CITY OF MONTICELLO, GEORGIA

ANNUAL FINANCIAL REPORT
(WITH INDEPENDENT AUDITORS' REPORT)

Year Ended June 30, 2015

CITY OF MONTICELLO, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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INDEPENDENT AUDITORS' REPORT

September 30, 2016

To the Mayor and City Council
CITY OF MONTICELLO, GEORGIA
Monticello, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the CITY OF MONTICELLO, GEORGIA, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the CITY OF MONTICELLO, GEORGIA'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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the CITY OF MONTICELLO, GEORGIA, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, the City adopted GASB Statements 68 and 71, "*Accounting and Financial Reporting for Pensions.*" Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the Net Pension Liability - City of Monticello Retirement Plan, Schedule of Contributions - City of Monticello Retirement Plan, Schedule of Notes to Required Supplementary Information - City of Monticello Retirement Plan, Budgetary Comparison Schedule-General Fund and Budgetary Comparison Schedule-Debt Service Fund listed in the table of contents 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.

The CITY OF MONTICELLO, GEORGIA 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 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 OF MONTICELLO, GEORGIA's basic financial statements. The accompanying supplementary information such as the combining and individual nonmajor fund financial statements, supplemental budgetary comparison schedules, and the accompanying Schedule of Projects Constructed with Special Purpose Local Option Sales Tax Proceeds which is presented for purposes of additional analysis as required by Official Code of Georgia 48-8-121 for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2016 on our consideration of the CITY OF MONTICELLO, GEORGIA'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 CITY OF MONTICELLO, GEORGIA's internal control over financial reporting and compliance.

Baker Tilly & Co, LLP

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CITY OF MONTICELLO, GEORGIA
STATEMENT OF NET POSITION
June 30, 2015

	PRIMARY GOVERNMENT			COMPONENT UNIT
ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	DOWNTOWN DEVELOPMENT AUTHORITY
Cash	$ 556,586	$ 88,139	$ 644,725	$ 13,541
Notes receivable	-	29,574	29,574	-
Receivables (net of allowance for uncollectibles)	203,645	848,832	1,052,477	-
Internal balances	(328,892)	328,892	-	-
Due from component units	-	119,613	119,613	-
Prepaid items	49,239	69,343	118,582	-
Restricted assets:				
Cash	256,375	373,544	629,919	-
Investments	-	1,374,231	1,374,231	-
Non-current assets:				
Notes receivable	-	163,787	163,787	-
Capital assets:				
Capital assets not being depreciated	512,288	263,685	775,973	-
Capital assets being depreciated	5,927,625	14,094,833	20,022,458	178,000
Less: accumulated depreciation	(2,134,701)	(6,360,244)	(8,494,945)	(41,401)
Capital assets, net of depreciation	4,305,212	7,998,274	12,303,486	136,599
TOTAL ASSETS	5,042,165	11,394,229	16,436,394	150,140
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows related to pensions	55,280	112,898	168,178	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	55,280	112,898	168,178	-
LIABILITIES				
Accounts payable	121,341	59,234	180,575	-
Accrued interest payable	-	6,369	6,369	21,899
Other accrued items	13,465	43,439	56,904	-
Due to primary government	-	-	-	119,613
Customer Deposits	-	253,153	253,153	-
Noncurrent liabilities:				
Due within one year				
Compensated absences payable	9,184	16,816	26,000	-
Notes payable	-	55,584	55,584	8,450
Capital leases payable	2,264	29,383	31,647	-
General obligation bonds payable	190,000	-	190,000	-
Revenue bonds payable	-	170,000	170,000	-
Due in more than one year				
Compensated absences payable	6,123	11,211	17,334	-
Notes payable	-	271,812	271,812	28,716
Capital leases payable	-	405,898	405,898	-
General obligation bonds payable	840,000	-	840,000	-
Revenue bonds payable	-	1,555,000	1,555,000	-
Net pension liability	69,454	131,281	200,735	-
TOTAL LIABILITIES	1,251,831	3,009,180	4,261,011	178,678
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows related to pensions	51,748	97,813	149,561	-
TOTAL DEFERRED INFLOWS OF RESOURCES	51,748	97,813	149,561	-
NET POSITION				
Net investment in capital assets	3,272,948	5,510,597	8,783,545	20,180
Restricted for:				
Capital outlay projects	239,149	-	239,149	-
Debt service	256,375	765,476	1,021,851	-
Muncipal Competitive Trust Agreement	-	1,374,231	1,374,231	-
Unrestricted	25,394	749,830	775,224	(48,718)
TOTAL NET POSITION	$ 3,793,866	$ 8,400,134	$ 12,194,000	$ (28,538)

The accompanying notes are an integral part of this statement.

CITY OF MONTICELLO, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNIT DOWNTOWN DEVELOPMENT AUTHORITY
	..... PROGRAM REVENUES				.... NET (EXPENSE) AND CHANGES IN NET POSITION .... PRIMARY GOVERNMENT			
PRIMARY GOVERNMENT								
GOVERNMENTAL ACTIVITIES								
General government	$ 869,383	$ 161,177	$ 59,710	$ 430,368	$ (218,128)	$ -	$ (218,128)	$ -
Judicial	2,436	-	-	-	(2,436)	-	(2,436)	-
Public safety	37,213	22,233	-	-	(14,980)	-	(14,980)	-
Public works	458,528	240,265	-	160,830	(57,433)	-	(57,433)	-
Public health and welfare	52,236	-	-	-	(52,236)	-	(52,236)	-
Recreation and culture	15,514	-	-	-	(15,514)	-	(15,514)	-
Housing and development	332,984	1	-	332,984	1	-	1	-
Interest	54,697	-	-	-	(54,697)	-	(54,697)	-
Total Governmental Activities	1,822,991	423,676	59,710	924,182	(415,423)	-	(415,423)	-
BUSINESS-TYPE ACTIVITIES								
Water and sewer	866,042	1,222,606	-	-	-	356,564	356,564	-
Electric System	2,966,787	3,247,639	-	-	-	280,852	280,852	-
Natural Gas System	2,536,192	2,641,063	-	-	-	104,871	104,871	-
Total Business-Type Activities	6,369,021	7,111,308	-	-	-	742,287	356,564	-
TOTAL PRIMARY GOVERNMENT	8,192,012	7,534,984	59,710	924,182	(415,423)	742,287	(58,859)	-
COMPONENT UNIT								
Downtown Development Authority	14,320	15,690	-	-	-	-	-	1,370
TOTAL COMPONENT UNIT	$ 14,320	$ 15,690	$ -	$ -	-	-	-	1,370
GENERAL REVENUES								
Property taxes					335,660	-	335,660	-
Sales taxes					254,281	-	254,281	-
Insurance premium taxes					143,574	-	143,574	-
Real estate recording taxes					2,402	-	2,402	-
Other taxes					145,260	-	145,260	-
Total taxes					881,177	-	881,177	-
Unrestricted investment earnings					750	23,209	23,959	-
Grants and contributions not restricted to a specific program					14,966	-	14,966	-
TRANSFERS					102,900	(102,900)	-	-
TOTAL GENERAL REVENUES AND TRANSFERS					999,793	(79,691)	920,102	-
CHANGES IN NET POSITION					584,370	662,596	1,246,966	1,370
NET POSITION, Beginning					3,415,489	7,233,102	10,648,591	(29,908)
CHANGE IN ACCOUNTING PRINCIPLE					(205,993)	504,436	298,443	-
NET POSITION, Beginning as restated					3,209,496	7,737,538	10,947,034	(29,908)
NET POSITION, Ending					$ 3,793,866	$ 8,400,134	$ 12,194,000	$ (28,538)

The accompanying notes are an integral part of this statement.

CITY OF MONTICELLO, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	GENERAL	SPLOST	DEBT SERVICE	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash	$ 343,572	$ 213,013	$ -	$ 1	$ 556,586
Receivables (net of allowance for uncollectibles)	129,635	13,014	-	60,995	203,644
Interfund receivables	27,051	-	-	-	27,051
Prepaid items	49,239	-	-	-	49,239
Restricted assets:					
Cash	-	-	256,375	-	256,375
TOTAL ASSETS	549,497	226,027	256,375	60,996	1,092,895
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	45,963	14,383	-	60,996	121,342
Other accrued items	13,465	-	-	-	13,465
Interfund payables	355,943	-	-	-	355,943
TOTAL LIABILITIES	415,371	14,383	-	60,996	490,750
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	46,885	-	-	-	46,885
TOTAL DEFERRED INFLOWS OF RESOURCES	46,885	-	-	-	46,885
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	462,256	14,383	-	60,996	537,635
FUND BALANCES					
Nonspendable:					
Prepaid expenditure	49,239	-	-	-	49,239
Restricted:					
Debt service	-	-	256,375	-	256,375
Capital outlay projects	27,505	211,644	-	-	239,149
Unassigned:	10,497	-	-	-	10,497
TOTAL FUND BALANCES	87,241	211,644	256,375	-	555,260
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 549,497	$ 226,027	$ 256,375	$ 60,996	$ 1,092,895

The accompanying notes are an integral part of this statement.

CITY OF MONTICELLO, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
For the Year Ended June 30, 2015

Total Fund Balances for Governmental Funds (page 3)		$ 555,260
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds.		4,305,212
Some assets and deferred outflows are not available in the current period, and therefore, are not reported in the funds:		
Deferred charge for pension expense	55,280	
		55,280
Revenues in the statement of activities that do not provide current financial resources are reported as unavailable revenues in the funds.		
Property Taxes	46,885	
		46,885
Some liabilities and deferred inflows, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(1,030,000)	
Compensated absences	(15,307)	
Capital leases	(2,264)	
Net pension liability	(69,454)	
Deferred credit for pension expense	(51,748)	
		(1,168,773)
Rounding		2
Total net position of governmental activities (page 1)		$ 3,793,866

The accompanying notes are an integral part of this statement.

CITY OF MONTICELLO, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

	GENERAL	SPLOST	DEBT SERVICE	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Taxes	$ 886,134	$ -	$ -	$ 2,920	$ 889,054
Licenses and permits	29,276	-	-	-	29,276
Intergovernmental	477,536	160,830	-	332,983	971,349
Fines and forfeitures	15,037	-	-	-	15,037
Charges for services	379,179	-	-	-	379,179
Contributions and donations	27,508	-	-	-	27,508
Investment income	750	-	-	-	750
Miscellaneous	183	-	-	1	184
TOTAL REVENUES	1,815,603	160,830	-	335,904	2,312,337
EXPENDITURES					
Current Expenditures					
General government	704,519	-	2,751	-	707,270
Judicial	2,436	-	-	-	2,436
Public safety	38,697	-	-	-	38,697
Public works	510,726	20,698	-	-	531,424
Public health and welfare	52,236	-	-	-	52,236
Culture and Recreation	5,852	-	-	2,920	8,772
Housing and development	-	-	-	332,984	332,984
Intergovernmental	2,000	-	-	-	2,000
Capital outlay	354,855	37,915	-	-	392,770
Debt service					
Principal	9,279	-	180,000	-	189,279
Interest	247	-	54,450	-	54,697
TOTAL EXPENDITURES	1,680,847	58,613	237,201	335,904	2,312,565
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	134,756	102,217	(237,201)	-	(228)
OTHER FINANCING SOURCES (USES)					
Transfers in	162,509	-	257,209	-	419,718
Transfers out	(257,209)	(59,609)	-	-	(316,818)
TOTAL OTHER FINANCING SOURCES (USES)	(94,700)	(59,609)	257,209	-	102,900
NET CHANGE IN FUND BALANCES	40,056	42,608	20,008	-	102,672
FUND BALANCES, Beginning of year	47,185	169,036	236,367	-	452,588
FUND BALANCES, End of year	$ 87,241	$ 211,644	$ 256,375	$ -	$ 555,260

The accompanying notes are an integral part of this statement.

CITY OF MONTICELLO, 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 June 30, 2015

Net change in fund balances (page 5)		$ 102,672
Amounts reported for governmental activities in the statement of activities are 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 reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		
Capital outlays	392,770	
Depreciation expense	(181,225)	
		211,545
In the statement of activities, only the gain/loss on the sale of various capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets sold.		
Net book value of capital assets disposed of	(60,435)	
		(60,435)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	46,885	
		46,885
Revenues reported in the funds that relate to prior years are not reported as revenue in the statement of activities.		
Property taxes	(54,761)	
		(54,761)
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. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, where as these amounts are deferred and amortized in the statement of activities. This adjustment combines the net change of two balances.		
Principal payments on long-term debt, including payments to refunding escrow	189,279	
		189,279
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences, current year	(15,307)	
Compensated absences, prior year	24,420	
Net pension liability, current year	(69,454)	
Net pension liability, prior year	173,612	
Deferred inflows, current year	55,280	
Deferred inflows, prior year	(39,504)	
		129,047
Contributions made after pension measurement date are reported in deferred outflows.		
Beginning of year	71,885	
End of year	(51,748)	
		20,137
Rounding		1
Changes in net position of governmental activities (page 2)		$ 584,370

The accompanying notes are an integral part of this statement.

CITY OF MONTICELLO, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS				
ASSETS	WATER & SEWER FUND	ELECTRIC SYSTEM	NATURAL GAS SYSTEM	NONMAJOR REVOLVING LOAN FUND	TOTAL
Current Assets					
Cash	$ 3,078	$ 3,335	$ 2,768	$ 78,958	$ 88,139
Receivables (net of allowance for uncollectibles)	170,495	472,800	205,537	-	848,832
Notes receivable	-	-	-	29,574	29,574
Interfund receivables	68,258	287,685	-	-	355,943
Due from component units	-	-	-	119,613	119,613
Prepaid items	39,525	16,035	13,783	-	69,343
Restricted assets:					
Cash	373,544	-	-	-	373,544
Investments	-	1,374,231	-	-	1,374,231
TOTAL CURRENT ASSETS	654,900	2,154,086	222,088	228,145	3,259,219
Noncurrent Assets					
Notes receivables	-	-	-	163,787	163,787
Capital assets					
Capital assets not being depreciated	160,283	-	103,402	-	263,685
Capital assets being depreciated	9,002,967	2,461,320	2,630,546	-	14,094,833
Less: accumulated depreciation	(3,499,302)	(1,080,714)	(1,780,228)	-	(6,360,244)
TOTAL CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)	5,663,948	1,380,606	953,720	-	7,998,274
TOTAL NONCURRENT ASSETS	5,663,948	1,380,606	953,720	163,787	8,162,061
TOTAL ASSETS	6,318,848	3,534,692	1,175,808	391,932	11,421,280
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows related to pension	51,717	36,209	24,972	-	112,898
TOTAL DEFERRED OUTFLOWS OF RESOURCES	51,717	36,209	24,972	-	112,898
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	6,370,565	3,570,901	1,200,780	391,932	11,534,178
LIABILITIES					
Current Liabilities					
Accounts payable	29,237	17,535	12,462	-	59,234
Accrued interest	5,169	1,031	169	-	6,369
Other accrued items	12,707	20,596	10,136	-	43,439
Interfund payables	-	-	27,051	-	27,051
Compensated absences payable	7,151	5,008	4,657	-	16,816
Notes payable	-	55,584	-	-	55,584
Capital leases payable	2,997	4,467	21,919	-	29,383
Revenue bonds payable	170,000	-	-	-	170,000
TOTAL CURRENT LIABILITIES	227,261	104,221	76,394	-	407,876
Noncurrent Liabilities					
Customer deposits	51,050	107,739	94,364	-	253,153
Compensated absences payable	4,767	3,339	3,105	-	11,211
Net pension liability	60,100	42,034	29,147	-	131,281
Notes payable	-	271,812	-	-	271,812
Capital leases payable	230,097	78,275	97,526	-	405,898
Revenue bonds payable	1,555,000	-	-	-	1,555,000
TOTAL NONCURRENT LIABILITIES	1,901,014	503,199	224,142	-	2,628,355
TOTAL LIABILITIES	2,128,275	607,420	300,536	-	3,036,231
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows related to pension	44,779	31,318	21,716	-	97,813
TOTAL DEFERRED INFLOWS OF RESOURCES	44,779	31,318	21,716	-	97,813
TOTAL Liabilities & DEFERRED INFLOWS OF RESOURCES	2,173,054	638,738	322,252	-	3,134,044
NET POSITION					
Net investment in capital assets	3,705,855	970,467	834,275	-	5,510,597
Restricted for debt service	373,544	-	-	391,932	765,476
Municipal Competitive Trust Agreement	-	1,374,231	-	-	1,374,231
Unrestricted	118,112	587,465	44,253	-	749,830
TOTAL NET POSITION	$ 4,197,511	$ 2,932,163	$ 878,528	$ 391,932	$ 8,400,134

The accompanying notes are an integral part of this statement.

CITY OF MONTICELLO, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2015

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS				
	WATER & SEWER FUND	ELECTRIC SYSTEM	NATURAL GAS SYSTEM	NONMAJOR REVOLVING LOAN FUND	TOTAL
OPERATING REVENUES					
Charges for sales and services:					
Pledged as security for revenue bonds:					
Charges for services	$ 1,198,311	$ -	$ -	$ -	$ 1,198,311
Charges for services	-	3,247,639	2,507,895	-	5,755,534
Other operating revenue	-	-	133,168	-	133,168
Miscellaneous Income	24,295	-	-	-	24,295
Total Operating Revenues	1,222,606	3,247,639	2,641,063	-	7,111,308
OPERATING EXPENSES					
Salaries and benefits	201,352	111,772	83,144	-	396,268
Other services and charges	254,767	2,726,006	2,305,707	-	5,286,480
Insurance premiums	70,360	44,866	38,281	-	153,507
Depreciation	172,640	57,496	64,366	-	294,502
Professional fees	28,741	494	10,066	-	39,301
Repairs and maintenance	66,488	7,211	24,353	-	98,052
Other operating expenses	-	-	4,554	-	4,554
Total Operating Expenses	794,348	2,947,845	2,530,471	-	6,272,664
OPERATING INCOME (LOSS)	428,258	299,794	110,592	-	838,644
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	-	9,383	-	11,090	20,473
Investment earnings-pledged as security for revenue bonds	2,736	-	-	-	2,736
Interest expense	(71,694)	(18,942)	(5,721)	-	(96,357)
Total Nonoperating Revenues (Expenses)	(68,958)	(9,559)	(5,721)	11,090	(73,148)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	359,300	290,235	104,871	11,090	765,496
Transfer in	59,609	-	-	-	59,609
Transfer out	(42,888)	(41,626)	(41,626)	(36,369)	(162,509)
CHANGE IN NET POSITION	376,021	248,609	63,245	(25,279)	662,596
TOTAL NET POSITION, Beginning of year	3,999,739	1,914,435	901,717	417,211	7,233,102
CHANGE IN ACCOUNTING PRINCIPLE	(178,249)	769,119	(86,434)	-	504,436
TOTAL NET POSITION, Beginning of year, restated	3,821,490	2,683,554	815,283	417,211	7,737,538
TOTAL NET POSITION, End of year	$ 4,197,511	$ 2,932,163	$ 878,528	$ 391,932	$ 8,400,134

The accompanying notes are an integral part of this statement.

CITY OF MONTICELLO, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2015

BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS

	WATER & SEWER FUND	ELECTRIC SYSTEM	NATURAL GAS SYSTEM	NONMAJOR REVOLVING LOAN FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customer	$ 1,222,676	$ 3,199,413	$ 2,697,636	$ -	$ 7,119,725
Payments to suppliers	(546,195)	(3,092,517)	(2,376,751)	-	(6,015,463)
Payments to employees	(322,535)	(194,643)	(142,896)	-	(660,074)
Net cash provided by (used in) operating activities	353,946	(87,747)	177,989	-	444,188
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers in (out)	(42,888)	(41,626)	(41,626)	(36,369)	(162,509)
Net Cash provided (used) by non-capital financing activities	(42,888)	(41,626)	(41,626)	(36,369)	(162,509)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(59,609)	(11,538)	(107,529)	-	(178,676)
Transfers in/out	59,609	-	-	-	59,609
Principal payments on debt	(239,555)	(90,373)	(21,010)	-	(350,938)
Interest paid	(71,723)	(17,911)	(5,552)	-	(95,186)
Net cash provided by (used in) capital and related financing activities	(311,278)	(119,822)	(134,091)	-	(565,191)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment earnings	2,734	9,383	-	11,091	23,208
Purchase of investments	-	237,544	-	-	237,544
Principal payments received on lease receivable	-	-	-	29,998	29,998
Net cash provided by (used in) investing activities	2,734	246,927	-	41,089	290,750
Net increase (decrease) in cash and cash equivalents	2,514	(2,268)	2,272	4,720	7,238
CASH, Beginning of year	374,108	5,603	496	74,238	454,445
CASH, End of year	$ 376,622	$ 3,335	$ 2,768	$ 78,958	$ 461,683
RECONCILIATION OF CASH					
Cash	$ 373,544	$ 3,335	$ 2,768	$ 78,958	$ 458,605
Restricted Cash	3,078	-	-	-	3,078
Total Cash	$ 376,622	$ 3,335	$ 2,768	$ 78,958	$ 461,683
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	$ 428,258	$ 299,794	$ 110,592	$ -	$ 838,644
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	172,640	57,496	64,366	-	294,502
(Increase) decrease in:					
Accounts receivable	8,253	(39,376)	69,660	-	38,537
Deferred outflows for pension	(17,533)	(12,301)	(8,383)	-	(38,217)
Prepaid expenses	(36,425)	(15,038)	(13,188)	-	(64,651)
Increase (decrease) in:					
Accounts payable	(21,156)	(11,660)	4,107	-	(28,709)
Compensated absences	604	2,479	1,140	-	4,223
Customer deposits	(8,183)	(8,850)	(13,087)	-	(30,120)
Net pension liability	(90,129)	(63,036)	(43,710)	-	(196,875)
Other accrued items	3,299	2,174	(348)	-	5,125
Deferred inflows for pension	(17,424)	(12,187)	(8,451)	-	(38,062)
Due to other governments	-	443	(11,760)	-	(11,317)
Interfund balances	(68,258)	(287,685)	27,051	-	(328,892)
Net cash provided by (used in) operating activities	$ 353,946	$ (87,747)	$ 177,989	$ -	$ 444,188

The accompanying notes are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the CITY OF MONTICELLO, GEORGIA (the "City") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

(A) REPORTING ENTITY

The reporting entity consists of the following:

- The primary government;
- Organizations for which the primary government is financially accountable;

For financial reporting purposes, management has considered all potential component units. The decision whether to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP.

The City is financially accountable if it appoints a voting majority of the organization's governing board and (1) is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit or to impose a specific financial burden on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. Blended component units, although legally separate entities, are, in substance, part of the City's operation, and accordingly, data from these units are combined with data of the City. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City. The City only presents one component unit, the Monticello Downtown Development Authority.

Brief description of the discretely presented component unit follows:

MONTICELLO DOWNTOWN DEVELOPMENT AUTHORITY - The Monticello Downtown Development Authority ("DDA") is governed by a board appointed by the City Council and Mayor. The DDA was created for the purpose of developing and promoting a healthy and prosperous downtown within the context of cultural and historical preservation. The DDA is required to submit an operating budget to the City Council for approval each year. The City Council determines a monthly allocation that it pays to the DDA for its operations. The City also pays the salary and some other expenses related to downtown development. The DDA is a component unit of the City.

The DDA did not issue separate financial statements for the year ended June 30, 2015.

(B) GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

(C) MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

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 timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property taxes as available if they are collected within 60 days of the end of the current fiscal year for which they are levied. Other revenues susceptible to accrual are considered available if they are collected within 90 days of the end of the current fiscal period for which they are imposed. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales tax, franchise taxes, licenses, charges for services, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Cumulative effect of a change in accounting principle

The City has recorded pension liability according to GASB Statements 68 and 71 "Accounting and Financial Reporting for Pensions." As a result of this implementation, net position was reduced by $205,993 as a change in accounting principle.

The City reports the following 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 accounted for in another fund.

The *SPLOST Fund* accounts for funds received from a local 1% sales tax reserved for construction of various capital projects.

The *Debt Service Fund* is the City's primary fund to pay debt obligations for the government complex.

The City reports the following major proprietary funds:

The *Water & Sewer System Fund* is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collection activities. This fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer system debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

The *Electric System Fund* is used to account for the provision of electricity services to the businesses and residents of the City. Activities of the fund include administration, operations and maintenance of the electric system and billing and collection activities. This fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for electric system debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

The *Natural Gas System Fund* is used to account for the provision of natural gas services to the residents of the City. Activities of the fund include administration, operations and maintenance of the gas system and billing and collection activities This fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for gas system debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are interfund services provided and used are not eliminated in the process of consolidation. Elimination of these charges would distort the direct costs and program revenues for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

(D) ASSETS, LIABILITIES AND NET POSITION OR EQUITY

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposits that are not restricted, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are recorded as fair value based on quoted market prices as of the balance sheet date. Increases or decreases in fair value during the year are recognized as part of investment income.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "interfund receivables/payables." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance of uncollectibles.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are normally levied by October 20th of each year. The 2015 property taxes were levied October 20, 2015, and were due December 20, 2015. The taxes are subject to lien after March 20, 2016. Interest and penalties are assessed on taxes not paid by this date.

The City's property taxes were levied on the assessed values of all real and personal property including mobile homes and motor vehicles located in the City.

The City's tax levy is recognized as revenue when levied and uncollected taxes are recorded as unavailable revenue in the general fund and fire district special revenue fund.

Inventories and Prepaid Items

Inventories, consisting of expendable supplies, not held for resale are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather then when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The costs of governmental fund-type prepaids are recorded as expenditures when consumed rather than when purchased.

Restricted Assets

Certain funds are held by the Debt Service Fund and Enterprise Funds in accounts restricted for customer deposits, debt service, capital expenditures, and the Municipal Competitive Trust Agreement with the Municipal Electric Authority of Georgia. These funds are held in cash and/or investments as allowed by State law and the requirements of the related debt agreements. The investments are stated at fair value and the City records all investment revenue earned on these investments in the appropriate fund.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, culverts, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of $5,000 and an estimated useful life in excess of five years or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Roads, bridges, and culverts acquired prior to July 1, 2004 have not been reported.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the assets constructed. Interest was not capitalized during during 2015.

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

Buildings & Improvements	15-50 years
Distribution Systems	10-50 years
Machinery and equipment	5-10 years
Vehicles	5-15 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes 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 and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has only one type of item that qualifies for reporting in this category. The deferred charge in pension expense represents contributions made into the defined benefit pension plan after the measurement date. These contributions will be recognized as pension expense in the next physical year.

In addition to liabilities, the statement of financial position will sometimes report 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 and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of items that qualify for reporting in this category. Both items only arise under the modified accrual basis of accounting. Accordingly, the items are reported only in the governmental funds balance sheet. The first item, *unavailable revenue*, is reported in the governmental funds report from one source: property taxes. The deferred charge in pension expense represents contributions made into the defined benefit pension plan after the measurement date. These contributions will be recognized as pension expense in the next physical year.

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. In accordance with the provisions of Statement of Governmental Accounting Standards No. 16, "Accounting for Compensated Absences," no liability is reported for unpaid accumulated sick leave because the benefits are paid only upon illness of an employee, and the amount of such payments cannot be reasonably estimated. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or proprietary fund type statement of net position. Debt issuance costs are included in their entirety in expenditures/expenses in the year they are incurred.

Bond Premiums and Discounts

Premiums and discount are deferred and amortized over the lives of the bonds and loans on a straight-line basis, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Fund Equity/Net Position

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

Fund balance - Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

Nonspendable - Fund balances are reported as nonspendable when the amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash like inventories and prepaid items) or (b) legally or contractually required to be maintained intact.

Restricted - Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Committed - Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution prior to the end of the fiscal year. In order to modify or rescind the commitment, the the City Council must adopt another resolution.

Assigned - Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City Clerk to assign fund balances.

Unassigned - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all other governmental funds.

Net Position - Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any debt used for the acquisition, construction, or improvement of those assets. In determining the outstanding balance of any borrowing, proceeds of that debt which has not been spent is deducted. Accounts payable for costs related to acquisition, construction, or improvement of those capital assets is considered debt for this calculation. Net position is reported as restricted as described in the fund balance section above. All other net position is reported as unrestricted.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then committed, assigned, and unassigned (or unrestricted) resources as they are needed.

Net Investment in Capital Assets

The "net investment in capital assets" reported on the government-wide statement of net position as of June 30, 2015 are as follows:

Net investment in capital assets:	Governmental Activities	Business-Type Activities
Cost of capital assets	$ 6,439,913	$ 14,358,518
Accumulated depreciation	(2,134,701)	(6,360,244)
Book value	4,305,212	7,998,274
Capital leases related debt	(2,264)	(435,281)
Revenue bonds related to capital assets	(1,030,000)	(1,725,000)
Notes payable related to capital assets	-	(327,396)
Net investment in capital assets	$ 3,272,948	$ 5,510,597

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Allocation of Indirect Cost

The City allocates indirect costs for general government services, such as finance, personnel, purchasing, legal, technology, management, etc., to its business-type activities. Allocations are charged to programs based on use of general government services determined by various allocation methodologies. These charges are separately reported in the statement of activities.

NOTE 2 - FUND BALANCE/NET POSITION

The government-wide statement of net position reports $1,032,264 of restricted net position, of which none is restricted by enabling legislation.

Additional details related to fund balances at the governmental fund level are presented below:

Restricted:	
General Fund	
Capital outlay projects - For unspent funds from LMIG revenue	27,505
Debt Service Fund	
Debt service - For unspent funds from bond issues and funds paid into bond sinking funds for future debt payments restricted by creditors	256,375
SPLOST	
SPLOST - For funds received from the imposition of the Special Purpose Local Option Sales Tax (SPLOST) restricted by the voter approved referendum	211,644
Total Restricted Fund Balance	$ 495,524

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

(A) BUDGETARY INFORMATION

Annual appropriated budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Debt Service Fund and Special Revenue Funds. Project-length budgets are adopted for capital projects funds. Budgets for planning and management purposes only are adopted for the Proprietary (Enterprise) Funds on a GAAP basis, except that long-term debt borrowings are budgeted as revenues and depreciation expense is not budgeted. Budget amounts are as originally adopted, or as amended by the Mayor and City Council. Some individual revisions were material in relation to the original appropriations.

Budgeting Policy

- Prior to year end, the City Manager submits to the Mayor and City Council a proposed operating budget for the upcoming fiscal year. The operating budget includes proposed expenditures and revenues for the General Fund, Debt Service Fund and Special Revenue Funds.

- Public Hearings are conducted to obtain taxpayer comments, giving notice thereof at least ten days in advance by publication in the official organ of the City.

- The budget is then approved by the Mayor and City Council at a regular meeting and becomes the basis for the millage levied by them.

- The City Manager has the authority, upon approval by the Mayor and City Council, to transfer funds from one budget line item to another. Management may not make any increases in the budget without the prior approval of the Mayor and City Council and an amendment to the budget.

- The legal level of budgetary control is the department level within the General Fund. Increases in the total appropriations of a department, whether accomplished through an increase in estimated revenues or through a transfer of appropriations among departments, require the approval of the Mayor and City Council.

- Formal budgetary integration is employed as a management control device during the year for the General Fund. The budgets for the General Fund, Special Revenue Funds, and Debt Service Fund are adopted on a basis consistent with GAAP.

- Budgeted amounts are as originally adopted or as amended by the City Council. Individual amendments were not material in relation to the original appropriations which were amended. All appropriations lapse at the end of the fiscal year.

- Proprietary (Enterprise) Fund budgets are prepared and utilized as a management tool to assess the operations of the enterprise funds.

Encumbrances

Encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities but represent budgetary accounting controls. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration in the General, Debt Service, Special Revenue, or Proprietary Funds. The City of Monticello has no recorded encumbrances at June 30, 2015.

(B) EXCESS OF REVENUES AND EXPENDITURES OVER APPROPRIATIONS

There are no excesses of expenditures over appropriations at the department level (the legal level of control).

(C) DEFICIT FUND EQUITY

At June 30, 2015, no funds had deficit fund equity.

NOTE 4 - DEPOSITS AND INVESTMENTS

As of June 30, 2015, the City had the following investments, some of which are cash equivalents:

		INVESTMENT MATURITIES (in Years)		
Investment Type	Fair Value	Less Than 1	1-5	Rating (1)
Municipal Competitive Trust:				
Short-term Portfolio	$ 1,374,231	$1,374,231	$ -	AAAm
Total	$ 1,374,231	$1,374,231	$ -	
Maximum Investment		100.00%	0.00%	

1. Standard & Poor's

Cash per Statement of Net Position (page 1)	
Cash	$ 644,725
Restricted cash	629,919
Total Cash and Restricted Cash	$ 1,274,644
Investments Statement of Net Position (page 1)	
Investments	$ -
Restricted Investments	1,374,231
Investments as listed above	$ 1,374,231

The City is involved in an external investment pool, the Municipal Competitive Trust, which is administered by the Municipal Electric Authority of Georgia ("MEAG"), a governmental entity. Due to the anticipated deregulation of the retail sale of electricity in the state of Georgia, the City entered into a Municipal Competitive Trust agreement with the Municipal Electric Authority of Georgia ("MEAG"). The City purchases for resale, electric power from MEAG. The City is a beneficiary of this trust, and the City and MEAG deposit monies in the trust from time to time. All monies are held by the trustee, NC Shareholder Services, for the City's benefit and are invested in investment securities. The pool is not registered with the SEC as an investment company. The City has recorded the assets in the Electric System Enterprise Fund. The Municipal Competitive Trust permits the investment of funds in direct obligations of the United States Government, direct and general obligations of states, certain Federal agency discount notes and repurchase agreements collateralized by securities, which would otherwise be permissible under the laws of the State of Georgia. The fair value of the City's position in the pool changes with market conditions, and is calculated based on the fair market value of net assets held in the pool at the close of each business day. The pool determines participant's shares sold and redeemed based on the market value per share at the close of business day of the sale or redemption.

Cumulative effect of a change in accounting principle:

> Prior to fiscal year 2015, a portion of the MEAG trust was not recorded as an investment. Due to the City's ownership of a distinguishable amount, this account was added to the proprietary Electric System Fund in 2015, resulting in an increase of $893,786 to Net Position as a change in accounting principle.

Interest rate risk. Interest rate risk is the risk that changes in interest rates may adversely affect an investment's fair value. Since the price of a bond fluctuates with market interest rates, the risk that an investor faces is that the price of a bond held in a portfolio will decline if market interest rates rise. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State statutes authorize the government to invest in obligations of the U.S. Treasury and of its agencies and instrumentalities; bonds or certificates of indebtedness of this state and of its agencies and instrumentalities; certificates of deposits of banks insured by FDIC; the State of Georgia Local Government Investment Pool; repurchase agreements; bonds, debentures, notes or other evidence of indebtedness of any solvent corporation subject to certain conditions. The City has no investment policy that would further limit its investment choices. At June 30, 2015, the ratings of its investments are shown above.

Concentration of credit risk. The City places no limit on the amount it may invest in any one issuer. External investment pools are excluded from the concentration of credit risk requirement; therefore, the Municipal Competitive Trust is exempt from this requirement.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has no policy on custodial credit risk.

Custodial credit risk - deposits. In case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City may exceed the FDIC insured limit in making deposits in commercial banks and savings and loans institutions, if the funds are otherwise adequately secured. As of June 30, 2015, all of the City's deposits were insured or was adequately collateralized with securities held by the pledging financial institution's name.

As of June 30, 2015, of the City's bank balance of $1,274,644 was adequately collateralized with securities held by the pledging financial institution's name.

State statutes require collateral pledged in the amount of 110% of deposits. Depositories may secure deposits of public funds using the dedicated method or the pooled method as described below.

> Under the dedicated method, a depository shall secure the deposits of each of its public depositors separately.
>
> Under the pooled method, a depository shall secure deposits of public bodies which have deposits with it through a pool of collateral established by the depository with a custodian for the benefit of public bodies having deposits with such depository as set forth in code Section 45-8-13.1.

The City utilized both methods to secure deposits of public funds.

NOTE 5 - RECEIVABLES

Receivables as of year-end for the City's individual major funds and enterprise funds are summarized below:

	General Fund	SPLOST Fund	Water & Sewer Fund	Electric System Fund	Natural Gas System Fund	NONMAJOR Revolving Loan Fund
Receivables:						
Property Taxes	$ 60,136	$ -	$ -	$ -	$ -	$ -
Other taxes	12,552	-	-	-	-	-
Accounts	12,642	-	175,768	487,423	205,537	-
Intergovernmental	46,458	13,014	-	-	-	-
Notes	-	-	-	-	-	193,361
Total Gross Receivables	131,788	13,014	175,768	487,423	205,537	193,361
Less: Allowance for Uncollectibles	(2,153)	-	(5,273)	(14,623)	-	-
Total Net Receivables	$ 129,635	$ 13,014	$ 170,495	$ 472,800	$ 205,537	$ 193,361

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Property taxes (General Fund)	$ 46,885	$ -
Total unavailable/ unearned revenue for governmental funds	$ 46,885	$ -

The notes receivable in the business-type activities consisted of the following at June 30, 2015:

Note receivable made to a local business through the Community Development Block Grant - Employment Incentive Program. Original amount of note was $20,000. Payments receivable in monthly installments of $377 over 5 years, including interest at 5%. Collateralized by personal guarantees of the principals of the Company. The note matures April 1, 2018.	$	11,942
Note receivable made to The Jasper County Division of Family and Children Services (DFCS) for office renovations and rehabilitation dated March 2001. Original amount of note was $400,000. Payments receivable in monthly installments of $3,031 over 20 years, including interest at 5%. The note matures April 1, 2021.		181,419
Total note receivable, net		193,361
Less: Current portion		(29,574)
Long-term portion	$	163,787

At June 30, 2015, scheduled maturities of the notes receivable were the following:

2016	$	37,867
2017		40,898
2018		40,143
2019		36,369
2020		36,369
2021		30,307
Total maturities of notes receivable		221,953
Less interest		(28,592)
Total net book value of notes receivable	$	193,361

NOTE 6 - CAPITAL ASSETS

Capital asset activity for governmental funds for the year ended June 30, 2015 was as follows:

	Beginning Balance	Additions	Retirement	Transfer	Ending Balance
Governmental Activities:					
Non-Depreciable Assets:					
Land and land improvements	$ 12,747	$ -	$ -	$ -	$ 12,747
Construction in progress	106,771	392,770	-	-	499,541
Total non-depreciable capital assets	119,518	392,770	-	-	512,288
Depreciable Assets:					
Buildings and improvements	5,388,519	-	(4,233)	-	5,384,286
Machinery and equipment	452,109	-	(87,450)	-	364,659
Vehicles	562,607	-	(383,927)	-	178,680
Total depreciable capital assets	6,403,235	-	(475,610)	-	5,927,625
Less Accumulated Depreciation for:					
Buildings and improvements	(1,528,715)	(144,008)	530	-	(1,672,193)
Machinery and equipment	(347,371)	(28,084)	82,741	-	(292,714)
Vehicles	(492,565)	(9,133)	331,904	-	(169,794)
Total accumulated depreciation	(2,368,651)	(181,225)	415,175	-	(2,134,701)
Total depreciable capital assets, net	4,034,584	(181,225)	(60,435)	-	3,792,924
Governmental activities capital assets, net	$ 4,154,102	$ 211,545	$ (60,435)	$ -	$ 4,305,212

Additions to governmental activities capital assets for fiscal year ending June 30, 2015 consist of the following:

Capital Outlay	$ 392,770
Total Additions	$ 392,770
Non-depreciable capital assets additions	$ 392,770
Total Additions	$ 392,770

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

Governmental Activities:	
General Government	$ 148,426
Public Safety	7,331
Public Works	20,726
Culture and Recreation	4,742
Total depreciation expense: Governmental Activities	$ 181,225

Capital asset activity for business-type funds for the year ended June 30, 2015 was as follows:

	Beginning Balance	Additions	Retirement	Transfer	Ending Balance
Business-type Activities:					
Non-Depreciable Assets:					
Land and land improvements	$ 90,263	$ -	$ -	$ -	$ 90,263
Construction in progress	34,311	139,111	-	-	173,422
Total non-depreciable capital assets	124,574	139,111	-	-	263,685
Depreciable Assets:					
Buildings and improvements	156,970	22,900	-	-	179,870
Distribution systems	12,885,563	11,538	-	-	12,897,101
Machinery and equipment	1,012,735	5,127	-	-	1,017,862
Total depreciable capital assets	14,055,268	39,565	-	-	14,094,833
Less Accumulated Depreciation for:					
Buildings and improvements	(139,953)	(1,719)	-	-	(141,672)
Water & sewer system	(4,934,195)	(287,266)	-	-	(5,221,461)
Machinery and equipment	(991,594)	(5,517)	-	-	(997,111)
Total accumulated depreciation	(6,065,742)	(294,502)	-	-	(6,360,244)
Total depreciable capital assets, net	7,989,526	(254,937)	-	-	7,734,589
Business-type activities capital assets, net	$ 8,114,100	$ (115,826)	$ -	$ -	$ 7,998,274

Depreciation expense was charged to business-type functions as follows:

Business-type Activities:	
Water & Sewer System	$ 172,640
Electric System	57,496
Natural Gas System	64,366
Total depreciation expense: Business-type Activities	$ 294,502

The City has authorized construction projects. The remaining costs are split between the portion of the contracts that have been entered into for which the work had not been done prior to June 30, 2015, and the remainder of the authorized project expenditure for which contracts have not been entered into as of year end. The source of financing for the remaining project cost is noted below:

	Project Authorization	Expended To Date	Contracts in Progress	Authorized Not Obligated	Source
Governmental Activities:					
Downtown Streetscape & Scenic Bikeway	$ 795,700	$ 499,541	$ -	$ 296,159	SPLOST/CDBG Grant
Total Governmental Activities	$ 795,700	$ 499,541	$ -	$ 296,159	
Business-type Activities					
Sewer System Improvements	$ 197,000	$ 173,422	$ -	$ 23,578	SPLOST
Total Business-type Activities	$ 197,000	$ 173,422	$ -	$ 23,578	

Discretely Presented Component Unit

Activity for Downtown Development Authority for the year ended June 30, 2015, was as follows:

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Governmental activities:					
Depreciable assets:					
Buildings and improvements	$ 178,000	$ -	$ -	$ -	$ 178,000
Total depreciable capital assets	178,000	-	-	-	178,000
Less Accumulated Depreciation for:					
Buildings	(34,659)	(6,742)	-	-	(41,401)
Total accumulated depreciation	(34,659)	(6,742)	-	-	(41,401)
Total depreciable capital assets, net	143,341	(6,742)	-	-	136,599
Governmental activities capital assets, net	$ 143,341	$ (6,742)	$ -	$ -	$ 136,599

NOTE 7 - LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
Governmental Activities:						
General obligation bonds	$ 1,210,000	$ -	$ (180,000)	$ 1,030,000	$ 190,000	$ 840,000
Capital leases	11,543	-	(9,279)	2,264	2,264	-
Compensated absences	24,420	24,794	(33,907)	15,307	9,184	6,123
Net pension liability	173,612	(36,611)	(67,547)	69,454	-	69,454
Governmental activities long-term liabilities	$ 1,419,575	$ (11,817)	$ (290,733)	$ 1,117,025	$ 201,448	$ 915,577
Business-type Activities:						
Revenue bonds	$ 1,895,000	$ -	$ (170,000)	$ 1,725,000	$ 170,000	$ 1,555,000
Notes payable	380,528	-	(53,132)	327,396	55,584	271,812
Capital Leases	563,089	-	(127,808)	435,281	29,383	405,898
Net pension liability	328,156	(69,200)	(127,676)	131,280	-	131,280
Compensated absences	23,803	33,606	(29,382)	28,027	16,816	11,211
Business-type activities long-term liabilities	$ 3,190,576	$ (35,594)	$ (677,998)	$ 4,371,984	$ 441,783	$ 3,930,201
Component Unit:						
Downtown Development Authority						
Notes Payables	$ 45,047	$ -	$ (7,867)	$ 37,166	$ 8,450	$ 28,716
Component Unit long-term liabilities	$ 45,047	$ -	$ (7,867)	$ 37,166	$ 8,450	$ 28,716

Cumulative effect of a change in accounting principle:

> The City implemented GASB 68, "Accounting and Financial Reporting for Pensions" in fiscal year 2015 and as a result, had a change in accounting principle in the net pension liability of $173,612 for the governmental activities and $328,156 in the business-type activities.

General obligation bonds, capital leases and compensated absences are generally liquidated by the General Fund. The revenue bonds, capital leases and notes payable for business type activities are liquidated by the Electric System, Natural Gas System, and Water & Sewer enterprise funds. Compensated absences for business type activities are liquidated by each of the enterprise funds.

GENERAL OBLIGATION BONDS

The City issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The general obligation bonds were issued in the original amount of $1,550,000 with an interest rate of 5.000%.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. The bonds were issued as 20 year serial bonds with equal amounts of principal maturing each year. Minimum future annual debt service requirements for the general obligation bonds, as of June 30, 2015, are as follows:

June 30	Principal	Interest	Total
2016	$ 190,000	$ 46,350	$ 236,350
2017	195,000	37,800	232,800
2018	205,000	29,025	234,025
2019	215,000	19,800	234,800
2020	225,000	10,125	235,125
Total	$ 1,030,000	$ 143,100	$ 1,173,100

CAPITAL LEASES

Vehicles were acquired under a capital lease agreement which bears interest at 3.520%. The vehicles have an estimated useful life of five years. The capital lease to finance the vehicles is allocated between governmental activities and business-type activities. The governmental activities allocation is 15% and the business-type activities allocation is 85%. This year, $8,209 was included in depreciation expense. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimal lease payments as of the inception date. Minimum future lease obligations for these leases, as of June 30, 2015, are as follows:

June 30	Principal	Interest	Total
2016	$ 2,264	$ 13	$ 2,277
Total	$ 2,264	$ 13	$ 2,277

As of June 30, 2015, the capital assets purchased under these capital lease agreements are as follows:

	Governmental Activities
Vehicles	$ 41,047
Less accumulated depreciation	(39,677)
Net	$ 1,370

BUSINESS TYPE ACTIVITIES

As of June 30, 2015, the the long-term debt payable from proprietary fund resources consisted of the following:

REVENUE BONDS PAYABLE

Water and Sewerage Revenue Refunding Bonds Series 2012:
On June 1, 2012, the City issued the City of Monticello, GA Water and Sewerage Revenue Refunding Bonds Series 2012. The bonds bear interest at annual rate of 3.50%, payable annually December 1. Principal payments on the bonds are due each December 1.

The revenue bonds are secured by a pledge of the revenues from the operation of the City's Water & Sewer Fund subject to payment of reasonable and necessary costs of operating and maintaining the fund's facilities and systems. Revenue bonds outstanding as of June 30, 2015 was $1,725,000.

The annual revenue bond debt service requirements to amortize this debt as of June 30, 2015, are as follows:

	June 30	Principal	Interest	Total
	2016	$ 170,000	$ 58,125	$ 228,125
	2017	175,000	53,875	228,875
	2018	180,000	49,500	229,500
	2019	185,000	45,000	230,000
	2020	190,000	38,063	228,063
	2021 -2024	825,000	78,563	903,563
Total		$ 1,725,000	$ 323,126	$ 2,048,126

CAPITAL LEASES

The City has financed the purchase of an automated meter reading system and various vehicles under capital lease agreements which bear interest at various rates from 3.520% to 4.240%. The system and vehicles have estimated useful lives of thirty-nine and five years, respectively. The capital lease to finance the automated meter reading is allocated to the business-type activities. The capital lease to finance the vehicles is allocated between governmental activities and business-type activities. The governmental activities allocation is 15% and the business-type activities allocation is 85% for the vehicles. This year, $17,448 was included in depreciation expense. The lease agreements qualify as a capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimal lease payments as of the inception date. Minimum future lease obligations for these leases, as of June 30, 2015, are as follows:

June 30	Principal	Interest	Total
2016	$ 85,942	$ 16,699	$ 102,641
2017	81,871	13,233	95,104
2018	85,410	9,694	95,104
2019	89,103	6,001	95,104
2020	92,955	2,149	95,104
Total	$ 435,281	$ 47,776	$ 483,057

As of June 30, 2015, the capital assets purchased under these capital lease agreements are as follows:

	Business-Type Activities
Utility infrastructure	$ 766,148
Vehicles	227,237
Less accumulated depreciation	(54,087)
Net	$ 939,298

NOTES PAYABLE

The City obtained a MEAG notes payable in the original amount of $750,000 dated November 1, 2005, monthly installments of $5,770, interest rate of 4.520% with final maturity dated November 1, 2020. The notes payable were used to finance the upgrade of the City's electrical system. As of June 30, 2015, The outstanding balance was $327,396.

The annual debt service requirements to amortize this debt as of June 30, 2015, are as follows:

June 30	Principal	Interest	Total
2016	$ 55,584	$ 13,656	$ 69,240
2017	58,149	11,091	69,240
2018	60,832	8,408	69,240
2019	63,640	5,600	69,240
2020	89,191	2,874	92,065
Total	$ 327,396	$ 41,629	$ 369,025

COMPONENT UNIT

As of June 30, 2015, the long-term debt payable by the Downtown Development Authority consisted of the following:

The Downtown Development Authority obtained a loan in the original amount of $55,250 dated February 6, 2013, monthly installments of $850, interest rate of 5.250% with final maturity dated February 6, 2018. The note payable was used to refinance the Downtown Development Authority's old debt. As of June 30, 2015, the outstanding balance was $37,173.

The annual debt service requirements to amortize this debt as of June 30, 2015, are as follows:

June 30	Principal	Interest	Total
2016	$ 8,450	$ 1,750	$ 10,200
2017	8,904	1,293	10,197
2018	19,819	599	20,418
Total	$ 37,173	$ 3,642	$ 40,815

NOTE 8 - INTERFUND BALANCES AND ACTIVITY

The composition of interfund balances as of June 30, 2015, is as follows:

	Due From		
Due To	General Fund	Natural Gas System	Total
General Fund	$ -	$27,051	$ 27,051
Water & Sewer System	68,258	-	68,258
Electric System	287,685	-	287,685
Total	$ 355,943	$27,051	$ 382,994

These balances resulted from (1) the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, (2) the time lag between the dates that transactions are recorded in the accounting system, (3) the time lag between the dates that payments between funds are made, (4) short-term loans, and (5) to fund capital projects.

Interfund transfers as of the year ended June 30, 2015 are as follows:

	Transfers Out						
Transfers In	General Fund	SPLOST Fund	Natural Gas System Fund	Electric System Fund	Water & Sewer Fund	Nonmajor Revolving Loan Fund	Total
General Fund	$ -	$ -	$ 41,626	$ 41,626	$ 42,888	$ 36,369	$ 162,509
Debt Service Fund	257,209	-	-	-	-	-	257,209
Water & Sewer Fund	-	59,609	-	-	-	-	59,609
Total	$ 257,209	$ 59,609	$ 41,626	$ 41,626	$ 42,888	$ 36,369	$ 479,327

Transfers are used to supplement operating budgets.

NOTE 9 - RETIREMENT PLANS

DEFINED BENEFIT PENSION PLAN

Plan Description

The City's defined benefit pension plan, City of Monticello Retirement Plan (CRP), provides retirement and death benefits to plan members and beneficiaries. CRP is affiliated with the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer public

employee retirement system administered by the Georgia Municipal Association (GMA). GMEBS acts as a common investment and administrative agent for participating cities in Georgia. The Georgia Constitution enables the governing authority of the City, the City Council, to establish, and amend from time-to-time, the contribution rates for the City and its plan participants. The Plan issues a stand-alone report. This report may be obtained from: Georgia Municipal Association, 201 Pryor Street, SW, Atlanta, Georgia 30303.

The GMA, in its role as Plan Sponsor, has the sole authority to amend the provisions of the GMEBS Plan. The City has the authority to amend the adoption agreement, which defines the specific benefit provisions of The Plan.

Participant counts as of December 31, 2014 (the most recent actuarial valuation date) and covered compensation (base on covered earnings for the preceding year) are shown below:

Retirees, beneficiaries and disables receiving benefits	42
Terminated plan participants entitled to but not yet receiving benefits	24
Active employees participating in the Plan	28
Total number of Plan participants	94
Covered compensation for active participants	$ 739,908

Funding Policy

The City is required to contribute at an actuarially determined rate. Section 47-20 of the Georgia Code set forth minimum funding standards for state and local governmental pension plans. Administrative expenses are based on total covered compensation of active plan participants and are added to the state-required annual funding requirement. City employees are not required to contribute to the Plan. The annual City contribution meets or exceeds the minimum funding requirements of Georgia Statute 47-20.

Net Pension Liability

The City's net pension liability was measured as of September 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The total pension liability in the January 1, 2015 valuation was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary Increases	3.75% - 8.75%
Investment rate of return	7.75%

Mortality rates were based on the RP-2000 Combined Mortality Table for Males and Females set forward two years for males and set forward one year for females.

The actuarial assumptions used in the 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 - June 30, 2014.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of 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 target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term expected real rate of return*
Domestic equity	50%	5.95%
International equity	15	6.45
Fixed income	25	1.55
Real estate	10	3.75
Cash	-	-
TOTAL	100%	

* Rates shown are net of the 3.25% assumed rate of inflation

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Change in the Net Pension Liability

	Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2013	$ 2,807,343	$ 2,305,575	$ 501,768
Changes for the year:			
Service cost	61,446	-	61,446
Interest	212,345	-	212,345
Difference between expected and actual experience	(107,067)	-	(107,067)
Contribution-employer	-	195,223	(195,223)
Net investment income	-	263,612	(263,612)
Benefit payments	(134,818)	(134,818)	-
Administrative expense	-	(8,838)	8,838
Other charges	(17,761)	-	(17,761)
Net changes	14,145	315,179	(301,034)
Balances at September 30, 2014	$ 2,821,488	$ 2,620,754	$ 200,734

The following presents the City's net pension liability calculated using the discount rate of 7.75%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1 % Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's net pension liability	$ 511,966	$ 200,734	$ (65,110)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the City recognized pension expense of $(247,956). At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 71,378
Changes of assumptions	-	11,840
Net difference between projected and actual earnings on pension plan investments	-	66,344
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	168,178	-
TOTAL	$ 168,178	$ 149,562

City contributions subsequent to the measurement date of $168,178 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2016	$ (58,195)
2017	(58,195)
2018	(16,586)
2019	(16,586)
Thereafter	-

DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Because the assets are held in trust for the employees, they are not assets of the City and are not reported in these financial statements.

NOTE 10 - RISK MANAGEMENT

The City is exposed to various risks in terms of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as port of the Georgia Interlocal Risk Management Agency (GIRMA) for property and liability insurance and the Workers' Compensation Self-Insurance Fund (WCSIF), public entity risk pools currently operating as common risk management and insurance program for member local governments. The Georgia Municipal Association (GMA) administers both risk pools.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to any any claim of loss. The City is also to allow the pools' agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the Government within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the members governments' contracts and in accordance with the workers' compensation laws of Georgia. The funds are to pay all cost taxed against members in any legal proceedings defended by the members, all interest accruing after entry of judgment, an all expenses incurred for investigation, negotiation of defense.

The City also provides health insurance coverage for its employees through the Georgia Employees Benefit System (GEMBS).

NOTE 11 - COMMITMENTS AND CONTINGENT LIABILITIES

The City has Potential Liability under MEAG and MGAG Contracts as follows:

ELECTRICAL SYSTEM

The City has entered into Power Sales Contracts with the Municipal Electric Authority of Georgia ("MEAG") pursuant to which the City purchases electric power and energy for resale to its customers. MEAG was created by the State of Georgia for the purpose of owning and operating electric generation and transmission facilities to supply bulk electric power to political subdivisions of Georgia which owned and operated electric distribution systems as of March 18, 1975.

Under the terms of its Power Sales Contracts with MEAG, the City is obligated to take from MEAG, and MEAG is obligated to provide, all electric power and energy required by the City in excess of the amount received by the City as an allotment from federally owned projects through the Southeastern Power Administration ("SEPA"). An allotment of SEPA power has been assigned by the City to MEAG and is transmitted to the City by MEAG through Georgia's Integrated Transmission System for a separate charge. Under its Power Sales Contracts with MEAG, the City has the right to receive additional power as needed from the Integrated Transmission System.

The price paid by the City to MEAG under its Power Sales Contracts is intended to cover the City's share of all the costs of MEAG, including debt service on MEAG's long-term debt. The amounts required to be paid to MEAG under the Power Sales Contracts are payable first from revenues of the City's electrical system. To the extent the required payments are not made from revenues of the City's electric system or other funds, the City is required to include in its general revenue or appropriation measure or annual tax levy amounts sufficient to make such payments. Payments by the City are required to be made by the City whether or not MEAG's facilities or any part thereof are operating or operable or the output therefrom is interrupted, interfered with, curtailed or terminated in whole or in part. In addition, the City may be obligated to purchase additional power, subject to contractual limitations, in the event other MEAG participants default.

Payments to MEAG are made monthly on net obligations based upon long-term contracts and power supply needs. The total payments under these contracts amounted to $2,664,292 at June 30, 2015.

In 1999, the City approved a resolution adopting the provisions of the Municipal Competitive Trust (the "Trust"), which was created by MEAG for the mutual benefit of MEAG and its

wholesale customers which have elected to become beneficiaries. The Trust was established to provide MEAG and the Trust's beneficiaries a means to mitigate the expected differential between market rates for power and the costs of power generated by MEAG facilities, after deregulation of the electric industry.

The Trust created three funds in which the City participates. The following is a brief description of each fund:

Flexible Operating Trust Account

This account is available to the City for withdrawal without restriction.

Credit Supporting Operation Account and Reserve Funded Debt Account

These accounts are restricted to loans or offsets to billings from MEAG for power usage if certain criteria are met related to power costs from MEAG compared to market rates. The total balance in these two accounts at June 30, 2015 was $1,374,231.

NATURAL GAS SYSTEM

The City has entered into a gas supply contract and certain supplemental gas supply contracts with the Municipal Gas Authority of Georgia ("MGAG") under which the City buys natural gas for resale to its customers. Under such contracts with MGAG, the City is obligated to take from MGAG, and MGAG is obligated to provide all of the City's natural gas requirements. The price paid by the City to MGAG under its contracts is intended to cover the City's share of all the costs of MGAG, including scheduled debt service of MGAG. Such payments are required to be made by the City whether or not the MGAG's facilities or natural gas properties or any part thereof are operating or operable or the output therefrom is interrupted, interfered with, curtailed or terminated in whole or in part, or whether or not any of its natural gas suppliers or transporters defaults in its obligations under its gas supply or transportation contracts with MGAG. To the extent the required payments are not made from the revenues of the system or other funds, the City is required to include in its general revenue or appropriation measure or annual tax levy amounts sufficient to make such payments.

Payments to MGAG are made monthly on net obligations based upon long-term contracts. The total payments under these contracts amounted to $2,253,188 at June 30, 2015.

GRANTS

Amounts received or receivable for grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

NOTE 12 - RELATED PARTY ORGANIZATIONS AND TRANSACTIONS

The Housing Authority of the CITY OF MONTICELLO, GEORGIA is considered a related organization of the City based upon the criteria in GASB Statement 39. The Housing Authority is a legally separate entity having a board comprised of members majority appointed by the City Council and Mayor. The City is not financially accountable for the Authority. The City has no significant influence over the management, budget, or policies of the Housing Authority. The Authority reports independently. The City received $14,966 for payment in lieu of taxes from the Housing Authority for the year ended June 30, 2015.

NOTE 13 - LITIGATION

The City is a party to legal proceedings that normally occur in governmental operations. As of the date of this financial statement, no awards in these cases have been made against the City. The results of any litigation, however, contain elements of uncertainty, and liability, if any, which might result from these proceedings, would not, in the opinion of management, have a material adverse effect on the ability of the City to meet its financial obligations. accordingly, no provision for loss has been recorded.

NOTE 14 - CERTAIN SIGNIFICANT ESTIMATES

As discussed in NOTE 1, estimates are used in the preparation of these financial statements. Several of the estimates qualified as a significant estimate, in that it is reasonably possible that the estimate will change in the near term due to one or more future confirming events and this change will have a material effect on the financial statements.

The estimate for unbilled revenue related to enterprise funds is a significant estimate. The estimate is calculated based on the subsequent month billing schedule after year end.

The estimate for accumulated depreciation on capital assets qualifies as a significant estimate. This estimate is based on the original or estimated cost of the assets, depreciated over the estimated useful lives using the straight line method.

NOTE 15 - NORTHEAST GEORGIA REGIONAL COMMISSION

The City, in conjunction with cities and counties in the ten (10) county Piedmont, Georgia area, is a member of the Northeast Georgia Regional Commission (NEGRC). Membership in a regional commission is automatic for each municipality and county in the state. The official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the regional commissions. Each county and municipality in the state is required by law to pay minimum annual dues to the regional commission. The City paid annual dues in the amount of $2,654 to the NEGRC for the year ended June 30, 2015. The NEGRC Board membership includes the chief elected official of each county and the chief elected official of each municipality. The county board members and municipal board members from the same county elect one member of the Board who is a resident (but not an elected or appointed official or employee of the county or municipality) to serve as the nonpublic Board member from a county.

The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines regional commissions as public agencies and instrumentalities of their members. Georgia laws also provide that the member governments are liable for any debts or obligations of a regional commission beyond its resources. (O.C.G.A. 50-8-39.1)

Separate financial statements for the NEGRC may be obtained from: Northeast Georgia Regional Commission, 305 Research Drive, Athens, Georgia 30605.

NOTE 16 - HOTEL/MOTEL TAX

During the year ended June 30, 2015, the City collected $2,920 in Hotel and Motel taxes of which $1,168 was required to be spent to promote tourism, conventions, and trade shows. For the year ended June 30, 2015, 40% of tax receipts were expended for these purposes under OCGA-48-13-51. The City complied with the requirements of this law.

NOTE 17 - CHANGES IN ACCOUNTING PRINCIPLES

On July 1, 2014, the City restated its financial statements for the fiscal year ended June 30, 2014. The restatement is related to the implementation of GASB Statements 68 and 71, as well as an understatement of MEAG investments:

Governmental Activities	
To restate the 2014 ending balance of the net pension liability and deferred inflows and outflows to implement GASB 68.	$ (205,993)
Net decrease in Governmental Activities net position	(205,993)
Business-Type Activities	
Water & Sewer Fund	
To restate the 2014 ending balance of the net pension liability and deferred inflows and outflows to implement GASB 68.	(178,249)
Electric System Fund	
To restate the 2014 ending balance of the net pension liability and deferred inflows and outflows to implement GASB 68.	(124,667)
To record portion of MEAG investment account owned by the City.	893,786
Natural Gas System Fund	
To restate the 2014 ending balance of the net pension liability and deferred inflows and outflows to implement GASB 68.	(86,434)
Net increase in Business-Type Activities net position	504,436
Net increase in entity wide net position	$ 298,443

CITY OF MONTICELLO, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE NET PENSION LIABILITY -
CITY OF MONTICELLO RETIREMENT PLAN
For the Year Ended June 30, 2015
"Unaudited"

For the Year Ended June 30,	2015
Net pension liability	$ 200,734
Covered-employee payroll	$ 739,908
Net pension liability as a percentage of its covered-employee payroll	27.17%
Plan fiduciary net position as a percentage of the total pension liability	92.89%

NOTE: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

CITY OF MONTICELLO, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS -
CITY OF MONTICELLO RETIREMENT PLAN
For the Year Ended June 30, 2015
"Unaudited"

For the Year Ended June 30,	2015	2014
Contractually required contribution	$ 85,321	$ 93,859
Contributions in relation to the contractually required contribution	114,174	79,864
Contribution deficiency (excess)	$ (28,853)	$ 13,995
City's covered-employee payroll	$ 739,908	$ 1,013,456
Contributions as a percentage of covered-employee payroll	15.43%	7.88%

NOTE: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available, data from 1 previous year presented.

CITY OF MONTICELLO, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF NOTES TO REQUIRED SUPPLEMENTARY INFORMATION -
CITY OF MONTICELLO RETIREMENT PLAN
For the Year Ended June 30, 2015
"Unaudited"

Method and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution rates in the schedule of contributions are calculated as of January 1, 2015. The following actuarial methods and assumptions were used to determine the contractually required contributions for the year ended 2015 reported in that schedule:

Valuation Date	January 1, 2015
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed Level Dollar for remaining unfunded liability
Remaining Amortization period	Remaining amortization period varies for the bases, with a net effective amortization period of 10 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 that the market value at end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Investment rate of return	7.75%
Salary Increases	3.25% plus service based merit increases
Cost of Living Adjustments	0.00%

CITY OF MONTICELLO, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2015
(Required Supplementary Information)

	BUDGET AMOUNTS ORIGINAL	BUDGET AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 47,185	$ 47,185	$ 47,185	$ -
RESOURCES (INFLOWS)				
Taxes	759,250	759,250	886,134	126,884
Licenses and permits	21,210	21,210	29,276	8,066
Intergovernmental	-	465,000	477,536	12,536
Fines and forfeitures	30,500	30,500	15,037	(15,463)
Charges for services	307,600	307,600	379,179	71,579
Contributions and donations	-	-	27,508	27,508
Investment income	-	-	750	750
Miscellaneous	1,000	1,000	183	(817)
Transfers in	2,500	2,500	162,509	160,009
Total Resources (Inflows)	1,122,060	1,587,060	1,978,112	391,052
AMOUNTS AVAILABLE FOR APPROPRIATION	1,169,245	1,634,245	2,025,297	391,052
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
General Government				
Mayor and council	227,176	86,576	4,188	82,388
Administrative	2,226	127,226	127,032	194
Finance	545,790	558,790	558,786	4
General engineering	12,000	14,600	14,516	84
Total General Government	787,192	787,192	704,522	82,670
Judicial				
Municipal court	7,259	7,259	2,436	4,823
Total Judicial	7,259	7,259	2,436	4,823
Public Safety				
Police	125,601	125,601	25,900	99,701
Fire	13,011	13,011	12,797	214
Total Public Safety	138,612	138,612	38,697	99,915
Public Works				
Public works	282,823	747,823	745,842	1,981
Solid waste and recycling	136,150	136,150	94,862	41,288
Garage	72,003	72,003	34,400	37,603
Total Public Works	490,976	955,976	875,104	80,872
Public Health and Welfare				
Public welfare	59,006	59,006	52,236	6,770
Total Public Health and Welfare	59,006	59,006	52,236	6,770
Parks	17,850	17,850	7,852	9,998
Total Culture and Recreation	17,850	17,850	7,852	-
Transfers out	-	238,625	257,209	(18,584)
TOTAL CHARGES TO APPROPRIATIONS	1,500,895	2,204,520	1,938,056	268,280
CHANGE IN FUND BALANCE	(378,835)	(617,460)	40,056	657,516
FUND BALANCE, End of year	$ (331,650)	$ (570,275)	$ 87,241	$ 657,516

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

CITY OF MONTICELLO, GEORGIA
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2015
(Required Supplementary Information)

	BUDGET AMOUNTS ORIGINAL	BUDGET AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 236,367	$ 236,367	$ 236,367	$ -
RESOURCES (INFLOWS)				
Transfer in	-	258,000	257,209	(791)
Total Resources (Inflows)	-	258,000	257,209	(791)
AMOUNTS AVAILABLE FOR APPROPRIATION	236,367	494,367	493,576	(791)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
General government	-	258,000	237,201	20,799
TOTAL CHARGES TO APPROPRIATIONS	-	258,000	237,201	20,799
CHANGE IN FUND BALANCE	-	-	20,008	20,008
FUND BALANCE, End of year	$ 236,367	$ 236,367	$ 256,375	$ 20,008

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

CITY OF MONTICELLO, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2015

	SPECIAL REVENUE FUND	
	CDBG GRANT	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS		
Cash	$ 1	$ 1
Receivables	60,995	60,995
TOTAL ASSETS	$ 60,996	$ 60,996
LIABILITIES		
Liabilities		
Accounts payable	$ 60,996	$ 60,996
TOTAL LIABILITIES	$ 60,996	$ 60,996

CITY OF MONTICELLO, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

	SPECIAL REVENUE FUNDS		
	HOTEL MOTEL TAX	CDBG GRANT	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES			
Taxes	$ 2,920	$ -	$ 2,920
Intergovernmental	-	332,983	332,983
Miscellaneous	-	1	1
TOTAL REVENUES	2,920	332,984	335,904
EXPENDITURES			
Current Expenditures			
Culture and Recreation	2,920	-	2,920
Housing and development	-	332,984	332,984
Debt service			
TOTAL EXPENDITURES	2,920	332,984	335,904
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	-	-	-
FUND BALANCES, Beginning of year	-	-	-
FUND BALANCES, End of year	$ -	$ -	$ -

CITY OF MONTICELLO, GEORGIA
HOTEL MOTEL TAX SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2015

	BUDGET AMOUNTS ORIGINAL	BUDGET AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ -	$ -	$ -	$ -
RESOURCES (INFLOWS)				
Taxes	-	3,000	2,920	(80)
Total Resources (Inflows)	-	3,000	2,920	(80)
AMOUNTS AVAILABLE FOR APPROPRIATION	-	3,000	2,920	(80)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Culture and Recreation	-	3,000	2,920	80
TOTAL CHARGES TO APPROPRIATIONS	-	3,000	2,920	80
FUND BALANCE, End of year	$ -	$ -	$ -	$ -

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

CITY OF MONTICELLO, GEORGIA
CDBG GRANT SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2015

	BUDGET AMOUNTS ORIGINAL	BUDGET AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ -	$ -	$ -	$ -
RESOURCES (INFLOWS)				
Intergovernmental	-	333,000	332,983	(17)
Miscellaneous	-	-	1	1
Total Resources (Inflows)	-	333,000	332,984	(16)
AMOUNTS AVAILABLE FOR APPROPRIATION	-	333,000	332,984	(16)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Housing and development	-	333,000	332,984	16
TOTAL CHARGES TO APPROPRIATIONS	-	333,000	332,984	16
FUND BALANCE, End of year	$ -	$ -	$ -	$ -

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

CITY OF MONTICELLO, GEORGIA
SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the Year Ended June 30, 2015

PROJECT	ORIGINAL ESTIMATED COSTS	CURRENT ESTIMATED COSTS	EXPENDITURES PRIOR YEARS	EXPENDITURES CURRENT YEAR
Sidewalk Repairs and Improvements	$ 295,700	$ 295,700	$ 109,909	$ 58,614
Hospital	100,000	100,000	-	-
Water Supply and Treatment	357,300	357,300	-	-
Sewer System Improvements	197,000	197,000	62,857	59,608
Totals	$ 950,000	$ 950,000	$ 172,766	118,222

Total of all SPLOSTS above **$ 118,222**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (page 5)

Expenditures	$ 58,613
Transfers out	59,609
Total	**$ 118,222**

CITY OF MONTICELLO, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Year Ended June 30, 2015

FEDERAL GRANTOR/ PASS-THRU GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT/ CONTRACT NUMBER	PROGRAM OR AWARD AMOUNT	Expenditures
U.S DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed-through the Georgia Department of Community Affairs				
Community Development Block Grant Progam/Entitlement Grants	14.218	12q-x-079-2-5543	$ 420,000	$ 332,984
Total U.S. Department of Housing and Urban Development			**420,000**	**332,984**
U.S. DEPARTMENT OF TRANSPORTATION				
Passed through Georgia Department of Transportation				
Transportaion Enhancement Grant	20.205	STP-0002-00(337)	400,000	298,373
Off-System Safety Improvement Grant	20.205	Project 0012735	221,798	104,489
			621,798	402,862
Total U.S. Department of Transportation			**621,798**	**402,862**
		GRAND TOTALS	**$ 1,041,798**	**$ 735,846**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
This schedule is prepared on the modified accrual basis of accounting.

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

September 30, 2016

To the Mayor and City Council
CITY OF MONTICELLO, GEORGIA
Monticello, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of CITY OF MONTICELLO, GEORGIA, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the CITY OF MONTICELLO, GEORGIA's basic financial statements and have issued our report thereon dated September 30, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered CITY OF MONTICELLO, 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 CITY OF MONTICELLO, GEORGIA's internal control. Accordingly, we do not express an opinion on the effectiveness of the CITY OF MONTICELLO, GEORGIA's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Baker Tilly & Co, LLP

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

September 30, 2016

To the Mayor and City Council
CITY OF MONTICELLO, GEORGIA
Monticello, Georgia

Report on Compliance for Each Major Federal Program

We have audited the CITY OF MONTICELLO, GEORGIA's compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of CITY OF MONTICELLO, GEORGIA's major federal programs for the year ended June 30, 2015. CITY OF MONTICELLO, GEORGIA's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's ResponsibilityY

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of CITY OF MONTICELLO, GEORGIA's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about CITY OF MONTICELLO, GEORGIA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of CITY OF MONTICELLO, GEORGIA's compliance.

Opinion on Each Major Federal Program

In our opinion, CITY OF MONTICELLO, GEORGIA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of CITY OF MONTICELLO, GEORGIA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered CITY OF MONTICELLO, GEORGIA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of CITY OF MONTICELLO, GEORGIA's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Baker, Tarik & Co, LLP

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CITY OF MONTICELLO, GEORGIA
AUDITORS' SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015

I SUMMARY OF AUDITORS' RESULTS:

1. Report issued on Financial Statements - Unqualified opinion.
2. Internal Control (financial statements) – No significant deficiencies.
3. Compliance (financial statements) – No material instance of noncompliance.
4. Compliance (major programs) - Unqualified opinion, no instances of noncompliance.
5. Internal control (major programs) – No material weaknesses noted.
6. Audit findings required to be reported under A133 Section 510(a)
    - i) Significant deficiencies in internal controls over major programs – None reported
    - ii) Material noncompliance related to major programs – None reported
    - iii) Known questioned costs greater than $10,000 for major programs – None reported
    - iv) Known questioned costs greater than $10,000 for a program not audited as major – None reported
    - v) Circumstances if report on compliance is other than unqualified - N/A
    - vi) Known fraud - N/A
    - vii) Misrepresentation in schedule of prior audit findings - None reported
7. Major programs for the year: 14.218 CDBG Entitlement Grant and 20.205 Transportation Enhancement Grant.
8. Dollar threshold used to distinguish between Type A and Type B programs - $300,000.
9. Does the auditee qualify as a low risk auditee under A133 Section 530 - No.

II AUDIT FINDINGS - GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS

There were no findings reported for the year ended June 30, 2015.

III FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

There were no findings or questioned cost relating to Federal awards reported for the year ended June 30, 2015.