CITY OF QUINCY, FLORIDA

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMEBER 30, 2020

CITY OF QUINCY, FLORIDA
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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CITY OF QUINCY, FLORIDA

INTRODUCTORY SECTION

SEPTEMBER 30, 2020

404 West Jefferson Street
www.myquincy.net

Since 1825 Quincy An All American City
...in the heart of Florida's Future

Quincy, FL 32351
850-618-1884

June 23, 2021

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

The Annual Financial Report (AFR) of the City of Quincy (the "City") for the fiscal year ended September 30, 2020, is respectfully submitted. State law requires that a complete set of financial statements be published within nine months of fiscal year end and presented in conformance with Generally Accepted Accounting Principles (GAAP) as applicable to governmental entities and audited in accordance with generally accepted auditing standards by licensed independent certified public accountants.

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

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

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

The audit was performed to provide reasonable assurance that the financial statements are free of material misstatement for the fiscal year ended September 30, 2020. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion and that the City's financial statements for the fiscal year ended September 30, 2020, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

City Services and Reporting Entity

Quincy is a small "All American City," with an estimated population averaging 7,400 (per 2019 data) located in Florida's Panhandle, 20 miles west of the State Capital of Tallahassee. It was incorporated in 1825, twenty years before Florida was admitted to the Union' and is the county seat for the largely rural Gadsden County.

The City provides a full range of municipal services. These services include public safety (police and fire), construction and maintenance of streets and sidewalks, stormwater management, recreation, planning and zoning, general administrative services, and five utilities (electric, gas, water, sewer, and solid waste collection). The City's utility system consists of electric, water, sewer, and gas. The system has 11,120 residents and 4,835 customers within the City's electric territory.

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

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

Financial Condition of the City

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

Major Accomplishments

The City's economic development activities resulted in securing the #1 producer of medicinal marijuana in the State, Trulieve, which is the first and leading medical cannabis company in the state of Florida, the third most populous state in the United States. Its vertically-integrated "seed-to-sale" operation has approximately 50% of the Florida market. Trulieve's expansion plans has produced growth in the City of

Quincy. They have become Quincy's largest utility customer in the current fiscal year. BASF is the 2nd largest customer, and is expected to maintain its consumption.
The electric utility distribution system, both primary and secondary lines, have been hardened, increasing resiliency, in an amount of $880,000. Resilience *measures the performance of a system under threat or stress*, like the power grid performance under severe weather conditions or a cyberattack. This investment by the City increases the power system's ability of the power grid to withstand and recover from hurricanes, tornadoes, other sever weather events and malicious and inadvertent cyber and physical attacks. Additionally, the five-year plan which has been developed is continuously enhancing our electricity system underground, increasing resilience even further, improved vegetation management program, restoration of the SCDA and outage management.

The Florida Department of Environmental Protection awarded the City an 80% grant of $3.9 million dollars to design and install a solar energy system to offset costs related to sewer treatment facilities. This project has started, and completion is planned for the end of Summer 2020. In FY 2019, Hurricane Michael damages exceeded $10 million dollars. The hurricane aftermath left 11,120 residents and 4,835 customer-accounts with electricity being affected adversely. Significant damage was done to the electric grid and the fiber systems supporting the electrical system, with many poles being destroyed. Some funds to pay for the repairs and restoration of the City's systems were secured by borrowing from our banking partner, $3 million dollars. To augment resources needed, the City is still adhering to the ordinance in January 2019 to assist with the recovery of the cost of Hurricane Michael damages, make payments to reduce the outstanding debt, and assist with the upgrading of the utility system, which should approximate $900,000 annually. The City has also received FEMA reimbursement during the fiscal year of 2019-2020 in the amount of $885,000 and expect to receive almost $2 million in next fiscal year. With the FEMA reimbursements received, the City will continue placing funds in reserve and other savings, increasing our cash reserve to a projected $2.5 million by next fiscal year end, the ***"first time in over a hundred year".***

Prospects for the Future

The improved and infrastructure for the utility system will position the City to serve its citizens more responsibly and be able to withstand the weather conditions, reducing outages, and repair and maintenance cost of the system. $363,0697 was spent during this fiscal year to begin the completion of the Smart-Grid construction which we expect to equal, when completed, eight hundred thousand dollars ($800,000), further enhancing our quality and level of service to our utility customers and continue the enhancing of our utility system.

The City is currently renegotiating to purchase a Bulk Tower, which will have the effect of lowering our purchase of power over the next 2 years by a significant percentage. In the fiscal year of 2019-2020, the plan was executed to refund or refinance the City's Utility Revenue Bonds, Series 2003, the City's Utility Revenue Bonds, Series 2011, and the City's 3.07% FDEP loan, with a combined estimated total debt service savings of almost one (1) million dollars over a ten-year period.

The City has budgeted more than $100,000 in several initiatives in order to increase our customer base, such as Fresh Start, attracting new residents to purchase homes.

The City secured $4.9 million in grants during the fiscal year ended 09/30/2020, of which $2.8 million was completed and earned during the same period. The remainder will be earned in the coming fiscal year of 2020-2021. There were other activities, such as JoyLand Well purchase, which will increase the number of utility customers. This purchase was completed during September and October, 2020.

Economic Conditions and Outlook

Grant writing and management has been implemented as a strategy to increase revenue streams, met the needs of the citizens, and improve our viability. General Fund will continue to make moderate improvements in cost sharing, personnel, and management of the City's resources. Grants are being pursued which increases collaboration between the County, nearby cities, and the State of Florida, thus producing new partners, plans, and designs to grow the City of Quincy residences, businesses, and activities. With the Capital Improvement Plan for five-years, there will be increased construction or repair of City's buildings and facilities such as streets, roads, storm drains, traffic signals, parks, and community centers.

The Enterprise fund is primarily supported by the Electric Utility. The outlook is that the electric system is growing and continue to be able to maintain adequate FCC and liquidity. The FPL and SEPA rates have been negotiated favorably, and will lend even more profitability to the system.

Next Year's Budget and Economic Factors

The City's anticipate strong revenue growth in the electric enterprise fund under normal climatic weather conditions, with gas, water, sewer, and refuse revenues to have moderate growth. Additionally, grant revenues are expected to increase at least $2 to $3 million annually, as a result of a grants writer on board full-time. Trulieve, due to its expansion plan and current consumption level, are expected to maintain or increase the previous fiscal year revenues. However, the COVOID-19 Pandemic Crisis impact on City economic outlook is yet to be completely assessed, because the crisis is on-going.

The City will continue to budget $100,000 annually from operating revenues to be placed in the City's reserve funds. FEMA and State Disaster funds, after liquidating related expenses, will also be placed in a Utility storm reserve. The recovery funds are expected to approximate $4 million over the next two years.

The City's five-year capital budget will include completing the purchase of a new building for the Public Works department and field house for Parks and Recreation, which was substantially started in September, 2020. The Solar Array project, has been approved for a grant of more than $2.8 million and a loan amount of $715,374. This will allow the City to generate power in over one hundred years; and to generate excess power for sale on the City's electrical grid. The construction is expected to be completed by December, 2021.

Risk Management

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

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

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

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

The limits stated above are on a per occurrence basis.

Cash Management

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

Acknowledgments

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

Jack L. McLean, Jr.
City Manager

CITY OF QUINCY, FLORIDA
LIST OF PRINCIPAL OFFICIALS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Ronte R. Harris	Angela Sapp
Mayor	Mayor Pro-Tem
Keith Dowdell	Freida Bass-Prieto
Commissioner	Commissioner

Anessa A. Canidate

Commissioner

CITY OF QUINCY, FLORIDA

FINANCIAL SECTION

SEPTEMBER 30, 2020

MORAN & SMITH LLP
Certified Public Accountants
MORANSMITHCPA.COM

2260 WEDNESDAY STREET STE 400
TALLAHASSEE, FLORIDA 32308
850.879.0636

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements
We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the City of Quincy, Florida, (the "City") as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's financial statements as listed in the table of contents.

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

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

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

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and remaining aggregate fund information of the City as of September 30, 2020, and the respective changes in financial position, where applicable, and the respective budgetary comparison and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance projects, as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards*, and Chapter 10.550, *Rules of the Auditor General* of the State of Florida, is also not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated June 24, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Moran & Smith LLP

Moran & Smith LLP
June 24, 2021
Tallahassee, Florida

CITY OF QUINCY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

This discussion and analysis of the City of Quincy's (the "City") financial statements is designed to introduce the basic financial statements and provide an analytical overview of the City's financial activities for the fiscal year ended September 30, 2020. The basic financial statements are comprised of the government-wide financial statements, fund financial statements, and footnotes. As management of the City of Quincy, Florida, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2020. Please read it in conjunction with the accompanying basic financial statements beginning on page 14.

FINANCIAL HIGHLIGHTS

- The City's net position at September 30, 2020, was $6,888,300 as compared to $5,799,640 for fiscal year 2019 as restated for GASB 75 compliance. The City's unrestricted net assets as of September 30, 2020, were negative $7,795,187 compared to negative $4,885,664 for fiscal year ended September 30, 2019.
- Governmental activities unrestricted net position was a negative $10,120,935 as of September 30, 2019, versus negative $10,926,371 as of September 30, 2020.
- The total revenues from all sources were $29,104,737 for the fiscal year 2020 versus $27,622,707 for the fiscal year 2019. Enterprise fund revenue increased $60,234, while governmental fund revenue increased $1,421,796.
- The total cost of all City programs was $28,016,074 for the fiscal year 2020 versus $25,503,219 for the fiscal year 2019. Overall, there were increases in expenses in the Governmental Funds of $1,705,640 and an increase in the Enterprise Funds of $807,214.
- During fiscal year 2020, the City's governmental and business activity total revenues exceeded expenses (change in net assets) by $1,088,662 while the revenues exceeded expenses by $2,119,488 for 2019.
- Total expenditures in the Governmental Funds of $10,640,453 exceeded total revenues of $5,875,444 by $4,765,009, excluding net transfers of $4,936,565 for fiscal year 2020, while total expenditures for fiscal year 2019 of $8,934,813 exceeded total revenues of $4,453,648 by $4,481,165, excluding net transfers in the amount of $4,723,108.
- The General Fund's fund balance was $1,194,792 for fiscal year 2019, and increased to $1,269,528 at the end of fiscal year 2020.
- The City's total long-term debt is $17,609,063 as of September 30, 2020 representing a decrease of $3,261,843 from $20,870,906 as of September 30, 2019.

USING THIS ANNUAL REPORT

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

REPORTING THE CITY AS A WHOLE

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

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

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

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

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

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

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

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

Governmental funds – Most of the City's basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out, as well as the balances remaining at year end that are available for spending. These funds are reported using an accounting method called the *modified accrual* accounting method, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term* view of the City's general government operations and the basic services it provides. Governmental fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The basic governmental fund financial statements can be found on pages 16 through 19 of this report.

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

Internal service funds - an accounting device used to accumulate and allocate costs internally among the City's various functions. The City maintains one internal service fund to account for information technology services provided both to the general government and to the enterprise funds. The amount of the allocation is based on an equal distribution of cost across all departments. All of these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. The basic proprietary fund financial statements can be found on pages 20 to 24 of this report.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 25 and 26 of this report.

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

Notes to the Financial Statements

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

Table 1: Major Features of the Basic Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, total net assets exceeded liabilities by $6,888,300 at the close of fiscal year 2020, as compared to $5,799,640 in fiscal year 2019. For fiscal year 2020, governmental activities comprised of negative $6,083,634 of the net assets while business activities comprised $12,971,934 of net assets versus fiscal year 2019 where governmental activities was negative $6,255,190 and business-type activities was $12,054,829.

Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets:						
Current & Other	$ 3,007,250	$ 2,259,753	$ 14,002,620	$14,566,196	$17,009,870	$16,825,949
Capital	6,840,918	6,093,297	19,542,143	19,986,501	26,383,061	26,079,798
Total Assets	9,848,168	8,353,050	33,544,763	34,552,697	43,392,931	42,905,747
Deferred Outflows of Resources	559,711	878,993	0	0	559,711	878,993
Liabilities:						
Long-term Debt	11,383,862	10,711,172	15,100,373	18,477,042	26,484,235	29,188,214
Other Liabilities	840,587	486,472	5,472,456	4,020,825	6,313,043	4,507,297
Net Pension Liability	2,709,553	2,797,852	0	0	2,709,553	2,797,852
Total Liabilities	14,934,002	13,995,496	20,572,829	22,497,867	35,506,831	36,493,363
Deferred Inflows of Resources	1,557,511	1,491,737	0	0	1,557,511	1,491,737
Net Position:						
Invested in Capital	4,272,367	3,406,060	5,237,784	2,408,687	9,510,151	5,814,747
Restricted	570,370	459,685	4,602,966	4,410,871	5,173,336	4,870,556
Unrestricted	(10,926,371)	(10,120,935)	3,131,184	5,235,271	(7,795,187)	(4,885,664)
Total Net Position	$(6,083,634)	$(6,255,190)	$ 12,971,934	$12,054,829	$ 6,888,300	$ 5,799,640

By far, the largest portion of the City's total assets, for fiscal year 2019 and for fiscal year 2020, is its investment in capital assets (e.g., land, buildings, machinery, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (73%) for fiscal year 2019 versus (69%) for fiscal year 2020 represents resources that are subject to external restrictions on how they may be used. Net assets is one measure that can be used in determining the City's ability to meet its obligations. Because the debt of the government is matched with the related assets, this number may be negative from time to time. In this case, the unrestricted net assets for fiscal year 2020 are negative $10,926,371 versus negative $10,120,935 for fiscal year 2019.

Governmental Activities

Governmental Activities increased the City's net assets by $171,556 from fiscal year 2019 to fiscal year 2020. The Business-type Activities increased the net assets by $917,107 from fiscal year 2019 to fiscal year 2020. Key elements of these changes are as follows:

Table 3

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues	$ 2,486,494	$ 831,176	$23,181,729	$23,112,022	$25,668,223	$23,943,198
Property Tax	1,078,789	1,085,845	0	0	1,078,789	1,085,845
Tax Increment	462,582	445,155	0	0	462,582	445,155
Utility Service Tax	232,472	215,008	0	0	232,472	215,008
Discretional Sales Tax	559,988	615,589	0	0	559,988	615,589
Local Option Sales Tax	221,094	222,097	0	0	221,094	222,097
Shared Revenues	622,169	654,000	0	0	622,169	654,000
Investment Earnings	40,296	44,194	47,564	57,037	87,860	101,231
Miscellaneous	171,560	340,584	0	0	171,560	340,584
Total Revenues	5,875,444	4,453,648	23,229,293	23,169,059	29,104,737	27,622,707
Program Expenses:						
General Government	2,476,561	2,510,809	0	0	2,476,561	2,510,809
Public Safety	4,950,617	4,243,031	0	0	4,950,617	4,243,031
Physical Environment	515,368	209,999	0	0	515,368	209,999
Transportation	1,131,585	967,152	0	0	1,131,585	967,152
Economic Environment	761,502	396,145	0	0	761,502	396,145
Culture and Recreation	736,789	535,527	0	0	736,789	535,527
Interest on Long-term Debt	68,032	72,149	0	0	68,032	72,149
Water	0	0	1,668,000	1,515,998	1,668,000	1,515,998
Electric	0	0	10,636,116	10,702,044	10,636,116	10,702,044
Sewer	0	0	2,485,592	1,675,225	2,485,592	1,675,225
Non-major	0	0	2,585,913	2,675,140	2,585,913	2,675,140
Total Expenses	10,640,453	8,934,813	17,375,621	16,568,407	28,016,075	25,503,219
Excess (deficit before transfers)	(4,765,009)	(4,481,165)	5,853,672	6,600,652	1,088,662	2,119,488
Transfers	4,936,565	4,723,108	(4,936,565)	(4,723,108)	0	0
Change in Net Assets	171,556	241,944	917,107	1,877,544	1,088,662	2,119,488
Net Position, Beginning	(6,255,190)	(6,497,134)	12,054,830	10,177,285	5,799,640	3,680,151
Net Position, Ending	$(6,083,634)	$ (6,255,190)	$12,971,938	$12,054,830	$ 6,888,304	$ 5,799,640

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

Table 4
Governmental Activities

	2020		2019	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General Government	$ 2,476,561	$ (1,016,291)	$ 2,510,809	$ (2,265,312)
Public Safety	4,950,617	(4,403,561)	4,243,031	(3,800,077)
Physical Environment	515,368	(515,368)	209,999	(209,999)
Transportation	1,131,585	(670,009)	967,152	(870,399)
Economic Environment	761,502	(761,502)	396,145	(396,145)
Culture and Recreation	736,789	(719,197)	535,527	(489,556)
Interest on Long-term Debt	68,032	(68,032)	72,149	(72,149)
	$ 10,640,453	$ (8,153,960)	$ 8,934,813	$ (8,103,637)

The cost of all governmental activities this year was $10,640,453. As shown in the Statement of Activities, $2,486,494 of this cost was paid for by those who directly benefited from the programs. The remaining source of funding came from transfers from business activities in the amount of $4,936,565, various taxes in the amount of $2,554,925 and the remaining $834,025 is investments, shared revenues and other miscellaneous revenues. The nature of governmental activities is to be funded primarily from taxes and other non-governmental activities. Governmental activities are not normally self-supporting. As a result, the combination of taxes and non-governmental activities are sufficient to cover program expenses.

Table 5
Business-type Activities

	2020		2019	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Electric	$ 10,636,116	$ 4,817,933	$ 10,702,044	$ 4,974,631
Water	1,668,000	293,094	1,515,998	434,965
Sewer	2,485,592	329,881	1,675,225	564,630
Non-major	2,585,913	365,200	2,675,140	569,390
	$ 17,375,621	$ 5,806,108	$ 16,568,407	$ 6,543,616

Business Type Activities
Net assets of the Proprietary Funds at September 30, 2020, were $12,971,938 which was up from $12,054,830 in fiscal year 2019. Transfers from the Utility Funds to the General Fund were $4,936,565 in fiscal year 2020 compared to $4,723,108 in fiscal year 2019.

It is noteworthy that the Proprietary Funds net revenue decreased from $6,600,652 in fiscal year 2019 to $5,853,672 in fiscal year 2020, a difference of $746,980.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

As of the end of the fiscal year 2020, the City's governmental funds reported combined ending fund balance of $1,667,199. This represents an increase of $12,722 when compared to fund balances in fiscal year 2019 which was $1,654,477.

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

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2020, amounts to $26,395,154 (net of accumulated depreciation) compared to $26,079,797at September 30, 2019. The increase of $315,357 resulted from repairs and improvement to buildings and infrastructure.

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

Table 6
Capital Assets Net of Depreciation

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	$ 4,607,224	$ 4,606,224	$ 1,666,353	$ 1,666,353	$ 6,273,577	$ 6,272,577
Buildings and Improvements	5,792,532	5,704,080	25,363,949	25,363,949	31,156,481	31,068,029
Improvements other than Buildings	11,053,291	11,000,300	20,768,752	20,219,890	31,822,043	31,220,190
Infrastructure	7,646,901	6,915,876	3,802,556	3,484,796	11,449,457	10,400,672
Furniture, Fixtures, and Equipment	7,712,754	7,358,832	5,525,952	5,188,213	13,238,706	12,547,045
Total Assets	36,812,702	35,585,312	57,127,562	55,923,201	93,940,264	91,508,513
Less Accumulated Depreciation	(29,970,785)	(29,492,016)	(37,574,325)	(35,936,700)	(67,545,110)	(65,428,716)
Total	$ 6,841,917	$ 6,093,296	$ 19,553,237	$ 19,986,501	$ 26,395,154	$ 26,079,797

Debt

Currently the City uses debt financing on an as needed basis each year. At the end of fiscal year 2020, the City had total debt of $17,609,063 versus $20,870,906 for fiscal year 2019, inclusive of compensated absences (vacation and sick time owed to employees) which totaled $516,360 and $323,189, respectively. Revenue bonds amounted to $12,887,304 for fiscal year 2020. Notes payable in the amount of $3,281,875 for fiscal year 2020 and $6,691,679 for fiscal year 2019 are all secured by related assets. The remaining loans payable are secured by franchise fees and public services taxes. The capital leases are secured by equipment.

Table 7
Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenue Bonds	$ 2,310,000	$ 2,616,000	$ 10,577,304	$ 10,245,000	$ 12,887,304	$ 12,861,000
Bank Notes	64,100	0	1,982,707	0	2,046,807	0
Capitalized Leases	194,451	71,237	489,514	641,136	683,965	712,373
Compensated Absences	389,257	196,667	127,103	126,522	516,360	323,189
Notes Payable	0	0	1,235,068	6,691,679	1,235,068	6,691,679
Landfill	0	0	239,559	282,665	239,559	282,665
Total Outstanding Debt	$ 2,957,808	$ 2,883,904	$ 14,651,255	$ 17,987,002	$ 17,609,063	$ 20,870,906

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

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

The City anticipates strong revenue growth in the electric enterprise fund under normal climatic weather conditions, with gas, water, sewer, and refuse revenues to have moderate growth. Additionally, grant revenues are expected to total $3 million in FY2020-2021, as a result of a grants writer on board full-time. Trulieve, due to its expansion plan and current consumption level, are expected to increase at least 5% of the previous fiscal year revenues. However, the COVOID-19 Pandemic Crisis impact on City economic outlook is yet to be completely assessed, because the crisis is just ending.

The City will continue to budget $100,000 annually to be placed in the City's rate stabilization funds. FEMA receipts are expected to approximate $3,450,000 in the next fiscal year FY 2020-2021. FEMA and State Disaster funds, after liquidating related expenses, will also be placed in a reserve

The City's five-year capital budget includes the purchase of a new building for the Public Works department and field house for Parks and Recreation. Other projects and capital purchases will include ditch renovations, purchase of backhoe loader tractor and three (3) bucket trucks, renovations to the pressure lines and skid steer, SCADA and breaker replacements, and continuation of the reactivation of the fiber optic system. The Solar Array project, when completed, will allow the City to generate power in over one hundred years; and to generate excess power for sale on the City's electrical grid.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

CITY OF QUINCY, FLORIDA

BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

CITY OF QUINCY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	Primary Government		
Assets	**Governmental Activities**	**Business-Type Activities**	**Total**
Cash and Cash Equivalents	$ 1,287,101	$ 2,256,608	$ 3,543,709
Investments	851,141	1,201,938	2,053,079
Accounts Receivables, Net	378,185	3,765,223	4,143,408
Assessment Receivables	172,699	0	172,699
Due from Other Governments	318,124	0	318,124
Prepaids	0	27,750	27,750
Inventories	0	508,306	508,306
Restricted Assets:			
Restricted Cash and Investments	0	4,602,966	4,602,966
Capital Assets:			
Nondepreciable	4,695,675	1,666,352	6,362,027
Depreciable, Net	2,145,243	17,875,791	20,021,034
Internal Balances	0	1,639,829	1,639,829
Total Assets	9,848,168	33,544,763	43,392,931
Deferred Outflows of Resources			
Deferrer Outflows for OPEB	306,640	0	306,640
Deferred Outflows for Pensions	253,071	0	253,071
Total Deferred Outflows of Resources	559,711	0	559,711
Liabilities			
Accounts Payable	353,867	2,429,405	2,783,272
Accrued Payroll	486,720	142,792	629,512
Accrued Interest	0	154,744	154,744
Accrued Compensated Absences	97,314	31,776	129,090
Bonds and Notes Payable	338,354	1,158,935	1,497,289
Customer Deposits	0	1,507,926	1,507,926
Unearned Revenue	379,785	20,000	399,785
Due to Other Governments	0	26,878	26,878
Noncurrent Liabilities:			
Accrued Compensated Absences	291,943	95,327	387,270
Bonds and Notes Payable	2,230,197	13,125,658	15,355,855
Net Pension Liability	2,709,553	0	2,709,553
Internal Balances	0	1,639,829	1,639,829
Other Postemployment Benefits Liability	8,046,269	0	8,046,269
Landfill Closure	0	239,559	239,559
Total Liabilities	14,934,002	20,572,829	35,506,831
Deferred Inflows of Resources			
Deferred Inflows for OPEB	1,385,522	0	1,385,522
Deferred Inflows for Pensions	171,989	0	171,989
Total Deferred Inflows of Resources	1,557,511	0	1,557,511
Net Position			
Net Investment in Capital Assets	4,272,367	5,237,784	9,510,151
Restricted for:			
Debt Service	322,278	4,602,966	4,925,244
Public Safety	25,879	0	25,879
Economic Environment	222,213	0	222,213
Unrestricted	(10,926,371)	3,131,184	(7,795,187)
Total Net Position	$ (6,083,634)	$ 12,971,934	$ 6,888,300

See accompany notes to Financial Statements

CITY OF QUINCY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business- Type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental Activities:							
General Government	$ 2,476,561	$ 257,104	$ 14,424	$ 1,188,742	$ (1,016,291)	$ 0	$ (1,016,291)
Public Safety	4,950,617	461,902	85,154	0	(4,403,561)	0	(4,403,561)
Physical Environment	515,368	0	0	0	(515,368)	0	(515,368)
Transportation	1,131,585	144,411	0	317,165	(670,009)	0	(670,009)
Economic Environment	761,502	0	0	0	(761,502)	0	(761,502)
Culture and Recreation	736,789	17,592	0	0	(719,197)	0	(719,197)
Interest on Long-term Debt	68,032	0	0	0	(68,032)	0	(68,032)
Total Governmental Activities	10,640,453	881,009	99,578	1,505,907	(8,153,959)	0	(8,153,959)
Business- Type Activities							
Water Fund	1,668,000	1,901,279	0	59,815	0	293,094	293,094
Electric Fund	10,636,116	15,106,552	0	347,497	0	4,817,933	4,817,933
Wastewater Fund	2,485,592	2,047,892	0	767,581	0	329,881	329,881
Non-Major Funds	2,585,913	2,951,113	0	0	0	365,200	365,200
Total Business-type Activities	17,375,621	22,006,836	0	1,174,893	0	5,806,108	5,806,108
Total Primary Government	$ 28,016,074	$ 22,887,845	$ 99,578	$ 2,680,800	$ (8,153,959)	$ 5,806,108	$ (2,347,851)
General Revenues							
Taxes:							
Property Taxes					$ 1,078,789	$ 0	$ 1,078,789
Tax Increment					462,582	0	462,582
Utility Service Tax					232,472	0	232,472
Discretional Sales Surtax					559,988	0	559,988
Local Option Gas Tax					221,094	0	221,094
Sales Tax and Other Shared Revenues					622,169	0	622,169
Investment Earnings					40,296	47,562	87,858
Miscellaneous					171,560	0	171,560
Transfers					4,936,565	(4,936,565)	0
Total General Revenues and Transfers					8,325,515	(4,889,003)	3,436,512
Change in Net Position					171,556	917,105	1,088,661
Net Position Beginning of Year					(6,255,190)	12,054,829	5,799,639
Net Position End of Year					$ (6,083,634)	$ 12,971,934	$ 6,888,300

See accompanying notes to Financial Statements

CITY OF QUINCY, FLORIDA
BALANCE SHEET-GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	General Fund	Community Redevelopment Agency	Non-Major Governmental	Total Governmental Funds
Assets				
Cash and Cash Equivalent	$ 870,440	$ 241,203	$ 175,458	$ 1,287,101
Investments	851,141	0	0	851,141
Receivables (Net)	378,185	0	0	378,185
Assessment Receivables (Net)	172,699	0	0	172,699
Due from Other Governments	318,124	0	0	318,124
Prepaid Expenses	0	0	0	0
Total Assets	2,590,589	241,203	175,458	3,007,250
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	339,330	14,537	0	353,867
Accrued Expenses	482,267	4,453	0	486,720
Due to Other Governments	0	0	0	0
Advances from Other Funds	0	0	0	0
Unearned Revenue	379,785	0	0	379,785
Total Liabilities	1,201,382	18,990	0	1,220,372
Deferred Inflows of Resources	119,679	0	0	119,679
Fund Balances				
Nonspendable:				
Prepaids	0	0	0	0
Advances to Other Funds	0	0	0	0
Restricted for:				
Law Enforcement	0	0	25,879	25,879
Physical Environment	0	0	0	0
Economic Environment	0	222,213	0	222,213
Debt Service	172,699	0	149,579	322,278
Assigned	0	0	0	0
Unassigned	1,096,829	0	0	1,096,829
Total Fund Balances	1,269,528	222,213	175,458	1,667,199
Total Liabilities and Fund Balance	$ 2,590,589	$ 241,203	$ 175,458	$ 3,007,250

See accompanying notes to Financial Statements

CITY OF QUINCY, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Total Fund Balances of Governmental Funds		$ 1,667,199
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		6,840,918
Receivables that do not provide current financial resources are reported as deferred inflows of resources in the governmental funds.		119,679
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds and notes payable	(2,568,551)	
Other postemployment benefits	(8,046,269)	
Net pension liability	(2,709,553)	
Compensated absenses	(389,257)	(13,713,630)
The net pension asset is not a current financial resource and, therefore, is not reported in governmental funds.		0
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in governmental funds.		
Deferred outflows of resources for pensions	253,071	
Deferred outflows of resources for OPEB	306,640	
Deferred inflows of resources for OPEB	(1,385,522)	
Deferred inflows of resources for pensions	(171,989)	(997,800)
Total Net Position of Governmental Activities		$ (6,083,634)

See accompanying notes to Financial Statements

CITY OF QUINCY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	General Fund	Community Redevelopment Agency	Non-Major Governmental	Total Governmental Funds
Revenues				
Taxes	$ 2,088,755	$ 0	$ 0	$ 2,088,755
Tax Increment	0	460,239	0	460,239
Licenses and Permits	135,009	0	0	135,009
Intergovernmental Revenues	2,374,621	0	0	2,374,621
Charges for Services	479,494	0	0	479,494
Fines and Foreitures	30,165	0	0	30,165
Miscellaneous Revenues	303,313	347	126	303,786
Total Revenues	5,411,357	460,586	126	5,872,069
Expenditures				
Current:				
General Government	2,262,116	0	65	2,262,181
Public Safety	4,483,011	0	0	4,483,011
Physical Environment	177,771	0	0	177,771
Transportation	1,061,780	0	0	1,061,780
Economic Environment	168,102	577,832	0	745,934
Culture and Recreation	652,127	0	0	652,127
Debt Service:				
Principal	22,098	0	306,000	328,098
Interest	5,103	2,687	60,242	68,032
Capital Outlay	1,226,390	0	0	1,226,390
Total Expenditures	10,058,498	580,519	366,307	11,005,324
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,647,141)	(119,933)	(366,181)	(5,133,255)
Other Financing Sources (Uses)				
Debt Proceeds	145,312	64,100	0	209,412
Transfers In	4,936,565	0	360,000	5,296,565
Transfers Out	(360,000)	0	0	(360,000)
Total Other Financing Sources (Uses)	4,721,877	64,100	360,000	5,145,977
Net Change in Fund Balances	74,736	(55,833)	(6,181)	12,722
Fund Balances, Beginning of Year	1,194,792	278,046	181,639	1,654,477
Fund Balances, End of Year	$ 1,269,528	$ 222,213	$ 175,458	$ 1,667,199

See accompanying notes to Financial Statements

CITY OF QUINCY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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

Net Change in Fund Balances - Total Governmental Funds.		$ 12,722
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Expenditures for Capital Assets	1,226,390	
Less: Current Year Depreciation	(478,769)	747,621
Repayment of long-term debt is reported as an expenditure in governmental funds, but as a reduction of long-term liabilities in the statement of net assets.		328,098
The issuance of long-term debt provides current financial resources to governmental funds, while it has no effect on the statement of activities.		(209,412)
Certain pension related amounts are being deferred and amortized over a period of years or are being deferred as contributions to the plan made after the measurement date:		
Deferred Inflows Related to Pensions	27,629	
Deferred Outflows Related to Pensions	(391,715)	
Deferred Inflows Related to OPEB	(93,403)	
Deferred Outflows Related to OPEB	72,433	(385,056)
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:		
Changes in Compensated Absences	(192,590)	
Change in Other Postemployment Benefits	(221,501)	
Change in Net Pension Liability	88,299	(325,792)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds		3,375
Change in Net Position of Governmental Activities		$ 171,556

See accompanying notes to Financial Statements

CITY OF QUINCY, FLORIDA
STATEMENT OF FUNDS NET POSITION-PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Enterprise Funds					
	Major Funds					
	Water Fund	Electric Fund	Wastewater Fund	Non-Major Funds	Total Enterprise Funds	Internal Service Fund
Assets						
Current Assets						
Cash and Cash Equivalents	$ 260,855	$ 1,542,513	$ 25,935	$ 384,254	$ 2,213,557	$ 43,051
Investments	844,166	357,772	0	0	1,201,938	0
Receivables (Net)	327,839	2,107,316	923,746	406,322	3,765,223	0
Prepaid Items	0	27,751	(1)	0	27,750	0
Inventories	80,036	386,726	11,993	29,551	508,306	0
Total Current Assets	1,512,896	4,422,078	961,673	820,127	7,716,774	43,051
Noncurrent Assets						
Restricted Assets:						
Restricted Cash and Cash Equivalents	1,316,472	2,346,516	666,705	273,273	4,602,966	0
Total Restricted Assets	1,316,472	2,346,516	666,705	273,273	4,602,966	0
Capital Assets:						
Land and Land Improvements	400,323	403,717	403,717	458,595	1,666,352	0
Property, Plant and Equipment	14,864,880	28,623,647	9,857,706	2,042,393	55,388,626	72,587
(Accumulated Depreciation)	(12,345,055)	(17,887,717)	(5,500,560)	(1,840,994)	(37,574,326)	(11,096)
Total Net Capital Assets	2,920,148	11,139,647	4,760,863	659,994	19,480,652	61,491
Other Assets:						
Advances to other Funds	479,943	200,000	479,943	479,943	1,639,829	0
Total Noncurrent Assets	4,716,563	13,686,163	5,907,511	1,413,210	1,639,829	61,491
Total Assets	$ 6,229,459	$ 18,108,241	$ 6,869,184	$ 2,233,337	$ 33,440,221	$ 104,542

See accompanying notes to Financial Statements

CITY OF QUINCY, FLORIDA
STATEMENT OF FUNDS NET POSITION-PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Business-Type Activities					
	Enterprise Funds					
	Major Funds					
	Water Fund	Electric Fund	Wastewater Fund	Non-Major Funds	Total Enterprise Funds	Internal Service Fund
Liabilities						
Current Liabilities						
Accounts Payable	$ 163,245	$ 1,489,702	$ 553,299	$ 210,897	$ 2,417,143	$ 12,262
Accrued Payroll	12,398	95,561	14,688	16,714	139,361	3,431
Due to other Governments	0	0	0	26,878	26,878	0
Accrued Interest Payable	30,905	95,883	19,766	8,190	154,744	0
Current Portion:						
Bonds Payable	265,018	320,186	123,947	26,851	736,002	0
Notes Payable	230,433	0	27,717	0	258,150	0
Capitalized Leases Payable	27,464	87,884	49,435	0	164,783	0
Compensated Absenses Payable	2,164	19,342	2,425	6,292	30,223	1,553
Deferred Revenue	0	0	20,000	0	20,000	0
Total Current Liabilities	731,627	2,108,558	811,277	295,822	3,947,284	17,246
Noncurrent Liabilities						
Customer Deposits	21,573	1,477,730	0	8,623	1,507,926	0
Advances from Other Funds	0	1,439,829	200,000	0	1,639,829	0
Long-term Portion:						
Bonds Payable	3,329,922	4,471,181	1,475,739	564,461	9,841,303	0
Notes Payable	385,309	1,982,707	591,609	0	2,959,625	0
Capitalized Lease Payable	54,122	173,189	97,419	0	324,730	0
Compensated Absenses	6,491	59,065	7,275	17,838	90,669	4,658
Land Fill Closure Liability	0	0	0	239,559	239,559	0
Total Noncurrent Liabilities	3,797,417	9,603,701	2,372,042	830,481	16,603,641	4,658
Total Liabilities	4,529,044	11,712,259	3,183,319	1,126,303	20,550,925	21,904
Net Position						
Net Investment in Capital Assets	(1,372,120)	4,104,500	2,375,231	68,682	5,176,293	61,491
Restricted for Debt Service	1,316,472	2,346,516	666,705	273,273	4,602,966	0
Unrestricted	1,756,063	(55,034)	643,929	765,079	3,110,037	21,147
Total Net Position	1,700,415	6,395,982	3,685,865	1,107,034	12,889,296	82,638
Total Liabilities and Net Position	$ 6,229,459	$ 18,108,241	$ 6,869,184	$ 2,233,337	$ 33,440,221	$ 104,542

See accompanying notes to Financial Statements

CITY OF QUINCY, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Business-Type Activities					
	Enterprise Funds					
	Major Funds				Total	Internal
	Water Fund	Electric Fund	Wastewater Fund	Non-Major Funds	Enterprise Funds	Service Fund
Operating Revenues						
Charges for Services	$ 1,822,409	$ 14,845,402	$ 2,047,892	$ 2,863,543	$ 21,579,246	$ 79,346
Interfund Charges	78,870	261,150	0	6,452	346,472	1,772
Total Operating Revenue	1,901,279	15,106,552	2,047,892	2,869,995	21,925,718	81,118
Operating Expenses						
Purchase Power	0	7,085,302	0	591,810	7,677,112	0
Personal Service	199,147	883,644	268,630	271,871	1,623,292	68,882
Contractual Service	415,462	303,697	1,020,880	1,334,190	3,074,229	33,988
Supplies	6,091	62,812	2,944	10,820	82,667	7,912
Repairs and Maintenance	58,552	292,031	564,829	11,811	927,223	0
Utility/Telephone	94,565	22,563	146,604	7,018	270,750	6,997
Shared Service	76,064	339,850	50,126	93,026	559,066	0
Depreciation	482,241	854,245	255,261	45,579	1,637,326	11,096
Other Expenses	125,184	308,174	51,037	23,357	507,752	3,602
Bad Debt	1,557	0	0	0	1,557	0
IT- Support	8,000	15,000	8,000	8,000	39,000	0
(Total Operating Expenses)	(1,466,863)	(10,167,318)	(2,368,311)	(2,397,482)	(16,399,974)	(132,477)
Operating Income	434,416	4,939,234	(320,419)	472,513	5,525,744	(51,359)
Non-Operating (Expenses)						
Capital Grants	59,815	347,497	767,581	0	1,174,893	0
Interest Income	5,775	3,231	834	426	10,266	0
Interest Expenses	(201,137)	(468,798)	(117,281)	(55,954)	(843,170)	0
Investment Gains and Losses	22,370	14,928	0	0	37,298	0
Total Non-Operating Revenues (Expenses)	(113,177)	(103,142)	651,134	(55,528)	379,287	0
Income Before Transfers	321,239	4,836,092	330,715	416,985	5,905,031	(51,359)
Operating Transfers						
Debt Proceeds	0	0	0	0	0	0
Transfers In	0	506,593	322,367	10,502	839,462	51,024
Transfers Out	(882,425)	(4,493,175)	(115,038)	(336,413)	(5,827,051)	0
Total Operating Transfers	(882,425)	(3,986,582)	207,329	(325,911)	(4,987,589)	51,024
Change in Net Position	(561,186)	849,510	538,044	91,074	917,442	(335)
Net Position, Beginning of Year	2,261,601	5,546,472	3,147,821	1,015,960	11,971,854	82,973
Net Position, End of Year	$ 1,700,415	$ 6,395,982	$ 3,685,865	$ 1,107,034	$ 12,889,296	$ 82,638

See accompanying notes to Financial Statements

CITY OF QUINCY, FLORIDA
STATEMENT OF CASH FLOWS PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Water Fund	Electric Fund	Wastewater Fund	Non-Major Funds	Total Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities						
Cash Received from Customers and Others	$ 1,901,279	$ 15,106,552	$ 2,047,892	$ 2,869,995	$ 21,925,718	$ 81,118
Cash Paid to Employees	(199,147)	(883,644)	(266,370)	(591,810)	$ (1,940,971)	(68,882)
Cash Paid to Suppliers	(619,134)	(8,010,254)	(1,892,958)	(1,844,248)	$ (12,366,594)	(37,742)
Net Cash Provided by (Used in) Operating Activities	1,082,998	6,212,654	(111,436)	433,937	7,618,153	(25,506)
Cash Flows from Noncapital Financing Activities						
Amounts Received from Other Funds	0	0	0	0	0	0
Operating Transfers In	0	506,593	322,367	10,502	839,462	51,024
Operating Transfers Out	(882,425)	(4,493,175)	(115,038)	(336,413)	(5,827,051)	0
Net Cash Provided by (Used in) Noncapital Financing Activities	(882,425)	(3,986,582)	207,329	(325,911)	(4,987,589)	51,024
Cash Flows from Capital and Related Financing Activities						
Grants	59,815	347,497	767,581	0	1,174,893	0
Loan Proceeds	3,669,084	4,850,423	1,644,301	599,354	10,763,162	0
Principal Payments on Debt	(4,295,866)	(6,818,682)	(2,276,450)	(663,100)	(14,054,098)	0
Interest Payments on Debt	(201,137)	(468,798)	(117,281)	(55,954)	(843,170)	0
Purchase of Fixed Assets	(152,111)	(772,363)	(148,612)	(58,660)	(1,131,746)	(72,587)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(920,215)	(2,861,923)	(130,461)	(178,360)	(4,090,959)	(72,587)
Cash Flows from Investing Activities						
Interest Received	5,775	3,231	834	426	10,266	0
Investment Activity	22,370	14,928	0	0	37,298	0
Investments Purchased	0	0	0	0	0	0
Net Cash Provided from Investing	28,145	18,159	834	426	47,564	0
Net Increase (Decrease) in Cash and Cash Equivalents	(691,497)	(617,692)	(33,734)	(69,908)	(1,412,831)	(47,069)
Cash and Cash Equivalents, Beginning of Year	2,268,824	4,506,721	726,374	727,435	8,229,354	90,120
Cash and Cash Equivalents, End of Year	$ 1,577,327	$ 3,889,029	$ 692,640	$ 657,527	$ 6,816,523	$ 43,051

See accompanying notes to Financial Statements

CITY OF QUINCY, FLORIDA
STATEMENT OF CASH FLOWS PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Water Fund	Electric Fund	Wastewater Fund	Non-Major Funds	Total Enterprise Funds	Internal Service Funds
Included on the Accompanying Balance Sheet Under the Following Captions						
Cash and Cash Equivalents	$ 260,855	$ 1,542,513	$ 25,935	$ 384,254	$ 2,213,557	$ 43,051
Restricted Assets:						
Cash and Cash Equivalents	1,316,472	2,346,516	666,705	273,273	4,602,966	0
Total	1,577,327	3,889,029	692,640	657,527	6,816,523	43,051
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities						
Cash Flows from Operating Activities						
Operating Income (Loss)	434,416	4,939,234	(320,419)	472,513	5,525,744	(51,359)
Adjustments to Reconcile Operating Income (Loss) to						
Net Cash Provided by (Used in) Operating Activites:						
Depreciation	482,241	854,245	255,261	45,579	1,637,326	11,096
Changes in Assets - Decrease (Increase)						
and Liabilities - Increase (Decrease)						
Inventory	(32,445)	(151,423)	(10,408)	(15,072)	(209,348)	0
Accounts Receivable, Net	9,340	(130,187)	(576,864)	(17,187)	(714,898)	0
Investments	(21,011)	(12,816)	0	0	(33,827)	0
Prepaid	87,000	0	0	0	87,000	0
Accounts Payable	17,583	798,914	529,332	(36,161)	1,309,668	13,582
Accrued Payroll	74,579	25,195	6,235	7,753	113,762	980
Accrued Interest Payable	30,905	(89,582)	(17,362)	(24,758)	(100,797)	0
Deferred Revenue	0	0	20,000	0	20,000	0
Compensated Absenses	390	(20,926)	2,789	1,270	(16,477)	195
Customer Deposits	0	0	0	0	0	0
Net Cash Provided by (Used in) Operating Activites	$ 1,082,998	$ 6,212,654	$ (111,436)	$ 433,937	$ 7,618,153	$ (25,506)

See accompanying notes to Financial Statements

CITY OF QUINCY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION-FIDUCIARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Retirement Savings Plan	Police and Firemen's Supplemental Pension Plan	Total
Assets			
Current Assets			
Cash and Cash Equivalents	$ 203,451	$ 383,444	$ 586,895
Investments	8,244,901	7,810,687	16,055,588
Receivables	0	331,472	331,472
Total Current Assets	8,448,352	8,525,603	16,973,955
Total Assets	8,448,352	8,525,603	16,973,955
Liabilities			
Payables			
Refunds of Member Contributions	0	18,500	18,500
Total Liabilities	0	18,500	18,500
Net Assets			
Refund			
Held in Trust for Pension Benefits	8,448,352	8,507,103	16,955,455
Total Net Assets	$ 8,448,352	$ 8,507,103	$ 16,955,455

See accompanying notes to Financial Statements

CITY OF QUINCY, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION-FIDUCIARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Retirement Savings Plan	Police and Firemen's Supplemental Pension Plan	Total
Additions			
Contributions			
Plan Members	$ 0	$ 64,840	$ 64,840
City	493,668	355,241	848,909
State	0	228,920	228,920
Total Contributions	493,668	649,001	1,142,669
Investment Income (Loss):			
Net Realized and Unrealized Gains	731,085	363,651	1,094,736
Interest and Dividends	424,282	344,243	768,525
Net Investment Income	1,155,367	707,894	1,863,261
Total Additions	1,649,035	1,356,895	3,005,930
Deductions			
Benefits Payments	958,504	788,258	1,746,762
Administrative Expenses	0	64,198	64,198
Total Deductions	958,504	852,456	1,810,960
Change in Net Position	690,531	504,439	1,194,970
Net Position - Beginning of Year	7,757,821	8,002,664	15,760,485
Net Assets - End of Year	$ 8,448,352	$ 8,507,103	$ 16,955,455

See accompanying notes to Financial Statements

CITY OF QUINCY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

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.

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, d
ebt 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.

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.

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.

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, 2020.

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.

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

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.

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.

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.

Note 2 - Cash, Cash Equivalents, and Investments

Deposits and investments as of September 30, 2020, are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Cash Equivalents	$ 3,543,709
Total Cash and Cash Equivalents	3,543,709
Restricted:	
Cash and Investments	4,602,966
Total Cash and Investments	$ 8,146,675

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, 2020:

	Carrying Amount	Credit Rating	Maturity
Certificates of Deposit	$ 508,699	N/A	<180 days
Externally Managed Portfolio Cantella	1,544,380	N/A	N/A
Total Investment	$ 2,053,079		

As of September 30, 2020, 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	$ 8,448,352	N/A	N/A
Total Externally Managed Portfolio	$ 8,448,352		

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

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

As of September 30, 2020, the value of the City's deposits and investments in the Police and Fire Supplemental activities, with their respective credit ratings, were as follows:

	Cost Amount	Carrying Amount	Credit Rating	Maturity
Externally Managed Portfolio				
Cash and Equivalents:				
Salem Trust-	$ 383,444	$ 383,444	N/A	N/A
Mutual Funds:				
Fixed Income	1,745,371	1,823,968	AAA	N/A
Equity	4,247,332	5,276,138	AAA	N/A
Real Estate	0	0	AAA	N/A
Total Externally Managed Portfolio	$ 6,376,147	$ 7,483,550		

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, 2020, were $3,543,709and restricted cash (exclusive of externally managed portfolio) of $4,602,966. 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.

Note 3 - Restricted Assets

Various restrictions on deposits and investments are summarized below:

Restricted Cash and Investments:	
Smart Grid Cash from Bond Issue	$ 1,550,590
Cash Held with Fiscal Agent Series 2003 Bond	17,615
Cash Held for Debt Service:	
Series 2003 Bond	77,478
SRF Loan	381,478
Drinking Water Loan	995,218
WW SRL 200110	58,937
Cash Held for Rate Stabilization	908,390
Financial Assurance Landfill Closure	47,111
Hurricane Michael Fee	566,149
Total Restricted Cash and Investments	$ 4,602,966

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 $77,478 (b) amounts restricted for payments of drinking water loan, $995,218; amounts restricted for a State Revolving Loan for Sewer, $381,478; and amounts restricted for State Revolving Loan for Wastewater, $58,937 c) funds required to be restricted for debt service under the terms of the 2011 Series Capital Improvement Bond and Loan Covenants, $1,550,590.

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 $239,559 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.

Note 4 - Inventory

Inventory at September 30, 2020, consists of the following:

Electric Utility Supplies	$ 386,726
Water, Wastewater, and Gas Supplies	121,580
Total Inventory	$ 508,306

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	$ 203,575	$ 447,583	$ 2,867,587	$ 493,204
Less Allowance for Bad Debt	0	(119,744)	(760,271)	(131,979)
Net Accounts Receivable	$ 203,575	$ 327,839	$ 2,107,316	$ 361,225

	Proprietary Fund Activities			
	Gas	Refuse	Landfill	Total
Accounts Receivable	$ 230,418	$ 304,072	$ 14,240	$ 4,560,679
Less Allowance for Bad Debt	(61,576)	(80,832)	0	(1,154,402)
Net Accounts Receivable	$ 168,842	$ 223,240	$ 14,240	$ 3,406,277

As of September 30, 2020, the City also had grants receivables of $174,610 in the General fund and $562,521 in the Wastewater fund.

Note 6 - Capital Assets

	Balance September 30, 2019	Increase	Decrease	Balance September 30, 2020
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	$ 4,606,224	$ 1,000	$ 0	$ 4,607,224
Work in Process	0	88,452	0	88,452
Total Capital Assets, Not Being Depreciated	4,606,224	89,452	0	4,695,676
Capital Assets, Being Depreciated:				
Building and Improvements	5,704,080	0	0	5,704,080
Improvements other than Buildings	11,000,300	51,991	0	11,052,291
Infrastructure	6,915,876	731,025	0	7,646,901
Equipment and Other	7,358,832	353,922	0	7,712,754
Total Capital Assets, Being Depreciated	30,979,088	1,136,938	0	32,116,026
Less Accumulated Depreciation for:				
Buildings and Improvements	(5,442,674)	(202,004)	0	(5,644,678)
Improvements other than Buildings	(11,047,517)	(167,218)	0	(11,214,735)
Infrastructure	(6,353,616)	(24,548)	0	(6,378,164)
Equipment and Other	(6,648,209)	(84,999)	0	(6,733,208)
Total Accumulated Depreciation	(29,492,016)	(478,769)	0	(29,970,785)
Total Capital Assets, Being Depreciated, Net	1,487,072	658,169	0	2,145,241
Total Governmental Capital Assets, Net	$ 6,093,296	$ 747,621	$ 0	$ 6,840,917
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	$ 1,666,353	$ 0	$ 0	$ 1,666,353
Total Capital Assets, Not Being Depreciated	1,666,353	0	0	1,666,353
Capital Assets, Being Depreciated				
Buildings	25,363,949	0	0	25,363,949
Utility, Plant Equipment and Improvements	20,219,890	200,489	0	20,420,379
Infrastructure	3,484,796	680,858	0	4,165,654
Equipment and Other	5,188,213	322,985	0	5,511,198
Total Capital Assets, Being Depreciated	54,256,848	1,204,332	0	55,461,180
Less Accumulated Depreciation for:				
Buildings	(19,193,477)	(759,313)	0	(19,952,790)
Utility, Plant Equipment and Improvements	(12,794,418)	(477,776)	0	(13,272,194)
Equipment and Other	(3,948,805)	(411,601)	0	(4,360,406)
Total Accumulated Depreciation	(35,936,700)	(1,648,690)	0	(37,585,390)
Total Capital Assets, Being Depreciated, Net	18,320,148	(444,358)	0	17,875,790
Total Business-Type Capital Assets, Net	$ 19,986,501	$ (444,358)	$ 0	$ 19,542,143

Depreciation expense was charged to governmental functions as follows:	
General Government	$ 5,177
Public Safety	112,040
Transportation	0
Culture and Recreation	43,717
Economic Development	0
Physical Environment	317,835
Total	$ 478,769

Note 7 - Long Term Debt

Governmental Funds:	September 30, 2019	Additions	Reductions	September 30, 2020
Capital Improvement Refunding Revenue Bond 2012	$ 2,616,000	$ 0	$ 306,000	$ 2,310,000
Honeywell Lease (Gov't Portion)	71,237	0	16,847	54,390
Equipment Loan Police Cars	0	145,312	5,251	140,061
Capital City Bank Line of Credit (CRA)	0	64,100	0	64,100
Compensated Absences	196,667	192,590	0	389,257
Net Pension Liability	2,797,852	0	88,299	2,709,553
Other Post Employment Benefits Liability	7,824,768	221,501	0	8,046,269
Total Governmental Activities Long Term Debt	$ 13,506,524	$ 623,503	$ 416,397	$ 13,713,630
Business-Type Activities:				
Electric Fund:				
Utility System Series 2003 Bonds	$ 2,587,500	$ 0	$ 2,587,500	$ 0
Utility System Series 2011 Bonds	3,092,700	0	3,092,700	0
Utility Revenue Refunding Series 2020A Bonds	0	2,057,035	40,287	2,016,748
Utility Revenue Refunding Series 2020B Bonds	0	2,793,387	18,770	2,774,617
Honeywell Lease (Electric Portion)	341,939	0	80,865	261,074
Capital City Bank Line of Credit	2,980,330	0	997,623	1,982,707
Compensated Absences	86,467	0	8,060	78,407
Total General Long Term Debt: Electric Fund	9,088,936	4,850,422	6,825,805	7,113,553
Water Fund:				
Utility System Series 2003 Bonds	1,293,750	0	1,293,750	0
Utility System Series 2011 Bonds	659,100	0	659,100	0
Utility Revenue Refunding Series 2020A Bonds	0	1,028,518	20,144	1,008,374
Utility Revenue Refunding Series 2020B Bonds	0	595,312	4,000	591,312
Utility Revenue Refunding Series 2020C Bonds	0	2,045,254	50,000	1,995,254
State Revolving Loan - Project No. DW2006010	2,859,051	0	2,243,309	615,742
Honeywell Lease (Water Portion)	106,856	0	25,270	81,586
Compensated Absences	7,098	1,557	0	8,655
Total General Long Term Debt: Water Fund	4,925,855	3,670,641	4,295,573	4,300,923

Note 7 - Long Term Debt (Continued)

	September 30, 2019	Additions	Reductions	September 30, 2020
Sewer Fund:				
Utility System Series 2003 Bonds	1,293,750	0	1,293,750	0
Utility System Series 2011 Bonds	659,100	0	659,100	0
Utility Revenue Refunding Series 2020A Bonds	0	1,028,518	20,144	1,008,374
Utility Revenue Refunding Series 2020B Bonds	0	595,312	4,000	591,312
State Revolving Loan - Project No. CS12064107P	218,358	0	218,358	0
State Revolving Loan - Project No. 200100	360,805	0	22,908	337,897
State Revolving Loan - Project No. 641090	273,135	0	12,176	260,959
State Revolving Loan - Project No. 200110	0	20,471	0	20,471
Honeywell Lease (Sewer Portion)	192,341	0	45,487	146,854
Compensated Absences	7,439	2,261	0	9,700
Total General Long Term Debt: Sewer Fund	3,004,928	1,646,562	2,275,923	2,375,567
Gas Fund:				
Utility System Series 2011 Bonds	659,100	0	659,100	0
Utility Revenue Refunding Series 2020B Bonds	0	595,312	4,000	591,312
Compensated Absences	15,855	4,042	0	19,897
Total General Long Term Debt: Gas Fund	674,955	599,354	663,100	611,209
Landfill Fund:				
Compensated Absences	4,233	0	0	4,233
Estimated Landfill Closure and Post Closure	282,665	0	43,106	239,559
Total General Long Term Debt: Landfill Fund	286,898	0	43,106	243,792
Internal Service Fund:				
Compensated Absences	5,430	781	0	6,211
Total General Long Term Debt: Internal Service Fund	5,430	781	0	6,211
Total Business-type Activities Long Term Debt	$ 17,987,002	$ 10,767,760	$ 14,103,507	$ 14,651,255

Note 7 - Long Term Debt (Continued)

Governmental Activities:	September 30, 2019	Additions	Reductions	September 30, 2020	Due Within One Year
Bonds:					
Capital Improvement Refunding Revenue Bond 2012	$ 2,616,000	$ 0	$ 306,000	$ 2,310,000	$ 288,000
Capitalized Leases:					
Honeywell Lease (Gov't Portion)	71,237	0	16,847	54,390	15,339
Notes Payable:					
Equipment Loan Police Cars	0	145,312	5,251	140,061	35,015
Capital City Bank Line of Credit (CRA)	0	64,100	0	64,100	64,100
Compensated Absences	196,667	192,590	0	389,257	97,314
Net Pension Liability	2,797,852	0	88,299	2,709,553	0
Other Post Employment Benefits Liability	7,824,768	221,501	0	8,046,269	0
Total Governmental Activities Debt	13,506,524	623,503	416,397	13,713,630	499,768
Business-Type Activities:					
Bonds:					
Utility System Series 2003 Bonds	5,175,000	0	5,175,000	0	0
Utility System Series 2011 Bonds	5,070,000	0	5,070,000	0	0
Utility Revenue Refunding Series 2020A Bonds	0	4,114,071	80,574	4,033,497	388,385
Utility Revenue Refunding Series 2020B Bonds	0	4,579,324	30,770	4,548,554	206,546
Utility Revenue Refunding Series 2020C Bonds	0	2,045,253	50,000	1,995,253	141,071
Notes Payable:					
State Revolving Loan - Project No. DW2006010	2,859,051	0	2,243,310	615,741	
State Revolving Loan - Project No. CS12064107P	218,358	0	218,358	0	0
State Revolving Loan - Project No. 200100	360,805	0	22,908	337,897	23,186
State Revolving Loan - Project No. 641090	273,135	0	12,176	260,959	12,438
State Revolving Loan - Project No. 200110	0	20,471	0	20,471	512
Capital City Bank Line of Credit	2,980,330	0	997,623	1,982,707	1,982,707
Capitalized Leases:					
Honeywell Lease (Sewer Portion)	192,341	0	45,487	146,854	44,016
Honeywell Lease (Electric Portion)	341,939	0	80,865	261,074	78,252
Honeywell Lease (Water Portion)	106,856	0	25,270	81,586	24,454
Estimated Landfill Closure and Post Closure	282,665	0	43,106	239,559	47,111
Compensated Absences	126,522	8,641	8,060	127,103	31,776
Total Business-Type Activities Debt	$ 17,987,002	$ 10,767,760	$ 14,103,507	$ 14,651,255	$ 2,980,454

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, 2020, the City had a balance of $149,579, and transferred $360,000, the required debt service payments to the Debt Service Fund.

Equipment Loans and Capital Lease Obligations
Capital lease obligations relate to the acquisition of several vehicles with annual interest rates ranging from 5% to 6.6%. The balance of the Governmental 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 $54,390) as of September 30, 2020 is $543,904. 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.

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 subsequent to year end.

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 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").

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 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.

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

The Series 2020C Bond will be secured by a lien on the Pledged Revenues and, upon issuance of the Series 2020C Bond, the Pledged Revenues will not be pledged or encumbered in any manner, other than as security for the Series 2020C Bond and the Outstanding Parity Bonds. The City was authorized to issue the "City of Quincy, Florida Utility Revenue Refunding Bond, Series 2020C," in an aggregate principal amount of 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").

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 $213,246 including interest, every June 15 and December 15 of each year, starting June 15, 2003 through June 15, 2023, collateralized by revenues from the operation of the water and sewer systems. The outstanding balance at September 30, 2020 was $615,741.

State Revolving Loan Note from FDEP (CS12064107P)
The loan was issued in an amount up to $3,466,732, for a Wastewater treatment plant upgrade bearing annual interest at 2.56% payable in semi-annual payments of $111,279 including interest starting March 15, 2001 through September 15, 2020, collateralized by revenues from the operation of the water and sewer systems. The outstanding balance at September 30, 2020 was $0.

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, 2020 was $337,897.

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, 2020 was $260,959.

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.

$3,00,000 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.

Note 7 – Long Term Debt (Continued)

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, 2020 is $683,965. 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, 2020, other than the liability for accumulated vacation and sick leave, is as follows:

Year Ending	Governmental Activities		Business-type Activities	
September 30,	Principal	Interest	Principal	Interest
2021	$ 365,129	$ 55,437	$ 2,666,167	$ 349,317
2022	370,979	47,408	1,684,766	276,818
2023	375,132	39,261	1,118,070	231,015
2024	327,000	31,234	825,478	203,692
2025	340,000	23,713	844,099	185,070
Thereafter	691,000	23,920	7,137,559	740,188
Total	$ 2,469,240	$ 220,973	$ 14,276,140	$ 1,986,101

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, 2020, the City purchased electric capacity totaling $7,085,302.

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, 2020, the City purchased gas totaling $591,810.

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, 2020, the City's total liability for landfill closure and post-closure care costs was approximately $239,559. 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 $47,111 for a period of six 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 $47,111. Cash deposited in the escrow account was $47,111.

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.

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, 2020, the City contributed $493,668 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, 2020, the following employees were covered by the benefit terms:

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

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

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

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

TOTAL OPEB LIABILTY
The measurement date is September 30, 2019.
The measurement period for the OPEB expense was October 1, 2018 to September 30, 2019.
The reporting period is October 1, 2019 through September 30, 2020.

The City's Total OPEB Liability was measured as of September 30, 2019.

Actuarial Assumptions:

The Total OPEB Liability was determined by an actuarial valuation as of September 30, 2019, using the following actuarial assumptions:

Inflation Rate	2.50%
Salary Increase Rate(s)	4.00%
Discount Rate	3.58%
Initial Trend Rate	7.50%
Ultimate Trend Rate	4.00%
Years to Ultimate	55

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

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

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

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

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

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 3.58%. 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, 2019	$ 7,824,768
Changes for the Year:	
Service Cost	400,395
Interest	339,029
Differences between Expected and Actual Experience	(293,150)
Changes of assumptions	6,434
Changes of benefit terms	0
Contributions – Employer	0
Benefit Payments	(231,207)
Other Changes	0
Net Charges	221,501
Reporting Period Ending September 30, 2020	$ 8,046,269

Difference Between Expected and Actual Experience reflects the impact of changes to the census data from the prior valuation to the valuation as of September 30, 2019.

Changes in assumptions reflect a change in the discount rate from 4.18% for the reporting period ended September 30, 2019, to 3.58% for the reporting period ended September 30, 2020. Also reflected as assumption changes are updated health care costs and premiums, updated health care cost trend rates, and updated mortality rates.

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 2.58%	Current Discount Rate 3.58%	1% Increase 4.58%
Total OPEB Liability (Asset)	$ 9,397,895	$ 8,046,269	$ 6,966,820

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)	$ 6,887,209	$ 8,046,269	$ 9,531,063

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

For the year ended September 30, 2020, the city will recognize OPEB expense of $543,262.

On September 30, 2020, 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	$ 266,500
Changes in Assumptions	5,849	1,119,022
Employer Contributions Subsequent to the Measurement Date	300,791	0
Total	$ 306,640	$ 1,385,522

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,	
2021	$ (199,162)
2022	$ (199,162)
2023	$ (199,162)
2024	$ (199,162)
2025	$ (199,162)
Thereafter	$ (383,863)

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 on 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, 2019:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	40
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	22
Active Plan Members	18
	80

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.

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

Net Pension Liability

The measurement date is September 30, 2020.
The measurement period for the pension expense was October 1, 2019 to September 30, 2020.
The reporting period is October 1, 2019 through September 30, 2020.

The Sponsor's Net Penson Liability was measured as of September 30, 2020.
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, 2019 updated to September 30, 2020, 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, 2019 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics.

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 2020 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, 2020 are summarized in the following table:

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

(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.

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, 2019	$ 10,799,686	$ 8,001,834	$ 2,797,852
Adjustment to Beginning of the Year	0	830	(830)
Changes for a Year:			
Service Cost	83,529	0	83,529
Interest	776,192	0	776,192
Share Plan Allocation	10,102	0	10,102
Differences between Expected and Actual Experience	506,141	0	506,141
Changes of Assumptions	(170,735)	0	(170,735)
Changes of Benefit Terms	0	0	0
Contributions-Employer	0	355,241	(355,241)
Contributions-State	0	228,920	(228,920)
Contributions-Employee	0	64,841	(64,841)
Net Investment Income	0	684,394	(684,394)
Benefit Payments, including Refunds of Employee Contributions	(788,259)	(788,259)	0
Administrative Expense	0	(40,698)	40,698
Net Changes	416,970	504,439	(87,469)
Balances as of September 30, 2020	$ 11,216,656	$ 8,507,103	$ 2,709,553

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	$3,873,242	$2,709,553	$1,728,043

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, 2020, the sponsor has recognized a Pension expense of $393,507.

On September 30, 2020, the sponsor reported Deferred Outflows or Resources and Deferred Inflows of Resources related to pensions from the following sources:

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

Schedule of Deferred Outflows and Deferred Inflows

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experiences	$ 253,071	$ 0
Change of Assumptions	0	85,368
Net Difference between Projected and Actual Earnings on Pension Plan Investment	0	86,621
Total	$ 253,071	$ 171,989

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:	
2021	$ 76,132
2022	$(1,686)
2023	$26,419
2024	$19,783
2025	$ 0
Thereafter	$ 0

Payable to the Pension Plan
On September 30, 2020, the Sponsor reported a payable of $97,159 for the outstanding amount of contributions of the Pension Plan required for the year ended September 30, 2020.

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, 2020, expenditures were under appropriations in the City's general fund in most expenditure categories.

Note 14 - Interfund Transfers

	Transfers In						
Transfers Out	General Fund	Debt Service Fund	Electric Fund	Waste Water Fund	Gas Fund	Internal Service Fund	Total
General Fund	$ 0	$ 360,000	$ 0	$ 0	$ 0	$ 0	$ 360,000
Electric Fund	4,360,899	0	0	70,750	10,502	51,024	4,493,175
Water Fund	124,215	0	506,593	251,617	0	0	882,425
Wastewater Fund	115,038	0	0	0	0	0	115,038
Refuse Fund	32,600	0	0	0	0	0	32,600
Landfill Fund	38,832	0	0	0	0	0	38,832
Gas Fund	264,981	0	0	0	0	0	264,981
Internal Service	0	0	0	0	0	0	0
Total	$4,936,565	$ 360,000	$506,593	$ 322,367	$ 10,502	$ 51,024	$6,187,051

Note 15 - Advances To and From Other Funds

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

Note 16 – Encumbrances

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

	Encumbrance Amount
General Fund	$ 466,555
CRA Fund	142,486
Wastewater Fund	2,945
Electric Fund	457,641
Water Fund	99,762
Gas Fund	25,494
Total	$ 1,194,883

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	$ 25,879	$ 0	$ 25,879
Debt Service	172,699	0	0	149,579	322,278
Economic Environment	0	79,727	0	0	79,727
Encumbrances	466,555	142,486			609,041
Unassigned	630,274	0	0	0	630,274
Total Fund Balance	$1,269,528	$222,213	$ 25,879	$149,579	$ 1,667,199

Note 18 – Subsequent Events

Management has evaluated subsequent events through June 24, 2021 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, 2020

CITY OF QUINCY, FLORIDA
POLICE AND FIREMEN'S SUPPLEMENTAL
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
YEAR ENDED SEPTEMBER 30, 2020

Schedule of Changes in Net Pension Liability and Related Ratios

Last 10 Fiscal Years

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

Notes to Schedule:

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

Changes 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 FIREMEN'S SUPPLEMENTAL PENSION PLAN
YEAR ENDED SEPTEMBER 30, 2020

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
9/30/2020	$ 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 Statements.

CITY OF QUINCY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYMENT BENEFITS
YEAR ENDED SEPTEMBER 30, 2020

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

(Last 10 Fiscal Years)

Reporting Period Ending	9/30/2020	9/30/2019	9/30/2018
Measurement Date	9/30/2019	9/30/2018	9/30/2017
TOTAL OPEB LIABILITY			
Service Cost	$ 400,395	$ 445,352	$ 502,595
Interest	339,029	304,021	265,592
Changes of Benefit Terms	0	0	0
Differences Between Expected and Actual Experience	(293,150)	0	0
Changes of Assumptions	6,434	(723,993)	(833,873)
Benefit Payments	(231,207)	(213,094)	(195,949)
Net Change in Total OPEB Liability	221,501	(187,714)	(261,635)
Total OPEB Liability-Beginning	7,824,768	8,012,482	8,274,117
Total OPEB Liability-Ending	$ 8,046,269	$ 7,824,768	$8,012,482
Covered Employee Payroll (Projected)	4,396,040	3,602,887	3,602,887
City's Total OPEB Liability as a Percentage of Covered Employee Payroll	183,03%	217.18%	222.39%

Notes to Schedule:

2018 initial year of plan disclosure due to the implementation of GASB 75. No prior data available

Difference Between Expected and Actual Experience. Difference Between Expected and Actual Experience reflects the impact of changes to the census date from the prior valuation to the valuation as of September 30, 2019.

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

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

Also reflected as assumptions changes are updated health care costs and premiums, updated health care cost trend rates, and updated mortality rates.

Benefit Payments. The plan sponsor did not provide actual net benefits paid by the plan for the fiscal year ending on September 30, 2020. Expected net benefits 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 30,2020

	Budgeted Amounts		Actual	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues				
Taxes	$ 2,382,868	$ 2,382,868	$ 2,088,755	$ (294,113)
Licenses and Permits	135,611	135,611	135,009	(602)
Intergovernmental Revenues	1,238,400	1,668,300	2,374,621	706,321
Charges for Services	506,427	506,427	479,494	(26,933)
Fines and Forfeitures	35,500	35,500	30,165	(5,335)
Miscellaneous Revenues	318,000	318,000	303,313	(14,687)
Total Revenues	4,616,806	5,046,706	5,411,357	364,651
Expenditures				
Current:				
General Government	2,279,794	2,432,443	2,262,116	(170,327)
Public Safety	4,238,659	4,273,080	4,483,011	209,931
Physical Environment	2,185,945	2,185,945	177,771	(2,008,174)
Transportation	0	0	1,061,780	1,061,780
Economic Environment	0	0	168,102	168,102
Culture and Recreation	762,621	861,714	652,127	(209,587)
Debt Service:				
Principal	386,351	386,351	22,098	(364,253)
Interest	0	0	5,103	5,103
Capital Outlay	0	80,350	1,226,390	1,146,040
(Total Expenditures)	9,853,370	10,219,883	10,058,498	(161,385)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,236,564)	(5,173,177)	(4,647,141)	526,036
Other Financing Sources (Uses)				
Debt Proceeds	0	0	145,312	145,312
Operating Transfers in	4,936,564	4,936,564	4,936,565	1
Operating Transfers out	0	0	(360,000)	(360,000)
Total Other Financing Sources (Uses)	4,936,564	4,936,564	4,721,877	(214,687)
Net Change in Fund Balance	(300,000)	(236,613)	74,736	311,349
Fund Balance, Beginning of Year	300,000	300,000	1,194,792	894,792
Fund Balance, End of Year	$ 0	$ 63,387	$ 1,269,528	$ 1,206,141

CITY OF QUINCY, FLORIDA
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL-COMMUNITY REDEVELOPMENT AGENCY
FOR THE YEAR ENDED SEPTEMBER 30,2020

	Budgeted Amounts		Actual	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues				
Taxes	$ 0	$ 0	$ 0	$ 0
Tax Increment	456,270	456,270	460,239	3,969
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	347	347
Total Revenues	456,270	456,270	460,586	4,316
Expenditures				
Current:				
General Government	0	0	0	0
Public Safety	0	0	0	0
Physical Environment	0	0	0	0
Transportation	0	0	0	0
Economic Environment	620,915	898,961	577,832	(321,129)
Culture and Recreation	0	0	0	0
Debt Service:				
Principal	0	0	0	0
Interest	0	0	2,687	2,687
Capital Outlay	0	0	0	0
(Total Expenditures)	620,915	898,961	580,519	(318,442)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(164,645)	(442,691)	(119,933)	322,758
Other Financing Sources (Uses)				
Debt Proceeds	135,000	135,000	64,100	(70,900)
Operating Transfers in	0	0	0	0
Operating Transfers out	0	0	0	0
Total Other Financing Sources (Uses)	135,000	135,000	64,100	(70,900)
Net Change in Fund Balance	(29,645)	(307,691)	(55,833)	251,858
Fund Balance, Beginning of Year	29,645	307,691	278,046	(29,645)
Fund Balance, End of Year	$ 0	$ 0	$ 222,213	$ 222,213

CITY OF QUINCY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR ENDED SEPTEMBER 30, 2020

Notes to Budgetary Comparison Schedule

Chapter 166, Florida Statues, 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, 2020

CITY OF QUINCY, FLORIDA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30,2020

	Special Revenue Confiscated Property Fund	Debt Service 2012 Refunding Bond	Total Non-Major Governmental Funds
Assets			
Cash and Cash Equivalent	$ 25,879	$ 149,579	$ 175,458
Investments	0	0	0
Reveivables (Net)	0	0	0
Assessment Receivables (Net)	0	0	0
Due from Other Governments	0	0	0
Advances to Other Funds	0	0	0
Total Assets	25,879	149,579	175,458
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	0	0	0
Accrued Expenses	0	0	0
Due to Other Governments	0	0	0
Advances From Other Funds	0	0	0
Total Liabilities	0	0	0
Fund Balances			
Nonspendable:			
Advances to Other Funds	0	0	0
Restricted for:			
Law Enforcement	25,879	0	25,879
Physical Environment	0	0	0
Debt Service	0	149,579	149,579
Unassigned	0	0	0
Total Fund Balances	25,879	149,579	175,458
Total Liabilities and Fund Balances	$ 25,879	$ 149,579	$ 175,458

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 30,2020

	Special Revenue	Debt Service	
	Confiscated Property Fund	2012 Refunding Bond	Total Combined Non-Major Funds
Revenues			
Taxes	$ 0	$ 0	$ 0
Tax Increment	0	0	0
Licenses and Permits	0	0	0
Intergovernmental Revenues	0	0	0
Charges for Services	0	0	0
Fines and Forfeitures	0	0	0
Miscellaneous Revenues	26	100	126
Total Revenues	26	100	126
Expenditures			
General Government	0	65	65
Public Safety	0	0	0
Physical Environment	0	0	0
Transportation	0	0	0
Economic Environment	0	0	0
Culture and Recreation	0	0	0
IT Support	0	0	0
Debt Service:			
Principal	0	306,000	306,000
Interest	0	60,242	60,242
Capital Outlay	0	0	0
(Total Expenditures)	0	366,307	366,307
(Deficiency) Excess of Revenues (Under) Over Expenditures	26	(366,207)	(366,181)
Other Financing Sources (Uses)			
Debt Proceeds	0	0	0
Transfers in	0	360,000	360,000
Transfers (out)	0	0	0
Total Other Financing Sources (Uses)	0	360,000	360,000
Net Change in Fund Balances	26	(6,207)	(6,181)
Fund Balances, Beginning of Year	25,853	155,786	181,639
Fund Balances, End of Year	$ 25,879	$ 149,579	$ 175,458

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 30,2020

	Business-Type Activities - Enterprise Funds			
	Non-Major Funds			Total
	Refuse Fund	Landfill Fund	Gas Fund	Non-Major Funds
Assets				
Current Assets:				
Cash and Cash Equivalents	$ 94	$ 162,840	$ 221,320	$ 384,254
Investments	0	0	0	0
Receivables, net	223,240	14,240	168,842	406,322
Prepaid Items	0	0	0	0
Inventories	0	0	29,551	29,551
Total Current Assets	223,334	177,080	419,713	820,127
Noncurrent Assets				
Restricted Assets:				
Restricted Cash and Cash Equivalents	0	47,111	226,162	273,273
Total Restricted Assets	0	47,111	226,162	273,273
Capital Assets:				
Land and Land Improvements	0	54,878	403,717	458,595
Property, Plant and Equipment	137,121	485,529	1,419,743	2,042,393
(Accumulated Depreciation)	(27,433)	(485,529)	(1,328,032)	(1,840,994)
Total Net Capital Assets	109,688	54,878	495,428	659,994
Other Assets:				
Advances to Other Funds	0	0	479,943	479,943
Total Noncurrent Assets	109,688	101,989	1,201,533	1,413,210
Total Assets	$ 333,022	$ 279,069	$ 1,621,246	$ 2,233,337

See accompanying notes to Financial Statements

CITY OF QUINCY, FLORIDA
COMBINING STATEMENT OF FUND NET POSITION
NON-MAJOR PROPRIETARY FUNDS
SEPTEMBER 30, 2020

	Business-Type Activities - Enterprise Funds			
	Non-Major Funds			Total
	Refuse Fund	Landfill Fund	Gas Fund	Non-Major Funds
Liabilities				
Current Liabilities:				
Accounts Payable	$ 114,114	$ 528	$ 96,255	$ 210,897
Accrued Expenses	0	5,101	11,613	16,714
Due to Other Governments	0	0	26,878	26,878
Accrued Interest Payable	0	0	8,190	8,190
Current Portion:				
Bonds Payable	0	0	26,851	26,851
Notes Payable	0	0	0	0
Mortgages Payable	0	0	0	0
Capitalized Lease Payable	0	0	0	0
Compensated Absenses	0	1,318	4,974	6,292
Total Current Liabilities	114,114	6,947	174,761	295,822
Noncurrent Liabilities:				
Customer Deposits	0	0	8,623	8,623
Advances to Other Funds	0	0	0	0
Long Term Portion:				
Bonds Payable	0	0	564,461	564,461
Notes Payable	0	0	0	0
Capitalized Lease Payable	0	0	0	0
Compensated Absenses	0	2,915	14,923	17,838
Land Fill Closure Liability	0	239,559	0	239,559
Total Noncurrent Liabilities	0	242,474	588,007	830,481
Total Liabilities	114,114	249,421	762,768	1,126,303
Net Position				
Net Investment in Capital Assets	109,688	54,878	(95,884)	68,682
Restricted for Debt Service	0	47,111	226,162	273,273
Unrestricted	109,220	(72,341)	728,200	765,079
Total Net Position	218,908	29,648	858,478	1,107,034
Total Liabilities and Net Position	$ 333,022	$ 279,069	$ 1,621,246	$ 2,233,337

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, 2020

	Business-Type Activities - Enterprise Funds Non-Major Funds			Total
	Refuse Fund	Landfill Fund	Gas Fund	Non-Major Funds
Operating Revenues				
Charges for Services	$ 1,408,096	$ 187,539	$ 1,267,405	$ 2,863,040
Interfund Charges	0	503	6,452	6,955
Total Operating Revenue	1,408,096	188,042	1,273,857	2,869,995
Operating Expenses				
Purchase Power	0	0	591,810	591,810
Personal Service	0	75,226	196,645	271,871
Contractual Service	1,314,550	(10,611)	30,251	1,334,190
Supplies	0	0	10,820	10,820
Repairs and Maintenance	0	2,205	9,606	11,811
Utility/Telephone	0	942	6,076	7,018
Shared Service	45,300	0	47,726	93,026
Depreciation	13,712	26,343	5,524	45,579
Other Expenses	213	2,462	20,682	23,357
Bad Debt	0	0	0	0
IT-Support	0	0	8,000	8,000
(Total Operating Expenses)	(1,373,775)	(96,567)	(927,140)	(2,397,482)
Operating Income	34,321	91,475	346,717	472,513
Non-Operating Revenues (Expenses)				
Capital Grants	0	0	0	0
Interest Income	0	0	426	426
Interest Expense	0	0	(55,954)	(55,954)
Investment Gains and Losses	0	0	0	0
Total Non-Operating Revenues (Expenses)	0	0	(55,528)	(55,528)
(Expenses)				
Income Before Capital Contributions and Transfers	34,321	91,475	291,189	416,985
Operating Transfers				
Debt Proceeds	0	0	0	0
Transfers In	0	0	10,502	10,502
Transfers Out	(32,600)	(38,832)	(264,981)	(336,413)
Total Capital Grants and Operating Transfers	(32,600)	(38,832)	(254,479)	(325,911)
Change in Net Position	1,721	52,643	36,710	91,074
Net Position, Beginning of Year	217,187	(22,995)	821,768	1,015,960
Net Position, End of Year	$ 218,908	$ 29,648	$ 858,478	$ 1,107,034

See accompanying notes to Financial Statements

CITY OF QUINCY, FLORIDA

COMPLIANCE SECTION

SEPTEMBER 30, 2020

CITY OF QUINCY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDING SEPTEMBER 30, 2020

Federal and State Grantor Pass Through Grantor / Program Title	CFDA / CSFA Number	Grant I.D. Number	Program Award Amount	Federal / State Expenditures
FEDERAL AWARDS				
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Pass through Florida Department of Economic Opportunity				
Community Development Block Grants (CDBG)	14.228	19DB-ON-02-30-02-N10	$ 750,000	$ 365,884
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			750,000	365,884
U.S. DEPARTMENT OF JUSTICE				
Pass through Florida Deparment of Law Enforcement				
VOCA	16.575	00392	15,939	8,781
TOTAL U.S. DEPARTMENT OF JUSTICE			15,939	8,781
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Pass through Florida Department of Environmental Protection				
Capitalization Grant CleanWater SRL Program	66.458	DW 200601	12,103	12,103
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			12,103	12,103
U.S. DEPARTMENT OF HOMELAND SECURITY				
Pass through Florida Division of Emergency Management				
Disaster Grants - Public Assistance	97.036	FEMA	885,129	885,129
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			885,129	885,129
TOTAL FEDERAL AWARDS			$ 1,663,171	$ 1,271,897
STATE FINANCIAL ASSISTANCE				
FLORIDA EXECUTIVE OFFICE OF THE GOVERNOR				
Division of Emergency Management				
Hurricane Michael State Recovery Grant	31.070	F0050	$ 1,000,000	$ 719,498
TOTAL FLORIDA EXECUTIVE OFFICE OF THE GOVERNOR			1,000,000	719,498
FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION				
Hillside Park	37.017	A9070	50,000	50,000
Sand and Grit Removal	37.075	SG0410	149,000	149,000
Subtotal for CSFA No. 37.017 and 37.075			199,000	199,000
Small Community Wastewater Grant	37.077	200110	30,000	20,471
Wastewater Treatment Facility Construction Grant	37.077	200112	267,871	267,871
Subtotal for CSFA No. 37.077			297,871	288,342
TOTAL FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION			496,871	487,342

CITY OF QUINCY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDING SEPTEMBER 30, 2020

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				
Rural Infrastructure	n/a	DL0150	297,800	49,283
Hurricane Upgrade	40.038	DL006	75,000	20,000
TOTAL FLORIDA DEPARTMENT OF ECONOMIC OPPORTUNITY			372,800	69,283
FLORIDA DEPARTMENT OF TRANSPORTATION				
Small County Outreach Program (SCOP) - Martin Luther King Blvd.	55.009	G1289	353,949	309,920
Small County Outreach Program (SCOP) - Stewart Street	55.009	G1P08	472,939	1,998
TOTAL FLORIDA DEPARTMENT OF TRANSPORTATION			826,888	311,918
TOTAL STATE FINANCIAL ASSISTANCE			2,323,759	1,518,758
TOTAL FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			$ 3,986,930	$ 2,790,655

CITY OF QUINCY, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Note 1 - General

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

Note 2 - Basis of Presentation

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

Note 3 - Contingencies

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

OTHER REPORTS

MORAN & SMITH LLP
Certified Public Accountants
MORANSMITHCPA.COM

2260 WEDNESDAY STREET STE 400
TALLAHASSEE, FLORIDA 32308
850.879.0636

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE FINACIAL 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 Project
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 projects for the year ended September 30, 2020. The City's major federal programs and major state financial assistance projects are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

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

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

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

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE FINACIAL 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, 2020.

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 and Chapter 10.550, *Rules of the Auditor General*. Accordingly, this communication is not suitable for any other purpose.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE FINACIAL 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, 2020, and have issued our report thereon dated June 24, 2021, 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 and state financial assistance is presented for the purposes of additional analysis as required by Uniform Guidance and Chapter 10.550, *Rules of the Auditor General* 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 and state financial assistance is fairly stated in all material respects in relation to the financial statements taken as a whole.

Moran & Smith LLP

Moran & Smith LLP
June 24, 2021
Tallahassee, Florida

CITY OF QUINCY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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 2020-001, 2020-002, 2020-003, 2020-004, and 2020-005 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

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

Federal Program:	CFDA No.
US Department of Homeland Security	
Disaster Grant-Public Assistance	97.036

State Project:	CSFA No.
Florida Executive Office of the Governor	
Hurricane Michael State Recovery Grant	31.070
Florida Department of Environmental Protection	
Sand and Grit Removal	37.075

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

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

IX. Low-risk Auditee

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

Financial Statement Findings

Finding 2020-001 Prepare Financial Statements in Accordance with GAAP and Significant Adjustments

Criteria: Management is responsible for the preparation of and fair presentation of these financial statements in accordance with GAAP.

Condition: A significant number of audit adjustments were required to be made to get the financial statements to be in accordance with GAAP.

Cause: Management relied on auditors to propose entries that had not been recorded at the time of the start of the audit.

Effect: Incorrect recording of accounting records could lead to a material misstatement on the Financial statements**.**

Recommendation: We recommend that the process for identifying, and approving accounting transactions be reviewed and updated.

Response: Management concurs and accepts the responsibility. The process for identifying and approving accounting transactions has been modified in the following manner- 1) the trial balance will not be released until all known adjustments are posted and questionable matters identified, 2) courses attended will be discussed with the auditor or other professionals to ensure clear understanding of application before releasing the financial statements to the auditing process.

Finding 2020-002 Reconciling Cash on a Monthly Basis

Criteria: Internal Controls are designed to safeguard assets and help prevent or detect losses from Employee dishonesty or error. The most basic control is the monthly reconciling of the City's checking accounts.

Condition: Management cannot document that they were reconciling cash monthly during the year. It is clear that numerous journal entries were posted to cash accounts all during the year, many of which do not actually represent cash activity.

Cause: Management presented the auditors with bank reconciliations at year end, that included numerous journal entries transferring cash between restricted and unrestricted cash accounts as if they were current cash transactions. They were recorded as deposits in transit and outstanding checks. Many of these did not actually clear the bank for weeks or even months.
After a significant number of audit adjustments were posted to record the actual cash in the correct accounts, it was determined that cash per general ledger was overstated by over $149,000.

Effect: Cash was not presented correctly at the start of the audit and ultimately it was overstated by over $149,000 and an explanation of the cause of difference was never presented.

Recommendation: We recommend the City reconcile all cash accounts monthly.

Response: Management concurs with the finding, but disagrees that the cash accounts were not reconciled monthly. The reconciliation process was completed monthly for all fifteen accounts within 30 to 40 days after month-end. There was one account which was temporarily overstated as we performed the annual closing process. This was subsequently corrected. Additional procedures have been put in place to avoid this from occurring in the future, such as an upgraded monthly and annual reporting checklist, two other accountants trained on the more difficult bank account; a review and investigative system to clear identified variance(s), and a separate system of adjustments for the year-end closing process.

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.

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 trach 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 Manger and the Grants Writer, collaborating with the entities' representatives to ensure a more timely 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.

Finding 2020-005 Fixed Assets not Adequately Tracked, Capitalized, or Tagged and Inspected

Criteria: Statutory Requirements in Chapter 274 requires the city to have a capitalization policy in place, and to identify assets purchased, their cost, location and to be tagged and documented that they have been tracked and inspected.

Condition: Management was not able to provide us with a list of capitalized additions that were not in compliance with their own capitalization policy. After numerous attempts and adjustments to capital outlay expenditures accounts. We were given the amounts to be capitalized but this was not done until months after year end.

Cause: Management is not identifying items to be added to fixed assets at the time of purchase.

Effect: The City cannot document compliance with FS 274 regarding fixed assets.

Recommendation: We recommend the City identify all capital outlay amounts at the time of purchase, only record items to be added to actual capital outlay accounts, then identify the asset by location what it is and tag it, and make sure it is inspected on an annual basis

Response: The City has a capitalization policy in place, as required by FS 274, but management concurs with the auditor that compliance can be improved and agree with the recommendation. As a result, accounts payable, at the time of purchase, is identifying items which must be added to fixed asset, based upon the new threshold of $5,000 per purchase or activity, in some cases. Additionally, a monthly review is conducted on all accounts which are coded as a fixed asset purchase to determine if the expenditures meet the FS274 requirement and that the serial number has been identified, tagged, inspected, and on the list of capitalized additions. Training has been provided to staff as well concerning fixed asset accounting.

MORAN & SMITH LLP
Certified Public Accountants
MORANSMITHCPA.COM

2260 WEDNESDAY STREET STE 400
TALLAHASSEE, FLORIDA 32308
850.879.0636

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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 24, 2021.

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 2020-001, 2020-002, 2020-003, 2020-004, and 2020-005, 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 2020-001, 2020-002, 2020-003, 2020-004, and 2020-005, described in the accompanying schedule of findings and questioned costs to be significant deficiencies.

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

(concluded)

Compliance and Other Matters

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

Purpose of this Report

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

Moran & Smith LLP

Moran and Smith LLP
June 24, 2021
Tallahassee, Florida

MORAN & SMITH LLP
Certified Public Accountants
MORANSMITHCPA.COM

2260 WEDNESDAY STREET STE 400
TALLAHASSEE, FLORIDA 32308
850.879.0636

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, 2020. 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, 2020.

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

Moran & Smith LLP

Moran & Smith LLP
June 24, 2021
Tallahassee, Florida

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INDEPENDENT AUDITORS' MANAGEMENT LETTER

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

Report on the Financial Statements
We have audited the accompanying financial statements of the City of Quincy, Florida (the "City"), as of and for the year ended September 30, 2020, and have issued our report thereon June 24, 2021.

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, 2021, 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 made in the preceding audit report have been corrected.

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

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

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

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

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

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

Moran & Smith LLP

Moran & Smith LLP
June 24, 2021
Tallahassee, Florida