CITY OF MONTICELLO, GEORGIA

ANNUAL FINANCIAL REPORT
(WITH INDEPENDENT AUDITOR'S REPORT)

Year Ended June 30, 2022

CITY OF MONTICELLO, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

March 28, 2025

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

Report on the Financial Statements

Unmodified and Disclaimer of Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information; and we were engaged to audit the discretely presented component unit, of the CITY OF MONTICELLO, GEORGIA, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the CITY OF MONTICELLO, GEORGIA's basic financial statements as listed in the table of contents.

Disclaimer of Opinion on the Discretely Presented Component Unit

We do not express an opinion on the financial statements of the discretely presented component unit of the CITY OF MONTICELLO, GEORGIA. Because of the significance of the matter described in the Basis for Disclaimer of Opinion on the Discretely Presented Component Units section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the discretely presented component unit.

Unmodified Opinions on Governmental Activities, Business-type Activities, Each Major Fund, and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the CITY OF MONTICELLO, GEORGIA, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Disclaimer of Opinion on the Discretely Presented Component Unit

The Downtown Development Authority was unable to provide supporting documentation for the activity recorded in the financial statements. We were unable to confirm or verify by alternative means the financial statements amounts for the Downtown Development Authority. As a result of these matters, we were unable to determine whether any adjustments might have been found necessary for the amounts included in the statement of financial position and changes in financial position for the Downtown Development Authority. The Downtown Development Authority's financial activities are included in the CITY OF MONTICELLO, GEORGIA's basic financial statements as a discretely presented component unit.

Basis for Unmodified Opinions

We conducted our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the CITY OF MONTICELLO, GEORGIA, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified audit opinions.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2022 the CITY OF MONTICELLO, GEORGIA adopted new accounting guidance, GASB Statement 87, "*Leases*." Our opinions are not modified with respect to this matter.

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

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

Auditor's Responsibilities for the Audit of the Aggregate Discretely Presented Component Units

Our responsibility is to conduct an audit of the CITY OF MONTICELLO, GEORGIA's financial statements in accordance with generally accepted auditing standards and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion on the Discretely Presented Component Unit section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the discretely presented component unit.

We are required to be independent of the CITY OF MONTICELLO, GEORGIA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

Auditor's Responsibilities for the Audit of the Governmental Activities, Business-type Activities, Each Major Fund, and Aggregate Remaining Fund Information

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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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 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 the 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 the 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, significant 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 Management's Discussion and Analysis, Schedule of the Net Pension Liability - City of Monticello Retirement Plan, Schedule of Contributions - City of Monticello Retirement Plan, Schedule of Notes to Required Supplementary Information - City of Monticello Retirement Plan, Budgetary Comparison Schedule-General Fund, and Budgetary Comparison Schedule-ARPA 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 accompanying supplementary information such as the combining and individual nonmajor fund financial statements, supplemental budgetary comparison schedules, and the accompanying Schedule of Projects Constructed with Special Purpose Local Option Sales Tax Proceeds which is presented for purposes of additional analysis as required by Official Code of Georgia 48-8-121 for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2025 on our consideration of the CITY OF MONTICELLO, GEORGIA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CITY OF MONTICELLO, GEORGIA's internal control over financial reporting and compliance.

Bates, Carter & Co., LLP

CITY OF MONTICELLO, GEORGIA
STATEMENT OF NET POSITION
June 30, 2022

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	DOWNTOWN DEVELOPMENT AUTHORITY
ASSETS				
Cash	$ 1,266,355	$ 2,697,778	$ 3,964,133	$ 25,329
Investments	1,553,358	-	1,553,358	-
Lease receivable	70,340	-	70,340	-
Receivables (net of allowance for uncollectibles)	178,331	812,988	991,319	-
Internal balances	561,218	(561,218)	-	-
Due from component units	-	97,974	97,974	-
Prepaid items	12,229	24,384	36,613	-
Restricted assets:				
Cash	-	480,802	480,802	-
Investments	-	1,986,558	1,986,558	-
Non-current assets:				
Lease receivable	357,023	-	357,023	-
Net pension asset	58,236	135,005	193,241	-
Capital assets:				
Capital assets not being depreciated	12,747	1,890,263	1,903,010	-
Capital assets being depreciated	7,762,794	16,665,376	24,428,170	178,000
Less: accumulated depreciation	(3,508,281)	(8,945,954)	(12,454,235)	(88,595)
Capital assets, net of depreciation	4,267,260	9,609,685	13,876,945	89,405
TOTAL ASSETS	8,324,350	15,283,956	23,608,306	114,734
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows related to pensions	74,073	135,873	209,946	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	74,073	135,873	209,946	-
LIABILITIES				
Accounts payable	120,052	651,341	771,393	-
Accrued interest payable	-	5,559	5,559	25,103
Other accrued items	15,580	40,188	55,768	-
Due to other governments	919	-	919	-
Due to primary government	-	-	-	97,105
Unearned revenue	499,487	-	499,487	-
Customer deposits	-	265,038	265,038	-
Noncurrent liabilities:				
Due within one year				
Compensated absences payable	3,316	14,038	17,354	-
Notes payable	-	145,177	145,177	-
Financed purchases	32,125	76,222	108,347	-
Revenue bonds payable	-	210,000	210,000	-
Due in more than one year				
Compensated absences payable	15,496	7,266	22,762	-
Notes payable	-	2,541,294	2,541,294	-
Financed purchases	19,170	45,699	64,869	-
Revenue bonds payable	-	215,000	215,000	-
TOTAL LIABILITIES	706,145	4,216,822	4,922,967	122,208
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows related to pensions	169,461	276,493	445,954	-
Lease receipts	424,210	-	424,210	-
TOTAL DEFERRED INFLOWS OF RESOURCES	593,671	276,493	870,164	-
NET POSITION				
Net investment in capital assets	4,215,965	6,376,293	10,592,258	89,405
Restricted for:				
Capital outlay projects	1,007,751	-	1,007,751	-
Debt service	-	716,601	716,601	-
Municipal Competitive Trust Agreement	-	2,046,337	2,046,337	-
Recreation and culture programs	1,701	-	1,701	-
Housing and development programs	3	-	3	-
Unrestricted	1,873,187	1,787,283	3,660,470	(96,879)
TOTAL NET POSITION	$ 7,098,607	$ 10,926,514	$ 18,025,121	$ (7,474)

The accompanying notes are an integral part of this statement.

CITY OF MONTICELLO, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

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	$ 1,004,945	$ 127,801	$ 6	$ -	$ (877,138)	$ -	$ (877,138)	$ -
Public safety	1,373	76,663	-	-	75,290	-	75,290	-
Public works	778,633	170,507	8,200	338,498	(261,428)	-	(261,428)	-
Public health and welfare	44,886	-	-	-	(44,886)	-	(44,886)	-
Recreation and culture	46,069	-	-	-	(46,069)	-	(46,069)	-
Housing and development	107,257	-	-	-	(107,257)	-	(107,257)	-
Interest	2,459	-	-	-	(2,459)	-	(2,459)	-
Total Governmental Activities	1,985,622	374,971	8,206	338,498	(1,263,947)	-	(1,263,947)	-
BUSINESS-TYPE ACTIVITIES								
Water and sewer	1,391,639	1,145,583	-	-	-	(246,056)	(246,056)	-
Electric system	5,700,805	7,305,690	-	-	-	1,604,885	1,604,885	-
Natural gas system	1,170,014	983,558	-	-	-	(186,456)	(186,456)	-
Total Business-Type Activities	8,262,458	9,434,831	-	-	-	1,172,373	(246,056)	-
TOTAL PRIMARY GOVERNMENT	10,248,080	9,809,802	8,206	338,498	(1,263,947)	1,172,373	(1,510,003)	-
COMPONENT UNIT								
Downtown Development Authority	99,513	71,406	30,000	-	-	-	-	1,893
TOTAL COMPONENT UNIT	$ 99,513	$ 71,406	$ 30,000	$ -	-	-	-	1,893
GENERAL REVENUES								
Property taxes					380,570	-	380,570	-
Sales taxes					533,841	-	533,841	-
Insurance premium taxes					222,779	-	222,779	-
Real estate recording taxes					12,995	-	12,995	-
Other taxes					127,064	-	127,064	-
Total taxes					1,277,249	-	1,277,249	-
Unrestricted investment earnings					6,642	(54,824)	(48,182)	-
Grants and contributions not restricted to a specific program					26,598	-	26,598	-
TRANSFERS					1,656,887	(1,656,887)	-	-
TOTAL GENERAL REVENUES AND TRANSFERS					2,967,376	(1,711,711)	1,255,665	-
CHANGES IN NET POSITION					1,703,429	(539,338)	1,164,091	1,893
NET POSITION, Beginning					5,392,728	11,679,536	17,072,264	(9,367)
PRIOR PERIOD ADJUSTMENT					-	(213,684)	(213,684)	-
CHANGE IN ACCOUNTING PRINCIPLE					2,450	-	2,450	-
NET POSITION, Beginning as restated					5,395,178	11,465,852	16,861,030	(9,367)
NET POSITION, Ending					$ 7,098,607	$ 10,926,514	$ 18,025,121	$ (7,474)

The accompanying notes are an integral part of this statement.

CITY OF MONTICELLO, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

	GENERAL	ARPA	SPLOST	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash	$ 84,148	$ 499,611	$ 682,596	$ -	$ 1,266,355
Investments	1,553,358	-	-	-	1,553,358
Receivables (net of allowance for uncollectibles)	112,617	-	65,714	-	178,331
Lease receivables	427,363	-	-	-	427,363
Interfund receivables	1,159,668	-	260,361	1,704	1,421,733
Prepaid items	12,229	-	-	-	12,229
TOTAL ASSETS	$ 3,349,383	$ 499,611	$ 1,008,671	$ 1,704	$ 4,859,369
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 120,053	$ -	$ -	$ -	$ 120,053
Due to related party	-	-	920	-	920
Other accrued items	15,580	-	-	-	15,580
Interfund payables	860,515	-	-	-	860,515
Unearned revenue	-	499,487	-	-	499,487
TOTAL LIABILITIES	996,148	499,487	920	-	1,496,555
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	4,375	-	-	-	4,375
Unavailable revenue - lease receipts	424,210	-	-	-	424,210
TOTAL DEFERRED INFLOWS OF RESOURCES	428,585	-	-	-	428,585
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	1,424,733	499,487	920	-	1,925,140
FUND BALANCES					
Nonspendable:					
Prepaid expenditure	12,229	-	-	-	12,229
Restricted:					
Capital outlay projects	-	-	1,007,751	-	1,007,751
Parks and recreation programs	-	-	-	1,701	1,701
Housing and development programs	-	-	-	3	3
Assigned:					
Next year's budget	187,768	-	-	-	187,768
Unassigned:	1,724,653	124	-	-	1,724,777
TOTAL FUND BALANCES	1,924,650	124	1,007,751	1,704	2,934,229
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 3,349,383	$ 499,611	$ 1,008,671	$ 1,704	$ 4,859,369

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, 2022

Total Fund Balances for Governmental Funds (page 3)		$ 2,934,229
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.		4,267,260
Some assets and deferred outflows are not available in the current period, and therefore, are not reported in the funds:		
Net pension asset(liability)	58,236	
Deferred charge for pension expense	74,073	
		132,309
Revenues in the statement of activities that do not provide current financial resources are reported as unavailable revenues in the funds.		
Property Taxes	4,375	
		4,375
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	(18,812)	
Financed purchases	(51,295)	
Deferred credit for pension expense	(169,461)	
		(239,568)
Rounding		2
Total net position of governmental activities (page 1)		$ 7,098,607

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, 2022

	GENERAL	ARPA	SPLOST	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Taxes	$ 1,285,145	$ -	$ 338,103	$ 589	$ 1,623,837
Licenses and permits	28,462	-	-	-	28,462
Intergovernmental	26,604	8,200	-	-	34,804
Charges for services	346,509	-	-	-	346,509
Investment income	6,517	124	395	-	7,036
TOTAL REVENUES	1,693,237	8,324	338,498	589	2,040,648
EXPENDITURES					
Current Expenditures					
General government	887,561	-	-	-	887,561
Public works	673,642	8,200	-	-	681,842
Public health and welfare	43,046	-	-	-	43,046
Culture and Recreation	41,414	-	-	696	42,110
Housing and development	107,257	-	-	-	107,257
Capital outlay	124,650	-	183,260	-	307,910
Debt service					
Principal	33,659	-	-	-	33,659
Interest	2,459	-	-	-	2,459
TOTAL EXPENDITURES	1,913,688	8,200	183,260	696	2,105,844
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	(220,451)	124	155,238	(107)	(65,196)
OTHER FINANCING SOURCES (USES)					
Transfers in	1,656,887	-	-	-	1,656,887
TOTAL OTHER FINANCING SOURCES (USES)	1,656,887	-	-	-	1,656,887
NET CHANGE IN FUND BALANCES	1,436,436	124	155,238	(107)	1,591,691
FUND BALANCES, Beginning of year	485,764	-	852,513	1,811	1,340,088
Change in Accounting Principle	2,450	-	-	-	2,450
FUND BALANCES, Beginning of year, restated	488,214	-	852,513	1,811	1,342,538
FUND BALANCES, End of year	$ 1,924,650	$ 124	$ 1,007,751	$ 1,704	$ 2,934,229

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, 2022

Net change in fund balances (page 5)		$ 1,591,691
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	307,910	
Depreciation expense	(209,284)	
		98,626
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	4,375	
		4,375
Revenues reported in the funds that relate to prior years are not reported as revenue in the statement of activities.		
Property taxes	(12,860)	
		(12,860)
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	33,659	
		33,659
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	(18,812)	
Compensated absences, prior year	13,285	
Net pension liability, current year	58,236	
Net pension liability, prior year	47,596	
Deferred inflows, current year	(169,461)	
Deferred inflows, prior year	14,350	
		(54,806)
Contributions made after pension measurement date are reported in deferred outflows.		
Beginning of year	(31,330)	
End of year	74,073	
		42,743
Rounding		1
Changes in net position of governmental activities (page 2)		$ 1,703,429

The accompanying notes are an integral part of this statement.

CITY OF MONTICELLO, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2022

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS				
ASSETS	WATER & SEWER FUND	ELECTRIC SYSTEM	NATURAL GAS SYSTEM	NONMAJOR REVOLVING LOAN FUND	TOTAL
Current Assets					
Cash	$ 11	$ 2,566,156	$ -	$ 131,611	$ 2,697,778
Receivables (net of allowance for uncollectibles)	172,231	505,825	134,932	-	812,988
Interfund receivables	-	629,120	49,301	65,993	744,414
Due from component units	-	-	-	97,974	97,974
Prepaid items	9,358	5,419	9,607	-	24,384
Restricted assets:					
Cash	421,023	59,779	-	-	480,802
Investments	-	1,986,558	-	-	1,986,558
TOTAL CURRENT ASSETS	602,623	5,752,857	193,840	295,578	6,844,898
Noncurrent Assets					
Net pension asset	57,690	47,794	29,521	-	135,005
Capital assets					
Capital assets not being depreciated	1,889,263	-	1,000	-	1,890,263
Capital assets being depreciated	10,841,834	2,862,203	2,961,339	-	16,665,376
Less: accumulated depreciation	(4,978,412)	(1,622,777)	(2,344,765)	-	(8,945,954)
TOTAL CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)	7,752,685	1,239,426	617,574	-	9,609,685
TOTAL NONCURRENT ASSETS	7,810,375	1,287,220	647,095	-	9,744,690
TOTAL ASSETS	8,412,998	7,040,077	840,935	295,578	16,589,588
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows related to pension	59,600	46,124	30,149	-	135,873
TOTAL DEFERRED OUTFLOWS OF RESOURCES	59,600	46,124	30,149	-	135,873
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	8,472,598	7,086,201	871,084	295,578	16,725,461
LIABILITIES					
Current Liabilities					
Accounts payable	58,251	552,031	41,060	-	651,342
Accrued interest	5,257	302	-	-	5,559
Other accrued items	10,916	21,791	7,481	-	40,188
Interfund payables	1,001,054	-	304,578	-	1,305,632
Compensated absences payable	2,755	5,403	5,880	-	14,038
Notes payable	145,177	-	-	-	145,177
Financed purchases	23,132	47,673	5,417	-	76,222
Revenue bonds payable	210,000	-	-	-	210,000
TOTAL CURRENT LIABILITIES	1,456,542	627,200	364,416	-	2,448,158
Noncurrent Liabilities					
Customer deposits	54,431	121,706	88,901	-	265,038
Compensated absences payable	1,837	3,602	1,827	-	7,266
Notes payable	2,541,294	-	-	-	2,541,294
Financed purchases	14,822	28,534	2,343	-	45,699
Revenue bonds payable	215,000	-	-	-	215,000
TOTAL NONCURRENT LIABILITIES	2,827,384	153,842	93,071	-	3,074,297
TOTAL LIABILITIES	4,283,926	781,042	457,487	-	5,522,455
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows related to pension	120,407	93,652	62,433	-	276,492
TOTAL DEFERRED INFLOWS OF RESOURCES	120,407	93,652	62,433	-	276,492
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	4,404,333	874,694	519,920	-	5,798,947
NET POSITION					
Net investment in capital assets	4,603,260	1,163,219	609,814	-	6,376,293
Restricted for debt service	421,023	-	-	295,578	716,601
Municipal Competitive Trust Agreement	-	2,046,337	-	-	2,046,337
Unrestricted	(956,018)	3,001,951	(258,650)	-	1,787,283
TOTAL NET POSITION	$ 4,068,265	$ 6,211,507	$ 351,164	$ 295,578	$ 10,926,514

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, 2022

	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	$ 1,141,052	$ -	$ -	$ -	$ 1,141,052
Charges for services	-	7,269,761	979,334	-	8,249,095
Connection fees	-	10,650	-	-	10,650
Miscellaneous Income	4,531	25,279	4,224	-	34,034
Total Operating Revenues	1,145,583	7,305,690	983,558	-	9,434,831
OPERATING EXPENSES					
Salaries and benefits	300,998	278,967	245,170	-	825,135
Other services and charges	427,928	5,191,328	757,923	-	6,377,179
Insurance premiums	64,513	69,368	67,747	-	201,628
Depreciation	240,498	115,525	76,451	-	432,474
Professional fees	78,646	4,112	1,908	-	84,666
Repairs and maintenance	206,677	37,857	12,166	-	256,700
Other operating expenses	-	-	8,250	-	8,250
Total Operating Expenses	1,319,260	5,697,157	1,169,615	-	8,186,032
OPERATING INCOME	(173,677)	1,608,533	(186,057)	-	1,248,799
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	-	(57,437)	-	2,594	(54,843)
Investment earnings-pledged as security for revenue bonds	19	-	-	-	19
Interest expense	(72,379)	(3,648)	(399)	-	(76,426)
Total Nonoperating Revenues (Expenses)	(72,360)	(61,085)	(399)	2,594	(131,250)
INCOME (LOSS) BEFORE TRANSFERS	(246,037)	1,547,448	(186,456)	2,594	1,117,549
Transfer out	(56,225)	(1,544,440)	(56,222)	-	(1,656,887)
CHANGE IN NET POSITION	(302,262)	3,008	(242,678)	2,594	(539,338)
TOTAL NET POSITION, Beginning of year	4,370,527	6,422,183	593,842	292,984	11,679,536
PRIOR PERIOD ADJUSTMENT	-	(213,684)	-	-	(213,684)
TOTAL NET POSITION, Beginning of year, restated	4,370,527	6,208,499	593,842	292,984	11,465,852
TOTAL NET POSITION, End of year	$ 4,068,265	$ 6,211,507	$ 351,164	$ 295,578	$ 10,926,514

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, 2022

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	$ 1,130,611	$ 7,096,671	$ 937,029	$ -	$ 9,164,311
Payments to suppliers	(269,637)	(3,503,314)	(624,297)	4,319	(4,392,929)
Payments to employees	(318,694)	(291,405)	(250,451)	-	(860,550)
Net cash provided by (used in) operating activities	542,280	3,301,952	62,281	4,319	3,910,832
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers in (out)	(56,225)	(1,544,440)	(56,222)	-	(1,656,887)
Net Cash provided (used) by non-capital financing activities	(56,225)	(1,544,440)	(56,222)	-	(1,656,887)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(39,279)	-	-	-	(39,279)
Principal payments on debt	(371,632)	(49,816)	(5,661)	-	(427,109)
Interest paid	(75,080)	(3,647)	(398)	-	(79,125)
Net cash provided by (used in) capital and related financing activities	(485,991)	(53,463)	(6,059)	-	(545,513)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment earnings	19	3,276	-	2,594	5,889
Proceeds from sale of investments	-	34,399	-	-	34,399
Net cash provided by (used in) investing activities	19	37,675	-	2,594	40,288
Net increase (decrease) in cash and cash equivalents	83	1,741,724	-	6,913	1,748,720
CASH, Beginning of year	420,951	884,211	-	124,698	1,429,860
CASH, End of year	$ 421,034	$ 2,625,935	$ -	$ 131,611	$ 3,178,580
RECONCILIATION OF CASH					
Cash	$ 11	$ 2,566,156	$ -	$ 131,611	$ 2,697,778
Restricted Cash	421,023	59,779	-	-	480,802
Total Cash	$ 421,034	$ 2,625,935	$ -	$ 131,611	$ 3,178,580
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	$ (173,677)	$ 1,608,533	$ (186,057)	$ -	$ 1,248,799
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	240,498	115,525	76,451	-	432,474
Write off of uncollectable note receivable	-	(213,684)	-	-	(213,684)
(Increase) decrease in:					
Accounts receivable	(19,911)	(6,208)	(52,087)	-	(78,206)
Deferred outflows for pension	(32,516)	(24,331)	(14,635)	-	(71,482)
Prepaid expenses	(1,101)	(638)	(1,130)	-	(2,869)
Increase (decrease) in:					
Accounts payable	(9,722)	517,601	(11,939)	-	495,940
Compensated absences	(3,436)	228	704	-	(2,504)
Customer deposits	4,939	10,873	5,558	-	21,370
Net pension liability (asset)	(94,688)	(72,999)	(46,986)	-	(214,673)
Other accrued items	2,734	(1,056)	(1,510)	-	168
Deferred inflows for pension	110,210	85,720	57,146	-	253,076
Due to other governments	-	(1,533)	266	4,319	3,052
Interfund balances	518,950	1,283,921	236,500	-	2,039,371
Net cash provided by (used in) operating activities	$ 542,280	$ 3,301,952	$ 62,281	$ 4,319	$ 3,910,832
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES					
Net unrealized gain (loss) on investments	$ -	$ (69,732)	$ -	$ -	$ (69,732)

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, 2022.

(B) GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

Cumulative effect of a change in accounting principle

In 2022, the City implemented GASB Statement No. 87, "*Leases*" and as a result recognized a change in accounting principle as of July 1, 2021 in order to retroactively report the change to the earliest period reported.

GASB Statement No. 87 enhances the relevance and consistency of information about governments' leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the City's 2022 financial statements and had an effect on the beginning fund balance of the General Fund which increased governmental net position by $2,450.

On July 1, 2021, the City restated its financial statements for the fiscal year ended June 30, 2021 to restate the following activity in accordance with GASB Standard 87:

Governmental Activities		
General Fund		
Net Position, July 1	$	485,764
To record lease receivables		497,361
To record deferred inflows of resources for lease payments		(494,911)
Restated Net Position, July 1	**$**	**488,214**

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 2021 property taxes were levied August 2, 2021. Jasper County has a split billing of property taxes and were due on September 20, 2021 and December 20, 2021. Interest accrued starting December 21, 2021. The taxes are subject to lien and penalties were added after March 20, 2022.

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 may be 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 2022.

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 several types of items that qualify for reporting in this category. These items consist of unavailable revenue, deferred inflows related to lease receipts, and the deferred outflow of pension expense. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds may report unavailable revenues from property taxes or other sources. The deferred inflows related to pension expense represents differences between expected and actual experience with regard to economic and demographic factors in the measurement of the total pension liability. These deferred inflows will be recognized as pension expense using a systematic and rational method over a closed five-year period, beginning with the current reporting period.

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.

Leases

Lessor

The City is a lessor for noncancellable leases of buildings. The City recognizes a lease receivable and deferred inflow of lease receipts in both the fund level and government-wide financial statements. The City recognizes lease receivables with an initial, individual value of $5,000 or more.

At the commencement of the lease, the City initially measures the lease receivable of the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

The City uses the interest rate as the discount rate. When the interest rate is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the lessee is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and related deferred inflows if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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 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, 2022 are as follows:

Net investment in capital assets:	Governmental Activities	Business-Type Activities	Component Unit
Cost of capital assets	$ 7,775,541	$ 18,555,639	$ 178,000
Accumulated depreciation	(3,508,281)	(8,945,954)	(88,595)
Net book value	4,267,260	9,609,685	89,405
Financed purchases related debt	(51,295)	(121,921)	-
Revenue bonds related to capital assets	-	(425,000)	-
Notes payable related to capital assets	-	(2,686,471)	-
Net investment in capital assets	$ 4,215,965	$ 6,376,293	$ 89,405

Management Estimates

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

Allocation of Indirect Cost

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

NOTE 2 - FUND BALANCE/NET POSITION

The government-wide statement of net position reports $1,009,455 of restricted net position, of which $1,009,452 is restricted by enabling legislation.

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

Restricted:	
SPLOST Fund	
SPLOST - For funds received from the imposition of the Special Purpose Local Option Sales Tax (SPLOST) restricted by the voter approved referendum	$ 1,007,751
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.	1,701
Total Nonmajor Fund Restrictions	1,704
Total Restricted Fund Balance	$ 1,009,455
Assigned:	
General Fund	
Appropriated as a resource in next year's budget	$ 187,768
Total Assigned Fund Balance	$ 187,768

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 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 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 and Special Revenue Funds 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, Special Revenue, or Proprietary Funds. The City of Monticello has no recorded encumbrances at June 30, 2022.

(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, 2022:

General Fund:

Public Works - The $(55,511) excess of expenditures over appropriations in the Public Works Department and Solid Waste and Recycling Department is attributable to certain unexpected expenses incurred that were not accounted for in the initial budget. These costs could include higher than expected administrative costs, interest payments, or other operational expenses related to managing the City's finances.

Culture and Recreation - The $(3,164) excess of expenditures over appropriations in the Parks Department is attributable to payments to Jasper County Chamber of Commerce for Market on the Square which are normally paid from other nonmajor governmental funds.

ARPA Fund:

Public Works - The $(8,200) excess of expenditures over appropriations for public works in the ARPA fund is attributable to the City not including these funds in the approved budget.

Nonmajor Governmental Funds:

Hotel Motel Tax Fund - The $(696) excess of expenditures over appropriations is attributable to the City not including these funds in the approved budget.

(C) DEFICIT FUND EQUITY

At June 30, 2022, the City reported a deficit in the fund balance in the Downtown Development Authority component unit fund in the amount of $(7,474) as a result of several development or revitalization projects in the downtown area which have encountered higher than budgeted costs. These cost overruns may have been due to rising construction costs, material price inflation, or unforeseen challenges in executing planned projects.

NOTE 4 - DEPOSITS AND INVESTMENTS

As of June 30, 2022, 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	1-5	6-10	Rating (1)
Certificate of Deposit	$1,553,358	$ -	$ 1,553,358	$ -	$ -	
Municipal Competitive Trust:						
Short-term Portfolio	27,925	767,681	795,606	-	-	AAAm
Intermediate Portfolio	14,277	440,330	105,714	334,401	14,491	AAAm
Intermediate Extended Portfolio	17,577	778,547	109,537	479,387	207,201	AAAm
Total	$1,613,137	$1,986,558	$ 2,564,215	$ 813,788	$ 221,692	
Maximum Investment			71.23%	40.96%	11.16 %	

1. Standard & Poor's

Cash per Statement of Net Position (page 1)	
Cash	$ 3,964,133
Restricted cash	480,802
less cash equivalents that are investments	(59,779)
Total Cash and Restricted Cash	$ 4,385,156
Investments per Statement of Net Position (page 1)	
Investments	$ 1,553,358
Restricted Investments	1,986,558
Investments included in cash equivalents	59,779
Investments as listed above	$ 3,599,695

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, 2022, 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, 2022, 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, 2022, the City's bank balance of $2,568,614 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	$ 18,872	$ -	$ -	$ -	$ -
Other taxes	7,402	-	-	-	-
Accounts	34,469	-	177,558	520,102	134,932
Intergovernmental	52,780	65,714	-	-	-
Total Gross Receivables	113,523	65,714	177,558	520,102	134,932
Less: Allowance for Uncollectibles	(906)	-	(5,327)	(14,277)	-
Total Net Receivables	$ 112,617	$ 65,714	$ 172,231	$ 505,825	$ 134,932

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)	$ 4,375	$ -
Grant drawdowns prior to meeting all eligibility requirements (ARPA Fund)	-	499,487
Total unavailable/ unearned revenue for governmental funds	$ 4,375	$ 499,487

NOTE 6 - CAPITAL ASSETS

Capital asset activity for governmental funds for the year ended June 30, 2022 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	619,104	183,260	-	(802,364)	-
Total non-depreciable capital assets	631,851	183,260	-	(802,364)	12,747
Depreciable Assets:					
Buildings and improvements	5,908,677	-	-	802,364	6,711,041
Machinery and equipment	446,338	18,400	-	-	464,738
Vehicles	480,765	106,250	-	-	587,015
Total depreciable capital assets	6,835,780	124,650	-	802,364	7,762,794
Less Accumulated Depreciation for:					
Buildings and improvements	(2,663,756)	(158,592)	-	-	(2,822,348)
Machinery and equipment	(362,191)	(13,352)	-	-	(375,543)
Vehicles	(273,049)	(37,341)	-	-	(310,390)
Total accumulated depreciation	(3,298,996)	(209,285)	-	-	(3,508,281)
Total depreciable capital assets, net	3,536,784	(84,635)	-	-	4,254,513
Governmental activities capital assets, net	$ 4,168,635	$ 98,625	$ -	$ -	$ 4,267,260

Additions to governmental activities capital assets for fiscal year ending June 30, 2022 consist of the following:

Capital Outlay	$ 307,910
Total Additions	$ 307,910
Non-depreciable capital assets additions	$ 183,260
Depreciable capital assets additions	124,650
Total Additions	$ 307,910

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

Governmental Activities:	
General Government	$ 113,086
Public Safety	1,373
Public Works	89,028
Public Health and Welfare	1,840
Culture and Recreation	3,958
Total depreciation expense: Governmental Activities	$ 209,285

Capital asset activity for business-type funds for the year ended June 30, 2022 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	14,559,871	5,750	-	-	14,565,621
Machinery and equipment	1,886,356	33,529	-	-	1,919,885
Total depreciable capital assets	16,626,097	39,279	-	-	16,665,376
Less Accumulated Depreciation for:					
Buildings and improvements	(148,954)	(1,964)	-	-	(150,918)
Water & sewer system	(7,012,259)	(301,218)	-	-	(7,313,477)
Machinery and equipment	(1,352,267)	(129,292)	-	-	(1,481,559)
Total accumulated depreciation	(8,513,480)	(432,474)	-	-	(8,945,954)
Total depreciable capital assets, net	8,112,617	(393,195)	-	-	7,719,422
Business-type activities capital assets, net	$ 10,002,880	$ (393,195)	$ -	$ -	$ 9,609,685

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

Business-type Activities:	
Water & Sewer	$ 240,498
Electric System	115,525
Natural Gas System	76,451
Total depreciation expense: Business-type Activities	$ 432,474

Discretely Presented Component Unit

Activity for the Downtown Development Authority for the year ended June 30, 2022, 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	(81,853)	(6,742)	-	-	(88,595)
Total accumulated depreciation	(81,853)	(6,742)	-	-	(88,595)
Total depreciable capital assets, net	96,147	(6,742)	-	-	89,405
Governmental activities capital assets, net	$ 96,147	$ (6,742)	$ -	$ -	$ 89,405

NOTE 7 - LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
Governmental Activities:						
Financed purchases	$ 84,954	$ -	$ (33,659)	$ 51,295	$ 32,125	$ 19,170
Compensated absences	13,285	14,973	(9,446)	18,812	3,316	15,496
Net pension liability (asset)	47,596	181,195	(287,027)	(58,236)	-	(58,236)
Governmental activities long-term liabilities	$ 145,835	$ 196,168	$ (330,132)	$ 11,871	$ 35,441	$ (23,570)
Business-type Activities:						
Revenue bonds	$ 630,000	$ -	$ (205,000)	$ 425,000	$ 210,000	$ 215,000
Notes payable	2,828,931	-	(142,461)	2,686,471	145,177	2,541,294
Financed purchases	201,569	-	(79,648)	121,921	76,222	45,699
Net pension liability (asset)	79,668	654,564	(869,237)	(135,005)	-	(135,005)
Compensated absences	23,808	20,335	(22,839)	21,304	14,038	7,266
Business-type activities long-term liabilities	$ 3,763,976	$ 674,899	$ (1,319,185)	$ 3,119,691	$ 445,437	$ 2,674,254

General obligation bonds, financed purchases, and compensated absences are generally liquidated by the General Fund. The revenue bonds, financed purchases, 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.

FINANCED PURCHASES

After implementation of GASB 87 "Leases," the City has reclassified agreements that transfer ownership of the underlying asset by the end of the contract and do not contain termination options as financed purchases. These financed purchases relate to vehicles for public safety and public works.

On February 5, 2019, the City entered into a $516,409 finance purchase agreement with the Georgia Municipal Association to finance the purchase of vehicles. The agreement is for a period of 60 months at an interest rate of 3.470%. The vehicles have an estimated useful life of five years. The payments to finance the vehicles is allocated between governmental activities and business-type activities. The governmental activities allocation, which will be liquidated by payments from the General Fund, is 30% and the business-type activities allocation is 70%. The outstanding balance on this agreement at June 30, 2022 was $51,295.

The annual requirements to amortize financed purchases as of June 30, 2022, are as follows:

June 30,	Principal	Interest	Total
2023	$ 32,125	$ 1,275	$ 33,400
2024	19,170	223	19,393
Total	$ 51,295	$ 1,498	$ 52,793

BUSINESS TYPE ACTIVITIES

As of June 30, 2022, 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, 2022 was $425,000.

The annual revenue bond debt service requirements to amortize this debt as of June 30, 2022, are as follows:

June 30,	Principal	Interest	Total
2023	$ 210,000	$ 15,938	$ 225,938
2024	215,000	8,062	223,062
2025	-	-	-
Total	$ 425,000	$ 24,000	$ 449,000

FINANCED PURCHASES

After implementation of GASB 87 "Leases," the City has reclassified agreements that transfer ownership of the underlying asset by the end of the contract and do not contain termination options as financed purchases. These financed purchases relate to vehicles for public safety and public works.

On February 5, 2019, the City entered into a $516,409 finance purchase agreement with the Georgia Municipal Association to finance the purchase of vehicles. The agreement is for a period of 60 months at an interest rate of 3.470%. The vehicles have an estimated useful life of five years. The payments 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, which will be liquidated by payments from the Water & Sewer, Electric, and Gas proprietary funds, is 70%. The outstanding balance on this agreement at June 30, 2022 was $121,921.

The annual requirements to amortize financed purchases as of June 30, 2022, are as follows:

June 30,	Principal	Interest	Total
2023	$ 76,222	$ 3,026	$ 79,248
2024	45,699	530	46,229
Total	$ 121,921	$ 3,556	$ 125,477

NOTES PAYABLE

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, 2022, the outstanding balance was $2,686,471.

The annual debt service requirements to amortize this debt as of June 30, 2022, are as follows:

June 30,	Principal	Interest	Total
2023	$ 145,177	$ 49,521	$ 194,698
2024	147,944	46,753	194,697
2025	150,765	43,933	194,698
2026	153,639	41,058	194,697
2027	156,568	38,129	194,697
2028-2032	828,770	144,719	973,489
2033-2037	910,841	62,648	973,489
2038-2042	192,767	1,980	194,747
Total	$ 2,686,471	$ 428,741	$ 3,115,212

NOTE 8 - LEASES

LEASE RECEIVABLES

On July 9, 2019, the City entered into a one-year lease agreement with the Department of Human Services, Division of Family and Children Services ("DFCS") for the lease of building space. There are eight additional one-year renewal options included with this lease agreement. Based on this agreement, the Authority is receiving monthly payments of $6,027 through June of 2028.

The City is reporting leases receivable of $427,363 at June 30, 2022. For 2022, the City reported lease revenue of $70,702 and interest revenue of $2,327 related to lease payments received. These leases are summarized as follows:

Lease	Lease Receivable	Deferred Inflows related to lease receipts	Lease Revenue	Lease Interest Revenue
DFCS	$ 427,363	$ (424,210)	$ 70,702	$ 2,327
Total	$ 427,363	$ (424,210)	$ 70,702	$ 2,327

Future minimum lease payments at June 30, 2022 are as follows:

June 30,	Principal	Interest	Total
2023	$ 70,340	$ 1,976	$ 72,316
2024	70,692	1,623	72,315
2025	71,047	1,269	72,316
2026	71,403	913	72,316
2027	71,761	555	72,316
2028	72,120	196	72,316
Total	$ 427,363	$ 6,532	$ 433,895

NOTE 9 - INTERFUND BALANCES AND ACTIVITY

The composition of interfund balances as of June 30, 2022 is as follows:

	Due From			
Due To	General	Natural Gas System	Water and Sewer Fund	Total
General	$ -	$ 304,578	$ 855,090	$ 1,159,668
SPLOST	260,361	-	-	260,361
Other nonmajor governmental funds	1,704	-	-	1,704
Electric System	532,457	-	96,663	629,120
Natural Gas System	-	-	49,301	49,301
Nonmajor Revolving Loan Program	65,993	-	-	65,993
Total	$ 860,515	$ 304,578	$ 1,001,054	$ 2,166,147

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, 2022 are as follows:

	Transfers Out			
Transfers In	Natural Gas System Fund	Electric System Fund	Water & Sewer Fund	Total
General Fund	$ 56,222	$ 1,544,440	$ 56,225	$1,656,887
Total	$ 56,222	$ 1,544,440	$ 56,225	$1,656,887

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

NOTE 10 - 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, 2022 (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	49
Terminated plan participants entitled to but not yet receiving benefits	43
Active employees participating in the Plan	34
Total number of Plan participants	126
Covered compensation for active participants	$ 1,040,484
Contributions as a percentage of covered-employee payroll	6.59%

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, 2021, 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, 2022 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 for healthy retirees and beneficiaries were based on the sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25. Mortality rates for disabled participants were based on the sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25. Mortality rates for active participants, terminated vested participants, and deferred beneficiaries were based on the sex-distinct Pri-2012 head-count weighted Employee Mortality Table.

The actuarial assumptions used in the January 1, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2015 - June 30, 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%	6.55%
International equity	20%	7.30%
Fixed income - Global	5%	0.50%
Fixed income - Domestic	20%	0.40%
Real estate	10%	3.65%
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, 2021	$ 3,469,154	$ 3,341,890	$ 127,264
Changes for the year:			
Service cost	52,686	-	52,686
Interest	252,189	-	252,189
Difference between expected and actual experience	229,197	-	229,197
Contribution-employer	-	68,579	(68,579)
Net investment income	-	800,658	(800,658)
Benefit payments	(204,655)	(204,655)	-
Administrative expense	-	(14,660)	14,660
Other charges	-	-	-
Net changes	329,417	649,922	(320,505)
Balances at June 30, 2022	$ 3,798,571	$ 3,991,812	$ (193,241)

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	$ 181,943	$ (193,241)	$ (514,839)

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

For the year ended June 30, 2022, the City recognized pension expense of $81,273. At June 30, 2022, 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	$ 114,599	$ -
Net difference between projected and actual earnings on pension plan investments	-	(445,954)
City contributions subsequent to the measurement date	95,347	-
TOTAL	$ 209,946	$ (445,954)

City contributions subsequent to the measurement date of $95,347 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, 2023.

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,	
2023	$ 3,086
2024	$ (96,578)
2025	$ (125,913)
2026	$ (111,950)
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 11 - 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 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 12 - 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 $4,055,816 at June 30, 2022.

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, 2022 was $1,986,558.

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 $542,130 at June 30, 2022.

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 13 - RELATED PARTY ORGANIZATIONS AND TRANSACTIONS

The Housing Authority of the CITY OF MONTICELLO, GEORGIA is considered a related organization of the City based upon the criteria in GASB Statement 39. The Housing Authority is a legally separate entity having a board comprised of members majority appointed by the City Council and Mayor. The City is not financially accountable for the Authority. The City has no significant influence over the management, budget, or policies of the Housing Authority. The Authority reports independently. The City received $26,598 payment in lieu of taxes from the Housing Authority for the year ended June 30, 2022.

NOTE 14 - 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 15 - CERTAIN SIGNIFICANT ESTIMATES

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

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

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

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

NOTE 16 - NORTHEAST GEORGIA REGIONAL COMMISSION

The City, in conjunction with cities and counties in the ten (10) county Piedmont, Georgia area, is a member of the Northeast Georgia Regional Commission (NEGRC). Membership in a regional commission is automatic for each municipality and county in the state. The official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the regional commissions. Each county and municipality in the state is required by law to pay minimum annual dues to the regional commission. The City paid annual dues in the amount of $2,630 to the NEGRC for the year ended June 30, 2022. 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 17 - HOTEL/MOTEL TAX

During the year ended June 30, 2022, the City collected $589 in Hotel and Motel taxes of which $236 was required to be spent to promote tourism, conventions, and trade shows. For the year ended June 30, 2022, at least 40% of tax receipts were expended for these purposes under OCGA-48-13-51. The City complied with the requirements of this law.

NOTE 18 - COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacted many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any predication as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the City, its performance, and its financial results.

On March 11, 2021 the American Rescue Plan Act of 2021, ("ARPA") was enacted. The City was awarded $1,015,375, of which $507,687 was received as of June 30, 2022. These funds are to be used for expenditures related to recovery from the COVID-19 pandemic as outlined by the United States Department of Treasury. During the current year, the City recognized $8,200 as revenue and $499,487 as unearned revenue. See Note 5 for more information about unearned revenue.

CITY OF MONTICELLO, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE NET PENSION LIABILITY -
CITY OF MONTICELLO RETIREMENT PLAN
For the Year Ended June 30, 2022
"Unaudited"

For the Year Ended June 30,	2022	2021	2020	2019	2018	2017	2016	2015
Net pension liability (asset)	$ (193,241)	$ 127,264	$ 126,684	$ (104,421)	$ (41,679)	$ 179,927	$ 124,654	$ 195,223
Covered payroll	$ 1,040,484	$ 1,018,288	$ 749,740	$ 765,107	$ 638,599	$ 697,864	$ 741,394	$ 738,908
Net pension liability (asset) as a percentage of its covered payroll	(18.57)%	12.50%	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)	105.09%	96.33%	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, 2022
"Unaudited"

For the Year Ended June 30,	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 68,579	$ 74,813	$ 65,066	$ 48,918	$ 70,200	$ 81,772	$ 124,654	$195,223
Contributions in relation to the contractually required contribution	68,579	80,235	59,644	54,150	64,350	81,772	124,654	195,223
Contribution deficiency (excess)	$ -	$ (5,422)	$ 5,422	$ (5,232)	$ 5,850	$ -	$ -	$ -
City's covered payroll	$1,040,484	$ 1,018,288	$ 749,740	$ 765,107	$ 638,599	$ 697,864	$ 741,394	$738,908
Contributions as a percentage of covered payroll	6.59%	7.88%	7.96%	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, 2022
"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, 2022. The following actuarial methods and assumptions were used to determine the contractually required contributions for the year ended June 30, 2022 reported in that schedule:

Valuation Date	January 1, 2022
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 18 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	N/A

CITY OF MONTICELLO, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2022
(Required Supplementary Information)

	BUDGET AMOUNTS ORIGINAL	BUDGET AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 488,214	$ 488,214	$ 488,214	$ -
RESOURCES (INFLOWS)				
Taxes	1,007,059	1,007,059	1,285,145	278,086
Licenses and permits	23,400	23,400	28,462	5,062
Intergovernmental	-	-	26,604	26,604
Charges for services	324,594	324,594	346,509	21,915
Investment income	-	-	6,517	6,517
Transfers in	312,420	312,420	1,656,887	1,344,467
Total Resources (Inflows)	1,667,473	1,667,473	3,350,124	1,682,651
AMOUNTS AVAILABLE FOR APPROPRIATION	2,155,687	2,155,687	3,838,338	1,682,651
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
General Government				
Mayor and council	249,871	249,871	169,544	80,327
Administrative	199,336	199,336	149,432	49,904
Finance	529,076	529,076	474,824	54,252
General engineering	166,722	166,722	117,579	49,143
Total General Government	1,145,005	1,145,005	911,379	233,626
Public Works				
Public works	620,081	620,081	665,952	(45,871)
Solid waste and recycling	135,000	135,000	144,640	(9,640)
Total Public Works	755,081	755,081	810,592	(55,511)
Public Health and Welfare				
Public welfare	72,034	72,034	43,046	28,988
Total Public Health and Welfare	72,034	72,034	43,046	28,988
Culture and Recreation				
Parks	38,250	38,250	41,414	(3,164)
Total Culture and Recreation	38,250	38,250	41,414	(3,164)
Housing and development				
Code enforcement	100,000	100,000	77,257	22,743
Economic development	30,000	30,000	30,000	-
Total Housing and Development	130,000	130,000	107,257	22,743
TOTAL CHARGES TO APPROPRIATIONS	2,140,370	2,140,370	1,913,688	220,437
CHANGE IN FUND BALANCE	(472,897)	(472,897)	1,436,436	1,909,333
FUND BALANCE, End of year	$ 15,317	$ 15,317	$ 1,924,650	$ 1,909,333

NOTES TO THE BUDGETARY COMPARISON SCHEDULE
1. The budgetary basis of accounting used in this schedule is the same as GAAP.
2. See Note 3 of the notes to the financial statements for budget violations.

CITY OF MONTICELLO, GEORGIA
ARPA FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2022
(Required Supplementary Information)

	BUDGET AMOUNTS ORIGINAL	BUDGET AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ -	$ -	$ -	$ -
RESOURCES (INFLOWS)				
Intergovernmental	-	-	8,200	8,200
Investment income	-	-	124	124
Total Resources (Inflows)	-	-	8,324	8,324
AMOUNTS AVAILABLE FOR APPROPRIATION	-	-	8,324	8,324
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Public works	-	-	8,200	(8,200)
TOTAL CHARGES TO APPROPRIATIONS	-	-	8,200	(8,200)
CHANGE IN FUND BALANCE	-	-	124	124
FUND BALANCE, End of year	$ -	$ -	$ 124	$ 124

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.
2. See Note 3 of the notes to the financial statements for budget violations.

CITY OF MONTICELLO, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2022

	SPECIAL REVENUE FUNDS		
	HOTEL MOTEL TAX	CDBG GRANT	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS			
Interfund receivables	$ 1,701	$ 3	$ 1,704
TOTAL ASSETS	$ 1,701	$ 3	$ 1,704
FUND BALANCES			
Restricted:			
Recreation and culture programs	$ 1,701	$ -	$ 1,701
Housing and development programs	-	3	3
TOTAL FUND BALANCES	1,701	3	1,704
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 1,701	$ 3	$ 1,704

CITY OF MONTICELLO, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	SPECIAL REVENUE FUNDS		
	HOTEL MOTEL TAX	CDBG GRANT	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES			
Taxes	$ 589	$ -	$ 589
TOTAL REVENUES	589	-	589
EXPENDITURES			
Current Expenditures			
Culture and Recreation	696	-	696
TOTAL EXPENDITURES	696	-	696
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	(107)	-	(107)
FUND BALANCES, Beginning of year	1,808	3	1,811
FUND BALANCES, End of year	$ 1,701	$ 3	$ 1,704

CITY OF MONTICELLO, GEORGIA
HOTEL MOTEL TAX SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2022

	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	-	-	589	589
Total Resources (Inflows)	-	-	589	589
AMOUNTS AVAILABLE FOR APPROPRIATION	1,808	1,808	2,397	589
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Culture and Recreation	-	-	696	(696)
TOTAL CHARGES TO APPROPRIATIONS	-	-	696	(696)
CHANGE IN FUND BALANCE	-	-	(107)	(107)
FUND BALANCE, End of year	$ 1,808	$ 1,808	$ 1,701	$ (107)

NOTES TO THE BUDGETARY COMPARISON SCHEDULE
1. The budgetary basis of accounting used in this schedule is the same as GAAP.
2. See Note 3 of the notes to the financial statements for budget violations.

CITY OF MONTICELLO, GEORGIA
CDBG GRANT SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2022

	BUDGET AMOUNTS ORIGINAL	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				
TOTAL CHARGES TO APPROPRIATIONS	-	-	-	-
CHANGE IN FUND BALANCE	-	-	-	-
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.

CITY OF MONTICELLO, GEORGIA
SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the Year Ended June 30, 2022

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	145,508	183,260
Utility Facility	100,000	100,000	-	-
Totals	$ 950,000	$ 950,000	$ 145,508	183,260

Total of all SPLOSTS above **$ 183,260**

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

Expenditures	$ 183,260
Transfers (in)out	-
Total	**$ 183,260**

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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*

March 28, 2025

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of CITY OF MONTICELLO, GEORGIA, as of and for the year ended June 30, 2022, 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 March 28, 2025.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CITY OF MONTICELLO, GEORGIA's internal control. Accordingly, we do not express an opinion on the effectiveness of the CITY OF MONTICELLO, GEORGIA's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described below as items 2022-001 and 2022-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described below as items 2022-003 through 2022-007 to be significant deficiencies.

2022-001 Statement of Condition (re-issued):

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

Criteria:

Internal controls should be in place to ensure timeliness 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. Month close process not being performed throughout the year.

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.

2022-002 Statement of Condition (re-issued):

During fieldwork, we noted there was not a consistent month close process for bank reconciliations or regular review during the fiscal year 2022.

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. The risk of financial reporting misstatement from errors and omissions also 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. The bank reconciliations are now up to date since July 2024.

2022-003 Statement of Condition:
Testing of payroll was not able to be completed due to the City's inability to provide supporting documentation due to a two year history restriction. Controls related to the payroll function, including confirmation of approved payrate at the time of the payment and approval of timesheets related to the applicable pay period are not consistently applied or documented.

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:
Timesheets are not being approved regularly by department heads. In addition, due to the delay in financial reporting, not all requested payroll information was available for audit procedures due to the timing of the audit so far after year end.

Recommendation:
We recommend employee timesheets are reviewed and documentation is retained for approvals 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.

2022-004 Statement of Condition (re-issued):
During fieldwork, we noted the City recorded a total of $49,483 checks which were written after fiscal year end but backdated to June 30, 2022. In addition, prior year accounts payable balances were not removed in fiscal year 2022 after payment was made.

Criteria:
To ensure reliable accounting records, checks should not be backdated, and payable balances should be removed when payment is made.

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 and remove payable balances once they are paid.

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. We also recommend the City review payable balances to ensure the amounts included are valid.

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 2023 financial year.

2022-005 Statement of Condition (re-issued):
During testing of expenditures, 5 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.

2022-006 Statement of Condition:
During testing of electric utility revenue, the City was unable to provide support of timely deposit for all 25 items tested in a manner that was easily traceable from the excel documentation to the deposit in the bank.

Criteria:
To ensure that proper internal controls exist, the City should deposit receipts in a timely manner.

Effect of Condition:
Failure to deposit funds timely increases the risk of misappropriation or loss of City revenue.

Cause of Condition:
Due to the age of these receipts and time between the actual deposit and our testing, the City was unable to provide documentation as evidence of timely deposit. The bank reconciliations were not completed timely and when they were completed after year end, adjustments were made in bulk and difficult to verify specific information to each utility deposit.

Recommendation:
We recommend putting internal controls in place to ensure timely deposit of receipts and that the City maintains documentation of those deposits.

Response:
The City agrees that internal controls should be implemented to ensure timely deposit of receipts. The City Clerk and City Manager will maintain documentation for the deposits for the subsequent periods.

2022-007 Statement of Condition:

There were numerous coding errors in utility billing financial processing, requiring adjustments to correctly allocate revenue among the proprietary funds.

Criteria:

Internal controls should be in place to ensure utility billing payments are recognized as revenue in the correct fund.

Effect of Condition:

Revenue balances in the Water & Sewer Fund, Electric Fund, and Gas Fund are misstated.

Cause of Condition:

Payments received are posted to the pooled account and a third party consultant allocated the utility payments without a thorough comparison to the general ledger, resulting in credits to incorrect accounts receivable balances.

Recommendation:

We recommend implementing internal controls to ensure utility billing reports are reconciled to the general ledger.

Response:

The City agrees with the finding, we will ensure that the coding of utility billing is monitored/reviewed more closely to ensure that allocation amongst the proprietary funds are accurate.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* are described below as items 2022-008 through 2022-009.

2022-008 Statement of Condition (re-issued):

The General Fund and special revenue funds approved budgets for the fiscal year ending June 30, 2022 resulted in expenditures in excess of appropriations as 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.

2022-009 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 has repaid the full amount during 2023.

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

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