CITY OF MONTICELLO, GEORGIA

ANNUAL FINANCIAL REPORT
(WITH INDEPENDENT AUDITOR'S REPORT)

Year Ended June 30, 2019

CITY OF MONTICELLO, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS

	Page
FINANCIAL SECTION	
Independent Auditor's Report	i-iii
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of Net Position	1
Statement of Activities	2
FUND FINANCIAL STATEMENTS	
Balance Sheet - Governmental Funds	3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	4
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6
Statement of Net Position - Proprietary Funds	7
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	8
Statement of Cash Flows - Proprietary Funds	9
NOTES TO FINANCIAL STATEMENTS	10 - 44
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of the Net Pension Liability - City of Monticello Retirement Plan	45
Schedule of Contributions - City of Monticello Retirement Plan	46
Schedule of Notes to Required Supplementary Information - City of Monticello Retirement Plan	47
Budgetary Comparison Schedule	
-General Fund	48
-Debt Service Fund	49
COMBINING STATEMENTS AND SCHEDULES	
NONMAJOR GOVERNMENTAL FUNDS	
Combining Balance Sheet	50
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	51
Budgetary Comparison Schedule	
-Hotel Motel Tax Special Revenue Fund	52
-CDBG Grant Special Revenue Fund	53
SUPPLEMENTAL INFORMATION	
Schedule of Projects Constructed with Special Purpose Local Option Sales Tax	54
COMPLIANCE AND INTERNAL CONTROL REPORTS	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	55-58

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PH 770.532.9131
FX 770.536.5223
525 CANDLER STREET, NE
PO DRAWER 2396
GAINESVILLE, GEORGIA 30503
WWW.BATESCARTER.COM

INDEPENDENT AUDITOR'S REPORT

April 20, 2022

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, 2019, 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2019, 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.

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 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.

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

Bates, Carter & Co., LLP

CITY OF MONTICELLO, GEORGIA
STATEMENT OF NET POSITION
June 30, 2019

	PRIMARY GOVERNMENT			COMPONENT UNIT
ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	DOWNTOWN DEVELOPMENT AUTHORITY
Cash	$ 883,139	$ 108,072	$ 991,211	$ 43,996
Investments	1,500,000	-	1,500,000	-
Notes receivable	-	33,961	33,961	-
Receivables (net of allowance for uncollectibles)	145,346	749,008	894,354	-
Internal balances	(1,731,477)	1,731,477	-	-
Due from component units	-	112,214	112,214	-
Prepaid items	51,222	41,215	92,437	-
Restricted assets:				
Cash	160,614	396,197	556,811	-
Investments	-	1,900,829	1,900,829	-
Non-current assets:				
Notes receivable	-	29,625	29,625	-
Net pension asset	32,649	71,772	104,421	-
Capital assets:				
Capital assets not being depreciated	551,669	1,890,263	2,441,932	-
Capital assets being depreciated	6,718,700	16,367,260	23,085,960	178,000
Less: accumulated depreciation	(2,878,378)	(7,665,339)	(10,543,717)	(68,369)
Capital assets, net of depreciation	4,391,991	10,592,184	14,984,175	109,631
TOTAL ASSETS	5,433,484	15,766,554	21,200,038	153,627
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows related to pensions	25,739	49,334	75,073	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	25,739	49,334	75,073	-
LIABILITIES				
Accounts payable	109,303	185,193	294,496	-
Accrued interest payable	-	8,258	8,258	25,103
Other accrued items	7,884	29,619	37,503	-
Due to other governments	919	-	919	-
Due to primary government	-	-	-	112,214
Customer deposits	-	260,947	260,947	-
Noncurrent liabilities:				
Due within one year				
Compensated absences payable	6,409	14,892	21,301	-
Notes payable	-	205,059	205,059	-
Capital leases payable	28,953	68,697	97,650	-
General obligation bonds payable	225,000	-	225,000	-
Revenue bonds payable	-	190,000	190,000	-
Due in more than one year				
Compensated absences payable	4,273	9,927	14,200	-
Notes payable	-	2,921,773	2,921,773	-
Capital leases payable	112,391	266,667	379,058	-
Revenue bonds payable	-	825,000	825,000	-
TOTAL LIABILITIES	495,132	4,986,032	5,481,164	137,317
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows related to pensions	62,846	118,480	181,326	-
TOTAL DEFERRED INFLOWS OF RESOURCES	62,846	118,480	181,326	-
NET POSITION				
Net investment in capital assets	4,025,647	5,935,128	9,960,775	109,631
Restricted for:				
Capital outlay projects	463,395	-	463,395	-
Debt service	160,614	716,438	877,052	-
Muncipal Competitive Trust Agreement	-	1,900,829	1,900,829	-
Recreation and culture programs	1,808	-	1,808	-
Housing and development programs	3	-	3	-
Unrestricted	249,778	2,158,981	2,408,759	(93,321)
TOTAL NET POSITION	$ 4,901,245	$ 10,711,376	$ 15,612,621	$ 16,310

The accompanying notes are an integral part of this statement.

CITY OF MONTICELLO, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

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	$ 859,735	$ 340,847	$ 451,005	$ -	$ (67,883)	$ -	$ (67,883)	$ -
Public safety	10,935	15,327	-	-	4,392	-	4,392	-
Public works	713,780	-	38,943	194,089	(480,748)	-	(480,748)	-
Public health and welfare	51,664	-	-	-	(51,664)	-	(51,664)	-
Recreation and culture	41,292	-	-	-	(41,292)	-	(41,292)	-
Housing and development	69,864	-	-	-	(69,864)	-	(69,864)	-
Interest	21,946	-	-	-	(21,946)	-	(21,946)	-
Total Governmental Activities	1,769,216	356,174	489,948	194,089	(729,005)	-	(729,005)	-
BUSINESS-TYPE ACTIVITIES								
Water and sewer	1,354,264	1,206,322	-	-	-	(147,942)	(147,942)	-
Electric system	2,760,604	3,403,964	-	-	-	643,360	643,360	-
Natural gas system	1,584,675	1,356,389	-	-	-	(228,286)	(228,286)	-
Revolving loan	29,677	-	-	-	-	(29,677)	(29,677)	-
Total Business-Type Activities	5,729,220	5,966,675	-	-	-	237,455	(147,942)	-
TOTAL PRIMARY GOVERNMENT	7,498,436	6,322,849	489,948	194,089	(729,005)	237,455	(876,947)	-
COMPONENT UNIT								
Downtown Development Authority	28,744	16,679	38,400	-	-	-	-	26,335
TOTAL COMPONENT UNIT	$ 28,744	$ 16,679	$ 38,400	$ -	-	-	-	26,335
GENERAL REVENUES								
Property taxes					342,283	-	342,283	-
Sales taxes					306,104	-	306,104	-
Insurance premium taxes					190,799	-	190,799	-
Real estate recording taxes					5,281	-	5,281	-
Other taxes					126,212	-	126,212	-
Total taxes					970,679	-	970,679	-
Unrestricted investment earnings					22,988	77,713	100,701	-
TRANSFERS					255,868	(255,868)	-	-
TOTAL GENERAL REVENUES AND TRANSFERS					1,249,535	(178,155)	1,071,380	-
CHANGES IN NET POSITION					520,530	59,300	579,830	26,335
NET POSITION, Beginning					4,380,715	10,652,076	15,032,791	(10,025)
NET POSITION, Ending					$ 4,901,245	$ 10,711,376	$ 15,612,621	$ 16,310

The accompanying notes are an integral part of this statement.

CITY OF MONTICELLO, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

ASSETS	GENERAL	SPLOST	DEBT SERVICE	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Cash	$ 609,364	$ 273,772	$ -	$ 3	$ 883,139
Investments	1,500,000	-	-	-	1,500,000
Receivables (net of allowance for uncollectibles)	109,043	36,303	-	-	145,346
Interfund receivables	391,873	260,387	-	1,808	654,068
Prepaid items	51,222	-	-	-	51,222
Restricted assets:					
Cash	-	-	160,614	-	160,614
TOTAL ASSETS	$ 2,661,502	$ 570,462	$ 160,614	$ 1,811	$ 3,394,389
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 3,181	$ 106,123	$ -	$ -	$ 109,304
Due to related party	-	919	-	-	919
Other accrued items	7,884	-	-	-	7,884
Interfund payables	2,385,520	25	-	-	2,385,545
TOTAL LIABILITIES	2,396,585	107,067	-	-	2,503,652
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	5,765	-	-	-	5,765
TOTAL DEFERRED INFLOWS OF RESOURCES	5,765	-	-	-	5,765
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	2,402,350	107,067	-	-	2,509,417
FUND BALANCES					
Nonspendable:					
Prepaid expenditure	51,222	-	-	-	51,222
Restricted:					
Debt service	-	-	160,614	-	160,614
Capital outlay projects	-	463,395	-	-	463,395
Parks and recreation programs	-	-	-	1,808	1,808
Housing and development programs	-	-	-	3	3
Unassigned:	207,930	-	-	-	207,930
TOTAL FUND BALANCES	259,152	463,395	160,614	1,811	884,972
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 2,661,502	$ 570,462	$ 160,614	$ 1,811	$ 3,394,389

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, 2019

Total Fund Balances for Governmental Funds (page 3)		$ 884,972
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.		4,391,991
Some assets and deferred outflows are not available in the current period, and therefore, are not reported in the funds:		
Net pension asset(liability)	32,649	
Deferred charge for pension expense	25,739	
		58,388
Revenues in the statement of activities that do not provide current financial resources are reported as unavailable revenues in the funds.		
Property Taxes	5,765	
		5,765
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	(225,000)	
Compensated absences	(10,682)	
Capital leases	(141,344)	
Deferred credit for pension expense	(62,846)	
		(439,872)
Rounding		1
Total net position of governmental activities (page 1)		$ 4,901,245

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, 2019

	GENERAL	SPLOST	DEBT SERVICE	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Taxes	$ 976,713	$ 193,868	$ -	$ 3,541	$ 1,174,122
Licenses and permits	19,329	-	-	-	19,329
Intergovernmental	489,948	-	-	-	489,948
Charges for services	336,846	-	-	-	336,846
Investment income	19,460	221	3,528	-	23,209
Miscellaneous	-	-	-	1	1
TOTAL REVENUES	1,842,296	194,089	3,528	3,542	2,043,455
EXPENDITURES					
Current Expenditures					
General government	742,491	-	-	-	742,491
Public safety	8,667	-	-	-	8,667
Public works	565,718	99,205	-	-	664,923
Public health and welfare	51,664	-	-	-	51,664
Culture and Recreation	28,063	-	-	7,771	35,834
Housing and development	69,864	-	-	-	69,864
Intergovernmental	1,500	-	-	-	1,500
Capital outlay	329,358	450,820	-	-	780,178
Debt service					
Principal	11,771	-	215,000	-	226,771
Interest	2,146	-	19,800	-	21,946
TOTAL EXPENDITURES	1,811,242	550,025	234,800	7,771	2,603,838
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	31,054	(355,936)	(231,272)	(4,229)	(560,383)
OTHER FINANCING SOURCES (USES)					
Proceeds from Capital leases	153,115	-	-	-	153,115
Transfers in	255,868	260,386	156,464	-	672,718
Transfers out	(416,850)	-	-	-	(416,850)
TOTAL OTHER FINANCING SOURCES (USES)	(7,867)	260,386	156,464	-	408,983
NET CHANGE IN FUND BALANCES	23,187	(95,550)	(74,808)	(4,229)	(151,400)
FUND BALANCES, Beginning of year	235,965	558,945	235,422	6,040	1,036,372
FUND BALANCES, End of year	$ 259,152	$ 463,395	$ 160,614	$ 1,811	$ 884,972

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, 2019

Net change in fund balances (page 5)		$ (151,400)
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	780,178	
Depreciation expense	(192,728)	
		587,450
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	5,765	
		5,765
Revenues reported in the funds that relate to prior years are not reported as revenue in the statement of activities.		
Property taxes	(15,341)	
		(15,341)
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.		
Proceeds from borrowing including premiums and discounts	(153,115)	
Principal payments on long-term debt, including payments to refunding escrow	226,771	
		73,656
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	(10,681)	
Compensated absences, prior year	12,276	
Net pension asset, current year	32,649	
Net pension asset, prior year	(11,944)	
Deferred inflows, current year	(62,846)	
Deferred inflows, prior year	62,889	
		22,343
Contributions made after pension measurement date are reported in deferred outflows.		
Beginning of year	(27,680)	
End of year	25,739	
		(1,941)
Rounding		(2)
Changes in net position of governmental activities (page 2)		$ 520,530

The accompanying notes are an integral part of this statement.

CITY OF MONTICELLO, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2019

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS				
ASSETS	WATER & SEWER FUND	ELECTRIC SYSTEM	NATURAL GAS SYSTEM	NONMAJOR REVOLVING LOAN FUND	TOTAL
Current Assets					
Cash	$ -	$ -	$ -	$ 108,072	$ 108,072
Receivables (net of allowance for uncollectibles)	164,221	529,051	55,736	-	749,008
Notes receivable	-	-	-	33,961	33,961
Interfund receivables	-	1,893,250	193,731	36,369	2,123,350
Due from component units	-	-	-	112,214	112,214
Prepaid items	23,357	8,399	9,459	-	41,215
Restricted assets:					
Cash	396,197	-	-	-	396,197
Investments	-	1,900,829	-	-	1,900,829
TOTAL CURRENT ASSETS	583,775	4,331,529	258,926	290,616	5,464,846
Noncurrent Assets					
Notes receivables	-	-	-	29,625	29,625
Net pension asset	25,871	26,373	19,528	-	71,772
Capital assets					
Capital assets not being depreciated	1,889,263	-	1,000	-	1,890,263
Capital assets being depreciated	10,717,213	2,723,708	2,926,339	-	16,367,260
Less: accumulated depreciation	(4,253,459)	(1,318,654)	(2,093,226)	-	(7,665,339)
TOTAL CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)	8,353,017	1,405,054	834,113	-	10,592,184
TOTAL NONCURRENT ASSETS	8,378,888	1,431,427	853,641	29,625	10,693,581
TOTAL ASSETS	8,962,663	5,762,956	1,112,567	320,241	16,158,427
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows related to pension	19,360	16,664	13,310	-	49,334
TOTAL DEFERRED OUTFLOWS OF RESOURCES	19,360	16,664	13,310	-	49,334
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	8,982,023	5,779,620	1,125,877	320,241	16,207,761
LIABILITIES					
Current Liabilities					
Accounts payable	5,335	179,858	-	-	185,193
Accrued interest	7,956	302	-	-	8,258
Other accrued items	5,063	20,234	4,322	-	29,619
Interfund payables	391,873	-	-	-	391,873
Compensated absences payable	5,335	6,692	2,865	-	14,892
Notes payable	138,482	66,577	-	-	205,059
Capital leases payable	20,849	42,966	4,882	-	68,697
Revenue bonds payable	190,000	-	-	-	190,000
TOTAL CURRENT LIABILITIES	764,893	316,629	12,069	-	1,093,591
Noncurrent Liabilities					
Customer deposits	53,032	119,673	88,242	-	260,947
Compensated absences payable	3,556	4,461	1,910	-	9,927
Notes payable	2,899,159	22,614	-	-	2,921,773
Capital leases payable	81,882	166,738	18,047	-	266,667
Revenue bonds payable	825,000	-	-	-	825,000
TOTAL NONCURRENT LIABILITIES	3,862,629	313,486	108,199	-	4,284,314
TOTAL LIABILITIES	4,627,522	630,115	120,268	-	5,377,905
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows related to pension	49,190	40,353	28,937	-	118,480
TOTAL DEFERRED INFLOWS OF RESOURCES	49,190	40,353	28,937	-	118,480
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	4,676,712	670,468	149,205	-	5,496,385
NET POSITION					
Net investment in capital assets	4,197,645	926,300	811,183	-	5,935,128
Restricted for debt service	396,197	-	-	320,241	716,438
Municipal Competitive Trust Agreement	-	1,900,829	-	-	1,900,829
Unrestricted	(288,531)	2,282,023	165,489	-	2,158,981
TOTAL NET POSITION	$ 4,305,311	$ 5,109,152	$ 976,672	$ 320,241	$ 10,711,376

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, 2019

	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	$ 1,202,922	$ -	$ -	$ -	$ 1,202,922
Charges for services	-	3,394,332	1,354,351	-	4,748,683
Miscellaneous Income	3,400	9,632	2,038	-	15,070
Total Operating Revenues	1,206,322	3,403,964	1,356,389	-	5,966,675
OPERATING EXPENSES					
Salaries and benefits	272,354	246,622	174,871	-	693,847
Other services and charges	454,126	2,304,960	1,177,215	29,677	3,965,978
Insurance premiums	99,927	52,241	48,601	-	200,769
Depreciation	214,265	62,742	88,109	-	365,116
Professional fees	45,231	42,084	18,959	-	106,274
Repairs and maintenance	165,914	43,387	71,533	-	280,834
Other operating expenses	-	-	5,039	-	5,039
Total Operating Expenses	1,251,817	2,752,036	1,584,327	29,677	5,617,857
OPERATING INCOME	(45,495)	651,928	(227,938)	(29,677)	348,818
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	-	68,126	-	3,581	71,707
Investment earnings-pledged as security for revenue bonds	6,006	-	-	-	6,006
Interest expense	(102,447)	(8,568)	(348)	-	(111,363)
Total Nonoperating Revenues (Expenses)	(96,441)	59,558	(348)	3,581	(33,650)
INCOME (LOSS) BEFORE TRANSFERS	(141,936)	711,486	(228,286)	(26,096)	315,168
Transfer out	(105,275)	(124,700)	(25,893)	-	(255,868)
CHANGE IN NET POSITION	(247,211)	586,786	(254,179)	(26,096)	59,300
TOTAL NET POSITION, Beginning of year	4,552,522	4,522,366	1,230,851	346,337	10,652,076
TOTAL NET POSITION, End of year	$ 4,305,311	$ 5,109,152	$ 976,672	$ 320,241	$ 10,711,376

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, 2019

	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	$ 1,227,018	$ 3,394,987	$ 1,652,231	$ -	$ 6,274,236
Payments to suppliers	(385,255)	(4,177,086)	(1,543,385)	4,742	(6,100,984)
Payments to employees	(272,934)	(257,437)	(204,734)	-	(735,105)
Net cash provided by (used in) operating activities	568,829	(1,039,536)	(95,888)	4,742	(561,853)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers in (out)	(105,275)	(124,700)	(25,893)	-	(255,868)
Net Cash provided (used) by non-capital financing activities	(105,275)	(124,700)	(25,893)	-	(255,868)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(179,377)	(227,102)	(49,712)	-	(456,191)
Proceeds from issuance of long-term debt	110,254	227,220	25,820	-	363,294
Principal payments on debt	(422,368)	(81,155)	(2,890)	-	(506,413)
Interest paid	(103,387)	(8,785)	(346)	-	(112,518)
Net cash provided by (used in) capital and related financing activities	(594,878)	(89,822)	(27,128)	-	(711,828)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment earnings	6,006	68,126	-	3,580	77,712
Purchase of investments	-	(127,387)	-	-	(127,387)
Net cash provided by (used in) investing activities	6,006	(59,261)	-	3,580	(49,675)
Net increase (decrease) in cash and cash equivalents	(125,318)	(1,313,319)	(148,909)	8,322	(1,579,224)
CASH, Beginning of year	521,515	1,313,319	148,909	99,750	2,083,493
CASH, End of year	$ 396,197	$ -	$ -	$ 108,072	$ 504,269
RECONCILIATION OF CASH					
Cash	$ -	$ -	$ -	$ 108,072	$ 108,072
Restricted Cash	396,197	-	-	-	396,197
Total Cash	$ 396,197	$ -	$ -	$ 108,072	$ 504,269
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	$ (45,495)	$ 651,928	$ (227,938)	$ (29,677)	$ 348,818
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	214,265	62,742	88,109	-	365,116
Write off of uncollectable note receivable	-	-	-	29,677	29,677
(Increase) decrease in:					
Accounts receivable	26,274	(630)	305,374	-	331,018
Deferred outflows for pension	537	1,790	4,084	-	6,411
Prepaid expenses	(11,557)	(3,112)	(4,880)	-	(19,549)
Increase (decrease) in:					
Accounts payable	(373)	159,891	(21,732)	-	137,786
Compensated absences	1,604	1,307	(2,775)	-	136
Customer deposits	(5,578)	(8,347)	(9,532)	-	(23,457)
Net pension liability (asset)	(13,290)	(13,803)	(14,944)	-	(42,037)
Other accrued items	1,745	1,464	226	-	3,435
Deferred inflows for pension	8,824	(1,573)	(16,454)	-	(9,203)
Due to other governments	-	2,057	(1,695)	4,742	5,104
Interfund balances	391,873	(1,893,250)	(193,731)	-	(1,695,108)
Net cash provided by (used in) operating activities	$ 568,829	$ (1,039,536)	$ (95,888)	$ 4,742	$ (561,853)

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.

A 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, 2019.

(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.

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 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 2018 property taxes were levied October 20, 2019, and were due December 20, 2019. The taxes are subject to lien after March 20, 2019. 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.

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 deposits and investments 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 2019.

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 fiscal 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. One is 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 fiscal year. Another item only arises under the modified accrual basis of accounting. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from one source: property taxes.

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, 2019 are as follows:

Net investment in capital assets:	Governmental Activities	Business-Type Activities	Component Unit
Cost of capital assets	$ 7,270,369	$ 18,257,523	$ 178,000
Accumulated depreciation	(2,878,378)	(7,665,339)	(68,369)
Net book value	4,391,991	10,592,184	109,631
Capital leases related debt	(141,344)	(335,365)	-
Accounts payable for capital assets	-	(179,860)	-
Revenue bonds related to capital assets	(225,000)	(1,015,000)	-
Notes payable related to capital assets	-	(3,126,831)	-
Net investment in capital assets	$ 4,025,647	$ 5,935,128	$ 109,631

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 $625,820 of restricted net position, of which $465,203 is restricted by enabling legislation.

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

Restricted:		
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	$	160,614
SPLOST Fund		
SPLOST - For funds received from the imposition of the Special Purpose Local Option Sales Tax (SPLOST) restricted by the voter approved referendum		463,395
Nonmajor Funds		
CDBG Fund - For monies restricted for housing and development purposes.		3
Hotel/Motel Fund - For funds restricted for tourist attraction and economic growth.		1,808
Total Nonmajor Fund Restrictions		1,811
Total Restricted Fund Balance	$	625,820

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 the City.

- 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, 2019.

(B) EXCESS OF REVENUES AND EXPENDITURES OVER APPROPRIATIONS

The following cost centers had expenditures in excess of appropriations for the fiscal year ended June 30, 2019:

General Government - The $88,672 excess of expenditures over appropriations in the Finance Department is attributable to unbudgeted professional services reimbursed by intergovernmental revenue.

Public Works - The $423,407 excess of expenditures over appropriations is attributable to capital purchases being under budgeted in the Public Works Department and outsourced waste collection costs being under budgeted in the Solid Waste and Recycling Department.

Culture and Recreation - The $7,683 excess of expenditures over appropriations is attributable to operating expenditures being under budgeted in the Parks Department.

Housing and Development - The $864 excess of expenditures over appropriations is attributable to contract labor expenditures and transfers to the Downtown Development Authority being under budgeted in the Code Enforcement and Economic Development departments, respectively.

(C) DEFICIT FUND EQUITY

At June 30, 2019, no funds had deficit fund equity.

NOTE 4 - DEPOSITS AND INVESTMENTS

As of June 30, 2019, the City had the following investments, some of which are cash equivalents:

			INVESTMENT MATURITIES (in Years)	
Investment Type	Fair Market Value Level 1	Fair Market Value Level 2	Less Than 1	Rating (1)
Ceritifcate of Deposit	$ 1,500,000		$ 1,500,000	
Municipal Competitive Trust:				
Short-term Portfolio	$ -	$ 1,900,829	$ 1,900,829	AAAm
Total	$ 1,500,000	$ 1,900,829	$ 3,400,829	
Maximum Investment			100.00%	

1. Standard & Poor's

Cash per Statement of Net Position (page 1)	
Cash	$ 991,211
Restricted cash	556,811
Total Cash and Restricted Cash	$ 1,548,022

Investments per Statement of Net Position (page 1)	
Investments	$ 1,500,000
Restricted Investments	1,900,829
Investments as listed above	$ 3,400,829

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.

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, 2019, 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, 2019, 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, 2019, the City's bank balance of $1,916,627 was adequately collateralized with securities held by the pledging financial institution's name.

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. State statutes require collateral pledged in the amount of 110% of deposits.
>
> 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. State statutes require collateral pledged in the amount of 110% of deposits under the single bank pooled method or at least 100% of amounts greater than 20% of the daily pool balance held by any one covered depository under the multibank pooled method.

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
Receivables:					
Property Taxes	$ 35,460	$ -	$ -	$ -	$ -
Other taxes	7,402	-	-	-	-
Accounts	28,038	-	169,300	545,106	55,736
Intergovernmental	38,644	36,303	-	-	-
Notes	-	-	-	-	-
Total Gross Receivables	109,544	36,303	169,300	545,106	55,736
Less: Allowance for Uncollectibles	(501)	-	(5,079)	(16,055)	-
Total Net Receivables	$ 109,043	$ 36,303	$ 164,221	$ 529,051	$ 55,736

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)	$ 5,765	$ -
Total unavailable/ unearned revenue for governmental funds	$ 5,765	$ -

The notes receivable in the business-type activities consisted of the following at June 30, 2019:

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.	$ 63,585
Total note receivable, net	63,585
Less: Current portion	(33,961)
Long-term portion	$ 29,624

At June 30, 2019, scheduled maturities of the notes receivable were the following:

2020	$ 40,030
2021	30,307
Total maturities of notes receivable	70,337
Less interest	(6,752)
Total net book value of notes receivable	$ 63,585

NOTE 6 - CAPITAL ASSETS

Capital asset activity for governmental funds for the year ended June 30, 2019 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	-	538,922	-	-	538,922
Total non-depreciable capital assets	12,747	538,922	-	-	551,669
Depreciable Assets:					
Buildings and improvements	5,883,827	-	-	-	5,883,827
Machinery and equipment	414,938	-	-	-	414,938
Vehicles	178,680	241,255	-	-	419,935
Total depreciable capital assets	6,477,445	241,255	-	-	6,718,700
Less Accumulated Depreciation for:					
Buildings and improvements	(2,171,638)	(165,452)	-	-	(2,337,090)
Machinery and equipment	(335,332)	(9,368)	-	-	(344,700)
Vehicles	(178,680)	(17,908)	-	-	(196,588)
Total accumulated depreciation	(2,685,650)	(192,728)	-	-	(2,878,378)
Total depreciable capital assets, net	3,791,795	48,527	-	-	3,840,322
Governmental activities capital assets, net	$ 3,804,542	$ 587,449	$ -	$ -	$ 4,391,991

Additions to governmental activities capital assets for fiscal year ending June 30, 2019 consist of the following:

Capital Outlay	$ 780,177
Total Additions	$ 780,177

Non-depreciable capital assets additions	$ 538,922
Depreciable capital assets additions	241,255
Total Additions	$ 780,177

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

Governmental Activities:	
General Government	$ 126,471
Public Safety	2,268
Public Works	60,031
Culture and Recreation	3,958
Total depreciation expense: Governmental Activities	$ 192,728

Capital asset activity for business-type funds for the year ended June 30, 2019 was as follows:

	Beginning Balance	Additions	Retirement	Transfer	Ending Balance
Business-type Activities:					
Non-Depreciable Assets:					
Land and land improvements	$ 1,890,263	$ -	$ -	$ -	$ 1,890,263
Total non-depreciable capital assets	1,890,263	-	-	-	1,890,263
Depreciable Assets:					
Buildings and improvements	179,870	-	-	-	179,870
Distribution systems	14,478,296	61,804	-	-	14,540,100
Machinery and equipment	1,252,903	394,387	-	-	1,647,290
Total depreciable capital assets	15,911,069	456,191	-	-	16,367,260
Less Accumulated Depreciation for:					
Buildings and improvements	(143,062)	(1,964)	-	-	(145,026)
Water & sewer system	(6,105,261)	(298,035)	-	-	(6,403,296)
Machinery and equipment	(1,051,900)	(65,117)	-	-	(1,117,017)
Total accumulated depreciation	(7,300,223)	(365,116)	-	-	(7,665,339)
Total depreciable capital assets, net	8,610,846	91,075	-	-	8,701,921
Business-type activities capital assets, net	$ 10,501,109	$ 91,075	$ -	$ -	$10,592,184

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

Business-type Activities:	
Water & Sewer	$ 214,265
Electric System	62,742
Natural Gas System	88,109
Total depreciation expense: Business-type Activities	$ 365,116

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, 2019, 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:					
Sidewalk Project	$ 592,496	$ 538,922	$ 53,574	$ -	SPLOST
Total Governmental Activities	$ 592,496	$ 538,922	$ 53,574	$ -	

Discretely Presented Component Unit

Activity for the Downtown Development Authority for the year ended June 30, 2019, 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	(61,627)	(6,742)	-	-	(68,369)
Total accumulated depreciation	(61,627)	(6,742)	-	-	(68,369)
Total depreciable capital assets, net	116,373	(6,742)	-	-	109,631
Governmental activities capital assets, net	$ 116,373	$ (6,742)	$ -	$ -	$ 109,631

NOTE 7 - LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2019, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
Governmental Activities:						
General obligation bonds	$ 440,000	$ -	$ (215,000)	$ 225,000	$ 225,000	$ -
Capital leases	-	153,115	(11,771)	141,344	28,953	112,391
Compensated absences	12,275	13,463	(15,056)	10,682	6,409	4,273
Net pension liability (asset)	(11,944)	98,103	(118,808)	(32,649)	-	(32,649)
Governmental activities long-term liabilities	$ 440,331	$ 264,681	$ (360,635)	$ 344,377	$ 260,362	$ 84,015
Business-type Activities:						
Revenue bonds	$ 1,200,000	$ -	$ (185,000)	$ 1,015,000	$ 190,000	$ 825,000
Notes payable	3,420,317	-	(293,485)	3,126,832	205,059	2,921,773
Capital Leases	-	363,294	(27,929)	335,364	68,697	266,667
Net pension liability (asset)	(29,735)	199,180	(241,217)	(71,772)	-	(71,772)
Compensated absences	24,684	23,750	(23,615)	24,819	14,892	9,927
Business-type activities long-term liabilities	$ 4,615,266	$ 586,224	$ (771,246)	$ 4,430,243	$ 478,648	$ 3,951,595

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 respective 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 5.00%.

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, 2019, are as follows:

June 30,	Principal	Interest	Total
2020	$ 225,000	$ 10,125	$ 235,125
Total	$ 225,000	$ 10,125	$ 235,125

CAPITAL LEASES

Vehicles were acquired under a capital lease agreement which bears interest at %. 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 30% and the business-type activities allocation is 70%. This year, $9,408 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, 2019, are as follows:

June 30,	Principal	Interest	Total
2020	$ 28,953	$ 447	$ 29,400
2021	29,974	3,426	33,400
2022	31,031	1,275	32,306
2023	32,125	1,275	33,400
2024	19,261	224	19,485
Total	$ 141,344	$ 6,647	$ 147,991

As of June 30, 2019, the capital assets purchased under these capital lease agreements are as follows:

	Governmental Activities
Vehicles	$ 156,256
Less accumulated depreciation	(9,408)
Net	$ 146,848

BUSINESS TYPE ACTIVITIES

As of June 30, 2019, 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, 2019 was $1,015,000.

The annual revenue bond debt service requirements to amortize this debt as of June 30, 2019, are as follows:

June 30,	Principal	Interest	Total
2020	$ 190,000	$ 38,063	$ 228,063
2021	195,000	30,937	225,937
2022	205,000	23,625	228,625
2023	210,000	15,938	225,938
2024	215,000	8,063	223,063
Total	$ 1,015,000	$ 116,626	$ 1,131,626

CAPITAL LEASES

The City has financed the purchase of an automated meter reading system which bears interest at a rate of 3.470%. The system has an estimated useful life of fifty years. This year, $62,634 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, 2019, are as follows:

June 30,	Principal	Interest	Total
2020	$ 68,697	$ 10,551	$ 79,248
2021	71,119	8,129	79,248
2022	73,627	5,622	79,249
2023	76,223	3,026	79,249
2024	45,698	530	46,228
Total	$ 335,364	$ 27,858	$ 363,222

As of June 30, 2019, the capital assets purchased under these capital lease agreements are as follows:

	Business-Type Activities
Vehicles	$ 369,531
Less accumulated depreciation	(13,866)
Net	$ 355,665

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, 2019, The outstanding balance was $89,191.

The annual debt service requirements to amortize this debt as of June 30, 2019, are as follows:

June 30,	Principal	Interest	Total
2020	$ 66,577	$ 2,663	$ 69,240
2021	22,614	211	22,825
Total	$ 89,191	$ 2,874	$ 92,065

The City obtained a GEFA loan in the original amount of $3,336,000 dated December 1, 2017, monthly installments of $16,703, interest rate of 1.89% with final maturity dated December 1, 2038. The note payable was used to finance the costs of planning and design of six groundwater wells and payments will be made by the Water & Sewer Fund. As of June 30, 2019, the outstanding balance was $3,037,641.

The annual debt service requirements to amortize this debt as of June 30, 2019, are as follows:

June 30,	Principal	Interest	Total
2020	$ 138,482	$ 56,216	$ 194,698
2021	141,122	53,576	194,698
2022	143,812	50,885	194,697
2023	146,554	48,144	194,698
2024	149,348	45,350	194,698
2025-2029	790,550	182,938	973,488
2030-2034	868,837	104,652	973,489
2035-2039	658,936	22,554	681,490
Total	$ 3,037,641	$ 564,315	$ 3,601,956

NOTE 8 - INTERFUND BALANCES AND ACTIVITY

The composition of interfund balances as of June 30, 2019 is as follows:

	Due From			
Due To	General	SPLOST	Water and Sewer Fund	Total
General	$ -	$ -	$ 391,873	$ 391,873
SPLOST	260,387	-	-	260,387
Other nonmajor governmental funds	1,808	-	-	1,808
Electric System	1,893,250	-	-	1,893,250
Natural Gas System	193,731	-	-	193,731
Nonmajor Revolving Loan Program	36,369	-	-	36,369
Total	$ 2,385,545	$ -	$ 391,873	$ 2,777,418

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, 2019 are as follows:

	Transfers Out				
Transfers In	General Fund	Natural Gas System Fund	Electric System Fund	Water & Sewer Fund	Total
General Fund	$ -	$ 25,893	$124,700	$105,275	$ 255,868
SPLOST	260,386	-	-	-	260,386
Debt Service Fund	156,464	-	-	-	156,464
Total	$ 416,850	$ 25,893	$124,700	$105,275	$ 672,718

Transfers are used to supplement operating budgets and debt service payments.

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 January 1, 2019 (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	43
Terminated plan participants entitled to but not yet receiving benefits	31
Active employees participating in the Plan	27
Total number of Plan participants	101
Covered compensation for active participants	$ 765,107
Contributions as a percentage of covered-employee payroll	7.08%

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, 2018, 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, 2019 valuation was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary Increases (including inflation)	3.25% - 8.25%
Net investment rate of return	7.50%

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 January 1, 2019 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	45%	6.40%
International equity	20%	7.40%
Fixed income - Global	5%	3.03%
Fixed income - Domestic	20%	1.75%
Real estate	10%	5.10%
TOTAL	100%	

* Rates shown are net of the assumed rate of inflation

The discount rate used to measure the total pension liability was 7.50%. 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 (Asset)

	Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2018	$ 3,024,382	$ 3,066,061	$ (41,679)
Changes for the year:			
Service cost	26,535	-	26,535
Interest	222,032	-	222,032
Difference between expected and actual experience	33,821	-	33,821
Contribution-employer	-	60,472	(60,472)
Net investment income	-	299,553	(299,553)
Benefit payments	(180,973)	(180,973)	-
Administrative expense	-	(14,895)	14,895
Other charges	-	-	-
Net changes	101,415	164,157	(62,742)
Balances at June 30, 2019	$ 3,125,797	$ 3,230,218	$ (104,421)

The following presents the City's net pension liability calculated using the discount rate of 7.50%, 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 (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1 % Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's net pension (asset)liability	$ 216,472	$ (104,421)	$ (379,595)

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

For the year ended June 30, 2019, the City recognized pension expense of $(5,474). At June 30, 2019, 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	$ 16,911	$ -
Net difference between projected and actual earnings on pension plan investments	-	(181,326)
City contributions subsequent to the measurement date	58,162	-
TOTAL	$ 75,073	$ (181,326)

City contributions subsequent to the measurement date of $58,162 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, 2020.

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,	
2020	$ (21,830)
2021	$ (72,666)
2022	$ (54,984)
2023	$ (14,935)
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 $2,102,500 at June 30, 2019.

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, 2019 was $1,900,829.

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 $1,102,714 at June 30, 2019.

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 did not receive payment in lieu of taxes from the Housing Authority for the year ended June 30, 2019.

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.

The amount reported as the estimated amounts for the net pension asset and City's contributions subsequent to the measurement date qualify as significant estimates and are based on actuarial studies and projections.

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 $2,612 to the NEGRC for the year ended June 30, 2019. 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, 2019, the City collected $3,541 in Hotel and Motel taxes of which $1,416 was required to be spent to promote tourism, conventions, and trade shows. For the year ended June 30, 2019, 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 - COVID-19

In December 2019, a novel strain of coronavirus was reported to have surfaced in China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern". The spread of this virus (COVID-19) appeared in the United States and began to cause some operational disruptions in the first quarter of calendar year 2020. While this disruption is currently expected to be temporary, there is considerable uncertainty regarding the potential duration of the virus. Therefore, while management expects this matter could negatively impact operating results, the total financial impact and duration cannot be reasonably estimated at this time.

CITY OF MONTICELLO, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE NET PENSION LIABILITY -
CITY OF MONTICELLO RETIREMENT PLAN
For the Year Ended June 30, 2019
"Unaudited"

For the Year Ended June 30,	2019	2018	2017	2016	2015
Net pension liability (asset)	$ (104,421)	$ (41,679)	$ 179,927	$ 124,654	$ 195,223
Covered payroll	$ 765,107	$ 638,599	$ 697,864	$ 741,394	$ 738,908
Net pension liability (asset) as a percentage of its covered payroll	(13.65)%	(6.53)%	25.78%	16.81%	26.42%
Plan fiduciary net position as a percentage of the total pension liability (asset)	103.34%	101.38%	93.92%	89.98%	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, 2019
"Unaudited"

For the Year Ended June 30,	2019	2018	2017	2016	2015
Contractually required contribution	$ 48,918	$ 70,200	$ 81,772	$ 124,654	$ 195,223
Contributions in relation to the contractually required contribution	54,150	64,350	81,772	124,654	195,223
Contribution deficiency (excess)	$ (5,232)	$ 5,850	$ -	$ -	$ -
City's covered payroll	$ 765,107	$ 638,599	$ 697,864	$ 741,394	$ 738,908
Contributions as a percentage of covered payroll	7.08%	10.08%	11.72%	16.81%	26.42%

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 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION -
CITY OF MONTICELLO RETIREMENT PLAN
For the Year Ended June 30, 2019
"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, 2019. The following actuarial methods and assumptions were used to determine the contractually required contributions for the year ended June 30, 2019 reported in that schedule:

Valuation Date	January 1, 2019
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 17 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.
Net investment rate of return	7.50%
Salary Increases	2.75% 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, 2019
(Required Supplementary Information)

	BUDGET AMOUNTS ORIGINAL	BUDGET AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 235,965	$ 235,965	$ 235,965	$ -
RESOURCES (INFLOWS)				
Taxes	916,740	916,740	976,713	59,973
Licenses and permits	20,350	20,350	19,329	(1,021)
Intergovernmental	35,500	35,500	489,948	454,448
Charges for services	354,023	354,023	336,846	(17,177)
Investment income	32,765	32,765	19,460	(13,305)
Capital lease issued	-	-	153,115	153,115
Transfers in	410,147	410,147	255,868	(154,279)
Total Resources (Inflows)	1,769,525	1,769,525	2,251,279	481,754
AMOUNTS AVAILABLE FOR APPROPRIATION	2,005,490	2,005,490	2,487,244	481,754
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
General Government				
Mayor and council	105,563	105,563	72,297	33,266
Administrative	117,900	117,900	117,663	237
Finance	425,846	425,846	514,518	(88,672)
General engineering	74,500	74,500	65,126	9,374
Total General Government	723,809	723,809	769,604	(45,795)
Public Safety				
Fire	12,300	12,300	8,667	3,633
Total Public Safety	12,300	12,300	8,667	3,633
Public Works				
Public works	338,473	338,473	751,388	(412,915)
Solid waste and recycling	120,000	120,000	130,492	(10,492)
Total Public Works	458,473	458,473	881,880	(423,407)
Public Health and Welfare				
Public welfare	53,534	53,534	51,664	1,870
Total Public Health and Welfare	53,534	53,534	51,664	1,870
Culture and Recreation				
Parks	21,880	21,880	29,563	(7,683)
Total Culture and Recreation	21,880	21,880	29,563	(7,683)
Housing and development				
Code enforecement	31,000	31,000	31,464	(464)
Economic development	38,000	38,000	38,400	(400)
Total Housing and Development	69,000	69,000	69,864	(864)
Transfers out	238,625	238,625	416,850	(178,225)
TOTAL CHARGES TO APPROPRIATIONS	1,577,621	1,577,621	2,228,092	(474,980)
CHANGE IN FUND BALANCE	191,904	191,904	23,187	(168,717)
FUND BALANCE, End of year	$ 427,869	$ 427,869	$ 259,152	$ (168,717)

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, 2019
(Required Supplementary Information)

	BUDGET AMOUNTS ORIGINAL	BUDGET AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 235,422	$ 235,422	$ 235,422	$ -
RESOURCES (INFLOWS)				
Investment income	-	-	3,528	3,528
Transfer in	235,000	235,000	156,464	(78,536)
Total Resources (Inflows)	235,000	235,000	159,992	(75,008)
AMOUNTS AVAILABLE FOR APPROPRIATION	470,422	470,422	395,414	(75,008)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
General government	235,000	235,000	234,800	200
TOTAL CHARGES TO APPROPRIATIONS	235,000	235,000	234,800	200
CHANGE IN FUND BALANCE	-	-	(74,808)	(74,808)
FUND BALANCE, End of year	$ 235,422	$ 235,422	$ 160,614	$ (74,808)

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, 2019

	SPECIAL REVENUE FUNDS		
	HOTEL MOTEL TAX	CDBG GRANT	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS			
Cash	$ -	$ 3	$ 3
Interfund receivables	1,808	-	1,808
TOTAL ASSETS	$ 1,808	$ 3	$ 1,811
FUND BALANCES			
Restricted:			
Recreation and culture programs	1,808	-	1,808
Housing and development programs	-	3	3
TOTAL FUND BALANCES	1,808	3	1,811
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 1,808	$ 3	$ 1,811

CITY OF MONTICELLO, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

	SPECIAL REVENUE FUNDS		
	HOTEL MOTEL TAX	CDBG GRANT	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES			
Taxes	$ 3,541	$ -	$ 3,541
Miscellaneous	-	1	1
TOTAL REVENUES	3,541	1	3,542
EXPENDITURES			
Current Expenditures			
Culture and Recreation	7,771	-	7,771
Debt service			
TOTAL EXPENDITURES	7,771	-	7,771
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	(4,230)	1	(4,229)
FUND BALANCES, Beginning of year	6,038	2	6,040
FUND BALANCES, End of year	$ 1,808	$ 3	$ 1,811

CITY OF MONTICELLO, GEORGIA
HOTEL MOTEL TAX SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2019

	BUDGET AMOUNTS ORIGINAL	BUDGET AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 6,038	$ 6,038	$ 6,038	$ -
RESOURCES (INFLOWS)				
Taxes	8,000	8,000	3,541	(4,459)
Total Resources (Inflows)	8,000	8,000	3,541	(4,459)
AMOUNTS AVAILABLE FOR APPROPRIATION	14,038	14,038	9,579	(4,459)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Culture and Recreation	8,000	8,000	7,771	229
TOTAL CHARGES TO APPROPRIATIONS	8,000	8,000	7,771	229
CHANGE IN FUND BALANCE	-	-	(4,230)	(4,230)
FUND BALANCE, End of year	$ 6,038	$ 6,038	$ 1,808	$ (4,230)

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, 2019

	BUDGET AMOUNTS ORIGINAL	BUDGET AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 2	$ 2	$ 2	$ -
RESOURCES (INFLOWS)				
Miscellaneous	-	-	1	1
Total Resources (Inflows)	-	-	1	1
AMOUNTS AVAILABLE FOR APPROPRIATION	2	2	3	1
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
CHANGE IN FUND BALANCE	-	-	1	1
FUND BALANCE, End of year	$ 2	$ 2	$ 3	$ 1

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, 2019

PROJECT	ORIGINAL ESTIMATED COSTS	CURRENT ESTIMATED COSTS	EXPENDITURES PRIOR YEARS	EXPENDITURES CURRENT YEAR
2012 SPLOST				
Sidewalk Repairs and Improvements	$ 295,700	$ 295,700	$ 207,108	$ 125,232
Hospital	100,000	100,000	-	100,000
Water Supply and Treatment	357,300	357,300	106,088	-
Sewer System Improvements	197,000	197,000	133,265	-
Totals	$ 950,000	$ 950,000	$ 446,461	225,232
2018 SPLOST				
Water & Sewer Improvements	$ 500,000	$ 500,000	$ -	-
Roads, Sidewalks, & Parking	350,000	350,000	-	64,407
Utility Facility	100,000	100,000	-	-
Totals	$ 950,000	$ 950,000	$ -	64,407

Total of all SPLOSTS above **$ 289,639**

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

Expenditures	$ 550,025
Transfers (in)out	(260,386)
Total	**$ 289,639**

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PH 770.532.9131
FX 770.536.5223
525 CANDLER STREET, NE
PO DRAWER 2396
GAINESVILLE, GEORGIA 30503
WWW.BATESCARTER.COM

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

April 20, 2022

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, 2019, 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 April 20, 2022.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described below as items 2019-001 and 2019-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described below as items 2019-003 to be significant deficiencies.

2019-001 Statement of Condition:
Internal financial reports and support for fiscal year activity were not generated in a timely manner, resulting in the delayed release of the audit report and inaccurate interim reports relied upon by the City leadership.

Criteria:
Internal controls should be in place to ensure timeliness on reporting in order for financial statement users to make informed decisions regarding the use and allocation of resources.

Effect of Condition:
Financial statements are not available to users until more than twelve (12) months following fiscal year end.

Cause of Condition:
Significant turnover in City staff responsible for financial records.

Recommendation:
We recommend the City prioritize financial reporting in order to have interim and annual reports become available to users in a timely manner.

Response:
The City continues to experience significant turnover in the administration of the City and other key employees in reference to the audit and the interim financial report process. The new Administration, along with the City's new City Clerk/Finance Director and financial consultant are working on a work plan to determine the best course of action to ensure all annual and interim financial information is correct and produced in a timely manner.

2019-002 Statement of Condition:
The approved budget for the fiscal year ending June 30, 2019 resulted in expenditures in excess of appropriations in the departments specified in Note 3 to the financial statements.

Criteria:
State law requires annual budgets to be balanced by fund and expenditures should be within the approved budget amount the legal level of budgetary control.

Effect of Condition:
The City's annual budget is not in compliance.

Cause of Condition:
Expenditures are approved and paid without consideration of the budget limits by department and necessary budget adjustments are not approved throughout the year as needed.

Recommendation:
We recommend the City implement controls to follow City budget policy to prepare balanced operating annual budgets and ensure each department does not exceed appropriations described in the budget.

Response:
The City had expenditures that exceeded appropriations at the legal level of control as disclosed in the City's Annual Financial Report for the fiscal year ended June 30, 2019. We will continue to monitor the budget monthly to control expenditures and make necessary budget amendments between budget line items, as necessary.

2019-003 Statement of Condition:
The General Fund owes the SPLOST Fund $260,386.

Criteria:
State law requires SPLOST proceeds to be used exclusively for the purposes specified in the resolution or ordinance calling for imposition of the tax. Such proceeds shall be kept in a separate account from other funds of each qualifying municipality receiving proceeds of the sales and use tax and shall not in any manner be commingled with other funds.

Effect of Condition:
Violation of State Law.

Cause of Condition:
SPLOST funds were used for sidewalk expenditures reimbursed by the Georgia Department of Transportation.

Recommendation:
We recommend the City establish a plan to make payments from the General Fund to the SPLOST account until such time as all of this money is returned.

Response:
The City had interfund transactions between the SPLOST Fund and the General Fund that have resulted in an interfund payable between funds. The balances have accumulated due to the SPLOST Fund paying sidewalk grant expenditures on behalf of the General Fund. The grant funds were inadvertently deposited in the General Fund during the construction phase. The City is in the process of devising a payment plan to reimburse the SPLOST Fund from the General Fund for the current balance and adopt procedures to ensure this issue does not occur in the future.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

CITY OF MONTICELLO, GEORGIA's Response to Findings

CITY OF MONTICELLO, GEORGIA's response to the findings identified in our audit are described above. CITY OF MONTICELLO, GEORGIA's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Bates, Carter & Co., LLP