

CITY OF QUINCY, FLORIDA
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

**CITY OF QUINCY, FLORIDA
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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CITY OF QUINCY, FLORIDA

INTRODUCTORY SECTION

SEPTEMBER 30, 2022



404 W. Jefferson Street

Quincy, Florida 32351
850-618-1884

June 20, 2023

To the Honorable Board of
City Commissioners and 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, 2022, 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). The City Manager and his staff are responsible for the contents of this AFR. 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 assurances 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 a 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 misstatements for the fiscal year ending September 30, 2022. The audit involved the examination, on a test basis, of 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, 2022, are fairly presented in conformity with 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 section includes the Management's Discussion and Analysis (MD&A), basic notes to the financial statements, combining statements and supplemental information as well as the Independent Auditors' Report on the financial statements and schedules. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Quincy's MD&A can be found in the financial section following the Independent Auditors' Report.

City Services and Reporting Entity

Quincy is a small "All American City," with an estimated population of 7,400 (per 2019 data) located in Florida's Panhandle, 20 miles west of the State Capital of Tallahassee. 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 (electric, gas, water, sewer, and solid waste collection). The City's utility system consists of electric, water, sewer, and gas. The city has 11,120 residents and 4,835 customers within the City's electric territory.

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 budget is approved at the fund and department level. Transfers between funds and/or departments require approval by the Commission.

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 budget is approved at the fund and department level.

Financial Condition of the City

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

Major Accomplishments

The City's economic development activities resulted in maintaining as a commercial consumer, the #1 producer of medicinal marijuana in the State, Trulieve, which is the first and leading medical cannabis company in the state of Florida. Its vertically-integrated, "seed-to-sale" operation has approximately 50% of the Florida market share. Trulieve's presence has produced growth in the City of Quincy through employment and supply chain development. By engaging local small businesses as material and service providers, the company has stimulated local small business productivity across industries. Trulieve became Quincy's largest utility customer in the current fiscal year. Clariant, a specialty chemical company based in Muttens, near Basel/Switzerland which acquired the former BASF mine and associated properties this fiscal year, is the City's 2nd largest customer and is expected to maintain its consumption.

The electric utility distribution system, both primary and secondary lines, are progressively being hardened, thereby, increasing resiliency, in an amount of \$2,271,258. *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 capability of the power grid to withstand and/or recover from hurricanes, tornadoes, other severe weather events, malicious and inadvertent cyber breaches and physical attacks. The investment by the City is guided by the five-year capital improvements plan, which was revised this fiscal year. The capital improvements plan contains strategic elements to ensure that the City is continuously enhancing the electrical distribution system underground, improving the vegetation management program, restoring the SCADA, and outage management.

The Florida Department of Environmental Protection awarded the City an 80% grant of \$3.9 Million dollars to design and install a solar energy system to offset costs related to sewer treatment facilities. This project has started, and completion is planned by or before December 31, 2021. In FY 2019, Hurricane Michael's damages exceeded \$10 Million dollars. The hurricane's aftermath left 11,120 residents and 4,835 customer accounts with electricity being affected adversely. Significant damage was done to the electric grid and the fiber systems supporting the electrical system, with many poles being destroyed. Some funds to pay for the repairs and restoration of the City's systems were secured by borrowing from our banking partner, \$3 Million dollars. This debt was paid off in full in January, 2022.

To augment resources needed, the City is still adhering to the ordinance in January 2019 to assist with the recovery of the cost of Hurricane Michael damages, continue to upgrade the utility system, paying for vegetation management expenses, and staff. The surcharge should approximate \$380,000 in the year ending September 30, 2023. This surcharge ended in February 2023.

The City has received FEMA reimbursement during the fiscal year of 2021-2022 in the amount of \$498,555.30 and expects to receive almost \$300,000 during the fiscal year of 2022-2023.

Of the FEMA reimbursements received in the prior year, the City placed funds and other savings in reserve, 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, and repair and maintenance cost of the system. \$592,516.35 has been spent to date to further complete the Smart-Grid construction which was originally budgeted for eight hundred thousand dollars (\$800,000). It is anticipated that an additional \$207,483.65 will be required to complete the Smart-Grid to enhance our quality and level of service to our utility customers.

The City has spent \$411,230 in several initiatives to help our community economic condition to increase our customer base, such as Fresh Start, attracting new residents to purchase homes and coupon programs to help with the utility payments for the residents of the community.

\$5.6 Million in grants was managed by the City during the fiscal year ended 09/30/2022, of which \$3.8 Million was completed and earned during the same period. The remainder will be earned in the coming fiscal year of 2022-2023.

Economic Conditions and Outlook

The city has implemented a grant writing and management strategy to; increase revenue streams, meet the needs of the citizens, and improve our viability. General Fund will continue to make moderate improvements in cost sharing, personnel, and management of the City's resources. Grants are being pursued which increases collaboration between the County, nearby cities, and the State of Florida, thus producing new partners, plans, and designs to grow the City of Quincy residences, businesses, and activities.

The Enterprise fund is primarily supported by the Electric Utility. The outlook is that the electric system is growing and continue to be able to maintain adequate FCC and liquidity. The FPL and 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 at least \$2 Million annually, because of a grant writer on board full-time. Trulieve, due to its expansion plan 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 \$500,000 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 the next five years will approximate \$10.2 Million dollars. The plan will include improvements in roads and streets, public works building purchase/enhancements, police building enhancements, city hall improvements, storm drains, traffic signals, parks and recreation centers.

The Solar Array 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 was completed in March 2023.

Risk Management

Risk management is the process of managing the City of Quincy's activities in order to minimize the total long-term costs 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, general, and property liability, as well as workers compensation. Presently, the City's Risk Management program calls for self-insuring many types of risk, subject to the following:

| Type of Risk | Amount of Risk Retained by City | Limit of Excess Insurance Coverage |
|----------------------|--|--|
| Workers Compensation | \$ 0 | \$1mill each accident, \$1mill policy limit, \$1mill each employee |
| General Liability | \$10,000 | \$1mill combined single limit |
| Automobile Liability | \$10,000 | \$300,000 |
| Property Actual Loss | \$5,000 (All perils other than storms) | \$31,335,237 (buildings) \$ 2,994,012 (contents) |
| Named Wind/Storm | 3% of the value | \$31,335,237 (buildings) \$ 2,994,012 (contents) |

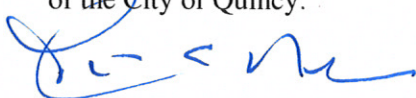
**The limits stated above are on a per-occurrence basis.*

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 assets.

Acknowledgments

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



Robert Nixon
City Manager

**CITY OF QUINCY, FLORIDA
LIST OF PRINCIPAL OFFICIALS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Freida Bass Prieto

Mayor

Dr. Robin Wood

Commissioner

Angela G. Sapp

Mayor Pro-Tem

Ronte R. Harris

Commissioner

Dr. Beverly A. Nash

Commissioner

CITY OF QUINCY, FLORIDA

FINANCIAL SECTION

SEPTEMBER 30, 2022

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Quincy, Florida (the "City"), as of and for the fiscal year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 the aggregate remaining fund information of the City, as of September 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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.

Supplementary 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 accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards and state financial assistance 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, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the combining and individual nonmajor fund financial statements and schedule of expenditure of federal

awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2023, 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
Tallahassee, Florida
June 30, 2023

**CITY OF QUINCY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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, 2022. 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, 2022. 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, 2022, was \$13,159,776 as compared to \$11,689,965 for fiscal year 2021, an increase of \$1,469,811 or 88%. The City's unrestricted net assets as of September 30, 2022, were negative \$8,215,320 compared to negative \$6,637,549 for fiscal year ended September 30, 2021.
- Governmental activities unrestricted net position was a negative \$11,346,053 as of September 30, 2022, versus negative \$11,119,648 as of September 30, 2021.
- The total revenues from all sources were \$35,115,786 for the fiscal year 2022 versus \$32,722,197 for the fiscal year 2021. Enterprise fund revenue increased \$2,095,086, while governmental fund revenue increased \$298,503, in fiscal year 2022.
- The total cost of all City programs was \$33,583,844 for the fiscal year 2022 versus \$28,049,623 for the fiscal year 2021. Overall, there was an increase of \$2,036,818 in expenses in the Governmental Funds and an increase of expenses in the Enterprise Funds of \$3,497,404.
- During fiscal year 2022, the City's governmental and business activity total revenues exceeded expenses (change in net assets) by \$1,531,942, and the revenues exceeded expenses by \$4,672,575 for 2021. This is a decrease of \$3,140,633.
- Total expenditures in the Governmental Funds of \$11,875,036 exceeded total revenues of \$6,497,256 by \$5,833,139, excluding net transfers of \$5,833,139 for fiscal year 2022, while total expenditures for fiscal year 2021 of \$9,838,218 exceeded total revenues of \$6,198,753 by \$3,639,465, excluding net transfers in the amount of \$5,202,730.
- The General Fund's fund balance is \$1,212,540 for fiscal year 2022, compared to \$1,204,698 at the end of fiscal year 2021, an increase of \$7,841.
- The City's total long-term debt is \$13,086,179 as of September 30, 2022 representing a decrease of \$2,136,277 from \$15,222,456 as of September 30, 2021.

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, 2022**

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, 2022**

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, 2022**

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, 2022

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 \$13,159,778 at the close of fiscal year 2022, as compared to \$11,560,875 in fiscal year 2021, an increase of \$3,140,633. For fiscal year 2022, governmental activities comprised of negative \$4,4007,997 of the net assets versus fiscal year 2021 compared to governmental activities of negative \$4,480,370 (an increase of \$472,373). Business activities comprised \$17,167,774 net assets in fiscal year 2022, compared to fiscal year 2021 business-type activities balance of \$16,081,245 (an increase of \$1,086,529). The increase in the beginning net position of \$17,012 in the governmental funds and \$9,948 in the business-type activities is attributable to GASB 87, *Leases*, which is discussed in Note 1.

Table 2
Statement of Net Position

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------------|-------------------------|----------------|--------------------------|---------------|---------------|---------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Assets: | | | | | | |
| Current & Other | \$ 5,100,647 | \$ 2,719,149 | \$ 13,603,509 | \$ 14,322,117 | \$ 18,704,156 | \$ 17,041,266 |
| Capital | 8,649,893 | 8,252,668 | 20,152,087 | 19,714,536 | 28,801,980 | 27,967,204 |
| Total Assets | 13,750,540 | 10,971,817 | 33,755,596 | 34,036,653 | 47,506,136 | 45,008,470 |
| Deferred Outflows of Resources | 3,413,826 | 2,373,761 | - | - | 3,413,826 | 2,373,761 |
| Liabilities: | | | | | | |
| Long-term Debt | 11,357,327 | 13,297,987 | 11,147,236 | 8,984,463 | 22,504,563 | 22,282,450 |
| Other Liabilities | 3,753,380 | 1,287,331 | 5,440,586 | 8,970,945 | 9,193,966 | 10,258,276 |
| Net Pension Liability | 3,062,937 | 1,078,373 | - | - | 3,062,937 | 1,078,373 |
| Total Liabilities | 18,173,645 | 15,663,691 | 16,587,822 | 17,955,408 | 34,761,466 | 33,619,099 |
| Deferred Inflows of Resources | 2,998,718 | 2,162,257 | - | - | 2,998,718 | 2,162,257 |
| Net Position: | | | | | | |
| Invested in Capital | 6,806,321 | 6,114,275 | 9,620,120 | 7,321,153 | 16,426,441 | 13,435,428 |
| Restricted | 531,734 | 525,003 | 4,416,921 | 4,367,083 | 4,948,655 | 4,892,086 |
| Unrestricted | (11,346,053) | (11,119,648) | 3,130,733 | 4,393,009 | (8,215,320) | (6,726,639) |
| Total Net Position | \$ (4,007,997) | \$ (4,480,370) | \$ 17,167,774 | \$ 16,081,245 | \$ 13,159,776 | \$ 11,600,875 |

By far, the largest portion of the City's total assets, for fiscal year 2021 and for fiscal year 2022, 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 80% of the City's net assets for fiscal year 2022 versus 75% for fiscal year 2021 and represents resources which are subject to external restrictions on how they may be used. Net assets are 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 2022 are negative \$8,215,320 versus negative \$6,637,549 for fiscal year 2021.

CITY OF QUINCY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Governmental Activities

Governmental Activities increased the City's net assets by \$455,359 for fiscal year 2022, compared to \$1,563,265 in fiscal year 2021. The Business-type Activities increased the net assets by \$1,076,583 in fiscal year 2022, compared to \$3,109,310 in fiscal year 2021. Key elements of these changes are as follows:

Table 3
Changes in Net Position

| | Governmental Activities | | Business-type Activities | | Total | |
|-----------------------------------|-------------------------|----------------|--------------------------|---------------|---------------|---------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Revenues: | | | | | | |
| Program Revenues | \$ 2,369,137 | \$ 1,973,036 | \$ 28,706,122 | \$ 26,439,101 | \$ 31,075,259 | \$ 28,412,137 |
| Property Tax | 1,288,768 | 1,103,471 | - | - | 1,288,768 | 1,103,471 |
| Tax Increment | 555,654 | 439,383 | - | - | 555,654 | 439,383 |
| Utility Service Tax | 252,989 | 222,854 | - | - | 252,989 | 222,854 |
| Discretionary Sales Tax | 760,573 | 599,179 | - | - | 760,573 | 599,179 |
| Local Option Sales Tax | 228,042 | 214,948 | - | - | 228,042 | 214,948 |
| Shared Revenues | 946,412 | 1,458,240 | - | - | 946,412 | 1,458,240 |
| Investment Earnings | 95,681 | 84,732 | (87,592) | 84,343 | 8,089 | 169,075 |
| Miscellaneous | - | 142,911 | - | - | - | 142,911 |
| Total Revenues | 6,497,256 | 6,238,754 | 28,618,530 | 26,523,444 | 35,115,786 | 32,762,198 |
| Program Expenses: | | | | | | |
| General Government | 3,206,386 | 2,428,547 | - | - | 3,206,386 | 2,428,547 |
| Public Safety | 5,702,341 | 4,677,713 | - | - | 5,702,341 | 4,677,713 |
| Physical Environment | 355,276 | 335,007 | - | - | 355,276 | 335,007 |
| Transportation | 1,261,328 | 1,052,435 | - | - | 1,261,328 | 1,052,435 |
| Economic Environment | 604,721 | 669,479 | - | - | 604,721 | 669,479 |
| Culture and Recreation | 691,537 | 612,128 | - | - | 691,537 | 612,128 |
| Interest on Long-term Debt | 53,447 | 62,909 | - | - | 53,447 | 62,909 |
| Wastewater | - | - | 1,900,341 | 1,553,255 | 1,900,341 | 1,553,255 |
| Electric | - | - | 15,017,921 | 11,337,056 | 15,017,921 | 11,337,056 |
| Water | - | - | 1,511,513 | 2,343,940 | 1,511,513 | 2,343,940 |
| Non-major | - | - | 3,279,033 | 2,977,153 | 3,279,033 | 2,977,153 |
| Total Expenses | 11,875,036 | 9,838,218 | 21,708,808 | 18,211,404 | 33,583,844 | 28,049,622 |
| Excess (deficit before transfers) | (5,377,780) | (3,599,464) | 6,909,722 | 8,312,040 | 1,531,942 | 4,712,576 |
| Transfers | 5,833,139 | 5,202,730 | (5,833,139) | (5,202,730) | - | - |
| Change in Net Assets | 455,359 | 1,603,266 | 1,076,583 | 3,109,310 | 1,531,942 | 4,712,576 |
| Net Position, Beginning | (4,463,356) | (6,083,634) | 16,091,192 | 12,971,934 | 11,627,836 | 6,888,300 |
| Net Position, Ending | \$ (4,007,997) | \$ (4,480,368) | \$ 17,167,775 | \$ 16,081,244 | \$ 13,159,778 | \$ 11,600,876 |

CITY OF QUINCY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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

| | 2022 | | 2021 | |
|----------------------------|---------------------------|-------------------------|---------------------------|-------------------------|
| | Total Cost of Services | Net Cost of Services | Total Cost of Services | Net Cost of Services |
| General Government | \$ 3,206,386 | \$ (2,502,881) | \$ 2,428,547 | \$ (1,528,564) |
| Public Safety | 5,702,341 | (5,209,443) | 4,677,713 | (3,857,457) |
| Physical Environment | 355,276 | 267,868 | 335,007 | (335,007) |
| Transportation | 1,261,328 | (792,850) | 1,052,435 | (832,595) |
| Economic Environment | 604,721 | (604,721) | 669,479 | (669,479) |
| Culture and Recreation | 691,537 | (610,424) | 612,128 | (579,173) |
| Interest on Long-term Debt | 53,447 | (53,447) | 62,909 | (62,909) |
| | <u>\$ 11,875,036</u> | <u>\$ (9,505,898)</u> | <u>\$ 9,838,219</u> | <u>\$ (7,865,184)</u> |

In fiscal year 2022, the cost of all governmental activities was \$11,875,036, an increase of \$2,036,818 in cost, when compared to prior fiscal year 2021 of \$9,838,219. As shown in the Statement of Activities, \$2,369,137 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 \$5,833,139, various taxes in the amount of \$4,032,439 and the remaining \$95,681 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

| | 2022 | | 2021 | |
|------------|---------------------------|-------------------------|---------------------------|-------------------------|
| | Total Cost of Services | Net Cost of Services | Total Cost of Services | Net Cost of Services |
| Wastewater | \$ 1,900,341 | \$ 1,867,204 | \$ 2,343,940 | \$ 593,097 |
| Electric | 15,017,921 | 4,432,461 | 11,337,056 | 6,700,986 |
| Water | 1,511,513 | 428,372 | 1,553,255 | 618,197 |
| Non-major | 3,279,033 | 269,275 | 2,977,153 | 315,419 |
| | <u>\$ 21,708,808</u> | <u>\$ 6,997,312</u> | <u>\$ 18,211,403</u> | <u>\$ 8,227,699</u> |

**CITY OF QUINCY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Business Type Activities

Net position of the Proprietary Funds as of September 30, 2022, were \$17,079,241, increased by \$1,071,137, when compared to prior fiscal year 2021 amount of \$16,008,104. Transfers from the Utility Funds to the General Fund were \$5,833,139 in fiscal year 2022, compared to \$5,202,730 in fiscal year 2021.

Proprietary Funds net operating income decreased from \$5,173,067 in fiscal year 2021 to \$4,722,143 in fiscal year 2022, a decrease of \$450,924, representing a decline in profits of 8%.

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 2022, the City's governmental funds reported combined ending fund balance of \$1,744,274. This represents an increase of \$219,591 when compared to fund balances in fiscal year 2021 which was \$1,524,682.

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, 2022, amounts to \$16,426,441 (net of accumulated depreciation/amortization and net of outstanding debt) compared to \$13,435,428 at September 30, 2021. The increase of \$2,991,013 resulted from repairs and improvement to buildings and infrastructure.

CITY OF QUINCY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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

Capital Assets Net of Depreciation

| | Governmental Activities | | Business-type Activities | | Total | |
|--|-------------------------|--------------|--------------------------|---------------|---------------|---------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Land | \$ 4,617,561 | \$ 4,617,561 | \$ 1,666,353 | \$ 1,666,353 | \$ 6,283,914 | \$ 6,283,914 |
| Buildings and Improvements | 5,828,990 | 5,828,990 | 27,381,339 | 25,363,949 | 31,192,939 | 31,192,939 |
| Improvements other than Buildings | 11,058,291 | 11,058,291 | 21,173,450 | 20,897,620 | 31,955,911 | 31,955,911 |
| Infrastructure | 8,337,627 | 7,993,607 | 4,384,002 | 4,384,002 | 12,721,629 | 12,377,609 |
| Furniture, Fixtures, and Equipment | 9,457,035 | 9,016,080 | 6,761,358 | 6,735,842 | 16,192,877 | 15,751,922 |
| Right to Use Asset | 46,492 | 46,492 | - | - | 46,492 | 46,492 |
| Total Assets | 39,345,996 | 38,561,021 | 61,366,502 | 59,047,766 | 98,393,762 | 97,608,787 |
| Less Accumulated Depreciation Amortization | (30,696,103) | (30,261,859) | (41,214,415) | (39,333,230) | (71,910,518) | (69,595,089) |
| Total | \$ 8,649,893 | \$ 8,299,162 | \$ 20,152,087 | \$ 19,714,536 | \$ 26,483,244 | \$ 28,013,698 |

Debt

Currently the City uses debt financing on an as needed basis each year. At the end of fiscal year 2022, the City's total debt was \$13,086,179 versus \$15,222,456 for the fiscal year 2021, a decrease in the amount of \$2,136,277. Compensated absences (vacation and sick time owed to employees) for fiscal year 2022 totaled \$559,216 compared to \$496,734 for fiscal year 2021. Revenue bonds amounted to \$10,761,913 for fiscal year 2022 and for the fiscal year 2021, \$11,839,302, a decrease of \$1,077,389. Notes payable in the amount of \$1,275,391 for fiscal year 2022 and \$2,217,608 for fiscal year 2021 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 | |
|------------------------|-------------------------|--------------|--------------------------|---------------|---------------|---------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Revenue Bonds | \$ 1,681,000 | \$ 1,998,000 | \$ 9,080,913 | \$ 9,841,302 | \$ 10,761,913 | \$ 11,839,302 |
| Bank Notes | - | - | 201,868 | 1,282,707 | 201,868 | 1,282,707 |
| Capitalized Leases | 142,872 | 140,393 | 158,674 | 334,472 | 301,546 | 474,865 |
| Lease Payable | 19,700 | - | 16,989 | - | 36,689 | - |
| Compensated Absences | 431,654 | 371,456 | 127,562 | 125,278 | 559,216 | 496,734 |
| Notes Payable | - | - | 1,073,523 | 934,901 | 1,073,523 | 934,901 |
| Landfill | - | - | 151,424 | 193,947 | 151,424 | 193,947 |
| Total Outstanding Debt | \$ 2,275,226 | \$ 2,509,849 | \$ 10,810,953 | \$ 12,712,607 | \$ 13,086,179 | \$ 15,222,456 |

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, 2022**

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 seven million in FY2021-2022, mainly because of two (2) major grants – American Rescue Plan Act Grant with an award amount of \$3,419,328, and a balance of \$2.3 million 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 09/30/2024.

The City expect to budget \$200,000 annually to be placed in the City's rate stabilization funds and \$300,000 to increase our operating cash balance. Investment income is expected to increase by more than \$150,000 due to placing funds into FLCLASS. There will be an additional revenue stream from Gulf Breeze as their new bond partner. The new Capital Trust Authority is partnering with the Town of Quincy to move forward on bond deals. Gulf Breeze has been financing public projects nationwide for over 20 years through its bond financing interlocal agency, the Capital Trust Agency. It is anticipated that this partnership will produce \$100,000 annually.

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, now 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.

Revenues are in the midst of being revised and a rate study is also being commissioned, which will result in the electric utilities revenues being increased to help maintain the gross margin for the electric fund, related specifically to the cost of electric purchased.

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, 2022

CITY OF QUINCY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

| | Primary Government | | |
|---|----------------------------|-----------------------------|----------------------|
| | Governmental Activities | Business-Type Activities | Total |
| Assets | | | |
| Cash and Cash Equivalents | \$ 3,050,281 | \$ 1,906,059 | \$ 4,956,340 |
| Investments | 828,218 | 1,179,931 | 2,008,149 |
| Accounts Receivable, Net | 19,454 | 3,197,148 | 3,216,602 |
| Assessment Receivables | 172,699 | - | 172,699 |
| Due from Other Governments | 1,029,991 | 278,585 | 1,308,576 |
| Inventories | - | 985,036 | 985,036 |
| Restricted Assets: | | | |
| Cash and Cash Equivalents | - | 4,416,922 | 4,416,922 |
| Capital Assets: | | | |
| Nondepreciable | 4,617,561 | 1,719,582 | 6,337,143 |
| Depreciable, Net | 3,985,840 | 18,432,507 | 22,418,347 |
| Right to Use Asset, Net | 46,492 | - | 46,492 |
| Internal Balances | - | 1,639,829 | 1,639,829 |
| Total Assets | 13,750,536 | 33,755,599 | 47,506,135 |
| Deferred Outflows of Resources | | | |
| Deferred Outflows for OPEB | 2,124,931 | - | 2,124,931 |
| Deferred Outflows for Pensions | 1,288,895 | - | 1,288,895 |
| Total Deferred Outflows of Resources | 3,413,826 | - | 3,413,826 |
| Liabilities | | | |
| Accounts Payable | 419,049 | 2,169,525 | 2,588,574 |
| Accrued Payroll | 534,876 | 198,271 | 733,147 |
| Accrued Interest Payable | - | 81,845 | 81,845 |
| Due to Other Governments | - | 26,878 | 26,878 |
| Unearned Revenue | 2,402,446 | 63,775 | 2,466,221 |
| Internal Balances | - | 1,639,829 | 1,639,829 |
| Noncurrent Liabilities: | | | |
| Due within One Year | 397,007 | 1,260,460 | 1,657,467 |
| Due within More Than One Year | | | |
| Accrued Compensated Absences | 431,654 | 95,673 | 527,327 |
| Bonds and Notes Payable | 1,446,564 | 9,303,399 | 10,749,963 |
| Net Pension Liability | 3,062,937 | - | 3,062,937 |
| OPEB Liability | 9,479,109 | - | 9,479,109 |
| Customer Deposits | - | 1,596,741 | 1,596,741 |
| Landfill Closure | - | 151,424 | 151,424 |
| Total Liabilities | 18,173,642 | 16,587,820 | 34,761,462 |
| Deferred Inflows of Resources | | | |
| Deferred Inflows for OPEB | 2,975,999 | - | 2,975,999 |
| Deferred Inflows for Pensions | 22,719 | - | 22,719 |
| Total Deferred Inflows of Resources | 2,998,718 | - | 2,998,718 |
| Net Position | | | |
| Net Investment in Capital Assets | 6,806,322 | 9,620,121 | 16,426,443 |
| Restricted for: | | | |
| Debt Service | 146,124 | 4,416,922 | 4,563,046 |
| Public Safety | 54,229 | - | 54,229 |
| Economic Environment | 331,380 | - | 331,380 |
| Unrestricted | (11,346,053) | 3,130,732 | (8,215,321) |
| Total Net Position | \$ (4,007,998) | \$ 17,167,779 | \$ 13,159,777 |

See accompanying notes to Financial Statements

**CITY OF QUINCY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

| | | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|---|----------------------|-------------------------|---------------------------------------|-------------------------------------|--|-----------------------------|-----------------------|
| Functions/Programs | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Governmental Activities: | | | | | | | |
| General Government | \$ 3,206,393 | \$ 320,166 | \$ 383,339 | \$ - | \$ (2,502,888) | \$ - | \$ (2,502,888) |
| Public Safety | 5,702,339 | 489,468 | 3,430 | - | (5,209,441) | - | (5,209,441) |
| Physical Environment | 355,276 | - | - | 623,144 | 267,868 | - | 267,868 |
| Transportation | 1,261,331 | - | 135,232 | 333,246 | (792,853) | - | (792,853) |
| Economic Environment | 604,720 | - | - | - | (604,720) | - | (604,720) |
| Culture and Recreation | 691,539 | 43,804 | 37,310 | - | (610,425) | - | (610,425) |
| Interest on Long-term Debt | 53,448 | - | - | - | (53,448) | - | (53,448) |
| Total Governmental Activities | 11,875,046 | 853,438 | 559,311 | 956,390 | (9,505,907) | - | (9,505,907) |
| Business-Type Activities | | | | | | | |
| Wastewater Fund | 1,900,342 | 2,047,573 | - | 1,719,981 | - | 1,867,212 | 1,867,212 |
| Electric Fund | 15,017,923 | 18,707,849 | - | 742,535 | - | 4,432,461 | 4,432,461 |
| Water Fund | 1,511,513 | 1,917,776 | 22,110 | - | - | 428,373 | 428,373 |
| Non-Major Funds | 3,279,035 | 3,520,671 | - | 27,637 | - | 269,273 | 269,273 |
| Total Business-Type Activities | 21,708,813 | 26,193,869 | 22,110 | 2,490,153 | - | 6,997,319 | 6,997,319 |
| Total Primary Government | \$ 33,583,859 | \$ 27,047,307 | \$ 581,421 | \$ 3,446,543 | \$ (9,505,907) | \$ 6,997,319 | \$ (2,508,588) |
| General Revenues | | | | | | | |
| Taxes: | | | | | | | |
| Property Taxes | | | | | \$ 1,288,768 | \$ - | \$ 1,288,768 |
| Tax Increment | | | | | 555,654 | - | 555,654 |
| Utility Service Tax | | | | | 252,989 | - | 252,989 |
| Discretionary Sales Surtax | | | | | 760,573 | - | 760,573 |
| Local Option Gas Tax | | | | | 228,042 | - | 228,042 |
| Sales Tax and Other Shared Revenues | | | | | 946,413 | - | 946,413 |
| Interest and Other Miscellaneous | | | | | 95,687 | (87,592) | 8,095 |
| Transfers | | | | | 5,833,139 | (5,833,139) | - |
| Total General Revenues and Transfers | | | | | 9,961,265 | (5,920,731) | 4,040,534 |
| Change in Net Position | | | | | 455,358 | 1,076,588 | 1,531,946 |
| Net Position Beginning of Year | | | | | (4,463,356) | 16,091,191 | 11,627,835 |
| Net Position End of Year | | | | | \$ (4,007,998) | \$ 17,167,779 | \$ 13,159,781 |

See accompanying notes to Financial Statements

CITY OF QUINCY, FLORIDA
BALANCE SHEET - GOVERNMENTAL
SEPTEMBER 30, 2022

| | General Fund | Community Redevelopment Agency | Non-Major Governmental | Total Governmental Funds |
|---|-------------------------|---|-----------------------------------|---|
| Assets | | | | |
| Cash and Cash Equivalents | \$ 2,484,287 | \$ 365,641 | \$ 200,354 | \$ 3,050,281 |
| Investments | 828,218 | - | - | 828,218 |
| Receivables (Net) | 19,454 | - | - | 19,454 |
| Assessment Receivables (Net) | 172,699 | - | - | 172,699 |
| Due from Other Governments | 1,029,991 | - | - | 1,029,991 |
| Total Assets | 4,534,649 | 365,641 | 200,354 | 5,100,643 |
| Liabilities and Fund Balances | | | | |
| Liabilities | | | | |
| Accounts Payable | 387,176 | 31,874 | - | 419,050 |
| Accrued Expenses | 532,490 | 2,387 | - | 534,876 |
| Unearned Revenue | 2,402,446 | - | - | 2,402,446 |
| Total Liabilities | 3,322,111 | 34,261 | - | 3,356,372 |
| Deferred Inflows of Resources | - | - | - | - |
| Fund Balances | | | | |
| Restricted for: | | | | |
| Law Enforcement | - | - | 54,229 | 54,229 |
| Economic Environment | - | 331,380 | - | 331,380 |
| Debt Service | - | - | 146,124 | 146,124 |
| Assigned | 173,347 | - | - | 173,347 |
| Unassigned | 1,039,193 | - | - | 1,039,193 |
| Total Fund Balances | 1,212,536 | 331,380 | 200,354 | 1,744,274 |
| Total Liabilities and Fund Balance | \$ 4,534,648 | \$ 365,641 | \$ 200,354 | \$ 5,100,646 |

See accompanying notes to Financial Statements

CITY OF QUINCY, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

| | | |
|--|-----------|------------------|
| Total Fund Balances of Governmental Funds | \$ | 1,744,274 |
|--|-----------|------------------|

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. | | 8,649,893 |
|--|--|-----------|

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

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 | (1,843,571) | |
| OPEB liability | (9,479,109) | |
| Net pension liability | (3,062,937) | |
| Compensated absences | <u>(431,654)</u> | (14,817,271) |

| | | |
|--|--|---|
| The net pension asset is not a current financial resource and, therefore, is not reported in governmental funds. | | - |
|--|--|---|

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 | 1,288,895 | |
| Deferred outflows of resources for OPEB | 2,124,931 | |
| Deferred inflows of resources for OPEB | (2,975,999) | |
| Deferred inflows of resources for pensions | <u>(22,719)</u> | <u>415,108</u> |

| | | |
|--|-----------|---------------------------|
| Total Net Position of Governmental Activities | \$ | <u>(4,007,998)</u> |
|--|-----------|---------------------------|

CITY OF QUINCY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

| | General Fund | Community Redevelopment Agency | Non-Major Governmental | Total Governmental Funds |
|--|-------------------------|---|-----------------------------------|---|
| Revenues | | | | |
| Taxes | \$ 2,530,372 | \$ - | \$ - | \$ 2,530,372 |
| Tax Increment | - | 555,654 | - | 555,654 |
| Licenses and Permits | 320,166 | - | - | 320,166 |
| Intergovernmental Revenues | 2,388,644 | 2,530 | 28,406 | 2,419,580 |
| Charges for Services | 533,272 | - | - | 533,272 |
| Fines and Foreitures | 42,534 | - | - | 42,534 |
| Miscellaneous Revenues | 95,365 | 156 | 162 | 95,683 |
| Total Revenues | 5,910,353 | 558,340 | 28,568 | 6,497,261 |
| Expenditures | | | | |
| Current: | | | | |
| General Government | 3,066,390 | - | 204 | 3,066,594 |
| Public Safety | 5,326,431 | - | 74 | 5,326,505 |
| Physical Environment | 217,799 | - | - | 217,799 |
| Transportation | 1,094,324 | - | - | 1,094,324 |
| Economic Environment | 207,164 | 369,465 | - | 576,629 |
| Culture and Recreation | 666,237 | - | - | 666,237 |
| Debt Service: | | | | |
| Principal | 65,891 | 2,341 | 317,000 | 385,232 |
| Interest | 7,374 | - | 46,074 | 53,448 |
| Capital Outlay | 784,977 | - | - | 784,977 |
| Total Expenditures | 11,436,587 | 371,806 | 363,352 | 12,171,745 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (5,526,234) | 186,534 | (334,784) | (5,674,484) |
| Other Financing Sources (Uses) | | | | |
| Debt Proceeds | 60,933 | - | - | 60,933 |
| Transfers In | 5,874,531 | - | 360,000 | 6,234,531 |
| Transfers Out | (401,392) | - | - | (401,392) |
| Total Other Financing Sources (Uses) | 5,534,072 | - | 360,000 | 5,894,072 |
| Net Change in Fund Balances | 7,838 | 186,534 | 25,216 | 219,588 |
| Fund Balances, Beginning of Year | 1,204,698 | 144,846 | 175,138 | 1,524,686 |
| Fund Balances, End of Year | \$ 1,212,536 | \$ 331,380 | \$ 200,354 | \$ 1,744,274 |

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, 2022

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

| | | |
|---|--------------------|--------------------------|
| Net Change in Fund Balances - Total Governmental Funds. | | \$ 219,588 |
| 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 | 784,975 | |
| Less: Current Year Depreciation | <u>(434,244)</u> | 350,731 |
| 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. | | 385,232 |
| The issuance of long-term debt provides current financial resources to governmental funds, while it has no effect on the statement of activities. | | (60,933) |
| 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 | 953,763 | |
| Deferred Outflows Related to Pensions | 1,288,895 | |
| Deferred Inflows Related to OPEB | (1,790,224) | |
| Deferred Outflows Related to OPEB | <u>(248,830)</u> | 203,604 |
| 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 | (60,198) | |
| Change in Other Postemployment Benefits | 1,401,893 | |
| Change in Net Pension Liability | <u>(1,984,564)</u> | (642,869) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds | | - |
| Change in Net Position of Governmental Activities | | <u><u>\$ 455,358</u></u> |

CITY OF QUINCY, FLORIDA
STATEMENT OF FUNDS NET POSITION – PROPRIETARY FUNDS
SEPTEMBER 30, 2022

| | Business-Type Activities | | | | | |
|---|--------------------------|------------------|---------------|--------------------|------------------------------|-----------------------------|
| | Enterprise Funds | | | | | Internal Service Fund |
| | Major Funds | | | Non-Major Funds | Total Enterprise Funds | |
| | Wastewater Fund | Electric Fund | Water Fund | | | |
| Assets | | | | | | |
| Current Assets | | | | | | |
| Cash and Cash Equivalents | \$ 150,223 | \$ 399,701 | \$ 713,068 | \$ 601,036 | \$ 1,864,028 | \$ 42,031 |
| Investments | - | 341,935 | 837,996 | - | 1,179,931 | - |
| Receivables (Net) | 374,851 | 2,036,771 | 345,162 | 440,364 | 3,197,148 | - |
| Due from Other Governments | 36,492 | 242,093 | - | - | 278,585 | - |
| Prepaid Items | - | - | - | - | - | - |
| Inventories | 20,341 | 691,622 | 207,891 | 65,182 | 985,036 | - |
| Total Current Assets | 581,907 | 3,712,122 | 2,104,117 | 1,106,582 | 7,504,728 | 42,031 |
| Noncurrent Assets | | | | | | |
| Restricted Assets: | | | | | | |
| Restricted Cash and Cash Equivalents | 201,896 | 3,241,232 | 697,417 | 276,377 | 4,416,922 | - |
| Total Restricted Assets | 201,896 | 3,241,232 | 697,417 | 276,377 | 4,416,922 | - |
| Capital Assets: | | | | | | |
| Land and Land Improvements | 403,717 | 403,717 | 453,553 | 458,595 | 1,719,582 | - |
| Property, Plant and Equipment | 12,528,106.00 | 29,979,656 | 14,946,656 | 2,110,759 | 59,565,177 | 89,953 |
| (Accumulated Depreciation) | (6,147,510) | (19,806,554) | (13,348,633) | (1,885,396) | (41,188,093) | (34,530) |
| Total Net Capital Assets | 6,784,313 | 10,576,819 | 2,051,576 | 683,958 | 20,096,666 | 55,423 |
| Other Assets: | | | | | | |
| Advances to other Funds | 479,943 | 200,000 | 479,943.00 | 479,943 | 1,639,829 | - |
| Total Noncurrent Assets | 7,466,152 | 14,018,051 | 3,228,936 | 1,440,278 | 26,153,417 | 55,423 |
| Total Assets | \$ 8,048,059 | \$ 17,730,173 | \$ 5,333,053 | \$ 2,546,860 | \$ 33,658,145 | \$ 97,454 |

See accompanying notes to Financial Statements

CITY OF QUINCY, FLORIDA
STATEMENT OF FUNDS NET POSITION – PROPRIETARY FUNDS
SEPTEMBER 30, 2022

| | Business-Type Activities | | | | | |
|---|--------------------------|----------------------|---------------------|---------------------|------------------------------|-----------------------------|
| | Enterprise Funds | | | | | Internal Service Fund |
| | Major Funds | | | Non-Major Funds | Total Enterprise Funds | |
| | Waste water Fund | Electric Fund | Water Fund | | | |
| Liabilities | | | | | | |
| Current Liabilities | | | | | | |
| Accounts Payable | \$ 56,766 | \$ 1,770,984 | \$ 38,121 | \$ 295,041 | \$ 2,160,912 | \$ 8,617 |
| Accrued Payroll | 6,605 | 210,567 | 7,608 | (26,813) | 197,967 | 304 |
| Due to other Governments | - | - | - | 26,878 | 26,878 | - |
| Accrued Interest Payable | 14,866 | 38,848 | 23,710 | 4,421 | 81,845 | - |
| Unearned Revenue | - | 63,775 | - | - | 63,775 | - |
| Current Portion: | | | | | | |
| Bonds Payable | 131,302 | 343,704 | 278,421 | 30,123 | 783,550 | - |
| Notes Payable | 36,731 | 100,045 | 142,844 | - | 279,620 | - |
| Capitalized Leases Payable | 48,947 | 87,317 | 27,790 | 1,345 | 165,399 | - |
| Compensated Absenses Payable | 2,475 | 19,271 | 2,141 | 8,004 | 31,891 | - |
| Total Current Liabilities | 297,692 | 2,634,511 | 520,635 | 338,999 | 3,791,837 | 8,921 |
| Noncurrent Liabilities | | | | | | |
| Customer Deposits | - | 1,564,370 | 23,843 | 8,528 | 1,596,741 | - |
| Advances from Other Funds | 200,000 | 1,439,829 | - | - | 1,639,829 | - |
| Long-term Portion: | | | | | | |
| Bonds Payable | 1,216,738 | 3,795,129 | 2,779,740 | 505,756 | 8,297,363 | - |
| Notes Payable | 893,948 | 101,823 | - | - | 995,771 | - |
| Capitalized Lease Payable | 2,053 | 4,106 | 2,053 | 2,052.65 | 10,265 | - |
| Compensated Absenses | 7,424 | 57,814 | 6,423 | 24,012 | 95,673 | - |
| Land Fill Closure Liability | - | - | - | 151,424 | 151,424 | - |
| Total Noncurrent Liabilities | 2,320,163 | 6,963,071 | 2,812,059 | 691,773 | 12,787,066 | - |
| Total Liabilities | 2,617,855 | 9,597,582 | 3,332,694 | 1,030,772 | 16,578,903 | 8,921 |
| Net Position | | | | | | |
| Net Investment in Capital Assets | 4,454,594 | 6,144,695 | (1,179,272) | 144,681 | 9,564,698 | 55,423 |
| Restricted for: | | | | | | |
| Debt Service | 201,896 | 3,241,232 | 697,417 | 276,377 | 4,416,922 | - |
| Unrestricted | 773,714 | (1,253,336) | 2,482,214 | 1,095,030 | 3,097,622 | 33,110 |
| Total Net Position | 5,430,204 | 8,132,591 | 2,000,359 | 1,516,088 | 17,079,242 | 88,533 |
| Total Liabilities and Net Position | \$ 8,048,059 | \$ 17,730,173 | \$ 5,333,053 | \$ 2,546,860 | \$ 33,658,145 | \$ 97,454 |

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, 2022

| | Business-Type Activities | | | | | |
|--|--------------------------|---------------------|---------------------|---------------------|------------------------|-----------------------|
| | Enterprise Funds | | | | | |
| | Major Funds | | | Non-Major Funds | Total Enterprise Funds | Internal Service Fund |
| | Wastewater Fund | Electric Fund | Water Fund | | | |
| Operating Revenues | | | | | | |
| Charges for Services | \$ 2,047,573 | \$ 17,545,834 | \$ 1,833,805 | \$ 3,377,897 | \$ 24,805,109 | \$ 135,000 |
| Interfund Charges | - | 1,162,015 | 83,971 | 7,774 | 1,253,760 | - |
| Total Operating Revenue | <u>2,047,573</u> | <u>18,707,849</u> | <u>1,917,776</u> | <u>3,385,671</u> | <u>26,058,869</u> | <u>135,000</u> |
| Operating Expenses | | | | | | |
| Purchase Power | - | 10,377,487 | - | 1,194,061 | 11,571,548 | - |
| Personal Service | 216,669 | 1,561,695 | 258,679 | 353,917 | 2,390,960 | - |
| Contractual Service | 817,289 | 189,059 | 366,382 | 1,416,120 | 2,788,850 | 87,198 |
| Supplies | 2,676 | 42,830 | 2,397 | 7,454 | 55,357 | 508 |
| Repairs and Maintenance | 67,237 | 215,824 | 10,203 | 11,677 | 304,941 | - |
| Utility/Telephone | 235,127 | 95,113 | 117,207 | 4,928 | 452,375 | 22,530 |
| Shared Service | 117,507 | 410,888 | 87,328 | 63,178 | 678,901 | - |
| Depreciation | 352,998 | 987,921 | 509,664 | 22,503 | 1,873,086 | 12,337 |
| Other Expenses | 41,608 | 837,217 | 62,703 | 40,170 | 981,698 | 10,849 |
| Bad Debt | - | 172,430 | 10,332 | 14,240 | 197,002 | - |
| IT- Support | 8,400 | 16,800 | 8,400 | 8,400 | 42,000 | - |
| (Total Operating Expenses) | <u>(1,859,511)</u> | <u>(14,907,264)</u> | <u>(1,433,295)</u> | <u>(3,136,648)</u> | <u>(21,336,718)</u> | <u>(133,422)</u> |
| Operating Income | <u>188,062</u> | <u>3,800,585</u> | <u>484,481</u> | <u>249,023</u> | <u>4,722,151</u> | <u>1,578</u> |
| Non-Operating (Expenses) | | | | | | |
| Capital Grants | 1,719,981 | 742,535 | 22,110 | 27,637 | 2,512,263 | - |
| Interest Income | 507 | 2,113 | 2,303 | 213 | 5,136 | - |
| Interest Expenses | (40,831) | (110,659) | (78,218) | (8,965) | (238,673) | - |
| Investment Gains and Losses | - | (40,132) | (52,597) | - | (92,729) | - |
| Total Non-Operating Revenues (Expenses) | <u>1,679,657</u> | <u>593,857</u> | <u>(106,402)</u> | <u>18,885</u> | <u>2,185,997</u> | <u>-</u> |
| Income Before Transfers | <u>1,867,719</u> | <u>4,394,442</u> | <u>378,079</u> | <u>267,908</u> | <u>6,908,148</u> | <u>1,578</u> |
| Operating Transfers | | | | | | |
| Transfers In | 18,171 | - | 9,610 | 257,400 | 285,181 | 3,865 |
| Transfers Out | (833,147) | (4,318,619) | (532,810) | (437,608) | (6,122,184) | - |
| Total Operating Transfers | <u>(814,976)</u> | <u>(4,318,619)</u> | <u>(523,200)</u> | <u>(180,208)</u> | <u>(5,837,003)</u> | <u>3,865</u> |
| Extraordinary Item | | | | | | |
| Change in Net Position | <u>1,052,743</u> | <u>75,823</u> | <u>(145,121)</u> | <u>87,700</u> | <u>1,071,145</u> | <u>5,443</u> |
| Net Position, Beginning of Year | 4,377,469 | 8,056,765 | 2,145,480 | 1,428,389 | 16,008,097 | 83,090 |
| Net Position, End of Year | <u>\$ 5,430,212</u> | <u>\$ 8,132,588</u> | <u>\$ 2,000,359</u> | <u>\$ 1,516,089</u> | <u>\$ 17,079,242</u> | <u>\$ 88,533</u> |

See accompanying notes to Financial Statements

CITY OF QUINCY, FLORIDA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

| | Wastewater Fund | Electric Fund | Water Fund | Non-Major Funds | Total Enterprise Funds | Internal Service Funds |
|--|----------------------------|--------------------------|-----------------------|----------------------------|---------------------------------------|---------------------------------------|
| Cash Flows from Operating Activities | | | | | | |
| Cash Received from Customers and Others | \$2,047,564 | \$18,707,848 | \$ 1,917,776 | \$ 3,385,672 | \$ 26,058,860 | \$ 135,000 |
| Cash Paid to Employees | (216,668) | (1,561,695) | (258,678) | (353,917) | (2,390,958) | - |
| Cash Paid to Suppliers | (1,390,198) | (12,063,448) | (663,088) | (2,758,790) | (16,875,524) | (146,183) |
| Net Cash Provided by (Used in) Operating Activities | <u>440,698</u> | <u>5,082,705</u> | <u>996,010</u> | <u>272,965</u> | <u>6,792,378</u> | <u>(11,183)</u> |
| Cash Flows from Noncapital Financing Activities | | | | | | |
| Amounts Received from Other Funds | - | - | - | - | - | - |
| Operating Transfers In | 18,171 | - | 9,610 | 257,400 | 285,181 | 3,864 |
| Operating Transfers Out | (833,147) | (4,318,619) | (532,810) | (437,608) | (6,122,184) | - |
| Net Cash Provided by (Used in) Noncapital Financing Activities | <u>(814,976)</u> | <u>(4,318,619)</u> | <u>(523,200)</u> | <u>(180,208)</u> | <u>(5,837,003)</u> | <u>3,864</u> |
| Cash Flows from Capital and Related Financing Activities | | | | | | |
| Grants | 1,719,981 | 742,534 | 22,110 | 27,637 | 2,512,262 | - |
| Loan Proceeds | 954,759 | 2,584,317 | 550,756 | 555,836 | 4,645,668 | - |
| Principal Payments on Debt | (759,183) | (4,094,132) | (1,081,093) | (621,861) | (6,556,269) | - |
| Interest Payments on Debt | (40,831) | (110,659) | (78,218) | (8,965) | (238,673) | - |
| Purchase of Fixed Assets | (2,053,396) | (149,924) | (36,007) | (31,932) | (2,271,259) | - |
| Net Cash Provided by (Used in) Capital and Related Financing Activities | <u>(178,670)</u> | <u>(1,027,864)</u> | <u>(622,452)</u> | <u>(79,285)</u> | <u>(1,908,271)</u> | <u>-</u> |
| Cash Flows from Investing Activities | | | | | | |
| Interest Received | 507 | 2,113 | 2,303 | 213 | 5,136 | - |
| Investment Activity | - | (40,132) | (52,596) | - | (92,728) | - |
| Net Cash Provided from Investing | <u>507</u> | <u>(38,019)</u> | <u>(50,293)</u> | <u>213</u> | <u>(87,592)</u> | <u>-</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (552,441) | (301,797) | (199,935) | 13,685 | (1,040,488) | (7,319) |
| Cash and Cash Equivalents, Beginning of Year | 904,560 | 3,942,729 | 1,610,420 | 863,727 | 7,321,436 | 49,350 |
| Cash and Cash Equivalents, End of Year | <u>\$ 352,119</u> | <u>\$ 3,640,933</u> | <u>\$ 1,410,485</u> | <u>\$ 877,413</u> | <u>\$ 6,280,950</u> | <u>\$ 42,031</u> |

See accompanying notes to Financial Statements

CITY OF QUINCY, FLORIDA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

| | Wastewater Fund | Electric Fund | Water Fund | Non-Major Funds | Total Enterprise Funds | Internal Service Funds |
|---|----------------------------|--------------------------|-----------------------|----------------------------|---------------------------------------|---------------------------------------|
| <u>Included on the Accompanying Balance Sheet</u> | | | | | | |
| <u>Under the Following Captions</u> | | | | | | |
| Cash and Cash Equivalents | \$ 150,223 | \$ 399,701 | \$ 713,068 | \$ 601,036 | \$ 1,864,028 | \$ 42,031 |
| Restricted Assets: | | | | | | |
| Cash and Cash Equivalents | 201,896 | 3,241,232 | 697,417 | 276,377 | 4,416,922 | - |
| Total | \$ 352,119 | \$ 3,640,933 | \$ 1,410,485 | \$ 877,413 | \$ 6,280,950 | \$ 42,031 |
| <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) | \$ 188,062 | \$ 3,800,585 | \$ 484,481 | \$ 249,023 | \$ 4,722,151 | \$ 1,578 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities: | | | | | | |
| Depreciation | 352,998 | 987,921 | 509,664 | 22,503 | 1,873,086 | 12,337 |
| Changes in Assets - Decrease (Increase) and Liabilities - Increase (Decrease) | | | | | | |
| Inventory | (545) | (163,543) | (51,478) | (8,987) | (224,553) | - |
| Accounts Receivable, Net | (162,979) | (44,324) | (5,248) | (6,654) | (219,205) | - |
| Due from Other Governments | 10,000 | (117,727) | - | - | (107,727) | - |
| Investments | - | 43,009 | 53,757 | - | 96,766 | - |
| Accounts Payable | 3,394 | 427,400 | 22,660 | 68,214 | 521,668 | (25,100) |
| Accrued Payroll | 6,340 | 101,546 | (6,311) | (47,838) | 53,737 | - |
| Accrued Interest Payable | 7,077 | (21,767) | (13,298) | (3,397) | (31,385) | - |
| Compensated Absences | (132) | (718) | (112) | 1,270 | 308 | - |
| Deferred Revenue | 36,492 | 63,775 | - | - | 100,267 | - |
| Customer Deposits | - | 6,547 | 1,896 | (1,170) | 7,273 | - |
| Net Cash Provided by (Used in) Operating Activities | \$ 440,707 | \$ 5,082,704 | \$ 996,011 | \$ 272,964 | \$ 6,792,386 | \$ (11,185) |

See accompanying notes to Financial Statements

CITY OF QUINCY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

| | Retirement Savings Plan | Police and Firemen's Supplemental Pension Plan | Total |
|------------------------------------|------------------------------------|---|----------------------|
| Assets | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | \$ 24,263 | \$ - | \$ 24,263 |
| Investments | 7,227,157 | 8,337,804 | 15,564,961 |
| Receivables | 331,099 | - | 331,099 |
| Total Current Assets | <u>7,582,519</u> | <u>8,337,804</u> | <u>15,920,323</u> |
| Total Assets | <u>7,582,519</u> | <u>8,337,804</u> | <u>15,920,323</u> |
| Liabilities | | | |
| Payables | | | |
| Refunds of Member Contributions | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Liabilities | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Assets | | | |
| Refund | | | |
| Held in Trust for Pension Benefits | 7,582,519 | 8,337,804 | 15,920,323 |
| Total Net Assets | <u>\$ 7,582,519</u> | <u>\$ 8,337,804</u> | <u>\$ 15,920,323</u> |

See accompanying notes to Financial Statements

CITY OF QUINCY, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

| | Retirement Savings Plan | Police and Firemen's Supplemental Pension Plan | Total |
|---|------------------------------------|---|----------------------|
| Additions | | | |
| Contributions | | | |
| Plan Members | \$ - | \$ 130,162 | \$ 130,162 |
| City | 1,778,092 | 779,739 | 2,557,831 |
| State | - | 4,875 | 4,875 |
| Other | - | 10,630 | 10,630 |
| Total Contributions | <u>1,778,092</u> | <u>925,406</u> | <u>2,703,498</u> |
| Investment Income (Loss): | | | |
| Net Realized and Unrealized Gain/Loss | (2,485,936) | (1,947,914) | (4,433,850) |
| Interest and Dividends | 597,484 | 449,328 | 1,046,812 |
| Net Investment Income (Loss) | <u>(1,888,452)</u> | <u>(1,498,586)</u> | <u>(3,387,038)</u> |
| Total Additions | <u>(110,360)</u> | <u>(573,180)</u> | <u>(683,540)</u> |
| Deductions | | | |
| Benefits Payments | 2,377,745 | 881,297 | 3,259,042 |
| Administrative Expenses | 1,163 | 207,810 | 208,973 |
| Total Deductions | <u>2,378,908</u> | <u>1,089,107</u> | <u>3,468,015</u> |
| Change in Net Position | (2,489,268) | (1,662,287) | (4,151,555) |
| Net Position - Beginning of Year | 10,071,787 | 10,000,091 | 20,071,878 |
| Net Assets - End of Year | <u>\$ 7,582,519</u> | <u>\$ 8,337,804</u> | <u>\$ 15,920,323</u> |

See accompanying notes to Financial Statements

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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, 2022

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, 2022

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, 2022

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.

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.

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

Note 1 - Summary of Significant Accounting Policies (Continued)

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, 2022.

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.

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.”

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

Note 1 - Summary of Significant Accounting Policies (Continued)

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 |

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.

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

Note 1 - Summary of Significant Accounting Policies (Continued)

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: non-spendable, restricted, committed, assigned and unassigned:

- **Non-spendable** - 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 non-spendable 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.
- **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.

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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.

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

Note 1 - Summary of Significant Accounting Policies (Concluded)

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.

Implementation of New Accounting Standard

Effective October 1, 2021 the City adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards (GASB) Statement No. 87, *Leases* (GASB No. 87), which requires lessees recognize certain lease assets and liabilities for leases that previously were classified as operating leases based on the foundational principle that leases are financings of the right-to use an underlying asset. Similarly, GASB No. 87, also requires lessors to recognize certain lease assets and deferred inflows of resources for leases meeting the same recognition principles.

The implementation of this new standard required the initial recognition in the governmental activities of a right to use asset of \$46,492 and a lease liability of \$29,478 as of October 1, 2021. The implementation of the new standard also required the initial recognition of right to use asset in the business-type activities of \$34,351 and a lease liability of \$24,404 as of October 1, 2021. The adoption of GASB No. 87 had an effect on net position/fund balance as follows:

| | Governmental Activities | Business-type Activities |
|---|----------------------------|-----------------------------|
| Net Position/Fund Balance, as previously stated | \$ (4,480,370) | \$16,081,245 |
| Right to Use Asset | 46,492 | 34,351 |
| Lease Liability | (29,478) | (24,404) |
| Net Position/Fund Balance, restated | <u>\$ (4,463,356)</u> | <u>\$16,091,192</u> |

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

Note 2 - Cash, Cash Equivalents, and Investments

Deposits and investments as of September 30, 2022, are classified in the accompanying financial statements as follows:

Statement of Net Position:

| | |
|---------------------------------|---------------------|
| Cash and Cash Equivalents | \$ 4,956,340 |
| Restricted: | |
| Cash and Cash Equivalents | 4,416,922 |
| Total Cash and Cash Equivalents | <u>\$ 9,373,262</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, 2022:

| | <u>Carrying Amount</u> | <u>Credit Rating</u> | <u>Maturity</u> |
|--|----------------------------|--------------------------|-----------------|
| Certificates of Deposit | \$ 511,498 | N/A | < 180 days |
| Externally Managed Portfolio: Cantella | 1,496,651 | N/A | N/A |
| Total Investment | <u>\$ 2,008,149</u> | | |

As of September 30, 2022, the value of the General Employees' Retirement Savings Plan's investment with their respective credit ratings, were as follows:

| | <u>Carrying Amount</u> | <u>Credit Rating</u> | <u>Maturity</u> |
|--|----------------------------|--------------------------|-----------------|
| Externally Managed Portfolio: American Funds | \$ 7,251,420 | N/A | N/A |
| Total Externally Managed Portfolio | <u>\$ 7,251,420</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, 2022

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

As of September 30, 2022, the value of the City's deposits and investments in the Police and Fire Supplemental activities, with their respective credit ratings, were as follows:

| | <u>Cost Amount</u> | <u>Carrying Amount</u> | <u>Credit Rating</u> | <u>Maturity</u> |
|------------------------------------|------------------------|----------------------------|--------------------------|-----------------|
| Externally Managed Portfolio | | | | |
| Cash and Equivalents: | | | | |
| Salem Trust-515 | \$ 178,261 | \$ 178,261 | N/A | N/A |
| Mutual Funds: | | | | |
| Fixed Income | 1,713,384 | 1,491,764 | AAA | N/A |
| Equity | 5,416,838 | 5,171,982 | AAA | N/A |
| Pooled Funds: | | | | |
| Real Estate | - | - | AAA | N/A |
| Total Externally Managed Portfolio | <u>\$ 7,308,483</u> | <u>\$ 6,842,007</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, 2022, were \$4,956,343 and restricted cash (exclusive of externally managed portfolio) of \$4,416,922. 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, 2022

Note 3 - Restricted Assets

Various restrictions on deposits and investments are summarized below:

Restricted Cash and Investments:

| | |
|---|---------------------|
| Smart Grid Cash from Bond Issue | \$ 1,553,046 |
| Cash Held for Debt Service (Series 2003 Bond) | 202,080 |
| Cash Held for Debt Service SRF Loan | 200,019 |
| Cash Held for Debt Service Drinking Loan | 393,339 |
| Cash Held for SRL Rerserve Grant | 129 |
| Cash Held for Rate Stabilization | 2,001,704 |
| Financial Assurance Landfill Closure | 49,878 |
| Hurricane Michael Fee | 16,727 |
| Total Restricted Cash and Investments | <u>\$ 4,416,922</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, \$124,500 other debt of \$77,580 (b) amounts restricted for payments of drinking water loan, \$393,339; amounts restricted for a State Revolving Loan for Sewer, \$200,019; c) funds required to be restricted for debt service under the terms of the 2011 Series Capital Improvement Bond and Loan Covenants, \$1,553,045.

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 \$151,424 for post closure care costs, were filed with the Florida Department of Environmental Protection on September 26, 2022. The amount was based on an estimated annual monitoring expense of \$49,878 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 \$49,878 is sufficient for monitoring requirements.

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

Note 4 - Inventory

Inventory at September 30, 2022, consists of the following:

| | |
|-------------------------------------|--------------------------|
| Electric Inventory | \$ 691,622 |
| Water, Wastewater and Gas Inventory | <u>293,414</u> |
| Total Inventory | <u><u>\$ 985,036</u></u> |

Note 5 - Receivables

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

| | Governmental Activities | Business-type Activities | | |
|-----------------------------|----------------------------|-----------------------------|---------------------|-------------------|
| | General | Wastewater | Electric | Water |
| Accounts Receivable | \$ 19,454 | \$ 506,830 | \$ 2,797,042 | \$ 464,095 |
| Less Allowance for Bad Debt | - | (131,979) | (760,271) | (118,933) |
| Net Accounts Receivable | <u>\$ 19,454</u> | <u>\$ 374,851</u> | <u>\$ 2,036,771</u> | <u>\$ 345,162</u> |

| | Business-type Activities | | |
|-----------------------------|-----------------------------|-------------------|-------------|
| | Gas | Refuse | Landfill |
| Accounts Receivable | \$ 263,984 | \$ 318,788 | \$ - |
| Less Allowance for Bad Debt | (61,576) | (80,832) | - |
| Net Accounts Receivable | <u>\$ 202,408</u> | <u>\$ 237,956</u> | <u>\$ -</u> |

As of September 30, 2022, the City also had grants receivables of \$336,377 in the general fund, \$242,093 in the Electric fund, and \$36,492 in the Wastewater fund.

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

Note 6 - Capital Assets

| | Balance September 30, 2021 | Increase | Decrease | Balance September 30, 2022 |
|--|----------------------------------|-------------------|-------------|----------------------------------|
| Governmental Activities: | | | | |
| Capital Assets, Not Being Depreciated: | | | | |
| Land | \$ 4,617,561 | \$ - | \$ - | \$ 4,617,561 |
| Total Capital Assets, Not Being Depreciated | 4,617,561 | - | - | 4,617,561 |
| Capital Assets, Being Depreciated: | | | | |
| Building and Improvements | 5,828,990 | - | - | 5,828,990 |
| Improvements other than Buildings | 11,058,291 | - | - | 11,058,291 |
| Infrastructure | 7,993,607 | 344,020 | - | 8,337,627 |
| Equipment and Other | 9,016,080 | 440,955 | - | 9,457,035 |
| Right to Use Asset | 46,492 | - | - | 46,492 |
| Total Capital Assets, Being Depreciated | 33,943,460 | 784,975 | - | 34,728,435 |
| Less Accumulated Depreciation/Amortization for: | | | | |
| Buildings and Improvements | (5,719,139) | (78,030) | - | (5,797,169) |
| Improvements other than Buildings | (11,220,977) | (6,842) | - | (11,227,819) |
| Infrastructure | (6,420,674) | (51,178) | - | (6,471,852) |
| Equipment and Other | (6,901,069) | (298,194) | - | (7,199,263) |
| Total Accumulated Depreciation | (30,261,859) | (434,244) | - | (30,696,103) |
| Total Capital Assets, Being Depreciated/Amortized, Net | 3,681,601 | 350,731 | - | 4,032,332 |
| Total Governmental Capital Assets, Net | \$ 8,299,162 | \$ 350,731 | \$ - | \$ 8,649,893 |
| Business-Type Activities: | | | | |
| Capital Assets, Not Being Depreciated: | | | | |
| Land | \$ 1,666,353 | \$ - | \$ - | \$ 1,666,353 |
| Total Capital Assets, Not Being Depreciated | 1,666,353 | - | - | 1,666,353 |
| Capital Assets, Being Depreciated | | | | |
| Buildings | 25,363,949 | 2,017,390 | - | 27,381,339 |
| Utility, Plant Equipment and Improvements | 20,927,730 | 245,720 | - | 21,173,450 |
| Infrastructure | 4,384,002 | - | - | 4,384,002 |
| Equipment and Other | 6,735,842 | 25,516 | - | 6,761,358 |
| Total Capital Assets, Being Depreciated | 57,411,523 | 2,288,626 | - | 59,700,149 |
| Less Accumulated Depreciation for: | | | | |
| Buildings | (20,726,097) | (745,371) | - | (21,471,468) |
| Utility, Plant Equipment and Improvements | (13,760,897) | (530,250) | - | (14,291,147) |
| Equipment and Other | (4,846,237) | (605,563) | - | (5,451,800) |
| Total Accumulated Depreciation | (39,333,231) | (1,881,184) | - | (41,214,415) |
| Total Capital Assets, Being Depreciated, Net | 18,078,292 | 407,442 | - | 18,485,734 |
| Total Business-Type Capital Assets, Net | \$ 19,744,645 | \$ 407,442 | \$ - | \$ 20,152,087 |

Depreciation expense was charged to governmental functions as follows:

| | |
|------------------------|-------------------|
| General Government | \$ 10,523 |
| Public Safety | 156,114 |
| Transportation | 123,871 |
| Culture and Recreation | - |
| Economic Environment | 18,471 |
| Physical Environment | 125,265 |
| Total | \$ 434,244 |

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

Note 7 - Long Term Debt

| | September 30, | | | September 30, |
|---|-----------------------------|----------------------------|----------------------------|-----------------------------|
| <u>Governmental Funds:</u> | 2021 | Additions | Reductions | 2022 |
| General Fund: | | | | |
| Capital Improvement Refunding Revenue Bond 2012 | \$ 1,998,000 | \$ - | \$ 317,000 | \$ 1,681,000 |
| Honeywell Lease (Gov't Portion) | 37,164 | - | 18,945 | 18,219 |
| Capital Lease Police Cars | 103,229 | 60,933 | 39,509 | 124,653 |
| Lease Payable | 29,478 | - | 9,778 | 19,700 |
| Compensated Absences | 371,456 | 60,198 | - | 431,654 |
| Net Pension Liability | 1,078,373 | 1,984,564 | - | 3,062,937 |
| Other Post Employment Benefits Liability | 10,881,002 | - | 1,401,893 | 9,479,109 |
| Total Governmental Activities Long Term Debt | <u>\$ 14,498,702</u> | <u>\$ 2,105,695</u> | <u>\$ 1,787,125</u> | <u>\$ 14,817,272</u> |
| <u>Business-Type Activities:</u> | | | | |
| Electric Fund: | | | | |
| Utility Revenue Refunding Series 2020A Bonds | \$ 1,822,556 | \$ - | \$ 198,233 | \$ 1,624,323 |
| Utility Revenue Refunding Series 2020B Bonds | 2,648,624 | - | 2,648,624 | - |
| Utility Revenue Series 2021 | - | 2,584,317 | 69,807 | 2,514,510 |
| Honeywell Lease (Electric Portion) | 178,385 | - | 93,758 | 84,627 |
| Lease Payable | 9,762 | - | 2,966 | 6,796 |
| Capital City Bank Line of Credit | 982,707 | - | 982,707 | - |
| Capital City Bank Loan - Digger Truck | 300,000 | - | 98,132 | 201,868 |
| Compensated Absences | 79,956 | - | 2,871 | 77,085 |
| Total General Long Term Debt: Electric Fund | <u>6,021,990</u> | <u>2,584,317</u> | <u>4,097,098</u> | <u>4,509,209</u> |
| Water Fund: | | | | |
| Utility Revenue Refunding Series 2020A Bonds | 911,278 | - | 99,117 | 812,161 |
| Utility Revenue Refunding Series 2020B Bonds | 564,461 | - | 564,461 | - |
| Utility Revenue Refunding Series 2020C Bonds | 1,854,183 | - | 144,062 | 1,710,121 |
| Utility Revenue Series 2021 | - | 550,756 | 14,877 | 535,879 |
| State Revolving Loan - Project No. DW200601 | 371,671 | - | 228,827 | 142,844 |
| Honeywell Lease (Water Portion) | 55,745 | - | 29,300 | 26,445 |
| Lease Payable | 4,881 | - | 1,483 | 3,398 |
| Compensated Absences | 9,012 | - | 449 | 8,563 |
| Total General Long Term Debt: Water Fund | <u>3,771,231</u> | <u>550,756</u> | <u>1,082,576</u> | <u>3,239,411</u> |

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

Note 7 – Long Term Debt (Continued)

| | September 30, 2021 | Additions | Reductions | September 30, 2022 |
|--|-------------------------------|---------------------|---------------------|-------------------------------|
| Wastewater Fund: | | | | |
| Utility Revenue Refunding Series 2020A Bonds | 911,278 | - | 99,117 | 812,161 |
| Utility Revenue Refunding Series 2020B Bonds | 564,461 | - | 564,461 | - |
| Utility Revenue Series 2021 | - | 550,756 | 14,877 | 535,879 |
| State Revolving Loan - Project No. 200100 | 314,710 | - | 23,323 | 291,387 |
| State Revolving Loan - Project No. 641090 | 248,520 | - | 12,706 | 235,814 |
| State Revolving Loan - Project No. 200114 (Solar Array | - | 403,478 | - | 403,478 |
| Honeywell Lease (Wastewater Portion) | 100,342 | - | 52,740 | 47,602 |
| Lease Payable | 4,881 | - | 1,483 | 3,398 |
| Compensated Absences | 9,373 | 525 | - | 9,898 |
| Total General Long Term Debt: Wastewater Fund | 2,153,565 | 954,759 | 768,707 | 2,339,617 |
| Gas Fund: | | | | |
| Utility Revenue Refunding Series 2020B Bonds | 564,461 | - | 564,461 | - |
| Utility Revenue Series 2021 | - | 550,756 | 14,877 | 535,879 |
| Lease Payable | 4,881 | - | 1,483 | 3,398 |
| Compensated Absences | 22,828 | 4,293 | - | 27,121 |
| Total General Long Term Debt: Gas Fund | 592,170 | 555,049 | 580,821 | 566,398 |
| Landfill Fund: | | | | |
| Compensated Absences | 4,108 | 787 | - | 4,895 |
| Estimated Landfill Closure and Post Closure | 193,947 | - | 42,523 | 151,424 |
| Total General Long Term Debt: Landfill Fund | 198,055 | 787 | 42,523 | 156,319 |
| Total Business-type Activities Long Term Debt | \$ 12,737,010 | \$ 4,645,668 | \$ 6,571,725 | \$ 10,810,953 |

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

Note 7 - Long Term Debt (Continued)

| | September 30, | | | September 30, | Due |
|---|----------------------|---------------------|---------------------|----------------------|--------------------|
| <u>Governmental Activities:</u> | 2021 | Additions | Reductions | 2022 | Within |
| Bonds: | | | | | One |
| | | | | | Year |
| Capital Improvement Refunding Revenue Bond 2012 | \$ 1,998,000 | \$ - | \$ 317,000 | \$ 1,681,000 | \$ 323,000 |
| Capitalized Leases: | | | | | |
| Honeywell Lease (Gov't Portion) | 37,164 | - | 18,945 | 18,219 | 18,219 |
| Capital Lease Police Cars | 103,229 | 60,933 | 39,509 | 124,653 | 46,561 |
| Lease Payable | 29,478 | - | 9,778 | 19,700 | 9,227 |
| Compensated Absences | 371,456 | 60,198 | - | 431,654 | 107,914 |
| Net Pension Liability | 1,078,373 | 1,984,564 | - | 3,062,937 | - |
| Other Post Employment Benefits Liability | 10,881,002 | - | 1,401,893 | 9,479,109 | - |
| Total Governmental Activities Debt | <u>\$ 14,498,702</u> | <u>\$ 2,105,695</u> | <u>\$ 1,787,125</u> | <u>\$ 14,817,272</u> | <u>\$ 504,921</u> |
| <u>Business-Type Activities:</u> | | | | | |
| Bonds: | | | | | |
| Utility Revenue Refunding Series 2020A Bonds | \$ 3,645,112 | \$ - | \$ 396,467 | \$ 3,248,645 | \$ 404,716 |
| Utility Revenue Refunding Series 2020B Bonds | 4,342,008 | - | 4,342,008 | - | - |
| Utility Revenue Refunding Series 2020C Bonds | 1,854,182 | - | 144,061 | 1,710,121 | 147,119 |
| Utility Series 2021 Bond | - | 4,236,585 | 114,438 | 4,122,147 | 231,715 |
| Notes Payable: | | | | | |
| State Revolving Loan - Project No. DW2006010 | 371,671 | - | 228,827 | 142,844 | 142,844 |
| State Revolving Loan - Project No. 200100 | 314,710 | - | 23,323 | 291,387 | 23,752 |
| State Revolving Loan - Project No. 641090 | 248,520 | - | 12,706 | 235,814 | 12,979 |
| State Revolving Loan - Project No. 200114 (Solar Array) | - | 403,478 | - | 403,478 | - |
| Capital City Bank Line of Credit | 982,707 | - | 982,707 | - | - |
| Capital City Bank Loan - Digger Truck | 300,000 | - | 98,132 | 201,868 | 100,045 |
| Capitalized Leases: | | | | | |
| Honeywell Lease | 334,472 | - | 175,798 | 158,674 | 158,674 |
| Lease Payable | 24,404 | - | 7,415 | 16,989 | 6,725 |
| Estimated Landfill Closure and Post Closure | 193,947 | - | 42,523 | 151,424 | - |
| Compensated Absences | 125,277 | 5,605 | 3,320 | 127,562 | 31,891 |
| Total Business-Type Activities Debt | <u>\$ 12,737,010</u> | <u>\$ 4,645,668</u> | <u>\$ 6,571,725</u> | <u>\$ 10,810,953</u> | <u>\$1,260,460</u> |

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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, 2022, the City had a balance of \$146,126, and transferred \$360,000, the required debt service payments to the Debt Service Fund.

Equipment Loans and Capital Lease Obligations

Capital lease obligations relate to the acquisition of several vehicles with annual interest rates ranging from 5% to 6.6%. and the Honeywell’s high efficiency HVAC and lighting upgrades throughout the City. 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 5% and has combined monthly payments of \$3,501 for 48 months. During the last three months of the fiscal year ended September 30, 2022, two more vehicles were purchased amounting to \$60,933. As of September 30, 2022, the balance of the debt, including interest, was \$129,903.

The governmental portion of the Honeywell 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. As of September 30, 2022, the balance of the debt was \$18,219.

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

Note 7 – Long Term Debt (Continued)

\$250,000 Capital City Line of Credit (CRA)

The City secured a promissory note from Capital City Bank in the amount of \$250,000 on November 3, 2021. For any monies borrowed from the bank, starting December 3, 2021, the interest will be paid monthly at the prevailing rate of 3.250% per annum. The interest is variable and is subject to change from time to time based on changes in which is the J.P. Morgan Chase Prime Rate (the “index”). Interest on this note will be computed on a 365/360 basis. As of September 30, 2022, no funds had been withdrawn from the bank for this note and the amount due was zero.

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, 2020B and Series 2021

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 \$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, 2022 was \$3,248,645.

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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 \$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, 2022 was \$0.

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.

On October 1, 2021, Series 2020 B was paid off in full with the proceeds from the issuance of Utility Revenue and Refunding Bond, Series 2021 Truist Bank. The taxable loan, Series 2020B, was a short-term solution with the expectation of replacing it with a tax-exempt loan on October 1, 2021, which is the optional call date of the Series 2011 Bonds. In anticipation of the tax-exempt loan on October 1, 2021, and to lock in additional savings, Truist Bank committed, last year, to convert or refund the 2020B taxable loan to a tax-exempt loan. The City’s total anticipated saving in debt service after the 2020A, 2020B, 2020C and 2021 loans are closed should approximate \$2,094,200.

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

Note 7 – Long Term Debt (Continued)

The Series 2021 Utility Revenue and Refunding Bonds are secured by a lien on the Pledged Revenues, and, upon issuance of the Series 2021 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 2021," in an aggregate principal amount of \$4,342,007.83, which shall secure amounts which are outstanding hereunder and will mature on October 1, 2032 unless earlier prepaid as provided herein and in the Series 2021 Bond. The Series 2021 Bond shall bear interest at a fixed interest rate of 1.65% 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 October 1, 2021 and, on each October 1, and April 1 thereafter until the Series 2021 Bond is paid in full. Debt service on the Series 2021 Bond shall be due and paid as set forth on Schedule I attached to the Series 2021 Bond. Upon five days' written notice to the Bank, the Series 2021 Bond may be prepaid by the Issuer, in whole, at any time without a prepayment premium or penalty.

Debt service on the Series 2021 Bond shall be due and paid as set forth in a schedule attached to the Series 2021 Bond. Upon five days' written notice to the Bank, the Series 2021 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 Series 2021 Bond as of September 30, 2022 was \$4,122,147.

\$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 it is 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 \$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.

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

Note 7 – Long Term Debt (Continued)

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. The outstanding balance of the Series 2020C Bond as of September 30, 2022 was \$1,710,121.

State Revolving Loan Note from FDEP (200114) (CSFA 37.077)

The total amount given to the City was \$2,017,389. With 80% or \$1,613,911 being a grant and the loan amount was \$403,478. This was for the construction of a project, 1.5 MW Solar Array. Upon completion of the construction, the estimated principal amount of the loan to be repaid will be \$527,478. The loan service Fee is estimated to be \$52,748 for the loan amount to complete the project by 03/31/2023. The fee represents two percent of the loan amount excluding capitalized interest amount; that is, two percent of \$2,637,389. The loan service fee was based on actual project costs and assessed in the final loan amendment. The financing rate on the unpaid principal of the loan amount specified in Section 10.01 is 0 percent per annum. The loan term shall be twenty (20) years. The loan is currently set for semi-annual payments of \$14,506 scheduled to be made on October 1 and April 1. The first payment was scheduled to be made October 1, 2023. The loan was collateralized by revenues from the operation of the water and sewer systems. The outstanding balance as of September 30, 2022 was \$403,478.

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 36 semi-annual payments of \$13,602 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, 2022 was \$291,387.

State Revolving Loan Note from 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, 2022 was \$142,844.

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, 2022 was \$235,814.

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

Note 7 – Long Term Debt (Continued)

\$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, 2022, there was no outstanding balance.

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, 2022, the outstanding amount due was \$201,868.

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, 2022, 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 |
| 2023 | \$ 397,007 | \$ 41,336 | \$ 1,227,223 | \$ 189,027 |
| 2024 | 353,031 | 32,118 | 969,807 | 164,816 |
| 2025 | 358,050 | 24,597 | 885,095 | 146,395 |
| 2026 | 352,520 | 16,419 | 895,450 | 129,812 |
| 2027 | 349,000 | 8,027 | 912,360 | 112,901 |
| Thereafter | - | - | 5,642,031 | 332,456 |
| Total | <u>\$ 1,809,608</u> | <u>\$ 122,498</u> | <u>\$ 10,531,967</u> | <u>\$ 1,075,407</u> |

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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, 2022, the City purchased electric capacity totaling \$10,377,487.

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, 2022, the City purchased gas totaling \$1,194,061.

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, 2022, the City's total liability for landfill closure and post-closure care costs was approximately \$151,424. 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, 2022, cash deposited in the escrow account was \$48,487.

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

Note 8 - Contingencies and Commitments (Concluded)

Permit to Operate Sewer System

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

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

Note 9 - Retirement Savings Plan (RSP)

The Retirement Savings Plan (RSP) of the City is a defined contribution pension plan established to provide benefits to employees upon retirement. The City is required to contribute an amount equal to 12% of the base pay of each eligible employee. Plan provisions and contribution requirements are established and may be amended by the City. During the fiscal year September 30, 2022, the City contributed \$827,032 for eligible employees.

The Plan Manager for the Retirement Savings Plan allowed employees to take out loans against their retirement which were not reflected in the previous year's year-end statements. This resulted in a restatement of opening fund balance. For the year ended September 30, 2022, these loans are shown as a receivable.

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.

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

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 | 41 |
| Inactive Plan Members Entitled to But Not Yet Receiving Benefits | - |
| Active Plan Members | 104 |
| | <hr/> 145 <hr/> |

Benefits Provided:

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

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

TOTAL OPEB LIABILITY

The measurement date is September 30, 2021.

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

The reporting period is October 1, 2021 through September 30, 2022.

The City's Total OPEB Liability was measured as of September 30, 2021.

Actuarial Assumptions:

The Total OPEB Liability was determined by an actuarial valuation as of September 30, 2021, using the following actuarial assumptions:

| | |
|-------------------------|-------|
| Inflation Rate | 2.50% |
| Salary Increase Rate(s) | 4.00% |
| Discount Rate | 2.43% |
| Initial Trend Rate | 7.50% |
| Ultimate Trend Rate | 4.00% |
| Years to Ultimate | 53 |

All morality rates were based on the Pub-2010 mortality tables. All mortality rates are those outlined in Milliman's July 1, 2021 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.

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

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.

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 2.43%. 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, 2021 | \$ 10,881,002 |
| Changes for the Year: | |
| Service Cost | 879,629 |
| Interest | 248,285 |
| Differences between Expected and Actual Experience | (91,318) |
| Changes of Assumptions | (2,119,761) |
| Changes of Benefit Terms | - |
| Contributions – Employer | - |
| Benefit Payments | (318,728) |
| Other Changes | - |
| Net Changes | (1,401,893) |
| Reporting Period Ending September 30, 2022 | \$ 9,479,109 |

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

Difference Between Expected and Actual Experience reflects the impact of changes to the census data from the prior valuation to the valuation as of September 30, 2021.

Changes in Assumptions reflect a change in the discount rate from 2.14% for the reporting period ended September 30, 2021, to 2.43% for the reporting period ended September 30, 2022. Also reflected as assumption changes are updated health care costs and premiums, updated retirement rates, and updated termination rates.

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 1.43% | Current Discount Rate 2.43% | 1% Increase 3.43% |
|------------------------------|----------------------|-----------------------------------|----------------------|
| Total OPEB Liability (Asset) | \$ 11,213,703 | \$ 9,479,109 | \$ 8,110,194 |

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) | \$ 7,985,298 | \$ 9,479,109 | \$ 11,424,244 |

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

For the year ended September 30, 2022, the city will recognize OPEB expense of \$915,411.

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

On September 30, 2022, 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 | \$ - | \$ 295,386 |
| Changes in Assumptions | 1,846,681 | 2,680,613 |
| Employer Contributions Subsequent to the Measurement Date | 278,250 | - |
| Total | <u>\$ 2,124,931</u> | <u>\$ 2,975,999</u> |

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, | |
| 2023 | \$ (215,603) |
| 2024 | \$ (215,603) |
| 2025 | \$ (215,603) |
| 2026 | \$ (215,599) |
| 2027 | \$ (122,950) |
| Thereafter | \$ (143,960) |

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, 2021:

| | |
|---|-----------|
| Inactive Plan Members or Beneficiaries Currently Receiving Benefits | 42 |
| Inactive Plan Members Entitled to But Not Yet Receiving Benefits | 21 |
| Active Plan Members | 34 |
| | <u>97</u> |

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

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.

Net Pension Liability

The measurement date is September 30, 2022.

The measurement period for the pension expense was October 1, 2021 to September 30, 2022.

The reporting period is October 1, 2021 through September 30, 2022.

The Sponsor's Net Pension Liability was measured as of September 30, 2022.

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, 2021 updated to September 30, 2022, using the following actuarial assumptions:

| | |
|---------------------------|---------------|
| Inflation | 2.50% |
| Salary Increases | Service Based |
| Discount Rate | 6.70% |
| Investment Rate of Return | 6.70% |

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, 2021 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, 2022

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 August 4, 2022.

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 2022 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, 2022 are summarized in the following table:

| Asset Class | Target Allocation | Long Term Expected Real Rate of Return ⁽¹⁾ |
|---------------------------|-------------------|--|
| Domestic Equity | 50.0% | 7.50% |
| International Equity | 15.0% | 8.50% |
| Broad Market Fixed Income | 15.0% | 2.50% |
| Fixed Income (Non-Core) | 2.5% | 2.50% |
| Global Fixed Income | 2.5% | 3.50% |
| Real Estate | 15.0% | 4.50% |
| Total | 100% | |

(1) Source: AndCo Consulting

Discount Rate:

The discount rate used to measure the Total Pension Liability was 6.70 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, 2022

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

| | Increase (Decrease) | | |
|--|-------------------------|-----------------------------|-----------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| | (a) | (b) | (a)-(b) |
| Balances as of September 30, 2021 | \$ 11,078,464 | \$ 10,000,091 | \$ 1,078,373 |
| Changes for a Year: | | | |
| Service Cost | 154,163 | - | 154,163 |
| Interest | 788,018 | - | 788,018 |
| Share Plan Allocation | 3,873 | - | 3,873 |
| Differences between Expected and Actual Experience | (45,438) | - | (45,438) |
| Changes of Assumptions | 591,694 | - | 591,694 |
| Changes of Benefit Terms | - | - | - |
| Contributions-Employer | - | 651,970 | (651,970) |
| Contributions-State | - | 115,347 | (115,347) |
| Contributions-Employee | - | 115,509 | (115,509) |
| Net Investment Income | - | (1,323,553) | 1,323,553 |
| Benefit Payments, including Refunds of Employee | | | |
| Contributions | (875,711) | (875,711) | - |
| Administrative Expense | - | (51,527) | 51,527 |
| Net Changes | 616,599 | (1,367,965) | 1,984,564 |
| Balances as of September 30, 2022 | \$ 11,695,063 | \$ 8,632,129 | \$ 3,062,937 |

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

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---------------------------------|-------------|-----------------------|-------------|
| | 5.70% | 6.70% | 7.70% |
| Sponsor's Net Pension Liability | \$4,340,149 | \$3,062,937 | \$1,994,727 |

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, 2022, the sponsor has recognized a Pension expense of \$509,223.

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

On September 30, 2022, 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 | \$ - | \$ 22,719 |
| Change of Assumptions | 295,847 | - |
| Net Difference between Projected and Actual Earnings on Pension | | |
| Plan Investment | 993,048 | - |
| Total | <u>\$ 1,288,895</u> | <u>\$ 22,719</u> |

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:

| | |
|------------|------------|
| 2023 | \$ 491,555 |
| 2024 | \$ 172,225 |
| 2025 | \$ 192,008 |
| 2026 | \$ 410,388 |
| 2027 | \$ - |
| Thereafter | \$ - |

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, 2022, 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, 2022

Note 14 - Interfund Transfers

| | Transfer In | | | | | | | | Total |
|----------------------|---------------------|-------------------|-----------------|------------------|------------------|------------------|-------------------|-----------------------|---------------------|
| | General Fund | Debt Service Fund | Water Fund | Wastewater Fund | Refuse Fund | Landfill Fund | Gas Fund | Internal Service Fund | |
| Transfers Out | | | | | | | | | |
| General Fund | \$ - | \$ 360,000 | \$ - | \$ - | \$ - | \$ - | \$ 37,528 | \$ 3,864 | \$ 401,392 |
| Electric Fund | 4,296,720 | - | 9,610 | 12,288 | - | - | - | - | 4,318,618 |
| Water Fund | 526,927 | - | - | 5,883 | - | - | - | - | 532,810 |
| Wastewater Fund | 625,141 | - | - | - | 30,000 | - | 178,006 | - | 833,147 |
| Refuse Fund | 2,718 | - | - | - | - | 11,865 | - | - | 14,583 |
| Landfill Fund | 5,362 | - | - | - | - | - | - | - | 5,362 |
| Gas Fund | 417,663 | - | - | - | - | - | - | - | 417,663 |
| Total | \$ 5,874,531 | \$ 360,000 | \$ 9,610 | \$ 18,171 | \$ 30,000 | \$ 11,865 | \$ 215,534 | \$ 3,864 | \$ 6,523,575 |

Note 15 - Advances To and From Other Funds

| Advances To | Advances From | | | |
|--------------|---------------------|---------------------|-------------------|---------------------|
| | Electric | Wastewater | Landfill | Total |
| Electric | \$ 200,000 | \$ - | \$ 200,000 | \$ 200,000 |
| Water | 479,943 | 479,943 | - | 479,943 |
| Wastewater | 479,943 | 479,943 | - | 479,943 |
| Gas | 479,943 | 479,943 | - | 479,943 |
| Refuse | 17,274 | - | 17,274 | 17,274 |
| Total | \$ 1,657,103 | \$ 1,439,829 | \$ 200,000 | \$ 1,657,103 |

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.

CITY OF QUINCY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

Note 17 - Fund Balance (Concluded)

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.

The City's fund balances for the year ended September 30, 2022 are shown below:

| | <u>General Fund</u> | <u>CRA</u> | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Total Governmental Funds</u> |
|----------------------|-------------------------|------------------|----------------------------|-------------------------|---|
| Restricted for: | | | | | |
| Law Enforcement | \$ - | \$ - | \$ 54,229 | \$ - | \$ 54,229 |
| Debt Service | - | - | - | 146,124 | 146,124 |
| Economic Environment | - | 331,380 | - | - | 331,380 |
| Assigned | 173,347 | - | - | - | 173,347 |
| Unassigned | 1,039,193 | - | - | - | 1,039,193 |
| Total Fund Balance | <u>\$1,212,540</u> | <u>\$331,380</u> | <u>\$ 54,229</u> | <u>\$ 146,124</u> | <u>\$ 1,744,273</u> |

Note 19 – Subsequent Events

Management has evaluated subsequent events through June 30, 2023 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, 2022

CITY OF QUINCY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS (OPEB)
YEAR ENDED SEPTEMBER 30, 2022

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

Last 10 Fiscal Years

| Reporting Period Ending | 9/30/2022 | 9/30/2021 | 9/30/2020 | 9/30/2019 | 9/30/2018 |
|--|---------------------|----------------------|---------------------|---------------------|---------------------|
| Measurement Date | 9/30/2021 | 9/30/2020 | 9/30/2019 | 10/1/2019 | 10/2/2019 |
| Total OPEB Liability | | | | | |
| Service Cost | \$ 879,629 | \$ 576,456 | \$ 400,395 | \$ 445,352 | \$ 502,595 |
| Interest | 248,285 | 303,432 | 339,029 | 304,021 | 265,592 |
| Changes of Benefit Terms | - | - | - | - | - |
| Differences Between Expected and Actual Experience | (91,318) | - | (293,150) | - | - |
| Changes of Assumptions | (2,119,761) | 2,251,336 | 6,434 | (723,993) | (833,873) |
| Benefit Payments | (318,728) | (296,491) | (231,207) | (213,094) | (195,949) |
| Net Change in Total OPEB Liability | (1,401,893) | 2,834,733 | 221,501 | (187,714) | (261,635) |
| Total OPEB Liability - Beginning | 10,881,002 | 8,046,269 | 7,824,768 | 8,012,482 | 8,274,117 |
| Total OPEB Liability - Ending | <u>\$ 9,479,109</u> | <u>\$ 10,881,002</u> | <u>\$ 8,046,269</u> | <u>\$ 7,824,768</u> | <u>\$ 8,012,482</u> |
| Covered Payroll | 4,633,860 | 4,571,882 | 4,396,040 | 3,602,887 | 3,602,887 |
| City's total OPEB Liability as a Percentage of Covered Payroll | 204.56% | 238.00% | 183.03% | 217.18% | 222.39% |

Notes to Schedule:

Changes of 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, 2022: | 2.43% |
| 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% |

Also reflected as assumption changes are updated health care costs and premiums, updated retirement rates, and updated termination rates.

Benefit Payment: The Plan sponsor did not provide actual net benefits paid by the Plan for the fiscal year ending September 30, 2022.

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

CITY OF QUINCY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
POLICE AND FIREMEN'S SUPPLEMENTAL
YEAR ENDED SEPTEMBER 30, 2022

Schedule of Changes in Net Pension Liability and Related Ratios

Last 10 Fiscal Years

| Measurement Date | 9/30/2022 | 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 | \$ 154,163 | \$ 101,416 | \$ 83,529 | \$ 81,950 | \$ 91,547 | \$ 97,154 | \$ 81,748 | \$ 79,756 | \$ 75,629 |
| Interest | 788,018 | 795,933 | 776,192 | 776,543 | 776,987 | 743,912 | 706,961 | 707,360 | 702,446 |
| Share Plan Allocation | 3,873 | 10,052 | 10,102 | - | - | - | - | - | (104,969) |
| Changes of Benefit Terms | - | - | - | (544) | - | - | - | - | - |
| Differences Between Expected and Actual Experience | (45,438) | (215,824) | 506,141 | (73,448) | (58,733) | 307,201 | 28,822 | (139,070) | (139,070) |
| Changes of Assumptions | 591,694 | - | (170,735) | 102,628 | 251,771 | - | 344,566 | - | - |
| Benefit Payments, including Refunds of Employee Contributions | (875,711) | (829,769) | (788,259) | (719,893) | (726,417) | (705,357) | (696,094) | (614,276) | (613,357) |
| Net Change in Total Pension Liability | 616,599 | (138,192) | 416,970 | 167,236 | 335,155 | 442,910 | 466,003 | 33,770 | 59,749 |
| Total Pension Liability - Beginning | 11,078,464 | 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) | \$ 11,695,063 | \$ 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 | 651,970 | 442,864 | 355,241 | 518,900 | 320,186 | 332,291 | 324,161 | 173,276 | 203,047 |
| Contributions - State | 115,347 | 127,705 | 228,920 | - | 104,390 | 101,068 | 100,511 | 196,371 | 102,057 |
| Contributions - Employee | 115,509 | 83,537 | 64,841 | 62,268 | 64,854 | 69,532 | 74,620 | 64,890 | 60,662 |
| Net Investment Income | (1,323,553) | 1,705,172 | 684,394 | 349,524 | 703,177 | 957,394 | 286,861 | (96,294) | 713,364 |
| Benefit Payments, including Refunds of Employee Contributions | (875,711) | (829,769) | (788,259) | (719,893) | (726,417) | (705,357) | (696,094) | (614,276) | (613,357) |
| Administrative Expense | (51,527) | (36,521) | (40,698) | (37,542) | (32,323) | (31,832) | (38,392) | (31,320) | (27,834) |
| Net Change in Plan Fiduciary Net Position | (1,367,965) | 1,492,988 | 504,439 | 173,257 | 433,867 | 723,096 | 51,667 | (307,353) | 437,939 |
| Plan Fiduciary Net Position - Beginning | 10,000,091 | 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 | - | - | - | - | - | - |
| Plan Fiduciary Net Position - Ending (b) | \$ 8,632,126 | \$ 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 (Asset) (a) - (b) | \$ 3,062,937 | \$ 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 | 73.81% | 90.27% | 75.84% | 74.09% | 73.63% | 71.81% | 67.70% | 70.51% | 74.05% |
| Covered Employee Payroll | \$ 1,540,128 | \$ 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 Employee Payroll | 198.88% | 96.82% | 313.41% | 336.99% | 324.25% | 311.45% | 311.03% | 319.05% | 300.10% |

Notes to Schedule:

Changes of Assumptions: For measurement date 09/30/2022, the Board approved the following assumption changes based on the August 4, 2022 actuarial experience study:

1. The assumed investment rate of return was decreased from 7.30% to 6.70%, net of investment related expenses.
2. The assumed rates of salary increases were amended to better reflect Plan experience.
3. The assumed rates of retirement were amended to better reflect Plan experience.
4. The assumed rates of termination were amended to better reflect Plan experience, generally results in more withdrawals than previously assumed.

**CITY OF QUINCY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
POLICE AND FIREMEN'S SUPPLEMENTAL
YEAR ENDED SEPTEMBER 30, 2022**

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 |
|----------------------|---|---|--|--------------------|--|
| 9/30/2022 | \$ 411,796 | \$ 763,444 | \$ (351,648) | \$ 1,540,128 | 49.57% |
| 9/30/2021 | \$ 440,560 | \$ 560,517 | \$ (119,957) | \$ 1,113,828 | 50.32% |
| 9/30/2020 | \$ 574,060 | \$ 574,060 | \$ - | \$ 864,548 | 66.40% |
| 9/30/2019 | \$ 518,900 | \$ 518,900 | \$ - | \$ 830,241 | 62.50% |
| 9/30/2018 | \$ 424,576 | \$ 424,576 | \$ - | \$ 864,717 | 49.10% |
| 9/30/2017 | \$ 433,359 | \$ 433,359 | \$ - | \$ 931,955 | 46.50% |
| 9/30/2016 | \$ 424,672 | \$ 424,672 | \$ - | \$ 1,023,306 | 41.50% |
| 9/30/2015 | \$ 369,647 | \$ 369,647 | \$ - | \$ 867,717 | 42.60% |
| 9/30/2014 | \$ 410,073 | \$ 410,073 | \$ - | \$ 808,824 | 50.70% |

Notes to Schedule:

Valuation Date: 10/1/2021

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 the October 1, 2021

Actuarial Valuation for the City of Quincy Police Officers' and Firefighters' Retirement Plan prepared by Foster & Foster Actuaries and Consultants.

CITY OF QUINCY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2022

| | Budgeted Amounts | | Actual | Variance With |
|---|-------------------------|---------------------|---------------------|----------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| Revenues | | | | |
| Taxes | \$ 2,459,568 | \$ 2,459,568 | \$ 2,530,372 | \$ 70,804 |
| Licenses and Permits | 140,353 | 140,353 | 320,166 | 179,813 |
| Intergovernmental Revenues | 1,955,701 | 3,917,083 | 2,388,644 | (1,528,439) |
| Charges for Services | 157,540 | 157,540 | 533,272 | 375,732 |
| Fines and Forfeitures | 33,186 | 33,186 | 42,534 | 9,348 |
| Miscellaneous Revenues | 136,052 | 136,052 | 95,365 | (40,687) |
| Total Revenues | 4,882,400 | 6,843,782 | 5,910,353 | (933,429) |
| Expenditures | | | | |
| Current: | | | | |
| General Government | 2,580,221 | 2,580,221 | 3,066,390 | 486,169 |
| Public Safety | 4,807,530 | 5,375,411 | 5,326,431 | (48,980) |
| Physical Environment | 191,875 | 186,801 | 217,799 | 30,998 |
| Transportation | 1,033,630 | 1,537,538 | 1,094,324 | (443,214) |
| Economic Environment | 292,049 | 256,485 | 207,164 | (49,321) |
| Culture and Recreation | 596,797 | 690,891 | 666,237 | (24,654) |
| Debt Service: | | | | |
| Principal | 21,012 | 59,412 | 65,891 | 6,479 |
| Interest | 2,677 | 8,777 | 7,374 | (1,403) |
| Capital Outlay | 1,220,873 | 2,054,315 | 784,977 | (1,269,338) |
| (Total Expenditures) | (10,746,664) | (12,749,851) | (11,436,587) | (1,313,264) |
| Excess (Deficiency) of Revenues Over | | | | |
| (Under) Expenditures | (5,864,264) | (5,906,069) | (5,526,234) | 379,835 |
| Other Financing Sources (Uses) | | | | |
| Debt Proceeds | - | - | 60,933 | 60,933 |
| Operating Transfers in | 5,599,816 | 5,664,532 | 5,874,531 | 209,999 |
| Operating Transfers out | (568,552) | (635,160) | (401,392) | 233,768 |
| Total Other Financing Sources (Uses) | 5,031,264 | 5,029,372 | 5,534,072 | 443,767 |
| Net Change in Fund Balance | (833,000) | (876,697) | 7,838 | 884,535 |
| Fund Balance, Beginning of Year | 833,000 | 876,697 | 1,204,698 | 328,001 |
| Fund Balance, End of Year | \$ - | \$ - | \$ 1,212,536 | \$ 1,212,536 |

CITY OF QUINCY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – CRA
YEAR ENDED SEPTEMBER 30, 2022

| | Budgeted Amounts | | Actual | Variance With |
|---|-------------------------|------------------|-------------------|----------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| Revenues | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Tax Increment | 513,343 | 513,343 | 555,654 | 42,311 |
| Licenses and Permits | - | - | - | - |
| Intergovernmental Revenues | - | - | 2,530 | 2,530 |
| Charges for Services | - | - | - | - |
| Fines and Forfeitures | - | - | - | - |
| Miscellaneous Revenues | - | - | 156 | 156 |
| Total Revenues | 513,343 | 513,343 | 558,340 | 44,997 |
| Expenditures | | | | |
| Current: | | | | |
| General Government | - | - | - | - |
| Public Safety | - | - | - | - |
| Physical Environment | - | - | - | - |
| Transportation | - | - | - | - |
| Economic Environment | 199,798 | 199,798 | 369,465 | 169,667 |
| Culture and Recreation | - | - | - | - |
| Debt Service: | | | | |
| Principal | - | - | 2,341 | 2,341 |
| Interest | - | - | - | - |
| Capital Outlay | 404,230 | 458,391 | - | (458,391) |
| (Total Expenditures) | 604,028 | 658,189 | 371,806 | (286,383) |
| Excess (Deficiency) of Revenues Over | | | | |
| (Under) Expenditures | (90,685) | (144,846) | 186,534 | 331,380 |
| Other Financing Sources (Uses) | | | | |
| Operating Transfers in | - | - | - | - |
| Operating Transfers out | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - |
| Net Change in Fund Balance | (90,685) | (144,846) | 186,534 | 331,380 |
| Fund Balance, Beginning of Year | 90,685 | 144,846 | 144,846 | - |
| Fund Balance, End of Year | \$ - | \$ - | \$ 331,380 | \$ 331,380 |

**CITY OF QUINCY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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, 2022

**CITY OF QUINCY, FLORIDA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

| | <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 | \$ 54,229 | \$ 146,125 | \$ 200,354 |
| Investments | - | - | - |
| Reveivables (Net) | - | - | - |
| Assessment Receivables (Net) | - | - | - |
| Due from Other Governments | - | - | - |
| Advances to Other Funds | - | - | - |
| Total Assets | <u>54,229</u> | <u>146,125</u> | <u>200,354</u> |
| Liabilities and Fund Balances | | | |
| Liabilities | | | |
| Accounts Payable | - | - | - |
| Accrued Expenses | - | - | - |
| Due to Other Governments | - | - | - |
| Advances to Other Funds | - | - | - |
| Total Liabilities | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances | | | |
| Nonspendable: | | | |
| Advances to Other Funds | - | - | - |
| Restricted for: | | | |
| Law Enforcement | 54,229 | - | 54,229 |
| Physical Environment | - | - | - |
| Debt Service | - | 146,125 | 146,125 |
| Unassigned | - | - | - |
| Total Fund Balances | <u>54,229</u> | <u>146,125</u> | <u>200,354</u> |
| Total Liabilities and Fund Balances | <u>\$ 54,229</u> | <u>\$ 146,125</u> | <u>\$ 200,354</u> |

CITY OF QUINCY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

| | Special Revenue Confiscated Property Fund | Debt Service 2012 Refunding Bond | Total Combined Non-Major Funds |
|--|--|---|---|
| Revenues | | | |
| Taxes | \$ - | \$ - | \$ - |
| Tax Increment | - | - | - |
| Licenses and Permits | - | - | - |
| Intergovernmental Revenues | 28,406 | - | 28,406 |
| Charges for Services | - | - | - |
| Fines and Forfeitures | - | - | - |
| Miscellaneous Revenues | 37 | 125 | 162 |
| Total Revenues | <u>28,443</u> | <u>125</u> | <u>28,568</u> |
| Expenditures | | | |
| General Government | - | 204 | 204 |
| Public Safety | 74 | - | 74 |
| Physical Environment | - | - | - |
| Transportation | - | - | - |
| Economic Environment | - | - | - |
| Culture and Recreation | - | - | - |
| Debt Service: | | | |
| Principal | - | 317,000 | 317,000 |
| Interest | - | 46,074 | 46,074 |
| Capital Outlay | - | - | - |
| (Total Expenditures) | <u>74</u> | <u>363,278</u> | <u>363,352</u> |
| (Deficiency) Excess of Revenues (Under) Over Expenditures | <u>28,369</u> | <u>(363,153)</u> | <u>(334,784)</u> |
| Other Financing Sources (Uses) | | | |
| Debt Proceeds | - | - | - |
| Transfers In | - | 360,000 | 360,000 |
| Transfers Out | - | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>360,000</u> | <u>360,000</u> |
| Net Change in Fund Balances | 28,369 | (3,153) | 25,216 |
| Fund Balances, Beginning of Year | <u>25,860</u> | <u>149,278</u> | <u>175,138</u> |
| Fund Balances, End of Year | <u>\$ 54,229</u> | <u>\$ 146,125</u> | <u>\$ 200,354</u> |

CITY OF QUINCY, FLORIDA
COMBINING STATEMENT OF FUNDS NET POSITION
NON-MAJOR PROPRIETARY FUNDS
SEPTEMBER 30, 2022

| | Business-Type Activities - Enterprise Funds | | | |
|--------------------------------------|--|-------------------|-------------------|---------------------|
| | Non-Major Funds | | | Total |
| | Gas | Refuse | Landfill | Non-Major |
| | Fund | Fund | Fund | Funds |
| Assets | | | | |
| Current Assets: | | | | |
| Cash and Cash Equivalents | \$ 229,524 | \$ 136,910 | \$ 234,602 | \$ 601,036 |
| Investments | - | - | - | - |
| Receivables, net | 202,408 | 237,956 | - | 440,364 |
| Inventories | 65,182 | - | - | 65,182 |
| Total Current Assets | <u>497,114</u> | <u>374,866</u> | <u>234,602</u> | <u>1,106,582</u> |
| Noncurrent Assets | | | | |
| Restricted Assets: | | | | |
| Restricted Cash and Cash Equivalents | 226,499 | - | 49,878 | 276,377 |
| Total Restricted Assets | <u>226,499</u> | <u>-</u> | <u>49,878</u> | <u>276,377</u> |
| Capital Assets: | | | | |
| Land and Land Improvements | 403,717 | - | 54,878 | 458,595 |
| Property, Plant and Equipment | 1,488,109.00 | 137,121 | 485,529 | 2,110,759 |
| (Accumulated Depreciation) | <u>(1,345,010)</u> | <u>(54,857)</u> | <u>(485,529)</u> | <u>(1,885,396)</u> |
| Total Net Capital Assets | <u>546,816</u> | <u>82,264</u> | <u>54,878</u> | <u>683,958</u> |
| Other Assets: | | | | |
| Advances to Other Funds | 479,943 | 17,274 | - | 497,217 |
| Total Noncurrent Assets | <u>1,253,258</u> | <u>99,538</u> | <u>104,756</u> | <u>1,457,552</u> |
| Total Assets | <u>\$ 1,750,372</u> | <u>\$ 474,404</u> | <u>\$ 339,358</u> | <u>\$ 2,564,134</u> |

CITY OF QUINCY, FLORIDA
COMBINING STATEMENT OF FUNDS NET POSITION
NON-MAJOR PROPRIETARY FUNDS
SEPTEMBER 30, 2022

| | Business-Type Activities - Enterprise Funds | | | |
|---|--|-------------------|-------------------|---------------------|
| | Non-Major Funds | | | Total |
| | Gas | Refuse | Landfill | Non-Major |
| | Fund | Fund | Fund | Funds |
| Liabilities | | | | |
| Current Liabilities: | | | | |
| Accounts Payable | \$ 71,800 | \$ 223,070 | \$ 171 | \$ 295,041 |
| Accrued Expenses | (29,015) | 16 | 2,186 | (26,813) |
| Due to Other Governments | 26,878 | - | - | 26,878 |
| Accrued Interest Payable | 4,421 | - | - | 4,421 |
| Current Portion: | | | | |
| Bonds Payable | 30,123 | - | - | 30,123 |
| Notes Payable | - | - | - | - |
| Mortgages Payable | - | - | - | - |
| Capitalized Lease Payable | 1,345 | - | - | 1,345 |
| Compensated Absences | 6,780 | - | 1,224 | 8,004 |
| Total Current Liabilities | 112,332 | 223,086 | 3,581 | 338,999 |
| Noncurrent Liabilities: | | | | |
| Customer Deposits | 8,528 | - | - | 8,528 |
| Advances from Other Funds | - | - | 17,274 | 17,274 |
| Long Term Portion: | | | | |
| Bonds Payable | 505,756 | - | - | 505,756 |
| Notes Payable | - | - | - | - |
| Capitalized Lease Payable | 2,053 | - | - | 2,053 |
| Compensated Absences | 20,341 | - | 3,671 | 24,012 |
| Land Fill Closure Liability | - | - | 151,424 | 151,424 |
| Total Noncurrent Liabilities | 536,678 | - | 172,369 | 709,047 |
| Total Liabilities | 649,010 | 223,086 | 175,950 | 1,048,046 |
| Net Position | | | | |
| Net Investment in Capital Assets | 7,539 | 82,264 | 54,878 | 144,681 |
| Restricted for: | | | | |
| Debt Service | 226,499 | - | 49,878 | 276,377 |
| Unrestricted | 867,324 | 169,054 | 58,652 | 1,095,030 |
| Total Net Position | 1,101,362 | 251,318 | 163,408 | 1,516,088 |
| Total Liabilities and Net Position | \$ 1,750,372 | \$ 474,404 | \$ 339,358 | \$ 2,564,134 |

CITY OF QUINCY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

| | Business-Type Activities - Enterprise Funds | | | |
|--|--|--------------------|-------------------|---------------------|
| | Non-Major Funds | | | Total |
| | Gas | Refuse | Landfill | Non-Major |
| | Fund | Fund | Fund | Funds |
| Operating Revenues | | | | |
| Charges for Services | \$ 1,813,580 | \$ 1,415,976 | \$ 148,341 | \$ 3,377,897 |
| Interfund Charges | 7,774 | - | - | 7,774 |
| Total Operating Revenue | 1,821,354 | 1,415,976 | 148,341 | 3,385,671 |
| Operating Expenses | | | | |
| Purchase Power | 1,194,061 | - | - | 1,194,061 |
| Personal Service | 283,105 | - | 70,812 | 353,917 |
| Contractual Service | 13,797 | 1,399,140 | 3,183 | 1,416,120 |
| Supplies | 7,454 | - | - | 7,454 |
| Repairs and Maintenance | 9,403 | - | 2,274 | 11,677 |
| Utility/Telephone | 3,945 | - | 983 | 4,928 |
| Shared Service | 57,666 | - | 5,512 | 63,178 |
| Depreciation | 8,791 | 13,712 | - | 22,503 |
| Other Expenses | 35,914 | 881 | 3,375 | 40,170 |
| Bad Debt | - | - | 14,240 | 14,240 |
| IT-Support | 8,400 | - | - | 8,400 |
| (Total Operating Expenses) | (1,622,536) | (1,413,733) | (100,379) | (3,136,648) |
| Operating Income | 198,818 | 2,243 | 47,962 | 249,023 |
| Non-Operating Revenues (Expenses) | | | | |
| Capital Grants | 24,640 | - | 2,997 | 27,637 |
| Interest Income | 209 | - | 4 | 213 |
| Interest Expense | (8,965) | - | - | (8,965) |
| Investment Gains and Losses | - | - | - | - |
| Total Non-Operating Revenues (Expenses) | 15,884 | - | 3,001 | 18,885 |
| Income Before Capital Contributions and Transfers | 214,702 | 2,243 | 50,963 | 267,908 |
| Operating Transfers | | | | |
| Transfers In | 215,535 | 30,000 | 11,865 | 257,400 |
| Transfers Out | (417,663) | (14,583) | (5,362) | (437,608) |
| Total Capital Grants and Operating Transfers | (202,128) | 15,417 | 6,503 | (180,208) |
| Change in Net Position | 12,574 | 17,660 | 57,466 | 87,700 |
| Net Position, Beginning of Year | 1,088,788 | 233,658 | 105,943 | 1,428,389 |
| Net Position, End of Year | \$ 1,101,362 | \$ 251,318 | \$ 163,409 | \$ 1,516,089 |

CITY OF QUINCY, FLORIDA

COMPLIANCE SECTION

SEPTEMBER 30, 2022

CITY OF QUINCY, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PROGRAMS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2022

| 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 TREASURY | | | | |
| Pass through Florida Division of Emergency Management | | | | |
| Coronavirus State and Local Recovery Funds | 21.027 | Y5273 | \$ 3,419,328 | \$ 953,107 |
| TOTAL U.S. DEPARTMENT OF TREASURY | | | 3,419,328 | 953,107 |
| U.S. DEPARTMENT OF HOMELAND SECURITY | | | | |
| Pass through Florida Division of Emergency Management | | | | |
| Disaster Grants - Public Assistance | 97.036 | Z0854 | - | 498,555 |
| TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY | | | - | 498,555 |
| TOTAL FEDERAL AWARDS | | | \$ 3,419,328 | \$ 1,451,662 |
| STATE FINANCIAL ASSISTANCE | | | | |
| FLORIDA EXECUTIVE OFFICE OF THE GOVERNOR | | | | |
| Division of Emergency Management | | | | |
| Hurricane Michael State Recovery Grant | 31.070 | F0056 | \$ 1,000,000 | \$ 168,164 |
| TOTAL FLORIDA EXECUTIVE OFFICE OF THE GOVERNOR | | | 1,000,000 | 168,164 |
| FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION | | | | |
| Wastewater Treatment Facility Grant | 37.077 | WW200114 | 3,576,868 | 1,613,910 |
| TOTAL FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION | | | 3,576,868 | 1,613,910 |
| FLORIDA DEPARTMENT OF TRANSPORTATION | | | | |
| Small County Outreach Program (SCOP) - Stewart Street Phase I | 55.009 | GIP08 | 642,077 | 188,017 |
| Small County Outreach Program (SCOP) - Stewart Street Phase II | 55.009 | GIZ62 | 145,228 | 143,930 |
| TOTAL FLORIDA DEPARTMENT OF TRANSPORTATION | | | 787,305 | 331,947 |
| TOTAL STATE FINANCIAL ASSISTANCE | | | 5,364,173 | 2,114,021 |
| TOTAL FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE | | | \$ 8,783,501 | \$ 3,565,683 |

CITY OF QUINCY, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PROGRAMS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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.

Note 4 – Indirect Cost Rate

The City of Quincy, Florida has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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, 2022. 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.

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, 2022.

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 not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

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, 2022, and have issued our report thereon dated June 30, 2023, 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
Tallahassee, Florida
June 30, 2023

**CITY OF QUINCY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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

Audit disclosed no significant deficiencies and/or material weaknesses in internal control over financial reporting.

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

Audit disclosed no significant deficiencies and/or material weaknesses in internal control over major programs or state projects that are required to be reported in the schedule of findings and questioned costs.

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

The audit disclosed no findings required to be reported.

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

| | |
|---|-----------------|
| <u>Federal Program:</u> | <u>CFDA No.</u> |
| US Department of Treasury Coronavirus SLRF | 21,027 |
| <u>State Project:</u> | <u>CSFA No.</u> |
| Florida Department of Environmental Protection Wastewater Treatment Facility Grant | 37.077 |

**CITY OF QUINCY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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

No matters are reported.

Federal and State Awards Findings and Questioned Costs

No matters are reported.

**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, 2022, 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 30, 2023.

Internal Control Over Financial Reporting

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

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

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

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 & Smith LLP
Tallahassee, Florida
June 30, 2023

**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, 2022. 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, 2022.

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
Tallahassee, Florida
June 30, 2023

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, 2022, and have issued our report thereon June 30, 2023.

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 30, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. The findings 2020-003 and 2020-004 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.

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

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

Special District Component Units

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

Specific Information

The Required reporting items in accordance with Section 218.39(3)(c), Florida Statutes for the City of Quincy Community Redevelopment Agency (the CRA) have been reported in the separately issued audited financial statements of the CRA.

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
Tallahassee, Florida
June 30, 2023