



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

City of Quincy

For the period January 1, 2020 through December 31, 2021

Published April 3, 2023

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**Office of the Washington State Auditor
Pat McCarthy**

April 3, 2023

City Council
City of Quincy
Quincy, Washington

Report on Financial Statements

Please find attached our report on the City of Quincy's financial statements.

We are issuing this report in order to provide information on the City's financial activities and condition.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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TABLE OF CONTENTS

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	4
Independent Auditor's Report on the Financial Statements	7
Financial Section.....	11
About the State Auditor's Office.....	55

INDEPENDENT AUDITOR'S REPORT

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*

City of Quincy January 1, 2020 through December 31, 2021

City Council
City of Quincy
Quincy, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the City of Quincy, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated March 28, 2023.

We issued an unmodified opinion on the fair presentation of the City's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared by the City using accounting practices prescribed by state law and the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) Manual described in Note 1, which is a basis of accounting other than GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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 financial statements. 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 City's internal control and

compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

March 28, 2023

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

City of Quincy January 1, 2020 through December 31, 2021

City Council
City of Quincy
Quincy, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of the City of Quincy, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, as listed in the financial section of our report.

Unmodified Opinion on the Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, the City has prepared these financial statements to meet the financial reporting requirements of state law and accounting practices prescribed by the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) Manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash and investments of the City of Quincy, and its changes in cash and investments, for the years ended December 31, 2021 and 2020, on the basis of accounting described in Note 1.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion, they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Quincy, as of December 31, 2021 and 2020, or the changes in financial position or cash flows thereof for the years then ended, because of the significance of the matter discussed below.

Basis for Unmodified and Adverse Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit unmodified and adverse opinions.

Matter Giving Rise to Adverse Opinion on U.S. GAAP

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. As described in Note 1 of the financial statements, the financial statements are prepared by the City in accordance with state law using accounting practices prescribed by the BARS Manual, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of state law and the BARS Manual described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and

Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

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

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The Schedules of Liabilities are presented for purposes of additional analysis, as required by the prescribed BARS Manual. These schedules are 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2023 on our consideration of the City's internal control over financial reporting and on the 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 effectiveness of the City's 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.

A handwritten signature in black ink, reading "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

March 28, 2023

FINANCIAL SECTION

City of Quincy January 1, 2020 through December 31, 2021

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2021
Fund Resources and Uses Arising from Cash Transactions – 2020
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2021
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2020
Notes to Financial Statements – 2021
Notes to Financial Statements – 2020

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2021
Schedule of Liabilities – 2020

City of Quincy
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		Total for All Funds (Memo Only)	001 Current Expense Fund	101 Library Fund	102 Street Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	28,944,862	12,353,310	6,814	4,756,017
388 / 588	Net Adjustments	(447,287)	-	-	-
Revenues					
310	Taxes	12,958,912	8,724,249	-	3,021,561
320	Licenses and Permits	864,412	586,556	-	-
330	Intergovernmental Revenues	2,579,432	1,752,162	-	681,770
340	Charges for Goods and Services	17,983,617	395,737	693	51
350	Fines and Penalties	5,230	5,230	-	-
360	Miscellaneous Revenues	353,043	72,255	34,101	17,470
Total Revenues:		34,744,646	11,536,189	34,794	3,720,852
Expenditures					
510	General Government	2,545,832	1,276,939	-	-
520	Public Safety	4,749,913	4,749,913	-	-
530	Utilities	8,598,773	-	-	-
540	Transportation	1,226,820	-	-	964,270
550	Natural/Economic Environment	670,407	652,407	-	-
560	Social Services	113,411	113,411	-	-
570	Culture and Recreation	1,012,192	939,960	45,781	-
Total Expenditures:		18,917,348	7,732,630	45,781	964,270
Excess (Deficiency) Revenues over Expenditures:		15,827,298	3,803,559	(10,987)	2,756,582
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	2,895,608	-	-	-
397	Transfers-In	29,474	8,474	21,000	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	5,025,830	3,087,379	-	-
Total Other Increases in Fund Resources:		7,950,912	3,095,853	21,000	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	6,280,956	738,103	-	927,446
591-593, 599	Debt Service	2,141,984	132	-	88
597	Transfers-Out	29,474	21,000	-	2,742
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	5,019,239	1,915,059	-	-
Total Other Decreases in Fund Resources:		13,471,653	2,674,294	-	930,276
Increase (Decrease) in Cash and Investments:		10,306,557	4,225,118	10,013	1,826,306
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	6,514,423	1,122,293	-	1,074,309
50841	Committed	-	-	-	-
50851	Assigned	19,894,434	3,060,859	16,826	5,508,012
50891	Unassigned	12,395,277	12,395,277	-	-
Total Ending Cash and Investments		38,804,134	16,578,429	16,826	6,582,321

The accompanying notes are an integral part of this statement.

City of Quincy
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		110 Tourist/visitor Fund	120 Affordable Housing Sales Tax Fund	305 Recreation Center Project	312 Capital Improvements Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	98,935	8,645	9,332	1,289,829
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	61,324	41,290	-	555,244
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	158	47	14	3,727
Total Revenues:		61,482	41,337	14	558,971
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	18,000	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	26,451	-	-	-
Total Expenditures:		44,451	-	-	-
Excess (Deficiency) Revenues over Expenditures:		17,031	41,337	14	558,971
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	-	-	-
Increase (Decrease) in Cash and Investments:		17,031	41,337	14	558,971
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	115,965	49,982	-	1,848,799
50841	Committed	-	-	-	-
50851	Assigned	-	-	9,346	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		115,965	49,982	9,346	1,848,799

The accompanying notes are an integral part of this statement.

City of Quincy
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		316 Sidewalk Improvement Fund	401 Water Fund	406 Industrial Sewer Operating	410 Domestic Sewer Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	1,596,047	3,364,716	452,154	4,953,761
388 / 588	Net Adjustments	-	-	(510,692)	63,405
Revenues					
310	Taxes	555,244	-	-	-
320	Licenses and Permits	-	-	277,856	-
330	Intergovernmental Revenues	-	-	145,500	-
340	Charges for Goods and Services	-	2,241,441	9,723,850	2,344,177
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	2,369	15,945	194,628	11,204
Total Revenues:		557,613	2,257,386	10,341,834	2,355,381
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	1,301,677	4,743,431	946,654
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	1,301,677	4,743,431	946,654
Excess (Deficiency) Revenues over Expenditures:		557,613	955,709	5,598,403	1,408,727
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	2,895,608	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	19,650	1,915,059	-
Total Other Increases in Fund Resources:		-	19,650	4,810,667	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	11,822	337,340	4,125,435	134,843
591-593, 599	Debt Service	-	29	1,767,875	373,860
597	Transfers-Out	-	2,791	100	1,445
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	16,800	3,084,378	-
Total Other Decreases in Fund Resources:		11,822	356,960	8,977,788	510,148
Increase (Decrease) in Cash and Investments:		545,791	618,399	1,431,282	898,579
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	2,141,837	-	-	161,238
50841	Committed	-	-	-	-
50851	Assigned	-	3,983,117	1,372,746	5,754,509
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		2,141,837	3,983,117	1,372,746	5,915,747

The accompanying notes are an integral part of this statement.

City of Quincy
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		420 Refuse Division	501 Fleet Maintenance	502 Insurance Fund	503 Central Services
Beginning Cash and Investments					
308	Beginning Cash and Investments	173	37,113	9,013	9,003
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	1,774,888	235,607	674,208	592,965
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	1,071	26	15	13
Total Revenues:		1,775,959	235,633	674,223	592,978
Expenditures					
510	General Government	-	-	676,913	591,980
520	Public Safety	-	-	-	-
530	Utilities	1,607,011	-	-	-
540	Transportation	-	262,550	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		1,607,011	262,550	676,913	591,980
Excess (Deficiency) Revenues over Expenditures:		168,948	(26,917)	(2,690)	998
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	3,742	-
Total Other Increases in Fund Resources:		-	-	3,742	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	5,967	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	1,396	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	3,002	-	-	-
Total Other Decreases in Fund Resources:		10,365	-	-	-
Increase (Decrease) in Cash and Investments:		158,583	(26,917)	1,052	998
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	-
50841	Committed	-	-	-	-
50851	Assigned	158,754	10,195	10,065	10,005
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		158,754	10,195	10,065	10,005

The accompanying notes are an integral part of this statement.

City of Quincy
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2020

		Total for All Funds (Memo Only)	001 Current Expense Fund	101 Library Fund	102 Street Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	24,507,506	6,938,389	4,000	5,623,174
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	12,654,638	10,088,316	-	1,189,466
320	Licenses and Permits	1,606,193	1,337,076	-	-
330	Intergovernmental Revenues	2,144,408	684,031	-	860,377
340	Charges for Goods and Services	15,622,166	817,735	225	2,421
350	Fines and Penalties	3,170	3,170	-	-
360	Miscellaneous Revenues	1,086,075	208,006	31,831	53,817
Total Revenues:		33,116,650	13,138,334	32,056	2,106,081
Expenditures					
510	General Government	2,326,608	1,177,929	-	-
520	Public Safety	5,093,857	5,093,857	-	-
530	Utilities	9,059,710	-	-	-
540	Transportation	1,178,176	-	-	937,254
550	Natural/Economic Environment	615,424	598,424	-	-
560	Social Services	103,326	103,326	-	-
570	Culture and Recreation	936,964	860,195	50,242	-
Total Expenditures:		19,314,065	7,833,731	50,242	937,254
Excess (Deficiency) Revenues over Expenditures:		13,802,585	5,304,603	(18,186)	1,168,827
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	5,577,239	-	-	-
397	Transfers-In	2,000,254	362,103	21,000	1,262,639
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	6,919,438	3,921,507	-	-
Total Other Increases in Fund Resources:		14,496,931	4,283,610	21,000	1,262,639
Other Decreases in Fund Resources					
594-595	Capital Expenditures	12,136,089	819,779	-	3,296,543
591-593, 599	Debt Service	2,811,177	211	-	119
597	Transfers-Out	2,000,255	375,512	-	1,965
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	6,914,657	2,977,800	-	-
Total Other Decreases in Fund Resources:		23,862,178	4,173,302	-	3,298,627
Increase (Decrease) in Cash and Investments:		4,437,338	5,414,911	2,814	(867,161)
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	4,292,885	-	-	1,074,309
50841	Committed	-	-	-	-
50851	Assigned	13,636,882	1,338,215	6,814	3,681,708
50891	Unassigned	11,015,095	11,015,095	-	-
Total Ending Cash and Investments		28,944,862	12,353,310	6,814	4,756,017

The accompanying notes are an integral part of this statement.

City of Quincy
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2020

		110 Tourist/visitor Fund	120 Affordable Housing Sales Tax Fund	304 Public Safety Facility Project	305 Recreation Center Project
Beginning Cash and Investments					
308	Beginning Cash and Investments	96,507	-	5,425	9,280
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	45,415	8,643	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	540	2	18	52
Total Revenues:		45,955	8,645	18	52
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	17,000	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	26,527	-	-	-
Total Expenditures:		43,527	-	-	-
Excess (Deficiency) Revenues over Expenditures:		2,428	8,645	18	52
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	189,079	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	189,079	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	194,522	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	-	194,522	-
Increase (Decrease) in Cash and Investments:		2,428	8,645	(5,425)	52
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	98,935	8,645	-	-
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	9,332
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		98,935	8,645	-	9,332

The accompanying notes are an integral part of this statement.

City of Quincy
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2020

		307 City Hall Project	312 Capital Improvements Fund	316 Sidewalk Improvement Fund	401 Water Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	4,143	620,114	1,750,599	3,822,320
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	661,399	661,399	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	2,160,886
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	16	8,315	15,314	38,300
Total Revenues:		16	669,714	676,713	2,199,186
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	1,257,656
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	-	1,257,656
Excess (Deficiency) Revenues over Expenditures:		16	669,714	676,713	941,530
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	165,433	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	18,050
Total Other Increases in Fund Resources:		165,433	-	-	18,050
Other Decreases in Fund Resources					
594-595	Capital Expenditures	169,592	-	7,643	1,399,246
591-593, 599	Debt Service	-	-	-	56
597	Transfers-Out	-	-	823,623	2,531
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	15,350
Total Other Decreases in Fund Resources:		169,592	-	831,266	1,417,183
Increase (Decrease) in Cash and Investments:		(4,143)	669,714	(154,553)	(457,603)
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	1,289,829	1,596,047	-
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	3,364,716
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		-	1,289,829	1,596,047	3,364,716

The accompanying notes are an integral part of this statement.

City of Quincy
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2020

		406 Industrial Sewer Operating	410 Domestic Sewer Fund	420 Refuse Division	501 Fleet Maintenance
Beginning Cash and Investments					
308	Beginning Cash and Investments	1,025,918	4,280,739	278,767	32,662
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	269,117	-	-	-
330	Intergovernmental Revenues	600,000	-	-	-
340	Charges for Goods and Services	7,187,554	2,475,461	1,569,976	258,846
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	699,612	28,361	1,768	43
Total Revenues:		8,756,283	2,503,822	1,571,744	258,889
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	5,312,356	1,016,091	1,473,607	-
540	Transportation	-	-	-	240,922
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		5,312,356	1,016,091	1,473,607	240,922
Excess (Deficiency) Revenues over Expenditures:		3,443,927	1,487,731	98,137	17,967
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	5,577,239	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	2,974,800	-	3,000	-
Total Other Increases in Fund Resources:		8,552,039	-	3,000	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	6,210,142	19	25,087	13,516
591-593, 599	Debt Service	2,436,949	373,842	-	-
597	Transfers-Out	1,132	440,847	354,645	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	3,921,507	-	-	-
Total Other Decreases in Fund Resources:		12,569,730	814,708	379,732	13,516
Increase (Decrease) in Cash and Investments:		(573,764)	673,023	(278,595)	4,451
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	63,882	161,238	-	-
50841	Committed	-	-	-	-
50851	Assigned	388,272	4,792,523	173	37,113
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		452,154	4,953,761	173	37,113

The accompanying notes are an integral part of this statement.

City of Quincy
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2020

		502 Insurance Fund	503 Central Services
Beginning Cash and Investments			
308	Beginning Cash and Investments	9,119	6,350
388 / 588	Net Adjustments	-	-
Revenues			
310	Taxes	-	-
320	Licenses and Permits	-	-
330	Intergovernmental Revenues	-	-
340	Charges for Goods and Services	602,423	546,639
350	Fines and Penalties	-	-
360	Miscellaneous Revenues	54	26
Total Revenues:		602,477	546,665
Expenditures			
510	General Government	604,665	544,014
520	Public Safety	-	-
530	Utilities	-	-
540	Transportation	-	-
550	Natural/Economic Environment	-	-
560	Social Services	-	-
570	Culture and Recreation	-	-
Total Expenditures:		604,665	544,014
Excess (Deficiency) Revenues over Expenditures:		(2,188)	2,651
Other Increases in Fund Resources			
391-393, 596	Debt Proceeds	-	-
397	Transfers-In	-	-
385	Special or Extraordinary Items	-	-
381, 382, 389, 395, 398	Other Resources	2,081	-
Total Other Increases in Fund Resources:		2,081	-
Other Decreases in Fund Resources			
594-595	Capital Expenditures	-	-
591-593, 599	Debt Service	-	-
597	Transfers-Out	-	-
585	Special or Extraordinary Items	-	-
581, 582, 589	Other Uses	-	-
Total Other Decreases in Fund Resources:		-	-
Increase (Decrease) in Cash and Investments:		(107)	2,651
Ending Cash and Investments			
50821	Nonspendable	-	-
50831	Restricted	-	-
50841	Committed	-	-
50851	Assigned	9,013	9,003
50891	Unassigned	-	-
Total Ending Cash and Investments		9,013	9,003

The accompanying notes are an integral part of this statement.

City of Quincy
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		<u>Custodial</u>
308	Beginning Cash and Investments	17,908
388 & 588	Net Adjustments	-
310-390	Additions	8,310
510-590	Deductions	<u>7,770</u>
	Net Increase (Decrease) in Cash and Investments:	540
508	Ending Cash and Investments	18,448

The accompanying notes are an integral part of this statement.

City of Quincy
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2020

		<u>Custodial</u>
308	Beginning Cash and Investments	17,108
388 & 588	Net Adjustments	-
310-390	Additions	9,556
510-590	Deductions	<u>8,755</u>
	Net Increase (Decrease) in Cash and Investments:	801
508	Ending Cash and Investments	17,908

The accompanying notes are an integral part of this statement.

City of Quincy
Notes to the Financial Statements
For the year ended December 31, 2021

Note 1 - Summary of Significant Accounting Policies

The City of Quincy was incorporated on March 27, 1907, and operates under the laws of the state of Washington applicable to a non-charter code city. The City of Quincy is a general purpose local government and provides public safety, fire prevention, street improvement, parks, recreation, health and social services, and general administrative services. In addition, the City owns and operates water, sewer, reuse and solid waste utilities.

The City reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter [43.09](#) RCW. This manual prescribes a financial reporting framework that differs from Generally Accepted Accounting Principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements (see Note 3 – Component Unit(s), Joint Ventures, and Related Parties).
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances for proprietary and fiduciary funds are presented using the classifications that are different from the ending net position classifications in GAAP.

A. **Fund Accounting**

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used:

GOVERNMENTAL FUND TYPES:

General Fund

This fund is the primary operating fund of the government. It accounts for all financial resources except those required or elected to be accounted for in another fund.

Special Revenue Funds

These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the government.

Capital Projects Funds

These funds account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets.

PROPRIETARY FUND TYPES:

Enterprise Funds

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges.

Internal Service Funds

These funds account for operations that provide goods or services to other departments or funds of the government on a cost reimbursement basis.

FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the government in a trustee capacity or as a custodian on behalf of others.

Custodial Funds

These funds are used to account assets that the government holds on behalf of others in a custodial capacity.

B. Basis of Accounting and Measurement Focus

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid.

In accordance with state law, the City of Quincy also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

C. Cash and Investments

See Note 5, *Deposits and Investments*.

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of 5 years. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Vacation leave may be accumulated up to 29 days for Teamsters union employees, 33 days for Quincy Police Officer's Association employees and up to 35 days for non-union employees, depending upon years of service, and is payable upon separation or retirement.

All nonexempt employees may accumulate up to 80 hours of Compensated Time (Comp Time) and is payable upon separation or retirement.

Sick leave may be accumulated up to 720 hours for Teamsters, Excluded and Exempt classifications. Upon

separation or retirement employees do not receive payment for unused sick leave.

Sick leave may accumulate up to 960 hours for members of the Quincy Police Officers' Association. Upon separation or retirement, Quincy Police Officers' Association members do receive payment for unused sick leave per the bargaining agreement at 10% after 5 years of employment and 50% upon retirement or after 20 years of service. Dependents of an employee involved in a Line of Duty death will receive 100% cash out. . No "cash out" for just cause disciplinary termination. Payments are recognized as expenditures when paid.

F. Long-Term Debt

See Note 7, *Long-Term Debt*.

G. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by Ordinance. When expenditures that meet restrictions are incurred, the City of Quincy intends to use most restricted resources first.

Restrictions of Ending Cash and Investments consist of:

Restricted Cash and Investment:

- **Current Expense Fund 001**, \$1,122,293 – In 2021, Federal funds were appropriated for the Coronavirus State and Local Fiscal Recovery Funds (SLFRF), a part of the American Rescue Plan, in response to and recovery from the COVID-19 public health emergency. The City received the first half in 2021, with the second half paid in 2022. The Funds are restricted due to required compliance with section 603(c) of the Social Security Act, Treasury's regulations implementing that section, and guidance issued by Treasury regarding the funds.
- **Domestic Sewer Fund 410 (Fund 417 Rolled into 410)**, \$161,238 - Per USDA-RD debt covenants, the City must hold 1 year of debt service in reserve for the duration of the loan.
- **Capital Improvement Fund 312**, \$1,848,799 – A real estate excise tax (REET 1) imposed on the sale of real property and restricted to local capital projects is placed in a municipal capital improvements fund (RCW 82.46.030).
- **Sidewalk Improvement Fund 316** - \$2,141,837. A real estate excise tax (REET 2) imposed on the sale of real property and restricted to local capital projects as defined identified in RCW 82.46.035. Proceeds should be placed in the capital projects fund (RCW 82.46.030). **QMC 3.50.316 Sidewalk Improvements Fund.** The Sidewalk Improvements Fund is established as BARS Fund 316 to receive and accumulate the proceeds from the additional real estate excise tax authorized by section [3.26.010\(B\)](#), for the financing capital projects related to the City's sidewalks, as specified in the capital facilities plan element of the City's comprehensive plan, as authorized by RCW [82.46.035](#), as presently adopted and subject to any amendments thereto.
- The Special Revenue Funds:
 - **Street Fund 102 (Fund 103 Rolled into 102)**, \$1,074,309 –The balance of \$1,074,309 was received from three separate development agreements for improvements to M Street Northeast.
 - **Tourist/Visitor Fund 110**, \$115,965 – Funds received from local hotel/motel tax (Chapter 67.28.RCW) and special local hotel/motel tax (Chapters 67.28, 67.40, 35.101 and 36.100 RCW) must be used solely for the purpose of tourist promotion, acquisition of tourism related facilities, or operation of

tourism.

- **Affordable Housing Sales Tax Fund 120**, \$49,982 – Funds received from sales and use tax, as authorized by RCW 82.14.540 and imposed by the City under QMC 3.50.120. Revenues are restricted by state statute solely for the purpose of providing affordable housing as defined in RCW 52.14.540.

Note 2 – Budget Compliance

The City of Quincy adopts annual appropriated budgets for all funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets were as follow:

Fund	Final Appropriated Amount	Actual Expenditures	Variance
001 Current Expense Fund	\$25,285,630.29	\$12,084,868.50	\$13,200,761.79
101 Library Fund	\$61,246.86	\$45,781.23	\$15,465.63
102 Street Fund	\$2,550,826.38	\$1,269,635.47	\$1,281,190.91
103 Street Construction Reserve	\$5,406,880.33	\$624,911.23	\$4,781,969.10
104 Equipment Reserve Fund	\$107,434.45	\$35,237.33	\$72,197.12
105 Park Reserve Fund	\$1,079,583.42	\$1,000.00	\$1,078,583.42
106 Fire Dept. Reserve Fund	\$1,211,656.31	\$0.00	\$1,211,656.31
107 Contingency Fund	\$145,270.38	\$0.00	\$145,270.38
108 Library Reserve	\$1,682.92	\$0.00	\$1,682.92
109 Police Dept. Reserve Fund	\$334,370.47	\$0.00	\$334,370.47
110 Tourist/visitor Fund	\$149,134.55	\$44,450.94	\$104,683.61
111 Mechanic Shop Reserve Fund	\$13,454.22	\$0.00	\$13,454.22
113 Drug Education/prevention	\$33,420.57	\$2,972.57	\$30,448.00
117 LEOFF I	\$211,702.98	\$7,274.81	\$204,428.17
120 Affordable Housing Sales Tax Fund	\$8,664.68	\$0.00	\$8,664.68
305 Recreation Center Project	\$9,144,532.39	\$0.00	\$9,144,532.39
312 Capital Improvements Fund	\$1,315,828.69	\$0.00	\$1,315,828.69
316 Sidewalk Improvement Fund	\$1,626,046.68	\$11,822.25	\$1,614,224.43
401 Water Fund	\$5,834,770.69	\$1,641,833.47	\$4,192,937.22
402 W/S Bond Redemption	\$935,822.05	\$935,821.33	\$0.72
403 Water Repair & Replacement	\$466,345.16	\$0.00	\$466,345.16
404 W/S Bond Reserve	\$63,882.09	\$63,882.09	\$0.00
405 Water Reclamation & Industrial Reuse Utility Fund	\$6,741,936.77	\$5,793,580.18	\$948,356.59
406 Industrial Sewer Operating	\$7,298,311.68	\$6,901,635.98	\$396,675.70
407 Domestic Sewer R&R Fund	\$472,347.20	\$0.00	\$472,347.20

409 Pre-Treatment Fund	\$302,239.70	\$293,172.28	\$9,067.42
410 Domestic Sewer Fund	\$6,465,739.88	\$1,513,314.41	\$4,952,425.47
415 USDA Equipment Reserve	\$240,885.98	\$0.00	\$240,885.98
416 USDA Bond Fund	\$161,238.00	\$161,238.00	\$0.00
417 USDA Bond Reserve Fund	\$184,875.90	\$0.00	\$184,875.90
420 Refuse Division	\$1,846,522.66	\$1,617,377.15	\$229,145.51
430 Consumer Deposit Fund	\$29,250.00	\$16,800.00	\$12,450.00
460 Reuse Construction Fund	\$2,672,340.88	\$2,477,293.27	\$195,047.61
501 Fleet Maintenance	\$309,450.37	\$262,550.96	\$46,899.41
502 Insurance Fund	\$703,761.12	\$676,913.45	\$26,847.67
503 Central Services	\$649,376.43	\$591,976.82	\$57,399.61

Budgeted amounts are authorized to be transferred between departments within any fund/object classes within departments; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City of Quincy's legislative body.

Actual expenditures by fund represent more expenditures than total actual expenditures by the City due to several managerial funds that have been established that are rolled to meet the BARS requirements as prescribed by the WA State Auditor's Office under RCW 43.09. See Note 12, *Other Disclosures*.

Note 3 - Joint Ventures, Component Unit(s), and Related Parties

- A. Interlocal Agreement for the Operations of the Multi Agency Communication Center (Grant County, Cities in Grant County, Port of Moses Lake, and Fire Districts in Grant County) - 1995. The Interlocal Agreement established the Multi Agency Communications Center (MACC), an E911 communications center for Grant County. The City does not make a financial contribution to MACC other than through the 911 tax imposed upon its residents by State Law and contract payments for dispatch services. The Board of Directors established under the Interlocal Agreement has the authority to establish a fair and equitable contribution from each participating entity for MACC. The Interlocal Agreement provides enhanced 911 services. A member appointed by Grant County Cities & Towns represents the City on the Board of Directors. The property acquired by MACC is shared by the participants in the Interlocal Agreement to the same extent as they have made financial contributions to MACC. Detailed financial statements for this entity can be obtained from MACC at 6500 32nd Ave NE, Suite 911, Moses Lake, WA 98837.
- B. There are several Councilmembers and Executive staff who serve on various community organizations and boards:
 - Councilmember Kling serves as a Board Member on the Grant Transit Authority Board (GTA). GTA provides public transportation to all of Grant County. The City works with GTA to provide safe locations for bus stops.
 - Councilmember Harris serves on the Grant County Health District Board. They oversee the public health needs of Grant County. The City contributes \$4 per citizen to the Health District in support of their efforts to combat communicable and other diseases in Grant County. In 2021, the City contributed \$31,720 to Grant County Health District.
 - Councilmember Padron and Former Councilmember Garrison serve with Grant County Fire

District #3 as volunteer firefighters. Grant County Fire District #3 provides contract fire and life safety protection services for the City plus additional fees for fire plan review. Former Councilmember Garrison also served as the City's representative at the Grant County Fire District #3 Commissioner meetings.

Note 4 – COVID-19 Pandemic

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of COVID-19. Precautionary measures to slow the spread of the virus continued throughout 2021. These measures included limitations on business operations, public events, gatherings, travel, and in-person interactions.

The Mayor issued a declaration of emergency for the City of Quincy on March 16, 2020. The City closed all City offices, cancelled all recreation activities and refunded back where appropriate, waived late fees and disconnection fees for the residents and businesses and allowed garbage pickup holds for businesses that are not essential in response to the Governor's proclamation. The Mayor issued a second Proclamation on March 23, 2020, extending the original declaration through May 4, 2020. On March 23, 2020 the Governor issued proclamation 20-25 "Stay Home, Stay Healthy" (extended by 20-25.1, 20-25.2 and 20-25.3 until May 31st) which required all non-essential services to stay home. The Mayor issued a third Proclamation on May 5, 2020 extending the state of emergency through June 2, 2020.

In addition and in direct response to the needs of our citizens and small businesses within the city, the Council conducted their regular meetings by phone or Zoom as well as regular in person meetings once allowed by the Governor's proclamations.

On May 25, 2020, the Governor approved for Grant County to move into phase two of the four phase Safe Start plan.

The City of Quincy remained closed to the public until June 2021, in accordance with the Governor's proclamation. Additionally, due to the financial impact to the community, the City waived the delinquency and shutoff fees until sixty (60) past the Governor's lifting September 30, 2021, to allow citizens the ability to resume work and focus their finances on housing and family needs.

The City's financial impact to the general fund to date has been less than originally anticipated due to continued construction on large projects within the corporate limits. The major impact to the general fund, due to the shutdown, has been to the City Recreation Department which has programs restricted due to the pandemic. The Aquatic Center was allowed to open with restrictions on attendance, which is an asset to the City and the surrounding community providing a place for children, adults and families to enjoy. The potential financial impact to the City will be primarily in the enterprise funds due to inability of residents to make timely payments and the continued enforcement of the Governor's proclamations. The full impact of COVID-19 Pandemic may never be fully determined but the financial and emotional hardship it has placed on the community will leave a lasting impression.

In response to the pandemic, most city facilities were closed to the public until June of 2021. While some activities have been limited or temporarily curtailed, the City continues to operate all major functions and meet its public mandates. The City has remained economically stable and continues to adapt to the changing conditions.

On May 16, 2022, the Mayor issued a proclamation, ratified by City Council on May 17, 2022, terminating

the Civil Emergency and Order. The full extent of the direct or indirect financial impact on the City of Quincy was minimal and mainly impacted the City's Recreation Department however, the residents and business experienced a bigger financial impact than the City.

Note 5 – Deposits and Investments

Investments are reported at original cost. Deposits and Investments by type at December 31, 2021 are as follows:

Type of Investment	City's Own investments	Deposits and investments held by the City of Quincy as custodian for other local governments, individuals, or private organizations	Total
Bank Deposits	\$4,026,934.61	\$18,448.41	\$4,045,383.02
L.G.I.P.	\$27,621,671.67		\$27,621,671.67
Grant County Local Investment Pool (GCLIP)	\$4,151,547.36		\$4,151,547.36
GCLIP Hospital Warrants Investment	\$0.00		\$0.00
U.S. Government Securities	\$3,003,982.00		\$3,003,982.00
Total	\$38,804,135.64	\$18,448.41	\$38,822,584.05

It is the City of Quincy's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds or to the appropriate fund the investment was made from.

Investments in the State Local Government Investment Pool (LGIP)

The City is a voluntary participant in the Local Government Investment Pool, an external investment pool operated by the Washington State Treasurer. The pool is not rated and not registered with the SEC. Rather, oversight is provided by the State Finance Committee in accordance with Chapter 43.250 RCW. Investments in the LGIP are reported at amortized cost, which is the same as the value of the pool per share. The LGIP does not impose any restrictions on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone financial report for the pool. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at www.tre.wa.gov.

Investments in Grant County Investment Pool

The City is a voluntary participant in the Grant County Local Investment Pool, an external investment pool operated by the County Treasurer. The pool is not rated or registered with the SEC. Rather, oversight is provided by the County Finance Committee in accordance with RCW 36.48.070. The City reports its investment in the pool at amortized cost, which is the same as the value of the pool per share. The GCLIP imposes an early withdrawal penalty for redemption less than 90 days' notice.

Days before withdrawal: *Percentage of Monies Withdrawn:*

0-30 days	2.0% of monies withdrawn
31-60 days	1.0% of monies withdrawn
61-80 days	0.5% of monies withdrawn
81-89 days	0.2% of monies withdrawn

All investments are insured, registered or held by the City or its agent in the government's name.

Other Disclosures

The City of Quincy and Grant County entered into an interlocal investment service agreement for the City to invest \$1,000,000 with the County for a share of Grant County Hospital District #2 Warrants. In December 2019, the warrant limit was lowered for the Hospital District, lowering the investment to \$900,000 and reimbursing the City \$100,000, which was deposited into the GCLIP. The annual rate of interest on the Hospital Warrant is 3.5%. In 2021, the warrant limit was lowered and the remaining invested balance was repaid to the City of Quincy in full and rolled into the GCLIP November 1, 2021.

Note 6 - Interfund Loans

The following table displays interfund loan activity during 2020:

Borrowing	Lending	Balance			Balance
<u>Fund</u>	<u>Fund</u>	<u>1/1/2021</u>	<u>New Loans</u>	<u>Repayments</u>	<u>12/31/2021</u>
460	001	\$4,028,012	\$55,929	\$1,055,000	\$3,028,941
405	001	\$1,354,174	\$529,400	\$580,400	\$1,303,174
406	001	\$0	\$1,287,000	\$1,287,000	\$0
409	001	\$1,400.00	\$42,730.00	44,130.00	\$0
420	001	\$3,000	\$0	\$3,000	\$0
	TOTALS	\$5,386,586	\$1,915,059	\$2,969,530	\$4,332,115

The City setup the Fund 460 Reuse Construction fund to manage the funds for the construction of the Reuse Facility. In 2016, the City transferred the interfund loans from the Fund 405 to the Fund 460 for the City's Reuse Facility. Resolution 15-362 sets annual interest payment at 1% until the completion of the project and a principal and interest payment schedule is established. Interfund loans were budgeted to be paid off in 2018 upon receipt of Public Works Trust Fund (PWTF) Loan, however, money from the PWTF did not arrive until 2019. Ordinance 20-555, adopting the 2021 Budget, set any new interfund loans interest rate of equivalent to the Local Government Investment Pool interest rate at the time of the Loan. The 001 Fund (Current Expense) was repaid with additional interfund loans made to help cover the cost of the project until money is received from an anticipated Bond with Washington Trust Bank. Microsoft has committed to ensuring the bond is paid through the rates established for the Reuse Utility. The Reuse Water Central Facility project was started up in May 2021 and has been successfully operating for over a year with minimal interruptions.

Note 7 – Long-Term Debt

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the City of Quincy and summarizes the City's debt transactions for year ended December 31, 2021.

The debt service requirements for revenue bonds and future payments requirements are as follows:

Year	Principal	Interest	Total
2022	\$1,469,240	\$447,532	\$1,916,772
2023	\$1,479,777	\$430,326	\$1,910,103
2024	\$1,288,162	\$402,872	\$1,691,034
2025	\$1,306,906	\$377,560	\$1,684,466
2026	\$1,326,240	\$351,657	\$1,677,897
2027-2031	\$6,939,188	\$1,351,771	\$8,290,959
2032-2036	\$6,455,353	\$637,724	\$7,093,077
2037-2041	\$1,682,790	\$257,021	\$1,939,811
2042-2046	\$660,195	\$145,995	\$806,190
2047-2051	\$602,146	\$42,806	\$644,952
TOTALS	\$23,209,997	\$4,445,264	\$27,655,261

In addition to the existing debt listed above, the City has an anticipated bond loan for the construction of the Reuse Water Central Facility, which is included on the Schedule of Liabilities and will be updated once construction is complete and amortization schedule has been received from the appropriate lender.

Note 8 – Other Post-Employment Benefits (OPEB)

The LEOFF I Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by the City as required by RCW 41.26. The plan pays for 100% of eligible retirees' healthcare costs on a pay-as-you-go basis. As of December 31, 2021, the plan had one (1) LEOFF I members, all retirees.

As of December 31, 2021, the City's total OPEB liability was \$740,578, as calculated using the alternative measurement method.

For the year ended December 31, 2021, the City paid \$7,274.81 in benefits.

Note 9 – Pension Plans

A. State Sponsored Pension Plans

Substantially all City of Quincy's full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans (PERS I, PERS II, PERS III, LEOFF I and LEOFF II).

The State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information for each plan. The DRS ACFR may be obtained by writing to:

Department of Retirement Systems
Communications Unit
P.O. Box 48380
Olympia, WA 98540-8380

Also, the DRS ACFR may be downloaded from the DRS website at www.drs.wa.gov.

The City of Quincy also participates in the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund (VFFRPF) administered by the State Board for Volunteer Fire Fighters and Reserve Officers. Detailed information about the plan is included in the State of Washington ACFR available from the Office of Financial Management website at www.ofm.wa.gov.

At June 30, 2021 (the measurement date of the plans), the City of Quincy's proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$112,204	0.015063%	\$183,954
PERS 2/3	\$183,263	0.019346%	\$(1,927,173)
LEOFF 1		0.003381%	\$(115,818)
LEOFF 2	\$87,377	0.043832%	\$(2,545,944)

LEOFF Plan 1

The City of Quincy also participates in LEOFF Plan 1. The LEOFF Plan 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. Starting on July 1, 2000, employers and employees contribute zero percent.

LEOFF Plan 2

The City of Quincy also participates in the LEOFF Plan 2. The Legislature, by means of a special funding arrangement, appropriates money from the state general fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute.

Note 10 - Property Tax

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed at the end of each month.

Property tax revenues are recognized when cash is received by the City. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The City of Quincy's regular levy for the year 2021 was \$1.2484848762 per \$1,000 on an assessed valuation of \$3,826,651,168 for a total regular levy of \$4,777,516.

Note 11 - Risk Management

Property, Liability and Fidelity

The City of Quincy is a member of the Cities Insurance Association of Washington (CIAW). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provision of Chapter 39.34 RCW, the Interlocal Cooperation Act. The program was formed on September 1, 1988 when 34 cities in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As November 30, 2021, there are 192 members in the program.

The program provides the following forms of joint self-insurance and reinsurance coverage for its members: Property, including Automobile Comprehensive and Collision, Equipment Breakdown, and Crime Protection and Liability; including General, Automobile and Wrongful Acts, which are included to fit members various needs.

The program acquires liability insurance through their administrator, Clear Risk Solutions, which is subject to a per occurrence self-insured retention (SIR) of \$100,000. Members are responsible for a \$1,000 to \$10,000 deductible for each claim (can vary by member), while the program is responsible for the \$100,000 SIR. Since the program is a cooperative program, there is a joint liability among the participating members toward the sharing of the \$100,000 SIR, in addition to the deductible. The program also purchases a Stop Loss Policy as another layer of protection to its membership, with an attachment point of \$3,505,566, which is fully funded in its annual budget.

Property insurance is subject to a per occurrence SIR of \$100,000. Members are responsible for a \$1,000 deductible for each claim (some member deductibles vary). The program bears the \$100,000 SIR, in addition to the deductible.

Crime insurance is subject to a per occurrence self-insured retention of \$25,000. Members are responsible for a \$1,000 deductible for each claim (some members deductibles vary). The program bears the \$255,000 SIR, in addition to the deductible.

Equipment breakdown insurance is subject to a per occurrence deductible of \$2,500, which may vary per member, with the exception of Pumps & Motors, which is \$10,000. Members are responsible for the deductible amount of each claim. There is no program SIR on this coverage, with the exception of Pumps & Motors, which is \$15,000 and is covered by CIAW.

Cyber liability insurance is subject to a per-occurrence SIR of \$50,000. Members are responsible for a \$10,000 deductible for each claim, while the program is responsible for the remaining \$40,000 SIR.

Members contract to remain in the program for a minimum of one year, and must give notice before December 1, to terminate participation the following December 1. The Interlocal Agreement is renewed automatically each year. In the event of termination, a member is still responsible for contributions to the

program for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Agreement.

The program has no employees. Claims are filed by members/brokers with Clear Risk Solutions, who have been contracted to perform program administration, underwriting, claims adjustment, and loss prevention for the program. Fees paid to the third party administrator under this arrangement for the year ending December 1, 2021, were \$2,772,986.77.

A board of ten members is selected by the membership from three geographic areas of the state on a staggered term basis and is responsible for conducting the business affairs of the program.

Unemployment Compensation - Reimbursable.

The City of Quincy has a “reimbursable” agreement with the Washington State Department of Employment Security Department (ESD) for unemployment compensation. This is considered a form of self-insurance. The city utilized the ESD for all claims activity. (See Schedule 21 for claims activity incurred during the fiscal year 2021). The City of Quincy only pays when an unemployment claim has been filed. In 2021, there were two (2) claims paid for a total of \$1,049.38. The two claims were from third (3rd) and fourth (4th) quarters in 2020.

The city feels that it has sufficient funds within its governmental and proprietary funds to accommodate any unemployment claims that may occur in the forthcoming fiscal period.

Note 12 - Other Disclosures

A. The City has several managerial funds that have been established to meet its fiscal and budgetary needs. For reporting purposes these funds are rolled to meet the BARS requirements as prescribed by the WA State Auditor’s Office under RCW 43.09. The funds are:

- Current Expense Fund includes the funds of 001, 104, 105, 106, 107, 109, 111, 113 and 117.
- Library Fund includes the funds of 101 and 108.
- Street Fund includes the funds of 102 and 103.
- Water Utility Fund includes the funds of 401, 403 and 430.
- Sewer Utility Fund includes the funds of 410, 407, 415, 416 and 417.
- Industrial Sewer Fund includes the funds of 406, 402, 404, 405, 409, 450 and 460.

B. The City of Quincy has six (6) active construction projects as of December 31, 2021, and eleven (11) projects with retainage to be paid in 2022. The projects include the projects listed below.

At year-end the City’s commitment with the contractors was as follows:

Project Name	Spent as of 12/31/2021	Remaining Commitment
Reuse Wastewater Central Facility	\$3,021,276.42	\$159,014.56
A Street SE Infrastructure Improvements	\$96,275.66	\$1,478,984.19
Lime Softener Site/Facility Office Building Grinder Station and Force Main	\$0.00	\$150,812.97
Well #1 Main Electrical Panel Box Emergency Repair	\$6,541.67	\$43,458.33

City of Quincy Reuse Wastewater Central Facility - Start-Up Support Services (Apollo)	\$326,748.72	\$31,383.64
City of Quincy Aquifer Characterization Well	\$1,185,405.00	\$0.00
<i>Completed in 2021 - Retainage to be Paid in 2022</i>		
B Street SE & C Street SE Improvements - Schedule B	\$1,126,721.96	\$59,301.16
Division Street East Industrial Sewer Force Main Emergency Repair Work	\$34,308.97	\$3,812.11
4th Avenue SE Sidewalk Improvements	\$596,017.83	\$31,369.36
B Street SE and C Street SE Improvements Schedule A - 1	\$100,886.69	\$11,209.63
B Street SE Water Main Emergency Repair	\$152,536.01	\$16,948.45
Quincy Water Reuse Utility Infrastructure Improvements	\$27,629.91	\$4,569.99
City of Quincy Reuse Wastewater Central Facility Repair of Defective Work and Completion of Unfinished Work (Apollo)	\$520,238.42	\$27,380.97
City of Quincy Reuse Wastewater Central Facility Repair of Defective Work and Completion of Unfinished Work (Stetner)	\$187,473.61	\$29,340.72
Reuse Wastewater Central Facility - Start-Up Support Services (Stetner)	\$80,083.79	\$8,898.21
Senior Center Building Minor Repair	\$22,032.00	\$2,448.00
ASR Well Site and Access Driveway Improvements	\$257,595.71	\$13,557.67

- C. Liabilities: The City has long-term agreements with Woodard and Curran for process operations and upgrades to the Reuse, Domestic and Industrial Sewer Treatment Facilities, including the operation and maintenance of the Water Wells and Booster pump system, with fees associated for early termination.
- D. Contingencies and Litigations:
There may be a loss the City may incur due to environmental concerns related to fees assessed by the Department of Ecology (DOE) in an unknown amount between zero to potentially over one million dollars.
- E. In 2015, the City and Microsoft Data Center entered into discussions regarding the City need to get the industrial wastewater discharge out of the ditch as required by the US Bureau of Reclamation (USBR). The plan would allow Microsoft, and other data centers, to use wastewater from the Industrial Treatment Facility for their cooling systems. This utility would serve two purposes: Resolve the requirement by the USBR to no longer discharge into the lateral canal; and, Decrease the amount of potable water used by the data centers. This project is still under construction, funded through loans and bonds guaranteed by Microsoft to be paid through the rates. With the magnitude of this project, Microsoft has taken on part of the scopes. Microsoft has completed the Lime Softening System, Ultrafiltration Buildout, Blend Tank & Industrial Reuse Water Pump State and the Permeate Tank and Pump Station. The City has completed Brine Pond 5, Neutralized Brine Waste Piping, two of the six Underground Piping modifications and Aquifer Storage & Recovery (ASR) Well Phase 1. Ongoing projects for the City are modifications to the High Efficiency Softening, modifications to the Reuse Water Central Facility (RWCF) to complete the Ultrafiltration Installation and completion of the remaining Underground Piping modifications. The planned completion in 2020 was to include the following City of Quincy scopes: Piping Tie-Ins, CLA extension piping, pump stations, ultrafiltration waste and feed systems with the commissioning and Quincy Water Reuse Utility Integration occurring

between April and September 2020. Due to the COVID-19 Pandemic, construction was not completed as scheduled. The completion and start up for the Reuse Water Central Facility was June of 2021. Future scopes include extending the IRW & RWW Piping, RO System Modifications, Lime Softening Building Rehab and ASR Phase 2-5.

- F. The City was deeded one of the original homesteads from the Simmons Family with the provision it be made into a museum. The City, with its own resources, and with the resources of other, including the Quincy Valley Historical Society (QVHS), improved the property and relocated a historical building on the property. The City has an agreement with the QVHS to provide services at the Museum for a monthly fee with the City providing necessary maintenance. In 2016, the QVHS, with permission and contributions from the City, constructed a Community Barn on the property that, upon termination of the agreement or dissolution of the QVHS, would immediately vest with the City. In 2021, the City paid QVHS \$31,000, which includes the monthly fee of \$2,083 and \$5,000 in reimbursement for repairs and improvements.
- G. The City has an agreement with Protection One, LLC (Protection-1), to provide Advanced Life Support (ALS) ambulance service for the residents within the City limits for a set amount with annual increase based on CPI. In addition to the annual fee, the City completed construction on a Public Safety Facility on the north side of the railroad tracks in 2019 that has sleeping quarters for two Emergency Medical Services (EMS) personnel along with four fire personnel. The City entered into a Memorandum of Understanding with both Protection-1 and Grant County Fire District #3 (District) for use of the facility. Per the MOU, the City maintains the building, grounds and provides cleaning supplies while the personnel from Protection-1 and District clean all interior areas of the facility. For the 2021 service year, the City paid Protection-1 \$127,677; January's payment was paid in December 2020 to meet agreement paid date requirement.
- H. The City has a contract with Grant County Fire District #3 (District) to provide fire and life safety protection services within the City limits for a set amount with annual increase based on CPI, plus additional fees for fire plan review. In addition to the annual fee, the City completed construction on a Public Safety Facility on the north side of the railroad tracks in 2019 that has sleeping quarters for three residents and one per diem firefighter from the District along with the two EMS personnel. The City entered into a Memorandum of Understanding with both the District and Protection-1 for use of the facility. Per the MOU, the City maintains the building, grounds and provides cleaning supplies while the personnel from the District and Protection-1 clean all interior areas of the facility. In 2021, the City paid \$636,756 to Grant County Fire District #3 for all services provided.
- I. The City has an Interlocal Agreement with Grant County (County) for the provision of "Youth Services" through Quincy Partnership for Youth (QPY). The County will use the City funds to defray the cost of staffing, management, and delivery of youth services. Keeping the youth healthy and safe through educating the dangers of alcohol, drugs and tobacco products along with unhealthy behaviors is the main objective. In 2021, the City paid the County \$40,000.
- J. The City and Quincy School District #144 (QSD) have three agreements:
 - There is an Interlocal Agreement for the use, maintenance and care for the grounds at South Park, located adjacent to Pioneer Elementary School. No monetary exchange.
 - A Joint Use Interlocal Agreement to enable the City and QSD to make the most efficient use of their property by making facilities for use by the other party. No monetary exchange.
 - School Resource Officer (SRO) Agreement is a reimbursable agreement per the school year. In addition to the SRO Agreement, QSD agreed to reimburse the City for security at designated QSD events. In 2021, services were provided but funds were not received until 2022.

- K. Prior Period Adjustment: The City made a prior year adjustment in the amount of (\$447,287) that pertained to a Woodard & Curran True Up for actual expenditures for 2018 through 2020 which was received in July 2021.

City of Quincy
Notes to the Financial Statements
For the year ended December 31, 2020

Note 1 - Summary of Significant Accounting Policies

The City of Quincy was incorporated on March 27, 1907, and operates under the laws of the state of Washington applicable to a non-charter code city. The City of Quincy is a general purpose local government and provides public safety, fire prevention, street improvement, parks, recreation, health and social services, and general administrative services. In addition, the city owns and operates water, sewer, reuse and solid waste utilities.

The City reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter [43.09](#) RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are presented using the classifications that are similar to the ending balance classifications in GAAP.

A. Fund Accounting

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used:

GOVERNMENTAL FUND TYPES:

General Fund

This fund is the primary operating fund of the government. It accounts for all financial resources except those required or elected to be accounted for in another fund.

Special Revenue Funds

These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the government.

Capital Projects Funds

These funds account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets.

PROPRIETARY FUND TYPES:

Enterprise Funds

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges.

Internal Service Funds

These funds account for operations that provide goods or services to other departments or funds of the government on a cost reimbursement basis.

FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the government in a trustee capacity or as a custodian on behalf of others.

Custodial Funds

These funds are used to account assets that the government holds on behalf of others in a custodial capacity.

B. Basis of Accounting and Measurement Focus

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid.

In accordance with state law, the City of Quincy also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

C. Cash and Investments

See Note 5, *Deposits and Investments*.

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of 5 years. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Vacation leave may be accumulated up to 29 days for union employees and up to 35 days for non-union employees, depending upon years of service, and is payable upon separation or retirement.

Sick leave may be accumulated up to 720 hours for Teamsters, Excluded and Exempt classifications. Upon separation or retirement employees do not receive payment for unused sick leave.

Sick leave may accumulate up to 960 hours for members of the Quincy Police Officer's Association. Upon separation or retirement, Quincy Police Officers Association members do receive payment for unused sick leave per the bargaining agreement at 10% after 10 years of employment and 25% upon retirement. No "cash out" for just cause disciplinary termination. Payments are recognized as expenditures when paid.

F. Long-Term Debt

See Note 7, *Long-Term Debt*.

G. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by Ordinance. When expenditures that meet restrictions are incurred, the City of Quincy intends to use most restricted resources first.

Restrictions of Ending Cash and Investments consist of:

Restricted Cash and Investment:

- **Industrial Sewer Operating Fund 406** (*Fund 404 Rolled into 406*), \$63,882 - Funds restricted by Bond Ordinance 05-153 with Washington Trust Bond to be used for the final year payment of the bond. January 1, 2021 will be the final payment.
- **Domestic Sewer Fund 410** (*Fund 417 Rolled into 410*), \$161,238 - Per USDA-RD debt covenants, the City must hold 1 year of debt service in reserve for the duration of the loan.
- **Capital Improvement Fund 312**, \$1,289,829 – A real estate excise tax (REET 1) imposed on the sale of real property and restricted to local capital projects is placed in a municipal capital improvements fund (RCW 82.46.030).
- **Sidewalk Improvement Fund 316** - \$1,596,047. A real estate excise tax (REET 2) imposed on the sale of real property and restricted to local capital projects as defined identified in RCW 82.46.035. Proceeds should be placed in the capital projects fund (RCW 82.46.030). **QMC 3.50.116 Sidewalk Improvements Fund.** The Sidewalk Improvements Fund is established as BARS Fund 116 to receive and accumulate the proceeds from the additional real estate excise tax authorized by section [3.26.010\(B\)](#), for the financing capital projects related to the City's sidewalks, as specified in the capital facilities plan element of the City's comprehensive plan, as authorized by RCW [82.46.035](#), as presently adopted and subject to any amendments thereto.
- The Special Revenue Funds:
 - **Street Fund 102** (*Fund 103 Rolled into 102*), \$1,074,309 –The balance of \$1,074,309 was received from three separate development agreements for improvements to M Street Northeast.
 - **Tourist/Visitor Fund 110**, \$98,934 – Funds received from local hotel/motel tax (Chapter 67.28.RCW) and special local hotel/motel tax (Chapters 67.28, 67.40, 35.101 and 36.100 RCW) must be used solely for the purpose of tourist promotion, acquisition of tourism related facilities, or operation of tourism.
 - **Affordable Housing Sales Tax Fund 120**, \$8,645 – Funds received from sales and use tax, as authorized by RCW 82.14.540 and imposed by the City under QMC 3.50.120. Revenues are restricted by state statute solely for the purpose of providing affordable housing as defined in RCW 52.14.540.

Note 2 – Budget Compliance

The City of Quincy adopts annual appropriated budgets for all funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets were as follow:

Fund	Final Appropriated Amount	Actual Expenditures	Variance
001 Current Expense Fund	\$20,175,511.44	\$11,909,027.00	\$8,266,484.44
101 Library Fund	\$56,170.96	\$50,242.10	\$5,928.86
102 Street Fund	\$3,812,638.53	\$1,794,356.05	\$2,018,282.48
103 Street Construction Reserve	\$5,516,958.77	\$2,441,520.97	\$3,075,437.80
104 Equipment Reserve Fund	\$844,743.26	\$417,975.12	\$426,768.14
105 Park Reserve Fund	\$65,660.76	\$0.00	\$65,660.76
106 Fire Dept. Reserve Fund	\$708,933.54	\$567.08	\$708,366.46
107 Contingency Fund	\$144,458.14	\$0.00	\$144,458.14
108 Library Reserve	\$1,673.52	\$0.00	\$1,673.52
109 Police Dept. Reserve Fund	\$133,618.84	\$0.00	\$133,618.84
110 Tourist/visitor Fund	\$126,706.87	\$43,527.13	\$83,179.74
111 Mechanic Shop Reserve Fund	\$13,379.18	\$0.00	\$13,379.18
113 Drug Education/prevention	\$29,728.90	\$3,594.23	\$26,134.67
117 LEOFF I	\$218,244.34	\$7,754.00	\$210,490.34
120 Affordable Housing Sales Tax Fund	\$6,001.00	\$0.00	\$6,001.00
304 Public Safety Facility Project	\$194,547.36	\$194,522.25	\$25.11
305 Recreation Center Project	\$9,144,480.00	\$0.00	\$9,144,480.00
307 City Hall Project	\$169,634.55	\$169,591.95	\$42.60
312 Capital Improvements Fund	\$1,121,114.38	\$0.00	\$1,121,114.38
316 Sidewalk Improvement Fund	\$2,255,599.18	\$831,265.79	\$1,424,333.39
401 Water Fund	\$5,299,680.44	\$2,659,489.81	\$2,640,190.63
402 W/S Bond Redemption	\$1,869,481.00	\$1,664,727.26	\$204,753.74
403 Water Repair & Replacement	\$463,739.93	\$0.00	\$463,739.93
404 W/S Bond Reserve	\$740,510.35	\$676,628.26	\$63,882.09
405 Water Reclamation & Industrial Reuse Utility Fund	\$5,315,689.61	\$5,214,053.26	\$101,636.35

406 Industrial Sewer Operating	\$2,654,531.39	\$2,358,171.14	\$296,360.25
407 Domestic Sewer R&R Fund	\$469,705.47	\$0.00	\$469,705.47
409 Pre-Treatment Fund	\$294,791.34	\$285,372.17	\$9,419.17
410 Domestic Sewer Fund	\$5,181,166.72	\$1,867,924.62	\$3,313,242.10
415 USDA Equipment Reserve	\$218,769.87	\$0.00	\$218,769.87
416 USDA Bond Fund	\$161,238.00	\$161,238.00	\$0.00
417 USDA Bond Reserve Fund	\$167,894.93	\$0.00	\$167,894.93
420 Refuse Division	\$1,881,356.97	\$1,853,337.88	\$28,019.09
430 Consumer Deposit Fund	\$30,550.00	\$15,350.00	\$15,200.00
460 Reuse Construction Fund	\$19,221,155.43	\$9,347,858.08	\$9,873,297.35
501 Fleet Maintenance	\$432,695.96	\$254,437.35	\$178,258.61
502 Insurance Fund	\$629,638.09	\$604,664.95	\$24,973.14
503 Central Services	\$652,100.75	\$544,012.39	\$108,088.36

Budgeted amounts are authorized to be transferred between departments within any fund/object classes within departments; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City of Quincy's legislative body.

Actual expenditures by fund represent more expenditures than total actual expenditures by the City due to several managerial funds that have been established that are rolled to meet the BARS requirements as prescribed by the WA State Auditor's Office under RCW 43.09. See Note 12, *Other Disclosures*.

Note 3 - Component Unit(s), Joint Ventures and Related Parties

- A. Interlocal Agreement for the Operations of the Multi Agency Communication Center (Grant County, Cities in Grant County, Port of Moses Lake, and Fire Districts in Grant County) - 1995. The Interlocal Agreement established the Multi Agency Communications Center (MACC), an E911 communications center for Grant County. The City does not make a financial contribution to MACC other than through the 911 tax imposed upon its residents by State Law and contract payments for dispatch services. The Board of Directors established under the Interlocal has the authority to establish a fair and equitable contribution from each participating entity for MACC. The Interlocal provides enhanced 911 services. A member appointed by Grant County Cities & Towns represents the City on the Board of Directors. The property acquired by MACC is shared by the participants in the Agreement to the same extent as they have made financial contributions to MACC. Detailed financial statements for this entity can be obtained from MACC at 6500 32nd Ave NE, Suite 911, Moses Lake, WA 98837.
- B. There are several Councilmembers and Executive staff who serve on various community organizations and boards:
 - Councilmember Kling serves as a Board Member on the Grant Transit Authority Board (GTA). GTA provides public transportation to all of Grant County. The City works with GTA to provide safe locations for bus stops.
 - Councilmember Harris serves on the Grant County Health District Board. They oversee the public health needs of Grant County. The City contributes \$4 per citizen to the Health District in support of their efforts to combat communicable and other diseases in Grant County. In 2019, the City

contributed \$30,040 to Grant County Health District.

- Councilmembers Garrison and Padron serve with Grant County Fire District #3 as volunteer firefighters. Grant County Fire District #3 provides contract fire and life safety protection services for the City plus additional fees for fire plan review. Councilmember Garrison also serves as the City's representative at the Grant County Fire District #3 Commissioner meetings.
- Councilmember Ferguson is employed by Ferguson Concrete and Excavation, Inc. The City contracts with Ferguson Concrete and Excavation, Inc. for small works projects following all bidding laws. In 2020, the City paid Ferguson Concrete and Excavation, Inc. \$160,976.60 for the 2019 Sidewalk Improvements project and \$25,086.75 for the Compost Facility Slab. Councilmember Ferguson excused himself from the meetings when these items were discussed.

Note 4 – COVID-19 Pandemic

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of the deadly new virus known as COVID-19. In the months following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures included closing schools, cancelling public events, limiting public and private gatherings, and restricting business operations, travel and non-essential activities.

The Mayor issued a declaration of emergency for the City of Quincy on March 16, 2020. The city has closed all City offices, cancelled all recreation activities and refunded back where appropriate, waived late fees and disconnection fees for the residents and businesses and allowed garbage pickup holds for businesses that are not essential in response to the Governor's proclamation. The Mayor issued a second Proclamation on March 23, 2020, extending the original declaration through May 4, 2020. On March 23, 2020 the Governor issued proclamation 20-25 "Stay Home, Stay Healthy" (extended by 20-25.1, 20-25.2 and 20-25.3 until May 31st) which required all non-essential services to stay home. The Mayor issued a third Proclamation on May 5, 2020 extending the state of emergency through June 2, 2020.

In addition and in direct response to the needs of our citizens and small businesses within the city, The City implemented the following measures including but not limited to suspension of all recreation classes and programs, modify delinquency procedures to waive late fees and water shut-offs to assure sanitation resources in homes, suspension of all non-essential public meetings, allow for suspension of garbage service to qualifying businesses and keep public lobbies closed with bill pay allowed by phone or online through the City's website. The Council conducted their regular meetings by phone or Zoom meeting to address City business and pay vouchers. The City took measures, prior to the Governor's proclamation 20-23.2 prohibiting the disconnection of residential services for utility services, imposing late fees or refusing to reconnect services due to non-payment, to assist the needs of the citizens. The City Council approved a resolution to develop an Emergency Response Grant Program to assist eligible small businesses to address the economic impacts of the COVID-19 emergency on May 19, 2020. Through the program administered by Washington State Department of Commerce, the City was able reimburse local businesses \$91,788.

On May 25, 2020, the Governor approved for Grant County to move into phase two of the four phase Safe Start plan.

The City of Quincy has remained closed to the public in accordance with the Governor's proclamation. Additionally, due to the financial impact to the community, the City will continue to waive the delinquency and shutoff fees until the health emergency is over to allow citizens the ability to resume work and focus their finances on housing and family needs. In addition, the City received CARES Act funding and set up small business grants to assist local businesses that have sustain financial hardships due to the COVID-19 Pandemic.

The City's financial impact to the general fund to date has been less than originally anticipated due to continued construction on large projects within the corporate limits. The major impact to the general fund, due to the shutdown, has been to the City Recreation Department. Cancellation of all upcoming programs in March required numerous fees to be refunded back to the participants and no additional programs were added. The Aquatic Center was not allowed to open, which is an asset to the City and the surrounding community providing a place for children, adults and families to enjoy. The potential financial impact to the City will be primarily in the enterprise funds due to inability of residents to make timely payments and the continued enforcement of the Governor's proclamations. The full impact of COVID-19 Pandemic may never be fully determined but the financial and emotional hardship it has placed on the community will leave a lasting impression.

On May 16, 2022, the Mayor issued a proclamation, ratified by City Council on May 17, 2022, terminating the Civil Emergency and Order. The full extent of the direct or indirect financial impact on the City of Quincy was minimal and mainly impacted the City's Recreation Department however, the residents and business experienced a bigger financial impact than the City.

Note 5 – Deposits and Investments

Investments are reported at original cost. Deposits and Investments by type at December 31, 2020 are as follows:

Type of Investment	City's Own investments	Deposits and investments held by the City of Quincy as custodian for other local governments, individuals, or private organizations	Total
Bank Deposits	(\$573,933.30)	17,908.41	(\$556,024.89)
L.G.I.P.	\$22,373,983.65		\$22,373,983.65
Grant County Local Investment Pool (GCLIP)	\$3,232,996.61		\$3,232,996.61
GCLIP Hospital Warrants Investment	\$900,000.00		\$900,000.00
U.S. Government Securities	\$3,011,814.00		\$3,011,814.00
Total	\$28,944,860.96	17,908.41	\$28,962,769.37

It is the City of Quincy's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds or to the appropriate fund the investment was made from.

Investments in the State Local Government Investment Pool (LGIP)

The City is a voluntary participant in the Local Government Investment Pool, an external investment pool operated by the Washington State Treasurer. The pool is not rated and not registered with the SEC. Rather, oversight is provided by the State Finance Committee in accordance with Chapter 43.250 RCW. Investments in the LGIP are reported at amortized cost, which is the same as the value of the pool per share. The LGIP does not impose any restrictions on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone financial report for the pool. A copy of the report is

available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at www.tre.wa.gov.

Investments in Grant County Investment Pool

The City is a voluntary participant in the Grant County Local Investment Pool, an external investment pool operated by the County Treasurer. The pool is not rated or registered with the SEC. Rather, oversight is provided by the County Finance Committee in accordance with RCW 36.48.070. The City reports its investment in the pool at amortized cost, which is the same as the value of the pool per share. The GCLIP imposes an early withdrawal penalty for redemption less than 90 days' notice.

<i>Days before withdrawal:</i>	<i>Percentage of Monies Withdrawn:</i>
0-30 days	2.0% of monies withdrawn
31-60 days	1.0% of monies withdrawn
61-80 days	0.5% of monies withdrawn
81-89 days	0.2% of monies withdrawn

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the City would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The City's deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

All investments are insured, registered or held by the City or its agent in the government's name.

Other Disclosures

The City of Quincy and Grant County entered into an interlocal investment service agreement for the City to invest \$1,000,000 with the County for a share of Grant County Hospital District #2 Warrants. In December 2019, the warrant limit was lowered for the Hospital District, lowering the investment to \$900,000 and reimbursing the City \$100,000, which was deposited into the GCLIP. The annual rate of interest on the Hospital Warrant is 3.5%.

Note 6 - Interfund Loans

The following table displays interfund loan activity during 2020:

Borrowing	Lending	Balance			Balance
<u>Fund</u>	<u>Fund</u>	<u>1/1/2020</u>	<u>New Loans</u>	<u>Repayments</u>	<u>12/31/2020</u>
460	001	\$5,012,362	\$2,282,400	\$3,266,750	\$4,028,012
405	001	\$1,303,174	\$691,000	\$640,000	\$1,354,174
409	001	\$0	\$1,400	\$0	\$1,400
420	001	\$0	\$3,000	\$0	\$3,000
	TOTALS	\$6,315,536	\$2,977,800	\$3,906,750	\$5,386,586

The City setup the Fund 460 Reuse Construction fund to manage the funds for the construction of the Reuse Facility. In 2016, the City transferred the interfund loans from the Fund 405 to the Fund 460 for the City's Reuse Facility. Resolution 15-362 sets annual interest payment at 1% until the completion of the project

and a principal and interest payment schedule is established. Interfund loans were budgeted to be paid off in 2018 upon receipt of Public Works Trust Fund (PWTF) Loan, however, money from the PWTF did not arrive until 2019. The 001 Fund (Current Expense) was repaid with additional interfund loans made to help cover the cost of the project until money is received from an anticipated Bond with Washington Trust Bank. Microsoft has committed to ensuring the bond is paid through the rates established for the Reuse Utility. The Reuse Central Facility project was up and running May/June of 2021. All outstanding interfund loans listed above have been repaid as of December 31, 2022.

Note 7 – Long-Term Debt

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the City of Quincy and summarizes the City's debt transactions for year ended December 31, 2020.

The debt service requirements for revenue bonds and future payments requirements are as follows:

Year	Principal	Interest	Total
2021	\$1,459,475	\$575,840	\$2,035,315
2022	\$1,423,136	\$546,990	\$1,970,126
2023	\$1,448,757	\$515,011	\$1,963,768
2024	\$1,262,071	\$482,838	\$1,744,909
2025	\$1,286,066	\$452,484	\$1,738,550
2026-2030	\$6,821,701	\$1,775,678	\$8,597,379
2031-2035	\$7,405,263	\$877,935	\$8,283,198
2036-2040	\$2,223,059	\$292,153	\$2,515,212
2041-2045	\$640,827	\$165,363	\$806,190
2046-2050	\$742,162	\$64,028	\$806,190
TOTALS	\$24,712,517	\$5,748,320	\$30,460,837

In addition to the existing debt listed above, the City has an anticipated bond loan for the construction of the Reuse Central Facility, which is included on the Schedule of Liabilities and will be updated once construction is complete and amortization schedule have been received from the appropriate lender.

Note 8 – Other Post-Employment Benefits (OPEB)

The LEOFF I Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by the City as required by RCW 41.26. The plan pays for 100% of eligible retirees' healthcare costs on a pay-as-you-go basis. As of December 31, 2020, the plan had one (1) LEOFF 1 retiree and no current LEOFF 1 employees.

As of December 31, 2020, the City's total OPEB liability was \$727,498, as calculated using the alternative measurement method.

For the year ended December 31, 2020, the City paid \$7,754.00 in benefits.

Note 9 – Pension Plans

A. State Sponsored Pension Plans

Substantially all City of Quincy’s full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans (PERS I, PERS II, PERS III, LEOFF I and LEOFF II).

The State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplementary information for each plan. The DRS Comprehensive Annual Financial Report may be obtained by writing to:

Department of Retirement Systems
Communications Unit
P.O. Box 48380
Olympia, WA 98540-8380

Also, the DRS Comprehensive Annual Financial Report may be downloaded from the DRS website at www.drs.wa.gov.

The City of Quincy also participates in the Volunteer Fire Fighters’ and Reserve Officers’ Relief and Pension Fund (VFFRPF) administered by the State Board for Volunteer Fire Fighters and Reserve Officers. Detailed information about the plan is included in the State of Washington Comprehensive Annual Financial Report available from the Office of Financial Management website at www.ofm.wa.gov.

At June 30, 2020 (the measurement date of the plans), the City of Quincy’s proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$123,365	0.017022%	\$600,968
PERS 2/3	\$202,661	0.021999%	\$281,355
LEOFF 1		0.003300%	\$(62,321)
LEOFF 2	\$101,670	0.051973%	\$(1,060,173)

LEOFF Plan 1

The City of Quincy also participates in LEOFF Plan 1. The LEOFF Plan 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. Starting on July 1, 2000, employers and employees contribute zero percent.

LEOFF Plan 2

The City of Quincy also participates in the LEOFF Plan 2. The Legislature, by means of a special funding arrangement, appropriates money from the state general fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute.

Note 10 - Property Tax

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed after the end of each month.

Property tax revenues are recognized when cash is received by City. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The City of Quincy's regular levy for the year 2020 was \$1.2918590011 per \$1,000 on an assessed valuation of \$3,702,092,067 for a total regular levy of \$4,782,581.

Note 11 - Risk Management

Property, Liability and Fidelity

The City of Quincy is a member of the Cities Insurance Association of Washington (CIAW). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provision of Chapter 39.34 RCW, the Interlocal Cooperation Act. The program was formed on September 1, 1988 when 34 cities in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As December 1, 2020, there are 193 members in the program.

The program provides the following forms of joint self-insurance and reinsurance coverage for its members: Property, including Automobile Comprehensive and Collision, Equipment Breakdown, and Crime Protection and Liability; including General, Automobile and Wrongful Acts, which are included to fit members various needs.

The program acquires liability insurance through their administrator, Clear Risk Solutions, which is subject to a per occurrence self-insured retention (SIR) of \$100,000, with the exception of Wrongful Acts and Law Enforcement Liability, which have a self-insured retention of \$25,000. Members are responsible for a \$1,000 to \$10,000 deductible for each claim, while the program is responsible for the \$100,000 retention. Since the program is a cooperative program, there is a joint liability among the participating members toward the sharing of the \$100,000 of the self-insured retention, in addition to the deductible. The program also purchases a Stop Loss Policy as another layer of protection to its membership, with an attachment point of \$2,147,814.

Property insurance is subject to a per occurrence self-insured retention of \$25,000. Members are responsible for a \$1,000 deductible for each claim. The program bears the \$25,000 self-insured retention, in addition to the deductible.

Privacy and Network Liability coverage is offered with a \$10,000 member deductible and \$40,000 self-insured retention for systems using encryption and \$50,000 member deductible and \$50,000 self-insured retention for those without encryption.

Equipment breakdown insurance is subject to a per occurrence deductible of \$2,500, which may vary per member, with the exception of Pumps & Motors, which is \$10,000. Members are responsible for the deductible amount of each claim. There is no program self-insured retention on this coverage, with the exception of Pumps & Motors, which is \$15,000 and is covered by CIAW.

Members contract to remain in the program for a minimum of one year, and must give notice before December 1, to terminate participation the following December 1. The Interlocal Agreement is renewed automatically each year. In the event of termination, a member is still responsible for contributions to the program for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Agreement.

A board of ten members is selected by the membership from three geographic areas of the state on a staggered term basis and is responsible for conducting the business affairs of the program.

The program has no employees. Claims are filed by members/brokers with Clear Risk Solutions, who have been contracted to perform program administration, underwriting, claims adjustment, and loss prevention for the program. Fees paid to the third party administrator under this arrangement for the year ending December 1, 2020, were \$2,651,954.

Unemployment Compensation - Reimbursable.

The City of Quincy has a “reimbursable” agreement with the Washington State Department of Employment Security Department (ESD) for unemployment compensation. This is considered a form of self-insurance. The city utilized the ESD for all claims activity. (See Schedule 21 for claims activity incurred during the fiscal year 2020). The City of Quincy only pays when an unemployment claim has been filed. In 2020, there were five (5) claims paid for a total of \$9,883.

The city feels that it has sufficient funds within its governmental and proprietary funds to accommodate any unemployment claims that may occur in the forthcoming fiscal period.

Note 12 - Other Disclosures

A. The City has several managerial funds that have been established to meet its fiscal and budgetary needs. For reporting purposes these funds are rolled to meet the BARS requirements as prescribed by the WA State Auditor’s Office under RCW 43.09. The funds are:

- Current Expense Fund includes the funds of 001, 104, 105, 106, 107, 109, 111, 113 and 117.
- Library Fund includes the funds of 101 and 108.
- Street Fund includes the funds of 102 and 103.
- Water Utility Fund includes the funds of 401, 403 and 430.
- Sewer Utility Fund includes the funds of 410, 407, 415, 416 and 417.
- Industrial Sewer Fund includes the funds of 406, 402, 404, 405, 409, 450 and 460.

B. The City of Quincy has eight (8) active construction projects as of December 31, 2020, and eight (8) projects with retainage to be paid in 2021. The projects include the projects listed below.

At year-end the City's commitment with the contractors was as follows:

Project Name	Spent as of 12/31/2020	Remaining Commitment
Reuse Wastewater Central Facility	\$3,274,187.35	\$388,219.26
Activity Center HVAC Replacement	\$0.00	\$21,483.11
B Street SE & C Street SE Improvements - Schedule B	\$1,133,245.71	\$145,472.06
C Street SE Improvements - Schedule A	\$596,497.04	\$47,412.16
2020 Pickleball Court	\$19,716.60	\$2,007.80
Quincy Water Reuse Utility Infrastructure Improvements	\$30,147.30	\$4,692.99
Reuse Wastewater Central Facility - Start-Up Support Services	\$86,901.46	\$8,849.44
Reuse Wastewater Central Facility Repair of Defective Work and Completion of Unfinished Work	\$442,500.26	\$21,438.96
<i>Completed in 2020 - Retainage to be Paid in 2021</i>		
Senior Center Roofing Repair	\$36,949.61	\$3,762.68
Division Street East Industrial Sewer Force Main Emergency Repair Work	\$37,434.90	\$3,812.11
Quincy 1 Water WSB Upgrades Design Package 13	\$692,856.06	\$33,649.36
4th Avenue SE Sidewalk Improvements	\$596,017.84	\$31,369.35
Road O NW Watermain Pipelines Emergency Repair	\$96,274.24	\$9,803.89
B Street SE Water Main Emergency Repair	\$166,433.74	\$16,948.45
B Street SE and C Street SE Improvements Schedule A - 1	\$110,078.59	\$11,209.63
ASR Well Site and Access Driveway Improvements	\$263,804.79	\$19,528.21

- C. Liabilities: The City has long-term agreements with Woodard and Curran for process operations and upgrades to the Reuse, Domestic and Industrial Sewer Treatment Facilities, including the operation and maintenance of the Water Wells and Booster pump system, with fees associated for early termination.
- D. Contingencies and Litigations:
There may be a loss the City may incur due to environmental concerns related to fees assessed by the Department of Ecology (DOE) in an unknown amount between zero to potentially over one million dollars.
- E. In 2015, the City and Microsoft Data Center entered into discussions regarding the City need to get the industrial wastewater discharge out of the ditch as required by the US Bureau of Reclamation (USBR). The plan would allow Microsoft, and other data centers, to use wastewater from the Industrial Treatment Facility for their cooling systems. This utility would serve two purposes: Resolve the requirement by the USBR to no longer discharge into the lateral canal; and, Decrease the amount of potable water used by the data centers. This project is still under construction, funded through loans and bonds guaranteed by Microsoft to be paid through the rates. With the magnitude of this project, Microsoft has taken on part of the scopes. Microsoft has completed the Lime Softening System, Ultrafiltration Buildout, Blend Tank & Industrial Reuse Water Pump State and the Permeate Tank and Pump Station. The City has completed Brine Pond 5, Neutralized Brine Waste Piping, two of the six Underground Piping modifications and Aquifer Storage & Recovery (ASR) Well Phase 1. Ongoing projects for the City are modifications to the High Efficiency Softening, modifications to the Reuse

Water Central Facility (RWCF) to complete the Ultrafiltration Installation and completion of the remaining Underground Piping modifications. The planned completion in 2020 was to include the following City of Quincy scopes: Piping Tie-Ins, CLA extension piping, pump stations, ultrafiltration waste and feed systems with the commissioning and Quincy Water Reuse Utility Integration occurring between April and September 2020. Due to COVID-19 Pandemic, construction was not completed as scheduled. Late spring or early summer of 2021 is the anticipated completion date for the Reuse Water Central Facility. Future scopes include extending the IRW & RWW Piping, RO System Modifications, Lime Softening Building Rehab and ASR Phase 2-5.

- F. The City was deeded one of the original homesteads from Simmons Family with the provision it be made into a museum. The City, with its own resources, and with the resources of other, including the Quincy Valley Historical Society (QVHS), improved the property and relocated a historical building on the property. The City has an agreement with the QVHS to provide services at the Museum for a monthly fees with the City providing necessary maintenance. In 2016, the QVHS, with permission and contributions from the City, constructed a Community Barn on the property that, upon termination of the agreement or dissolution of the QVHS, would immediately vest with the City. In 2020, the City paid QVHS \$53,779, which includes the monthly fee of \$2,083 and \$28,779 in reimbursement for repairs and improvements.
- G. The City has an agreement with Protection One, LLC (Protection-1), to provide Advanced Life Support (ALS) ambulance service for the residents within the City limits for a set amount with annual increase based on CPI. In addition to the annual fee, the City completed construction on a Public Safety Facility on the north side of the railroad tracks in 2019 that has sleeping quarters for two Emergency Medical Services (EMS) personnel along with four fire personnel. The City entered into a Memorandum of Understanding with both Protection-1 and Grant County Fire District #3 (District) for use of the facility. Per the MOU, the City maintains the building, grounds and provides cleaning supplies while the personnel from Protection-1 and District clean all interior areas of the facility. In 2020, the City paid Protection-1 \$126,603.
- H. The City has a contract with Grant County Fire District #3 (District) to provide fire and life safety protection services within the City limits for a set amount with annual increase based on CPI, plus additional fees for fire plan review. In addition to the annual fee, the City completed construction on a Public Safety Facility on the north side of the railroad tracks in 2019 that has sleeping quarters for three residents and one per diem firefighter from the District along with the two EMS personnel. The City entered into a Memorandum of Understanding with both the District and Protection-1 for use of the facility. Per the MOU, the City maintains the building, grounds and provides cleaning supplies while the personnel from the District and Protection-1 clean all interior areas of the facility. In 2020, the City paid \$710,623.53 to Grant County Fire District #3 for all services provided.
- I. The City has an interlocal agreement with Grant County (County) for the provision of “Youth Services” through Quincy Partnership for Youth (QPY). The County will use the City funds to defray the cost of staffing, management, and delivery of youth services. Keeping the youth healthy and safe through educating the dangers of alcohol, drugs and tobacco products along with unhealthy behaviors is the main objective. In 2020, the City paid the County \$40,000.
- J. The City and Quincy School District #144 (QSD) have three agreements:
 - There is an interlocal agreement for the use, maintenance and care for the grounds at South Park, located adjacent to Pioneer Elementary School. No monetary exchange.
 - A Joint Use Interlocal agreement to enable the City and QSD to make the most efficient use of their property by making facilities for use by the other party. No monetary exchange.

- School Resource Officer (SRO) agreement is a reimbursable agreement per the school year. In addition to the SRO agreement, QSD agreed to reimburse the City for security at designated QSD events. In 2020, the City received \$44,597 for SRO services and \$3,552 for security.

**City of Quincy
Schedule of Liabilities
For the Year Ended December 31, 2021**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
Revenue and Other (non G.O.) Debt/Liabilities						
263.84	Municipal Wastewater Facility	11/25/2023	621,046	-	203,920	417,126
252.11	IWWTP 05 Capital Modification Project	1/1/2021	61,238	-	61,238	-
252.11	Water & Sewer Revenue Bond - Oxford	10/16/2035	10,827,343	-	610,570	10,216,773
263.82	Sewer System Improvements	11/12/2050	3,174,262	-	66,515	3,107,747
263.88	Wastewater Reuse Project SRF-INE	6/1/2038	9,539,814	-	529,990	9,009,824
263.88	Wastewater Reuse Brine Flow Reduction	6/1/2038	485,422	-	26,968	458,454
263.62	2019 Anticipated Bond Loan WA Trust	10/28/2022	6,139,903	2,895,608	-	9,035,511
264.40	OPEB - LEOFF I		727,498	13,080	-	740,578
259.12	Compensated Absences		342,062	362,800	369,859	335,003
264.30	Net Pension Liability		882,323	-	698,369	183,954
Total Revenue and Other (non G.O.) Debt/Liabilities:			32,800,911	3,271,488	2,567,429	33,504,970
Total Liabilities:			32,800,911	3,271,488	2,567,429	33,504,970

**City of Quincy
Schedule of Liabilities
For the Year Ended December 31, 2020**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
Revenue and Other (non G.O.) Debt/Liabilities						
263.84	Municipal Wastewater Facility	11/25/2023	821,932	-	200,886	621,046
252.11	IWWTP 05 Capital Modification Project	1/1/2021	775,286	-	714,048	61,238
252.11	Water & Sewer Revenue Bond - Oxford	10/16/2035	11,382,582	-	555,239	10,827,343
263.82	Sewer System Improvements	11/12/2050	3,238,826	-	64,564	3,174,262
263.88	Wastewater Reuse Project SRF-INE	6/1/2038	8,743,538	1,256,462	460,186	9,539,814
263.88	Wastewater Reuse Brine Flow Reduction	6/1/2038	379,464	125,930	19,972	485,422
263.62	2019 Anticipated Bond Loan WA Trust	12/31/2021	1,945,056	4,194,847	-	6,139,903
264.30	Net Pension Liability		721,391	160,932	-	882,323
264.40	OPEB - LEOFF I		593,853	133,645	-	727,498
259.12	Compensated Absences		237,995	435,698	331,631	342,062
Total Revenue and Other (non G.O.) Debt/Liabilities:			28,839,923	6,307,514	2,346,526	32,800,911
Total Liabilities:			28,839,923	6,307,514	2,346,526	32,800,911

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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