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, 2021**

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

The City's anticipate strong revenue growth in the electric enterprise fund under normal climatic weather conditions, with gas, water, sewer, and refuse revenues to have moderate growth. Grant revenues are budgeted for almost nine million in FY2021-2022, mainly because of three (3) major grants – American Rescue Plan Act Grant with an award amount of \$3,419,328, of which \$1,709,664 is projected to be received in fiscal year 2021-2022, with the remainder in 2022-2023, Hometown Revitalization Grant of \$2,949,428, and the Clean Water Grant for Solar Array construction of \$2,861,494, which will be substantially completed by the 09/30/2022. Also, Trulieve, our major commercial consumer, has begun its expansion plans, which will slightly increase the consumption level, causing an increase at least 5% of the previous fiscal year revenues.

The City expect to budget \$100,000 annually to be placed in the City's rate stabilization funds and \$300,000 to increase out operating cash balance. FEMA receipts are expected to approximate maybe \$600,000 in the next fiscal year FY 2022-2023 since the City of Quincy is currently in the closeout phase of FEMA reimbursable expenditures. It is projected that FEMA and State Disaster funds, after liquidating related expenses, will also be placed in a reserve

The City's five-year capital budget includes the purchase of a new building for the Public Works department and field house for Parks and Recreation. Other projects and capital purchases will include ditch renovations, purchase of boom truck, renovations to the pressure lines and skid steer, SCADA and breaker replacements, and continuation of the reactivation of the fiber optic system. The Solar Array project, when completed, will allow the city to generate power in over one hundred years, and to generate excess power for sale on the City's electrical grid. There will also be projects to upgrade the swimming pool, mitigate flooding zones, address the consent order for water and sewer repairs, renovate streets and roads, trucks, and several vehicles.

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, 2021

CITY OF QUINCY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Cash and Cash Equivalents	\$ 902,795	\$ 3,003,704	\$ 3,906,500
Investments	927,505	1,276,698	2,204,203
Accounts Receivables, Net	193,614	3,103,462	3,297,075
Assessment Receivables	172,699	0	172,699
Due from Other Governments	502,536	170,858	673,394
Prepays	0	0	0
Inventories	0	760,484	760,484
Restricted Assets:			
Restricted Cash and Investments	0	4,367,083	4,367,083
Capital Assets:			
Nondepreciable	4,617,560	1,666,353	6,283,913
Depreciable, Net	3,635,108	18,048,183	21,683,291
Internal Balances	20,000	1,639,829	1,659,829
Total Assets	10,971,817	34,036,653	45,008,470
Deferred Outflows of Resources			
Deferrer Outflows for OPEB	2,373,761	0	2,373,761
Deferred Outflows for Pensions	0	0	0
Total Deferred Outflows of Resources	2,373,761	0	2,373,761
Liabilities			
Accounts Payable	207,821	1,665,975	1,873,796
Accrued Payroll	665,635	157,211	822,846
Accrued Interest	0	127,385	127,385
Accrued Compensated Absences	92,864	31,319	124,183
Bonds and Notes Payable	374,297	2,177,406	2,551,703
Customer Deposits	0	1,589,032	1,589,032
Unearned Revenue	301,011	36,492	337,503
Due to Other Governments	0	26,879	26,879
Noncurrent Liabilities:			
Accrued Compensated Absences	278,592	93,958	372,550
Bonds and Notes Payable	1,764,096	10,215,976	11,980,072
Net Pension Liability	1,078,373	0	1,078,373
Internal Balances	20,000	1,639,829	1,659,829
Other Postemployment Benefits Liability	10,881,002	0	10,881,002
Landfill Closure	0	193,947	193,947
Total Liabilities	15,663,691	17,955,408	33,619,099
Deferred Inflows of Resources			
Deferred Inflows for OPEB	1,185,775	0	1,185,775
Deferred Inflows for Pensions	976,482	0	976,482
Total Deferred Inflows of Resources	2,162,257	0	2,162,257
Net Position			
Net Investment in Capital Assets	6,114,275	7,321,153	13,435,428
Restricted for:			
Debt Service	374,297	4,367,083	4,741,380
Public Safety	25,860	0	25,860
Economic Environment	124,846	0	124,846
Unrestricted	(11,119,648)	4,393,009	(6,726,639)
Total Net Position	\$ (4,480,370)	\$ 16,081,245	\$ 11,600,875

See accompany notes to Financial Statements

**CITY OF QUINCY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

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
Governmental Activities:							
General Government	\$ 2,428,547	\$ 256,713	\$ 26,054	\$ 617,216	\$ (1,528,564)	\$ 0	\$ (1,528,564)
Public Safety	4,677,713	491,303	328,954	0	(3,857,457)	0	(3,857,457)
Physical Environment	335,007	0	0	0	(335,007)	0	(335,007)
Transportation	1,052,435	170,639	0	49,202	(832,595)	0	(832,595)
Economic Environment	669,479	0	0	0	(669,479)	0	(669,479)
Culture and Recreation	612,128	32,955	0	0	(579,173)	0	(579,173)
Interest on Long-term Debt	62,909	0	0	0	(62,909)	0	(62,909)
Total Governmental Activities	9,838,219	951,610	355,008	666,418	(7,865,184)	0	(7,865,184)
Business- Type Activities							
Water Fund	1,553,255	2,171,452	0	0	0	618,197	618,197
Electric Fund	11,337,056	15,435,925	0	2,602,117	0	6,700,986	6,700,986
Wastewater Fund	2,343,940	2,111,417	0	825,620	0	593,097	593,097
Non-Major Funds	2,977,153	3,292,572	0	0	0	315,419	315,419
Total Business-type Activities	18,211,403	23,011,365	0	3,427,736	0	8,227,698	8,227,698
Total Primary Government	\$ 28,049,623	\$ 23,962,975	\$ 355,008	\$ 4,094,154	\$ (7,865,184)	\$ 8,227,698	\$ 362,514

General Revenues

Taxes:

Property Taxes	\$ 1,103,471	\$ 0	\$ 1,103,471
Tax Increment	439,383	0	439,383
Utility Service Tax	222,854	0	222,854
Discretionary Sales Surtax	599,179	0	599,179
Local Option Gas Tax	214,948	0	214,948
Sales Tax and Other Shared Revenues	1,458,240	0	1,458,240
Investment Earnings	84,732	84,343	169,076
Miscellaneous	142,911	0	142,911
Transfers	5,202,730	(5,202,730)	0
Total General Revenues and Transfers	9,468,448	(5,118,387)	4,350,061
Change in Net Position	1,603,264	3,109,311	4,712,575
Net Position Beginning of Year	(6,083,634)	12,971,934	6,888,300
Net Position End of Year	\$ (4,480,370)	\$ 16,081,245	\$ 11,600,875

See accompanying notes to Financial Statements

CITY OF QUINCY, FLORIDA
BALANCE SHEET-GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	<u>General Fund</u>	<u>Community Redevelopment Agency</u>	<u>Non-Major Governmental</u>	<u>Total Governmental Funds</u>
Assets				
Cash and Cash Equivalent	\$ 570,619	\$ 157,038	\$ 175,139	\$ 902,795
Investments	927,505	0	0	927,505
Receivables (Net)	193,614	0	0	193,614
Assessment Receivables (Net)	172,699	0	0	172,699
Due from Other Governments	502,536	0	0	502,536
Advances to Other Funds	0	20,000	0	20,000
Total Assets	<u>2,366,972</u>	<u>177,038</u>	<u>175,139</u>	<u>2,719,149</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	180,501	27,321	0	207,821
Accrued Expenses	660,763	4,871	0	665,635
Due to Other Governments	0	0	0	0
Advances from Other Funds	20,000	0	0	20,000
Unearned Revenue	301,011	0	0	301,011
Total Liabilities	<u>1,162,275</u>	<u>32,192</u>	<u>0</u>	<u>1,194,467</u>
Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances				
Nonspendable:				
Prepays	0	0	0	0
Advances to Other Funds	0	20,000	0	20,000
Restricted for:				
Law Enforcement	0	0	25,860	25,860
Physical Environment	0	0	0	0
Economic Environment	0	122,299	0	122,299
Debt Service	140,393	0	149,279	289,672
Assigned	218,742	2,547	0	221,289
Unassigned	845,562	0	0	845,562
Total Fund Balances	<u>1,204,697</u>	<u>144,846</u>	<u>175,139</u>	<u>1,524,682</u>
Total Liabilities and Fund Balance	<u>\$ 2,366,972</u>	<u>\$ 177,038</u>	<u>\$ 175,139</u>	<u>\$ 2,719,149</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, 2021

Total Fund Balances of Governmental Funds \$ 1,524,682

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. 8,252,668

Receivables that do not provide current financial resources are reported
as deferred inflows of resources in the governmental funds. 0

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	(2,138,393)	
Other postemployment benefits	(10,881,002)	
Net pension liability	(1,078,373)	
Compensated absences	(371,456)	<u>(14,469,224)</u>

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	0	
Deferred outflows of resources for OPEB	2,373,761	
Deferred inflows of resources for OPEB	(1,185,775)	
Deferred inflows of resources for pensions	(976,482)	<u>211,504</u>

Total Net Position of Governmental Activities \$ (4,480,370)

CITY OF QUINCY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>General Fund</u>	<u>Community Redevelopment Agency</u>	<u>Non-Major Governmental</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes	\$ 2,208,455	\$ 0	\$ 0	\$ 2,208,455
Tax Increment	0	466,970	0	466,970
Licenses and Permits	127,984	0	0	127,984
Intergovernmental Revenues	2,674,393	0	0	2,674,393
Charges for Services	524,258	0	0	524,258
Fines and Forfeitures	29,194	0	0	29,194
Miscellaneous Revenues	326,955	107	119	327,181
Total Revenues	<u>5,891,239</u>	<u>467,077</u>	<u>119</u>	<u>6,358,435</u>
Expenditures				
Current:				
General Government	2,426,743	0	211	2,426,954
Public Safety	4,550,642	0	39	4,550,680
Physical Environment	210,398	0	0	210,398
Transportation	1,054,748	0	0	1,054,748
Economic Environment	170,756	499,239	0	669,995
Culture and Recreation	595,013	0	0	595,013
Debt Service:				
Principal	54,058	64,100	312,000	430,158
Interest	8,617	1,104	53,189	62,909
Capital Outlay	1,702,827	0	0	1,702,827
Total Expenditures	<u>10,773,800</u>	<u>564,444</u>	<u>365,439</u>	<u>11,703,683</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,882,561)</u>	<u>(97,367)</u>	<u>(365,319)</u>	<u>(5,345,247)</u>
Other Financing Sources (Uses)				
Debt Proceeds	0	0	0	0
Transfers In	5,231,208	20,000	365,000	5,616,208
Transfers Out	(413,478)	0	0	(413,478)
Total Other Financing Sources (Uses)	<u>4,817,730</u>	<u>20,000</u>	<u>365,000</u>	<u>5,202,730</u>
Net Change in Fund Balances	(64,831)	(77,367)	(319)	(142,517)
Fund Balances, Beginning of Year	<u>1,269,528</u>	<u>222,213</u>	<u>175,458</u>	<u>1,667,199</u>
Fund Balances, End of Year	<u>\$ 1,204,697</u>	<u>\$ 144,846</u>	<u>\$ 175,139</u>	<u>\$ 1,524,682</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, 2021

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

Net Change in Fund Balances - Total Governmental Funds.		\$ (142,517)
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	1,702,826	
Less: Current Year Depreciation	<u>(291,074)</u>	1,411,752
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.		
		430,158
The issuance of long-term debt provides current financial resources to governmental funds, while it has no effect on the statement of activities.		
		0
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	(804,493)	
Deferred Outflows Related to Pensions	(253,071)	
Deferred Inflows Related to OPEB	199,747	
Deferred Outflows Related to OPEB	<u>2,067,121</u>	1,209,304
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	17,801	
Change in Other Postemployment Benefits	(2,834,733)	
Change in Net Pension Liability	<u>1,631,180</u>	(1,185,752)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds		
		(119,681)
Change in Net Position of Governmental Activities		<u><u>\$ 1,603,264</u></u>

CITY OF QUINCY, FLORIDA
STATEMENT OF FUNDS NET POSITION-PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Enterprise Funds				Total Enterprise Funds	Internal Service Fund
	Water Fund	Major Funds Electric Fund	Wastewater Fund	Non-Major Funds		
Assets						
Current Assets						
Cash and Cash Equivalents	\$ 1,093,327	\$ 1,001,419	\$ 269,282	\$ 590,326	\$ 2,954,354	\$ 49,350
Investments	891,753	384,945	0	0	1,276,698	0
Receivables (Net)	339,913	1,992,447	337,391	433,711	3,103,462	0
Due from Other Governments	0	124,366	46,492	0	170,858	0
Inventories	156,413	528,079	19,796	56,195	760,484	0
Total Current Assets	<u>2,481,406</u>	<u>4,031,257</u>	<u>672,961</u>	<u>1,080,232</u>	<u>8,265,857</u>	<u>49,350</u>
Noncurrent Assets						
Restricted Assets:						
Restricted Cash and Cash Equivalents	517,093	2,941,310	635,278	273,401	4,367,083	0
Total Restricted Assets	<u>517,093</u>	<u>2,941,310</u>	<u>635,278</u>	<u>273,401</u>	<u>4,367,083</u>	<u>0</u>
Capital Assets:						
Land and Land Improvements	400,323	403,717	403,717	458,595	1,666,353	0
Property, Plant and Equipment	14,956,215	29,814,400	10,467,047	2,071,163	57,308,826	72,587
(Accumulated Depreciation)	(12,838,175)	(18,817,045)	(5,793,718)	(1,862,098)	(39,311,037)	(22,193)
Total Net Capital Assets	<u>2,518,363</u>	<u>11,401,073</u>	<u>5,077,046</u>	<u>667,660</u>	<u>19,664,141</u>	<u>50,394</u>
Other Assets:						
Advances to other Funds	479,943	200,000	479,943	479,943	1,639,829	0
Total Noncurrent Assets	<u>3,515,398</u>	<u>14,542,383</u>	<u>6,192,267</u>	<u>1,421,004</u>	<u>1,639,829</u>	<u>50,394</u>
Total Assets	<u>\$ 5,996,805</u>	<u>\$ 18,573,640</u>	<u>\$ 6,865,228</u>	<u>\$ 2,501,237</u>	<u>\$ 33,936,909</u>	<u>\$ 99,744</u>

See accompanying notes to Financial Statements

CITY OF QUINCY, FLORIDA
STATEMENT OF FUNDS NET POSITION-PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Business-Type Activities					
	Enterprise Funds				Total Enterprise Funds	Internal Service Fund
	Major Funds		Wastewater Fund	Non-Major Funds		
Water Fund	Electric Fund					
Liabilities						
Current Liabilities						
Accounts Payable	\$ 13,978	\$ 1,340,618	\$ 69,684	\$ 225,344	\$ 1,649,623	\$ 16,351
Accrued Payroll	13,919	109,022	12,945	21,021	156,907	304
Due to other Governments	0	0	0	26,879	26,879	0
Accrued Interest Payable	37,008	60,615	21,943	7,818	127,385	0
Current Portion:						
Bonds Payable	256,885	262,542	112,821	13,705	645,953	0
Notes Payable	241,894	1,082,707	36,174	0	1,360,776	0
Capitalized Leases Payable	28,446	91,028	51,203	0	170,677	0
Compensated Absences Payable	2,253	19,989	2,343	6,734	31,319	0
Deferred Revenue	0	0	36,492	0	36,492	0
Total Current Liabilities	<u>594,384</u>	<u>2,966,520</u>	<u>343,606</u>	<u>301,500</u>	<u>4,206,011</u>	<u>16,656</u>
Noncurrent Liabilities						
Customer Deposits	22,058	1,558,541	0	8,433	1,589,032	0
Advances from Other Funds	0	1,439,829	200,000	0	1,639,829	0
Long-term Portion:						
Bonds Payable	3,073,037	4,208,639	1,362,917	550,756	9,195,349	0
Notes Payable	129,777	200,000	527,056	0	856,833	0
Capitalized Lease Payable	27,299	87,357	49,138	0	163,794	0
Compensated Absences	6,759	59,967	7,030	20,202	93,958	0
Land Fill Closure Liability	0	0	0	193,947	193,947	0
Total Noncurrent Liabilities	<u>3,258,930</u>	<u>7,554,333</u>	<u>2,146,141</u>	<u>773,337</u>	<u>13,732,741</u>	<u>0</u>
Total Liabilities	<u>3,853,314</u>	<u>10,520,853</u>	<u>2,489,748</u>	<u>1,074,837</u>	<u>17,938,752</u>	<u>16,656</u>
Net Position						
Net Investment in Capital Assets	(1,238,975)	5,468,800	2,937,735	103,199	7,270,759	50,394
Restricted for Debt Service	517,093	2,941,310	635,278	273,402	4,367,083	0
Unrestricted	2,865,373	(357,323)	802,467	1,049,799	4,360,316	32,694
Total Net Position	<u>2,143,491</u>	<u>8,052,787</u>	<u>4,375,480</u>	<u>1,426,400</u>	<u>15,998,158</u>	<u>83,088</u>
Total Liabilities and Net Position	<u>\$ 5,996,805</u>	<u>\$ 18,573,640</u>	<u>\$ 6,865,228</u>	<u>\$ 2,501,237</u>	<u>\$ 33,936,910</u>	<u>\$ 99,744</u>

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, 2021

	Business-Type Activities					
	Enterprise Funds					Internal Service Fund
	Major Funds			Non-Major Funds	Total Enterprise Funds	
Water Fund	Electric Fund	Wastewater Fund				
Operating Revenues						
Charges for Services	\$ 2,087,538	\$ 15,107,690	\$ 2,111,417	\$ 3,131,899	\$ 22,438,543	\$ 152,357
Interfund Charges	83,914	328,235	0	8,316	420,465	0
Total Operating Revenue	<u>2,171,452</u>	<u>15,435,925</u>	<u>2,111,417</u>	<u>3,140,214</u>	<u>22,859,008</u>	<u>152,357</u>
Operating Expenses						
Purchase Power	0	7,544,040	0	830,815	8,374,855	0
Personal Service	237,708	960,682	278,822	363,013	1,840,226	34,142
Contractual Service	415,790	367,764	931,837	1,375,098	3,090,489	63,557
Supplies	3,541	89,202	3,177	9,924	105,844	120
Repairs and Maintenance	14,154	257,127	432,250	24,097	727,627	0
Utility/Telephone	104,352	74,727	190,767	5,268	375,115	9,333
Shared Service	64,998	388,140	100,038	100,096	653,272	0
Depreciation	506,428	929,326	293,158	21,105	1,750,017	11,096
Other Expenses	98,212	421,346	45,208	45,531	610,296	62,136
Bad Debt	0	81,844	0	0	81,844	0
IT- Support	6,000	58,356	6,000	6,000	76,356	0
(Total Operating Expenses)	<u>(1,451,184)</u>	<u>(11,172,554)</u>	<u>(2,281,258)</u>	<u>(2,780,945)</u>	<u>(17,685,941)</u>	<u>(180,385)</u>
Operating Income	<u>720,268</u>	<u>4,263,371</u>	<u>(169,841)</u>	<u>359,269</u>	<u>5,173,067</u>	<u>(28,028)</u>
Non-Operating (Expenses)						
Capital Grants	0	2,602,117	825,620	0	3,427,736	0
Interest Income	1,709	1,165	312	129	3,315	0
Interest Expenses	(102,071)	(164,502)	(62,682)	(15,823)	(345,077)	0
Investment Gains and Losses	50,125	30,903	0	0	81,028	0
Total Non-Operating Revenues (Expenses)	<u>(50,237)</u>	<u>2,469,683</u>	<u>763,250</u>	<u>(15,694)</u>	<u>3,167,002</u>	<u>0</u>
Income Before Transfers	<u>670,031</u>	<u>6,733,054</u>	<u>593,409</u>	<u>343,575</u>	<u>8,340,069</u>	<u>(28,028)</u>
Operating Transfers						
Debt Proceeds	0	0	0	0	0	0
Transfers In	0	0	448,007	406,221	854,228	28,478
Transfers Out	(226,955)	(5,076,250)	(351,800)	(430,431)	(6,085,436)	0
Total Operating Transfers	<u>(226,955)</u>	<u>(5,076,250)</u>	<u>96,207</u>	<u>(24,210)</u>	<u>(5,231,208)</u>	<u>28,478</u>
Change in Net Position	<u>443,076</u>	<u>1,656,804</u>	<u>689,616</u>	<u>319,365</u>	<u>3,108,861</u>	<u>450</u>
Net Position, Beginning of Year	1,700,415	6,395,982	3,685,865	1,107,034	12,889,296	82,638
Net Position, End of Year	<u>\$ 2,143,491</u>	<u>\$ 8,052,786</u>	<u>\$ 4,375,481</u>	<u>\$ 1,426,399</u>	<u>\$ 15,998,157</u>	<u>\$ 83,088</u>

See accompanying notes to Financial Statements

CITY OF QUINCY, FLORIDA
STATEMENT OF CASH FLOWS PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Water Fund	Electric Fund	Wastewater Fund	Non-Major Funds	Total Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities						
Cash Received from Customers and Others	\$ 2,171,452	\$ 15,435,925	\$ 2,111,417	\$ 3,140,214	\$ 22,859,008	\$ 152,357
Cash Paid to Employees	(237,708)	(960,682)	(278,822)	(363,013)	(1,840,225)	(34,142)
Cash Paid to Suppliers	(997,193)	(9,521,346)	(1,644,236)	(2,429,864)	(14,592,639)	(140,394)
Net Cash Provided by (Used in) Operating Activities	<u>936,551</u>	<u>4,953,897</u>	<u>188,359</u>	<u>347,337</u>	<u>6,426,144</u>	<u>(22,179)</u>
Cash Flows from Noncapital Financing Activities						
Amounts Received from Other Funds	0	0	0	0	0	0
Operating Transfers In	0	0	448,007	406,221	854,228	28,478
Operating Transfers Out	(226,955)	(5,076,250)	(351,800)	(430,431)	(6,085,436)	0
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(226,955)</u>	<u>(5,076,250)</u>	<u>96,207</u>	<u>(24,210)</u>	<u>(5,231,208)</u>	<u>28,478</u>
Cash Flows from Capital and Related Financing Activities						
Grants	0	2,602,117	825,620	0	3,427,737	0
Loan Proceeds	0	300,000	0	0	300,000	0
Principal Payments on Debt	(534,930)	(1,402,874)	(226,556)	(72,463)	(2,236,823)	0
Interest Payments on Debt	(102,071)	(164,502)	(62,682)	(15,823)	(345,078)	0
Purchase of Fixed Assets	(91,336)	(1,190,756)	(609,340)	(28,770)	(1,920,202)	0
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(728,337)</u>	<u>143,985</u>	<u>(72,958)</u>	<u>(117,056)</u>	<u>(774,366)</u>	<u>0</u>
Cash Flows from Investing Activities						
Interest Received	1,709	1,165	312	129	3,315	0
Investment Activity	50,125	30,903	0	0	81,028	0
Investments Purchased	0	0	0	0	0	0
Net Cash Provided from Investing	<u>51,834</u>	<u>32,068</u>	<u>312</u>	<u>129</u>	<u>84,343</u>	<u>0</u>
Net Increase (Decrease) in Cash and Cash Equivalents	33,093	53,700	211,920	206,200	504,913	6,299
Cash and Cash Equivalents, Beginning of Year	1,577,327	3,889,029	692,640	657,527	6,816,523	43,051
Cash and Cash Equivalents, End of Year	<u>\$ 1,610,420</u>	<u>\$ 3,942,729</u>	<u>\$ 904,560</u>	<u>\$ 863,727</u>	<u>\$ 7,321,436</u>	<u>\$ 49,350</u>

See accompanying notes to Financial Statements

CITY OF QUINCY, FLORIDA
STATEMENT OF CASH FLOWS PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Water Fund</u>	<u>Electric Fund</u>	<u>Wastewater Fund</u>	<u>Non-Major Funds</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Funds</u>
<u>Included on the Accompanying Balance Sheet</u>						
<u>Under the Following Captions</u>						
Cash and Cash Equivalents	\$ 1,093,327	\$ 1,001,419	\$ 269,282	\$ 590,326	\$ 2,954,354	\$ 43,050
Restricted Assets:						
Cash and Cash Equivalents	517,093	2,941,310	635,278	273,401	4,367,082	0
Total	<u>1,610,420</u>	<u>3,942,729</u>	<u>904,560</u>	<u>863,727</u>	<u>7,321,436</u>	<u>43,050</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>						
<u>Provided by (Used in) Operating Activities</u>						
Cash Flows from Operating Activities						
Operating Income (Loss)	720,268	4,263,371	(169,841)	359,269	5,173,067	(28,028)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:						
Depreciation	506,428	929,326	293,158	21,105	1,750,017	11,096
Changes in Assets - Decrease (Increase) and Liabilities - Increase (Decrease)						
Inventory	(76,377)	(141,353)	(7,803)	(26,644)	(252,177)	0
Accounts Receivable, Net	(12,074)	196,585	586,108	(27,389)	743,230	0
Investments	(47,587)	(27,173)	0	0	(74,760)	0
Prepaid	0	27,751	0	0	27,751	0
Due From Other Governments	0	(124,366)	(46,492)	0	(170,858)	0
Accounts Payable	(161,820)	(149,084)	(483,615)	16,619	(777,900)	0
Accrued Payroll	1,521	13,461	(1,743)	4,307	17,546	(3,694)
Accrued Interest Payable	6,103	(35,268)	2,177	(372)	(27,360)	0
Deferred Revenue	0	0	16,492	0	16,492	0
Compensated Absences	89	647	(82)	442	1,096	(1,553)
Customer Deposits	0	0	0	0	0	0
Net Cash Provided by (Used in) Operating Activities	<u>\$ 936,551</u>	<u>\$ 4,953,897</u>	<u>\$ 188,359</u>	<u>\$ 347,337</u>	<u>\$ 6,426,144</u>	<u>\$ (22,179)</u>

See accompanying notes to Financial Statements

CITY OF QUINCY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION-FIDUCIARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Retirement Savings Plan	Police and Firemen's Supplemental Pension Plan	Total
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 152,622	\$ 552,023	\$ 704,645
Investments	9,408,537	9,313,069	18,721,606
Receivables	0	140,031	140,031
Total Current Assets	<u>9,561,159</u>	<u>10,005,123</u>	<u>19,566,283</u>
Total Assets	<u>9,561,159</u>	<u>10,005,123</u>	<u>19,566,283</u>
Liabilities			
Payables			
Refunds of Member Contributions	<u>0</u>	<u>5,032</u>	<u>5,032</u>
Total Liabilities	<u>0</u>	<u>5,032</u>	<u>5,032</u>
Net Assets			
Refund			
Held in Trust for Pension Benefits	<u>9,561,159</u>	<u>10,000,091</u>	<u>19,561,251</u>
Total Net Assets	<u>\$ 9,561,159</u>	<u>\$ 10,000,091</u>	<u>\$ 19,561,251</u>

See accompanying notes to Financial Statements

CITY OF QUINCY, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION-FIDUCIARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Retirement Savings Plan	Police and Firemen's Supplemental Pension Plan	Total
Additions			
Contributions			
Plan Members	\$ 0	\$ 83,537	\$ 83,537
City	798,679	570,569	1,369,248
State	0	0	0
Total Contributions	<u>798,679</u>	<u>654,106</u>	<u>1,452,785</u>
Investment Income (Loss):			
Net Realized and Unrealized Gains	1,384,406	1,447,385	2,831,791
Interest and Dividends	214,932	281,287	496,219
Net Investment Income	<u>1,599,338</u>	<u>1,728,672</u>	<u>3,328,010</u>
Total Additions	<u>2,398,017</u>	<u>2,382,778</u>	<u>4,780,795</u>
Deductions			
Benefits Payments	1,283,736	829,769	2,113,505
Administrative Expenses	1,473	60,021	61,494
Total Deductions	<u>1,285,209</u>	<u>889,790</u>	<u>2,174,999</u>
Change in Net Position	1,112,808	1,492,988	2,605,796
Net Position - Beginning of Year	8,448,352	8,507,103	16,955,455
Net Assets - End of Year	<u>\$ 9,561,159</u>	<u>\$ 10,000,091</u>	<u>\$ 19,561,251</u>

See accompanying notes to Financial Statements

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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 (wastewater), 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, 2021

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, 2021

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, 2021

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.
- **Wastewater 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, 2021

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, 2021.

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, 2021

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, 2021

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, 2021

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, 2021

Note 1 - Summary of Significant Accounting Policies (Concluded)

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, 2021

Note 2 - Cash, Cash Equivalents, and Investments

Deposits and investments as of September 30, 2021, are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Cash Equivalents	\$ 3,906,500
Total Cash and Cash Equivalents	<u>3,906,500</u>
Restricted:	
Cash and Investments	4,367,083
Total Cash and Investments	<u>\$ 8,273,583</u>

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, 2021:

	Carrying Amount	Credit Rating	Maturity
Certificates of Deposit	\$ 509,763	N/A	<180 days
Externally Managed Portfolio Cantella	1,694,440	N/A	N/A
Total Investment	<u>\$ 2,204,203</u>		

As of September 30, 2021, the value of the General Employees’ Retirement Savings Plan’s investment with their respective credit ratings, were as follows:

	Carrying Amount	Credit Rating	Maturity
Externally Managed Portfolio			
American Funds	\$ 9,561,159	N/A	N/A
Total Externally Managed Portfolio	<u>\$ 9,561,159</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, 2021

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

As of September 30, 2021, 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</u> <u>Amount</u>	<u>Carrying</u> <u>Amount</u>	<u>Credit</u> <u>Rating</u>	<u>Maturity</u>
Externally Managed Portfolio				
Cash and Equivalents:				
Salem Trust-	\$ 552,023	\$ 552,023	N/A	N/A
Mutual Funds:				
Fixed Income	1,774,315	1,822,258	AAA	N/A
Equity	5,322,191	6,715,014	AAA	N/A
Real Estate	0	0	AAA	N/A
Total Externally Managed Portfolio	<u>\$ 7,648,529</u>	<u>\$ 9,089,295</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, 2021, were \$3,906,500 and restricted cash (exclusive of externally managed portfolio) of \$4,367,083. 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, 2021

Note 3 - Restricted Assets

Various restrictions on deposits and investments are summarized below:

Restricted Cash and Investments:	
Smart Grid Cash from Bond Issue	\$ 1,551,324
Cash Held with Fiscal Agent Series 2003 Bond	17,615
Cash Held for Debt Service:	
Series 2003 Bond	77,516
SRF Loan	408,844
Drinking Water Loan	195,673
WW SRL 200110	15
Cash Held for Rate Stabilization	2,000,698
Financial Assurance Landfill Closure	47,111
Hurricane Michael Fee	68,287
Total Restricted Cash and Investments	<u><u>\$ 4,367,083</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, \$17,615, other debt of \$77,516 (b) amounts restricted for payments of drinking water loan, \$195,673; amounts restricted for a State Revolving Loan for Sewer, \$408,844; and amounts restricted for State Revolving Loan for Wastewater, \$15 c) funds required to be restricted for debt service under the terms of the 2011 Series Capital Improvement Bond and Loan Covenants, \$1,551,324.

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 twenty (20) 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 \$193,947 for post closure care costs, were filed with the Florida Department of Environmental Protection on November 22, 2019. The amount was based on an estimated annual monitoring expense of \$47,111 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 \$47,111 is sufficient for monitoring requirements.

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 4 - Inventory

Inventory at September 30, 2021, consists of the following:

Electric Utility Supplies	\$ 528,079
Water, Wastewater, and Gas Supplies	232,405
Total Inventory	\$ 760,484

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	Wastewater
	Accounts Receivable	\$ 193,614	\$ 459,657	\$ 2,752,718
Less Allowance for Bad Debt	0	(119,744)	(760,271)	(131,979)
Net Accounts Receivable	\$ 193,614	\$ 339,913	\$ 1,992,447	\$ 337,391

	Proprietary Fund Activities			
	Gas	Refuse	Landfill	Total
	Accounts Receivable	\$ 260,443	\$ 301,436	\$ 14,240
Less Allowance for Bad Debt	(61,576)	(80,832)	0	(1,154,402)
Net Accounts Receivable	\$ 198,867	\$ 220,604	\$ 14,240	\$ 3,297,076

As of September 30, 2021, the City also had grants receivables of \$140,673 in the General fund, \$124,366 in the Electric fund, and \$46,492 in the Wastewater fund.

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 6 - Capital Assets

	Balance September 30, 2020	Increase	Decrease	Balance September 30, 2021
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 4,607,224	\$ 10,337	\$ 0	\$ 4,617,561
Work in Process	88,452	0	(88,452)	0
Total Capital Assets, Not Being Depreciated	<u>4,695,676</u>	<u>10,337</u>	<u>(88,452)</u>	<u>4,617,561</u>
Capital Assets, Being Depreciated:				
Building and Improvements	5,704,080	124,910	0	5,828,990
Improvements other than Buildings	11,052,291	6,000	0	11,058,291
Infrastructure	7,646,901	346,706	0	7,993,607
Equipment and Other	7,712,754	1,303,326	0	9,016,080
Total Capital Assets, Being Depreciated	<u>32,116,026</u>	<u>1,780,942</u>	<u>0</u>	<u>33,896,968</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(5,644,678)	(74,461)	0	(5,719,139)
Improvements other than Buildings	(11,214,735)	(6,242)	0	(11,220,977)
Infrastructure	(6,378,164)	(42,510)	0	(6,420,674)
Equipment and Other	(6,733,208)	(167,861)	0	(6,901,069)
Total Accumulated Depreciation	<u>(29,970,785)</u>	<u>(291,074)</u>	<u>0</u>	<u>(30,261,859)</u>
Total Capital Assets, Being Depreciated, Net	<u>2,145,241</u>	<u>1,489,868</u>	<u>0</u>	<u>3,635,109</u>
Total Governmental Capital Assets, Net	<u>\$ 6,840,917</u>	<u>\$ 1,500,205</u>	<u>\$ (88,452)</u>	<u>\$ 8,252,670</u>
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,666,353	\$ 0	\$ 0	\$ 1,666,353
Total Capital Assets, Not Being Depreciated	<u>1,666,353</u>	<u>0</u>	<u>0</u>	<u>1,666,353</u>
Capital Assets, Being Depreciated				
Buildings	25,363,949	0	0	25,363,949
Utility, Plant Equipment and Improvements	20,420,379	477,241	0	20,897,620
Infrastructure	4,165,654	218,348	0	4,384,002
Equipment and Other	5,511,229	1,224,613	0	6,735,842
Total Capital Assets, Being Depreciated	<u>55,461,211</u>	<u>1,920,202</u>	<u>0</u>	<u>57,381,413</u>
Less Accumulated Depreciation for:				
Buildings	(19,952,790)	(773,307)	0	(20,726,097)
Utility, Plant Equipment and Improvements	(13,272,194)	(488,703)	0	(13,760,897)
Equipment and Other	(4,360,440)	(485,797)	0	(4,846,237)
Total Accumulated Depreciation	<u>(37,585,424)</u>	<u>(1,747,806)</u>	<u>0</u>	<u>(39,333,230)</u>
Total Capital Assets, Being Depreciated, Net	<u>17,875,787</u>	<u>172,396</u>	<u>0</u>	<u>18,048,183</u>
Total Business-Type Capital Assets, Net	<u>\$ 19,542,140</u>	<u>\$ 172,396</u>	<u>\$ 0</u>	<u>\$ 19,714,536</u>
Depreciation expense was charged to governmental functions as follows:				
General Government				\$ 8,524
Public Safety				138,814
Transportation				0
Culture and Recreation				18,471
Economic Development				0
Physical Environment				125,265
Total				<u>\$ 291,074</u>

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 7 - Long Term Debt

	September 30,			September 30,
	2020	Additions	Reductions	2021
Governmental Funds:				
Capital Improvement Refunding Revenue Bond 2012	\$ 2,310,000	\$ 0	\$ 312,000	\$ 1,998,000
Honeywell Lease (Gov't Portion)	54,390	0	17,226	37,164
Equipment Loan Police Cars	140,061	0	36,832	103,229
Capital City Bank Line of Credit (CRA)	64,100	0	64,100	0
Compensated Absences	389,257	0	17,801	371,456
Net Pension Liability	2,709,553	0	1,631,180	1,078,373
Other Post Employment Benefits Liability	8,046,269	2,834,733	0	10,881,002
Total Governmental Activities Long Term Debt	\$ 13,713,630	\$ 2,834,733	\$ 2,079,139	\$ 14,469,224

Business-Type Activities:

Electric Fund:

Utility Revenue Refunding Series 2020A Bonds	\$ 2,016,748	\$ 0	\$ 194,192	\$ 1,822,556
Utility Revenue Refunding Series 2020B Bonds	2,774,617	0	125,993	2,648,624
Honeywell Lease (Electric Portion)	261,074	0	82,689	178,385
Capital City Bank Loan Digger Truck Loan	0	300,000	0	300,000
Capital City Bank Line of Credit	1,982,707	0	1,000,000	982,707
Compensated Absences	78,407	1,549	0	79,956
Total General Long Term Debt: Electric Fund	7,113,553	301,549	1,402,874	6,012,228

Water Fund:

Utility Revenue Refunding Series 2020A Bonds	1,008,374	0	97,096	911,278
Utility Revenue Refunding Series 2020B Bonds	591,312	0	26,851	564,461
Utility Revenue Refunding Series 2020C Bonds	1,995,254	0	141,071	1,854,183
State Revolving Loan - Project No. DW200601	615,742	0	244,071	371,671
Honeywell Lease (Water Portion)	81,586	0	25,841	55,745
Compensated Absences	8,655	357	0	9,012
Total General Long Term Debt: Water Fund	4,300,923	357	534,930	3,766,350

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 7 - Long Term Debt (Continued)

	September 30,		September 30,	
	2020	Additions	Reductions	2021
Wastewater Fund:				
Utility Revenue Refunding Series 2020A Bonds	1,008,374	0	97,096	911,278
Utility Revenue Refunding Series 2020B Bonds	591,312	0	26,851	564,461
State Revolving Loan - Project No. 200100	337,897	0	23,187	314,710
State Revolving Loan - Project No. 641090	260,959	0	12,439	248,520
State Revolving Loan - Project No. 200110	20,471	0	20,471	0
Honeywell Lease (Wastewater Portion)	146,854	0	46,512	100,342
Compensated Absences	9,700	0	327	9,373
Total General Long Term Debt: Wastewater Fund	2,375,567	0	226,883	2,148,684
Gas Fund:				
Utility Revenue Refunding Series 2020B Bonds	591,312	0	26,851	564,461
Compensated Absences	19,897	2,931	0	22,828
Total General Long Term Debt: Gas Fund	611,209	2,931	26,851	587,289
Landfill Fund:				
Compensated Absences	4,233	0	125	4,108
Estimated Landfill Closure and Post Closure	239,559	0	45,612	193,947
Total General Long Term Debt: Landfill Fund	243,792	0	45,737	198,055
Internal Service Fund:				
Compensated Absences	6,211	0	6,211	0
Total General Long Term Debt: Internal Service Fund	6,211	0	6,211	0
Total Business-type Activities Long Term Debt	\$ 14,651,255	\$ 304,837	\$ 2,243,485	\$ 12,712,607

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 7 - Long Term Debt (Continued)

Governmental Activities:	September 30,			September 30,			Due
	2020	Additions	Reductions	2021	Within		
					One		
					Year		
Bonds:							
Capital Improvement Refunding Revenue Bond 2012	\$ 2,310,000	\$ 0	\$ 312,000	\$ 1,998,000	\$	317,000	
Capitalized Leases:							
Honeywell Lease (Gov't Portion)	54,390	0	17,226	37,164		18,964	
Notes Payable:							
Equipment Loan Police Cars	140,061	0	36,832	103,229		38,333	
Capital City Bank Line of Credit (CRA)	64,100	0	64,100	0		0	
Compensated Absences	389,257	0	17,801	371,456		92,864	
Net Pension Liability	2,709,553	0	1,631,180	1,078,373		0	
Other Post Employment Benefits Liability	8,046,269	2,834,733	0	10,881,002		0	
Total Governmental Activities Debt	\$ 13,713,630	\$ 2,834,733	\$ 2,079,139	\$ 14,469,224	\$	467,161	
Business-Type Activities:							
Bonds:							
Utility Revenue Refunding Series 2020A Bonds	\$ 4,033,497	\$ 0	\$ 388,385	\$ 3,645,112	\$	396,466	
Utility Revenue Refunding Series 2020B Bonds	4,548,554	0	206,546	4,342,008		105,424	
Utility Revenue Refunding Series 2020C Bonds	1,995,253	0	141,071	1,854,182		144,063	
Notes Payable:							
State Revolving Loan - Project No. DW200601	615,741	0	244,071	371,670		241,894	
State Revolving Loan - Project No. 200100	337,897	0	23,187	314,710		23,468	
State Revolving Loan - Project No. 641090	260,959	0	12,439	248,520		12,706	
State Revolving Loan - Project No. 200110	20,471	0	20,471	0		0	
Capital City Bank Line of Credit	1,982,707	0	1,000,000	982,707		982,707	
Capital City Bank Line of Credit-Digger Truck	0	300,000	0	300,000		100,000	
Capitalized Leases:							
Honeywell Lease (Wastewater Portion)	146,854	0	46,512	100,342		51,203	
Honeywell Lease (Electric Portion)	261,074	0	82,689	178,385		91,028	
Honeywell Lease (Water Portion)	81,586	0	25,841	55,745		28,446	
Estimated Landfill Closure and Post Closure	239,559	0	45,612	193,947		48,487	
Compensated Absences	127,103	4,837	6,662	125,278		31,319	
Total Business-Type Activities Debt	\$ 14,651,255	\$ 304,837	\$ 2,243,485	\$ 12,712,607	\$	2,257,211	

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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, 2021, the City had a balance of \$149,579, and transferred \$365,000, 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 portion of equipment loans was paid off in 2019. 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 \$37,164) as of September 30, 2021 is \$371,635. 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.

During the 2020 year the city entered into a lease purchase agreement to buy four police vehicles. The four vehicles were capitalized at a cost of \$178,676, with a resulting debt of \$163,886. The purchase has an effective interest rate of 2% and has combined monthly payments of \$3,498 for 48 months. As of September 30, 2021 the balance of the debt, including interest, was \$127,054.

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 7 – Long Term Debt (Continued)

\$64,100 Capital City Line of Credit (CRA)

The City borrowed \$64,100 for cash flow purposes. The line of credit was paid in full as of September 30, 2021.

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:

\$8,800,000 City of Quincy, Florida Utility System Improvement and Refunding Revenue Bonds – Series 2020A and 2020B

The City adopted resolutions dated 02/02/2020, which authorized the issuance of its Utility Revenue Refunding Bond, Series 2020A (the "Series 2020A Bond") and its Taxable Utility Revenue Refunding Bond, Series 2020B (the "Series 2020B Bond", together with the Series 2020A Bond, the "Series 2020 Bonds"); and the City Commission determined that it was necessary and desirable to borrow funds to refinance its Utility System Improvement and Refunding Revenue Bonds, Series 2003 maturing in the years 2023 through 2029 (the "2003 Refunded Bonds"). The City Manager was authorized to select the 2003 Refunded Bonds and 2011 Refunded Bonds to be refunded and is hereby authorized to call such 2003 Refunded Bonds and 2011 Refunded Bonds, in consultation with the Financial Advisor and Bond Counsel. It was in the best interest of the Issuer to accept the offer of the Bank and sell the Series 2020 Bonds at a negotiated sale. In consideration of the purchase and acceptance by the Bank of the Series 2020 Bonds authorized to be issued hereunder, the Resolution, shall constitute a contract between the Issuer and the Bank.

The Series 2020 Bonds are secured by a lien on the Pledged Revenues, and, upon issuance of the Series 2020 Bonds, the Pledged Revenues will not be pledged or encumbered in any manner. There is hereby authorized to be issued the "City of Quincy, Florida Utility Revenue Refunding Bond, Series 2020A," in an aggregate principal amount of Four Million One Hundred Fourteen Thousand Seventy Dollars and 85/100 (\$4,114,071), which shall secure amounts outstanding hereunder, and will be repaid on October 1, 2029 unless earlier prepaid as provided herein and in the Series 2020A Bond. The Series 2020A Bond shall bear interest at a fixed interest rate of 2.07% per annum, calculated on a 30/360-day basis, and shall be dated the date of delivery. Interest and principal shall be payable semiannually commencing April 1, 2020 and, on each October 1, and April 1 thereafter until the Series 2020A Bond is paid in full.

Debt service on the Series 2020A Bond shall be due and paid as set forth on Schedule I attached to the Series 2020A Bond. Upon five days' written notice to the Bank, the Series 2020A Bond may be prepaid by the Issuer, in whole or in part, at any time without a prepayment premium or penalty. The outstanding balance of the Series 2020A Bond as of September 30, 2021 was \$3,645,112.

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 7 – Long Term Debt (Continued)

It was also authorized to issue the "City of Quincy, Florida Taxable Utility Revenue Refunding Bond, Series 2020B," in an aggregate principal amount of Four Million Five Hundred Seventy-Nine Thousand and Three Hundred Twenty-Three Dollars and 50/100 (\$4,579,324), which shall secure amounts outstanding hereunder, and will be repaid on October 1, 2032 unless earlier prepaid as provided herein and in the Series 2020B Bond. The Series 2020B Bond shall bear interest at a fixed interest rate of 2.77% per annum, calculated on a 30/360- day basis, and shall be dated the date of delivery. Interest and principal shall be payable semiannually commencing April 1, 2020 and, on each October 1, and April 1 thereafter until the Series 2020B Bond is paid in full. Debt service on the Series 2020B Bond shall be due and paid as set forth on Schedule I attached to the Series 2020B Bond. Upon five days' written notice to the Bank, the Series 2020B Bond may be prepaid by the Issuer, in whole, at any time without a prepayment premium or penalty. A Determination of Taxability shall not occur in the event such interest is taken into account in determining adjusted current earnings for the purpose if the alternative minimum tax imposed on corporations.

The funds were used in the following manner: the "City of Quincy Utility 2020A Costs of Issuance Fund" (the "2020A Costs of Issuance to be held by the Issuer. \$54,750 shall be deposited in such fund to pay the costs associated with the issuance of the Series 2020A Bond. After payment of the costs of issuance of the Series 2020A Bond, any amounts remaining in the 2020A Costs of Issuance Fund shall be transferred to the Bond Service Fund for payment of principal and interest on the Series 2020A Bond; and \$56,850 shall be deposited in such fund to pay the costs associated with the issuance of the Series 2020B Bond; and after payment of the costs of issuance of the Series 2020B Bond, any amounts remaining in the 2020B Costs of Issuance Fund shall be transferred to the Bond Service Fund for payment of principal and interest on the Series 2020B Bond.

The balance of said proceeds after paying the costs of issuance of the Series 2020B Bond shall be deposited with the Escrow Agent for defeasance and redemption of the 2011 Refunded Bonds (a portion in the amount of \$26,750 will be used for costs of issuance related to the tax-exempt City of Quincy, Florida Utility Revenue Refunding Bonds, Series 2021, to be exchanged for the Series 2020B Bond on October 1, 2021). The outstanding balance of the Series 2020B Bond as of September 30, 2021 was \$4,342,008.

The Issuer hereby designates the Series 2020A Bond and the Series 2020B Bond as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

Trust Bank (the "Lender"), negotiated with the City of Quincy, Florida (the "Issuer") for the private purchase of the City of Quincy, Florida Utility Revenue Refunding Bond, Series 2020A (the "Series 2020A Bond") and the City of Quincy, Florida Taxable Utility Revenue Refunding Bond, Series 2020B (the "Series 2020B Bond", together with the Series 2020A Bond, the "Series 2020 Bonds")) securing amounts due under a Master Utility Revenue and Refunding Bond Resolution and Supplemental Resolution of the Issuer (collectively, the "Resolution") in the aggregate principal amount of \$8,800,000.

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 7 – Long Term Debt (Continued)

\$2,045,254 City of Quincy, Utility Revenue Refunding Bond Series 2020C

The City adopted resolutions dated 01/28/2020, which authorized the issuance of its Utility Revenue Refunding Bond, Series 2020C (the "Series 2020C Bond"); and the City Commission determined that it was necessary and desirable to borrow funds to refinance a portion of its loan from the State of Florida Department of Environmental Protection Agency Drinking Water State Revolving Fund (DW2006010) (the "SRF Loan"). Based upon recommendations from the Issuer's financial advisor, and Issuer staff, Trust Bank proposal was accepted. The debt service on the Series 2020C Bond shall be payable from and secured solely by Net Revenues of the System and amounts in the funds and accounts established under the Resolution (the "Pledged Revenues"). In consideration of the purchase and acceptance by the Bank of the Series 2020C Bond a contract was established between the Issuer and the Bank.

The Series 2020C Bond will be secured by a lien on the Pledged Revenues and, upon issuance of the Series 2020C Bond, the Pledged Revenues will not be pledged or encumbered in any manner, other than as security for the Series 2020C Bond and the Outstanding Parity Bonds. The City was authorized to issue the "City of Quincy, Florida Utility Revenue Refunding Bond, Series 2020C," in an aggregate principal amount of Two Million Forty-Five Thousand Two Hundred Fifty-Three Dollars and 54/100 (\$2,045,254), which constitute an Additional Parity Obligation and shall secure amounts outstanding hereunder, and will be repaid on December 15, 2032 unless earlier prepaid as provided herein and in the Series 2020C Bond. The Series 2020C Bond shall bear interest at a fixed interest rate of 2.11 % per annum, calculated on a 30/360-day basis, and shall be dated the date of delivery. Interest and principal shall be payable semiannually commencing June 15, 2020 and on each June 15 and December 15 thereafter until the Series 2020C Bond is paid in full. Debt service on the Series 2020C Bond shall be due and paid as set forth in the schedule attached to the Series 2020C Bond. Upon five days' written notice to the Bank, the Series 2020C Bond may be prepaid by the Issuer, in whole, at any time without a prepayment premium or penalty. Upon an Event of Default, the Series 2020C Bond shall bear interest at a default rate equal to the interest rate on the Series 2020C Bond plus 2% per annum, commencing five (5) days after the Event of Default.

The proceeds received from the sale of the Series 2020C Bond, were applied by the Issuer as follows: There is hereby established the "City of Quincy Utility 2020C Costs of Issuance Fund" (the "2020C Costs of Issuance Fund") to be held by the Issuer. A portion of the proceeds of the Series 2020C Bonds in the amount of \$28,500 shall be deposited in such fund to pay the costs associated with the issuance of the Series 2020C Bond. After payment of the costs of issuance of the Series 2020C Bond, any amounts remaining in the 2020C Costs of Issuance Fund shall be transferred to the Bond Service Fund for payment of principal and interest on the Series 2020C Bond; and the balance of said proceeds after paying the costs of issuance of the Series 2020C Bond shall be paid to the State of Florida Department of Environmental Protection Agency for payment and redemption of the SRF Loan. The Issuer hereby designates the Series 2020C Bond as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). The outstanding balance of the Series 2020C Bond as of September 30, 2021 was \$1,854,182.

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 7 – Long Term Debt (Continued)

\$8,890,000 City of Quincy, Florida Utility System Improvement and Refunding Revenue Bonds 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 \$257,037 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, 2021 was \$371,670.

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 wastewater 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. The outstanding balance at September 30, 2021 was \$314,710.

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 wastewater 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. 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, 2021 was \$248,520.

State Revolving Loan Note from FDEP (200110) (CSFA 37.077)

The original loan amount was awarded on July 5, 2019 for \$30,000 of which \$20,000 was disbursed during the year, it also included an unpaid service fee of \$400. The project is related to the 1.5-Megawatt solar array. The rate is .515. The debt was paid in full as of September 30, 2021.

\$3,000,000 Capital City Bank Line of Credit for Hurricane Michael Repairs and Improvements

The City obtained a line of credit for \$3,000,000 on January 10, 2019. The proceeds were used to fund repairs associated with the aftermath of Hurricane Michael. The loan has a fixed interest rate of 3.59%. Interest payments are due semi-annually on June 1 and December 1, beginning on June 1, 2019. The loan is interest only payments until January 10, 2022. The note is collateralized by revenues from the utility system. As of September 30, 2021, the outstanding balance was \$982,707.

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 7 – Long Term Debt (Continued)

Capital City Bank Line of Credit for Digger Truck

On July 14, 2021, the City entered into an agreement with Capital City Bank to purchase a digger truck for the utility department in the amount of \$300,000. The interest rate was 1.95%, with a maturity date of July 14, 2024. The first payment will be due on July 14, 2022 in the amount of \$103,982. Interest to be paid on the life of the loan will be \$11,945. As of September 30, 2021, the outstanding amount due was \$300,000.

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 value of these assets under capital leases as of September 30, 2021 is \$474,864. 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, 2021, 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
2022	\$ 374,297	\$ 51,675	\$ 2,225,892	\$ 253,093
2023	379,333	42,020	1,331,073	185,187
2024	356,756	32,424	836,228	160,111
2025	340,000	23,713	852,491	143,843
2026	342,000	15,893	869,074	127,255
Thereafter	349,000	8,027	6,221,013	411,518
Total	<u>\$ 2,141,386</u>	<u>\$ 173,752</u>	<u>\$ 12,335,772</u>	<u>\$ 1,281,008</u>

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, 2021, the City purchased electric capacity totaling \$7,544,040.

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 8 - Contingencies and Commitments (Continued)

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, 2021, the City purchased gas totaling \$830,815.

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.

Accounting for Municipal Landfill Closure and Post Closure Care Costs

At September 30, 2021, the City’s total liability for landfill closure and post-closure care costs was approximately \$193,947. 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 monitory costs of \$48,487 for a period of four 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 \$48,487. As of September 30, 2021, cash deposited in the escrow account was \$47,112, with the additional amount of \$575 being deposited in January 2022 upon release of the LTC report.

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.

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 8 - Contingencies and Commitments (Concluded)

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, 2021, the City contributed \$798,679 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. 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.

Employees Covered by Benefit Terms:

At September 30, 2021, the following employees were covered by the benefit terms:

Inactive Plan Members, or Beneficiaries Currently Receiving Benefits	40
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	0
Active Plan Members	103
	143

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.

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 10 – General Information About the OPEB Plan (Continued)

TOTAL OPEB LIABILITY

The measurement date is September 30, 2020.

The measurement period for the OPEB expense was October 1, 2019 to September 30, 2020.

The reporting period is October 1, 2020 through September 30, 2021.

The City's Total OPEB Liability was measured as of September 30, 2020.

Actuarial Assumptions:

The Total OPEB Liability was determined by an actuarial valuation as of September 30, 2020, using the following actuarial assumptions:

Inflation Rate	2.50%
Salary Increase Rate(s)	4.00%
Discount Rate	2.14%
Initial Trend Rate	7.50%
Ultimate Trend Rate	4.00%
Years to Ultimate	55

All morality rates were based on the Pub-2010 mortality tables. All mortality rates are those outlined in Milliman's July 1, 2019 Florida Retirement System (FRS) valuation report with appropriate adjustments made based on plan demographics. All tables include fully generational adjustments for mortality improvements using gender-specific improvement scale MP-2018.

Mortality – Active Lives:

For female (non-special risk) lives, the headcount-weighted PubG-2010 female employee table was used. For female special risk lives, the headcount-weighted PubS-2010 female employee table, set forward one year, was used.

For male (non-special risk) lives, the headcount-weighted PubG-2010 male below-median income employee table, set back one year, was used. For male special risk lives, the headcount-weighted PubS-2010 male below-median income employee table, set forward one year, was used.

Mortality – Inactive Healthy Lives:

For female (non-special risk) lives, the headcount-weighted PubG-2010 female below-median income healthy retiree table was used. For female special risk lives, the headcount-weighted PubS-2010 female below-median income healthy retiree table, set forward one year, was used.

For male (non-special risk) lives, the headcount-weighted PubG-2010 male below-median income healthy retiree table, set back one year was used. For male special risk lives, the headcount-weighted PubS-2010 male below-median income healthy retiree table, set forward one year, was used.

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 10 – General Information About the OPEB Plan (Continued)

Mortality – Disabled Lives:

For female (non-special risk) lives, no disability rates are assumed. For female special risk lives, and 80% headcount-weighted PubG-2010 female disabled retiree, 20% headcount-weighted PubS-2010 female disabled retiree blended table was used.

For male (non-special risk) lives, no disability rates are assumed. For male special risk lives, an 80% headcount-weighted PubG-2010 male disabled retiree, 20% headcount-weighted PubS-2010 male disabled retiree blended table was used.

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 2.14%. The high-quality municipal bond rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices nearest the measurement date. The S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor’s Ratings Services, Aa2 by Moody’s or AA by Fitch. If there are multiple ratings, the lowest rating is used.

CHANGE IN TOTAL OPEB LIABILITY

	Increases and (Decreases) in Total OPEB Liability
Reporting Period Ending September 30, 2020	\$ 8,046,269
Changes for the Year:	
Service Cost	576,456
Interest	303,432
Differences between Expected and Actual Experience	0
Changes of assumptions	2,251,336
Changes of benefit terms	0
Contributions – Employer	0
Benefit Payments	(296,491)
Other Changes	0
Net Changes	2,834,733
Reporting Period Ending September 30, 2021	\$ 10,881,002

Changes in assumptions reflect a change in the discount rate from 3.58% for the reporting period ended September 30, 2020, to 2.14% for the reporting period ended September 30, 2021.

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 10 – General Information About the OPEB Plan (Continued)

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 1.14%	Current Discount Rate 2.14%	1% Increase 3.14%
Total OPEB Liability (Asset)	\$ 12,978,575	\$ 10,881,002	\$ 9,238,765

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%-6.50%	Healthcare Cost Trend Rates 4.00%-7.50%	1% Increase 5.00%-8.50%
Total OPEB Liability (Asset)	\$ 9,000,735	\$ 10,881,002	\$ 13,374,681

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.

For the year ended September 30, 2021, the city will recognize OPEB expense of \$889,693.

On September 30, 2021, 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	\$ 239,850
Changes in Assumptions	2,051,933	945,925
Employer Contributions Subsequent to the Measurement Date	321,828	0
Total	\$ 2,373,761	\$ 1,185,775

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 10 – General Information About the OPEB Plan (Concluded)

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,		
2022	\$	5,505
2023	\$	5,505
2024	\$	5,505
2025	\$	5,505
2026	\$	5,509
Thereafter	\$	838,629

Note 11- Police and Firemen’s Supplemental Pension Plan

Plan Description

The Plan is a single-employer defined benefit 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 Florida Statutes 185.02 and one Member shall be a firefighter as defined in Florida Statutes 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 herein, and such person’s name shall be submitted to the legislative body of the City.

Full time employees who are classified as Police Officers or Firefighters participate as a condition of employment.

Plan Membership as of October 1, 2020:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	39
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	23
Active Plan Members	24
	86

Benefits Provided

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

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.

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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

Net Pension Liability

The measurement date is September 30, 2021.

The measurement period for the pension expense was October 1, 2020 to September 30, 2021.

The reporting period is October 1, 2020 through September 30, 2021.

The Sponsor’s Net Pension Liability was measured as of September 30, 2021.

The total Pension liability used to calculate the Net Pension Liability was determined as of that date.

Actuarial Assumptions

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2020 updated to September 30, 2021, using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	4.00%
Discount Rate	7.30%
Investment Rate of Return	7.30%

Mortality Rate Healthy Active Lives:

Female: PubS.H-2010 for Employees, set forward one year.

Male: PubS.H-2010 (Below Median) for Employees, set forward one year.

Mortality Rate Healthy Retiree Lives:

Female: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year.

Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year.

Mortality Rate Beneficiary Lives:

Female: PubG.H-2010 (Below Median) for Healthy Retirees.

Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.

Mortality Rate Disabled Lives:

80% PubG.H-2010 for Disabled Retirees/20% PubS.H-2010 for Disabled Retirees.

All rates are projected generationally with Mortality Improvement Scale MP-2018. We feel this assumption sufficiently accommodates future mortality improvements.

The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions 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, 2020 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics.

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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

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

The Long-Term Expected Rate of Return on Pension Plan investments can be 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 2021 the inflation rate assumption of the investment advisor was 2.50%.

These ranges are combined to produce the Long-Term Expected Rate of Return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan’s target asset allocation as of September 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return ⁽¹⁾
Domestic Equity	55.0%	7.50%
International Equity	10.0%	8.50%
Broad Market Fixed Income	20.0%	2.50%
Fixed Income (Non-Core)	2.5%	2.50%
Global Fixed Income	2.5%	3.50%
Real Estate	10.0%	4.50%
Total	<u>100%</u>	

(1) Source: AndCo Consulting

Discount Rate:

The discount rate used to measure the Total Pension Liability was 7.30 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, 2021

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

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability
	(a)	(b)	(a)-(b)
Balances as of September 30, 2020	\$ 11,216,656	\$ 8,507,103	\$ 2,709,553
Adjustment to Beginning of the Year	0	0	0
Changes for a Year:			
Service Cost	101,416	0	101,416
Interest	795,933	0	795,933
Share Plan Allocation	10,052	0	10,052
Differences between Expected and Actual Experience	0	0	0
Changes of Assumptions	(215,824)	0	(215,824)
Changes of Benefit Terms	0	0	0
Contributions-Employer	0	442,864	(442,864)
Contributions-State	0	127,705	(127,705)
Contributions-Employee	0	83,537	(83,537)
Net Investment Income	0	1,705,172	(1,705,172)
Benefit Payments, including Refunds of Employee			
Contributions	(829,769)	(829,769)	0
Administrative Expense	0	(36,521)	36,521
Net Changes	(138,192)	1,492,988	(1,631,180)
Balances as of September 30, 2021	<u>\$ 11,078,464</u>	<u>\$ 10,000,091</u>	<u>\$ 1,078,373</u>

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

	1% Decrease	Current Discount Rate	1% Increase
	6.30%	7.30%	8.30%
Sponsor’s Net Pension Liability	<u>\$2,206,144</u>	<u>\$1,078,373</u>	<u>\$125,848</u>

Pension Plan Fiduciary Net Position

Detailed information about the Pension Plan’s Fiduciary Net Position is available in a separately issued Plan financial report.

For the year ended September 30, 2021, the sponsor has recognized a Pension expense of \$(3,047).

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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

On September 30, 2021, 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	\$ 0	\$ 107,912
Change of Assumptions	0	0
Net Difference between Projected and Actual Earnings on Pension		
Plan Investment	0	868,570
Total	\$ 0	\$ 976,482

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in Pension Expense as follows:

Year ended September 30:

2022	\$ (327,978)
2023	\$ (191,961)
2024	\$ (238,163)
2025	\$ (218,380)
2026	\$ 0
Thereafter	\$ 0

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, 2021, expenditures were under appropriations in the City’s general fund in most expenditure categories.

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 14 - Interfund Transfers

	Transfer In								Total
	General Fund	CRA Fund	Debt Service Fund	Wastewater Fund	Refuse Fund	Landfill Fund	Gas Fund	Internal Service Fund	
Transfers Out									
General Fund	\$ 0	\$20,000	\$365,000	\$ 0	\$ 0	\$ 0	\$ 0	\$28,478	\$ 413,478
Electric Fund	4,639,940	0	0	314,002	0	0	122,308	0	5,076,250
Water Fund	36,311	0	0	134,005	56,639	0	0	0	226,955
Wastewater Fund	141,800	0	0	0	0	80,000	130,000	0	351,800
Refuse Fund	33,758	0	0	0	0	17,274	0	0	51,032
Landfill Fund	37,892	0	0	0	0	0	0	0	37,892
Gas Fund	341,507	0	0	0	0	0	0	0	341,507
Total	\$5,231,208	\$20,000	\$365,000	\$ 448,007	\$56,639	\$97,274	\$252,308	\$28,478	\$6,498,914

Note 15 - Advances To and From Other Funds

	Advances To	Advances From		
		Electric	Wastewater	Total
Electric	\$ 200,000	\$ 0	\$ 200,000	\$ 200,000
Water	479,943	479,943	0	479,943
Wastewater	479,943	479,943	0	479,943
Gas	479,943	479,943	0	479,943
Total	\$1,639,829	\$1,439,829	\$ 200,000	\$1,639,829

Note 16 – Encumbrances

Encumbrances represent amounts a government has committed to pay for goods or services that were not received prior to end of the fiscal year and are included in restricted fund balance.

	Encumbrance Amount
General Fund	\$ 218,742
CRA Fund	2,547
Wastewater Fund	0
Electric Fund	0
Water Fund	0
Gas Fund	0
Total	\$ 221,289

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 17 - Fund Balance

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

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:

	General Fund	CRA	Special Revenue	Debt Service	Total Governmental Funds
Restricted for:					
Law Enforcement	\$ 0	\$ 0	\$ 25,860	\$ 0	\$ 25,860
Debt Service	140,393	0	0	149,279	289,672
Economic Environment	0	142,299	0	0	142,299
Encumbrances	218,742	2,547	0	0	221,289
Unassigned	845,562	0	0	0	845,562
Total Fund Balance	\$1,204,697	\$144,846	\$ 25,860	\$149,279	\$ 1,524,682

Note 18 – Subsequent Events

Management has evaluated subsequent events through June 24, 2022 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, 2021

CITY OF QUINCY, FLORIDA
POLICE AND FIREMEN'S SUPPLEMENTAL
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
YEAR ENDED SEPTEMBER 30, 2021

Schedule of Changes in Net Pension Liability and Related Ratios

Last 10 Fiscal Years

Measurement Date (1)	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total Pension Liability								
Service cost	\$ 101,416	\$ 83,529	\$ 81,950	\$ 91,547	\$ 97,154	\$ 81,748	\$ 79,756	\$ 75,629
Interest	795,933	776,192	776,543	776,987	743,912	706,961	707,360	702,446
Share Plan Allocation	10,052	10,102	0	0	0	0	0	(104,969)
Changes of benefit terms	0	0	(544)	0	0	0	0	0
Differences between Expected and Actual Experience	(215,824)	506,141	(73,448)	(58,733)	307,201	28,822	(139,070)	0
Changes of assumptions	0	(170,735)	102,628	251,771	0	344,566	0	0
Benefit Payments, including Refunds of Employee Contributions	(829,769)	(788,259)	(719,893)	(726,417)	(705,357)	(696,094)	(614,276)	(613,357)
Net Changes in Total Pension Liability	(138,192)	416,970	167,236	335,155	442,910	466,003	33,770	59,749
Total Pension Liability - Beginning	11,216,656	10,799,686	10,632,450	10,297,295	9,854,385	9,388,382	9,354,612	9,294,863
Total Pension Liability - Ending (a)	11,078,464	11,216,656	10,799,686	10,632,450	10,297,295	9,854,385	9,388,382	9,354,612
Plan Fiduciary Net Position								
Contributions - Employer	442,864	355,241	518,900	320,186	332,291	324,161	173,276	203,047
Contributions - State	127,705	228,920	0	104,390	101,068	100,511	196,371	102,057
Contributions - Employee	83,537	64,841	62,268	64,854	69,532	74,620	64,890	60,662
Net Investment Income	1,705,172	684,394	349,524	703,177	957,394	286,861	(96,294)	713,364
Benefit Payments, including Refunds of Employee Contributions	(829,769)	(788,259)	(719,893)	(726,417)	(705,357)	(696,094)	(614,276)	(613,357)
Administrative Expense	(36,521)	(40,698)	(37,542)	(32,323)	(31,832)	(38,392)	(31,320)	(27,834)
Net Change in Plan Fiduciary Net Position	1,492,988	504,439	173,257	433,867	723,096	51,667	(307,353)	437,939
Plan Fiduciary Net Position - Beginning	8,507,103	8,001,834	7,828,577	7,394,710	6,671,614	6,619,947	6,927,300	6,489,361
Adjustment to Beginning of the Year		830	0	0	0	0	0	0
Plan Fiduciary Net Position - Ending (b)	10,000,091	8,507,103	8,001,834	7,828,577	7,394,710	6,671,614	6,619,947	6,927,300
Net Pension Liability - Ending (a) - (b)	\$ 1,078,373	\$ 2,709,553	\$ 2,797,852	\$ 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	90.27%	75.84%	74.09%	73.63%	71.81%	67.70%	70.51%	74.05%
Covered Payroll	\$ 1,113,828	\$ 864,548	\$ 830,241	\$ 864,717	\$ 931,955	\$ 1,023,306	\$ 867,717	\$ 808,824
Net Pension Liability as a percentage of Covered Payroll	96.82%	313.41%	336.99%	324.25%	311.45%	311.03%	319.05%	300.10%

Notes to Schedule:

(1) Effective for the City's fiscal year ending 9/30/2020, the Gasb 68 measurement date of the Pension Expense has been approved and changed from 9/30/2019 to 9/30/2020.

Changes to benefit terms:

For measurement date 9/30/2019, amounts reported as changes of benefit terms resulted from the provisions of Chapter 112.1816, Florida Statutes. The Statutes state that, effective July 1, 2019, a death or disability (under Plan's definition of total and permanent disability) for a Firefighter due to the diagnosis of cancer or circumstances that arise out of the treatment of cancer will be treated as duty-related.

Changes in assumptions:

For measurement date 09/30/2020, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019 FRS valuation report for special risk employees,

**CITY OF QUINCY, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 POLICE AND FIREMAN'S SUPPLEMENTAL PENSION PLAN
 YEAR ENDED SEPTEMBER 30, 2021**

**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
9/30/2021	\$ 440,560	\$ 560,517	(119,957)	\$ 1,113,828	50.32%
9/30/2020	\$ 574,060	\$ 574,060	\$ 0	\$ 864,548	66.40%
9/30/2019	\$ 518,900	\$ 518,900	\$ 0	\$ 830,241	62.50%
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: 10/01/2019 (AIS 07/28/2020)

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 can be found in Note 11 of the City's Notes to Basic Financial Statement.

CITY OF QUINCY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYMENT BENEFITS
YEAR ENDED SEPTEMBER 30, 2021

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

(Last 10 Fiscal Years)

Reporting Period Ending Measurement Date	9/30/2021 <u>9/30/2020</u>	9/30/2020 <u>9/30/2019</u>	9/30/2019 <u>9/30/2018</u>	9/30/2018 <u>9/30/2017</u>
TOTAL OPEB LIABILITY				
Service Cost	\$ 576,456	\$ 400,395	\$ 445,352	\$ 502,595
Interest	303,432	339,029	304,021	265,592
Changes of Benefit Terms	0	0	0	0
Difference Between Expected and Actual Experience	0	(293,150)	0	0
Changes of Assumptions	2,251,336	6,434	(723,993)	(833,873)
Benefit Payments	(296,491)	(231,207)	(213,094)	(195,949)
Net Change in Total OPEB Liability	<u>2,834,733</u>	<u>221,501</u>	<u>(187,714)</u>	<u>(261,635)</u>
Total OPEB Liability-Beginning	<u>8,046,269</u>	<u>7,824,768</u>	<u>8,012,482</u>	<u>8,274,117</u>
Total OPEB Liability-Ending	<u><u>\$ 10,881,002</u></u>	<u><u>\$ 8,046,269</u></u>	<u><u>\$ 7,824,768</u></u>	<u><u>\$ 8,012,482</u></u>
 Covered Employee Payroll (Projected)	 4,571,882	 4,396,040	 3,602,887	 3,602,887
 City's total OPEB Liability as a Percentage of Covered Employee Payroll	 238.00%	 183.03%	 217.18%	 222.39%

Notes to Schedule:

Covered Employee Payroll was projected one year forward from the valuation date for the reporting period ending September 30, 2021.

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

Fiscal Year Ending September 30, 2021:	2.14%
Fiscal Year Ending September 30, 2020:	3.58%
Fiscal Year Ending September 30, 2019:	4.18%
Fiscal Year Ending September 30, 2018:	3.64%
Fiscal Year Ending September 30, 2017:	3.06%

Benefit Payment . The Plan sponsor did not provide actual net benefits paid by the Plan for the fiscal year ending on September 30, 2021.

Expected net benefit payments produced by the valuation model for the same period are shown in the table above

CITY OF QUINCY, FLORIDA
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL-GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 2,351,965	\$ 2,351,965	\$ 2,208,455	\$ (143,510)
Licenses and Permits	161,543	161,543	127,984	(33,559)
Intergovernmental Revenues	1,435,249	2,190,589	2,674,393	483,804
Charges for Services	503,730	503,730	524,258	20,528
Fines and Forfeitures	35,500	35,500	29,194	(6,306)
Miscellaneous Revenues	482,983	482,983	326,955	(156,028)
Total Revenues	<u>4,970,970</u>	<u>5,726,310</u>	<u>5,891,239</u>	<u>164,929</u>
Expenditures				
Current:				
General Government	2,917,608	2,917,608	2,426,743	(490,865)
Public Safety	4,166,981	4,166,981	4,550,642	383,661
Physical Environment	2,433,460	2,433,460	210,398	(2,223,062)
Transportation	0	0	1,054,748	1,054,748
Economic Environment	0	0	170,756	170,756
Culture and Recreation	666,271	666,271	595,013	(71,258)
Debt Service:				
Principal	387,858	387,858	54,058	(333,800)
Interest	0	0	8,617	8,617
Capital Outlay	0	755,340	1,702,827	947,487
(Total Expenditures)	<u>10,572,178</u>	<u>11,327,518</u>	<u>10,773,800</u>	<u>(553,718)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,601,208)</u>	<u>(5,601,208)</u>	<u>(4,882,561)</u>	<u>718,647</u>
Other Financing Sources (Uses)				
Debt Proceeds	0	0	0	0
Operating Transfers in	5,201,208	5,201,208	5,231,208	30,000
Operating Transfers out	0	0	(413,478)	(413,478)
Total Other Financing Sources (Uses)	<u>5,201,208</u>	<u>5,201,208</u>	<u>4,817,730</u>	<u>(383,478)</u>
Net Change in Fund Balance	(400,000)	(400,000)	(64,831)	335,169
Fund Balance, Beginning of Year	<u>400,000</u>	<u>400,000</u>	<u>1,269,528</u>	<u>869,528</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,204,697</u>	<u>\$ 1,204,697</u>

CITY OF QUINCY, FLORIDA
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL-COMMUNITY REDEVELOPMENT AGENCY
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		Positive (Negative)
Revenues				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Tax Increment	469,549	469,549	466,970	(2,579)
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	107	107
Total Revenues	<u>469,549</u>	<u>469,549</u>	<u>467,077</u>	<u>(2,472)</u>
Expenditures				
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	564,973	564,973	499,239	(65,734)
Culture and Recreation	0	0	0	0
Debt Service:				
Principal	0	0	64,100	64,100
Interest	0	0	1,104	1,104
Capital Outlay	0	0	0	0
(Total Expenditures)	<u>564,973</u>	<u>564,973</u>	<u>564,444</u>	<u>(529)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(95,424)</u>	<u>(95,424)</u>	<u>(97,367)</u>	<u>(1,943)</u>
Other Financing Sources (Uses)				
Debt Proceeds	0	0	0	0
Operating Transfers in	0	0	20,000	20,000
Operating Transfers out	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>20,000</u>	<u>20,000</u>
Net Change in Fund Balance	(95,424)	(95,424)	(77,367)	18,057
Fund Balance, Beginning of Year	<u>95,424</u>	<u>95,424</u>	<u>222,213</u>	<u>126,789</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 144,846</u>	<u>\$ 144,846</u>

**CITY OF QUINCY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

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, 2021

**CITY OF QUINCY, FLORIDA
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>Special Revenue Confiscated Property Fund</u>	<u>Debt Service 2012 Refunding Bond</u>	<u>Total Non-Major Governmental Funds</u>
Assets			
Cash and Cash Equivalent	\$ 25,860	\$ 149,279	\$ 175,139
Investments	0	0	0
Receivables (Net)	0	0	0
Assessment Receivables (Net)	0	0	0
Due from Other Governments	0	0	0
Advances to Other Funds	0	0	0
Total Assets	<u>25,860</u>	<u>149,279</u>	<u>175,139</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	0	0	0
Accrued Expenses	0	0	0
Due to Other Governments	0	0	0
Advances From Other Funds	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances			
Nonspendable:			
Advances to Other Funds	0	0	0
Restricted for:			
Law Enforcement	25,860	0	25,860
Physical Environment	0	0	0
Debt Service	0	149,279	149,279
Unassigned	0	0	0
Total Fund Balances	<u>25,860</u>	<u>149,279</u>	<u>175,139</u>
Total Liabilities and Fund Balances	<u>\$ 25,860</u>	<u>\$ 149,279</u>	<u>\$ 175,139</u>

See accompanying notes to Financial Statements

CITY OF QUINCY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Special Revenue Confiscated Property Fund</u>	<u>Debt Service 2012 Refunding Bond</u>	<u>Total Combined Non-Major Funds</u>
Revenues			
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	20	99	119
Total Revenues	<u>20</u>	<u>99</u>	<u>119</u>
Expenditures			
General Government	0	211	211
Public Safety	39	0	39
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:			
Principal	0	312,000	312,000
Interest	0	53,189	53,189
Capital Outlay	0	0	0
(Total Expenditures)	<u>39</u>	<u>365,400</u>	<u>365,439</u>
(Deficiency) Excess of Revenues (Under)			
Over Expenditures	<u>(19)</u>	<u>(365,301)</u>	<u>(365,319)</u>
Other Financing Sources (Uses)			
Debt Proceeds	0	0	0
Transfers in	0	365,000	365,000
Transfers (out)	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>365,000</u>	<u>365,000</u>
Net Change in Fund Balances	(19)	(301)	(319)
Fund Balances, Beginning of Year	<u>25,879</u>	<u>149,579</u>	<u>175,458</u>
Fund Balances, End of Year	<u>\$ 25,860</u>	<u>\$ 149,278</u>	<u>\$ 175,139</u>

See accompanying notes to Financial Statements

CITY OF QUINCY, FLORIDA
COMBINING STATEMENT OF FUND NET POSITION
NON-MAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Business-Type Activities - Enterprise Funds			Total Non-Major Funds
	Non-Major Funds			
	Refuse Fund	Landfill Fund	Gas Fund	
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 32,418	\$ 233,887	\$ 324,021	\$ 590,326
Investments	0	0	0	0
Receivables, net	220,604	14,240	198,867	433,711
Due from Other Governments	0	0	0	0
Inventories	0	0	56,195	56,195
Total Current Assets	<u>253,022</u>	<u>248,127</u>	<u>579,083</u>	<u>1,080,232</u>
Noncurrent Assets				
Restricted Assets:				
Restricted Cash and Cash Equivalents	0	47,111	226,291	273,401
Total Restricted Assets	<u>0</u>	<u>47,111</u>	<u>226,291</u>	<u>273,401</u>
Capital Assets:				
Land and Land Improvements	0	54,878	403,717	458,595
Property, Plant and Equipment	137,121	485,528	1,448,514	2,071,163
(Accumulated Depreciation)	(41,145)	(485,528)	(1,335,425)	(1,862,098)
Total Net Capital Assets	<u>95,976</u>	<u>54,878</u>	<u>516,806</u>	<u>667,660</u>
Other Assets:				
Advances to Other Funds	0	0	479,943	479,943
Total Noncurrent Assets	<u>95,976</u>	<u>101,989</u>	<u>1,223,040</u>	<u>1,421,004</u>
Total Assets	<u>\$ 348,998</u>	<u>\$ 350,116</u>	<u>\$ 1,802,123</u>	<u>\$ 2,501,237</u>

See accompanying notes to Financial Statements

CITY OF QUINCY, FLORIDA
COMBINING STATEMENT OF FUND NET POSITION
NON-MAJOR PROPRIETARY FUNDS
SEPTEMBER 30, 2021

	Business-Type Activities - Enterprise Funds			Total Non-Major Funds
	Non-Major Funds			
	Refuse Fund	Landfill Fund	Gas Fund	
Liabilities				
Current Liabilities:				
Accounts Payable	\$ 115,340	\$ 40,671	\$ 69,333	\$ 225,344
Accrued Expenses	0	5,448	15,573	21,021
Due to Other Governments	0	0	26,879	26,879
Accrued Interest Payable	0	0	7,818	7,818
Current Portion:				
Bonds Payable	0	0	13,705	13,705
Notes Payable	0	0	0	0
Mortgages Payable	0	0	0	0
Capitalized Lease Payable	0	0	0	0
Compensated Absences	0	1,027	5,707	6,734
Total Current Liabilities	<u>115,340</u>	<u>47,145</u>	<u>139,015</u>	<u>301,500</u>
Noncurrent Liabilities:				
Customer Deposits	0	0	8,433	8,433
Advances to Other Funds	0	0	0	0
Long Term Portion:				
Bonds Payable	0	0	550,756	550,756
Notes Payable	0	0	0	0
Capitalized Lease Payable	0	0	0	0
Compensated Absences	0	3,081	17,121	20,202
Land Fill Closure Liability	0	193,947	0	193,947
Total Noncurrent Liabilities	<u>0</u>	<u>197,028</u>	<u>576,310</u>	<u>773,337</u>
Total Liabilities	<u>115,340</u>	<u>244,173</u>	<u>715,324</u>	<u>1,074,837</u>
Net Position				
Net Investment in Capital Assets	95,976	54,878	(47,655)	103,199
Restricted for Debt Service	0	47,111	226,291	273,402
Unrestricted	137,682	3,954	908,163	1,049,799
Total Net Position	<u>233,658</u>	<u>105,943</u>	<u>1,086,799</u>	<u>1,426,400</u>
Total Liabilities and Net Position	<u>\$ 348,998</u>	<u>\$ 350,116</u>	<u>\$ 1,802,123</u>	<u>\$ 2,501,237</u>

See accompanying notes to Financial Statements

CITY OF QUINCY, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
NON-MAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Business-Type Activities - Enterprise Funds			Total Non-Major Funds
	Non-Major Funds			
	Refuse Fund	Landfill Fund	Gas Fund	
Operating Revenues				
Charges for Services	\$ 1,400,715	\$ 138,795	\$ 1,592,388	\$ 3,131,898
Interfund Charges	0	0	8,316	8,316
Total Operating Revenue	<u>1,400,715</u>	<u>138,795</u>	<u>1,600,704</u>	<u>3,140,214</u>
Operating Expenses				
Purchase Power	0	0	830,815	830,815
Personal Service	0	90,135	272,879	363,013
Contractual Service	1,322,476	19,130	33,491	1,375,098
Supplies	0	0	9,924	9,924
Repairs and Maintenance	0	4,549	19,548	24,097
Utility/Telephone	0	1,138	4,130	5,268
Shared Service	48,719	5,000	46,377	100,096
Depreciation	13,712	0	7,392	21,105
Other Expenses	6,665	1,929	36,936	45,531
Bad Debt	0	0	0	0
IT-Support	0	0	6,000	6,000
(Total Operating Expenses)	<u>(1,391,573)</u>	<u>(121,882)</u>	<u>(1,267,490)</u>	<u>(2,780,945)</u>
Operating Income	<u>9,142</u>	<u>16,913</u>	<u>333,213</u>	<u>359,269</u>
Non-Operating Revenues (Expenses)				
Capital Grants	0	0	0	0
Interest Income	0	0	129	129
Interest Expense	0	0	(15,823)	(15,823)
Investment Gains and Losses	0	0	0	0
Total Non-Operating Revenues (Expenses)	<u>0</u>	<u>0</u>	<u>(15,694)</u>	<u>(15,694)</u>
Income Before Capital Contributions and Transfers	<u>9,142</u>	<u>16,913</u>	<u>317,520</u>	<u>343,575</u>
Operating Transfers				
Debt Proceeds	0	0	0	0
Transfers In	56,639	97,274	252,308	406,221
Transfers Out	(51,032)	(37,892)	(341,507)	(430,431)
Total Capital Grants and Operating Transfers	<u>5,607</u>	<u>59,382</u>	<u>(89,199)</u>	<u>(24,210)</u>
Change in Net Position	<u>14,750</u>	<u>76,295</u>	<u>228,321</u>	<u>319,365</u>
Net Position, Beginning of Year	218,908	29,648	858,478	1,107,034
Net Position, End of Year	<u>\$ 233,658</u>	<u>\$ 105,943</u>	<u>\$ 1,086,799</u>	<u>\$ 1,426,399</u>

See accompanying notes to Financial Statements

CITY OF QUINCY, FLORIDA

COMPLIANCE SECTION

SEPTEMBER 30, 2021

CITY OF QUINCY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDING SEPTEMBER 30, 2021

Federal and State Grantor Pass Through Grantor / Program Title	CFDA / CSFA Number	Grant I.D. Number	Program Award Amount	Federal / State Expenditures
FEDERAL AWARDS				
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Pass through Florida Department of Economic Opportunity Community Development Block Grants (CDBG)	14.228	19DB-ON-02-30-02-N10	\$ 750,000	\$ 384,116
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>750,000</u>	<u>384,116</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Pass through Florida Department of Environmental Protection Special Appropriation	66.202	36458-PL	364,917	364,917
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			<u>364,917</u>	<u>364,917</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
Pass through Florida Division of Emergency Management Disaster Grants - Public Assistance	97.036	FEMA-Hurricane Michael	2,982,055	2,982,055
Disaster Grants - Public Assistance	97.036	FEMA-Public Assistance Program	0	250,000
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>2,982,055</u>	<u>3,232,055</u>
TOTAL FEDERAL AWARDS			<u>\$ 4,096,972</u>	<u>\$ 3,981,088</u>
STATE FINANCIAL ASSISTANCE				
FLORIDA EXECUTIVE OFFICE OF THE GOVERNOR				
Division of Emergency Management Hurricane Michael State Recovery Grant	31.070	F0050	\$ 1,000,000	\$ 112,339
TOTAL FLORIDA EXECUTIVE OFFICE OF THE GOVERNOR			<u>1,000,000</u>	<u>112,339</u>
FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION				
Small Community Wastewater Grant	37.075	200111	10,000	10,000
Small Community Wastewater Grant	37.075	200113	214,297	214,297
TOTAL FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION			<u>224,297</u>	<u>224,297</u>

CITY OF QUINCY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDING SEPTEMBER 30, 2021

Federal and State Grantor Pass Through Grantor / Program Title	CFDA / CSFA Number	Grant I.D. Number	Program Award Amount	Federal / State Expenditures
FLORIDA DEPARTMENT OF ECONOMIC OPPORTUNITY				
Hurricane Upgrade	40.038	DL006	75,000	55,000
Rural Infrastructure	40.042	DL0150	297,800	248,517
TOTAL FLORIDA DEPARTMENT OF ECONOMIC OPPORTUNITY			<u>372,800</u>	<u>303,517</u>
FLORIDA DEPARTMENT OF FINANCIAL SERVICES				
Local Government Fire Service Equipment/Training Materials	43.010	FM602	755,340	755,340
TOTAL FLORIDA DEPARTMENT OF FINANCIAL SERVICES			<u>755,340</u>	<u>755,340</u>
FLORIDA DEPARTMENT OF TRANSPORTATION				
Small County Outreach Program (SCOP) - Stewart Street	55.009	G1P08	642,077	34,781
TOTAL FLORIDA DEPARTMENT OF TRANSPORTATION			<u>642,077</u>	<u>34,781</u>
FLORIDA DEPARTMENT OF LAW ENFORCEMENT				
CJIS	71.043	2020-FBSFA-F2-035	33,298	33,249
Coronavirus	71.043	2021-CESF-GADS-1-C9-139	50,000	45,705
TOTAL FLORIDA DEPARTMENT OF LAW ENFORCEMENT			<u>83,298</u>	<u>78,954</u>
TOTAL STATE FINANCIAL ASSISTANCE			<u>3,077,812</u>	<u>1,509,228</u>
TOTAL FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			<u>\$ 7,174,784</u>	<u>\$ 5,490,316</u>

CITY OF QUINCY, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PROGRAMS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Note 1 - General

The accounting policies and presentation of the accompanying schedule of expenditures of federal awards and state financial assistance projects of the City of Quincy, Florida (the “City”) have been designed to conform with generally accepted accounting principles applicable to governmental units. The information in these schedules is presented in accordance with the requirement of Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance), and Chapter 10.550, *Rules of the Auditor General* of the State of Florida.

Note 2 - Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance projects includes the federal and state award activity of the City of Quincy, Florida, and is presented using the same basis of accounting as the fund in which the grant is recorded, generally the accrual or modified accrual basis of accounting, as described in Note 1 to the City’s financial statements.

Note 3 - Contingencies

Grant monies received and disbursed by the City are for specific purposes and are subject to review by grantor agencies. Such audits may result in requests for reimbursements due to disallowances of expenditures. Based upon prior experience, the City does not believe that such disallowances, if any, would have a material effect on the financial position of the City.

OTHER REPORTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND STATE FINANCIAL ASSISTANCE PROJECT AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE AND
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

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

Report on Compliance for Each Major Federal Program and State Financial Assistance Projects

We have audited the City of Quincy, Florida's (the "City") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (*OMB Compliance Supplement*) and the requirements described in the Florida Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of the City's major federal programs and state financial assistance for the year ended September 30, 2021. The City's major federal programs and major state financial assistance projects are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs and state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state financial assistance projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*. Those standards, Uniform Guidance and Chapter 10.550 Rules of the Florida Auditor General require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state financial assistance project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and major state financial assistance project. However, our audit does not provide a legal determination of the City's compliance with those requirements.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND STATE FINANCIAL ASSISTANCE PROJECT AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE AND
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL (Continued)**

Opinion on the Major Federal Program and State Financial Assistance Projects

In our opinion, the City complied in all material respects, with the compliance requirements referred to above, that could have a direct and material effect on each of its major federal programs or major state financial assistance projects for the year ended September 30, 2021.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on each major federal program and major state assistance project in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and major state financial assistance project and to test and report on internal control over compliance in accordance with Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state financial assistance project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state financial assistance project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or 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 over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2020-004 that we consider to be a material weakness.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this communication is not suitable for any other purpose.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND STATE FINANCIAL ASSISTANCE PROJECT AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE AND
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL (Concluded)**

Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General

We have audited the financial statements of the City as of and for the year ended September 30, 2021, and have issued our report thereon dated June 24, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditure of federal awards is presented for the purposes of additional analysis as required by Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

Moran & Smith LLP

Moran & Smith LLP
June 24, 2022
Tallahassee, Florida

**CITY OF QUINCY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Summary of Audit Results

Financial Statements

I. Type of Audit Report Issued on Financial Statement

Unmodified Opinion

II. Significant Deficiency and / or Material Weaknesses in Internal Control

Material weaknesses and significant deficiencies disclosed during the audit of the financial statements are reported in the “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 Standards”. The findings listed as Finding 2020-003 and 2020-004 are both material weaknesses and significant deficiencies.

III. Noncompliance Material to Auditee Financial Statements

Audit disclosed no material instances of noncompliance.

IV. Significant Deficiencies and/or Material Weaknesses in Internal Control Over Major Federal Programs and State Financial Assistance Projects

The audit disclosed a material weakness in internal control over major federal and state projects. See finding 2020-004.

V. Type of Audit Report Issued on Compliance with Requirements Applicable to Major Federal Programs and State Financial Assistance Projects

Unmodified Opinion

VI. Audit Findings Relative to Major Federal Programs and State Financial Assistance Projects

See finding 2020-004.

VII. Projects Tested as Major Federal Programs and State Financial Assistance Projects

<u>Federal Program:</u>	<u>CFDA No.</u>
US Department of Homeland Security Disaster Grant-Public Assistance	97.036
<u>State Project:</u>	<u>CSFA No.</u>
Florida Department of Financial Services Local Government Fire Service Equipment/Training	43.010
Florida Department of Transportation Small County Outreach Program	55.009

**CITY OF QUINCY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

VIII. Dollar Threshold Used to Distinguish Between Type A and Type B Programs

The threshold for distinguishing Type A and Type B programs was \$750,000 for major federal award programs and state financial assistance.

IX. Low-risk Auditee

The City of Quincy did not qualify as a low-risk auditee.

Financial Statement Findings

Finding 2020-003 Monthly Journal Entries

Criteria: Internal Controls are designed to safeguard assets and help prevent or detect losses from Employee dishonesty or error.

Condition: It appears that city posted an excessive number of journal entries during the year. Many of these are normal recurring journal entries, however a significant number are to reconcile cash and other balance sheet accounts or just reclassifications of checks and deposits that had already been recorded.

Cause: Management provided the auditors with several pages of journal entries posted during the year, and a review of general ledger details indicated that a significant number were posted at year end.

Effect: Any financial statements presented during the year were changed significantly by the end of the year and based on the sheer volume of journal entries it appears that there were numerous errors corrected and significant reclassifications of revenues, cash, and expenses. Management does maintain support for the journal entries and in most cases, attaches the information to the journal entry itself.

Recommendation: We recommend that management review source documents supporting cash transactions and post them correctly in the initial recording and stop the practice of reallocating transactions. All journal entries need to have adequate documentation to support the nature of the posting, and more care needs to be taken before they are posted.

Response: Most of the adjusting journal entries referred to by the auditor were for the prior fiscal year of 2019-2020 and the reversal of the soft closing dated June 30, 2021. Management concurs with the finding and when soft closes are prepared, they will be tracked on excel worksheets and not actually posted in the general ledger – this will significantly reduce the annual journal entries at the end of the year.

**CITY OF QUINCY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Finding 2020-004 Lack of Adequate Controls to Track and Record Grant Activity

Criteria: The city received numerous grants from various agencies and for many different programs during the year. Each program has its own specific compliance requirements.

Condition: Management cannot document that they have a system of controls in place to ensure compliance with grant programs prior to costs being incurred. It was not until months after year end that the city was able to provide us with a schedule of state and federal assistance, with the correct CFDA And CSFA number provided. It was also noted that many of the grants recorded were not received during the year. We have noted some improvements in the receipt of grant funds after year end, but it still appears that many of the requests for grant reimbursements were not sent out in a timely manner.

Cause: Management had a significant number of new grant programs during the year and was not prepared to set up the necessary controls to track compliance with the programs. Then, during the process to get controls, almost all grant activity was reclassified by journal entries which added to the confusion.

Effect: The City is not receiving all reimbursements for grant expenditures in a timely manner. It was difficult to track grant revenue and expenses by actual deposit dates, and actual checks issued. The City was not adequately tracking either of them to be able to prepare the schedule of assistance. We did not note any instances of non-compliance, but the City cannot document that the system is in place.

Recommendation: We recommend the City establish a system of controls to ensure compliance with each program. They need to set up a system of financial controls to request grant reimbursements on a timely basis.

Response: A system of controls had been established as of the fiscal year ended 09/30/20 and has been augmented and improved during the fiscal year ended 09/30/21. As a result of this improvement, we have been able to collect approximately \$4.9 million of the \$5.3 million earned.

**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 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, Florida (the "City") as of and for the year ended September 30, 2021, 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, 2022.

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.

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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies, listed as Finding 2020-003 and 2020-004, described in the accompanying schedule of findings and questioned costs to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies, listed as Finding 2020-003 and 2020-004, described in the accompanying schedule of findings and questioned costs to be significant deficiencies.

**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, 2022
Tallahassee, Florida

**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, 2021. 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, 2021.

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, 2022
Tallahassee, Florida

INDEPENDENT AUDITORS' 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, 2021, and have issued our report thereon June 24, 2022.

Auditors' 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 Auditors' 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, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. The findings 2020-001, 2020-002, and 2020-005 made in the preceding audit report have been corrected.

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 AUDITORS' 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 made recommendations in the accompanying Schedule of Findings and Questioned Costs.

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 had no 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, 2022
Tallahassee, Florida