CITY OF MONTICELLO, GEORGIA

ANNUAL FINANCIAL REPORT
(WITH INDEPENDENT AUDITOR'S REPORT)

Year Ended June 30, 2020

CITY OF MONTICELLO, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

TABLE OF CONTENTS

	Page
FINANCIAL SECTION	
Independent Auditor's Report	i-iv
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
COMBINING STATEMENTS AND SCHEDULES	
NONMAJOR GOVERNMENTAL FUNDS	
Combining Balance Sheet	49
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	50
Budgetary Comparison Schedule	
-Debt Service Fund	51
-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 - 63

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INDEPENDENT AUDITOR'S REPORT

June 20, 2024

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the CITY OF MONTICELLO, GEORGIA, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the CITY OF MONTICELLO, GEORGIA, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 Audit Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the CITY OF MONTICELLO, GEORGIA and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted audit standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CITY OF MONTICELLO, GEORGIA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CITY OF MONTICELLO, GEORGIA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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, and Budgetary Comparison Schedule - General 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.

Supplementary 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 combining and individual nonmajor fund financial statements, supplemental budgetary comparison schedules, and the accompanying Schedule of Projects Constructed with Special Purpose Local Sales Tax are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, supplemental budgetary comparison schedules, and the Schedule of Projects Constructed with Special Purpose Local Sales Tax, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information identified above is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements or our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2024, on our consideration of the CITY OF MONTICELLO, GEORGIA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the CITY OF MONTICELLO, GEORGIA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CITY OF MONTICELLO, GEORGIA's internal control over financial reporting and compliance.

Bates, Carter & Co., LLP

CITY OF MONTICELLO, GEORGIA
STATEMENT OF NET POSITION
June 30, 2020

	PRIMARY GOVERNMENT			COMPONENT UNIT
ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	DOWNTOWN DEVELOPMENT AUTHORITY
Cash	$ 863,085	$ 409,596	$ 1,272,681	$ 56,660
Investments	1,534,044	-	1,534,044	-
Notes receivable	-	29,624	29,624	-
Receivables (net of allowance for uncollectibles)	140,873	660,171	801,044	-
Internal balances	(1,629,507)	1,629,507	-	-
Due from component units	-	107,328	107,328	-
Prepaid items	14,560	31,795	46,355	-
Restricted assets:				
Cash	-	404,222	404,222	-
Investments	-	1,992,069	1,992,069	-
Capital assets:				
Capital assets not being depreciated	631,851	1,890,263	2,522,114	-
Capital assets being depreciated	6,718,700	16,367,260	23,085,960	178,000
Less: accumulated depreciation	(3,085,288)	(8,084,626)	(11,169,914)	(75,111)
Capital assets, net of depreciation	4,265,263	10,172,897	14,438,160	102,889
TOTAL ASSETS	5,188,318	15,437,209	20,625,527	159,549
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows related to pensions	38,837	67,469	106,306	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	38,837	67,469	106,306	-
LIABILITIES				
Accounts payable	133,347	16,175	149,522	-
Accrued interest payable	-	8,258	8,258	25,103
Other accrued items	30,077	53,835	83,912	-
Due to other governments	919	-	919	-
Due to primary government	-	-	-	107,328
Customer deposits	54	216,798	216,852	-
Noncurrent liabilities:				
Due within one year				
Compensated absences payable	7,524	11,573	19,097	-
Notes payable	-	163,736	163,736	-
Capital leases payable	29,974	71,119	101,093	-
Revenue bonds payable	-	195,000	195,000	-
Due in more than one year				
Compensated absences payable	5,016	7,715	12,731	-
Notes payable	-	2,758,037	2,758,037	-
Capital leases payable	82,417	195,548	277,965	-
Revenue bonds payable	-	630,000	630,000	-
Net pension liability	47,450	79,234	126,684	-
TOTAL LIABILITIES	336,778	4,407,028	4,743,806	132,431
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows related to pensions	9,593	15,652	25,245	-
TOTAL DEFERRED INFLOWS OF RESOURCES	9,593	15,652	25,245	-
NET POSITION				
Net investment in capital assets	4,152,871	6,159,457	10,312,328	102,889
Restricted for:				
Capital outlay projects	674,086	-	674,086	-
Debt service	-	693,915	693,915	-
Municipal Competitive Trust Agreement	-	1,992,069	1,992,069	-
Recreation and culture programs	1,808	-	1,808	-
Housing and development programs	3	-	3	-
Unrestricted	52,016	2,236,557	2,288,573	(75,771)
TOTAL NET POSITION	$ 4,880,784	$ 11,081,998	$ 15,962,782	$ 27,118

The accompanying notes are an integral part of this statement.

CITY OF MONTICELLO, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

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	$ 813,442	$ 317,923	$ -	$ -	$ (495,519)	$ -	$ (495,519)	$ -
Public safety	1,373	100,591	-	-	99,218	-	99,218	-
Public works	546,136	-	42,655	210,194	(293,287)	-	(293,287)	-
Public health and welfare	43,905	-	-	-	(43,905)	-	(43,905)	-
Recreation and culture	32,113	-	-	-	(32,113)	-	(32,113)	-
Housing and development	32,521	-	-	-	(32,521)	-	(32,521)	-
Interest	14,407	-	-	-	(14,407)	-	(14,407)	-
Total Governmental Activities	1,483,897	418,514	42,655	210,194	(812,534)	-	(812,534)	-
BUSINESS-TYPE ACTIVITIES								
Water and sewer	1,270,499	1,090,924	-	-	-	(179,575)	(179,575)	-
Electric system	3,038,933	3,569,512	-	-	-	530,579	530,579	-
Natural gas system	913,251	681,202	-	-	-	(232,049)	(232,049)	-
Revolving loan	36,369	-	-	-	-	(36,369)	(36,369)	-
Total Business-Type Activities	5,259,052	5,341,638	-	-	-	82,586	(179,575)	-
TOTAL PRIMARY GOVERNMENT	6,742,949	5,760,152	42,655	210,194	(812,534)	82,586	(992,109)	-
COMPONENT UNIT								
Downtown Development Authority	24,572	130	35,250	-	-	-	-	10,808
TOTAL COMPONENT UNIT	$ 24,572	$ 130	$ 35,250	$ -	-	-	-	10,808
GENERAL REVENUES								
Property taxes					338,169	-	338,169	-
Sales taxes					335,058	-	335,058	-
Insurance premium taxes					202,899	-	202,899	-
Real estate recording taxes					5,168	-	5,168	-
Other taxes					119,547	-	119,547	-
Total taxes					1,000,841	-	1,000,841	-
Unrestricted investment earnings					24,292	54,976	79,268	-
TRANSFERS					(233,060)	233,060	-	-
TOTAL GENERAL REVENUES AND TRANSFERS					792,073	288,036	1,080,109	-
CHANGES IN NET POSITION					(20,461)	370,622	350,161	10,808
NET POSITION, Beginning					4,901,245	10,711,376	15,612,621	16,310
NET POSITION, Ending					$ 4,880,784	$ 11,081,998	$ 15,962,782	$ 27,118

The accompanying notes are an integral part of this statement.

CITY OF MONTICELLO, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	GENERAL	SPLOST	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash	$ 568,849	$ 294,236	$ -	$ 863,085
Investments	1,534,044	-	-	1,534,044
Receivables (net of allowance for uncollectibles)	102,063	38,810	-	140,873
Interfund receivables	285,169	260,361	1,811	547,341
Prepaid items	14,560	-	-	14,560
Restricted assets:				
TOTAL ASSETS	$ 2,504,685	$ 593,407	$ 1,811	$ 3,099,903
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 133,347	$ -	$ -	$ 133,347
Due to related party	-	919	-	919
Other accrued items	30,077	-	-	30,077
Customer deposits	54	-	-	54
Interfund payables	2,176,848	-	-	2,176,848
TOTAL LIABILITIES	2,340,326	919	-	2,341,245
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	30,811	-	-	30,811
TOTAL DEFERRED INFLOWS OF RESOURCES	30,811	-	-	30,811
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	2,371,137	919	-	2,372,056
FUND BALANCES				
Nonspendable:				
Prepaid expenditure	14,560	-	-	14,560
Restricted:				
Capital outlay projects	81,598	592,488	-	674,086
Parks and recreation programs	-	-	1,808	1,808
Housing and development programs	-	-	3	3
Unassigned:	37,390	-	-	37,390
TOTAL FUND BALANCES	133,548	592,488	1,811	727,847
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 2,504,685	$ 593,407	$ 1,811	$ 3,099,903

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, 2020

Total Fund Balances for Governmental Funds (page 3)		$ 727,847
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.		4,265,263
Some assets and deferred outflows are not available in the current period, and therefore, are not reported in the funds:		
Deferred charge for pension expense	38,837	
		38,837
Revenues in the statement of activities that do not provide current financial resources are reported as unavailable revenues in the funds.		
Property Taxes	30,811	
		30,811
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.		
Compensated absences	(12,540)	
Capital leases	(112,391)	
Net pension liability	(47,450)	
Deferred credit for pension expense	(9,593)	
		(181,974)
Total net position of governmental activities (page 1)		$ 4,880,784

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, 2020

	GENERAL	SPLOST	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Taxes	$ 973,612	$ -	$ 2,183	$ 975,795
Licenses and permits	22,640	-	-	22,640
Intergovernmental	42,655	209,937	-	252,592
Charges for services	395,873	-	-	395,873
Investment income	22,171	257	2,121	24,549
TOTAL REVENUES	1,456,951	210,194	4,304	1,671,449
EXPENDITURES				
Current Expenditures				
General government	685,211	-	-	685,211
Public works	456,262	919	-	457,181
Public health and welfare	43,905	-	-	43,905
Culture and Recreation	25,972	-	-	25,972
Housing and development	32,520	-	-	32,520
Intergovernmental	-	-	2,183	2,183
Capital outlay	-	80,182	-	80,182
Debt service				
Principal	28,953	-	225,000	253,953
Interest	4,282	-	10,125	14,407
TOTAL EXPENDITURES	1,277,105	81,101	237,308	1,595,514
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	179,846	129,093	(233,004)	75,935
OTHER FINANCING SOURCES (USES)				
Transfers in	299,026	-	196,473	495,499
Transfers out	(604,476)	-	(124,083)	(728,559)
TOTAL OTHER FINANCING SOURCES (USES)	(305,450)	-	72,390	(233,060)
NET CHANGE IN FUND BALANCES	(125,604)	129,093	(160,614)	(157,125)
FUND BALANCES, Beginning of year	259,152	463,395	162,425	884,972
FUND BALANCES, End of year	$ 133,548	$ 592,488	$ 1,811	$ 727,847

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, 2020

Net change in fund balances (page 5)		$ (157,125)
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	80,182	
Depreciation expense	(206,910)	
		(126,728)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	30,811	
		30,811
Revenues reported in the funds that relate to prior years are not reported as revenue in the statement of activities.		
Property taxes	(5,765)	
		(5,765)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, where as these amounts are deferred and amortized in the statement of activities. This adjustment combines the net change of two balances.		
Principal payments on long-term debt, including payments to refunding escrow	253,953	
		253,953
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	(12,540)	
Compensated absences, prior year	10,681	
Net pension liability, current year	(47,450)	
Net pension asset, prior year	(32,649)	
Deferred inflows, current year	(9,593)	
Deferred inflows, prior year	62,846	
		(28,705)
Contributions made after pension measurement date are reported in deferred outflows.		
Beginning of year	(25,739)	
End of year	38,837	
		13,098
Changes in net position of governmental activities (page 2)		$ (20,461)

The accompanying notes are an integral part of this statement.

CITY OF MONTICELLO, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2020

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS				
	WATER & SEWER FUND	ELECTRIC SYSTEM	NATURAL GAS SYSTEM	NONMAJOR REVOLVING LOAN FUND	TOTAL
ASSETS					
Current Assets					
Cash	$ -	$ 293,224	$ -	$ 116,372	$ 409,596
Receivables (net of allowance for uncollectibles)	149,398	455,669	55,104	-	660,171
Notes receivable	-	-	-	29,624	29,624
Interfund receivables	-	1,812,343	103,690	36,369	1,952,402
Due from component units	-	-	-	107,328	107,328
Prepaid items	12,153	8,679	10,963	-	31,795
Restricted assets:					
Cash	404,222	-	-	-	404,222
Investments	-	1,992,069	-	-	1,992,069
TOTAL CURRENT ASSETS	565,773	4,561,984	169,757	289,693	5,587,207
Noncurrent Assets					
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	(4,490,516)	(1,410,383)	(2,183,727)	-	(8,084,626)
TOTAL CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)	8,115,960	1,313,325	743,612	-	10,172,897
TOTAL NONCURRENT ASSETS	8,115,960	1,313,325	743,612	-	10,172,897
TOTAL ASSETS	8,681,733	5,875,309	913,369	289,693	15,760,104
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows related to pension	28,762	22,910	15,797	-	67,469
TOTAL DEFERRED OUTFLOWS OF RESOURCES	28,762	22,910	15,797	-	67,469
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	8,710,495	5,898,219	929,166	289,693	15,827,573
LIABILITIES					
Current Liabilities					
Accounts payable	9,447	546	6,182	-	16,175
Accrued interest	7,956	302	-	-	8,258
Other accrued items	12,453	28,993	12,389	-	53,835
Interfund payables	285,169	-	37,726	-	322,895
Compensated absences payable	4,503	4,329	2,741	-	11,573
Notes payable	141,122	22,614	-	-	163,736
Capital leases payable	21,584	44,481	5,054	-	71,119
Revenue bonds payable	195,000	-	-	-	195,000
TOTAL CURRENT LIABILITIES	677,234	101,265	64,092	-	842,591
Noncurrent Liabilities					
Customer deposits	43,947	97,168	75,683	-	216,798
Compensated absences payable	3,002	2,886	1,827	-	7,715
Net pension liability	36,823	25,058	17,353	-	79,234
Notes payable	2,758,037	-	-	-	2,758,037
Capital leases payable	60,299	122,257	12,992	-	195,548
Revenue bonds payable	630,000	-	-	-	630,000
TOTAL NONCURRENT LIABILITIES	3,532,108	247,369	107,855	-	3,887,332
TOTAL LIABILITIES	4,209,342	348,634	171,947	-	4,729,923
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows related to pension	6,816	5,302	3,534	-	15,652
TOTAL DEFERRED INFLOWS OF RESOURCES	6,816	5,302	3,534	-	15,652
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	4,216,158	353,936	175,481	-	4,745,575
NET POSITION					
Net investment in capital assets	4,309,918	1,123,973	725,566	-	6,159,457
Restricted for debt service	404,222	-	-	289,693	693,915
Municipal Competitive Trust Agreement	-	1,992,069	-	-	1,992,069
Unrestricted	(219,803)	2,428,241	28,119	-	2,236,557
TOTAL NET POSITION	$ 4,494,337	$ 5,544,283	$ 753,685	$ 289,693	$ 11,081,998

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, 2020

	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	$ 1,088,304	$ -	$ -	$ -	$ 1,088,304
Charges for services	-	3,512,585	667,264	-	4,179,849
Other operating revenue	-	-	52,802	-	52,802
Miscellaneous Income	2,620	4,125	13,938	-	20,683
Total Operating Revenues	1,090,924	3,516,710	734,004	-	5,341,638
OPERATING EXPENSES					
Salaries and benefits	261,501	275,711	232,758	-	769,970
Other services and charges	352,040	2,555,678	490,837	36,369	3,434,924
Insurance premiums	93,926	55,907	53,792	-	203,625
Depreciation	237,057	91,729	90,501	-	419,287
Professional fees	42,148	11,657	8,016	-	61,821
Repairs and maintenance	186,847	41,488	31,598	-	259,933
Other operating expenses	-	-	5,010	-	5,010
Total Operating Expenses	1,173,519	3,032,170	912,512	36,369	5,154,570
OPERATING INCOME	(82,595)	484,540	(178,508)	(36,369)	187,068
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	-	44,829	-	5,822	50,651
Investment earnings-pledged as security for revenue bonds	4,325	-	-	-	4,325
Interest expense	(96,980)	(6,763)	(739)	-	(104,482)
Total Nonoperating Revenues (Expenses)	(92,655)	38,066	(739)	5,822	(49,506)
INCOME (LOSS) BEFORE TRANSFERS	(175,250)	522,606	(179,247)	(30,547)	137,562
Transfer in	408,003	-	-	-	408,003
Transfer out	(43,727)	(87,475)	(43,741)	-	(174,943)
CHANGE IN NET POSITION	189,026	435,131	(222,988)	(30,547)	370,622
TOTAL NET POSITION, Beginning of year	4,305,311	5,109,152	976,673	320,240	10,711,376
TOTAL NET POSITION, End of year	$ 4,494,337	$ 5,544,283	$ 753,685	$ 289,693	$ 11,081,998

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, 2020

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	$ 1,096,662	$ 3,567,587	$ 722,078	$ -	$ 5,386,327
Payments to suppliers	(766,352)	(2,766,639)	(456,834)	2,478	(3,987,347)
Payments to employees	(244,579)	(257,532)	(215,882)	-	(717,993)
Net cash provided by (used in) operating activities	85,731	543,416	49,362	2,478	680,987
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers in (out)	(43,727)	(87,475)	(43,741)	-	(174,943)
Net Cash provided (used) by non-capital financing activities	(43,727)	(87,475)	(43,741)	-	(174,943)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Transfers in/out	408,003	-	-	-	408,003
Principal payments on debt	(349,331)	(109,542)	(4,883)	-	(463,756)
Interest paid	(96,976)	(6,764)	(738)	-	(104,478)
Net cash provided by (used in) capital and related financing activities	(38,304)	(116,306)	(5,621)	-	(160,231)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment earnings	4,325	44,829	-	5,822	54,976
Purchase of investments	-	(91,240)	-	-	(91,240)
Net cash provided by (used in) investing activities	4,325	(46,411)	-	5,822	(36,264)
Net increase (decrease) in cash and cash equivalents	8,025	293,224	-	8,300	309,549
CASH, Beginning of year	396,197	-	-	108,072	504,269
CASH, End of year	$ 404,222	$ 293,224	$ -	$ 116,372	$ 813,818
RECONCILIATION OF CASH					
Cash	$ -	$ 293,224	$ -	$ 116,372	$ 409,596
Restricted Cash	404,222	-	-	-	404,222
Total Cash	$ 404,222	$ 293,224	$ -	$ 116,372	$ 813,818
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	$ (82,595)	$ 484,540	$ (178,508)	$ (36,369)	$ 187,068
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	237,057	91,729	90,501	-	419,287
Write off of uncollectible note receivable	-	-	-	33,961	33,961
(Increase) decrease in:					
Accounts receivable	14,823	73,382	633	-	88,838
Deferred outflows for pension	(9,402)	(6,246)	(2,487)	-	(18,135)
Prepaid expenses	11,204	(280)	(1,504)	-	9,420
Increase (decrease) in:					
Accounts payable	4,109	(179,312)	6,182	-	(169,021)
Compensated absences	(1,386)	(3,938)	(207)	-	(5,531)
Customer deposits	(9,085)	(22,505)	(12,559)	-	(44,149)
Net pension liability (asset)	62,694	51,431	36,881	-	151,006
Other accrued items	7,390	11,983	8,092	-	27,465
Deferred inflows for pension	(42,374)	(35,051)	(25,403)	-	(102,828)
Due to other governments	-	(3,224)	(26)	4,886	1,636
Interfund balances	(106,704)	80,907	127,767	-	101,970
Net cash provided by (used in) operating activities	$ 85,731	$ 543,416	$ 49,362	$ 2,478	$ 680,987

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, 2020.

(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 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 2019 property taxes were levied October 20, 2020, and were due December 20, 2020. The taxes are subject to lien after March 20, 2021. 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 fiscal year 2020.

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, 2020 are as follows:

Net investment in capital assets:	Governmental Activities	Business-Type Activities	Component Unit
Cost of capital assets	$ 7,350,551	$ 18,257,523	$ 178,000
Accumulated depreciation	(3,085,288)	(8,084,626)	(75,111)
Net book value	4,265,263	10,172,897	102,889
Capital leases related debt	(112,392)	(266,667)	-
Accounts payable for capital assets	-	-	-
Revenue bonds related to capital assets	-	(825,000)	-
Notes payable related to capital assets	-	(2,921,773)	-
Net investment in capital assets	$ 4,152,871	$ 6,159,457	$ 102,889

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 $675,897 of restricted net position, of which $594,296 is restricted by enabling legislation.

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

Restricted:		
General Fund		
Capital outlay projects - For unspent funds from LMIG revenue	$	81,598
SPLOST Fund		
SPLOST - For funds received from the imposition of the Special Purpose Local Option Sales Tax (SPLOST) restricted by the voter approved referendum		592,488
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	$	675,897

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, 2020.

(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, 2020:

Public Works - The $5,719 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 $4,092 excess of expenditures over appropriations is attributable to operating expenditures being under budgeted in the Parks Department.

Housing and Development - The $2,520 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.

Transfers out - The $635,851 excess of expenditures over appropriations is attributable to support provided to the Water & Sewer Fund for operations and debt service.

Additionally, the City did not properly approve annual budgets for Debt Service and Special Revenue funds, resulting in the Debt Service fund, Hotel Motel Tax fund, and CDBG Grant fund having no budgetary comparison in fiscal year 2020.

(C) DEFICIT FUND EQUITY

At June 30, 2020, no funds had deficit fund equity.

NOTE 4 - DEPOSITS AND INVESTMENTS

As of June 30, 2020, 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)
Certificate of Deposit	$ 1,534,044	$ -	$ 1,534,044	
Municipal Competitive Trust:				
Short-term Portfolio	-	1,992,069	1,992,069	AAAm
Total	$ 1,534,044	$ 1,992,069	$ 3,526,113	
Maximum Investment			100.00%	

1. Standard & Poor's

Cash per Statement of Net Position (page 1)	
Cash	$ 1,272,681
Restricted cash	404,222
Total Cash and Restricted Cash	$ 1,676,903

Investments per Statement of Net Position (page 1)	
Investments	$ 1,534,044
Restricted Investments	1,992,069
Investments as listed above	$ 3,526,113

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, 2020, 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, 2020, 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, 2020, the City's bank balance of $1,174,008 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	$ 32,127	$ -	$ -	$ -	$ -
Other taxes	7,402	-	-	-	-
Accounts	26,147	-	154,019	469,454	55,104
Intergovernmental	37,130	38,810	-	-	-
Notes	-	-	-	-	-
Total Gross Receivables	102,806	38,810	154,019	469,454	55,104
Less: Allowance for Uncollectibles	(743)	-	(4,621)	(13,785)	-
Total Net Receivables	$ 102,063	$ 38,810	$ 149,398	$ 455,669	$ 55,104

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)	$ 30,811	$ -
Total unavailable/ unearned revenue for governmental funds	$ 30,811	$ -

The notes receivable in the business-type activities consisted of the following at June 30, 2020:

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

NOTE 6 - CAPITAL ASSETS

Capital asset activity for governmental funds for the year ended June 30, 2020 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	80,182	-	-	619,104
Total non-depreciable capital assets	551,669	80,182	-	-	631,851
Depreciable Assets:					
Buildings and improvements	5,883,827	-	-	-	5,883,827
Machinery and equipment	414,938	-	-	-	414,938
Vehicles	419,935	-	-	-	419,935
Total depreciable capital assets	6,718,700	-	-	-	6,718,700
Less Accumulated Depreciation for:					
Buildings and improvements	(2,337,090)	(164,993)	-	-	(2,502,083)
Machinery and equipment	(344,700)	(8,371)	-	-	(353,071)
Vehicles	(196,588)	(33,546)	-	-	(230,134)
Total accumulated depreciation	(2,878,378)	(206,910)	-	-	(3,085,288)
Total depreciable capital assets, net	3,840,322	(206,910)	-	-	3,633,412
Governmental activities capital assets, net	$ 4,391,991	$ (126,728)	$ -	$ -	$ 4,265,263

Additions to governmental activities capital assets for fiscal year ending June 30, 2020 consist of the following:

Capital Outlay	$ 80,182
Total Additions	$ 80,182
Non-depreciable capital assets additions	$ 80,182
Depreciable capital assets additions	-
Total Additions	$ 80,182

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

Governmental Activities:	
General Government	$ 125,910
Public Safety	3,958
Public Works	75,669
Culture and Recreation	1,373
Total depreciation expense: Governmental Activities	$ 206,910

Capital asset activity for business-type funds for the year ended June 30, 2020 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	14,540,100	-	-	-	14,540,100
Machinery and equipment	1,647,290	-	-	-	1,647,290
Total depreciable capital assets	16,367,260	-	-	-	16,367,260
Less Accumulated Depreciation for:					
Buildings and improvements	(145,026)	(1,964)	-	-	(146,990)
Machinery and equipment	(1,117,017)	(110,121)	-	-	(1,227,138)
Distribution System	(6,403,296)	(307,202)	-	-	(6,710,498)
Total accumulated depreciation	(7,665,339)	(419,287)	-	-	(8,084,626)
Total depreciable capital assets, net	8,701,921	(419,287)	-	-	8,282,634
Business-type activities capital assets, net	$ 10,592,184	$ (419,287)	$ -	$ -	$10,172,897

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

Business-type Activities:	
Water & Sewer	$ 237,057
Electric System	91,729
Natural Gas System	90,501
Total depreciation expense: Business-type Activities	$ 419,287

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, 2020, 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	$ 619,104	$ 53,574	$ (80,182)	SPLOST
Total Governmental Activities	$ 592,496	$ 619,104	$ 53,574	$ (80,182)	

Discretely Presented Component Unit

Activity for the Downtown Development Authority for the year ended June 30, 2020, 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	(68,369)	(6,742)	-	-	(75,111)
Total accumulated depreciation	(68,369)	(6,742)	-	-	(75,111)
Total depreciable capital assets, net	109,631	(6,742)	-	-	102,889
Governmental activities capital assets, net	$ 109,631	$ (6,742)	$ -	$ -	$ 102,889

NOTE 7 - LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
Governmental Activities:						
General obligation bonds	$ 225,000	$ -	$ (225,000)	$ -	$ -	$ -
Capital leases	141,344	-	(28,953)	112,391	29,974	82,417
Compensated absences	10,682	15,321	(13,463)	12,540	7,524	5,016
Net pension liability (asset)	(32,649)	118,808	(38,709)	47,450	-	47,450
Governmental activities long-term liabilities	$ 344,377	$ 134,129	$ (306,125)	$ 172,381	$ 37,498	$ 134,883
Business-type Activities:						
Revenue bonds	$ 1,015,000	$ -	$ (190,000)	$ 825,000	$ 195,000	$ 630,000
Notes payable	3,126,832	-	(205,058)	2,921,773	163,736	2,758,037
Capital Leases	335,364	-	(68,697)	266,668	71,119	195,549
Net pension liability (asset)	(72,772)	241,217	(89,210)	79,235	-	79,235
Compensated absences	24,819	23,615	(29,146)	19,288	11,573	7,715
Business-type activities long-term liabilities	$ 4,429,243	$ 264,832	$ (582,111)	$ 4,111,964	$ 441,428	$ 3,670,536

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. The City paid off these bonds in 2020.

CAPITAL LEASES

Vehicles were acquired under a capital lease agreement which bears interest at 3.470%. 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, 2020, are as follows:

June 30,	Principal	Interest	Total
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	112,391	6,200	118,591

As of June 30, 2020, the capital assets purchased under these capital lease agreements are as follows:

	Governmental Activities
Vehicles	$ 156,256
Less accumulated depreciation	(25,954)
Net	$ 130,302

BUSINESS TYPE ACTIVITIES

As of June 30, 2020, 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, 2020 was $825,000.

The annual revenue bond debt service requirements to amortize this debt as of June 30, 2020, are as follows:

June 30,	Principal	Interest	Total
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	$ 825,000	$ 78,563	$ 903,563

CAPITAL LEASES

The City has financed the purchase of an automated meter reading system which bears interest at a rate of3.470 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, 2020, are as follows:

June 30,	Principal	Interest	Total
2021	$ 71,119	$ 8,129	$ 79,248
2022	73,627	5,622	79,249
2023	76,223	3,026	79,249
2024	45,699	530	46,229
Total	$ 266,668	$ 17,307	$ 283,975

As of June 30, 2020, the capital assets purchased under these capital lease agreements are as follows:

	Business-Type Activities
Vehicles	$ 369,531
Less accumulated depreciation	(69,496)
Net	$ 300,035

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, 2020, The outstanding balance was $22,614.

The annual debt service requirements to amortize this debt as of June 30, 2020, are as follows:

June 30,	Principal	Interest	Total
2021	$ 22,614	$ 211	$ 22,825
Total	$ 22,614	$ 211	$ 22,825

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, 2020, the outstanding balance was $2,899,159.

The annual debt service requirements to amortize this debt as of June 30, 2020, are as follows:

June 30,	Principal	Interest	Total
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	152,195	42,502	194,697
2026-2030	805,622	167,867	973,489
2031-2035	885,401	88,088	973,489
2036-2039	475,105	11,688	486,793
Total	$ 2,899,159	$ 508,100	$ 3,407,259

NOTE 8 - INTERFUND BALANCES AND ACTIVITY

The composition of interfund balances as of June 30, 2020 is as follows:

	Due From			
Due To	General	Natural Gas System	Water and Sewer Fund	Total
General	$ -	$ -	$ 285,169	$ 285,169
Fire District	-	-	-	-
SPLOST	260,361	-	-	260,361
Other nonmajor governmental funds	1,811	-	-	1,811
Water & Sewer	-	-	-	-
Electric System	1,774,617	37,726	-	1,812,343
Natural Gas System	103,690	-	-	103,690
Nonmajor Revolving Loan Program	36,369	-	-	36,369
Total	$ 2,176,848	$ 37,726	$ 285,169	$ 2,499,743

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, 2020 are as follows:

	Transfers Out					
Transfers In	General Fund	Other nonmajor governmental funds	Natural Gas System Fund	Electric System Fund	Water & Sewer Fund	Total
General Fund	$ -	$ 124,083	$ 43,741	$ 87,475	$ 43,727	$ 299,026
Other nonmajor governmental funds	196,473	-	-	-	-	196,473
Water & Sewer Fund	408,003	-	-	-	-	408,003
Total	$ 604,476	$ 124,083	$ 43,741	$ 87,475	$ 43,727	$ 903,502

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, 2020 (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	45
Terminated plan participants entitled to but not yet receiving benefits	30
Active employees participating in the Plan	27
Total number of Plan participants	102
Covered compensation for active participants	$ 749,740
Contributions as a percentage of covered-employee payroll	8.94%

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, 2019, 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, 2020 valuation was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases (including inflation)	3.00% - 8.50%
Net investment rate of return	7.375%

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.

Healthy retirees and beneficiaries:	Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25
Disabled participants:	Sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25
Active participants, terminated vested participants, and deferred beneficiaries:	Sex-distinct Pri-2012 head-count weighted Employee Mortality Table

The methods and assumptions used in the January 1, 2020 valuation were approved by the Board in December 2019 based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2019 conducted by Segal in November and December of 2019.

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%	6.41%
International equity	20%	6.96%
Fixed income - Global	5%	3.06%
Fixed income - Domestic	20%	1.96%
Real estate	10%	4.76%
TOTAL	100%	

* Rates shown are net of the assumed rate of inflation

The discount rate used to measure the total pension liability was 7.375%. 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, 2019	$ 3,125,797	$ 3,230,218	$ (104,421)
Changes for the year:			
Service cost	40,634	-	40,634
Interest	230,379	-	230,379
Difference between expected and actual experience	35,312	-	35,312
Contribution-employer	-	57,032	(57,032)
Net investment income	-	90,104	(90,104)
Benefit payments	(189,424)	(189,424)	-
Administrative expense	-	(13,906)	13,906
Other charges	58,011	-	58,011
Net changes	174,912	(56,194)	231,106
Balances at June 30, 2020*	$ 3,300,709	$ 3,174,024	$ 126,685

* Measurement date of September 30, 2019.

The following presents the City's net pension liability calculated using the discount rate of 7.375%, 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 (6.375%) or 1-percentage-point higher (8.375%) than the current rate:

	1 % Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
City's net pension (asset)liability	$ 468,992	$ 126,685	$ (166,100)

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

For the year ended June 30, 2020, the City recognized pension expense of $103,436. At June 30, 2020, 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	$ 17,656	$ -
Changes of assumptions	29,006	-
Net difference between projected and actual earnings on pension plan investments	-	(25,245)
City contributions subsequent to the measurement date	59,644	-
TOTAL	$ 106,306	$ (25,245)

City contributions subsequent to the measurement date of $59,644 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, 2021.

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,	
2021	$ 3,331
2022	$ (25,649)
2023	$ 14,400
2024	$ 29,335
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 $2,325,676 at June 30, 2020.

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, 2020 was $1,992,069.

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 $417,435 at June 30, 2020.

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, 2020.

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 liability and City's deferred inflows and outflows subsequent to the measurement date qualify as significant estimates and are based on actuarial studies and projections.

The estimate for allowance for doubtful accounts for utility billing qualifies as a significant estimate. The estimate is calculated based on managements determination of uncollectible accounts. The calculation is 3% of utility billings receivable.

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 $3,000 to the NEGRC for the year ended June 30, 2020. 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, 2020, the City collected $2,183 in Hotel and Motel taxes of which $873 was required to be spent to promote tourism, conventions, and trade shows. For the year ended June 30, 2020, 100% of tax receipts were expended for these purposes under OCGA-48-13-51. The City complied with the requirements of this law.

CITY OF MONTICELLO, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE NET PENSION LIABILITY -
CITY OF MONTICELLO RETIREMENT PLAN
For the Year Ended June 30, 2020
"Unaudited"

For the Year Ended June 30,	2020	2019	2018	2017	2016	2015
Net pension liability (asset)	$ 126,684	$ (104,421)	$ (41,679)	$ 179,927	$ 124,654	$ 195,223
Covered payroll	$ 749,740	$ 765,107	$ 638,599	$ 697,864	$ 741,394	$ 738,908
Net pension liability (asset) as a percentage of its covered payroll	16.90%	(13.65)%	(6.53)%	25.78%	16.81%	26.42%
Plan fiduciary net position as a percentage of the total pension liability (asset)	96.16%	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, 2020
"Unaudited"

For the Year Ended June 30,	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 65,066	$ 48,918	$ 70,200	$ 81,772	$ 124,654	$ 195,223
Contributions in relation to the contractually required contribution	67,024	54,150	64,350	81,772	124,654	195,223
Contribution deficiency (excess)	$ (1,958)	$ (5,232)	$ 5,850	$ -	$ -	$ -
City's covered payroll	$ 749,740	$ 765,107	$ 638,599	$ 697,864	$ 741,394	$ 738,908
Contributions as a percentage of covered payroll	8.94%	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, 2020
"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, 2020. The following actuarial methods and assumptions were used to determine the contractually required contributions for the year ended June 30, 2020 reported in that schedule:

Valuation Date	January 1, 2020
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	7.375%
Salary Increases	2.25% plus service based merit increases
Cost of Living Adjustments	0.00%

CITY OF MONTICELLO, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2020
(Required Supplementary Information)

	BUDGET AMOUNTS ORIGINAL	BUDGET AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 259,152	$ 259,152	$ 259,152	$ -
RESOURCES (INFLOWS)				
Taxes	914,826	914,826	973,612	58,786
Licenses and permits	23,400	23,400	22,640	(760)
Intergovernmental	40,000	40,000	42,655	2,655
Charges for services	330,085	330,085	395,873	65,788
Investment income	65,450	65,450	22,171	(43,279)
Transfers in	435,858	435,858	299,026	(136,832)
Total Resources (Inflows)	1,809,619	1,809,619	1,755,977	(53,642)
AMOUNTS AVAILABLE FOR APPROPRIATION	2,068,771	2,068,771	2,015,129	(53,642)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
General Government				
Mayor and council	379,616	379,616	102,895	276,721
Administrative	101,942	101,942	119,219	(17,277)
Finance	436,985	436,985	426,378	10,607
General engineering	67,222	67,222	42,141	25,081
Total General Government	985,765	985,765	690,633	295,132
Public Safety				
Fire	1,500	1,500	-	1,500
Total Public Safety	1,500	1,500	-	1,500
Public Works				
Public works	362,357	362,357	346,988	15,369
Solid waste and recycling	116,000	116,000	137,087	(21,087)
Total Public Works	478,357	478,357	484,075	(5,718)
Public Health and Welfare				
Public welfare	52,034	52,034	43,905	8,129
Total Public Health and Welfare	52,034	52,034	43,905	8,129
Culture and Recreation				
Parks	21,880	21,880	25,972	(4,092)
Total Culture and Recreation	21,880	21,880	25,972	(4,092)
Housing and development				
Code enforcement	-	-	20	(20)
Economic development	30,000	30,000	32,500	(2,500)
Total Housing and Development	30,000	30,000	32,520	(2,520)
Transfers out	238,625	238,625	604,476	(365,851)
TOTAL CHARGES TO APPROPRIATIONS	1,808,161	1,808,161	1,881,581	281,782
CHANGE IN FUND BALANCE	1,458	1,458	(125,604)	(127,062)
FUND BALANCE, End of year	$ 260,610	$ 260,610	$ 133,548	$ (127,062)

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, 2020

	SPECIAL REVENUE FUNDS			
	DEBT SERVICE	**HOTEL MOTEL TAX**	**CDBG GRANT**	**TOTAL NONMAJOR GOVERNMENTAL FUNDS**
ASSETS				
Interfund receivables	$ -	$ 1,808	$ 3	$ 1,811
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, 2020

	SPECIAL REVENUE FUNDS			
	DEBT SERVICE	HOTEL MOTEL TAX	CDBG GRANT	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES				
Taxes	$ -	$ 2,183	$ -	$ 2,183
Investment income	2,121	-	-	2,121
TOTAL REVENUES	2,121	2,183	-	4,304
EXPENDITURES				
Current Expenditures				
Intergovernmental	-	2,183	-	2,183
Debt service				
Principal	225,000	-	-	225,000
Interest	10,125	-	-	10,125
TOTAL EXPENDITURES	235,125	2,183	-	237,308
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	(233,004)	-	-	(233,004)
OTHER FINANCING SOURCES (USES)				
Transfers in	196,473	-	-	196,473
Transfers out	(124,083)	-	-	(124,083)
TOTAL OTHER FINANCING SOURCES (USES)	72,390	-	-	72,390
NET CHANGE IN FUND BALANCES	(160,614)	-	-	(160,614)
FUND BALANCES, Beginning of year	160,614	1,808	3	162,425
FUND BALANCES, End of year	$ -	$ 1,808	$ 3	$ 1,811

CITY OF MONTICELLO, GEORGIA
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2020

	BUDGET AMOUNTS ORIGINAL	BUDGET AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 160,614	$ 160,614	$ 160,614	$ -
RESOURCES (INFLOWS)				
Investment income	-	-	2,121	2,121
Transfer in	-	-	196,473	196,473
Total Resources (Inflows)	-	-	198,594	198,594
AMOUNTS AVAILABLE FOR APPROPRIATION	160,614	160,614	359,208	198,594
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Public safety	-	-	235,125	(235,125)
Transfers out	-	-	124,083	(124,083)
TOTAL CHARGES TO APPROPRIATIONS	-	-	359,208	(359,208)
CHANGE IN FUND BALANCE	-	-	(160,614)	(160,614)
FUND BALANCE, End of year	$ 160,614	$ 160,614	$ -	$ (160,614)

NOTES TO THE BUDGETARY COMPARISON SCHEDULE
1. The budgetary basis of accounting used in this schedule is the same as GAAP.
2. The City did not approve an annual budget, see finding 2020-011.

CITY OF MONTICELLO, GEORGIA
HOTEL MOTEL TAX SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2020

	BUDGET AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 1,808	$ 1,808	$ 1,808	$ -
RESOURCES (INFLOWS)				
Taxes	-	-	2,183	2,183
Total Resources (Inflows)	-	-	2,183	2,183
AMOUNTS AVAILABLE FOR APPROPRIATION	1,808	1,808	3,991	2,183
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Culture and Recreation	-	-	2,183	(2,183)
TOTAL CHARGES TO APPROPRIATIONS	-	-	2,183	(2,183)
FUND BALANCE, End of year	$ 1,808	$ 1,808	$ 1,808	$ -

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.
2. The City did not approve an annual budget, see finding 2020-011.

CITY OF MONTICELLO, GEORGIA
CDBG GRANT SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2020

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

NOTES TO THE BUDGETARY COMPARISON SCHEDULE
1. The budgetary basis of accounting used in this schedule is the same as GAAP.
2. The City did not approve an annual budget, see finding 2020-011.

CITY OF MONTICELLO, GEORGIA
SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the Year Ended June 30, 2020

PROJECT	ORIGINAL ESTIMATED COSTS	CURRENT ESTIMATED COSTS	EXPENDITURES PRIOR YEARS	EXPENDITURES CURRENT YEAR
2012 SPLOST				
Sidewalk Repairs and Improvements	$ 295,700	$ 295,700	$ 332,340	$ -
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	$ 671,693	-
2018 SPLOST				
Water & Sewer Improvements	$ 500,000	$ 500,000	$ -	-
Roads, Sidewalks, & Parking	350,000	350,000	64,407	81,101
Utility Facility	100,000	100,000	-	-
Totals	$ 950,000	$ 950,000	$ 64,407	81,101
			Total of all SPLOSTS above	**$ 81,101**

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

Expenditures	$ 81,101
Transfers (in)out	-
Total	**$ 81,101**

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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*

June 20, 2024

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, each major fund, and aggregate remaining fund information of City of Monticello, Georgia, as of and for the year ended June 30, 2020, 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 June 20, 2024.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described below as 2020-001 and 2020-002 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 2020-003 through 2020-009 to be significant deficiencies.

INTERNAL CONTROL

Finance Department

2020-001 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. During the audit, material adjustments were necessary which effected net income in the following major funds: General Fund, SPLOST Fund, Water & Sewer Fund, Electric Fund, and Natural Gas Fund.

Criteria:

Internal controls should be in place to ensure timeliness of 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 three years 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 acknowledges the importance of prioritizing financial statements and has taken measures by engaging third-party contractors to help update the accounting records.

2020-002 Statement of Condition:

During fieldwork, we noted there was not a consistent month close process for bank reconciliations or regular review during the fiscal year 2020. During the course of audit procedures, material adjustments were necessary to correct cash and interfund payable balances in the General Fund, the Water & Sewer Fund, the Electric Fund, and the Natural Gas Fund.

Criteria:

To ensure an accurate cash balance in the accounting books, a bank reconciliation should be performed and reviewed monthly to determine all outstanding items are included and valid.

Effect of Condition:

The risk of misappropriation of cash increases when cash is not reconciled to bank statements.

Cause of Condition:

Formal procedures are not in place to ensure an account reconciliation is performed in a timely manner each month.

Recommendation:

We recommend the City implement a monthly reconciliation and review process, as well as providing additional training to personnel for accounting software use.

Response:

The City agrees that monthly cash balance reconciliations should be performed promptly and has taken measures to update the accounting records by engaging third-party contractors.

2020-003 Statement of Condition:

During fieldwork, we noted that accounts receivable were not properly reversed or accrued in fiscal year 2020.

Criteria:

Internal controls should be in place to ensure proper accruals at year end. The financial statements should include accruals of receivables in order to properly reflect revenue for the year.

Effect of Condition:

Revenues are not properly stated for the year.

Cause of Condition:

Internal controls were not in place to properly detect material misstatements in the City's revenues and related receivable accounts.

Recommendation:
We recommend the City carefully review all revenue after year end to ensure all necessary transactions are reported in the proper period.

Response:
The City agrees that internal controls should be established to ensure proper year-end accruals. To assist in detecting misstatements in the City's revenues and related receivable accounts, third-party contractors have been engaged.

2020-004 Statement of Condition:
During fieldwork, we noted that payroll deductions totaling $38,783 across all funds are recorded as unpaid liabilities.

Criteria:
To ensure proper compliance with federal laws, all payroll deductions should be disbursed during the applicable periods and reconciled to the appropriate general ledger accounts.

Effect of Condition:
The risk of loss from misplacement or appropriations exists.

Cause of Condition:
Failure to maintain proper controls over the payroll functions to be certain that all payroll deductions have been paid and related interfund activity has been reconciled.

Recommendation:
We recommend the payroll process be reviewed to confirm that payroll deductions are properly disbursed and recorded.

Response:
The City acknowledges the need to review the payroll process to confirm that payroll deductions are properly disbursed and recorded. The City implemented controls during 2024 which ensure that all disbursements are made in a timely manner and recorded.

2020-005 Statement of Condition:
During testing of payroll, 16 of 40 tested paychecks were missing information to confirm the approved payrate at the time of the payment and 17 of 40 tested paychecks were missing approved timesheets related to the applicable pay period.

Criteria:
To ensure internal controls over the payroll process, all timesheets should be approved and approved employee payrate changes should be maintained in an employee file.

Effect of Condition:
The risk that employees are not paid accurately.

Cause of Condition:
Payroll reports and data are only available from the reporting system within 2 years of fiscal year end. Due to the delay in financial reporting, not all requested payroll information was available for audit procedures.

Recommendation:
We recommend employee timesheets are reviewed and approved by department heads and payrate changes and approvals be maintained in an employee file.

Response:
The City agrees that employee timesheets should be reviewed and approved by department heads, and that pay rate changes and approvals should be maintained in employee files. The City Clerk and City Manager will work closely with the payroll department to ensure these processes are followed.

2020-006 Statement of Condition:
During fieldwork, we noted the City recorded a total of $117,530 checks which were written after fiscal year end but backdated to June 30, 2020.

Criteria:
To ensure reliable accounting records checks should not be backdated.

Effect of Condition:
Balance sheet accounts are not properly stated for the year.

Cause of Condition:
Internal controls were not in place to properly date transactions in the general ledger.

Recommendation:
We recommend the City carefully review all expenditures after year end to ensure all necessary transactions are dated correctly and reported in the proper period.

Response:
The City agrees that all expenditures after year-end should be carefully reviewed to ensure transactions are correctly dated and reported in the proper period. The City Clerk and City Manager will collaborate with the accounts payable team to implement this review process. Training was provided to the accounts payable clerk, and rectified during the 2021 financial year.

2020-007 Statement of Condition:
During testing of expenditures, 6 of 25 tested disbursements were missing approved purchase orders as required by the City's internal controls over disbursements.

Criteria:
To ensure that proper internal controls exist, the City should maintain signed purchase orders and approvals for disbursements.

Effect of Condition:
The risk that monies are spent on unapproved transactions.

Cause of Condition:
The City has experienced significant turn over in employees for the past few years that caused this lack of controls.

Recommendation:
We recommend all expenditures are reviewed and purchase orders filed for record keeping purposes.

Response:
The City agrees that all expenditures should be reviewed and purchase orders filed for record-keeping purposes. The City Clerk and City Manager will collaborate with department heads and the accounts payable team to implement these review and record-keeping procedures.

2020-008 Statement of Condition:
During Fieldwork, we noted that the amounts charged to the Department of Human Services, Division of Family and Children Services did not follow the signed lease agreement.

Criteria:
To ensure that proper internal controls exist, the City should check leases to be sure that all of them follow the agreements.

Effect of Condition:
The risk of overstating revenue.

Cause of Condition:
The City did not have internal controls in place to confirm rental payments agreed to the lease agreement.

Recommendation:
We recommend all lease agreements are thoroughly checked, read, and followed and controls are implemented to ensure proper accounting for all agreements.

Response:
The City agrees that internal controls should be implemented to ensure all lease agreements are thoroughly reviewed and followed. The City Clerk and City Manager will guide the accounts payable department to ensure rental payments align with the terms of the lease agreements.

Downtown Development Authority

2020-009 Statement of Condition:

During fieldwork, we noted that checks were not recorded to the general ledger for the Downtown Development Authority bank account.

Criteria:

To ensure proper maintenance of the general ledger, all checks should be recorded to the general ledger at date of issuance.

Effect of Condition:

The risk of loss from misplacement or appropriations exists.

Cause of Condition:

Failure to maintain the general ledger.

Recommendation:

We recommend the City implement controls and procedures to ensure all transactions are recorded to the general ledger.

Response:

The City agrees that controls and procedures should be put in place to ensure that all transactions are recorded in the general ledger. The City Clerk and City Manager will work with the Downtown Development Authority to ensure that the necessary controls are implemented.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* are described below.

2020-010 Statement of Condition (Re-issued):

The General Fund approved budget for the fiscal year ending June 30, 2020 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 agrees with the finding and will implement controls to ensure adherence to the City's budget policy, which requires the preparation of balanced operating annual budgets. These controls will ensure that each department does not exceed its budget appropriation.

2020-011 Statement of Condition:
The City did not approve annual budgets for Special Revenue and Debt Service Funds for fiscal year 2020.

Criteria:
A balanced, approved, and detailed line item budget should be maintained by the City for all Special Revenue and Debt Service funds.

Effect of Condition:
When the budgets are not maintained, the City can not properly manage current year expenditures.

Cause of Condition:
Annual Budgets for Special Revenue and Debt Services funds were not prepared or approved.

Recommendation:
We recommend the City complete a detailed budget for all funds to be presented to the City Council for approval and should be maintained throughout the year with budget amendments as needed.

Response:
The City agrees with the finding and will prepare a detailed budget for all funds, which will be presented to the City Council for approval. The detailed budget will be maintained throughout the year, with amendments made as necessary.

2020-012 Statement of Condition (re-issued):

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 in fiscal year 2019.

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 agrees with the finding and will establish a plan to make payments from the General Fund to the SPLOST account until all the money is returned.

City of Monticello, Georgia's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Monticello, Georgia's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City of Monticello, Georgia's responses were not subjected to the other 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