

Draft

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

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

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

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

**Reporting Entity**

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

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

**Reporting Standards**

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

**Blended Component Unit**

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

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

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

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

**Government-wide and Fund Financial Statements**

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

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

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

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

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

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

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

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

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

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

**Fund Accounting**

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

**Governmental Fund Types**

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

The following comprise the City's major governmental funds:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Deposits and Investments**

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

Florida Statutes require state and local governmental units to deposit monies with financial institutions classified as qualified public depositories, a multiple financial institution pool whereby groups of securities pledged by the various financial institutions provide common collateral for their deposits of public funds. This pool is provided as additional insurance to the federal depository insurance and allows for additional assessments against the member institutions providing full insurance for public deposits. The City had deposits only with qualifying institutions as of September 30, 2021.

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

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

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

**Receivable and Payables**

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

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

**Inventory**

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

**Prepaid**

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

**Restricted Assets**

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

**Capital Assets**

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

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

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

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

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

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

**Compensated Absences**

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

**Long-term Obligations**

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

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

**Fund Balance**

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

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



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

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

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

**Net Position**

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

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

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

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

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

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

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

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

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

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

**Accounting Estimates**

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

**Budgets and Budgetary Accounting**

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

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

Public hearings are held to obtain taxpayer comments.

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

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

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

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

All annual appropriations lapse at fiscal year-end.

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

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

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

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

**Deposits**

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

**Investments**

Following are the investments, credit ratings and maturities of the City's governmental and business-type activities at September 30, 2021:

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

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

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

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

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

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

As of September 30, 2021, the value of the City's deposits and investments in the Police and Fire Supplemental activities, with their respective credit ratings, were as follows:

	<u>Cost Amount</u>	<u>Carrying Amount</u>	<u>Credit Rating</u>	<u>Maturity</u>
<b>Externally Managed Portfolio</b>				
<b>Cash and Equivalents:</b>				
Salem Trust-	\$ 552,023	\$ 552,023	N/A	N/A
<b>Mutual Funds:</b>				
Fixed Income	1,774,315	1,822,258	AAA	N/A
Equity	5,322,191	6,715,014	AAA	N/A
Real Estate	0	0	AAA	N/A
<b>Total Externally Managed Portfolio</b>	<b><u>\$ 7,648,529</u></b>	<b><u>\$ 9,089,295</u></b>		

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

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

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

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

The City's deposits are, therefore, considered fully insured or collateralized. Cash balances at September 30, 2021, were \$3,906,500 and restricted cash (exclusive of externally managed portfolio) of \$4,367,083. Due to the nature of the City's cash and investments, there is no exposure to credit risk, interest rate risk, custodial credit risk or concentration of credit risk.

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

**Note 3 - Restricted Assets**

Various restrictions on deposits and investments are summarized below:

Restricted Cash and Investments:	
Smart Grid Cash from Bond Issue	\$ 1,551,324
Cash Held with Fiscal Agent Series 2003 Bond	17,615
Cash Held for Debt Service:	
Series 2003 Bond	77,516
SRF Loan	408,844
Drinking Water Loan	195,673
WW SRL 200110	15
Cash Held for Rate Stabilization	2,000,698
Financial Assurance Landfill Closure	47,111
Hurricane Michael Fee	68,287
Total Restricted Cash and Investments	<u>\$ 4,367,083</u>

**Business Type Activities**

Restricted for debt service represents cash and cash equivalents (a) held by paying agents as required by Utility System Improvement and Refunding Revenue Bonds, Series 2003, \$17,615, other debt of \$77,516 (b) amounts restricted for payments of drinking water loan, \$195,673; amounts restricted for a State Revolving Loan for Sewer, \$408,844; and amounts restricted for State Revolving Loan for Wastewater, \$15 (c) funds required to be restricted for debt service under the terms of the 2011 Series Capital Improvement Bond and Loan Covenants, \$1,551,324.

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

The amount to be deposited into the Escrow Account is based on financial cost assurance cost estimates made annually by a Registered Professional Engineer. The City has closed the landfill. The City was also able to document that the landfill had not taken any class II garbage in the past twenty (20) years and as a result the City has been given credit for the past monitoring. The latest estimates prepared by the City's contracted engineers of \$193,947 for post closure care costs, were filed with the Florida Department of Environmental Protection on November 22, 2019. The amount was based on an estimated annual monitoring expense of \$47,111 multiplied by the number of years the City is required to monitor the closed landfill. Since the entire landfill site is now closed, the post closure care cost requirement is applicable. The restricted cash of \$47,111 is sufficient for monitoring requirements.

**DRAFT**

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

**Note 4 - Inventory**

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

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

**Note 5 - Receivables**

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

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

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

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

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

**Note 6 - Capital Assets**

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

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

**Note 7 - Long Term Debt**

	September 30,			September 30,
	2020	Additions	Reductions	2021
<b><u>Governmental Funds:</u></b>				
Capital Improvement Refunding Revenue Bond 2012	\$ 2,310,000	\$ 0	\$ 312,000	\$ 1,998,000
Honeywell Lease (Gov't Portion)	54,390	0	17,226	37,164
Equipment Loan Police Cars	140,061	0	36,832	103,229
Capital City Bank Line of Credit (CRA)	64,100	0	64,100	0
Compensated Absences	389,257	0	17,801	371,456
Net Pension Liability	2,709,553	0	1,631,180	1,078,373
Other Post Employment Benefits Liability	8,046,269	2,834,733	0	10,881,002
<b>Total Governmental Activities Long Term Debt</b>	<b>\$ 13,713,630</b>	<b>\$ 2,834,733</b>	<b>\$ 2,079,139</b>	<b>\$ 14,469,224</b>
<b><u>Business-Type Activities:</u></b>				
<b>Electric Fund:</b>				
Utility Revenue Refunding Series 2020A Bonds	\$ 2,016,748	\$ 0	\$ 194,192	\$ 1,822,556
Utility Revenue Refunding Series 2020B Bonds	2,774,617	0	125,993	2,648,624
Honeywell Lease (Electric Portion)	261,074	0	82,689	178,385
Capital City Bank Loan Digger Truck Loan	0	300,000	0	300,000
Capital City Bank Line of Credit	1,982,707	0	1,000,000	982,707
Compensated Absences	78,407	1,549	0	79,956
<b>Total General Long Term Debt: Electric Fund</b>	<b>7,113,553</b>	<b>301,549</b>	<b>1,402,874</b>	<b>6,012,228</b>
<b>Water Fund:</b>				
Utility Revenue Refunding Series 2020A Bonds	1,008,374	0	97,096	911,278
Utility Revenue Refunding Series 2020B Bonds	591,312	0	26,851	564,461
Utility Revenue Refunding Series 2020C Bonds	1,995,254	0	141,071	1,854,183
State Revolving Loan - Project No. DW200601	615,742	0	244,071	371,671
Honeywell Lease (Water Portion)	81,586	0	25,841	55,745
Compensated Absences	8,655	357	0	9,012
<b>Total General Long Term Debt: Water Fund</b>	<b>4,300,923</b>	<b>357</b>	<b>534,930</b>	<b>3,766,350</b>



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

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

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

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

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

	September 30, 2020	Additions	Reductions	September 30, 2021	Due Within One Year
<b><u>Governmental Activities:</u></b>					
<b>Bonds:</b>					
Capital Improvement Refunding Revenue Bond 2011	\$ 2,310,000	\$ 0	\$ 312,000	\$ 1,998,000	\$ 317,000
<b>Capitalized Leases:</b>					
Honeywell Lease (Gov't Portion)	54,390	0	17,226	37,164	18,964
<b>Notes Payable:</b>					
Equipment Loan Police Cars	140,061	0	36,832	103,229	38,333
Capital City Bank Line of Credit (CRA)	64,100	0	64,100	0	0
<b>Compensated Absences</b>	389,257	0	17,801	371,456	92,864
<b>Net Pension Liability</b>	2,709,553	0	1,631,180	1,078,373	0
<b>Other Post Employment Benefits Liability</b>	8,046,269	2,834,733	0	10,881,002	0
<b>Total Governmental Activities Debt</b>	<b>\$ 13,713,630</b>	<b>\$ 2,834,733</b>	<b>\$ 2,079,139</b>	<b>\$ 14,469,224</b>	<b>\$ 467,161</b>
<b><u>Business-Type Activities:</u></b>					
<b>Bonds:</b>					
Utility Revenue Refunding Series 2020A Bonds	\$ 4,033,497	\$ 0	\$ 388,385	\$ 3,645,112	\$ 396,466
Utility Revenue Refunding Series 2020B Bonds	4,548,554	0	206,546	4,342,008	105,424
Utility Revenue Refunding Series 2020C Bonds	1,995,253	0	141,071	1,854,182	144,063
<b>Notes Payable:</b>					
State Revolving Loan - Project No. DW200601	615,741	0	244,071	371,670	241,894
State Revolving Loan - Project No. 200100	337,897	0	23,187	314,710	23,468
State Revolving Loan - Project No. 641090	260,959	0	12,439	248,520	12,706
State Revolving Loan - Project No. 200110	20,471	0	20,471	0	0
Capital City Bank Line of Credit	1,982,707	0	1,000,000	982,707	982,707
Capital City Bank Line of Credit-Digger Truck	0	300,000	0	300,000	100,000
<b>Capitalized Leases:</b>					
Honeywell Lease (Wastewater Portion)	146,854	0	46,512	100,342	51,203
Honeywell Lease (Electric Portion)	261,074	0	82,689	178,385	91,028
Honeywell Lease (Water Portion)	81,586	0	25,841	55,745	28,446
<b>Estimated Landfill Closure and Post Closure</b>	239,559	0	45,612	193,947	48,487
<b>Compensated Absences</b>	127,103	4,837	6,662	125,278	31,319
<b>Total Business-Type Activities Debt</b>	<b>\$ 14,651,255</b>	<b>\$ 304,837</b>	<b>\$ 2,243,485</b>	<b>\$ 12,712,607</b>	<b>\$ 2,257,211</b>

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

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

**Long Term Debt – Governmental Activities**

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

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

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

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

These funds are accounted for under the Debt Service Fund. As of September 30, 2021, the City had a balance of \$149,579, and transferred \$365,000, the required debt service payments to the Debt Service Fund.

**Equipment Loans and Capital Lease Obligations**

Capital lease obligations relate to the acquisition of several vehicles with annual interest rates ranging from 5% to 6.6%. The balance of the Governmental portion of equipment loans was paid off in 2019. In addition, Honeywell’s high efficiency HVAC and lighting upgrades throughout the City represents the remaining capital lease obligations. The balance of lease payables (including the Governmental portion of \$37,164) as of September 30, 2021 is \$371,635. The lease is payable in thirty semi-annual installments on January 1 and July 1, of which annual lease payments are due through July 1, 2023, in accordance with the payment schedule per agreement.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**\$8,890,000 City of Quincy, Florida Utility System Improvement and Refunding Revenue Bonds  
Drinking Water State Revolving Loan Note from Florida Department of Environmental Protection  
FDEP (Project DW2006010) (CFDA 66.468)**

The loan was issued in an amount up to \$6,277,772 for the construction of water supply and transmission facilities which bears an annual interest of 2.33% and payable in 40 semiannual payments of \$257,037 including interest, every June 15 and December 15 of each year, starting June 15, 2003 through June 15, 2023, collateralized by revenues from the operation of the water and sewer systems. The outstanding balance at September 30, 2021 was \$371,670.

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

The loan has an original award date of February 11, 2016, with an award amount of up to \$564,488, of which the City borrowed \$480,291 during the year. The proceeds were used for a wastewater treatment plant upgrade. The interest rate is 6.05%. The loan is currently set at forty semi-annual payments of \$22,362 scheduled to be made on March 15 and September 15. The first payment was scheduled to be made September 15, 2018. The Note is collateralized by revenues from the operation of the water and sewer systems. The outstanding balance at September 30, 2021 was \$314,710.

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

The loan has an original award date of September 2, 2009, with an award amount of up to \$478,753, of which the City borrowed \$200,618 over the past five years. The proceeds were used for a wastewater inflow infiltration correction. The interest rate is 1.07%. The loan had capitalized interest of \$15,208. The loan is currently set for semi-annual payments of \$15,734 scheduled to be made on May 15 and November 15. The first payment was scheduled to be made May 15, 2018. The note is collateralized by revenues from the operation of the water and wastewater systems. The outstanding balance at September 30, 2021 was \$248,520.

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

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

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

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

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

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

**Capital City Bank Line of Credit for Digger Truck**

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

**Equipment Loans and Capital Lease Obligations**

Capital lease obligations relate to the acquisition of several vehicles with annual interest rates ranging from 5% to 6.6%. In addition, Honeywell’s high efficiency HVAC and lighting upgrades throughout the City represents the remaining capital lease obligations. The value of these assets under capital leases as of September 30, 2021 is \$474,864. The lease is payable in thirty semi-annual installments on January 1, and July 1, of which annual lease payments are due through July 1, 2023, in accordance with the payment schedule per agreement.

**Debt Service Requirements**

The annual requirements to amortize all long-term debt outstanding at September 30, 2021, other than the liability for accumulated vacation and sick leave, is as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 374,297	\$ 51,675	\$ 2,225,892	\$ 253,093
2023	379,333	42,020	1,331,073	185,187
2024	356,756	32,424	836,228	160,111
2025	340,000	23,713	852,491	143,843
2026	342,000	15,893	869,074	127,255
Thereafter	349,000	8,027	6,221,013	411,518
Total	<u>\$ 2,141,386</u>	<u>\$ 173,752</u>	<u>\$ 12,335,772</u>	<u>\$ 1,281,008</u>

**Note 8 - Contingencies and Commitments**

**Electric Purchase Contract**

During the fiscal year 2017, the City had purchase power contract with the U.S. Department of Energy, Southern Power Administration (SEPA) and with Florida Power and Light (FP&L). Under the terms of these contracts, in the given month, the City purchased 8,400 kilowatts of its capacity from SEPA and the remainder of its capacity from FP&L. The City’s contract with SEPA is an ongoing contract which can be terminated by either party by giving a two-year advance notice. The City entered into an eight-year agreement with Florida Power and Light beginning January 1, 2016. The City may elect to terminate early on December 31, 2021. For the year ended September 30, 2021, the City purchased electric capacity totaling \$7,544,040.

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

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

**Gas Supply Contract**

The City has an existing gas supply contract with the Municipal Gas Authority of Georgia (the "Authority") through December 31, 2025. Under the terms of the original contract including supplemental contracts, the Authority is obligated to establish a fair and non-discriminatory pricing mechanism designed to recover all of the costs for such services and maintain, to the extent practical, relative comparative pricing in a manner consistent in the industry. The City must establish, maintain and collect rates and charges, to be able to pay all amounts payable to the Authority including but not limited to (a) cost of gas supplies provided to the City and costs allocated to the City under the Annual Authority Budget and Project Cost Projections; and (b) all other lawful charges against the City's gas revenue. In addition, the City is obligated not to suspend or discontinue any payments provided in the contract, until all obligations of the Authority for the furtherance of providing services to the City, have been fully paid. For the year ended September 30, 2021, the City purchased gas totaling \$830,815.

**Grant Programs**

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

**Litigation**

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

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

At September 30, 2021, the City's total liability for landfill closure and post-closure care costs was approximately \$193,947. The City was notified by Florida Department of Environmental Protection (FDEP) that the Quincy-Byrd Landfill was determined to be closed.

The current liability is based on annual monitory costs of \$48,487 for a period of four years. The liability was reduced by the annual monitoring expenses estimated. The City is required by state and federal laws and regulations to make annual deposits in an interest-bearing escrow account to cover one year of post closure care costs of \$48,487. As of September 30, 2021, cash deposited in the escrow account was \$47,112, with the additional amount of \$575 being deposited in January 2022 upon release of the LTC report.

**Permit to Operate Sewer System**

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

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

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

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

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

The Retirement Savings Plan (RSP) of the City is a defined contribution pension plan established to provide benefits to employees upon retirement. The City is required to contribute an amount equal to 12% of the base pay of each eligible employee. Plan provisions and contribution requirements are established and may be amended by the City. During the fiscal year September 30, 2021, the City contributed \$798,679 for eligible employees.

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

*Plan Description:*

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

The Plan, which is administered by the City, allows employees who retire and meet retirement eligibility requirements under one of the City's retirement plans to continue medical insurance coverage as a participant in the City's plan. For purposes of applying Paragraph 4 under Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the Plan does not meet the requirements for an OPEB plan administered through a trust.

*Employees Covered by Benefit Terms:*

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

Inactive Plan Members, or Beneficiaries Currently Receiving Benefits	40
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	0
Active Plan Members	103
	<hr style="width: 100%; border: 0.5px solid black;"/>
	143

*Benefits Provided:*

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

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

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

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

**TOTAL OPEB LIABILITY**

The measurement date is September 30, 2020.

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

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

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

*Actuarial Assumptions:*

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

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

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

Mortality – Active Lives:

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

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

Mortality – Inactive Healthy Lives:

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

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

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

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

**Mortality – Disabled Lives:**

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

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

**Discount Rate:**

Given the City’s decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 2.14%. The high-quality municipal bond rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices nearest the measurement date. The S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor’s Ratings Services, Aa2 by Moody’s or AA by Fitch. If there are multiple ratings, the lowest rating is used.

**CHANGE IN TOTAL OPEB LIABILITY**

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

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

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

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

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

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

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

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

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

	1% Decrease 3.00%-6.50%	Healthcare Cost Trend Rates 4.00%-7.50%	1% Increase 5.00%-8.50%
Total OPEB Liability (Asset)	\$ 9,000,735	\$ 10,881,002	\$ 13,374,681

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

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

On September 30, 2021, the City reported Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 0	\$ 239,850
Changes in Assumptions	2,051,933	945,925
Employer Contributions Subsequent to the Measurement Date	321,828	0
Total	<u>\$ 2,373,761</u>	<u>\$ 1,185,775</u>

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

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

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

Year ended September 30,		
2022	\$	5,505
2023	\$	5,505
2024	\$	5,505
2025	\$	5,505
2026	\$	5,509
Thereafter	\$	838,629

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

*Plan Description*

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

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

*Plan Membership as of October 1, 2020:*

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

*Benefits Provided*

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

*Contributions*

Member Contributions: 7.5% of Salary.

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

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

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

Net Pension Liability

The measurement date is September 30, 2021.

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

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

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

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

*Actuarial Assumptions*

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

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

*Mortality Rate Healthy Active Lives:*

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

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

*Mortality Rate Healthy Retiree Lives:*

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

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

*Mortality Rate Beneficiary Lives:*

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

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

*Mortality Rate Disabled Lives:*

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

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

The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2020 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics.

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

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

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

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

For 2021 the inflation rate assumption of the investment advisor was 2.50%.

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

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

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

(1) Source: AndCo Consulting

***Discount Rate:***

The discount rate used to measure the Total Pension Liability was 7.30 percent.

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



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

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

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

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

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

*Pension Plan Fiduciary Net Position*

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

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

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

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

On September 30, 2021, the sponsor reported Deferred Outflows or Resources and Deferred Inflows of Resources related to pensions from the following sources:

**Schedule of Deferred Outflows and Deferred Inflows**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experiences	\$ 0	\$ 107,912
Change of Assumptions	0	0
Net Difference between Projected and Actual Earnings on Pension		
Plan Investment	0	868,570
Total	\$ 0	\$ 976,482

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

Year ended September 30:	
2022	\$ (327,978)
2023	\$ (191,961)
2024	\$ (238,163)
2025	\$ (218,380)
2026	\$ 0
Thereafter	\$ 0

**Note 12 - Risk Management**

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

**Note 13 - Budget**

For the year ended September 30, 2021, expenditures were under appropriations in the City’s general fund in most expenditure categories.

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

**Note 14 - Interfund Transfers**

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

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

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

**Note 16 - Encumbrances**

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

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

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

**Note 17 - Fund Balance**

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

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

Spendable fund balances:

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

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

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

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

**Note 18 – Subsequent Events**

Management has evaluated subsequent events through ~~June 27, 2022~~ the date the financial statements were available to be issued and concluded that there are no other subsequent events warranting presentation or disclosure in the financial statements.

**CITY OF QUINCY, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2021**

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

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

Last 10 Fiscal Years

Measurement Date	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	\$ 101,416	\$ 83,529	\$ 81,950	\$ 91,547	\$ 97,154	\$ 81,748	\$ 79,756	\$ 75,629
Service Cost	795,933	776,192	776,543	776,987	743,912	706,961	707,360	702,446
Interest	10,052	10,102	0	0	0	0	0	(104,969)
Share Plan Allocation	0	0	(544)	0	0	0	0	0
Changes of Benefit Terms	(215,824)	506,141	(73,448)	(58,733)	307,201	28,822	(139,070)	0
Differences between Expected and Actual Experience	0	(170,735)	102,628	251,771	0	344,566	0	0
Changes of Assumptions	(829,769)	(788,259)	(719,893)	(726,417)	(705,357)	(696,094)	(614,276)	(613,357)
Benefit Payments, including Refunds of Employee Contributions	(138,192)	416,970	167,236	335,155	442,910	466,003	33,770	59,749
Net Change in Total Pension Liability	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-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
Total Pension Liability-Ending (a)								
Plan Fiduciary Net Position	442,864	355,241	518,900	320,186	332,291	324,161	173,276	203,047
Contributions-Employer	127,705	228,920	0	104,390	101,068	100,511	196,371	102,057
Contributions-State	83,537	64,841	62,268	64,854	69,532	74,620	64,890	60,662
Contributions-Employee	1,705,172	684,394	349,524	703,177	957,394	286,861	(96,294)	713,364
Net Investment Income	(829,769)	(788,259)	(719,893)	(726,417)	(705,357)	(696,094)	(614,276)	(613,357)
Benefit Payments, including Refunds of Employee Contributions	(36,521)	(40,698)	(37,542)	(32,323)	(31,832)	(38,392)	(31,320)	(27,834)
Administrative Expense	1,492,988	504,439	173,257	433,867	723,096	51,667	(307,353)	437,939
Net Change in Plan Fiduciary Net Position	8,507,103	8,001,834	7,828,577	7,394,710	6,671,614	6,619,947	6,927,300	6,489,361
Plan Fiduciary Net Position-Beginning	0	830	0	0	0	0	0	0
Adjustment to Beginning of the Year	10,000,091	8,507,103	8,001,834	7,828,577	7,394,710	6,671,614	6,619,947	6,927,300
Plan Fiduciary Net Position-Ending (b)								
Net Pension Liability-Ending (a)-(b)	\$ 1,078,373	\$ 2,709,553	\$ 2,797,852	\$ 2,803,873	\$ 2,902,585	\$ 3,182,771	\$ 2,768,435	\$ 2,427,312

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.27%	75.84%	74.09%	73.63%	71.81%	67.70%	70.51%	74.05%
Covered Payroll	\$ 1,113,828	\$ 864,548	\$ 830,241	\$ 864,717	\$ 931,955	\$ 1,023,306	\$ 867,717	\$ 808,824
Net Pension Liability as a Percentage of Covered Payroll	96.82%	313.41%	336.99%	324.25%	311.45%	311.03%	319.05%	300.10%

**Notes to Schedule:**

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

*Changes in assumptions:* For measurement date 9/30/2020, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics. Additionally, the investment return assumption is lowered from 7.40% to 7.30%.

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

**SCHEDULE OF CONTRIBUTIONS  
 Last 10 Fiscal Years**

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Payroll
9/30/2021	\$ 440,560	\$ 560,517	(119,957)	\$ 1,113,828	50.32%
9/30/2020	\$ 574,060	\$ 574,060	\$ 0	\$ 864,548	66.40%
9/30/2019	\$ 518,900	\$ 518,900	\$ 0	\$ 830,241	62.50%
9/30/2018	\$ 424,576	\$ 424,576	\$ 0	\$ 864,717	49.10%
9/30/2017	\$ 433,359	\$ 433,359	\$ 0	\$ 931,955	46.50%
9/30/2016	\$ 424,672	\$ 424,672	\$ 0	\$ 1,023,306	41.50%
9/30/2015	\$ 369,647	\$ 369,647	\$ 0	\$ 867,717	42.60%
9/30/2014	\$ 410,073	\$ 410,073	\$ 0	\$ 808,824	50.70%

**Notes to Schedule**

Valuation Date: 10/01/2019 (AIS 07/28/2020)

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

Methods and assumptions used to determine contribution rates can be found in Note 11 of the City's Notes to Basic Financial Statement.

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

**SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS**  
(Last 10 Fiscal Years)

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

**Notes to Schedule:**

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

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

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

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

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



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

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

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

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

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

**Notes to Budgetary Comparison Schedule**

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

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

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

**CITY OF QUINCY, FLORIDA**  
**COMBINING FUND FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

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

See accompanying notes to Financial Statements

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

	<u>Special Revenue Confiscated Property Fund</u>	<u>Debt Service 2012 Refunding Bond</u>	<u>Total Combined Non-Major Funds</u>
<b>Revenues</b>			
Taxes	\$ 0	\$ 0	\$ 0
Tax Increment	0	0	0
Licenses and Permits	0	0	0
Intergovernmental Revenues	0	0	0
Charges for Services	0	0	0
Fines and Forfeitures	0	0	0
Miscellaneous Revenues	20	99	119
<b>Total Revenues</b>	<u>20</u>	<u>99</u>	<u>119</u>
<b>Expenditures</b>			
General Government	0	211	211
Public Safety	39	0	39
Physical Environment	0	0	0
Transportation	0	0	0
Economic Environment	0	0	0
Culture and Recreation	0	0	0
IT Support	0	0	0
Debt Service:			
Principal	0	312,000	312,000
Interest	0	53,189	53,189
Capital Outlay	0	0	0
<b>(Total Expenditures)</b>	<u>39</u>	<u>365,400</u>	<u>365,439</u>
<b>(Deficiency) Excess of Revenues (Under)</b>			
<b>Over Expenditures</b>	<u>(19)</u>	<u>(365,301)</u>	<u>(365,319)</u>
<b>Other Financing Sources (Uses)</b>			
Debt Proceeds	0	0	0
Transfers in	0	365,000	365,000
Transfers (out)	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>365,000</u>	<u>365,000</u>
<b>Net Change in Fund Balances</b>	(19)	(301)	(319)
<b>Fund Balances, Beginning of Year</b>	<u>25,879</u>	<u>149,579</u>	<u>175,458</u>
<b>Fund Balances, End of Year</b>	<u>\$ 25,860</u>	<u>\$ 149,278</u>	<u>\$ 175,139</u>

See accompanying notes to Financial Statements

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

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

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

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

See accompanying notes to Financial Statements



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

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

See accompanying notes to Financial Statements

**CITY OF QUINCY, FLORIDA**

**COMPLIANCE SECTION**

**SEPTEMBER 30, 2021**

**Draft**

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

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

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

Federal and State Grantor Pass Through Grantor / Program Title	CFDA / CSFA Number	Grant I.D. Number	Program Award Amount	Federal / State Expenditures
FLORIDA DEPARTMENT OF ECONOMIC OPPORTUNITY				
Hurricane Upgrade	40.038	DL006	75,000	55,000
Rural Infrastructure	40.042	DL0150	297,800	248,517
TOTAL FLORIDA DEPARTMENT OF ECONOMIC OPPORTUNITY			<u>372,800</u>	<u>303,517</u>
FLORIDA DEPARTMENT OF FINANCIAL SERVICES				
Local Government Fire Service Equipment/Training Materials	43.010	FM602	755,340	755,340
TOTAL FLORIDA DEPARTMENT OF FINANCIAL SERVICES			<u>755,340</u>	<u>755,340</u>
FLORIDA DEPARTMENT OF TRANSPORTATION				
Small County Outreach Program (SCOP) - Stewart Street	55.009	GIP08	642,077	34,781
TOTAL FLORIDA DEPARTMENT OF TRANSPORTATION			<u>642,077</u>	<u>34,781</u>
FLORIDA DEPARTMENT OF LAW ENFORCEMENT				
CJIS	71.043	2020-FBSFA-F2-035	33,298	33,249
Coronavirus	71.043	2021-CESF-GADS-1-C9-139	50,000	45,705
TOTAL FLORIDA DEPARTMENT OF LAW ENFORCEMENT			<u>83,298</u>	<u>78,954</u>
TOTAL STATE FINANCIAL ASSISTANCE			<u>3,077,812</u>	<u>1,509,228</u>
TOTAL FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			<u>\$ 7,174,784</u>	<u>\$ 5,490,316</u>

Draft

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

**Note 1 - General**

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

**Note 2 - Basis of Presentation**

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

**Note 3 - Contingencies**

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

**DRAFT**

**OTHER REPORTS**

**DRAFT**

Draft

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

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

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

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

**Management's Responsibility**

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

**Auditors' Responsibility**

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

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

**DRAFT**

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

**Opinion on the Major Federal Program and State Financial Assistance Projects**

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

**Report on Internal Control over Compliance**

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2020-004 that we consider to be a material weakness.

**Purpose of this Report**

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



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

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

We have audited the financial statements of the City as of and for the year ended September 30, 2021, and have issued our report thereon [REDACTED] 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  
[REDACTED]  
Tallahassee, Florida

**DRAFT**

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

**Summary of Audit Results  
Financial Statements**

**I. Type of Audit Report Issued on Financial Statement**

Unmodified Opinion

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

Material weaknesses and significant deficiencies disclosed during the audit of the financial statements are reported in the "Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Standards". The findings listed as Finding 2020-003 and 2020-004 are both material weaknesses and significant deficiencies.

**III. Noncompliance Material to Auditee Financial Statements**

Audit disclosed no material instances of noncompliance.

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

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

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

Unmodified Opinion

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

See finding 2020-004.

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

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

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

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

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

**IX. Low-risk Auditee**

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

**Financial Statement Findings**

**Finding 2020-003 Monthly Journal Entries**

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

**Condition:** It appears that city posted an excessive number of journal entries during the year. Many of these are normal recurring journal entries, however a significant seem to be corrections of errors, adjustments because of attempting to reconcile cash, or just reclassifications of checks and deposits that had already been recorded. Many of the adjustments were posted numerous times in a trial-and-error type approach.

**Cause:** Management provided the auditors with 553 pages of journal entries posted during the year, and a review of general ledger details indicated that a significant number were posted at year end, including many posted to cash.

**Effect:** Any financial statements presented during the year were changed significantly by the end of the year and based on the sheer volume of the number of journal entries it appears that there were numerous errors corrected and significant reclassifications of revenues, cash, expenses, and the debt refinancing situation. Management does not maintain adequate documentation to support the adjustments posted.

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

**DRAFT**

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

**Response:** Management concurs there was an increased amount of journal entry activity, due to the increased grant activity (from two in the prior fiscal year to seventeen in fiscal year 2020) and budget transfers primarily. The reallocation within the general ledger accounts to the job costing tracking system contributed to this significantly. The adjustments posted several times as an attempt to post to the correct fund with percentage allocated to other related accounts. To prevent this from occurring in the future, the City has modified how the invoices for payments are processed. The invoices for grant and projects are given to the Grant Accountant first, who ensures that the coding to the correct budget line is reasonably adhered to before it is posted in the general ledger system. This has reduced the need for journal entries for job cost, project, or activity tracking. Additionally grants, projects, and activities are reviewed quarterly, and approved journal entries are posted at that time-again, reducing the number of journal entries prepared and posted. Also, routine monthly journal entries are logged separately.

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

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

**Condition:** Management cannot document that they have a system of controls in place to ensure compliance with grant programs prior to costs being incurred. It was not until months after year end that the city was able to provide us with a schedule of state and federal assistance, with the correct CFDA And CSFA number provided. It was also noted that many of the grants recorded were not received during the year, many were not received until five and six months after year end, and some have still not been received.

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

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

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

**Response:** Management believes that a system of controls does exist, but during the fiscal year ended 9/30/2020, the City was in the midst of implementation of the new system to track each grant. Management concurs with the improvements recommended by the auditor. ADG (software being used) has the capacity to track by job code all grants' activity. There was a high turnover in the newly created position of Grants Accountant, with three different individuals hired within a twelve-month period, which contributed to a steep learning curve. Grants' reimbursement activity is now performed in conjunction with the Director/Project Manager and the Grants Writer, collaborating with the entities' representatives to ensure a timelier process to receive the reimbursements. Training has been completed concerning the preparation of the schedule of state and federal assistance, including how to identify and locate the CFDA and CSFA numbers. The grants reimbursement system has stabilized and is now able to report the grants on an as needed/daily basis. Recently, the grant reports were presented to City Management on a monthly and quarterly basis.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund and the aggregate remaining fund information of the City of Quincy, Florida (the "City") as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated **June 4, 2022**.

**Internal Control Over Financial Reporting**

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

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

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

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

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS  
(concluded)**

**Compliance and Other Matters**

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

**Purpose of this Report**

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

Moran and Smith LLP  
██████████  
Tallahassee, Florida

**DRAFT**

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

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

We have examined the City of Quincy, Florida (the "City") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2021. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with specific requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

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

Moran & Smith LLP  
██████████  
Tallahassee, Florida

**DRAFT**

**INDEPENDENT AUDITORS' MANAGEMENT LETTER**

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

**DRAFT**

**Report on the Financial Statements**

We have audited the accompanying financial statements of the City of Quincy, Florida (the "City"), as of and for the year ended September 30, 2021, and have issued our report thereon June 24, 2022.

**Auditors' Responsibility**

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

**Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with AICPA *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 24, 2022, should be considered in conjunction with this management letter.

**Prior Audit Findings**

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

**Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. These disclosures can be found in Note 1 to the financial statements.

**Financial Condition and Management**

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



**INDEPENDENT AUDITORS' MANAGEMENT LETTER**  
*(concluded)*

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

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we made recommendations in the accompanying Schedule of Findings and Questioned Costs.

**Additional Matters**

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but which warrants the attention of those charged with governance. In connection with our audit, we had no such findings.

**Purpose of the Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the City Commission, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Moran & Smith LLP

[REDACTED]  
Tallahassee, Florida