CITY OF MONTEZUMA, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2021

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ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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FINANCIAL SECTION

BUTLER, WILLIAMS & WYCHE, LLP
CERTIFIED PUBLIC ACCOUNTANTS
5223 RIVERSIDE DRIVE
MACON, GEORGIA 31210

August 10, 2022

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of City Council
City of Montezuma, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component unit and the aggregate remaining fund information of the City of Montezuma, Georgia (the "City") as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the discretely presented component unit and the aggregate remaining fund information of the City of Montezuma, Georgia, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in the Net Pension Liability and Related Rations (on page 41) and the Schedule of Contributions (on page 42) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements, the schedule of projects undertaken with special sales tax proceeds, the project costs schedules for the community development block grants and schedules and supplementary data schedules listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and schedules and supplementary data schedules, the schedule of projects undertaken with special sales tax proceeds, and the project cost schedules for the community development block grants are the responsibility of management and were derived from and relate 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.

In the conduct of our audit, we verified and tested expenditures of the projects of the City of Montezuma, Georgia, which were identified in the resolution or ordinance calling for imposition of the special sales and use tax authorized by Section 48-8-110 OCGA. The accompanying schedule of the projects undertaken with special sales tax proceeds is presented for purposes of additional analysis as required by Official Code of Georgia 48-8-121, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Butler, Williams & Hyche, LLC

Macon, GA

BASIC FINANCIAL STATEMENTS

CITY OF MONTEZUMA, GEORGIA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Development Authority
ASSETS				
Cash and Cash Equivalents	$ 1,403,715	$ 156,745	$ 1,560,460	$ 33,030
Investments	-	108,419	108,419	-
Accounts Receivable (net)	95,094	679,289	774,383	-
Taxes Receivable (net)	118,796	-	118,796	-
Loans Receivable (net)	265,062	-	265,062	-
Internal Balances	2,560,935	(2,560,935)	-	-
Intergovernmental Receivable	293,686	31,288	324,974	-
Restricted Assets:				
Cash	-	14,357	14,357	-
Capital Assets (not subject to depreciation)	449,333	5,089,025	5,538,358	111,770
Capital Assets (net of accumulated depreciation)	3,376,378	7,037,257	10,413,635	183,864
Total Assets	8,562,999	10,555,445	19,118,444	328,664
DEFERRED OUTFLOWS OF RESOURCES				
Related to pensions	-	9,472	9,472	-
LIABILITIES				
Accounts Payable	120,848	377,943	498,791	-
Accrued Interest Payable	-	2,345	2,345	-
Accrued Wages Payable and Payroll Taxes	41,845	23,884	65,729	-
Accrued Compensated Absences	18,747	5,707	24,454	-
Customer Deposits	-	100,045	100,045	375
Unearned revenue	437,426	-	437,426	-
Notes Payable	-	108,469	108,469	-
Noncurrent Liabilities, due in one year or more:				
Net Pension Obligation	200,438	216,717	417,155	-
Accrued Compensated Absences	8,034	-	8,034	-
Notes Payable	-	1,487,523	1,487,523	-
Total Liabilities	827,338	2,322,633	3,149,971	375
DEFERRED INFLOWS OF RESOURCES				
Related to pensions	37,893	19,464	57,357	-
NET POSITION				
Net Investments in Capital Assets	3,825,711	10,530,290	14,356,001	295,634
Restricted for:				
Capital Projects	488,385	-	488,385	-
Loans	356,141	-	356,141	-
Library Endowment	4,170	-	4,170	-
Tourism	18,965	-	18,965	-
Unrestricted	3,004,396	(2,307,470)	696,926	32,655
Total Net Position	$ 7,697,768	$ 8,222,820	$ 15,920,588	$ 328,289

The notes to the financial statements are an integral part of this statement.

CITY OF MONTEZUMA, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

FUNCTIONS/PROGRAMS	Expenses	Indirect Expense Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:					
Governmental Activities:					
General Government	$ 803,542	$ (402,683)	$ 15,949	$ 136,192	$ -
Judicial	63,085	-	77,823	-	-
Public Safety	974,582	-	5,305	-	5,327
Public Works	587,429	-	83,049	-	393,309
Health and Welfare	30,800	-	-	-	-
Culture and Recreation	162,486	-	2,998	252	-
Housing and Development	1,200	-	-	-	-
Economic Development	65,367	-	-	-	-
Interest on Long-Term Debt	1,694	-	-	-	-
Total Governmental Activities	2,690,185	(402,683)	185,124	136,444	398,636
Business-type Activities:					
Water	628,246	151,006	598,261	-	205,498
Sewer	1,818,614	201,342	2,075,471	-	-
Solid Waste	646,431	30,201	590,686	-	-
Airport	18,564	-	6,570	-	313,314
Fire & Emergency	338,067	20,134	182,264	-	-
Total Business-type Activities	3,449,922	402,683	3,453,252	-	518,812
Total Primary Government	$ 6,140,107	$ -	$ 3,638,376	$ 136,444	$ 917,448
Component Unit:					
Development Authority	30,271	-	-	22,688	-
Total Component Unit	$ 30,271	$ -	$ -	$ 22,688	$ -
General Revenues:					
Property Taxes					
Sales Tax					
Franchise Tax					
Insurance Premium Tax					
Alcoholic Beverage Tax					
Hotel/Motel Taxes					
Other Taxes					
Unrestricted Investment Earnings					
Miscellaneous					
Transfers					
Total General Revenues and Transfers					
Changes in Net Position					
Net Position - Beginning					
Net Position - Ending					

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Development Authority
$ (248,718)	$ -	$ (248,718)	
14,738	-	14,738	
(963,950)	-	(963,950)	
(111,071)	-	(111,071)	
(30,800)	-	(30,800)	
(159,236)	-	(159,236)	
(1,200)	-	(1,200)	
(65,367)	-	(65,367)	
(1,694)	-	(1,694)	
(1,567,298)	-	(1,567,298)	
-	24,507	24,507	
-	55,515	55,515	
-	(85,946)	(85,946)	
-	301,320	301,320	
-	(175,937)	(175,937)	
-	119,459	119,459	
(1,567,298)	119,459	(1,447,839)	
-	-	-	$ (7,583)
-	-	-	(7,583)
676,078	-	676,078	-
490,217	-	490,217	-
165,677	-	165,677	-
277,958	-	277,958	-
57,182	-	57,182	-
14,957	-	14,957	-
30,991	-	30,991	-
32	153	185	-
832,500	7,860	840,360	-
(8,950)	8,950	-	-
2,536,642	16,963	2,553,605	-
969,344	136,422	1,105,766	(7,583)
6,728,424	8,086,398	14,814,822	335,872
$ 7,697,768	$ 8,222,820	$ 15,920,588	$ 328,289

CITY OF MONTEZUMA, GEORGIA
GOVERNMENTAL FUNDS
BALANCE SHEET
SEPTEMBER 30, 2021

	General Fund	ARPA Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	$ 457,489	$ 407,339	$ 269,799	$ 268,405	$ 1,403,032
Taxes Receivable (net)	118,796	-	-	-	118,796
Accounts Receivable (net)	93,592	-	-	1,502	95,094
Loans Receivable (net)	-	-	-	265,062	265,062
Due from Other Funds	2,288,235	-	-	-	2,288,235
Due from Other Governments	120,848	-	57,950	6,938	185,736
Advances to Other Funds	398,733	-	-	-	398,733
Total Assets	$ 3,477,693	$ 407,339	$ 327,749	$ 541,907	$ 4,754,688
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts and Contracts Payable	$ 87,174	$ -	$ -	$ 926	$ 88,100
Accrued Wages and Payroll Taxes Payable	41,845	-	-	-	41,845
Due to Other Funds	16,331	-	-	1,069	17,400
Unearned revenue	-	437,426	-		437,426
Escrowed Funds	32,748	-	-	-	32,748
Total Liabilities	178,098	437,426	-	1,995	617,519
Fund Balances:					
Nonspendable:					
Advances to Other Funds	398,733	-	-	-	398,733
Noncurrent Loans Receivable	-	-	-	265,062	265,062
Restricted for:					
Capital Projects	-	-	327,749	160,636	488,385
Loans	-	-	-	91,079	91,079
Library Endowment	-	-	-	4,170	4,170
Tourism	-	-	-	18,965	18,965
Unassigned	2,900,862	(30,087)	-	-	2,870,775
Total Fund Balances	3,299,595	(30,087)	327,749	539,912	4,137,169
Total Liabilities and Fund Balances	$ 3,477,693	$ 407,339	$ 327,749	$ 541,907	$ 4,754,688

The notes to the financial statements are an integral part of this statement.

CITY OF MONTEZUMA, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

Total Fund Balances for Governmental Funds	$	4,137,169
Total Net Position for Governmental Activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		3,825,711
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the fund-level statements.		(37,893)
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the Statement of Net Position.		
Net Pension Liability		(200,438)
Compensated Absences		(26,781)
Total Net Position of Governmental Activities	$	7,697,768

The notes to the financial statements are an integral part of this statement.

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

	General Fund	ARPA Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 1,612,647	$ -	$ -	$ 100,415	$ 1,713,062
Licenses and Permits	14,797	-	-	-	14,797
Intergovernmental	72,160	113,766	348,901	-	534,827
Charges for Services	489,716	-	-	-	489,716
Fines and Forfeitures	77,990	-	-	-	77,990
Investment Income	2	13	-	17	32
Miscellaneous	814,098	-	23,959	-	838,057
Total Revenues	$ 3,081,410	$ 113,779	$ 372,860	$ 100,432	$ 3,668,481
EXPENDITURES					
Current:					
General Government	$ 739,892	$ -	$ -	$ -	$ 739,892
Judicial	62,566	-	-	-	62,566
Public Safety	1,089,400	-	3,895	-	1,093,295
Public Works	554,021	-	-	28,720	582,741
Health and Welfare	30,800	-	-	-	30,800
Culture and Recreation	142,357	-	-	-	142,357
Housing and Development	1,200	-	-	-	1,200
Economic Development	54,854	-	-	10,590	65,444
Debt Service:					
Principal Reduction	-	-	34,636	-	34,636
Interest	-	-	1,694	-	1,694
Total Expenditures	2,675,090	-	40,225	39,310	2,754,625
Excess (Deficiency) of Revenues Over (Under) Expenditures	406,320	113,779	332,635	61,122	913,856
OTHER FINANCING SOURCES (USES)					
Transfers In	406,817	-	-	-	406,817
Transfers Out	(57,000)	(143,866)	(214,901)	-	(415,767)
Total Other Financing Sources (Uses)	349,817	(143,866)	(214,901)	-	(8,950)
Net Change in Fund Balances	756,137	(30,087)	117,734	61,122	904,906
Fund Balances - Beginning of Year	2,543,458	-	210,015	478,790	3,232,263
Fund Balances - End of Year	$ 3,299,595	$ (30,087)	$ 327,749	$ 539,912	$ 4,137,169

The notes to the financial statements are an integral part of this statement.

CITY OF MONTEZUMA, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Net Change in Fund Balance - Total Governmental Funds	$	904,906
Total Change in Net Position reported for Governmental Activities in the Statement of Activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and is reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation:		
Depreciation Expense		(211,684)
Capital Outlay		273,996
The book value of capital assets disposed of are reported on the government-wide statement of activities but not reported in the governmental fund's operating statement.		(36,245)
Pension related deferred items reported in the statement of activities that do not require the use of current financial resources to government funds.		
Deferred Inflows of Resources		(3,484)
Net pension obligation was recognized as an expense in the Statement of Activities. These expenses were not recognized in the governmental funds.		9,106
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources in governmental funds. Neither transaction has any effect on net position.		
Capital Leases		34,636
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net changes of the following:		
Compensated Absences		(1,887)
Change in Net Position of Governmental Activities	$	969,344

The notes to the financial statements are an integral part of this statement.

CITY OF MONTEZUMA, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 1,592,953	$ 1,592,953	$ 1,612,647	$ 19,694
Licenses and Permits	14,725	14,725	14,797	72
Intergovernmental	26,500	70,800	72,160	1,360
Charges for Services	488,263	489,613	489,716	103
Fines and Forfeitures	85,200	85,850	77,990	(7,860)
Investment Income	-	-	2	2
Miscellaneous	189,957	331,625	814,098	482,473
Total Revenues	2,397,598	2,585,566	3,081,410	495,844
EXPENDITURES				
Current:				
General Government:				
Mayor and Council	84,097	73,346	70,320	(3,026)
Board of Elections	1,115	1,115	1,113	(2)
Administration	508,132	498,132	457,820	(40,312)
Public Buildings	173,500	215,000	210,639	(4,361)
Total General Government	766,844	787,593	739,892	(47,701)
Judicial:				
Municipal Court	74,285	74,285	62,566	(11,719)
Total Judicial	74,285	74,285	62,566	(11,719)
Public Safety:				
Police	996,132	1,100,000	1,089,300	(10,700)
Animal Control	700	700	100	(600)
Total Public Safety	996,832	1,100,700	1,089,400	(11,300)
Public Works:				
Streets	261,164	392,864	272,730	(120,134)
Stormwater	178,841	200,000	197,763	(2,237)
Cemetery	87,890	136,390	83,528	(52,862)
Total Public Works	527,895	729,254	554,021	(175,233)
Health and Welfare:				
Mosquito Control	31,300	31,300	30,800	(500)
Total Health and Welfare	31,300	31,300	30,800	(500)

(Continued)

The notes to the financial statements are an integral part of this statement.

CITY OF MONTEZUMA, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
EXPENDITURES (Continued):				
Current (Continued):				
Culture and Recreation:				
Parks	51,778	51,778	50,796	(982)
Library	86,540	92,000	91,561	(439)
Total Culture and Recreation	138,318	143,778	142,357	(1,421)
Housing and Development:				
Planning and Zoning	500	1,200	1,200	-
Total Housing and Development	500	1,200	1,200	-
Economic Development:				
Total Economic Development	54,650	55,000	54,854	(146)
Total Expenditures	2,590,624	2,923,110	2,675,090	(248,020)
(Deficiency) of Revenues (Under) Expenditures	(193,026)	(337,544)	406,320	743,864
OTHER FINANCING SOURCES				
Transfers In	355,000	461,000	406,817	(54,183)
Transfers Out	-	(116,914)	(57,000)	(59,914)
Total Other Financing Sources	355,000	344,086	349,817	5,731
Net Change in Fund Balance	161,974	6,542	756,137	749,595
Fund Balance - Beginning of Year	1,161,155	1,326,481	2,543,458	1,216,977
Fund Balance - End of Year	$ 1,323,129	$ 1,333,023	$ 3,299,595	$ 1,966,572

CITY OF MONTEZUMA, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

ASSETS	Water Fund	Sewer Fund	Solid Waste Fund	Airport	Fire & Emergency	Total Enterprise Funds	Internal Service Fund
Current Assets:							
Cash and Cash Equivalents	$ 80,760	$ 19,874	$ 47,400	$ -	$ 8,711	$ 156,745	$ 683
Investments	-	108,419	-	-	-	108,419	-
Accounts Receivable (net)	82,098	516,808	44,040	-	36,343	679,289	-
Due from Other Funds	40,156	134,664	153,152	-	60,321	388,293	3,781
Intergovernmental Receivable	-	-	-	31,288	-	31,288	107,950
Restricted Assets:							
Cash	14,357	-	-	-	-	14,357	-
Total Current Assets	217,371	779,765	244,592	31,288	105,375	1,378,391	112,414
Long-term Assets:							
Capital Assets not subject to depreciation	813,631	803,008	-	3,472,386	-	5,089,025	-
Property, Plant & Equipment (net)	2,597,687	4,081,553	11,727	218,172	128,118	7,037,257	-
Total Assets	$ 3,628,689	$ 5,664,326	$ 256,319	$ 3,721,846	$ 233,493	$ 13,504,673	$ 112,414
DEFERRED OUTFLOWS OF RESOURCES							
Related to pensions	3,548	5,924	-	-	-	9,472	-
LIABILITIES							
Current Liabilities:							
Accounts and Contracts Payable	$ 15,084	$ 83,579	$ 158,418	$ 83,233	$ 37,629	$ 377,943	$ -
Accrued Interest	-	2,345	-	-	-	2,345	-
Accrued Wages and Payroll Taxes	4,361	8,206	5,408	-	5,909	23,884	-
Compensated Absences Payable	889	3,008	95	-	1,715	5,707	-
Due to Other Funds	476,329	836,192	414,890	216,177	606,907	2,550,495	112,414
Customer Deposits - Restricted Assets	100,045	-	-	-	-	100,045	-
Notes Payable	-	108,469	-	-	-	108,469	-
Total Current Liabilities	596,708	1,041,799	578,811	299,410	652,160	3,168,888	112,414
Long-term Liabilities:							
Advance from Other Funds	-	-	398,733	-	-	398,733	-
Net Pension Obligation	61,703	44,206	33,831	-	76,977	216,717	-
Notes Payable	450,741	1,036,782	-	-	-	1,487,523	-
Total Liabilities	1,109,152	2,122,787	1,011,375	299,410	729,137	5,271,861	112,414
DEFERRED INFLOWS OF RESOURCES							
Related to pensions	-	-	7,171	-	12,293	19,464	-
NET POSITION							
Net Investment in Capital Assets	2,960,577	3,739,310	11,727	3,690,558	128,118	10,530,290	-
Unrestricted	(437,492)	(191,847)	(773,954)	(268,122)	(636,055)	(2,307,470)	-
Total Net Position	2,523,085	3,547,463	(762,227)	3,422,436	(507,937)	8,222,820	-
Total Liabilities and Net Position	$ 3,632,237	$ 5,670,250	$ 256,319	$ 3,721,846	$ 233,493	$ 13,514,145	$ 112,414

The notes to the financial statements are an integral part of this statement.

CITY OF MONTEZUMA, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
SEPTEMBER 30, 2021

	Water Fund	Sewer Fund	Solid Waste Fund	Airport	Fire & Emergency	Total Enterprise Funds	Internal Service Fund
OPERATING REVENUES							
Metered Sales	$ 527,554	$ -	$ -	$ -	$ -	$ 527,554	$ -
Charges for Services	70,707	2,075,471	590,686	6,570	182,264	2,925,698	350,300
Total Operating Revenues	598,261	2,075,471	590,686	6,570	182,264	3,453,252	350,300
OPERATING EXPENSES							
Personal Services	264,965	421,529	182,466	-	256,390	1,125,350	-
Purchased / Contracted Services	273,607	968,212	464,527	2,907	43,731	1,752,984	359,861
Supplies	68,065	205,516	26,075	921	12,943	313,520	-
Heat, Light and Power	48,046	228,300	-	1,600	14,791	292,737	-
Depreciation	82,714	178,554	3,564	13,136	30,346	308,314	-
Total Operating Expenses	737,397	2,002,111	676,632	18,564	358,201	3,792,905	359,861
Operating Income (Loss)	(139,136)	73,360	(85,946)	(11,994)	(175,937)	(339,653)	(9,561)
NONOPERATING REVENUES (EXPENSES)							
Intergovernmental	-	-	-	-	-	-	9,561
Interest Revenues	-	153	-	-	-	153	-
Miscellaneous Revenue	6,423	100	649	-	688	7,860	-
Interest Expense	(1,704)	(17,845)	-	-	-	(19,549)	-
Other Costs	(40,151)	-	-	-	-	(40,151)	-
Total Nonoperating Revenues (Expenses)	(35,432)	(17,592)	649	-	688	(51,687)	9,561
Income before Contributions and Transfers	(174,568)	55,768	(85,297)	(11,994)	(175,249)	(391,340)	-
Capital Contributions	205,498	-	-	313,314	-	518,812	-
Transfers In	8,119	193,490	1,803	93,774	23,764	320,950	-
Transfers Out	-	(312,000)	-	-	-	(312,000)	-
Changes in Net Position	39,049	(62,742)	(83,494)	395,094	(151,485)	136,422	-
Net Position - Beginning	2,484,036	3,610,205	(678,733)	3,027,342	(356,452)	8,086,398	-
Net Position - Ending	$ 2,523,085	$ 3,547,463	$ (762,227)	$ 3,422,436	$ (507,937)	$ 8,222,820	$ -

The notes to the financial statements are an integral part of this statement.

CITY OF MONTEZUMA, GEORGIA
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
SEPTEMBER 30, 2021

Cash Flows from Operating Activities:	Water Fund	Sewer Fund	Solid Waste Fund	Airport Fund	Fire & Emergency	Total Enterprise Funds	Internal Service Fund
Cash Received from Customers	$ 600,081	$ 1,852,327	$ 590,529	$ 128,237	$ 205,498	$ 3,376,672	$ -
Cash Received from Interfund and Outside Services Provided	-	-	-	-	-	-	350,223
Cash Payments for Interfund Services Used	(151,006)	(201,342)	(30,201)	-	(20,134)	(402,683)	-
Cash Payments to Suppliers	(390,343)	(1,387,315)	(414,758)	(183,933)	(70,003)	(2,446,352)	(359,991)
Cash Payments to Employees	(116,818)	(221,915)	(152,139)	-	(238,691)	(729,563)	-
Net Cash Provided by (Required for) Operating Activities	(58,086)	41,755	(6,569)	(55,696)	(123,330)	(201,926)	(9,768)
Cash Flows from Noncapital Financing Activities:							
Contributions	-	-	-	-	-	-	9,561
Interfund Balances	61,141	255,594	2,810	2,725	96,606	418,876	-
Transfer from (to) Other Funds	8,119	(296,637)	1,803	57,000	23,764	(205,951)	-
Net Cash provided by (Required for) Noncapital and Related Financing Activities	69,260	(41,043)	4,613	59,725	120,370	212,925	9,561
Cash Flows from Capital and Related Financing Activities:							
Acquisition of Capital Assets	(385,327)	(80,339)	-	(355,021)	-	(820,687)	-
Proceeds from GEFA loan	450,741	-	-	-	-	450,741	-
Principal and Interest Paid on Notes	(240,844)	(97,786)	-	-	-	(338,630)	-
Transfers from SPLOST	-	178,127	-	36,774	-	214,901	-
Capital Grants	165,347	-	-	313,314	-	478,661	-
Net Cash Flows (Required for) Capital and Related Financing Activities	(10,083)	2	-	(4,933)	-	(15,014)	-
Cash Flows from Investing Activities:							
Other Income	6,423	100	649	-	688	7,860	-
Purchase of Investments	-	(57)	-	-	-	(57)	-
Interest on Investments	-	153	-	-	-	153	-
Net Cash Provided by Investing Activities	6,423	196	649	-	688	7,956	-
Net Increase (Decrease) in Cash and Cash Equivalents	7,514	910	(1,307)	(904)	(2,272)	3,941	(207)
Cash and Equivalents at Beginning of Year	87,603	18,964	48,707	904	10,983	167,161	890
Cash and Equivalents at End of Year	$ 95,117	$ 19,874	$ 47,400	$ -	$ 8,711	$ 171,102	$ 683
Reconciliation of Operating (Loss) to Net Cash Provided from Operating Activities:							
Operating Income (Loss)	$ (139,136)	$ 73,360	$ (85,946)	$ (11,994)	$ (175,937)	$ (339,653)	$ (9,561)
Adjustments to Reconcile Operating (Loss) to Net Cash (Required for) Operating Activities:							
Depreciation and Amortization	82,714	178,554	3,564	13,136	30,346	308,314	-
(Increase) Decrease in Accounts Receivable	(487)	(223,144)	(157)	-	23,234	(200,554)	-
(Increase) Decrease in Intergovernmental Receivable	-	-	-	121,667	-	121,667	-
(Increase) in Due from Other Funds	-	-	-	-	-	-	(3,781)
(Increase) Decrease in Deferred Outflows	(3,548)	(5,924)	-		-	(9,472)	-
Decrease in Due from Other Governments	-	-	-	-	-	-	(77)
Increase (Decrease) in Accounts Payable	(625)	14,713	75,844	(178,505)	1,462	(87,111)	-
Increase (Decrease) in Wages Payable	(55)	847	1,396	-	646	2,834	-
Increase (Decrease) in Annual Leave	(1,827)	(1,476)	(415)	-	583	(3,135)	-
Increase in Customer Deposits	2,307	-	-	-	-	2,307	-
Increase (Decrease) in Due to Other Funds	-	-	-	-	-	-	3,651
Increase (Decrease) in Net Pension Obligation	(1,583)	(1,781)	(1,385)	-	(5,937)	(10,686)	-
Increase (Decrease) in Deferred Inflows	4,154	6,606	530	-	2,273	13,563	-
Net Cash Provided by (Required for) Operating Activities	$ (58,086)	$ 41,755	$ (6,569)	$ (55,696)	$ (123,330)	$ (201,926)	$ (9,768)

The notes to the financial statements are an integral part of this statement.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Montezuma, Georgia ("City") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The most significant of the City's accounting policies are described below.

A. The Reporting Entity

The City of Montezuma is a political subdivision of the State of Georgia. It is governed by an elected mayor and six-member governing council ("council") under an elected Mayor-Council form of government. As required by generally accepted accounting principles, these financial statements present all the fund types of the City and its component unit, an entity for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations; therefore, data from these units are combined with data of the primary government. The discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the primary government.

Discretely Presented Component Unit

The Montezuma Downtown Development Authority (the Authority) was created to revitalize and redevelop the urban, central city, and downtown areas of the City of Montezuma. The Authority's board members are appointed by the Mayor and City Council of the City of Montezuma. Separate financial statements for the Montezuma Downtown Development Authority are not prepared.

B. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a Statement of Net Position, a Statement of Activities and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all the nonfiduciary activities of the primary government and its component unit. The primary government and the discretely presented component unit are presented separately within the financial statements with the focus on the primary government. Eliminations have been made to minimize the double counting of internal activities. Individual funds are not displayed. These Statements distinguish between the governmental and business-type activities of the City. The Statements distinguish between governmental activities, generally supported by taxes, inter-governmental revenues, and other non-exchange transactions and business-type activities, which are generally financed in whole or in part by fees charged to external parties. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. In the government-wide Statement of Net Position, both the governmental and business-type activities' columns are presented on a consolidated basis, by column.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

They are reflected on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts – net investment in capital assets, restricted net position, and unrestricted net position.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services, which report fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions, which finance annual operating activities including restricted investment income; and, (3) capital grants and contributions, which fund the acquisition, construction or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. To identify which functional program a revenue pertains to, the determining factor for *charges for services* is that function which *generates* the revenue; and for *grants and contributions*, the determining factor is that function to which the revenue is restricted. Taxes and other revenue sources, not properly included with program revenues, are reported as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the City. The City allocates indirect expenses based on time studies. The allocation is adjusted annually based on the amount of time and resources utilized by the enterprise funds; the indirect expenses are allocated from the general fund to the enterprise funds receiving services.

Fund Financial Statements
The City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The City uses two categories of funds: governmental and proprietary. Fund financial statements are designed to present financial information of the City at this more detailed level. Fund financial statements are provided for governmental and proprietary funds. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between governmental fund assets and liabilities as fund balance. The following funds are the City's major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

The *American Rescue Plan Act* ("ARPA") of 2021 Local Fiscal Recovery Fund accounts for the financial resources provided and expended from the American Rescue plan grant received from the federal government.

The *2016-2022 SPLOST* Funds are used to account for the cost of acquiring capital equipment and payment of capital related debt with proceeds from a special one percent sales tax.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as either enterprise or internal services. The City has six proprietary funds. All of the proprietary funds are shown as major funds:

The *Water Enterprise Fund* supplies water to residents of the City of Montezuma.

The *Sewer Enterprise Fund* operates a sanitary sewer system throughout the City and a sewage treatment plant. Another treatment plant is operated by the fund as a holding and/or pretreatment area.

The *Solid Waste Enterprise Fund* operates a garbage collection service for the citizens of the City of Montezuma. At the beginning of fiscal year 2015, the City sold the majority of the capital assets of the Solid Waste Fund to a private enterprise which assumed the daily operation of solid waste services with the exception of yard debris. Billing is still performed by the City.

The *Airport Enterprise Fund* is involved in the expansion of the City of Montezuma's municipal airport and the City collects lease payments for hangars.

The *Fire and Emergency Fund* is used to account for fire services provided to citizens of the City of Montezuma.

The *Internal Service Fund* is used to provide health benefits to the employees of the City of Montezuma.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as investment earnings, result from transactions not associated with the principal activity of the fund.

Governmental Funds

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both "measurable" and "available." "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers all revenues available if they are collected within 60 days of the end of the current fiscal period, with the exception of grants, which are recognized when all eligibility requirements have been met.

Expenditures generally are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. General capital asset acquisitions are reported as expenditures in governmental funds. Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all susceptible to accrual and have been recognized as revenue in the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

The City uses the following governmental fund types:

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than capital projects) that are legally restricted to expenditures for specific purposes.

Capital Project Funds – Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing business. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and the depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The generally accepted accounting principles applicable to proprietary funds are similar to those used by businesses in the private sector.

Internal Service Funds

Internal Service Funds account for operations that provide services to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. Over time, the internal service funds function basically on a break-even basis. The City's internal service fund provides a majority of its service to the City's Proprietary Funds and is, therefore, treated as a proprietary fund in the government-wide financial statements.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Revenues – Exchange Transactions

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, the phrase "available for exchange transactions" means expected to be received within 60 days of year-end.

Revenues – Non-exchange Transactions

Non-exchange transactions in which the City receives value without directly giving equal value in return, include sales taxes, property taxes, grants, and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenues from property taxes are recognized in the fiscal year the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes, and federal and state grants.

Deferred Outflows and Inflows/Unearned Revenue

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The amount for pensions as required by GASB Statements No. 68 and 71, relates to certain differences between projected and actual actuarial results, certain differences between projected and actual investment earnings as well as contributions between measurement and reporting dates, which are accounted for as deferred outflows of resources.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The item, unavailable revenue, is reported only in the governmental funds balance sheet, represents amounts which are deferred and recognized as an inflow of resources in the period that the amounts become available. The amounts for pensions as required by GASB Statements No. 68 and 71, relate to certain differences between projected and actuarial results and certain differences between projected and actual investment earnings, which are accounted for as deferred inflows of resources.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Unearned Revenue

Grants and entitlements received before the eligibility requirements are met (e.g., cash advances) are recorded as unearned revenue.

D. Assets, Liabilities, and Equity

1. *Cash and Investments*

Cash includes amounts in demand deposit accounts as well as short-term investments with original maturities of three months or less from the date of acquisition. Investments are stated at fair value on quoted market prices. Georgia law authorizes the City to invest in the following types of obligations:

- Obligations of the State of Georgia or any other state(s)
- Obligations of the United States Government
- Obligations fully insured or guaranteed by the United States Government or Government Agency
- Obligations of any corporation of the United States Government
- Prime bankers' acceptances
- The State of Georgia local government investment pool (i.e. Georgia Fund I)
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia

2. *Receivables*

Levied property taxes are recorded as receivables and recognized as revenue in the year they become due. The levy is made on assessed valuations as of January 1, and the taxes were due by December 20, 2020. The tax bills were mailed on October 20, 2020. The billings are considered past due as of December 21, 2020, at which time the applicable property is subject to lien, and penalties and interest are assessed. The tax levy was set at 13.0 mills on September 29, 2020.

All trade and property tax receivables are shown net of an allowance for uncollectibles. All balances reported as "due to/due from other funds" represent amounts paid by one fund on behalf of another fund for which reimbursement has not been made by year-end.

3. *Interfund Balances*

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due from other funds/due to other funds." The noncurrent portion of interfund loans is classified as "advances to other funds/advances from other funds." These amounts are eliminated in the governmental and business-type activities columns of the Statement of Net Assets, except for any net residual amounts due between aggregate governmental and aggregate business-type activities, which are reclassified and presented as internal balances.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Equity (Continued)

4. *Inventory and Prepaid Items*

The costs of other governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed. Payments made to vendors for services that will benefit periods beyond September 30, 2021 are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which the corresponding services are consumed.

5. *Capital Assets*

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. Donated capital assets are recorded at their estimated fair value at the date of the donation.

The recorded public domain ("infrastructure") capital assets consist of those assets that were acquired since the fiscal year 2004 only. The cost of infrastructure assets that were acquired or received and substantial improvements made prior to fiscal year 2004 were not required to be, and have not been capitalized. Depreciation of all exhaustible capital assets is charged as an expense against operations.

Capital assets are reported in the financial statements net of accumulated depreciation. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Type	Useful Lives
Vehicles and equipment	3-20 Years
Land improvements	15-30 Years
Infrastructure	15-30 Years
Plant and buildings	25-50 Years

6. *Claims and Judgments*

Liabilities for claims and judgments against the City, including estimated liabilities for claims incurred but not reported at year-end, have been accrued in the appropriate funds.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Equity (Continued)

7. *Compensated Absences*

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

Vacation leave is based on the number of years of service and on a bi-weekly pay period as follows:

	Hours Per Pay Period
Employees with less than five years	3
Employees with five years or more but less than eighteen years	5
Employees with eighteen years or more	7

The maximum amount of vacation leave that may be carried forward from one leave year to another is 120 hours except that Fire Department personnel working more than a regular 40-hour week may carry forward a maximum of 168 hours. Excess vacation leave not taken by the first pay period of the new leave year will be forfeited.

8. *Fund Equity*

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting purposes is classified as "net position."

Fund balance - Generally, fund balance represents the difference between the current assets and current liabilities of a fund. In the fund financial statements, fund balances are classified, where applicable, as follows:

Nonspendable – Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained.

Restricted – Amounts that can be spent only for specific purposes because of the City charter, the City code, state or federal laws or externally imposed conditions by grantors or creditors.

Committed – Amounts that can be used only for specific purposes determined by a formal action by ordinance or resolution was passed by Mayor and Council.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Equity (Continued)

8. *Fund Equity (continued)*

Assigned – Amounts that are designated for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval by Mayor and Council.

Unassigned – All amounts not included in the other components as fund balance.

The City's policy with respect to the use of restricted and unrestricted net position is to first apply available restricted resources toward expenses. In governmental funds, the policy is to first apply available restricted fund balances toward expenditures and then use committed and assigned fund balances before using unassigned fund balances.

The City's policy with respect to fund balance classification is to comply with GASB 54, *Fund Balance Reporting*. The City's highest level decision-making body is Mayor and Council. Formal action required to establish, modify or rescind a committed fund balance is the budget approval process.

Net position - Net position represents the difference between total assets and total liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The remaining net position amount is reported as unrestricted.

9. *Management Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amount of revenues and expenditures/expenses during the reporting year. Actual results could differ from those estimates.

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II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

An operating budget is legally adopted each fiscal year for all governmental funds except capital project funds. Capital project funds use project-length budgets. The legal level of control (the level at which expenditures may not legally exceed appropriations) for each legally adopted annual budget is the department level. Budgets are adopted on a basis consistent with GAAP. All final budget amounts presented in the accompanying financial statements and supplementary data have been adjusted for authorized revisions of the annual budget during the year. The Mayor and City Council must approve any department level changes to a previously adopted budget. Management may amend the budget without obtaining the approval of the Mayor and City Council at any level below the departmental level. All unexpended appropriations provided in the annual budget lapse at year-end. The annual budget cycle begins in March of the preceding fiscal year when budget workbooks are distributed to each department. The Mayor and City Council advertise the budgets and conduct public hearings on the proposed budget in adherence to local ordinance and state law and a final budget is usually adopted September 30th.

B. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City.

III. DETAILED NOTES ON ALL FUNDS

1. Cash and Cash Equivalents and Investments

The bank balances of deposits as of September 30, 2021, are entirely insured or collateralized with securities held by the City's agent in the City's name.

Custodial Credit Risk
Custodial credit risk for deposits is the risk that in the event of bank failure, the government's deposits may not be recovered and returned to the government. The City limits its exposure to custodial credit risk by requiring deposits to be collateralized in accordance with state law.

As of September 30, 2021, the City had the following investments:

Type of Investment Primary Government	Fair Value	Investment Maturity Less than 1 yr	Rating	Weighted Average Maturity (WAM)
Georgia Fund I	$ 108,419	$ 108,419	AAAf	46 days
Total investments	$ 108,419	$ 108,419		

III. DETAILED NOTES ON ALL FUNDS (Continued)

Credit Risk – Investments
State statutes authorize the City to invest in obligations of the United States Treasury or Agencies, banker's acceptances, bank money market accounts, repurchase agreements, and the "Georgia Fund 1". The Georgia Fund 1, created by OCGA 36-83-8, is a stable net asset value investment pool, which follows Standard and Poor's criteria for AAAf rated money market funds and is regulated by the Office of the State Treasurer. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1.00 per share.

Interest Rate Risk – Investments
Interest rate risk is the risk associated with changes in interest rates that could adversely affect the fair value of an investment. Georgia Fund 1 uses the Weighted Average Maturity ("WAM") method to analyze interest rate risk. WAM expresses the average time until maturity for the investments in a portfolio weighted to reflect the dollar size of the individual investments within the portfolio. The City seeks to match investment terms to the cash requirements of the pool.

Custodial Credit Risk – Investments
Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require all investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. In accordance with the City's investment policy, the City manages its exposure to the risk of declines in fair values by limiting the maturity of its investments to a maximum of one year.

2. Receivables

Receivables at September 30, 2021, consist of the following:

	General Fund	Other Governmental Funds	Water Fund	Sewer Fund	Solid Waste Fund	Fire & Emergency
Accounts Receivable	$ 123,624	$ 1,501	$ 265,273	$ 684,378	$ 166,870	$ 49,821
Taxes Receivable	194,962	-	-	-	-	-
Gross	318,586	1,501	265,273	684,378	166,870	49,821
Receivables Less Allowance For Uncollectibles	(106,197)	-	(183,176)	(167,570)	(122,831)	(13,479)
Net Total Receivables	**$ 212,389**	**$ 1,501**	**$ 82,097**	**$ 516,808**	**$ 44,039**	**$ 36,342**

Loans receivable in the Revolving Loan Fund and Flood Revolving Loan Fund consist of various loans to businesses within the City of Montezuma. Original funding was provided by the U.S. Department of Housing and Urban Development through the State of Georgia's Department of Community Affairs.

III. DETAILED NOTES ON ALL FUNDS (Continued)

3. Interfund Receivables and Payables

The composition of interfund balances as of September 30, 2021, is as follows:

Receivable Fund	Payable Fund	Amount	Expected to be Repaid in Subsequent Year
General Fund	Flood Revolving Loan Fund	$ 222	Yes
General Fund	Sewer Fund	770,043	Yes
General Fund	Solid Waste Fund	414,620	Yes
General Fund	Airport Fund	203,177	Yes
General Fund	TSPLOST Fund	847	Yes
General Fund	Water Fund	215,464	Yes
General Fund	Fire Service Fund	581,285	Yes
General Fund	Self Insurance Fund	102,577	Yes
Water Fund	CDBG Fund	200	Yes
Water Fund	Solid Waste Fund	60	Yes
Water Fund	Fire Service Fund	25,469	Yes
Water Fund	Self Insurance Fund	1,427	Yes
Water Fund	Airport Fund	13,000	Yes
Sewer Fund	General Fund	12,550	Yes
Sewer Fund	Solid Waste Fund	211	Yes
Sewer Fund	Self Insurance Fund	4,363	Yes
Sewer Fund	Fire Service Fund	61	Yes
Sewer Fund	Water Fund	117,480	Yes
Solid Waste Fund	Water Fund	87,944	Yes
Solid Waste Fund	Self Insurance Fund	3,667	Yes
Solid Waste Fund	Sewer Fund	61,449	Yes
Solid Waste Fund	Fire Service Fund	93	Yes
Fire Service Fund	Water Fund	55,242	Yes
Fire Service Fund	Sewer Fund	4,700	Yes
Fire Service Fund	Self Insurance Fund	379	Yes
Self Insurance Fund	General Fund	3,781	Yes
Total		$ 2,680,311	

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These amounts also include the balance of a working capital loan made to a proprietary fund from the general fund. The interfund balances for the Internal Service Fund represent reimbursable amounts for health insurance claims paid by the Internal Service Fund on behalf of the Water Fund, Sewer Fund, and the Solid Waste Fund.

III. DETAILED NOTES ON ALL FUNDS (Continued)

4. Interfund Transfers

Transfers In	Transfers Out	Amount
General Fund	Sewer Fund	$ 312,000
General Fund	ARPA Fund	94,817
Water Fund	ARPA Fund	8,119
Sewer Fund	SPLOST Fund	178,127
Sewer Fund	ARPA Fund	15,363
Solid Waste Fund	ARPA Fund	1,803
Airport Fund	General Fund	57,000
Airport Fund	SPLOST Fund	36,774
Fire Fund	ARPA Fund	23,764
Total		$ 727,767

The SPLOST Fund (2016-2022 referendums) paid certain Airport Fund and Sewer Fund, capital outlay expenditures. These payments were made directly from the SPLOST Fund.

The ARPA Fund paid certain General Fund, Water Fund, Sewer Fund, Solid Waste Fund and Fire Fund expenditures for operational purposes.

Budgeted transfers were made from the General Fund to the Airport Fund, and from the Sewer Fund to the General Fund. These transfers were made to support the operations of the receiving funds.

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III. DETAILED NOTES ON ALL FUNDS (Continued)

5. Capital Assets

Capital asset activity for the year ended September 30, 2021 was as follows:

Governmental activities	Balance September 30, 2020	Increases	Decreases	Balance September 30, 2021	Depreciation September 30, 2021	Value September 30, 2021
Nondepreciable assets:						
Land	$ 358,037	$ -	$ -	358,037	$ -	$ 358,037
Construction in Progress	-	91,296	-	91,296	-	91,296
Total nondepreciable assets:	358,037	91,296	-	449,333	-	449,333
Depreciable assets:						
Buildings	2,499,769	-	-	2,499,769	1,276,757	1,223,012
Improvements	951,712	-	-	951,712	471,897	479,815
Machinery & equipment	1,178,614	154,700	217,734	1,115,580	831,674	283,906
Infrastructure	2,164,973	28,000	-	2,192,973	803,328	1,389,645
Total depreciable assets:	6,795,068	182,700	217,734	6,760,034	3,383,656	3,376,378
Total capital assets	$ 7,153,105	$ 273,996	$ 217,734	$ 7,209,367	$ 3,383,656	$ 3,825,711
Accumulated depreciation:						
Buildings	$ 1,223,424	$ 53,333	$ -	$ 1,276,757		
Improvements	429,962	41,935	-	471,897		
Machinery & equipment	961,209	51,955	181,490	831,674		
Infrastructure	738,867	64,461	-	803,328		
Total accumulated depreciation:	$ 3,353,462	$ 211,684	$ 181,490	$ 3,383,656		

Business-type activities	Balance September 30, 2020	Increases	Decreases	Balance September 30, 2021	Accumulated Depreciation September 30, 2021	Book Value September 30, 2021
Nondepreciable assets:						
Land	$ 1,048,497	$ -	$ -	$ 1,048,497	$ -	$ 1,048,497
Construction in progress	4,269,397	740,347	969,214	4,040,530	-	4,040,530
Total nondepreciable assets:	5,317,894	740,347	969,214	5,089,027	-	5,089,027
Depreciable assets:						
Buildings	147,183	-	-	147,183	131,902	15,281
Improvements	12,563,665	969,214	-	13,532,879	7,209,466	6,323,413
Machinery & equipment	2,696,843	80,339	-	2,777,182	2,078,622	698,560
Total depreciable assets:	15,407,691	1,049,553	-	16,457,244	9,419,990	7,037,254
Total capital assets	$ 20,725,585	$ 1,789,900	$ 969,214	$ 21,546,271	$ 9,419,990	$ 12,126,281

	Balance 2020	Increases	Decreases	Balance 2021
Accumulated depreciation:				
Buildings	$ 129,224	$ 2,678	$ -	$ 131,902
Improvements	7,007,452	202,014	-	7,209,466
Machinery & equipment	1,975,000	103,622	-	2,078,622
Total accumulated depreciation:	$ 9,111,676	$ 308,314	$ -	$ 9,419,990

III. DETAILED NOTES ON ALL FUNDS (Continued)

5. Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	$ 64,736
Public Safety	62,554
Public Works	96,646
Culture and Recreation	17,748
Total Depreciation Expense - Governmental Activities	$ 241,684
Business-Type Activities:	
Water	$ 82,714
Sewer	178,554
Solid Waste	3,564
Airport	13,136
Fire and Emergency Services	30,346
Total Depreciation Expense - Business-Type Activities	$ 308,314

A summary of capital asset activity for the Downtown Development Authority Component Unit for the year ended September 30, 2021 is as follows:

Governmental Activities	Balance September 30, 2020	Additions	Sales or Dispositions	Balance September 30, 2021	Accumulated Depreciation September 30, 2021	Book Value September 30, 2021
Nondepreciable:						
Land	$ 111,770	$ -	$ -	$ 111,770	$ -	$ 111,770
Depreciable:						
Buildings	324,391	-	-	324,391	140,527	183,864
Totals	$ 436,161	$ -	$ -	$ 436,161	$ 140,527	$ 295,634

Governmental Activities Accumulated Depreciation	Balance September 30, 2020	Additions	Deletions	Balance September 30, 2021
Buildings	$ 129,714	$ 10,813	$ -	$ 140,527
Totals	$ 129,714	$ 10,813	$ -	$ 140,527

Total depreciation expense for the Downtown Development Authority Component Unit for the year ended September 30, 2021 was $10,813 and is reflected in the expenses in the Statement of Activities.

III. DETAILED NOTES ON ALL FUNDS (Continued)

6. Long-term Debt

GEFA Note #3 - The Sewer Fund borrowed funds under an April 1, 2008 note payable from the Georgia Environmental Finance Authority (GEFA). The note required monthly payments of $11,744 including interest at 2.0%. The original maturity date was due April 1, 2028. The proceeds of the note were used to consolidate sewer facilities in the City. In November 2014, the City refinanced the loan with GEFA. The modified terms included a new maturity date of November, 2031, and new monthly payment amount of $10,865, including interest at a rate of 2.00%. The balance of the note payable as of September 30, 2021 was $1,145,251. The annual debt service requirements to maturity for the note payable including interest are as follows:

Year Ended	Principal	Interest
2022	108,469	21,914
2023	111,769	18,614
2024	114,025	16,358
2025	116,327	14,056
2026	118,675	11,708
2027-2031	575,986	32,468
Total	**$ 1,145,251**	**$115,118**

GEFA Note #4 - On December 10, 2019, the City was approved to borrow up to $1,150,000 at a .57% interest rate from the Drinking Water State Revolving Fund, administered by the Georgia Environmental Finance Authority (GEFA). The project will replace leaking water main, install an advanced metering infrastructure, and related appurtenances. During fiscal year 2021, the loan was modified to allow for an additional $115,000 in available funds to borrow. As of September 30, 2021, the City has drawn $811,925 and has $361,183 in loan forgiveness. The 2021 loan balance is $450,742 with $453,075 available to be drawn. Until completion of the project and final draw on the loan, interest only payments are due monthly. As of September 30, 2021, $1,757 in interest has been paid. The remaining interest was waived during the COVID pandemic. Once the loan is finalized, 179 monthly principal and interest payments will be due.

2018 Commercial Leaf Vac Capital Lease - During the fiscal year ended September 30, 2018, the City entered into a lease agreement with TCF Equipment Finance for a commercial leaf vac. The lease agreement qualifies as a capital lease for accounting purposes. The leaf vac was purchased in December of 2017. The total purchase price stated on the lease agreement is $55,800 and calls for an annual interest rate of 3.48% with annual payments of $12,371, with the first payment due in December 2018. The leaf vac was destroyed in a fire in March of 2021 and in turn, the remaining balance on the lease was paid off in June of 2021 using insurance proceeds.

III. DETAILED NOTES ON ALL FUNDS (Continued)

6. Long-term Debt (continued)

During the year ended September 30, 2021, the following changes occurred in the liability reported in long-term debt:

Governmental Activities	Balance September 30, 2020	Increase	Decrease	Balance September 30, 2021	Amounts Due in One Year
Compensated absences	$ 24,894	$ 27,472	$ 25,585	$ 26,781	$ 18,747
Capital Leases	35,004	-	35,004	-	-
Net Pension Liability (Asset)	209,543	-	9,105	200,438	-
Total	$ 269,441	$ 27,472	$ 69,694	$ 227,219	$ 18,747
Business-type activities					
Compensated absences	$ 8,842	$ 8,768	$ 11,903	$ 5,707	$ 5,707
GEFA Loan #3	1,225,192	-	79,941	1,145,251	108,469
GEFA Loan #4	239,140	211,601	-	450,741	-
Net Pension Liability	227,403	-	10,686	216,717	-
Total	$ 1,700,577	$ 220,369	$ 102,530	$ 1,818,416	$ 114,176

7. Employees' Retirement Plans

The City records and reports pension activities in accordance with GASB Statement 68 "Accounting and Financial Reporting for Pensions, an amendment of GASB Statement 27. GASB 68 revised existing standards for employer financial statements relating to measuring and reporting pension liabilities for pension plans provided by the City.

Defined Benefit Plan

Plan Description and Provisions - The City's defined benefit pension plan, the City of Montezuma Retirement Plan (the Plan), provides retirement, disability and death benefits to Plan members and beneficiaries. The Plan is a non-contributory defined benefit plan, which is administered by the Georgia Municipal Employees Benefit System (GMEBS), a state-wide agent multiple-employer type plan. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to the Georgia Municipal Employees Benefit System, 201 Pryor Street SW, Atlanta, Georgia 30303-3606, or by calling 1-678-686-6218.

Eligibility requirements are one year of City employment for employees; for officials, there is no waiting period. The Plan allows for early retirement at age 55 if the employee has ten years of service. An employee's normal retirement age is 65 given an employee has five years of service. For City officials ten years of service is required. Monthly retirement benefits paid to an employee are equal to two percent of the monthly average earnings for the highest consecutive three-year wage period times the number of years of service. Monthly retirement benefits paid to an official are equal to $33 times the number of years of service. Employees' and officials' benefits vest at 100 percent in one step after five years of service. These benefit provisions were established by a City ordinance dated November 1, 1972.

III. DETAILED NOTES ON ALL FUNDS (Continued)

7. Employees' Retirement Plans (Continued)

Effective November 1, 1972, the Georgia Constitution enabled the governing authority of the City, the Mayor and the Members of the City Council, to establish and to amend, from time to time, the contribution rates of the employer.

Plan Membership - At January 1, 2021, the date of the most recent actuarial valuation, there were participants respectively, consisting of the following:

Retirees and beneficiaries currently receiving benefits	55
Terminated vested participants	31
Current active employees vested	-
Total	86

Funding Policy - Employees are not required to contribute to the Plan. The City is required to make all contributions in accordance with the minimum funding standards of the Public Retirement Systems Standards Law. Section 47-20 of the Georgia Code sets forth the funding standards for state and local government pension plans. Administrative expenses are based on total covered payroll of plan members and are added to the annual funding requirement.

Significant Issues in Valuation Year - The assumptions and methods used to value the Plan were approved December 2020 by the Board based on an experience study for the period January 1, 2016 through June 30, 2020 conducted in November and December 2020.

Effective November 1, 2014, the Plan was frozen as follows: Participants' normal requirement benefits accrued as of December 31, 2011, shall be vested to the extent funded. Eligible Regular Employees and elected or appointed members of the Governing Authority will not be eligible to participate in this Plan with respect to Service on or after October 31, 2014. Employees and elected or appointed members of the Governing Authority who are initially employed or who initially take office on or after November 1, 2014 will not be eligible to participate in this Plan for any purpose. Service, unused sick leave, and earnings on and after November 1, 2014 will not count for any purpose under the Plan. Terminations of Plan for Current Non-vested Employees and Elected Officials. Vested Employees and Elected Officials will continue to participate in the Plans.

Net Pension Liability - The net pension liability (NPL) is the difference between the "Total Pension Liability" (TPL)) and the Plan's "fiduciary net position" (FNP). The TPL is the present value of pension benefits that are allocated to current members due to past service by entry age normal actuarial cost method. The TPL includes benefits related to projected salary and service and automatic cost of living adjustments (COLA). In addition, ad hoc COLA are also included in the TPL to the extent they are substantively automatic. The FNP is determined on the same basis used by the pension plans. The City's NPL as measured on September 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of January 1, 2021.

III. DETAILED NOTES ON ALL FUNDS (Continued)

7. Employees' Retirement Plans (Continued)

The components of the net pension liability of the Plan as of September 30, 2021 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 9/30/19	$ 4,761,954	$ 4,325,008	$ 436,946
Changes for the year:			
Service cost	-	-	-
Interest	338,003	-	338,003
Difference between expected and actual experience	39,148	-	39,148
Contributions-employer	-	15,471	(15,471)
Contributions-employee	-	-	-
Net investment income	-	395,865	(395,865)
Benefit payments, including refunds of employee contributions	(357,714)	(357,714)	-
Administrative expense	-	(14,394)	14,394
Other changes	-	-	-
Net changes	19,437	39,228	(19,791)
Balances at 9/30/20	$ 4,781,391	$ 4,364,236	$ 417,155

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of January 1, 2021.

Based on the results of an actuarial study in November and December 2019, the following assumptions were changed in this valuation:

- The investment return assumption was reduced from 7.50% to 7.375%
- The inflation assumption was reduced from 2.75% to 2.25%
- The cost-of-living assumption was reduced from 2.75% to 2.25%
- The mortality table for healthy retirees and beneficiaries was changed from the sex-distinct RP-2000 Combined Healthy Mortality Table, set forward two years in age for males and one year for females to the sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.
- The mortality table for disabled participants was changed from the sex-distinct RP-2000 Disabled Retiree Mortality Table to the sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.
- The mortality table for active participants, terminated vested participants, and deferred beneficiaries was changed from the sex-distinct RP-2000 Combined Healthy Mortality Table, set forward two years in age for males and one year for females to the sex-distinct Pri-2012 head-count weighted Employee Mortality Table.
- Future mortality improvement is based on projecting generationally from 2012 using 60% of the sex-distinct Scale SSA2019. Previously future mortality improvements were not explicitly projected.

III. DETAILED NOTES ON ALL FUNDS (Continued)

7. Employees' Retirement Plans (Continued)

- The prior retirement assumption was based on the Plan's normal retirement eligibility. If normal retirement eligibility was only available on or after age 65, the prior assumption was 60% at ages 65 to 69 and 100% at age 70 and older. If normal retirement eligibility was available prior to age 65, the rates were 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65 to 69, and 100% at age 70 and older as long as a participant was at least eligible for early retirement.
- The new assumption relates to when a given participant is eligible for normal retirement (either regular normal retirement or alternative normal retirement). Retirement rates do not apply if a participant is not eligible for either early or normal retirement. The retirement rates where normal retirement is available on or after age 65 are 5% at ages 55 to 59, 7% at ages 60 and 61, 20% at age 62, 10% at ages 63 and 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older.
- Where normal retirement is available to a given participant at age 62, 63, or 64, the new retirement rates are 3% when first eligible for early retirement through age 60, 10% at ages 61 to 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 30%.
- Where normal retirement is available at age 60 or 61, the new retirement rates are 3% when first eligible for early retirement through age 59, 10% at ages 60 to 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 20%.
- Where normal retirement is available prior to age 60, the new retirement rates are 3% when first eligible for early retirement through the year prior to normal retirement eligibility, 10% from normal retirement eligibility through age 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 10%.
- The turnover rates were changed from the greater of age-based rates and select rates for the first five years of service followed by age-based rates thereafter to service-based rates only.
- The disability rates were changed to 50% of the rates in the prior age-based table.
- The salary increase assumption was changed from a service-based salary scale starting at 8.25% for the first two years of service with an ultimate rate of 3.25% at ten years of service to a service-based scale starting at 8.50% for the first two years of service with an ultimate rate of 3.00% at 15 years of service.

There have been no other changes in methods or assumptions since the last valuation.

Actuarial Cost Method	Project Unit Credit
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases, with net effective amortization period of 15 years
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the value that exceeds or is less than the market value at end of year. Actuarial value is adjusted, if necessary, to be within 20% of market value.

III. DETAILED NOTES ON ALL FUNDS (Continued)

7. Employees' Retirement Plans (Continued)

Net Investment Rate of Return	7.375%
Projected Salary Increases	2.25% plus service based merit increase
Cost of Living Adjustments	2.25%
Mortality Rates:	
Healthy	Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25
Disabled:	Sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25
Plan termination basis (all lives):	1994 Group Annuity Reserving Unisex Table
Normal Retirement Age:	
Employees	65 with 5 years of service
Officials	65 with 10 years of service (for taking office after August 1, 1978)
Early Retirement	55 with ten years of service

Discount Rate - On-going basis: 7.375% On-going basis, based on long-term expected rate of return on pension plan investments

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2020 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.40%
International equity	20%	7.05%
Domestic fixed income	20%	1.15%
Real estate	10%	4.50%
Global fixed income	5%	1.25%
Cash	0%	
Total	100%	

III. DETAILED NOTES ON ALL FUNDS (Continued)

7. Employees' Retirement Plans (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate -

	1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
City's Net Pension Liability	$913,644	$417,155	($851)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows - The City recognized pension expense of $3,255 for the year ended September 30, 2021.

At September 30, 2021, the City reported deferred outflows and deferred inflows of resources as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	(47,885)
	$ -	$ (47,885)

Amounts reported as deferred outflows (inflows) of resources related to pension activities will be recognized as pension expense as follows:

Year ended September 30:	
2022	$ (55,943)
2023	2,243
2024	23,824
2025	(18,009)
	$ (47,885)

Defined Contribution Plan

The City adopted a 401(a) defined contribution plan ("Plan") that became effective January 1, 2011. The Plan is administered by the Georgia Municipal Administration. The Plan governing authority is Mayor and Council; plan provisions and amendments are authorized by this governing authority. All employees who work at least 30 hours per week may participate in the defined contribution plan with the exceptions of (1) of the City legal officer, (2) elected or appointed officials and (3) employees participating in the City defined benefit plan as of October 1, 2010. The plan does have a 12 month period of service requirement starting with the date of hire. Each year a one-time annual plan year-end contribution of 10% of base salary is to be made by the City for the calendar year; all contributions to the Plan will come from the City. The contributions are 100% vested after an employee has been employed for 5 years. Payments made during the year totaled $91,362.

III. DETAILED NOTES ON ALL FUNDS (Continued)

8. Health Insurance Program

The City is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; and, natural disasters for which the City carries commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There have been no significant decreases in insurance coverage from the prior year. The City is self-funded for health insurance as disclosed in the following note.

Starting with fiscal year 2001, up until September 30, 2015, the City maintained an internal service fund, the Risk Management Fund (the Fund) to self-insure account for and finance the activities of its health insurance program. The Fund's participants included the City and another local government. The Fund provides coverage for up to a maximum of $25,000 for each health insurance claim. The Fund purchased commercial reinsurance for all participating entities to cover claims in excess of the maximum coverage provided by the Fund. The combined cost of this arrangement is anticipated by its participants to be less than the amount the participating entities would have paid for comparable commercial insurance coverage. Liabilities were reported when it was probable that a loss had occurred and the amount of the loss could be reasonably estimated.

Beginning October 1, 2016, the City transitioned to a fully insured Health Insurance Plan. Under the new agreement the City will no longer be liable for any claims liability other than the monthly premium owed to insurance providers. All claims incurred in fiscal year 2021 were paid by third party insurance providers. Payments by the City in excess of the City's expenses, if any, may be retained in the Fund as a reserve for future expenses. Since the Fund's inception, the Fund has not accumulated significant financial resources. The City is committed to maintaining the solvency of the Fund. The Fund is included in the financial statements as an Internal Service Fund. The Fund does not issue separate financial statements.

Changes in the balance of claims liability during the past two years are as follows:

	2021	2020
Unpaid claims, beginning of fiscal year	$ -	$ -
Claims incurred	359,861	330,843
Claim payments	(359,861)	(330,843)
Unpaid claims, end of the fiscal year	**$ -**	**$ -**

III. DETAILED NOTES ON ALL FUNDS (Continued)

9. Post-employment Benefits

Health Benefits

On February 13, 2001 the City Council passed a resolution to provide health benefits to individuals, who have retired from the City, were active in the City's health plan at retirement and had not yet reached the age of 65. These benefits terminate when the retired individual reaches the age of 65. Because of the limited scope of eligibility requirements, relatively few individuals have been covered by this benefit since its inception. These benefits are funded on a pay-as-you-go basis. Participants are required to pay the same health insurance premiums as active employees. At September 30, 2021, two individuals were covered by the plan. The amount of expenditure/expense for these postretirement benefits for the year ended September 30, 2021 was approximately $6,192.

Life Insurance Benefits

On February 13, 2001 the City Council passed a resolution to provide life insurance benefits to individuals who have retired directly from the City. These benefits are a term life insurance of $20,000 for elected officials, City department heads and supervisors. All other employees receive $10,000 in term life insurance coverage. During the fiscal year 2021, nine individuals participated in these retirement benefits. These benefits are funded on a pay-as-you-go basis. Participants are not required to pay the insurance premiums which are paid completely by the City. The amount of expenditure/expense for these postretirement benefits for the year ended September 30, 2021 was approximately $810.

If other postemployment benefits are material, then the City is required to accrue liabilities in relation to those benefits. The postemployment benefits are not considered material to the financial statement presentation.

10. Contingent Liabilities

The City has received Federal and State grants for specific purposes that are subject to financial and compliance audits by the grantor agencies. Such audits could lead to disallowance of expenditures by the granting agencies. The amount, if any, of expenditures, which may be disallowed, cannot be determined at this time although the City expects such amounts, if any, to be immaterial. According to the City Attorney, there are no material claims or litigations against the City.

11. Hotel/Motel Tax

The City has levied a 5 percent Hotel/Motel Lodging tax. Of this percentage, 2 percent is given to the Chamber of Commerce to be used for the promotion of tourism. The remaining 3 percent is used by the City to promote other activities to promote tourism. The activity for the year ended September 30, 2021 is summarized below:

	2021
Hotel Motel Tax Revenue	$ 14,957
Required Expenditures	5,983
Actual Allowable Expenditures	5,983

III. DETAILED NOTES ON ALL FUNDS (Continued)

12. Deficit Net Positions

The following funds reported deficit fund balances/net position at September 30, 2021:

ARPA Fund	$ 30,087
Solid Waste Fund	$ 762,227
Fire and Emergency Fund	$ 507,937

The American Rescue Plan Act ("ARPA") had a deficit in net position of $30,087 as of September 30, 2021. This deficit was a result of transferring an excess into General Fund. An amount of $30,099 was transferred back to ARPA Fund on June 7, 2022, when the over transfer was discovered while filing required ARPA report of expenditures.

The Solid Waste Fund had a deficit in net position of $762,227 as of September 30, 2021. During fiscal year 2015, in order to address the deficits, the City entered into an agreement with a third party, whereby the third party would assume a majority of the day-to-day responsibility for operations. The agreement has resulted in a substantial decrease in the Solid Waste Fund operating expenses. The Fund had a positive net income for fiscal years 2018 and 2017. It is expected that the deficit in net position will be eliminated in future years through the continued substantial reduction of operating expenses under the agreement with the outside party.

The Fire and Emergency Fund had a deficit in net position of $507,937 as of September 30, 2021. The deficit resulted from the implementation of GASB Statements No. 68, and 71. These new pronouncements required employers to report the net pension liability on its financial statements. The City expects to eliminate the deficit net position through increased fire fees in the future. The Fire and Emergency Fund had a positive net income for fiscal year 2018.

13. Joint Venture – River Valley Regional Commission

The City of Montezuma, in conjunction with other municipalities and counties in the middle Georgia area, participates in the River Valley Regional Commission (Commission). Membership in the Commission is required by Code of Georgia Section 50-8-34, which provides for the organizational structure of the RDC in Georgia. The Commission Board membership includes the chief elected official of each County and municipality of the area. Georgia law also provides that the member governments are liable for any debts or obligations of the Commission beyond its resources. The City does not anticipate receiving an additional financial benefit, nor incur an additional financial burden in the foreseeable future due to the City's participation in the joint venture. Separate financial statements for the River Valley Regional Commission can be obtained from the Commission's office in Americus, Georgia. During the year ended September 30, 2021 the City contributed $3,002 to the Commission.

III. DETAILED NOTES ON ALL FUNDS (Continued)

14. Covid-19

In December 2019, a strand of coronavirus (COVID-19) began to spread worldwide, resulting in a severe impact to the United States economy in March 2020. The spread of COVID-19 has had a negative impact on virtually all businesses and individuals which comprise the tax base of all levels of government. The full extent of this impact is uncertain and cannot be reasonably estimated at this time.

15. Subsequent Events

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through August 10, 2022, the date the financial statements were available to be issued.

CITY OF MONTEZUMA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
SEPTEMBER 30, 2021

	2021	2020	2019	2018	2017	2016	2015
Total pension liability							
Service cost	$ -	$ -	$ -	$ -	$ -	$ -	$ 52,471
Interest	338,033	322,037	321,661	345,027	360,679	345,447	411,444
Differences between expected and actual experience	39,148	322,220	50,519	(108,423)	(239,349)	166,190	7,436
Changes of assumptions	-	-	-	(65,231)	-	-	(141,860)
Changes of benefit terms	-	-	-	-	-	-	(864,084)
Benefit payments, including refunds of employee contribution	(357,714)	(392,522)	(341,819)	(327,212)	(319,294)	(310,976)	(322,976)
Other	-	20,129	-	-	-	-	-
Net change in total pension liability	19,467	271,864	30,361	(155,839)	(197,964)	200,661	(857,569)
Total pension liability-beginning	4,761,954	4,490,090	4,459,729	4,615,571	4,813,535	4,612,874	5,470,443
Total pension liability-ending (a)	$4,781,421	$4,761,954	$4,490,090	$4,459,732	$4,615,571	$4,813,535	$4,612,874
Plan fiduciary net position							
Contributions-employer	$ 15,471	$ 15,768	$ 87,906	$ 86,988	$ 60,000	$ 71,000	$ 160,593
Contributions-employee	-	-	-	-	-	-	-
Net investment income	395,865	120,812	430,359	598,170	427,141	55,819	439,524
Benefit payments, including refunds of employee contribution	(357,714)	(392,522)	(341,819)	(327,212)	(319,294)	(310,976)	(322,976)
Administrative expense	(14,394)	(14,220)	(15,268)	(16,891)	(9,317)	(11,581)	(9,459)
Other	-	-	-	-	-	-	-
Net change in plan fiduciary net position	39,228	(270,162)	161,178	341,055	158,530	(195,738)	267,682
Plan fiduciary net position-beginning	4,325,008	4,595,170	4,433,992	4,092,937	3,934,407	4,130,145	3,862,462
Plan fiduciary net position-ending (b)	$4,364,236	$4,325,008	$4,595,170	$4,433,992	$4,092,937	$3,934,407	$4,130,144
Net pension liability-ending (a) - (b)	$ 417,185	$ 436,946	$ (105,080)	$ 25,740	$ 522,634	$ 879,128	$ 482,730
Plan fiduciary net position as a percentage of the total pension liability	91.27%	90.82%	102.34%	99.42%	88.68%	81.74%	89.54%
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:
This schedule will present 10 years of information once the data is available.

CITY OF MONTEZUMA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
SEPTEMBER 30, 2021

	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	*	$ 15,366	$ 15,760	$ 49,438	$ 79,840	$ 54,348	$220,586
Contributions in relation to the actuarially determined contribution	*	15,471	15,768	87,906	86,988	60,000	71,000
Contribution deficiency (excess)	*	$ (105)	$ (8)	$ (38,468)	$ (7,148)	$ (5,652)	$149,586
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

*** 2021 information will be determined after fiscal year end and will be included in the 2022 valuation report.**

Notes to Schedule:

Valuation date: The actuarially determined contribution was determined as of January 1, 2021 with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution will be reported for the fiscal year ending September 30, 2022.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	Varies for the bases, with a net effective amortiation period of 15 years
Asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Actuarial Assumptions:	
Net Investment Rate of Return	7.375%
Projected Salary increases	2.25% plus service based merit increases
Cost of Living Adjustments	2.25%
Mortality	
Healthy	Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25
Disabled	Sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25
Active participants, terminated vested participants, and deferred beneficiaries:	Sex-distinct Pri-2012 head-count weighted Employee Mortality Table
Plan termination basis (all lives)	1994 Group Annuity Reserving Unisex Table
Retirement age	
Employees	65 with 5 years of service
Officials	65 with 10 years of service (only for those who take office after August 1, 1978)
Inactive vested participants	65
Other Information	Based on the results of an actuarial study conducted in November and December 2019: The investment return assumption was reduced from 7.50% to 7.375%. The inflation assumption was reduced from 2.75% to 2.25%. The cost-of-living assumption was reduced from 2.75% to 2.25%. There were no changes in benefit provisions in the last two fiscal years.

Notes to Schedule:

This schedule will present 10 years of information once the data is available.

CITY OF MONTEZUMA, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2021

	Special Revenue					Total Nonmajor Governmental
	Hotel/Motel Tax	Revolving Loan Fund	Flood Revolving Loan Fund	TSPLOST Fund	Library Endowment Fund	Total
ASSETS						
Cash and Cash Equivalents	$ 18,389	$ 82,868	$ 8,433	$ 154,545	$ 4,170	$ 268,405
Accounts Receivable	1,502	-	-	-	-	1,502
Due from Other Governments	-	-	-	6,938	-	6,938
Loans Receivable	-	255,363	9,699	-	-	265,062
Total Assets	$ 19,891	$ 338,231	$ 18,132	$ 161,483	$ 4,170	$ 541,907
LIABILITIES AND FUND BALANCES						
Accounts Payable	$ 926	$ -	$ -	$ -	$ -	$ 926
Due to Other Fund	-	-	222	847	-	1,069
Total Liabilities	926	-	222	847	-	1,995
Fund Balances:						
Nonspendable:						
Noncurrent Loans Receivable	-	255,363	9,699	-	-	265,062
Restricted for:						
Loans	-	82,868	8,211	-	-	91,079
Capital Projects	-	-	-	160,636	-	160,636
Library Endowment	-	-	-	-	4,170	4,170
Tourism	18,965	-	-	-	-	18,965
Total Fund Balances	18,965	338,231	17,910	160,636	4,170	539,912
Total Liabilities and Fund Balances	$ 19,891	$ 338,231	$ 18,132	$ 161,483	$ 4,170	$ 541,907

CITY OF MONTEZUMA, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Special Revenue					Total Nonmajor Governmental
REVENUES	**Hotel/Motel Tax**	**Revolving Loan Fund**	**Flood Revolving Loan Fund**	**TSPLOST Fund**	**Library Endowment Fund**	**Total**
Taxes	$ 14,957	$ -	$ -	$ 85,458	$ -	$ 100,415
Investment Income	-	-	-	17	-	17
Total Revenues	14,957	-	-	85,475	-	100,432
EXPENDITURES						
Current:						
Public Works	-	-	-	28,720	-	28,720
Economic Development	5,983	4,607	-	-	-	10,590
Total Expenditures	5,983	4,607	-	28,720	-	39,310
Excess of Revenues Over Expenditures	8,974	(4,607)	-	56,755	-	61,122
Fund Balances - Beginning	9,991	342,838	17,910	103,881	4,170	478,790
Fund Balances - Ending	$ 18,965	$ 338,231	$ 17,910	$ 160,636	$ 4,170	$ 539,912

CITY OF MONTEZUMA, GEORGIA
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Hotel/Motel Tax			Revolving Loan		
	Original and Final Budgeted Amounts	Actual Amounts	Variance With Budget	Original and Final Budgeted Amounts	Actual Amounts	Variance With Budget
REVENUES						
Taxes	$ 14,600	$ 14,957	$ 357	$ -	$ -	$ -
Investment Income	-	-	-	-	-	-
Total Revenues	14,600	14,957	357	-	-	-
EXPENDITURES						
Current:						
Public Works	-	-	-	-	-	-
Economic Development	5,840	5,983	143	4,607	4,607	-
Total Expenditures	5,840	5,983	143	4,607	4,607	-
Net Change in Fund Balances	8,760	8,974	214	(4,607)	(4,607)	-
Fund Balances - Beginning	9,991	9,991	-	342,838	342,838	-
Fund Balances - Ending	$ 18,751	$ 18,965	$ 214	$ 338,231	$ 338,231	$ -

TSPLOST Fund		
Original and Final Budgeted Amounts	**Actual Amounts**	**Variance With Budget**
$ -	$ 85,458	$ 85,458
-	17	17
-	85,475	85,475
28,720	28,720	-
-	-	-
28,720	28,720	-
(28,720)	56,755	85,475
103,881	103,881	-
$ 75,161	$ 160,636	$ 85,475

CITY OF MONTEZUMA, GEORGIA
INTERNAL SERVICE FUND
STATEMENT OF NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2021

ASSETS		
Cash	$	683
Due from Other Funds		3,781
Due from Other Governments		107,950
Total Assets	$	112,414
LIABILITIES AND FUND BALANCE		
Liabilities:		
Due to Other Funds	$	112,414
Total Liabilities		112,414
Total Liabilities and Net Position	$	112,414

CITY OF MONTEZUMA, GEORGIA
INTERNAL SERVICE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2021

OPERATING REVENUES	
Charges for Services	$ 350,300
Total Operating Revenues	350,300
OPERATING EXPENSES	
Insurance Premiums	332,606
Administration	27,255
Total Operating Expenses	359,861
Net Operating (Loss)	(9,561)
NONOPERATING REVENUE	
Intergovernmental	9,561
Total Nonoperating Revenue	9,561
Change in Net Position	-
Net Position - Beginning of Year	-
Net Position - End of Year	$ -

CITY OF MONTEZUMA, GEORGIA
INTERNAL SERVICE FUND
STATEMENT OF CASH FLOWS
SEPTEMBER 30, 2021

Cash Flows from Operating Activities:	
Cash Received from Other Funds for Services Provided	$ 350,223
Cash Payments to Suppliers	(359,991)
Net Cash Provided by Operating Activities	(9,768)
Cash Flows Used in Noncapital Activities:	
Contributions	9,561
Net Cash Used by Noncapital Activities	9,561
Net Increase in Cash and Cash Equivalents	(207)
Cash and Equivalents at Beginning of Year	890
Cash and Equivalents at End of Year	$ 683
Reconciliation of Operating (Loss) to Net Cash Provided from Operating Activities:	
Operating (Loss)	$ (9,561)
(Increase)/Decrease in Due from Other Governments	(77)
(Increase)/Decrease in Due from Other Funds	(3,781)
Increase/(Decrease) in Due to Other Funds	3,651
Net Cash Provided by Operating Activities	$ (9,768)

SUPPLEMENTARY DATA SECTION

CITY OF MONTEZUMA, GEORGIA
SEWER ENTERPRISE FUND - GEFA LOANS
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
SEPTEMBER 30, 2021

GEFA Loan #3	Fiscal Year	Principal	Interest	Total Annual Requirements
	2022	$ 108,469	$ 21,914	$ 130,383
	2023	111,769	18,614	130,383
	2024	114,025	16,358	130,383
	2025	116,327	14,056	130,383
	2026	118,675	11,708	130,383
	2027	121,070	9,313	130,383
	2028	123,514	6,869	130,383
	2029	126,007	4,376	130,383
	2030	128,549	1,834	130,383
	2031	76,846	10,076	86,922
		$ 1,145,251	$ 115,118	$ 1,260,369

GOVERNMENT AUDIT SECTION

BUTLER, WILLIAMS & WYCHE, LLP
CERTIFIED PUBLIC ACCOUNTANTS
5223 RIVERSIDE DRIVE
MACON, GEORGIA 31210

August 10, 2022

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 *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and Members
of the City Council
City of Montezuma, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component unit and the aggregate remaining fund information of the City of Montezuma, Georgia, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Montezuma, Georgia's basic financial statements and have issued our report thereon dated August 10, 2022.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings to be material weaknesses: items 2021-001.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings to be significant deficiencies: items 2021-002 and 2021-003.

Compliance and Other Matters

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

City of Montezuma, Georgia's Response to Findings

The City of Montezuma, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings. City of Montezuma, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Butler, Williams & Hyche, LLC

Macon, Georgia

CITY OF MONTEZUMA, GEORGIA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

2021-001

Criteria – Generally accepted accounting principles require that revenues be recorded in the period in which they are both measurable and available to finance current period expenditures. Also, procedures should be in place to ensure all payables and expenditures/expenses are properly recorded, in a timely manner, regardless of the timing of the related cash flows.

Condition – The City's internal controls were not adequate to determine the entries needed to properly reflect the City's end of year account balances in receivables/revenues and liabilities/expenditures/expenses.

Cause of Condition – During our audit of receivables/revenues and liabilities/expenditures/expenses, we noted multiple audit adjustments that were needed to properly reflect end of year account balances.

Effect of Condition – Multiple accounts were misstated by material amounts. Audit adjustments were required to correct these misstatements.

Recommendation – We recommend that the City review its receivable/revenue accounts to determine that all necessary receivables/revenues have been properly accrued and review liabilities and expenditures/expenses to ensure that liabilities/expenditures/expenses are recorded in the proper reporting period.

Response/Corrective Action Plan – We concur. We will put measures in place to ensure receivables/revenues and liabilities/expenditures/expenses are recorded in the proper recording period and that necessary accruals are made to reflect correct end of year account balances.

2021-002

Criteria – Internal controls should be designed to ensure all bank accounts are reconciled on a monthly basis.

Condition – Bank accounts were not reconciled on a timely basis for fiscal year ending September 30, 2021.

Cause of Condition – The City did not reconcile the AP Clearing, Payroll Clearing, Utility Billing, Utililty Draft, CDBG Grant, and Fire Protection bank accounts.

Effect of Condition – Failure to reconcile bank statements monthly and timely could result in misstatements without the City's knowledge, and losses could occur due to not detecting bank statement errors within the allotted time period established by the bank. Multiple accounts were misstated by material amounts and outstanding items were not being tracked.

Recommendation – We recommend that the City reconcile and review all bank accounts on a monthly basis.

Response/Corrective Action Plan – We concur. We will reconcile all bank accounts on a monthly basis.

2021-003

Criteria – Timely and accurate financial reports are vital in order to perform analysis of the City's financial condition, and review data for accuracy and completeness, monitor compliance and prepare annual financial statements.

Condition – The City had significant delays in providing items. Other items were incomplete and/or incorrect and required further followup to ensure correct support was obtained.

Cause of Condition – Lack of organization amd communication with auditors delayed the audit and the issuance of the financial statements.

Effect of Condition – The audit took longer to complete, and the issuance of the audit report was delayed.

Recommendation – We recommend the City provide the items requested at the beginning of the audit and to respond to emails and communication during the audit in a timely manner.

Response/Corrective Action Plan – We concur. We had several key employee turnovers due to major illness. New hires have been made so future audit delays should not occur in the future.

CITY OF MONTEZUMA, GEORGIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

2020-001 **Condition –** The City's internal controls were not adequate to determine the entries needed to properly reflect the City's end of year account balances in receivables/revenues and liabilities/expenditures/expenses.

Recommendation –We recommend that the City review its receivable/revenue accounts to determine that all necessary receivables/revenues have been properly accrued and review liabilities and expenditures/expenses to ensure that liabilities/expenditures/expenses are recorded in the proper reporting period.

Status – Unresolved. See current year finding 2021-001.

STATE AUDIT SECTION

CITY OF MONTEZUMA, GEORGIA
SCHEDULE OF PROJECTS UNDERTAKEN
WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Estimated Cost	Expenditures			Estimated Percentage of Completion
		Prior Years	Current Year	Total	
Splost 2016 Referendum:					
Water	**	$ 22,880	$ -	$ 22,880	
Sewer	**	440,592	178,127	618,719	
Airport	**	-	36,773	36,773	
Solid Waste	**	-	-	-	
General Government	**	20,023	123	20,146	
Public Buildings	**	28,221	-	28,221	
Police (Public Safety)	**	251,884	3,772	255,656	
Public Works	**	72,996	36,330	109,326	
Fire	**	60,692	-	60,692	
	1,571,551	897,288	255,125	1,152,413	73.3%
Totals	$ 1,571,551	$ 897,288	$ 255,125	$ 1,152,413	73.3%

Reconciliation to Statement of Revenues, Expenditures and Changes in Fund Balance

Principal Reduction	$ 34,636
Interest	1,694
Public Safety	3,772
General Government	123
Public Works	-
Transfers Out	214,900
Total Expenditures per SPLOST Schedule	$ 255,125

** Referendum does not break out dollar amount of categories

Note - This schedule presents a detail for each project allowed in the intergovernmental agreement.

CITY OF MONTEZUMA, GEORGIA
WATER IMPROVEMENT COMMUNITY DEVELOPMENT BLOCK GRANT
20p-x-096-2-6149

PROJECT COST SCHEDULE
FOR THE PERIOD ENDING SEPTEMBER 30, 2021

			Expenditures		
Program Activity	**Activity Number**	**Budget**	**Prior Years**	**Current Year**	**Cumulative Expenditures**
Engineering	T-03J-00	$ 69,366	$ -	$ 38,975	$ 38,975
Water/Sewer Improvements	P-03J-01	630,634	-	-	-
Administration	A-21A-00	45,000	-	1,000	1,000
Contingencies	P-001-01	5,000	-	-	-
		$ 750,000	$ -	$ 39,975	$ 39,975

Accounted for in Water Fund.