CITY OF MONTICELLO, GEORGIA

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

CITY OF MONTICELLO, GEORGIA
TABLE OF CONTENTS
JUNE 30, 2023

Independent Auditors' Report ..... 1 - 3
Basic Financial Statements
- Government-wide Financial Statements
  - Statement of Net Position 4
  - Statement of Activities 5
- Fund Financial Statements
  - Balance Sheet – Governmental Funds 6
  - Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position 7
  - Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds 8
  - Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 9
  - Statement of Net Position – Proprietary Funds 10
  - Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds 11
  - Statement of Cash Flows – Proprietary Funds 12
- Notes to Financial Statements ..... 13 - 35

Required Supplementary Information
- Schedule of the Net Pension Liability 37
- Schedule of Contributions 38
- Schedule of Notes to Required Supplementary Information 39
- Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund 40

Supplementary Information
- Combining Balance Sheet – Nonmajor Governmental Funds 42
- Combing Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds 43
- Schedule of Projects Constructed with Special Sales Tax Proceeds 44

Other Reports

Independent Auditors' Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements in Accordance with *Government Auditing Standards* 45- 48

JAMESMOORE

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, City Council, and City Manager,
City of Monticello, Georgia:

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited 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 the City of Monticello, Georgia (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

In our opinion, the accompanying financial statements 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, as of June 30, 2023, 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.

Qualified Opinion on the Discretely Presented Component Unit

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinion on Discretely Presented Component Unit section, the accompanying financial statements present fairly, in all material respects, the financial position of the discretely presented component unit for the City. as of June 30, 2023, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City 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 audit opinions.

Matter Giving Rise to Qualified Opinion on the Aggregate Discretely Presented Component Units

The financial statements of the Discretely Presented Component Unit have not been audited, and we were not engaged to audit the Discretely Presented Component Unit's financial statements as part of our audit of the City's basic financial statements.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City'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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS and GAS 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 GAAS and GAS, 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'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'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 budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required

supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Government 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 basis financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The combining and individual fund financial statements and schedules, Schedules of Projects Constructed with Special Purpose Local Sales Tax Proceeds and Schedule of Special District Mass Transportation Sales and Use Tax, which are presented for purposes of additional analysis as required by Official Code of Georgia 48-8-121 and 48-8-269.5, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements and additional schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information 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 November 25, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Daytona Beach, Florida
November 25, 2025

CITY OF MONTICELLO, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total	Component Unit Downtown Development Authority
ASSETS				
Cash and cash equivalents	$ 2,864,734	$ 2,141,384	$ 5,006,118	$ 7,470
Investments	1,568,785	-	1,568,785	-
Receivables, net	37,181	768,590	805,771	-
Internal balances	1,521,618	-	1,521,618	-
Due from other governments, net	102,161	-	102,161	-
Due from other funds	-	850,985	850,985	-
Notes receivable	2,553	91,759	94,312	-
Leases receivable	357,023	-	357,023	-
Prepaids	15,068	22,281	37,349	-
Restricted assets:				
Cash and cash equivalents	-	572,763	572,763	-
Investments	-	2,150,374	2,150,374	-
Capital assets:				
Capital assets, not being depreciated	12,747	1,949,284	1,962,031	-
Other capital assets, net of depreciation	4,048,746	7,737,355	11,786,101	82,663
Total assets	$ 10,530,616	$ 16,284,775	$ 26,815,391	$ 90,133
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	$ 194,244	$ 316,920	$ 511,164	$ -
Total deferred outflows	$ 194,244	$ 316,920	$ 511,164	$ -
LIABILITIES				
Accounts payable and accrued liabilities	$ 112,845	$ 327,883	$ 440,728	$ -
Customer deposits	-	291,848	291,848	-
Unearned revenue	786,867	-	786,867	-
Due to other funds	-	2,372,603	2,372,603	-
Accrued interest payable	-	5,559	5,559	25,103
Noncurrent liabilities:				
Due within one year:				
Bonds and notes payable	-	362,944	362,944	-
Leases payable	21,980	52,152	74,132	-
Compensated absences	8,967	15,215	24,182	-
Due in more than one year:				
Bonds and notes payable	-	2,393,349	2,393,349	91,759
Compensated absences	5,978	7,359	13,337	-
Net pension liability	239,375	390,549	629,924	-
Total liabilities	$ 1,176,012	$ 6,219,461	$ 7,395,473	$ 116,862
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	$ 26,654	$ 43,489	$ 70,143	$ -
Deferred inflows related to leases	353,508	-	353,508	-
Total deferred inflows of resources	$ 380,162	$ 43,489	$ 423,651	$ -
NET POSITION				
Net investment in capital assets	$ 4,039,513	$ 6,878,194	$ 10,917,707	$ 82,663
Restricted for:				
Capital projects	1,106,953	-	1,106,953	-
Debt service	-	436,118	436,118	-
Other purposes	2,271	-	2,271	-
Unrestricted	4,019,949	3,024,433	7,044,382	(109,392)
Total net position	$ 9,168,686	$ 10,338,745	$ 19,507,431	$ (26,729)

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

CITY OF MONTICELLO, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total	Component Unit: Downtown Development Authority
Governmental activities:								
General government	$ 1,104,066	$ 1,447,116	$ 3,000	$ 302,546	$ 648,596	$ -	$ 648,596	$ -
Public safety	1,373	-	-	-	(1,373)	-	(1,373)	-
Streets and sanitation	892,074	-	-	-	(892,074)	-	(892,074)	-
Health & Welfare	1,840	-	-	-	(1,840)	-	(1,840)	-
Culture and recreation	118,811	-	-	-	(118,811)	-	(118,811)	-
Interest on long-term debt	1,368	-	-	-	(1,368)	-	(1,368)	-
Total governmental activities	2,119,532	1,447,116	3,000	302,546	(366,870)	-	(366,870)	-
Business-type activities:								
Water and sewer	1,617,545	1,051,598	-	-	-	(565,947)	(565,947)	-
Electric system	4,767,115	4,619,840	-	-	-	(147,275)	(147,275)	-
Natural gas system	1,080,490	988,645	-	-	-	(91,845)	(91,845)	-
Total business-type activities	7,465,150	6,660,083	-	-	-	(805,067)	(805,067)	-
Total primary government	$ 9,584,682	$ 8,107,199	$ 3,000	$ 302,546	(366,870)	(805,067)	(1,171,937)	$ -
Component Unit								
Downtown Development Authority	104,137	54,632	30,250	-	-	-	-	(19,255)
Total Component Unit	$ 104,137	$ 54,632	$ 30,250	$ -	$ -	$ -	$ -	$ (19,255)
General revenues:								
Property taxes					294,271	-	294,271	-
Sales taxes					924,083	-	924,083	-
Public service taxes					85,203	-	85,203	-
Insurance premium tax					216,739	-	216,739	-
Other taxes					312,855	-	312,855	-
Franchise fees					4,373	-	4,373	-
Other fees					281,734	-	281,734	-
Investment earnings					65,660	37,501	103,161	-
Miscellaneous revenues					68,279	149,865	218,144	-
Transfers					183,752	(183,752)	-	-
Total general revenues and transfers					2,436,949	3,614	2,440,563	-
Change in net position					2,070,079	(801,453)	1,268,626	(19,255)
Net position, beginning of year, as restated					7,098,607	11,140,198	18,238,805	(7,474)
Net position, ending of year					$ 9,168,686	$ 10,338,745	$ 19,507,431	$ (26,729)

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

CITY OF MONTICELLO, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General	ARPA	SPLOST	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 1,110,704	$ 711,732	$ 1,042,298	$ -	$ 2,864,734
Investments	1,568,785	-	-	-	1,568,785
Receivables, net	39,734	-	-	-	39,734
Due from other governments, net	43,693	-	58,468	-	102,161
Leases receivable	357,023	-	-	-	357,023
Due from other funds	2,226,640	-	-	2,271	2,228,911
Prepaid items	15,068	-	-	-	15,068
Total assets	$ 5,361,647	$ 711,732	$ 1,100,766	$ 2,271	$ 7,176,416
LIABILITIES					
Accounts payable and accrued liabilities	$ 111,926	$ -	$ 919	$ -	$ 112,845
Unearned revenue	82,241	704,626	-	-	786,867
Due to other funds	707,293	-	-	-	707,293
Total liabilities	901,460	704,626	919	-	1,607,005
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	20,540	-	-	-	20,540
Deferred inflows related to leases	353,508	-	-	-	353,508
Total deferred inflows of resources	374,048	-	-	-	374,048
FUND BALANCES					
Nonspendable:					
Prepaid items	15,068	-	-	-	15,068
Restricted for:					
Capital projects	-	7,106	1,099,847	-	1,106,953
Parks and recreation	-	-	-	2,268	2,268
Housing and development programs	-	-	-	3	3
Assigned to:					
Subsequent year's budget	536,636	-	-	-	536,636
Unassigned	3,534,435	-	-	-	3,534,435
Total fund balances	4,086,139	7,106	1,099,847	2,271	5,195,363
Total liabilities and fund balances	$ 5,361,647	$ 711,732	$ 1,100,766	$ 2,271	$ 7,176,416

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

CITY OF MONTICELLO, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Fund balances - total governmental funds		$ 5,195,363
Amounts reported for governmental activities in the statement of activities are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Total governmental capital assets	7,809,302	
Less: accumulated depreciation	(3,747,809)	4,061,493
On the governmental fund statements, a net pension liability is not recorded until an amount is due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits (no such liability exists at the end of the current fiscal year). On the statement of net position, the City's net pension liability of the defined benefit pension plans is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to pensions are also reported.		
Net pension liability	(239,375)	
Deferred outflows related to pensions	194,244	
Deferred inflows related to pensions	(26,654)	(71,785)
Because some property taxes and other revenues will not be collected for several months after the close of the City's fiscal year end, they are not considered as "available" revenues in the governmental funds, and therefore, reported as deferred inflows of unavailable revenues. In the statement of net position, which is presented on an accrual basis, no deferral is reported since the revenue is fully recognized in the statement of activities.		20,540
Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities, deferred outflows, and other debt-related deferred charges consist of the following:		
Financed purchases	(21,980)	
Compensated absences	(14,945)	(36,925)
Net position of governmental activities		$ 9,168,686

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

CITY OF MONTICELLO, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General	ARPA	SPLOST	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	$ 1,450,588	$ -	$ 365,833	$ 567	$ 1,816,988
Permits and fees	284,283	-	-	-	284,283
Intergovernmental	3,000	302,546	-	-	305,546
Charges for services	1,448,944	-	-	-	1,448,944
Fines and forfeitures	1,789	-	-	-	1,789
Investment income	46,695	6,981	11,984	-	65,660
Miscellaneous	66,486	-	-	-	66,486
Total revenues	3,301,785	309,527	377,817	567	3,989,696
Expenditures					
Current:					
General government	905,162	32,832	335	-	938,329
Streets and sanitation	794,688	-	-	-	794,688
Culture and recreation	114,853	-	-	-	114,853
Capital outlay	33,761	-	-	-	33,761
Debt service:					
Principal retirement	29,315	-	-	-	29,315
Interest and fiscal charges	1,368	-	-	-	1,368
Total expenditures	1,879,147	32,832	335	-	1,912,314
Excess (deficiency) of revenues over expenditures	1,422,638	276,695	377,482	567	2,077,382
Other financing sources (uses)					
Transfers in	738,851	-	-	-	738,851
Transfers out	-	(269,713)	(285,386)	-	(555,099)
Total other financing sources (uses)	738,851	(269,713)	(285,386)	-	183,752
Net change in fund balances	2,161,489	6,982	92,096	567	2,261,134
Fund balances, beginning of year	1,924,650	124	1,007,751	1,704	2,934,229
Fund balances, end of year	$ 4,086,139	$ 7,106	$ 1,099,847	$ 2,271	$ 5,195,363

The accompanying notes to financial statements 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, 2023

Net change in fund balances - total governmental funds	$ 2,261,134
Differences in amounts reported for governmental activities in the statement of activities are:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.	
Capital outlay expenditures	33,761
Depreciation expense	(239,528)
Bond and loan proceeds are reported as financing sources in the governmental funds. However, the issuance of debt is reported as long-term debt payable in the statement of net position. Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment of debt principal reduces long-term liabilities in the statement of net position. These amounts are as follows:	
Principal repayment of general long-term debt	29,315
Revenues reported in governmental funds that provide current financial resources are not reported as revenues in governmental activities	16,163
Governmental funds report contributions to defined benefit pension plans as expenditures. However, in the statement of activities, the amount contributed to defined benefit pension plans reduces future net pension liability. Also included in pension expense in the statement of activities are amounts required to be amortized.	
Change in net pension liability and deferred inflows/outflows related to pensions	(34,633)
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. These adjustments are as follows:	
Change in compensated absences liability	3,867
Change in net position of governmental activities	$ 2,070,079

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

CITY OF MONTICELLO, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Business-type Activities				
	Water & Sewer	Electric System	Natural Gas System	Non-major Fund Revolving Loan	Total
ASSETS					
Cash and cash equivalents	$ -	$ 2,003,634	$ -	$ 137,750	$ 2,141,384
Accounts receivable, net	178,706	415,228	174,656	-	768,590
Notes receivable	-	-	-	91,759	91,759
Prepaid items	8,551	4,951	8,779	-	22,281
Due from other funds	-	732,094	49,300	69,591	850,985
Restricted current assets:					
Cash and cash equivalents	436,118	136,645	-	-	572,763
Investments	-	2,150,374	-	-	2,150,374
Total current assets	623,375	5,442,926	232,735	299,100	6,598,136
Noncurrent assets:					
Capital assets:					
Land	1,889,263	-	1,000	-	1,890,263
Construction in progress	34,021	12,142	12,858	-	59,021
Buildings	179,870	-	-	-	179,870
Improvements	10,158,001	2,145,817	2,684,248	-	14,988,066
Equipment	789,696	764,846	397,283	-	1,951,825
Accumulated depreciation	(5,229,483)	(1,737,598)	(2,415,325)	-	(9,382,406)
Total capital assets, net	7,821,368	1,185,207	680,064	-	9,686,639
Total noncurrent assets	7,821,368	1,185,207	680,064	-	9,686,639
Total assets	$ 8,444,743	$ 6,628,133	$ 912,799	$ 299,100	$ 16,284,775
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions	138,013	107,345	71,562	-	316,920
Total deferred outflows of resources	$ 138,013	$ 107,345	$ 71,562	$ -	$ 316,920
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	$ 74,132	$ 230,264	$ 23,487	$ -	$ 327,883
Deposits	60,148	136,645	95,055	-	291,848
Due to other funds	1,767,646	-	604,957	-	2,372,603
Compensated absences	4,221	4,077	6,917	-	15,215
Current portion of lease obligations	15,975	32,611	3,566	-	52,152
Payable from restricted assets:					
Current maturities on long-term debt	362,944	-	-	-	362,944
Accrued interest payable	5,257	302	-	-	5,559
Total current liabilities	2,290,323	403,899	733,982	-	3,428,204
Noncurrent liabilities:					
Bonds and notes payable, net	2,393,349	-	-	-	2,393,349
Compensated absences	2,814	2,718	1,827	-	7,359
Net pension liability	170,078	132,284	88,187	-	390,549
Total noncurrent liabilities	2,566,241	135,002	90,014	-	2,791,257
Total liabilities	$ 4,856,564	$ 538,901	$ 823,996	$ -	$ 6,219,461
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	$ 18,939	$ 14,730	$ 9,820	$ -	$ 43,489
Total deferred inflows of resources	$ 18,939	$ 14,730	$ 9,820	$ -	$ 43,489
NET POSITION					
Net investment in capital assets	$ 5,049,100	$ 1,152,596	$ 676,498	$ -	$ 6,878,194
Restricted for debt service	436,118	-	-	-	436,118
Municipal Competitive Trust Agreement	-	2,150,374	-	-	2,150,374
Unrestricted	(1,777,965)	2,878,877	(525,953)	299,100	874,059
Total net position	$ 3,707,253	$ 6,181,847	$ 150,545	$ 299,100	$ 10,338,745

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

CITY OF MONTICELLO, GEORGIA
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Business-type Activities				
	Water & Sewer	Electric System	Natural Gas System	Non-major Fund Revolving Loan	Total
Operating revenues					
Charges for services	$ 1,051,598	$ 4,619,840	$ 988,645	$ -	$ 6,660,083
Other revenues	4,639	127,625	17,601	-	149,865
Total operating revenues	1,056,237	4,747,465	1,006,246	-	6,809,948
Operating expenses					
Personal services	482,090	421,918	310,557	-	1,214,565
Contractual services	59,841	127,521	102,864	-	290,226
Repairs and maintenance	222,051	1,049,533	27,659	-	1,299,243
Supplies	245,434	39,799	26,371	-	311,604
Services and charges	135,693	2,905,280	516,181	-	3,557,154
Insurance	47,997	14,557	11,007	-	73,561
Other expenses	106,732	91,656	15,069	-	213,457
Depreciation	251,071	114,821	70,560	-	436,452
Total operating expenses	1,550,909	4,765,085	1,080,268	-	7,396,262
Operating income (loss)	(494,672)	(17,620)	(74,022)	-	(586,314)
Nonoperating revenues (expenses)					
Interest earnings	199	33,780	-	3,522	37,501
Interest expense	(66,636)	(2,030)	(222)	-	(68,888)
Total nonoperating revenues (expenses)	(66,437)	31,750	(222)	3,522	(31,387)
Income (loss) before contributions and transfers	(561,109)	14,130	(74,244)	3,522	(617,701)
Transfers in	269,713	12,142	12,858	-	294,713
Transfers out	(69,616)	(269,616)	(139,233)	-	(478,465)
Change in net position	(361,012)	(243,344)	(200,619)	3,522	(801,453)
Net position, beginning of year, as restated	4,068,265	6,425,191	351,164	295,578	11,140,198
Net position, end of year	$ 3,707,253	$ 6,181,847	$ 150,545	$ 299,100	$ 10,338,745

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

CITY OF MONTICELLO, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Business-type Activities				
	Water & Sewer	Electric System	Natural Gas System	Non-major Fund Revolving Loan	Total
Cash flows from operating activities					
Cash received from customers	$ 1,055,479	$ 4,853,001	$ 972,676	$ 6,215	$ 6,887,371
Cash paid to employees	(431,760)	(384,193)	(285,838)	-	(1,101,791)
Cash paid to suppliers	(811,976)	(4,357,752)	(723,376)	-	(5,893,104)
Net cash provided by (used in) operating activities	(188,257)	111,056	(36,538)	6,215	(107,524)
Cash flows from noncapital financing activities					
Transfers to other funds	(69,616)	(269,616)	(139,233)	-	(478,465)
Change from other funds	573,703	(102,974)	345,650	(3,598)	812,781
Net cash provided by (used in) noncapital financing activities	504,087	(372,590)	206,417	(3,598)	334,316
Cash flows from capital and related financing activities					
Transfers from other funds	269,713	12,142	12,858	-	294,713
Acquisition and construction of capital assets	(319,754)	(60,602)	(133,050)	-	(513,406)
Principal payments of long-term debt	(377,157)	(43,596)	(4,194)	-	(424,947)
Interest paid	(66,636)	(2,030)	(222)	-	(68,888)
Net cash provided by (used in) capital and related financing activities	(493,834)	(94,086)	(124,608)	-	(712,528)
Cash flows from investing activities					
Interest received	199	33,780	-	3,522	37,501
Purchases of investments	-	(104,037)	-	-	(104,037)
Net cash provided by (used in) investing activities	199	(70,257)	-	3,522	(66,536)
Net change in cash and cash equivalents	(177,805)	(425,877)	45,271	6,139	(552,272)
Cash and cash equivalents, beginning of year	613,923	2,566,156	(45,271)	131,611	3,266,419
Cash and cash equivalents, end of year	436,118	2,140,279	-	137,750	2,714,147
Cash and cash equivalents classified as:					
Unrestricted	$ -	$ 2,003,634	$ -	$ 137,750	$ 2,141,384
Restricted	436,118	136,645	-	-	572,763
Total cash and cash equivalents	$ 436,118	$ 2,140,279	$ -	$ 137,750	$ 2,714,147
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	$ (494,672)	$ (17,620)	$ (74,022)	$ -	(586,314)
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	251,071	114,821	70,560	-	436,452
Changes in assets and liabilities:					
Accounts receivable	(6,475)	90,597	(39,724)	-	44,398
Notes receivable	-	-	-	6,215	6,215
Prepaid items	807	468	828	-	2,103
Accounts payable and accrued liabilities	4,965	(129,874)	(25,053)	-	(149,962)
Deposits	5,717	14,939	6,154	-	26,810
Compensated absences	2,443	(2,210)	1,037	-	1,270
Net pension liability	47,887	39,935	23,682	-	111,504
Net cash provided by (used in) operating activities	$ (188,257)	$ 111,056	$ (36,538)	$ 6,215	$ (107,524)

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

(1) Summary of Significant Accounting Policies:

The financial statements of the City of Monticello, Georgia (the City), have been prepared in conformance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles and the City has adopted the GASB Codification. The following is a summary of the City's significant accounting policies:

(a) **Reporting entity—**The City operates under the leadership of the Mayor, Mayor Pro Tem, and City Council consisting of four members and provides or assists in providing the following services: Public Safety, Public Works, Public Health and Welfare, Recreation and Culture, Housing and Development, Water and Sewer, Electric System, Natural Gas System, and general administration and other services.

In evaluating how to define the government, for financial reporting purposes, the City has considered all potential component units. The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body, and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government: (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization. Management has determined that the Monticello Downtown Development Authority is a component unit of the City.

The Monticello Downtown Development Authority 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 did not issue separate financial statements for the year ended June 30, 2023 and is a discretely presented component unit.

(b) **Government-wide and fund financial statements—**The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report aggregated information for the overall government for all of the activities of the primary government. The effect of interfund activity has been removed from these statements.

Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange revenues, are reported separately from business-type activities, which are financed wholly or partially by fees charged to external parties for goods or services and are reported in enterprise funds.

(1) **Summary of Significant Accounting Policies:** (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect costs are included in the program expense reported for individual functions and activities. 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**—The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Government resources are allocated to, and accounted for in, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The accounting and financial reporting treatment is determined by the applicable measurement focus and the basis of accounting. The basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities).

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized 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 City considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grants, other intergovernmental revenues, charges for services, licenses 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 City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, certain expenditures relating to future periods, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

(1) **Summary of Significant Accounting Policies:** (Continued)

The City reports the following major governmental funds:

General Fund—The General Fund is the principal fund of the City which accounts for all financial transactions not accounted for in other funds. All general operating revenues which are not restricted or designated as to use by outside sources are recorded in the General Fund.

American Rescue Plan Act (ARPA) Fund—The ARPA Fund is a capital project fund used to account for the receipt and expenditure of ARPA funding to support the City's recovery from the COVID-19 pandemic.

SPLOST Fund – The SPLOST fund is used to account for the funds the City receives from a local 1% sales tax reserved for construction of various capital projects.

The City reports the following as a major proprietary fund:

Water & Sewer Fund—The Water & Sewer Fund accounts 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.

Electric System Fund – 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.

Natural Gas System Fund – 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 the City's interfund activity has been eliminated from the government-wide financial statements, though interfund services provided and used are not eliminated in the process of consolidation.

Amounts reported as program revenues include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments (when applicable). Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes, interest revenue, and other miscellaneous revenues.

(1) **Summary of Significant Accounting Policies:** (Continued)

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 of the City's enterprise funds 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.

(d) **Budgets and budgetary accounting**—Annual 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 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.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. 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.
2. 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.
3. 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.
4. The City Manager has the authority, upon approval by the Mayor and City Council, to transfer funds from one budget line 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.
5. 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.
6. 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.
7. Budgeted amounts are as originally adopted or as amended by the City Council. All appropriations lapse at the end of the fiscal year.
8. Proprietary Fund budgets are prepared and utilized as a management tool to assess the operations of the fund.

(e) **Cash and cash equivalents**—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.

(f) **Investments—**Investments are recorded at 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.

(1) **Summary of Significant Accounting Policies:** (Continued)

(g) **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 "due to/from other funds" (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 "due to/from other funds." Any residual balances outstanding between the

governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are reported net of an allowance for uncollectible accounts, which is based upon management's analysis of historical trends.

(h) **Prepaid items**—Certain payments to vendors reflect costs applicable to future accounting periods and are recognized on the consumption method and recorded as prepaid items in both government-wide and fund financial statements.

(i) **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.

(j) **Capital assets**—Capital assets, which include buildings and building improvements, machinery and equipment, and infrastructure assets (e.g., roads, curbs and gutters, streets, sidewalks, drainage systems, and lighting systems), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 with an initial life of five or more years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition 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 asset lives are not capitalized, but charged to operating expense as incurred. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Assets	Years
Buildings and Building Improvements	15 – 50 years
Distribution Systems	10 – 50 years
Machinery and Equipment	5 – 10 years
Vehicles	5 – 15 years

(1) **Summary of Significant Accounting Policies:** (Continued)

(k) **Compensated absences**— It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Accumulated vacation leave is recorded as an expense and liability of the appropriate fund as the benefits accrue to employees. 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.

The enterprise funds report 100% of compensated absence liability in both the government-wide and the proprietary fund statements, because it is accrued when incurred. The governmental funds report 100% of the amount due in the government-wide statements because it is accrued when incurred, but only the extent of payments that come due each period upon the occurrence of employee resignations and retirements as of the balance sheet date are recorded as a liability in the governmental fund statements.

(l) **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, business-type activities, or proprietary fund type statement of net position.

(m) **Deferred outflows/inflows of resources—**In addition to assets, the statement of financial position will, if required, report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City 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 net 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 assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City 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.

(n) **Fund equity—**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. Those classifications are as follows:

Nonspendable – amounts not available to be spent or not in spendable form, such as inventory and prepaid items.

Restricted – amounts constrained to specific purposes by their providers (such as grantors and higher levels of government), through constitutional provisions or by enabling legislation.

Committed – amounts constrained to specific purposes based on actions taken by the City Council through adoption of a resolution.

(1) **Summary of Significant Accounting Policies:** (Continued)

Assigned – amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body which the City Council delegates authority.

Unassigned – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

For spendable resources, it is the City's policy to use fund balance in the following order: committed; assigned; unassigned.

(o) **Net position—**The government-wide and business-type fund financial statements utilize a net position presentation. Net position is presented in three components – net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets consists of capital assets including leased assets, net of accumulated depreciation and amortization and reduced by the outstanding balances of any external bonds, notes or other borrowings attributable to the acquisition, construction or improvement of those assets. This component does not include the portion of debt attributable to the unspent proceeds.

Restricted consists of amounts that have constraints placed on them either externally by third parties (e.g., creditors, grantors, and contributors) or by law through constitutional provisions or enabling legislation.

Unrestricted consists of net position that does not meet the definition of "net investment in capital assets" or "restricted."

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to determine amounts reported as restricted and unrestricted net position, it is the City's policy to consider restricted net position to have been used before unrestricted net position is applied.

(p) **Leases –** 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 payment 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.

(1) **Summary of Significant Accounting Policies:** (Continued)

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.

(q) **Property taxes**— Property tax revenues are recognized when levied, to the extent that they result in current receivables at June 30th. Property taxes attach an enforceable lien on property on December 20th. Taxes are levied by October 20th of each year. Jasper County has a split billing of property taxes and were due on September 20, 2022 and December 20, 2022.

(r) **Use of estimates**—Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

(2) **Reconciliation of Government-Wide and Fund Financial Statements:**

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**—Following the governmental fund balance sheet is a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in this reconciliation.

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**— Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. A detail explanation of these differences is provided in this reconciliation.

(3) **Deposits and Investments:**

Investment Type	Credit Rating (S&P)	Fair Value	Maturities (in Years) Less Than 1	1-5	Over 5
Certificate of deposit	NR	$ 1,568,785	$ 1,568,785	$ -	$ -
Municipal Competitive Trust					
Short-term Portfolio	AAAm	1,385,177	1,385,177	-	-
Intermediate Portfolio	AAAm	11,535	1,615	8,767	1,153
Intermediate Extended	AAAm	753,662	30,146	376,831	346,685
Total		$ 3,719,159	$ 2,985,723	$ 385,598	$ 347,838

Cash per Statement of Net Position	
Cash	$ 5,006,118
Restricted cash	572,763
Total Cash and Restricted Cash	$ 5,578,881
Investments per Statement of Net Position	
Investments	$ 1,568,785
Restricted investments	2,150,374
Investments as listed above	$ 3,719,159

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.

(3) **Deposits and Investments:** (Continued)

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, 2023, 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, 2023, 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, 2023, the City's bank balance of $5,363,994 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.

(4) **Hotel/Motel Lodging Tax**

During the year ended June 30, 2023, the City collected $567 in Hotel and Motel taxes of which $227 was required to be spent to promote tourism, conventions, and trade shows. For the year ended June 30, 2023, at least 40% of true receipts were expended for these purposes under OCGA-48-13-51. The City complied with the requirements of this law.

(5) **Interfund Activity:**

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services. Transfers of resources from a fund receiving revenue to the fund through with the resources are to be expended are recorded as transfers and are reported as other financial sources (uses) in the Governmental Funds and transfers section in the Proprietary Funds. For the year ended June 30, 2023, individual fund transfers to and from other funds for the primary government were comprised of the following:

	Transfer In	Transfer Out
Governmental Activities:		
General Fund	$ 738,851	$ -
ARPA Fund	-	269,713
SPLOST Fund	-	285,386
Total Governmental Activities	738,851	555,099
Business-type Activities:		
Water & Sewer Fund	269,713	69,616
Electric Fund	12,142	269,616
Natural Gas Fund	12,858	139,233
Total Business-type Activities	294,713	478,465
Totals – All Funds	$ 1,033,564	$ 1,033,564

For the year ended June 30, 2023, individual fund due from and due to other funds for the primary government were comprised of the following:

	Due from Other Fund	Due to Other Fund
Governmental Activities:		
General Fund	$ 2,226,640	$ (707,293)
SPLOST Fund	-	-
CDBG Grant Fund	3	-
Hotel/Motel Tax Fund	2,268	-
Total Governmental Activities	2,228,911	(707,293)
Business-Type Activities:		
Water & Sewer Fund	-	(1,767,646)
Electric Fund	732,094	-
Natural Gas Fund	49,300	(604,957)
Revolving Loan Fund	69,591	-
Total Business-Type Activities	850,985	(2,372,603)
Totals – All Funds	$ 3,079,896	$ (3,079,896)

(5) **Interfund Activity:** (Continued)

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

(6) **Capital Assets:**

Capital asset activity for the fiscal year ended June 30, 2023, is as follows:

Governmental activities:	**Balance 06/30/22**	**Increases**	**Decreases**	**Balance 06/30/23**
Capital assets not being depreciated:				
Land	$ 12,747	$ -	$ -	$ 12,747
Total assets not being depreciated	12,747	-	-	12,747
Capital assets being depreciated and amortized:				
Buildings and improvements	6,711,041	33,761	-	6,744,802
Equipment	464,738	-	-	464,738
Vehicles	587,015	-	-	587,015
Total assets being depreciated and amortized	7,762,794	33,761	-	7,796,555
Less accumulated depreciation and amortization for:				
Buildings and improvements	(2,822,348)	(167,230)	-	(2,989,578)
Equipment	(375,543)	(13,352)	-	(388,895)
Vehicles	(310,390)	(58,946)	-	(369,336)
Less: accumulated depreciation and amortization	(3,508,281)	(239,528)	-	(3,747,809)
Total capital assets being depreciated and amortized, net	4,254,513	(205,767)	-	4,048,746
Governmental activities capital assets, net	$ 4,267,260	$ (205,767)	$ -	$ 4,061,493

Business-type activities:	**Balance 06/30/22**	**Increases**	**Decreases**	**Balance 06/30/23**
Capital assets not being depreciated:				
Land	$ 1,890,263	$ -	$ -	$ 1,890,263
Construction in progress	-	59,021	-	59,021
Total assets not being depreciated	1,890,263	59,021	-	1,949,284
Capital assets being depreciated and amortized:				
Buildings and improvements	179,870	-	-	179,870
Equipment	1,919,885	31,940	-	1,951,825
Distribution Systems	14,565,621	422,445	-	14,988,066
Total assets being depreciated and amortized	16,665,376	454,385	-	17,119,761
Less accumulated depreciation and amortization for:				
Buildings and improvements	(150,918)	(1,964)	-	(152,882)
Equipment	(1,481,559)	(126,339)	-	(1,607,898)
Distribution Systems	(7,313,477)	(308,149)	-	(7,621,626)
Less: accumulated depreciation and amortization	(8,945,954)	(436,452)	-	(9,382,406)
Total capital assets being depreciated and amortized, net	7,719,422	17,933	-	7,737,355
Business-type activities capital assets, net	$ 9,609,685	$ 76,954	$ -	$ 9,686,639

(6) **Capital Assets:** (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General Government	$ 134,971
Public Safety	1,373
Public Works	97,386
Culture & Recreation	3,958
Public Health and Welfare	1,840
Total depreciation expense - governmental activities	$ 239,528
Business-type activities:	
Water & Sewer	$ 251,071
Electric	114,821
Natural Gas	70,560
Total depreciation expense - business-type activities	$ 436,452

Discretely Presented Component Unit

Activity for the Downtown Development Authority of the year ended June 30, 2023, was as follows:

Component Unit	Balance 06/30/22	Increases	Decreases	Balance 06/30/23
Capital assets being depreciated and amortized:				
Buildings and improvements	178,000	-	-	178,000
Total assets being depreciated and amortized	178,000	-	-	178,000
Less accumulated depreciation and amortization for:				
Buildings and improvements	(88,595)	(6,742)	-	(95,337)
Less: accumulated depreciation and amortization	(88,595)	(6,742)	-	(95,337)
Total capital assets being depreciated and amortized, net	89,405	(6,742)	-	82,663
Component Unit, net	$ 89,405	$ (6,742)	$ -	$ 82,663

(7) **Long-Term Liabilities:**

Long-term liability activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
Financed purchases	$ 51,295	$ -	$ (29,315)	$ 21,980	$ 21,980
Compensated absences	18,812	30,918	(34,785)	14,945	8,967
Total long-term liabilities	$ 70,107	$ 30,918	$ (64,100)	$ 36,925	$ 30,947

(7) **Long-Term Liabilities:** (Continued)

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Business-type activities:					
Revenue bonds	$ 425,000	$ -	$ (210,000)	$ 215,000	$ 215,000
Notes payable	2,686,471	-	(145,178)	2,541,293	147,944
Financed purchases	121,921	-	(69,769)	52,152	52,152
Compensated absences	21,304	25,977	(24,707)	22,574	15,215
Total long-term liabilities	$ 3,254,696	$ 25,977	$ (449,654)	$ 2,831,019	$ 430,311

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.

Long-term debt in the City's governmental activities at June 30, 2023, was comprised of the following obligation:

Financed Purchases

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 annual requirements to amortize financed purchases as of June 30, 2023, are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 21,980	$ 240	$ 22,220
Total	$ 21,980	$ 240	$ 22,220

Long-term debt in the City's business-type activities at June 30, 2023, were comprised of the following obligations:

(7) **Long-Term Liabilities:** (Continued)

Revenue Bonds Payable

Water and Sewerage Revenue Refunding Bonds Series 2012: Issued in the amount of $1,200,000. Due in annual installments with principal payments varying from $160,000 to $215,000 from December 2013 through December 2023, with interest rate at 3.75%. The revenue bonds are secured by a pledge of the revenues form 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.

Annual revenue bond debt service requirements to amortize this debt as of June 30, 2023, are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 215,000	$ 8,063	$ 223,063
Total	$ 215,000	$ 8,063	$ 223,063

Notes Payable

GEFA Note Payable: Issued in the amount of $3,336,000 dated December 1, 2017. Due in monthly installments of $16,703, with interest rate at 1.89%, and 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.

The annual debt service requirements to amortize this debt as of June 30, 2023, are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 147,944	$ 46,754	$ 194,698
2025	150,765	43,933	194,698
2026	153,639	41,059	194,698
2027	156,568	38,130	194,698
2028	159,553	35,145	194,698
2029-2033	844,570	128,919	973,489
2034-2038	928,254	45,283	973,537
Total	$ 2,541,293	$ 379,223	$ 2,920,516

Financed Purchases

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%.

(7) **Long-Term Liabilities:** (Continued)

The annual requirements to amortize financed purchases as of June 30, 2023, are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 52,152	$ 634	$ 52,786
Total	$ 52,152	$ 634	$ 52,786

(8) **Lease Receivable**

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 City is receiving monthly payments of $6,027 through June 2028.

The City is reporting lease receivable of $357,023 at June 30, 2023. For 2023, the City reported lease revenue of $72,688 and interest revenue of $1,976 related to lease payments received. The lease is summarized as follows:

Lease	Lease Receivable	Deferred Inflows	Lease Revenue	Lease Interest Revenue
DFCS	$ 357,023	$ 353,508	$ 72,688	$ 1,976
Total	$ 357,023	$ 353,508	$ 72,688	$ 1,976

Future minimum lease payments at June 30, 2023 are as follows:

Year Ending June 30,	Principal	Interest	Total
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	195	72,315
Total	$ 357,023	$ 4,555	$ 361,578

(9) **Retirement Plans**

Defined Benefit Pension Plan

Plan Description

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

(9) **Retirement Plans**: (Continued)

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 to establish, and amend from time-to-time, the contribution rates for the City and its plan participants. The Plan issues a stand-along 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, 2023 (the most recent actuarial valuation date) and covered compensation (based on covered earnings for the preceding year) are shown below:

Retirees, beneficiaries and disables receiving benefits	42
Terminated plan participants entitled to but not yet receiving benefits	43
Active employees participating in the Plan	28
Total number of Plan participants	113
Covered compensation for active participants	$896,236
Contributions as a percentage of covered-employee payroll	10.38%

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, 2022, 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, 2023 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.

(9) **Retirement Plans**: (Continued)

The actuarial assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study for the period of January 1, 2015 – June 30, 2019.

The long-term expected rate of return on pension plan investments was determined using a lognormal 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	45.0%	6.40%
International equity	20.0%	6.80%
Fixed income – Global	5.0%	0.46%
Fixed income - Domestic	20.0%	0.40%
Real estate	10.0%	3.90%
Total	100.0%	

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, 2022	$ 3,798,571	$ 3,991,812	$ (193,241)
Changes for the year:			
Service cost	49,360	-	49,360
Interest	274,810	-	274,810
Difference between expected and actual experience	(140,287)	-	(140,287)
Contribution-employer	-	93,067	(93,067)
Net investment income	-	(634,320)	634,320
Benefit payments	(243,395)	(234,395)	-
Administrative expense	-	(15,965)	15,965
Net changes	22,552	(800,613)	823,165
Balance at June 30, 2023	$ 3,821,123	$ 3,191,199	$ 629,924

(9) **Retirement Plans**: (Continued)

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	$ 1,006,528	$ 629,924	$ 306,798

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

For the year ended June 30, 2023, the City recognized pension expense of $251,394. At June 30, 2023, 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	$ -	$ (70,144)
Net difference between projected and actual earnings on pension plan investments	403,627	-
Contributions subsequent to the measurement date	107,537	-
Total	$ 511,164	$ (70,144)

City contributions subsequent to the measurement date of $107,537 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, 2024.

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 Ending June 30,	
2024	$ 17,795
2025	58,604
2026	72,567
2027	184,517
Thereafter	-
Total	$ 333,483

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.

(10) Commitments and Contingencies:

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 ("SEP A"). An allotment of SEP A power has been assigned by the City to MEAG and is transmitted to the City by MEAG through Georgia's Integrated Transmission System for a separate charge. Under its Power Sales Contracts with MEAG, the City has the right to receive additional power as needed from the Integrated Transmission System.

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

Payments to MEAG are made monthly on net obligations based upon long-term contracts and power supply needs. The total payments under these contracts amounted to $2,888,411 at June 30, 2023.

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, 2023 was $2,090,595.

(10) **Commitments and Contingencies:** (Continued)

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 $497,188 at June 30, 2023.

(11) **Risk Management:**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a member 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 pay any claim of loss. The City is 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 City 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 costs taxed against members in any legal proceedings defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation, or defense.

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

(12) Related Party Organizations and Transactions

The Housing Authority of the City of Monticello, Georgia is considered a related organization of the City based upon the criteria in GASB Statement 39. The Housing Authority is a legally separate entity having a board comprised of members majority appointed by the City Council and Mayor. The City is not financially accountable for the Authority. The City has no significant influence over the management, budget, or policies of the Housing Authority. The Authority reports independently. The City received $14,151 payment in lieu of taxes from the Housing Authority for the year ended June 30, 2023.

(13) 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 $5,076 to the NEGRC for the year ended June 30, 2023. 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.

(14) Prior Period Restatement:

The City recorded restatements to beginning fund balance/net position in the electric system fund related to misstatements recorded in prior years regarding the balances for the City's accounts payable.

The impact of the above restatements on the respective fund balance/net position amounts as of June 30, 2022, are as follows:

	Electric System
Net position/Fund balance - 6/30/2022 originally reported	$ 6,211,507
Accounts payable adjustments	213,684
Net position/Fund balance - 6/30/2022, as restated	$ 6,425,191

(15) Recent Accounting Pronouncements:

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the County's financial statements:

A. GASB issued Statement No. 101, *Compensated Absences*, in June 2022. GASB Statement No. 101 amends the existing guidance related to the calculation and disclosures surrounding the liability for compensated absences. The provisions for GASB 101 are effective for fiscal years beginning after December 15, 2023.

B. GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. GASB Statement No. 102 requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints. The provisions for GASB 102 are effective for fiscal years beginning after June 15, 2024.

C. GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. The objective of GASB 103 is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The effective date for implementation is fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MONTICELLO, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY -
CITY OF MONTICELLO RETIREMENT PLAN
JUNE 30, 2023
(UNAUDITED)

For the Year Ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015
Net pension liability (asset)	$ 629,924	$ (193,241)	$ 127,264	$ 126,684	$ (104,421)	$ (41,679)	$ 179,927	$ 124,654	$ 195,223
Covered payroll	$ 896,236	$ 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 covered payroll	70.29%	-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)	83.51%	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
JUNE 30, 2023
(UNAUDITED)

For the Year Ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 93,067	$ 68,579	$ 74,813	$ 65,066	$ 48,918	$ 70,200	$ 81,772	$ 124,654	$ 195,223
Contributions in relation to the contractually required contribution	93,067	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	$ 896,236	$ 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	10.38%	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
JUNE 30, 2023
(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, 2023. The following actuarial methods and assumptions were used to determine the contractually required contributions for the year ended 2023June 30, 2023 reported in that schedule:

Valuation Date	January 1, 2023
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 16 years
Asset Valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the 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
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Taxes	$ 1,302,100	$ 1,302,100	$ 1,450,588	$ 148,488
Permits and fees	268,850	268,850	284,283	15,433
Intergovernmental	2,000	2,000	3,000	1,000
Charges for services	560	560	1,448,944	1,448,384
Fines and forfeitures	-	-	1,789	1,789
Investment income	400	400	46,695	46,295
Miscellaneous	76,600	76,600	66,486	(10,114)
Total revenues	1,650,510	1,650,510	3,301,785	1,651,275
Expenditures				
Current:				
General government	1,209,171	1,209,171	905,162	304,009
Streets and sanitation	1,172,695	1,172,695	794,688	378,007
Culture and recreation	136,950	136,950	114,853	22,097
Capital outlay	162,000	162,000	33,761	128,239
Debt service:				
Principal retirement	32,036	32,036	29,315	2,721
Interest and fiscal charges	1,368	1,368	1,368	-
Total expenditures	2,714,220	2,714,220	1,879,147	835,073
Excess (deficiency) of revenues over expenditures	(1,063,710)	(1,063,710)	1,422,638	2,486,348
Other financing sources (uses)				
Transfers in	875,944	875,944	738,851	(137,093)
Total other financing sources (uses)	875,944	875,944	738,851	(137,093)
Net change in fund balances	(187,766)	(187,766)	2,161,489	2,349,255
Fund balances, beginning of year	1,924,650	1,924,650	1,924,650	-
Fund balances, end of year	$ 1,736,884	$ 1,736,884	$ 4,086,139	$ 2,349,255

SUPPLEMENTARY INFORMATION

CITY OF MONTICELLO, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

	Hotel/Motel Tax	CDBG Grant	Total Nonmajor Governmental Funds
ASSETS			
Due from other funds	$ 2,268	$ 3	2,271
Total assets	$ 2,268	$ 3	$ 2,271
FUND BALANCES			
Restricted for:			
Parks and recreation	2,268	-	2,268
Housing and development programs	-	3	3
Total fund balances	2,268	3	2,271
Total liabilities and fund balances	$ 2,268	$ 3	$ 2,271

CITY OF MONTICELLO, GEORGIA
COMBINING STATEMENT OF REVENUES, EXGENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Hotel/Motel Tax	CDGB Grant	Total Nonmajor Governmental Funds
Revenues			
Taxes	$ 567	$ -	$ 567
Total revenues	567	-	567
Expenditures			
Current:			
Culture and recreation	-	-	-
Total expenditures	-	-	-
Excess (deficiency) of revenues over expenditures	567	-	567
Fund balances, beginning of year	1,701	3	1,704
Fund balances, end of year	$ 2,268	$ 3	$ 2,271

CITY OF MONTICELLO, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH PROCEEDS FROM
SPECIAL PURPOSE LOCAL OPTION SALES TAX
FOR THE YEAR ENDED JUNE 30, 2023

Project	Original Estimated Cost	Current Estimated Cost	Expenditures		
			Prior years	Current year	Total
2012 SPLOST					
Sidewalk Repairs and Improvements	$ 295,700	$ 295,700	$ 332,340	$ -	$ 332,340
Hospital	100,000	100,000	100,000	-	100,000
Water Supply and Treatment	357,300	357,300	106,088	-	106,088
Sewer System Improvements	197,000	197,000	133,265	-	133,265
Subtotal	$ 950,000	$ 950,000	$ 671,693	$ -	$ 671,693
2018 SPLOST					
Water and Sewer Improvements	$ 500,000	$ 500,000	$ -	$ -	$ -
Roads, Sidewalks, and Parking	350,000	350,000	328,768	-	328,768
Utility Facility	100,000	100,000	-	25,335	25,335
Total	$ 950,000	$ 950,000	$ 328,768	$ 25,335	$ 354,103

JAMESMOORE

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

To the Honorable Mayor, City Council, and City Manager,
City of Monticello, Georgia:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Monticello, Georgia (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 25, 2025.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 below, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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

2023-001 Timeliness of Financial Reporting (Repeat Comment)

Statement of Condition:

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

Criteria:

A fundamental concept in a quality system of internal control is the timeliness of accurate financial reporting. Internal controls should be placed to ensure timeliness of reporting 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 two 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. This recommendation includes developing a plan to cross-train accounting staff and continue working with outside consultation to record, process, and report timely accurate financial data.

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.

2023-002 – Timeliness of Bank Reconciliations (Repeat Comment)
Statement of Condition:
During our audit, we noted bank reconciliations were completed years following the related period.

Criteria:
The practice of performing a review of the bank reconciliation in a timely manner would greatly enforce the disbursements and balances necessary for strong controls over cash.

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 reconcile its bank accounts on a timely basis by appropriate personnel so errors or adjustments can be quickly identified and corrected.

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.

2023-003 – Reconciliation of Account Balances
Statement of Condition:
Various audit adjustments were required to correct account balances due to misclassifications in the original posting and missing current-year accruals.

Criteria:
The City's controls should include periodic reconciliations of significant account balances, including full accrual-based reconciliations at fiscal year-end.

Effect of Condition:
The risk of transactions being inappropriately and inaccurately recorded increases when year-end reconciliations of significant account balances are not performed in a timely manner.

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

Recommendation:
We recommend the City increase its review of such transactions, including a review for proper cutoff at fiscal year-end, to help ensure completeness and accuracy of all financial reporting.

Response:
The City agrees that review of transactions occurring near year-end should be performed promptly and has taken measures to update the accounting records by engaging third-party contractors.

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 deficiency described below to be a significant deficiency:

2023-004 – Procurement Documentation (Repeat Comment)

Statement of Condition:
During our testing of 25 nonpayroll disbursements, we noted that multiple transactions were missing approved purchase orders as required by the City's internal controls over disbursements.

Criteria:
To ensure internal controls over nonpayroll disbursements, the City should maintain signed purchase orders and approvals for disbursements.

Effect of Condition:
The absence of an approved purchase order prior to payment increases the risk that monies are spent on unapproved transactions.

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

Recommendation:
We recommend the City reinforce its policy requiring approved purchase orders for all applicable purchases and ensure compliance is monitored throughout the year.

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.

Report on Compliance and Other Matters

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

Management's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described above. The City's response was not subjected to the auditing procedures applied in the other audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

James Moore & Co., P.L.

Daytona Beach, Florida
November 25, 2025