

CITY OF MONTICELLO, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

**CITY OF MONTICELLO, FLORIDA
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SEPTEMBER 30, 2022**

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INDEPENDENT AUDITORS' REPORT

To the Honorable City Council,
City of Monticello, Florida:

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the City of Monticello, Florida (the "City"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Qualified Opinion on the Governmental Activities, Business-type Activities, and Water and Sewer Fund

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph on the governmental activities, business-type activities and Water and Sewer Fund, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, business-type activities, and Water and Sewer Fund of the City as of September 30, 2022, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion on the General Fund and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund and the aggregate remaining fund information for the City, as of September 30, 2022, and the respective changes in financial position thereof, and where applicable cash flows, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, 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.

Basis for Qualified Opinion on the Governmental Activities, Business-type Activities, and Water and Sewer Fund

As discussed in Note 11 to the financial statements, the City omitted certain disclosures and required supplementary information for the police and fire pension funds as required in Statement No. 67 *Financial Reporting for Pension Plans* and Statement No. 68 *Accounting and Financial Reporting for Pensions*. Accounting principles generally accepted in the United States of America require the inclusion of these note disclosures and required supplementary information in the financial statements.

In addition, as discussed in Note 12 to the financial statements, the City has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Accounting principles generally accepted in the United States of America require recording of an obligation for postemployment benefits other than pensions, which would increase liabilities, decrease net position, and change the expenses in the governmental activities, business-type activities, and the Water and Sewer Fund.

The amounts by which these departures would affect the deferred inflows, liabilities, deferred outflows, net position, and expenses of the governmental activities, business-type activities, and Water and Sewer Fund has not been determined.

Responsibilities of Management for the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City'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 Management's Discussion and Analysis, budgetary comparison information, and other pension information as listed in the table of contents presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted principally 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Monticello, Florida's basic financial statements. The Schedule Required by State of Florida, Office of the Auditor General Rule 10.557(3)(n) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule Required by the State of Florida, Office of the Auditor General Rule 10.557(3)(n) is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures, including comparing and reconciling such information such information directly to the underlying accounting and other records used to prepare the basic financial statements and certain additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule Required by State of Florida, Office of the Auditor General Rule 10.557(3)(n) is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Expenditures of federal awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 June 7, 2023, on our consideration of the City of Monticello, Florida's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Monticello, Florida's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Tallahassee, Florida
June 7, 2023

**CITY OF MONTICELLO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

As management of the City of Monticello, Florida, we offer readers of this narrative overview and analysis of the financial activities of the City of Monticello, Florida for the fiscal year ended September 30, 2022.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Monticello, Florida's basic financial statements. The City of Monticello, Florida's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Monticello, Florida's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Monticello, Florida's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Monticello, Florida is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Monticello, Florida that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Monticello, Florida include general government, public safety, transportation, physical environment, intergovernmental services, and culture and recreation. The business-type activities of the City of Monticello, Florida include a water and sewer operation.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Monticello, Florida, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Monticello, Florida can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

**CITY OF MONTICELLO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Monticello, Florida maintains one individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund which is considered to be a major fund.

The City of Monticello, Florida adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. The City of Monticello, Florida maintains a proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Monticello, Florida uses an enterprise fund to account for its water and sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the water and sewer operations, which is considered to be a major fund.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City of Monticello, Florida's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Monticello, Florida's budgetary and pension information.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Monticello, Florida, assets exceeded liabilities by \$18,005,531 at the close of the most recent fiscal year.

By far the largest portion of the City of Monticello, Florida's net assets (80%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City of Monticello, Florida uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Monticello, Florida's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF MONTICELLO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

City of Monticello, Florida's Net Position

	2022		
	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 2,837,714	\$ 1,369,917	\$ 4,207,631
Net pension asset	499,353	-	499,353
Capital assets	2,572,176	16,911,118	19,483,294
Total assets	<u>5,909,243</u>	<u>18,281,035</u>	<u>24,190,278</u>
Deferred outflows	696,849	84,223	781,072
Long-term liabilities outstanding	-	5,130,846	5,130,846
Net pension liability	820,173	311,100	1,131,273
Other liabilities	94,391	324,442	418,833
Total liabilities	<u>914,564</u>	<u>5,766,388</u>	<u>6,680,952</u>
Deferred inflows	263,934	20,933	284,867
Net position:			
Net investment in capital assets	2,572,176	11,780,272	14,352,448
Restricted	715,169	137,311	852,480
Unrestricted	2,140,249	660,354	2,800,603
Total net position	<u>\$ 5,427,594</u>	<u>\$ 12,577,937</u>	<u>\$ 18,005,531</u>
	2021		
	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 2,110,852	\$ 1,282,973	\$ 3,393,825
Net pension asset	1,345,863	-	1,345,863
Capital assets	2,719,603	17,175,548	19,895,151
Total assets	<u>6,176,318</u>	<u>18,458,521</u>	<u>24,634,839</u>
Deferred outflows	243,053	81,503	324,556
Long-term liabilities outstanding	-	5,456,146	5,456,146
Net pension liability	363,872	151,614	515,486
Other liabilities	715,509	288,354	1,003,863
Total liabilities	<u>1,079,381</u>	<u>5,896,114</u>	<u>6,975,495</u>
Deferred inflows	1,170,852	188,215	1,359,067
Net position:			
Net investment in capital assets	2,719,603	11,719,402	14,439,005
Restricted	1,475,427	130,798	1,606,225
Unrestricted	(25,892)	605,495	579,603
Total net position	<u>\$ 4,169,138</u>	<u>\$ 12,455,695</u>	<u>\$ 16,624,833</u>

An additional portion of the City of Monticello, Florida's net assets (8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* \$2,800,603 may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City of Monticello, Florida is able to report positive balances in net position for its separate governmental and business-type activities.

**CITY OF MONTICELLO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

Governmental activities. Governmental activities increased the City of Monticello, Florida's net position by \$1,258,456.

Key elements of this increase are as follows:

- Increased ad valorem tax revenue and Coronavirus relief funds recognized in the current year.

City of Monticello, Florida's Changes in Net Position

	2022		
	Governmental Activities	Business-type Activities	Total
Revenues:			
Program revenues:			
Charges for services	\$ 428,077	\$ 1,399,338	\$ 1,827,415
Operating grants and contributions	1,042,196	231,564	1,273,760
Capital grants and contributions	204,527	23,400	227,927
General revenues:			
Property taxes	687,436	-	687,436
Intergovernmental and other	1,757,275	11,753	1,769,028
Loan forgiveness	-	150,815	150,815
Transfers	(4,579)	4,579	-
Total revenues	<u>4,114,932</u>	<u>1,821,449</u>	<u>5,936,381</u>
Expenses:			
General government	667,845	-	667,845
Public Safety	869,862	-	869,862
Physical environment	389,548	-	389,548
Transportation	892,213	-	892,213
Culture and recreation	37,008	-	37,008
Water and Sewer	-	1,699,207	1,699,207
Total expenses	<u>2,856,476</u>	<u>1,699,207</u>	<u>4,555,683</u>
Change in net position	1,258,456	122,242	1,380,698
Net position , beginning of year	4,169,138	12,455,695	16,624,833
Net position , end of year	<u>\$ 5,427,594</u>	<u>\$ 12,577,937</u>	<u>\$ 18,005,531</u>

**CITY OF MONTICELLO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

City of Monticello, Florida's Changes in Net Position (Continued)

	2021		
	Governmental Activities	Business-type Activities	Total
Revenues:			
Program revenues:			
Charges for services	\$ 400,790	\$ 1,363,995	\$ 1,764,785
Operating grants and contributions	765,420	-	765,420
Capital grants and contributions	196,305	-	196,305
General revenues:			
Property taxes	647,631	-	647,631
Intergovernmental and other	1,555,021	1,082	1,556,103
Transfers	19,519	(19,519)	-
Total revenues	<u>3,584,686</u>	<u>1,345,558</u>	<u>4,930,244</u>
Expenses:			
General government	499,145	-	499,145
Public Safety	588,763	-	588,763
Physical environment	267,647	-	267,647
Transportation	756,212	-	756,212
Culture and recreation	38,607	-	38,607
Human services	640,230	-	640,230
Water and Sewer	-	1,504,469	1,504,469
Total expenses	<u>2,790,604</u>	<u>1,504,469</u>	<u>4,295,073</u>
Change in net position	794,082	(158,911)	635,171
Net position, beginning of year	3,375,056	12,614,606	15,989,662
Net position, end of year	<u>\$ 4,169,138</u>	<u>\$ 12,455,695</u>	<u>\$ 16,624,833</u>

Business-type activities. Business-type activities increased the City of Monticello, Florida's net position by \$122,242.

Key elements of this increase are as follows:

- Coronavirus State and Local Fiscal Recovery Funds received for the year ended September 30, 2022.

**CITY OF MONTICELLO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

Financial Analysis of the Government's Funds

As noted earlier, the City of Monticello, Florida uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental fund. The focus of the City of Monticello, Florida's *governmental fund* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Monticello, Florida's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Monticello, Florida's governmental fund reported ending fund balance of \$2,817,684, an increase of \$1,348,554 in comparison with the prior year. Of this total amount, \$1,463,885 constitutes *unassigned fund balance*, which is available for spending at the government's discretion.

The general fund is the chief operating fund of the City of Monticello, Florida. At the end of the current fiscal year, unassigned and total fund balance of the general fund was \$1,463,885 and \$2,817,684, respectively. As a measure of the general fund's liquidity, it may be useful to compare total unassigned fund balance to total fund expenditures. Unassigned fund balance represents 53% percent of total general fund expenditures.

Proprietary fund. The City of Monticello, Florida's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water and Sewer fund at the end of the year amounted to \$660,354. The total increase in net position for the fund was \$122,242. Other factors concerning the finances of this fund have already been addressed in the discussion of the City of Monticello, Florida's business-type activities.

General Fund Budgetary Highlights

There was no difference between the original budget and the final amended budget.

Capital Asset and Debt Administration

Capital assets. The City of Monticello, Florida's investment in capital assets for its governmental and business type activities as of September 30, 2022, amounts to \$19,483,294 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities and roads.

Additional information on the City of Monticello, Florida's capital assets can be found in note 5 of this report.

Long-term debt. At the end of the current fiscal year, the City of Monticello, Florida had debt outstanding of \$5,130,846.

**CITY OF MONTICELLO, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

City of Monticello, Florida's Long-term Outstanding Debt

	2022		
	Governmental activities	Business-type activities	Total
Revenue bonds	\$ —	\$ 5,066,277	\$ 5,066,277
Notes payable	—	64,569	64,569
Total	\$ —	\$ 5,130,846	\$ 5,130,846
	2021		
	Governmental activities	Business-type activities	Total
Revenue bonds	\$ —	\$ 5,240,878	\$ 5,240,878
Notes payable	—	215,268	215,268
Total	\$ —	\$ 5,456,146	\$ 5,456,146

Additional information on the City of Monticello, Florida's long-term debt can be found in note 7 of this report.

Economic Factors and Next Year's Budgets and Rates

Changes in state budgets and legislation make financial forecasting difficult; however, past performances and trends, expected growth, and expected tax revenue projections, as well as anticipated operational and capital expenditures, are all factors in determining next year's budget.

All of these factors were considered in preparing the City of Monticello, Florida's budget for the 2022/2023 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City of Monticello, Florida's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Ms. Emily Anderson, City Clerk, 245 South Mulberry Street, Monticello, Florida 32344.

CITY OF MONTICELLO, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 395,470	\$ 82,445	\$ 477,915
Investments	1,609,666	590,557	2,200,223
Receivables, net	23,317	130,811	154,128
Due from other governments	336,928	-	336,928
Internal balances	22,189	(22,189)	-
Inventory	13,762	800	14,562
Prepays	61,944	8,555	70,499
Restricted assets:			
Cash and cash equivalents	-	427,221	427,221
Certificate of deposit	-	151,717	151,717
Investments	374,438	-	374,438
Net pension asset	499,353	-	499,353
Capital assets:			
Capital assets, not being depreciated	346,976	952,492	1,299,468
Other capital assets, net of depreciation	2,225,200	15,958,626	18,183,826
Total assets	<u>\$ 5,909,243</u>	<u>\$ 18,281,035</u>	<u>\$ 24,190,278</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>\$ 696,849</u>	<u>\$ 84,223</u>	<u>\$ 781,072</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 15,645	\$ 123,263	\$ 138,908
Due to fiduciary funds	4,385	-	4,385
Customer deposits	-	160,083	160,083
Accrued interest payable	-	14,406	14,406
Noncurrent liabilities:			
Due within one year:			
Bonds and notes payable	-	182,229	182,229
Compensated absences	52,052	13,345	65,397
Due in more than one year:			
Bonds and notes payable	-	4,948,617	4,948,617
Compensated absences	22,309	13,345	35,654
Net pension liability	820,173	311,100	1,131,273
Total liabilities	<u>\$ 914,564</u>	<u>\$ 5,766,388</u>	<u>\$ 6,680,952</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>\$ 263,934</u>	<u>\$ 20,933</u>	<u>\$ 284,867</u>
NET POSITION			
Net investment in capital assets	\$ 2,572,176	\$ 11,780,272	\$ 14,352,448
Restricted for:			
Debt service	-	137,311	137,311
Cemetery	173,216	-	173,216
Road construction	42,600	-	42,600
Pensions	499,353	-	499,353
Unrestricted	2,140,249	660,354	2,800,603
Total net position	<u>\$ 5,427,594</u>	<u>\$ 12,577,937</u>	<u>\$ 18,005,531</u>

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

**CITY OF MONTICELLO, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 667,845	\$ 38,472	\$ 974,992	\$ -	\$ 345,619	\$ -	\$ 345,619
Public safety	869,862	23,431	67,204	5,848	(773,379)	-	(773,379)
Transportation	892,213	-	-	198,679	(693,534)	-	(693,534)
Physical environment	389,548	364,174	-	-	(25,374)	-	(25,374)
Culture and recreation	37,008	2,000	-	-	(35,008)	-	(35,008)
Total governmental activities	<u>2,856,476</u>	<u>428,077</u>	<u>1,042,196</u>	<u>204,527</u>	<u>(1,181,676)</u>	<u>-</u>	<u>(1,181,676)</u>
Business-type activities:							
Water and sewer	1,699,207	1,399,338	231,564	23,400	-	(44,905)	(44,905)
Total business-type activities	<u>1,699,207</u>	<u>1,399,338</u>	<u>231,564</u>	<u>23,400</u>	<u>-</u>	<u>(44,905)</u>	<u>(44,905)</u>
Total primary government	<u>\$ 4,555,683</u>	<u>\$ 1,827,415</u>	<u>\$ 1,273,760</u>	<u>\$ 227,927</u>	<u>(1,181,676)</u>	<u>(44,905)</u>	<u>(1,226,581)</u>
General revenues:							
Property taxes					687,436	-	687,436
Other taxes, licenses and permits					600,425	-	600,425
Franchise and utility taxes					506,807	-	506,807
Intergovernmental					624,040	-	624,040
Investment earnings					14,471	11,753	26,224
Miscellaneous revenues					11,532	-	11,532
Loan forgiveness					-	150,815	150,815
Transfers					(4,579)	4,579	-
Total general revenues and transfers					<u>2,440,132</u>	<u>167,147</u>	<u>2,607,279</u>
Change in net position					1,258,456	122,242	1,380,698
Net position - beginning of year					4,169,138	12,455,695	16,624,833
Net position - ending of year					<u>\$ 5,427,594</u>	<u>\$ 12,577,937</u>	<u>\$ 18,005,531</u>

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

**CITY OF MONTICELLO, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2022**

	General Fund
ASSETS	
Cash and cash equivalents	\$ 395,470
Investments	1,609,666
Receivables, net	23,317
Due from other governments	336,928
Due from other funds	22,189
Inventory	13,762
Prepaid items	61,944
Restricted investments	374,438
Total assets	\$ 2,837,714
LIABILITIES	
Accounts payable and accrued liabilities	\$ 15,645
Due to fiduciary funds	4,385
Total liabilities	20,030
FUND BALANCES	
Nonspendable:	
Prepaid items	61,944
Inventory	13,762
Restricted for:	
Cemetery	173,216
Road construction	42,600
Assigned to:	
American Rescue Plan Act projects	960,277
Subsequent year's budget	102,000
Unassigned	1,463,885
Total fund balances	2,817,684
Total liabilities and fund balances	\$ 2,837,714

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

**CITY OF MONTICELLO, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

Fund balances - total governmental fund		\$ 2,817,684
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	4,931,235	
Less: accumulated depreciation	(2,359,059)	2,572,176
On the governmental fund statements, a net pension liability or asset 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	(820,173)	
Net pension asset	499,353	
Deferred outflows related to pensions	696,849	
Deferred inflows related to pensions	(263,934)	112,095
Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities, consist of the following:		
Compensated absences	(74,361)	(74,361)
Net position of governmental activities		\$ 5,427,594

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

CITY OF MONTICELLO, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	General
Revenues	
Taxes, licenses and permits	\$ 2,237,699
Intergovernmental	1,427,732
Charges for services	428,077
Investment earnings	14,471
Other	11,532
Total revenues	4,119,511
 Expenditures	
Current:	
General government	620,774
Public safety	926,868
Transportation	837,581
Physical environment	374,155
Capital outlay	7,000
Total expenditures	2,766,378
 Excess (deficiency) of revenues over expenditures	 1,353,133
 Other financing sources (uses)	
Transfers out	(4,579)
 Net change in fund balance	 1,348,554
 Fund balance, beginning of year	 1,469,130
 Fund balance, end of year	 \$ 2,817,684

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

**CITY OF MONTICELLO, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Net change in fund balance - total governmental fund	\$ 1,348,554
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	7,000
Depreciation expense	(154,427)
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 in accordance with GASB Statement No. 68.	
Change in net pension liability and deferred inflows/outflows related to pensions	57,903
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	(574)
Change in net position of governmental activities	\$ 1,258,456

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

**CITY OF MONTICELLO, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2022**

	Water and Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 82,445
Investments	590,557
Accounts receivable, net	130,811
Inventory	800
Prepaid items	8,555
Restricted assets:	
Cash and cash equivalents	427,221
Certificate of deposit	151,717
Total current assets	1,392,106
Noncurrent assets:	
Capital assets:	
Land	699,572
Infrastructure, machinery and equipment	24,076,893
Construction in progress	252,920
Accumulated depreciation	(8,118,267)
Total capital assets, net	16,911,118
Total noncurrent assets	16,911,118
Total assets	\$ 18,303,224
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	\$ 84,223
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 123,263
Due to other funds	22,189
Compensated absences	13,345
Payable from restricted assets:	
Current maturities on long-term debt	182,229
Accrued interest payable	14,406
Deposits	160,083
Total current liabilities	515,515
Noncurrent liabilities:	
Bonds and notes payable, net	4,948,617
Compensated absences	13,345
Net pension liability	311,100
Total noncurrent liabilities	5,273,062
Total liabilities	\$ 5,788,577
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	\$ 20,933
NET POSITION	
Net investment in capital assets	\$ 11,780,272
Restricted for debt service	137,311
Unrestricted	660,354
Total net position	\$ 12,577,937

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

CITY OF MONTICELLO, FLORIDA
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Water and Sewer Fund
Operating revenues	
Charges for services	\$ 1,399,338
Operating expenses	
Personnel	438,753
Professional	62,344
Utilities and communication	155,329
Repairs and maintenance	111,219
Operating	118,608
Gas and oil	37,422
Supplies and chemicals	83,701
Depreciation	525,477
Total operating expenses	1,532,853
Operating loss	(133,515)
Nonoperating revenues (expenses)	
Interest income	11,753
Intergovernmental grants	231,564
Loan forgiveness	150,815
Interest expense	(166,354)
Total nonoperating revenues (expenses)	227,778
Income (loss) before contributions and transfers	94,263
Capital grants	23,400
Transfers in	4,579
Change in net position	122,242
Net position, beginning of year	12,455,695
Net position, end of year	\$ 12,577,937

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

CITY OF MONTICELLO, FLORIDA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Water and Sewer Fund
Cash flows from operating activities	
Cash received from customers and grants	\$ 1,385,752
Cash paid to suppliers	(505,502)
Cash paid to employees	(449,269)
Net cash provided by operating activities	430,981
Cash flows from capital and related financing activities	
Payments on long-term debt	(174,485)
Acquisition of capital assets	(261,047)
Intergovernmental grant proceeds	254,964
Interest paid	(166,354)
Net cash used in capital and related financing activities	(346,922)
Cash flows from investing activities	
Interest received	11,753
Purchases of investments	(101,512)
Net cash used in investing activities	(96,272)
Net change in cash and cash equivalents	14,555
Cash and cash equivalents , beginning of year (including \$417,802 reported in restricted cash and cash equivalents)	495,111
Cash and cash equivalents , end of year (including \$427,221 reported in restricted cash and cash equivalents)	\$ 509,666
Reconciliation of operating loss to net cash provided by operating activities	
Operating loss	\$ (133,515)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	525,477
Increase in accounts receivable	(22,586)
Decrease in prepaids	36,033
Increase in accounts payable and accrued liabilities	27,088
Increase in utility deposits	9,000
Increase in net pension liability	159,486
Decrease in deferred outflows of resources	(2,720)
Increase in deferred inflows of resources	(167,282)
Total adjustments	564,496
Net cash provided by operating activities	\$ 430,981

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

CITY OF MONTICELLO, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2022

	Police Officers' Pension Plan Trust Fund	Firefighters' Pension Plan Trust Fund
ASSETS		
Cash and cash equivalents	\$ 78,632	\$ 15,880
Investments, at fair value	2,274,803	942,455
Accrued interest	51	26
Total assets	2,353,486	958,361
LIABILITIES		
Accounts payable and accrued expenses	21,880	-
Total liabilities	21,880	-
NET POSITION		
Restricted for pensions	\$ 2,335,991	\$ 958,361

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

CITY OF MONTICELLO, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Police Officers' Pension Plan Trust Fund	Firefighters' Pension Plan Trust Fund
	<u> </u>	<u> </u>
Additions		
Contributions:		
State of Florida and City	\$ 34,147	\$ 13,774
Plan members	27,939	-
Total contributions	<u>62,086</u>	<u>13,774</u>
Investment earnings:		
Interest	44,298	18,434
Net decrease in the fair value of investments	(513,172)	(213,817)
Total investment earnings	<u>(468,874)</u>	<u>(195,383)</u>
Total additions	<u>(406,788)</u>	<u>(181,609)</u>
Deductions		
Benefit payments	125,902	53,249
Termination payments	19,044	-
Administrative expenses	14,490	23,840
Total deductions	<u>159,436</u>	<u>77,089</u>
Change in net position	<u>(566,224)</u>	<u>(258,698)</u>
Net position restricted for pensions		
Beginning of year	2,902,215	1,217,059
End of year	<u>\$ 2,335,991</u>	<u>\$ 958,361</u>

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

CITY OF MONTICELLO, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

(a) **Reporting entity**—The City of Monticello, Florida (“City”), was created by Special Acts of 1921, Chapter 9026, Laws of Florida. The City operates under a council form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, culture-recreation, public improvements, planning and zoning, and general administrative services. As required by accounting principles generally accepted in the United States of America, these financial statements present the City only, since there are no entities for which the City is considered to be financially accountable.

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. 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 government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

CITY OF MONTICELLO, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

Property taxes, franchise taxes, 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental fund:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The government reports the following major proprietary fund:

The *Water and Sewer Fund* accounts for the activities of the government's water and sewer distribution operations.

Additionally, the government reports the following fiduciary fund type:

Pension trust funds account for the activities of the Police Officers' and Firefighters' Pension Plans, which accumulate resources for pension benefit payments to qualified public safety employees.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the government's enterprise funds are charges to customers for sales and services. The Government also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. 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) **Inventory and Prepaid Items**—All inventory is valued at cost using the first-in/first-out (FIFO) method. Inventory of the governmental fund is recorded as expenditure when consumed rather than when purchased.

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items in both government wide and fund financial statements.

CITY OF MONTICELLO, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

(e) **Deposits and Investments**—The City’s cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

The City is authorized to invest in financial instruments as established by Section 218.415, Florida Statutes. State statutes authorize the City to invest in direct obligations of the U.S. Treasury, Local Government Surplus Funds Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, SEC registered money market funds with the highest credit quality rating and savings and CD accounts in state-certified public depositories.

Investments for the City are reported as fair value. The Local Government Surplus Fund Investment Pool (“Florida Prime”) and the Fund B Surplus Funds Trust Fund (Fund B) operate in accordance with appropriate state laws and regulations. As a Florida Prime and Fund B Pool Participant, the City invests in pools of investments whereby, the City owns a share of the respective pool, not the underlying securities.

(f) **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.”

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

(g) **Restricted Assets**—Certain proceeds of the City’s enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

(h) **Capital Assets**—Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. For financial reporting purposes, capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. For financial reporting purposes, infrastructure assets are defined by the government as assets with an initial, individual cost of more than \$15,000 (amount not rounded) acquired after September 30, 2003 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

CITY OF MONTICELLO, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

Additions, improvements, and other capital outlay that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Assets	Years
Buildings and improvements	15 - 50
Public domain infrastructure	30 - 50
System infrastructure	7 - 50
Vehicles, furniture and equipment	5 - 40

(i) **Compensated Absences**—It is the government’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay and sick pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

(j) **Long-term Obligations**—In the government-wide financial statements, and for 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 assets. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year incurred.

(k) **Property Taxes**—Property taxes are billed and collected for the City by the County Tax Collector accounting to Florida Statute under the following calendar:

Lien Date:	January 1
Levy Date:	October 1
Due Date:	November 1
Delinquency Date:	April 1, of the following year

(l) **Net Position Flow Assumption**—Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the City's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

CITY OF MONTICELLO, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

(m) **Fund Balance Flow Assumptions**—Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

(n) **Fund Balance Policies**—Fund balance of governmental funds is reported in various **categories** based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council (the "Council") has by resolution authorized the City Clerk to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council (the "Council") has by resolution authorized the City Clerk to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

CITY OF MONTICELLO, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

(o) **Use of Estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(p) **Deferred Inflows and Outflows of Resources**—Deferred outflows of resources represent the consumption of net position that is applicable to a future reporting period and will not be recognized as an outflow of resources (expense) until that future time. Deferred inflows of resources represent the acquisition of net position that is applicable to a future reporting period and will not be recognized as an inflow of resources (revenue) until that future time. Deferred outflows have a positive effect on net position, similar to assets, while deferred inflows have a negative effect on net position, similar to liabilities. The City reports deferred outflows and inflows of resources related to pensions.

(q) **Pension Related Deferred Inflows and Outflows**—The difference between expected and actual experience with regard to economic or demographic factors and changes to assumptions in the measurement of total pension liability, and the differences between expected and actual earnings on pension plan investments, are reported as deferred inflows or outflows of resources, to be recognized in expense as disclosed in Note III G.

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

(s) **Proprietary Funds Operating and Nonoperating Revenues and Expenses**—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 fund is charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund 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.

(t) **New accounting pronouncements**—GASB Statement No. 87, Leases (the Statement), establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset (RTU), and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The City has implemented this Statement and its various provisions in 2022.

CITY OF MONTICELLO, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

(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 the reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this difference are explained in the above-referenced financial statement.

(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. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this difference are explained in the above referenced financial statement.

(3) **Deposits and Investments:**

Deposits. At year end, the carrying amount of the City’s deposits was \$999,648. Each demand account is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Any balance in excess of FDIC insurance is covered by collateral held by the City’s custodial bank, which is pledged to a state trust fund that provides security in accordance with Florida Security for Public Deposits Act, Chapter 280, Florida Statutes.

The Florida Security for Public Deposits Act established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral.

Investments. Investments in the Local Government Surplus Funds Trust (“PRIME Fund”) held with the Florida State Board of Administration. This fund is structured as a “2a – 7 like” fund, which is carried at amortized cost. Amortized cost includes accrued income and is a method of calculating an investment’s value by adjusting its acquisition cost for amortization of discount or premium over the period from purchase to maturity.

Thus, the balance in the fund is its fair value. A “2a – 7 like” fund is not registered with the SEC as an investment company, but never the less has a policy that it will, and does, operate in a manner consistent with the SEC’s Rule 2a – 7 of the Investment Company Act of 1940, which comprises the rules governing money market funds.

CITY OF MONTICELLO, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

The foremost objective of the City’s investment policy is the safety of capital and liquidity of funds. Achieving an optimal rate of return is of secondary importance as compared to the safety and liquidity of funds. The City’s investment policy limits investments to those relatively low risk securities authorized in anticipation of earning a fair return relative to the risk being assumed. How the City manages credit risk, interest rate risk, and custodial credit risk is as follows:

Credit Risk: The City minimizes credit risk, the risk of loss due to failure of the security, by, limiting investments to authorized investments. The Local Government Surplus Funds Trust (“PRIME Fund”) is rated by Standards and Poors. The current rating is AAAM.

Interest Rate Risk: The City manages its exposure to declines in fair values of investments by investing operating funds primarily in shorter-term securities, Florida State Board of Administration Florida PRIME. The weighted average days to maturity of the Florida PRIME at September 30, 2022, was 21 days. Next interest rate reset dates for floating rate securities are used in the calculation of the weighted average days to maturity.

Custodial Credit Risk: Investments are subject to custodial credit risk if the securities are uninsured, not registered in the City’s name, and are held by the party that either sells to or buys for the City. No investments held at year end were subject to custodial credit risk. The Florida State Board of Administration Florida PRIME does not participate in security lending, but the City owns shares of the Florida PRIME and not the underlying investments.

As of September 30, 2022, the City had the following investments reported at fair values:

	Fair Market Value
Florida PRIME	\$ 2,574,661
Police Pension Fund	2,274,803
Fire Pension Fund	942,455
Total	\$ 5,791,919

Of the total fair value, \$374,438 is presented as restricted assets on the statement of net position and \$590,557 is unrestricted for the Florida PRIME investments on the Proprietary Fund Statement of Net Position and \$1,609,666 is unrestricted for the Florida PRIME investments on the Governmental Fund Balance Sheet. The Police and Fire pension investments are reported as entirely restricted in the Statement of Fiduciary Net Position.

CITY OF MONTICELLO, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(4) **Receivables:**

Receivables as of year-end, including the applicable allowances for uncollectible accounts, are:

	General	Water and Sewer	Total
Accounts	\$ 23,317	\$ 130,811	\$ 154,128
Intergovernmental	336,928	-	336,928
Gross Receivables	360,245	130,811	491,056
Less: allowance for uncollectibles	-	-	-
Net total receivables	<u>\$ 360,245</u>	<u>\$ 130,811</u>	<u>\$ 491,056</u>

(5) **Capital Assets:**

Capital asset activity for the year ended September 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 339,976	\$ -	\$ -	\$ 339,976
Construction in process	-	7,000	-	7,000
Total capital assets, not being depreciated	<u>339,976</u>	<u>7,000</u>	<u>-</u>	<u>346,976</u>
Capital assets, being depreciated:				
Buildings and improvements	2,680,714	-	-	2,680,714
Equipment, furniture, fixtures and vehicles	1,438,462	-	-	1,438,462
Infrastructure	465,083	-	-	465,083
Total capital assets, being depreciated	4,584,259	-	-	4,584,259
Less accumulated depreciation	(2,204,632)	(154,427)	-	(2,359,059)
Total capital assets, being depreciated, net	<u>2,379,627</u>	<u>(154,427)</u>	<u>-</u>	<u>2,225,200</u>
Governmental activities capital assets, net	<u>\$ 2,719,603</u>	<u>\$ (147,427)</u>	<u>\$ -</u>	<u>\$ 2,572,176</u>
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 699,572	\$ -	\$ -	\$ 699,572
Construction in process	215,900	37,020	-	252,920
Total capital assets, not being depreciated	<u>915,472</u>	<u>37,020</u>	<u>-</u>	<u>952,492</u>
Capital assets, being depreciated				
Equipment, buildings, utility systems and improvements	23,852,866	224,027	-	24,076,893
Less accumulated depreciation	(7,592,790)	(525,477)	-	(8,118,267)
Total capital assets, being depreciated, net	<u>16,260,076</u>	<u>(301,450)</u>	<u>-</u>	<u>15,958,626</u>
Business-type activities capital assets, net	<u>\$ 17,175,548</u>	<u>\$ (264,430)</u>	<u>\$ -</u>	<u>\$ 16,911,118</u>

CITY OF MONTICELLO, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(5) **Capital Assets** (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 9,838
Public safety	37,556
Physical environment	15,393
Culture and recreation	37,008
Transportation	54,632
Total	\$ 154,427
Business-type activities:	
Water and Sewer	\$ 525,477

(6) **Interfund Receivables, Payables and Transfers:**

The outstanding balances between funds result mainly from the time lag between the dates reimbursable expenditures occur, when transactions are recorded in the accounting system, and when payments between funds are made. At September 30, 2022, the City did not have individual fund interfund receivables and payables for the primary government.

Transfers are used to (1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, (2) move restricted amounts from borrowings to the debt service funds to establish and maintain mandatory reserve and sinking fund accounts, (3) move revenues from proprietary fund operations to the general fund for payments in lieu of taxes, and (4) move unrestricted revenues to finance various programs that the City must account for in other funds in accordance with budgetary authorizations, including amounts provided as matching funds for various grant programs.

For the year ended September 30, 2022, individual fund transfers to and from other funds for the primary government were comprised of the following:

	Transfer From	Transfer To
Business-type Activities:		
Water Fund:		
General Fund	\$ 4,579	\$ -
General Fund:		
Water Fund	-	4,579
Totals – All Funds	\$ 4,579	\$ 4,579

CITY OF MONTICELLO, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(7) **Long-term Debt:**

Business-type Activities:

Revenue Bonds

The government also issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. Amounts outstanding at the end of the current fiscal year related to these issues in prior years totaled \$5,066,277.

Water and sewer revenue bonds outstanding at September 30, 2022 are comprised of the following:

\$2,337,200 1990 Revenue Bond, payable in annual installments of \$22,200 to \$132,000, through September 1, 2030, plus interest at 5.0%, collateralized by net revenues of the sewer system.	\$ 898,000
\$4,715,000 2013 Revenue Bond, payable in annual installments of \$201,555 starting September 1, 2016 (first two years interest only), through September 1, 2053, plus interest at 2.75%, collateralized by net revenues of the sewer system.	4,168,277
	5,066,277
Less current amount	180,927
	\$ 4,885,350

Note Payable

\$215,268, note payable through the Clean Water State Revolving Fund from the Florida Department of Environmental Protection for the Solar Array project, due in semi-annual installments of \$1,485, through February 15, 2042, including interest at .78%, collateralized by net revenues of the sewer system.	\$ 64,569
Less current amount	1,302
	\$ 63,267

Debt service requirements to maturity for are as follows:

Year Ending September 30,	Principal	Interest
2023	\$ 182,229	\$ 161,196
2024	189,631	154,094
2025	197,097	146,678
2026	204,631	138,944
2027	212,235	130,890
2028 – 2032	910,798	528,227
2033 – 2037	609,473	413,152
2038 – 2042	733,747	324,638
2043 – 2047	790,034	217,741
2048 – 2052	904,807	102,968
2053	196,164	5,391
	\$ 5,130,846	\$ 2,323,919

CITY OF MONTICELLO, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(7) **Long-term Debt:** (Continued)

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

	<u>Beginning Balance</u>	<u>Changes</u>	<u>Ending Balance</u>	<u>Due within one year</u>
Governmental activities:				
Compensated absences	\$ 73,787	\$ 574	\$ 74,361	\$ 52,052
Governmental activity long-term liabilities	<u>\$ 73,787</u>	<u>\$ 574</u>	<u>\$ 74,361</u>	<u>\$ 52,052</u>
Business-type activities:				
Revenue bonds	\$ 5,240,878	\$ (174,601)	\$ 5,066,277	\$ 180,927
Note payable	215,268	(150,699)	64,569	1,302
Compensated absences	26,102	588	26,690	13,345
Business-type activity long-term liabilities	<u>\$ 5,482,248</u>	<u>\$ (324,712)</u>	<u>\$ 5,157,536</u>	<u>\$ 195,574</u>

(8) **Contingent Liabilities:**

Grant Programs—Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the Federal and State governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects amounts, if any, to be immaterial.

(9) **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; and natural disasters for which the City carries commercial insurance.

(10) **Investments held in Trust:**

The investments, as of September 30, 2022, held in trust for employee retirement plans, are as follows:

Firefighter Pension Fund

	<u>Cost</u>	<u>Fair Value</u>
Mutual Fund – fixed income	\$ 448,273	\$ 379,229
Mutual Fund – equities	465,593	563,226
Total investments	<u>\$ 913,866</u>	<u>\$ 942,455</u>

CITY OF MONTICELLO, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(10) **Investments held in Trust:** (Continued)

Police Officers' Pension Fund

	Cost	Fair Value
Mutual funds – fixed income	\$ 1,093,285	\$ 921,643
Mutual funds – equities	1,122,951	1,353,160
Total investments	\$ 2,216,236	\$ 2,274,803

Credit Risk: The City's policies are designed to maximize investment earnings while protecting the security of the principal and providing adequate liquidity, in accordance with applicable state laws.

Interest Rate Risk: In accordance with the investment policy, the City manages its exposure to declines in fair values by structuring the investment portfolio so that securities meet ongoing debt service requirements.

Custodial Credit Risk: Investments are subject to custodial credit risk if the securities are uninsured, not registered in the City's name, and are held by the party that either sells to or buys for the City. All City securities were held in the City's name; therefore, no investments held at year end were subject to custodial credit risk.

(11) **Employee Retirement Plans:**

The City maintains two separate single-employer pension plans, (Firefighters' Pension Plan and Police Officers' Pension Plan) which are included as pension trust funds in the City's financial reporting entity. The City's single-employer pension plans do not issue stand-alone financial statements.

The City has not received an actuarial valuation and therefore has not implemented the provisions of GASB Statement No. 67 Financial Reporting for Pension Plans and Statement No. 68 Accounting and Financial Reporting for Pensions. Statements No. 67 and 68 establishes standards for the measurement, recognition, and display of pension expense/expenditures and related liabilities, note disclosures, and required supplementary information.

The City also participates in the Florida Retirement System (FRS), which encompasses the FRS Pension and the Retiree Health Insurance Subsidy (HIS) cost-sharing, multiple-employer defined benefit plans, whose assets are not reported in the City's financial statements. FRS offers eligible employees the ability to participate in an alternative defined contribution plan, the Investment Plan. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' website at www.dms.myflorida.com/workforce_operations/retirement/publications

CITY OF MONTICELLO, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(11) **Employee Retirement Plans:** (Continued)

FRS Pension Plan

Plan Description and Administration

The entity participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the entity's full-time employees. The System is a noncontributory retirement plan, administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the entity are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes.

To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided and Employees Covered

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

**CITY OF MONTICELLO, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

(11) **Employee Retirement Plans:** (Continued)

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

Financial Statements

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

Florida Department of Management Services
Division of Retirement, Research and Education Services
P.O. Box 9000
Tallahassee, FL 32315-9000
850-488-5706 or toll free at 877-377-1737

Contributions

The entity participates in certain classes of FRS membership. Each class has descriptions and contribution rates in effect at September 30, 2022, as follows (contribution rates are in agreement with the actuarially determined rates):

FRS Membership Plan & Class	Through June 30, 2022	After June 30, 2022
Regular Class	10.82%	11.91%
Senior Management	29.01%	31.57%
Special Risk	25.89%	27.83%
Drop – Applicable to members above	14.60%	18.60%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll

CITY OF MONTICELLO, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(11) **Employee Retirement Plans:** (Continued)

For the plan year ended June 30, 2022, actual contributions made for employees participating in FRS and HIS were as follows:

Entity Contributions – FRS	\$ 95,534
Entity Contributions – HIS	17,039
Employee Contributions – FRS	30,793

Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At September 30, 2022, the entity reported a net pension liability related to FRS and HIS as follows:

<u>Plan</u>	<u>Net Pension Liability</u>
FRS	\$ 833,016
HIS	298,257
Total	<u>\$ 1,131,273</u>

The net pension liability was measured as of June 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 entity's proportion of the net pension liability was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2022 and June 30, 2021, the entity's proportionate share of the FRS and HIS net pension liabilities were as follows:

<u>Plan</u>	<u>2022</u>	<u>2021</u>
FRS	0.002238807%	0.002297092%
HIS	0.002815976%	0.002787815%

For the plan year ended September 30, 2022, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$ 124,654
HIS	15,928
Total	<u>\$ 140,582</u>

CITY OF MONTICELLO, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(11) **Employee Retirement Plans:** (Continued)

Deferred outflows/inflows related to pensions:

At September 30, 2022 deferred outflows of resources and deferred inflows of resources related to pensions were recorded from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 39,563	\$ -	\$ 9,053	\$ (1,312)
Changes of assumptions	102,589	-	17,096	(46,140)
Net different between projected and actual investment earnings	55,004	-	432	-
Change in proportionate share	41,181	(13,411)	11,651	(15,257)
Contributions subsequent to measurement date	25,661	-	4,034	-
	<u>\$ 263,998</u>	<u>\$ (13,411)</u>	<u>\$ 42,266</u>	<u>\$ (62,709)</u>

The above amounts for deferred outflows of resources for contributions related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

2022	\$ 50,570
2023	23,057
2024	(10,230)
2025	139,853
2026	(115)
Thereafter	(2,686)
Total	<u>\$ 200,449</u>

Actuarial assumptions:

The actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2019 for the period July 1, 2013, through June 30, 2018. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

CITY OF MONTICELLO, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(11) **Employee Retirement Plans:** (Continued)

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.70%. The rate decreased from the prior year rate of 6.80%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.54% was used to determine the total pension for the program. This rate increased from the prior year rate, which was 2.16%. Mortality assumptions for both plans were based on the PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details.

Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2021, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Annual Arithmetic Expected Rate of Return
Cash	1.0%	2.6%
Fixed income	19.8%	4.4%
Global equities	54.0%	8.8%
Real estate	10.3%	7.4%
Private equity	11.1%	12.0%
Strategic investments	3.8%	6.2%
Total	100.0%	

CITY OF MONTICELLO, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(11) **Employee Retirement Plans:** (Continued)

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the proportionate shares of the FRS and HIS net pension liability of the entity calculated using the current discount rates, as well as what the entity's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	6.70%	\$ 1,440,644	\$ 833,016	\$ 324,967
HIS	3.54%	341,230	298,257	262,697

(12) **Other Postemployment Benefits:**

The City provides other postemployment benefits (OPEB) to its employees by providing retirement healthcare benefits. The City contributes, along with its employees and retirees, to the Capital Health Plan (Plan) to provide certain healthcare benefits to active and retired employees and their dependents. The Plan is a single-employer plan administered by Capital Health Plan, Inc. and the City. The benefits, benefit levels, employee contributions and employer contributions are governed by the Plan.

Post-employment health care benefits are offered to retired employees and their dependents. All employees are eligible to receive benefits upon their retirement. All health care benefits are provided through the City's Capital Health Plan employee health care plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental and substance abuse care; dental care; and prescriptions. Upon retirees reaching 65 years of age, Medicare becomes the primary insurer and the City's plan will not pay benefits already paid by Medicare.

The City does not contribute any portion of the premiums for current retired employees. All premiums are paid entirely by the plan participant. The use of age-adjusted premiums results in an implicit rate subsidy funded by the City since the healthcare premiums for retirees and active employees are identical.

The state of Florida's Division of Retirement contributes each month \$5 for each year of service, up to \$150 per month. The City's Capital Health Plan contract establishes the individual premium to be paid by the retired employees. The state of Florida prohibits the City from separately rating retired employees and active employees. As a result, the City's premium charges to retired employees can be no more than the premium cost applicable to active employees.

The City has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Statement No. 75 establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities, note disclosures, and required supplementary information.

CITY OF MONTICELLO, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(13) Future 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, as adjusted based on the impacts of GASB Statement No. 95, 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 City's financial statements:

- (a) GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, in May 2020. provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

- (b) 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.

CITY OF MONTICELLO, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2022

CITY OF MONTICELLO, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Taxes, licenses and permits	\$ 1,934,790	\$ 1,934,790	\$ 2,237,699	\$ 302,909
Intergovernmental	1,809,200	1,809,200	1,427,732	(381,468)
Charges for services	396,795	396,795	428,077	31,282
Investment earnings	-	-	14,471	14,471
Other	80,000	80,000	11,532	(68,468)
Total revenues	<u>4,220,785</u>	<u>4,220,785</u>	<u>4,119,511</u>	<u>(101,274)</u>
EXPENDITURES				
Current:				
General government	701,488	701,488	620,774	80,714
Public safety	880,324	880,324	926,868	(46,544)
Transportation	790,357	790,357	837,581	(47,224)
Physical environment	335,916	335,916	374,155	(38,239)
Human services	1,670,000	1,670,000	-	1,670,000
Capital Outlay	8,000	8,000	7,000	1,000
Total expenditures	<u>4,386,085</u>	<u>4,386,085</u>	<u>2,766,378</u>	<u>1,619,707</u>
Excess (deficiency) of revenues over expenditures	<u>(165,300)</u>	<u>(165,300)</u>	<u>1,353,133</u>	<u>1,518,433</u>
Other financing sources (uses)				
Transfers in	87,000	87,000	(4,579)	(91,579)
Capital contributions	78,300	78,300	-	(78,300)
Total other financing sources (uses)	<u>165,300</u>	<u>165,300</u>	<u>(4,579)</u>	<u>(169,879)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>1,348,554</u>	<u>1,348,554</u>
Fund balances, beginning of year	1,469,130	1,469,130	1,469,130	-
Fund balances, end of year	<u>\$ 1,469,130</u>	<u>\$ 1,469,130</u>	<u>\$ 2,817,684</u>	<u>\$ 1,348,554</u>

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

CITY OF MONTICELLO, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2022

A. Budgetary Information:

An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund. All annual appropriations lapse at fiscal year end.

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

1. Prior to October 1, the City Council prepares a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.
4. Revisions that alter the total expenditures of any fund must be approved by the City Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund. The legal level of budgetary control is the fund level.
6. The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

CITY OF MONTICELLO, FLORIDA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
LAST 10 FISCAL YEAR AS OF SEPTEMBER 30

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Florida Retirement System (FRS)									
Proportion of the net pension liability (asset)	0.002238807%	0.002297092%	0.002107787%	0.002105577%	0.002072531%	0.002077410%	0.002091177%	0.002143612%	0.002372254%
Proportionate share of the net pension liability (asset)	\$ 833,016	\$ 913,546	\$ 913,546	\$ 725,131	\$ 624,257	\$ 614,484	\$ 528,024	\$ 276,876	\$ 144,742
Covered payroll	1,026,447	987,157	947,503	994,968	943,546	919,060	888,426	840,018	845,157
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	81.16%	92.54%	96.42%	72.88%	66.16%	66.86%	59.43%	32.96%	17.13%
Plan fiduciary net position as a percentage of the total pension liability	82.89%	78.85%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%
Health Insurance Subsidy Program (HIS)									
Proportionate share of the net pension liability (asset)	0.002815976%	0.002787815%	0.002974384%	0.002974384%	0.002888854%	0.002883354%	0.002877900%	0.002768871%	0.002844560%
Covered payroll	\$ 298,257	\$ 332,804	\$ 332,804	\$ 332,804	\$ 305,760	\$ 308,301	\$ 335,407	\$ 282,381	\$ 265,973
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	1,026,447	987,157	947,503	994,968	943,546	919,060	888,426	840,018	845,157
Proportionate share of the net pension liability as a percentage of covered payroll	29.06%	33.71%	35.12%	33.45%	32.41%	33.55%	37.75%	33.62%	31.47%
Plan fiduciary net position as a percentage of the total pension liability	4.81%	3.00%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.

**CITY OF MONTICELLO, FLORIDA
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEAR AS OF SEPTEMBER 30**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>Florida Retirement System (FRS)</u>									
Contractually required contribution	\$ 100,615	\$ 87,509	\$ 70,032	\$ 65,289	\$ 63,987	\$ 58,678	\$ 54,241	\$ 55,062	\$ 55,487
Contributions in relation to the contractually required contribution	(100,615)	(87,509)	(70,032)	(65,289)	(63,987)	(58,678)	(54,241)	(55,062)	(55,487)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,032,894	\$ 987,157	\$ 947,503	\$ 994,968	\$ 943,546	\$ 919,060	\$ 888,426	\$ 840,018	\$ 845,157
Contributions as a percentage of covered payroll	9.74%	8.86%	7.39%	6.56%	6.78%	6.38%	6.11%	6.55%	6.57%
<u>Health Insurance Subsidy Program (HIS)</u>									
Contractually required contribution	\$ 17,146	\$ 16,387	\$ 15,729	\$ 16,516	\$ 15,663	\$ 15,256	\$ 14,748	\$ 10,584	\$ 10,142
Contributions in relation to the contractually required contribution	(17,146)	(16,387)	(15,729)	(16,516)	(15,663)	(15,256)	(14,748)	(10,584)	(10,142)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,032,894	\$ 987,157	\$ 947,503	\$ 994,968	\$ 943,546	\$ 919,060	\$ 888,426	\$ 840,018	\$ 845,157
Contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.26%	1.20%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.

**CITY OF MONTICELLO, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

<u>Federal/State Agency / Pass-Through Entity / Federal Program</u>	<u>Assistance Listing Number</u>	<u>Contract / Grant Number</u>	<u>Expenditures</u>
FEDERAL AWARDS			
<u>U.S. Department of Treasury</u>			
Passed through Jefferson County Board of County Commissioners Coronavirus State and Local Fiscal Recovery Funds	21.027	Y5220	\$ 1,206,556
Passed through Florida Department of Law Enforcement Coronavirus State and Local Fiscal Recovery Funds	21.027	WG042	<u>13,250</u>
Total US Department of Treasury			<u>1,219,806</u>
Total Federal Awards			<u><u>\$ 1,219,806</u></u>

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

CITY OF MONTICELLO, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

(1) **Basis of Presentation:**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Monticello, Florida (the City), and is presented on the modified accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

(2) **Summary of Significant Accounting Policies:**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) **De Minimis Indirect Cost Rate Election:**

The City did not elect to use the 10% de minimis indirect cost rate as covered in §200.414, *Indirect (F&A) costs*, of the Uniform Guidance.

(4) **Subrecipients:**

The City did not pass any monies recognized on the Schedule to subrecipients.

**CITY OF MONTICELLO, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

A. Summary of Auditors' Results:

Financial Statements:

Type of audit report issued on the financial statements: *Unmodified*

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards:

Internal control over major Federal programs:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Type of auditor's report issued on compliance for major Federal programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X none reported

Auditee qualified as a low-risk auditee? _____ yes X no

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Identification of major Federal programs:

Federal Assistance Listing Number	Program Name
21.027	Coronavirus State and Local Fiscal Recovery Fund

B. Financial Statement Findings: None

C. Federal Program Findings and Questioned Costs: None.

D. Summary Schedule of Prior Audit Findings: N/A

E. Corrective Action Plan: N/A

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Mayor, City Commission, and City Manager,
City of Monticello, Florida:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Monticello, Florida's (the City) compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2022. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large, looped initial "J" and a period at the end.

Tallahassee, Florida
June 7, 2023

**CITY OF MONTICELLO, FLORIDA
OFFICIALS
SEPTEMBER 30, 2022**

CITY COUNCIL

Julie Conley, Mayor
Troy Avera
George Evans
Gloria Cox
John Jones

CITY CLERK/TREASURER

Emily Anderson

CITY ATTORNEY

Bruce A. Leinback

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 City Council,
City of Monticello, Florida:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the City of Monticello, Florida, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise City of Monticello, Florida's basic financial statements and have issued our report thereon dated June 7, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Monticello, Florida'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Monticello, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Monticello, Florida's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Monticello, Florida'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 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*.

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.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Tallahassee, Florida
June 7, 2023

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH SECTION 218.415 AND SECTION 288.8018, FLORIDA STATUTES**

To the Honorable City Council,
City of Monticello, Florida:

We have examined the City of Monticello, Florida's (the City) compliance with Section 218.415, Florida Statutes, Local Government Investment Policies, and Section 288.8018, Florida Statutes, in regards to the Deepwater Horizon Oil Spill receipts and expenditures (collectively "the Statutes), for the year ended September 30, 2022. Management is responsible for the City's compliance with those requirements. Our responsibility is to obtain reasonable assurance by evaluate the City's compliance with the Statutes and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination.

Our examination was conducted in accordance with attestation standards for a direct examination engagement established by the American Institute of Certified Public Accountants (AICPA). Those standards require that we obtain reasonable assurance for evaluating the City's compliance with the Statutes, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation of the City's compliance with the Statutes. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks that the City was not in compliance with the Statutes in all material respects, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the City of Monticello, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2022.



Tallahassee, Florida
June 7, 2023

**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED BY CHAPTER
10.550, RULES OF THE STATE OF FLORIDA OFFICE OF THE AUDITOR GENERAL**

To the Honorable City Council,
City of Monticello, Florida:

Report on the Financial Statements

We have audited the financial statements of the City of Monticello, Florida, as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated June 7, 2023.

As discussed in Note III. G. to the financial statements, the City omitted certain disclosures and required supplementary information for the police and fire pension funds as required in Statement No. 67 Financial Reporting for Pension Plans and Statement No. 68 Accounting and Financial Reporting for Pensions. Accounting principles generally accepted in the United States of America require the inclusion of these note disclosures and required supplementary information in the financial statements.

In addition, as discussed in Note III. G. to the financial statements, the City has not implemented the provisions of GASB Statement No. 75, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. Accounting principles generally accepted in the United States of America require recording of an obligation for postemployment benefits other than pensions, which would increase liabilities, decrease net position, and change the expenses in the governmental activities, business-type activities, and the Water and Sewer Fund.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 7, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as noted in the table below.

Tabulation of Uncorrected Audit Recommendations			
Description	Current Year Finding #	2020-21 FY Finding #	2019-2020 FY Finding #
Impact Fee Accounting	2022-001	2021-001	N/A

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. This is disclosed as required by accounting principles generally accepted in the United States of America in Note 1 to the financial statements. There are no component units related to the City of Monticello, Florida.

Financial Condition and Management

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that a statement must be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that City of Monticello, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management’s responsibility to monitor the City of Monticello, Florida’s financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we had the following recommendations:

2022-001 Impact Fee Accounting

At year-end, the City’s impact fees were not being recorded in a separate fund. In late fiscal year 2021, the State of Florida adopted a bill modifying Section 163.31801 (4b). Florida Statutes, which requires impact fees be recorded in a separate accounting fund. We recommend the City transition its impact fees to a separate fund in fiscal year 2023 and in the fiscal year 2024 budget process.

2022-002 Bank Reconciliations

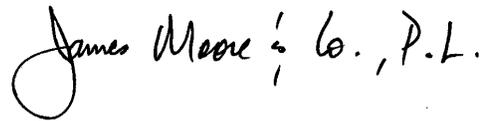
During the audit, we noted that that transfers were entered into the general ledger that were not included on the bank reconciliations. We recommend bank reconciliations be reperformed if transactions are entered after the fact.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, City Council, and management, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large, looped initial "J".

Tallahassee, Florida
June 7, 2023

**CITY OF MONTICELLO , FLORIDA
 SCHEDULE REQUIRED BY STATE OF FLORIDA, OFFICE
 OF THE AUDITOR GENERAL RULE 10.557(3)(N)
 FOR THE YEAR ENDED SEPTEMBER 30, 2022**

<u>Source</u>	<u>Amount Received in the 2021-2022 Fiscal Year</u>	<u>Amount Expended in the 2021-2022 Fiscal Year</u>
British Petroleum:		
Agreement No. PTO No. 38 and FRE 408	\$ -	\$ -

Notes:

1) This does not include funds related to the Deepwater Horizon Oil Spill that are considered Federal awards or State financial assistance. The Schedule of Expenditures of Federal Awards includes \$0.00 of expenditures of Federal awards that are related to the Deepwater Horizon Oil Spill.

2) This schedule was prepared on the accrual basis of accounting.

AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared Emily Anderson, who, being duly sworn, deposes and says on oath that:

1. I am the City Clerk/Treasurer of The City of Monticello, which is a local governmental entity of the State of Florida;
2. The City of Monticello adopted Resolution 2013-10 implementing impact fees; and
3. The City of Monticello has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

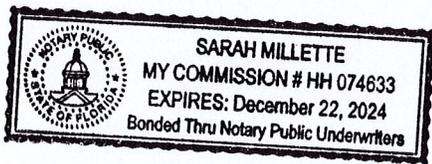
FUTHER, AFFIANT SAYETH NAUGHT.

Emily Anderson

Emily Anderson
City Clerk/Treasurer
City of Monticello

STATE OF FLORIDA
COUNTY OF JEFFERSON

SWORN TO AND SUBSCRIBED before me this 8th day of June, 2023.



S. Millette

NOTARY PUBLIC

Print Name: Sarah Millette

Personally known or produced identification _____
Type of identification produced: _____
My Commission Expires: _____

City of Monticello

June 7, 2023

CITY COUNCIL

George Evans
Group 1

James Moore and Company
2477 Tim Gamble Place
Suite 200
Tallahassee, FL 32308

Gloria Cox
Group 2, Mayor

Dear Sir/Madam:

Julie Conley
Group 3, Vice-Mayor

In re: City of Monticello
2022 Audit / Recommendation 2022-00/2022-002

John Jones
Group 4

Please consider this the auditee's response regarding the auditor recommendations contained in the 2021-2022 City of Monticello, Florida audit.

Troy Avera
Group 5

Recommendation 2022-001: Impact Fee Accounting

Emily Anderson
City Clerk/Treasurer

At year-end, the City's impact fees were not being recorded in a separate fund. In late fiscal year 2021, the State of Florida adopted a bill modifying Section 163.31801(4b). Florida Statutes, which requires impact fees be recorded in a separate accounting fund. We recommend the City transition its impact fees to a separate fund in fiscal year 2023 and in the fiscal year 2024 budget process.

Seth Lawless
City Manager

Response:

Management is aware that, going forward, the impact fees collected by the City of Monticello and maintained in separate accounts will have to be treated in their own fund for accounting/bookkeeping purposes. We are working with the city's accountant to create the accounting module for impact fees.

Recommendation 2022-002 Bank Reconciliations

During the audit, we noted that transfers were entered into the general ledger that were not included on the bank reconciliations. We recommend bank reconciliations be reperformed if transactions are entered after the fact.

Response:

Management will ensure that all transfers are captured within the bank reconciliations before closing out monthly reports.

Very truly yours,


Emily Anderson
City Clerk/Treasurer

EA/a

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Fax (850) 997-2217
E-mail: eanderson@mymonticello.net