

**CITY OF MONTICELLO, FLORIDA**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021**

**CITY OF MONTICELLO, FLORIDA  
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SEPTEMBER 30, 2021**

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers the internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our (1) unmodified audit opinion on the General Fund; and (2) qualified audit opinion on the governmental activities, business-type activities, and Water and Sewer Fund.

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

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.

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.

***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, 2021, 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 Information***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund for the City, as of September 30, 2021, 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.

***Other Matters***

***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 and 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 April 27, 2022, 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.

James Moore & Co., P.L.

Tallahassee, Florida  
April 27, 2022

**City of Monticello, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2021**

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, 2021.

**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, 2021**

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 \$16,624,833 at the close of the most recent fiscal year.

**CITY OF MONTICELLO, FLORIDA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

By far the largest portion of the City of Monticello, Florida's net assets (87%) 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's Net Position**

	<b>2021</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
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>
	<b>2020</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Current and other assets	\$ 997,890	\$ 1,178,847	\$ 2,176,737
Net pension asset	330,773	-	330,773
Capital assets	2,758,276	17,508,836	20,267,112
Total assets	<u>4,086,939</u>	<u>18,687,683</u>	<u>22,774,622</u>
Deferred outflows	327,538	108,025	435,563
Long-term liabilities outstanding	-	5,458,476	5,458,476
Net pension liability	435,097	389,628	824,725
Other liabilities	118,280	318,039	436,319
Total liabilities	<u>553,377</u>	<u>6,166,143</u>	<u>6,719,520</u>
Deferred inflows	486,044	14,959	501,003
Net position:			
Net investment in capital assets	2,758,276	12,385,014	15,143,290
Restricted	457,788	124,779	582,567
Unrestricted	158,992	104,813	263,805
Total net position	<u>\$ 3,375,056</u>	<u>\$ 12,614,606</u>	<u>\$ 15,989,662</u>

**City of Monticello, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2021**

An additional portion of the City of Monticello, Florida's net assets (9 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* \$95,171 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.

**Governmental activities.** Governmental activities increased the City of Monticello, Florida's net position by \$794,082.

Key elements of this increase are as follows:

- Increased ad valorem tax revenue and positive market activity for the Fire and Police pensions.

**City of Monticello, Florida's Changes in Net Position**

	<b>2021</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
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
<b>Net position</b> , beginning of year	3,375,056	12,614,606	15,989,662
<b>Net position</b> , end of year	<u>\$ 4,169,138</u>	<u>\$ 12,455,695</u>	<u>\$ 16,624,833</u>

**City of Monticello, Florida  
Management's Discussion and Analysis  
September 30, 2021**

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

	2020		
	Governmental Activities	Business-type Activities	Total
Revenues:			
Program revenues:			
Charges for services	\$ 380,910	\$ 1,271,111	\$ 1,652,021
Operating grants and contributions	67,234	-	67,234
Capital grants and contributions	82,549	-	82,549
General revenues:			
Property taxes	655,100	-	655,100
Intergovernmental and other	1,273,495	11,292	1,284,787
Transfers	-	-	-
Total revenues	<u>2,459,288</u>	<u>1,282,403</u>	<u>3,741,691</u>
Expenses:			
General government	315,021	-	315,021
Public Safety	532,896	-	532,896
Physical environment	336,421	-	336,421
Transportation	653,696	-	653,696
Culture and recreation	124,618	-	124,618
Water and Sewer	-	1,610,207	1,610,207
Total expenses	<u>1,962,652</u>	<u>1,610,207</u>	<u>3,572,859</u>
Change in net position	496,636	(327,804)	168,832
Net position, beginning of year	2,878,420	12,942,410	15,820,830
Net position, end of year	<u>\$ 3,375,056</u>	<u>\$ 12,614,606</u>	<u>\$ 15,989,662</u>

**Business-type activities.** Business-type activities decreased the City of Monticello, Florida's net position by \$158,911.

Key elements of this decrease are as follows:

- Depreciation expense of \$527,867 for the year ended September 30, 2021.

**City of Monticello, Florida  
Management's Discussion and Analysis  
September 30, 2021**

**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 \$1,469,130, an increase of \$517,750 in comparison with the prior year. Of this total amount, \$1,296,161 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 \$1,296,161 and \$1,469,130, 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 42% 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 \$605,495. The total decrease in net position for the fund was \$158,911. 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, 2021, amounts to \$19,895,151 (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 II. C. of this report

**Long-term debt.** At the end of the current fiscal year, the City of Monticello, Florida had debt outstanding of \$5,456,146.

**City of Monticello, Florida  
Management's Discussion and Analysis  
September 30, 2021**

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

	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

	2020		
	Governmental activities	Business-type activities	Total
Revenue bonds	\$ —	\$ 5,408,215	\$ 5,408,215
Notes payable	—	45,768	45,768
Total	\$ —	\$ 5,453,983	\$ 5,453,983

Additional information on the City of Monticello, Florida's long-term debt can be found in note II.E 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 2021/2022 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, 2021**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,151,363	\$ 77,309	\$ 1,228,672
Investments	338,851	489,045	827,896
Receivables, net	20,928	108,225	129,153
Due from other governments	210,553	-	210,553
Inventory	13,762	800	14,562
Prepays	29,643	44,588	74,231
Restricted assets:			
Cash and cash equivalents	83,294	417,802	501,096
Certificate of deposit	-	145,204	145,204
Investments	262,458	-	262,458
Net pension asset	1,345,863	-	1,345,863
Capital assets:			
Capital assets, not being depreciated	339,976	915,472	1,255,448
Other capital assets, net of depreciation	2,379,627	16,260,076	18,639,703
Total assets	<u>\$ 6,176,318</u>	<u>\$ 18,458,521</u>	<u>\$ 24,634,839</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	<u>\$ 243,053</u>	<u>\$ 81,503</u>	<u>\$ 324,556</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 38,444	\$ 96,763	\$ 135,207
Customer deposits	-	151,083	151,083
Unearned revenue	603,278	-	603,278
Accrued interest payable	-	14,406	14,406
Noncurrent liabilities:			
Due within one year:			
Bonds and notes payable	-	176,104	176,104
Compensated absences	55,817	9,323	65,140
Due in more than one year:			
Bonds and notes payable	-	5,280,042	5,280,042
Compensated absences	17,970	16,779	34,749
Net pension liability	363,872	151,614	515,486
Total liabilities	<u>\$ 1,079,381</u>	<u>\$ 5,896,114</u>	<u>\$ 6,975,495</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	<u>\$ 1,170,852</u>	<u>\$ 188,215</u>	<u>\$ 1,359,067</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 2,719,603	\$ 11,719,402	\$ 14,439,005
Restricted for:			
Debt service	-	130,798	130,798
Cemetery	129,564	-	129,564
Pensions	1,345,863	-	1,345,863
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>

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, 2021**

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	\$ 499,145	\$ 37,544	\$ 52,812	\$ -	\$ (408,789)	\$ -	\$ (408,789)
Public safety	588,763	11,267	72,378	-	(505,118)	-	(505,118)
Transportation	756,212	-	-	189,505	(566,707)	-	(566,707)
Physical environment	267,647	350,669	-	-	83,022	-	83,022
Culture and recreation	38,607	1,310	-	6,800	(30,497)	-	(30,497)
Human services	640,230	-	640,230	-	-	-	-
Total governmental activities	<u>2,790,604</u>	<u>400,790</u>	<u>765,420</u>	<u>196,305</u>	<u>(1,428,089)</u>	<u>-</u>	<u>(1,428,089)</u>
Business-type activities:							
Water and sewer	1,504,469	1,363,995	-	-	-	(140,474)	(140,474)
Total business-type activities	<u>1,504,469</u>	<u>1,363,995</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(140,474)</u>	<u>(140,474)</u>
Total primary government	<u>\$ 4,295,073</u>	<u>\$ 1,764,785</u>	<u>\$ 765,420</u>	<u>\$ 196,305</u>	<u>(1,428,089)</u>	<u>(140,474)</u>	<u>(1,568,563)</u>
General revenues:							
Property taxes					647,631	-	647,631
Other taxes, licenses and permits					561,734	-	561,734
Franchise and utility taxes					460,052	-	460,052
Intergovernmental					496,012	-	496,012
Investment earnings					954	1,082	2,036
Miscellaneous revenues					36,269	-	36,269
Transfers					19,519	(19,519)	-
Total general revenues and transfers					<u>2,222,171</u>	<u>(18,437)</u>	<u>2,203,734</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 - ending of year					<u>\$ 4,169,138</u>	<u>\$ 12,455,695</u>	<u>\$ 16,624,833</u>

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

**CITY OF MONTICELLO, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUND  
SEPTEMBER 30, 2021**

	<b>General Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,151,363
Investments	338,851
Receivables, net	20,928
Due from other governments	210,553
Inventory	13,762
Prepaid items	29,643
Restricted cash and cash equivalents	83,294
Restricted investments	262,458
Total assets	\$ 2,110,852
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	\$ 38,444
Unearned revenue	603,278
Total liabilities	641,722
<b>FUND BALANCES</b>	
Nonspendable:	
Prepaid items	29,643
Inventory	13,762
Restricted for:	
Cemetery	129,564
Unassigned	1,296,161
Total fund balances	1,469,130
Total liabilities and fund balances	\$ 2,110,852

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, 2021**

<b>Fund balances - total governmental fund</b>		\$ 1,469,130
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	4,924,235	
Less: accumulated depreciation	(2,204,632)	2,719,603
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	(363,872)	
Net pension asset	1,345,863	
Deferred outflows related to pensions	243,053	
Deferred inflows related to pensions	(1,170,852)	54,192
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	(73,787)	(73,787)
<b>Net position of governmental activities</b>		<b>\$ 4,169,138</b>

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, 2021**

	<b>General</b>
<b>Revenues</b>	
Taxes, licenses and permits	\$ 2,032,838
Intergovernmental	1,094,316
Charges for services	400,790
Other	33,723
Total revenues	3,561,667
<b>Expenditures</b>	
Current:	
General government	510,241
Public safety	834,134
Transportation	699,187
Physical environment	252,254
Human services	640,230
Capital outlay	127,390
Total expenditures	3,063,436
<b>Excess (deficiency) of revenues over expenditures</b>	498,231
<b>Other financing sources (uses)</b>	
Transfers in	19,519
<b>Net change in fund balance</b>	517,750
<b>Fund balance, beginning of year</b>	951,380
<b>Fund balance, end of year</b>	\$ 1,469,130

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, 2021**

<b>Net change in fund balance - total governmental fund</b>	<b>\$ 517,750</b>
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	123,890
Depreciation expense	(158,587)
Loss on disposal of capital assets	(7,476)
Capital contribution	3,500
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	317,022
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	(2,017)
<b>Change in net position of governmental activities</b>	<b><u>\$ 794,082</u></b>

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, 2021**

	<b>Water and Sewer Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 77,309
Investments	489,045
Accounts receivable, net	108,225
Inventory	800
Prepaid items	44,588
Restricted assets:	
Cash and cash equivalents	417,802
Certificate of deposit	145,204
Total current assets	1,282,973
Noncurrent assets:	
Capital assets:	
Land	699,572
Infrastructure, machinery and equipment	23,852,866
Construction in progress	215,900
Accumulated depreciation	(7,592,790)
Total capital assets, net	17,175,548
Total noncurrent assets	17,175,548
Total assets	\$ 18,458,521
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	\$ 81,503
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 96,763
Compensated absences	9,323
Payable from restricted assets:	
Current maturities on long-term debt	176,104
Accrued interest payable	14,406
Deposits	151,083
Total current liabilities	447,679
Noncurrent liabilities:	
Bonds and notes payable, net	5,280,042
Compensated absences	16,779
Net pension liability	151,614
Total noncurrent liabilities	5,448,435
Total liabilities	\$ 5,896,114
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	\$ 188,215
<b>NET POSITION</b>	
Net investment in capital assets	\$ 11,719,402
Restricted for debt service	130,798
Unrestricted	605,495
Total net position	\$ 12,455,695

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, 2021**

	<b>Water and Sewer Fund</b>
<b>Operating revenues</b>	
Charges for services	\$ 1,363,995
<b>Operating expenses</b>	
Personnel	353,054
Professional	48,092
Utilities and communication	143,662
Repairs and maintenance	62,588
Operating	81,319
Gas and oil	20,286
Office supplies	126
Supplies and chemicals	94,607
Depreciation	527,867
Total operating expenses	1,331,601
<b>Operating income (loss)</b>	32,394
<b>Nonoperating revenues (expenses)</b>	
Interest income	1,082
Interest expense	(172,868)
Total nonoperating revenues (expenses)	(171,786)
<b>Income (loss) before contributions and transfers</b>	(139,392)
Transfers out	(19,519)
<b>Change in net position</b>	(158,911)
<b>Net position, beginning of year</b>	12,614,606
<b>Net position, end of year</b>	\$ 12,455,695

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, 2021**

	<u><b>Water and Sewer Fund</b></u>
<b>Cash flows from operating activities</b>	
Cash received from customers and grants	\$ 1,354,154
Cash paid to suppliers	(502,278)
Cash paid to employees	(391,290)
Net cash provided by operating activities	<u>460,586</u>
<b>Cash flows from noncapital and related financing activities</b>	
Change in due to/from other funds	<u>(37,468)</u>
<b>Cash flows from capital and related financing activities</b>	
Payments on long-term debt	(168,017)
Proceeds from issuance of debt	170,180
Acquisition of capital assets	(194,579)
Interest paid	(172,868)
Net cash used in capital and related financing activities	<u>(365,284)</u>
<b>Cash flows from investing activities</b>	
Interest received	1,082
Purchases of investments	(89,239)
Net cash used in investing activities	<u>(88,157)</u>
<b>Net change in cash and cash equivalents</b>	<u>(30,323)</u>
<b>Cash and cash equivalents, beginning of year</b> (including \$449,991 reported in restricted cash and cash equivalents)	525,434
<b>Cash and cash equivalents, end of year</b> (including \$417,802 reported in restricted cash and cash equivalents)	<u>\$ 495,111</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>	
Operating income	<u>\$ 32,394</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	527,867
Increase in accounts receivable	(12,111)
Decrease in inventory	2,840
Increase in prepaids	(17,990)
Decrease in accounts payable and accrued liabilities	(36,448)
Increase in utility deposits	2,270
Decrease in net pension liability	(238,014)
Decrease in deferred outflows of resources	26,522
Increase in deferred inflows of resources	173,256
Total adjustments	<u>428,192</u>
<b>Net cash provided by operating activities</b>	<u>\$ 460,586</u>

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, 2021**

	<b>Police Officers' Pension Plan Trust Fund</b>	<b>Firefighters' Pension Plan Trust Fund</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 63,034	\$ 16,648
Investments, at fair value	2,858,908	1,200,411
Total assets	2,921,942	1,217,059
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	19,727	-
Total liabilities	19,727	-
<b>NET POSITION</b>		
Restricted for pensions	\$ 2,902,215	\$ 1,217,059

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, 2021**

	<b>Police Officers' Pension Plan Trust Fund</b>	<b>Firefighters' Pension Plan Trust Fund</b>
	<u>                    </u>	<u>                    </u>
<b>Additions</b>		
Contributions:		
State of Florida and City	\$ 67,838	\$ 12,015
Plan members	25,108	-
Total contributions	<u>92,946</u>	<u>12,015</u>
Investment earnings:		
Interest	36,301	15,360
Net increase in the fair value of investments	460,745	186,924
Total investment earnings	<u>497,046</u>	<u>202,284</u>
<b>Total additions</b>	<u>589,992</u>	<u>214,299</u>
<b>Deductions</b>		
Benefit payments	121,247	22,565
Termination payments	12,065	-
Administrative expenses	16,627	5,318
<b>Total deductions</b>	<u>149,939</u>	<u>27,883</u>
<b>Change in net position</b>	<u>440,053</u>	<u>186,416</u>
<b>Net position restricted for pensions</b>		
Beginning of year	2,462,162	1,030,643
End of year	<u>\$ 2,902,215</u>	<u>\$ 1,217,059</u>

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

**CITY OF MONTICELLO, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**I. 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.

**CITY OF MONTICELLO, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

I. **Summary of Significant Accounting Policies:** (Continued)

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.

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.

**CITY OF MONTICELLO, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

I. **Summary of Significant Accounting Policies:** (Continued)

D. **Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance**

1. ***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.

2. ***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.

3. ***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, 2021**

**I. Summary of Significant Accounting Policies:** (Continued)

**4. *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.

**5. *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.

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

**6. *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.

**CITY OF MONTICELLO, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

I. **Summary of Significant Accounting Policies:** (Continued)

7. ***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.

8. ***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

9. ***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.

10. ***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.

**CITY OF MONTICELLO, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

I. **Summary of Significant Accounting Policies:** (Continued)

11. *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.

12. *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.

**CITY OF MONTICELLO, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**I. Summary of Significant Accounting Policies:** (Continued)

**13. *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.

**14. *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.

**E. Revenues and Expenditures/Expenses**

**1. *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.

**2. *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.

**CITY OF MONTICELLO, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**II. Detailed Notes on All Funds:**

**A. Deposits and Investments,**

**Deposits.** At year end, the carrying amount of the City’s deposits was \$1,695,488. 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.

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, 2021, was 50 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.

**CITY OF MONTICELLO, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

II. **Detailed Notes on All Funds:** (Continued)

As of September 30, 2021, the City had the following investments reported at fair values:

	Fair Market Value
Florida PRIME	\$ 1,090,354
Police Pension Fund	2,858,908
Fire Pension Fund	1,200,411
Total	\$ 5,149,673

Of the total fair value, \$262,458 is presented as restricted assets on the statement of net position and \$489,045 is unrestricted for the Florida PRIME investments on the Proprietary Fund Statement of Net Position and \$338,851 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.

**B. Receivables**

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

	General	Water and Sewer	Total
Accounts	\$ 20,928	\$ 108,225	\$ 129,153
Intergovernmental	210,553	—	210,553
Gross Receivables	231,481	108,225	339,706
Less: allowance for uncollectibles	—	—	—
Net total receivables	\$ 231,481	\$ 108,225	\$ 339,706

**CITY OF MONTICELLO, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

II. **Detailed Notes on All Funds:** (Continued)

C. **Capital Assets**

Capital asset activity for the year ended September 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 339,976	\$ -	\$ -	\$ 339,976
Construction in process	123,206	632	(123,838)	-
Total capital assets, not being depreciated	463,182	632	(123,838)	339,976
Capital assets, being depreciated:				
Buildings and improvements	2,556,876	123,838	-	2,680,714
Equipment, furniture, fixtures and vehicles	1,482,888	126,758	(171,184)	1,438,462
Infrastructure	465,083	-	-	465,083
Total capital assets, being depreciated	4,504,847	250,596	(171,184)	4,584,259
Less accumulated depreciation	(2,209,753)	(158,587)	163,708	(2,204,632)
Total capital assets, being depreciated, net	2,295,094	92,009	(7,476)	2,379,627
Governmental activities capital assets, net	\$ 2,758,276	\$ 92,641	\$ (131,314)	\$ 2,719,603
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 699,572	\$ -	\$ -	\$ 699,572
Construction in process	46,400	169,500	-	215,900
Total capital assets, not being depreciated	745,972	169,500	-	915,472
Capital assets, being depreciated				
Equipment, buildings, utility systems and improvements	23,903,455	25,079	(75,668)	23,852,866
Less accumulated depreciation	(7,140,591)	(527,867)	75,668	(7,592,790)
Total capital assets, being depreciated, net	16,762,864	(502,788)	-	16,260,076
Business-type activities capital assets, net	\$ 17,508,836	\$ (333,288)	\$ -	\$ 17,175,548

**CITY OF MONTICELLO, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**II. Detailed Notes on All Funds:** (Continued)

**C. Capital Assets** (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 13,882
Public safety	34,312
Physical environment	15,393
Culture and recreation	37,975
Transportation	<u>57,025</u>
Total	<u>\$ 158,587</u>
Business-type activities:	
Water and Sewer	<u>\$ 527,867</u>

**D. 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, 2021, 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, 2021, individual fund transfers to and from other funds for the primary government were comprised of the following:

	<u>Transfer From</u>	<u>Transfer To</u>
Business-type Activities:		
Water Fund:		
General Fund	\$ -	\$ 19,519
General Fund:		
Water Fund	<u>19,519</u>	<u>-</u>
Totals – All Funds	<u>\$ 359,769</u>	<u>\$ 359,769</u>

**CITY OF MONTICELLO, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**II. Detailed Notes on All Funds: (Continued)**

**E. 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 \$5,240,878.

Water and sewer revenue bonds outstanding at September 30, 2021 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.	\$	988,000
\$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.		4,252,878
		<u>5,240,878</u>
Less current amount		174,601
		<u>\$ 5,066,277</u>

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.	\$	215,268
Less current amount		1,503
		<u>\$ 213,765</u>

**CITY OF MONTICELLO, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

II. **Detailed Notes on All Funds:** (Continued)

Debt service requirements to maturity for are as follows:

<b>Year Ending September 30,</b>	<b>Principal</b>	<b>Interest</b>
2022	\$ 176,104	\$ 167,821
2023	182,229	161,196
2024	189,631	154,094
2025	197,097	146,678
2026	204,631	138,944
2027 – 2031	1,010,669	566,956
2032 – 2036	593,297	429,328
2037 – 2041	678,738	343,887
2042 – 2046	956,085	239,616
2047 – 2051	880,590	127,185
2052 – 2053	387,075	52,516
	<u>\$ 5,456,146</u>	<u>\$ 2,528,221</u>

Long-term liability activity for the year ended September 30, 2021, was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due within one year</b>
Governmental activities:					
Compensated absences	\$ 71,770	\$ 38,234	\$ (36,217)	\$ 73,787	\$ 55,817
Governmental activity long-term liabilities	<u>\$ 71,770</u>	<u>\$ 38,234</u>	<u>\$ (36,217)</u>	<u>\$ 73,787</u>	<u>\$ 55,817</u>
Business-type activities:					
Revenue bonds	\$ 5,408,215	\$ –	\$ (167,337)	\$ 5,240,878	\$ 174,601
Note payable	45,768	169,500	–	215,268	1,503
Compensated absences	23,771	9,323	(6,992)	26,102	9,323
Business-type activity long-term liabilities	<u>\$ 5,477,754</u>	<u>\$ 178,823</u>	<u>\$ (174,329)</u>	<u>\$ 5,482,248</u>	<u>\$ 185,427</u>

**CITY OF MONTICELLO, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**III. Other Information:**

**A. 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.

**B. 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.

**C. Investments held in Trust**

The investments, as of September 30, 2021, held in trust for employee retirement plans, are as follows:

**Firefighter Pension Fund**

	<u>Cost</u>	<u>Fair Value</u>
Mutual Fund – fixed income	\$ 464,155	\$ 472,270
Mutual Fund – equities	449,224	728,141
Total investments	<u>\$ 913,379</u>	<u>\$ 1,200,411</u>

**Police Officers' Pension Fund**

	<u>Cost</u>	<u>Fair Value</u>
Mutual funds – fixed income	\$ 1,104,796	\$ 1,122,806
Mutual funds – equities	1,074,297	1,736,102
Total investments	<u>\$ 2,179,093</u>	<u>\$ 2,858,908</u>

**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.

**CITY OF MONTICELLO, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**III. Other Information: (Continued)**

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.

**D. Risks and Uncertainties**

Local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the City as of April 27, 2022, management believes that a material impact on the City’s financial position and results of future operations is reasonably possible.

**E. Leases**

On September 9, 2021, the City has entered into a lease on a Grapple truck through August 2023. For the year ended September 30, 2021, rental expense under the terms of this lease was \$3,430. The future minimum lease payments were as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ 41,160
2023	37,730
Total	<u>\$ 78,890</u>

**CITY OF MONTICELLO, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

III. **Other Information:** (Continued)

F. **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](http://www.dms.myflorida.com/workforce_operations/retirement/publications)

**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.

**CITY OF MONTICELLO, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

III. **Other Information:** (Continued)

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.

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.

**CITY OF MONTICELLO, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

III. **Other Information:** (Continued)

**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](http://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, 2021, as follows (contribution rates are in agreement with the actuarially determined rates):

<b>FRS Membership Plan &amp; Class</b>	<b>Through June 30, 2021</b>	<b>After June 30, 2021</b>
Regular Class	10.00%	10.82%
Senior Management	27.29%	29.01%
Special Risk	24.45%	25.89%
Drop – Applicable to members above	14.60%	14.60%

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

For the plan year ended June 30, 2021, actual contributions made for employees participating in FRS and HIS were as follows:

Entity Contributions – FRS	\$ 87,509
Entity Contributions – HIS	16,387
Employee Contributions – FRS	29,615

**CITY OF MONTICELLO, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

III. **Other Information:** (Continued)

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

At September 30, 2021, the entity reported a net pension liability related to FRS and HIS as follows:

<u>Plan</u>	<u>Net Pension Liability</u>
FRS	\$ 173,519
HIS	341,967
Total	<u>\$ 515,486</u>

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2021 and June 30, 2020, the entity's proportionate share of the FRS and HIS net pension liabilities were as follows:

<u>Plan</u>	<u>2021</u>	<u>2020</u>
FRS	0.002297092%	0.002107787%
HIS	0.002787815%	0.002729452%

For the plan year ended September 30, 2021, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$ 8,138
HIS	23,607
Total	<u>\$ 31,745</u>

*Deferred outflows/inflows related to pensions:*

At September 30, 2021 deferred outflows of resources and deferred inflows of resources related to pensions were recorded from the following sources:

	<u>FRS</u>		<u>HIS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 29,741	\$ -	\$ 11,443	\$ (143)
Changes of assumptions	118,730	-	26,871	(14,090)
Net different between projected and actual investment earnings	-	(605,365)	356	-
Change in proportionate share	52,697	(1,255)	12,764	-
Contributions subsequent to measurement date	20,580	-	3,927	(19,079)
	<u>\$ 221,748</u>	<u>\$ (606,620)</u>	<u>\$ 55,361</u>	<u>\$ (33,312)</u>

**CITY OF MONTICELLO, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

III. **Other Information:** (Continued)

**Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources  
 Related to Pensions** (Continued)

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, 2021. 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	\$ (63,158)
2023	(81,396)
2024	(109,706)
2025	(143,893)
2026	10,271
Thereafter	552
Total	<u><u>\$ (387,330)</u></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.

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 6.80%. The rate did not change from the prior year rate. 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 2.16% was used to determine the total pension for the program. This rate decreased from the prior year rate, which was 2.21%. 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.

**CITY OF MONTICELLO, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

III. **Other Information:** (Continued)

*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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Expected Rate of Return</u>
Cash	1.0%	2.1%
Fixed income	20.0%	3.8%
Global equities	54.2%	8.2%
Real estate	10.3%	7.1%
Private equity	10.8%	11.7%
Strategic investments	3.7%	5.7%
Total	<u>100.0%</u>	

*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	6.80%	\$ 775,989	\$ 173,519	\$ (330,078)
HIS	2.16%	395,348	341,967	298,234

**CITY OF MONTICELLO, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

III. **Other Information:** (Continued)

**G. 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.

**H. Future Accounting Pronouncements**

In June 2017, the GASB issued Statement No. 87, *Leases*, which aims to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The provisions in GASB Statement No. 87 are effective for periods beginning after June 15, 2021. The City is currently evaluating the effect that Statement No. 87 will have on its financial statements.

**CITY OF MONTICELLO, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2021**

**CITY OF MONTICELLO, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes, licenses and permits	\$ 1,670,424	\$ 1,670,424	\$ 2,032,838	\$ 362,414
Intergovernmental	1,482,120	1,482,120	1,094,316	(387,804)
Charges for services	379,940	379,940	400,790	20,850
Other	46,500	46,500	33,723	(12,777)
Total revenues	<u>3,578,984</u>	<u>3,578,984</u>	<u>3,561,667</u>	<u>(17,317)</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,026,343	1,026,343	510,241	516,102
Public safety	791,396	791,396	834,134	(42,738)
Transportation	672,014	672,014	699,187	(27,173)
Physical environment	269,870	269,870	252,254	17,616
Human services	625,000	625,000	640,230	(15,230)
Capital Outlay	164,000	164,000	127,390	36,610
Total expenditures	<u>3,548,623</u>	<u>3,548,623</u>	<u>3,063,436</u>	<u>485,187</u>
Excess (deficiency) of revenues over expenditures	<u>30,361</u>	<u>30,361</u>	<u>498,231</u>	<u>467,870</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	19,519	19,519
Net change in fund balances	<u>30,361</u>	<u>30,361</u>	<u>517,750</u>	<u>487,389</u>
Fund balances, beginning of year	951,380	951,380	951,380	-
Fund balances, end of year	<u>\$ 981,741</u>	<u>\$ 981,741</u>	<u>\$ 1,469,130</u>	<u>\$ 487,389</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, 2021**

**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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Florida Retirement System (FRS)</b>								
Proportion of the net pension liability (asset)	0.002297092%	0.002107787%	0.002105577%	0.002072531%	0.002077410%	0.002091177%	0.002143612%	0.002372254%
Proportionate share of the net pension liability (asset)	\$ 913,546	\$ 913,546	\$ 725,131	\$ 624,257	\$ 614,484	\$ 528,024	\$ 276,876	\$ 144,742
Covered payroll	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	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	78.85%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%
<b>Health Insurance Subsidy Program (HIS)</b>								
Proportionate share of the net pension liability (asset)	3 0.002787815%	0.002974384%	0.002974384%	0.002888854%	0.002883354%	0.002877900%	0.002768871%	0.002844560%
Covered payroll	\$ 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	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 payroll	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	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**

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

<u>Federal/State Agency / Pass-Through Entity / Federal Program</u>	<u>Assistance Listing Number</u>	<u>Contract / Grant Number</u>	<u>Expenditures</u>
<b>FEDERAL AWARDS</b>			
<u>U.S. Department of Housing and Urban Development</u>			
Passed through Florida Department of Economic Opportunity: Community Development Block Grants/State's Program - Housing Rehabilitation	14.228	20DB-OO-0243-02-H03	<u>\$ 640,230</u>
<u>U.S. Department of Justice</u>			
Passed through Florida Department of Law Enforcement Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	2020-JAGC-JEFF-3-N2-201	<u>72,378</u>
<u>U.S. Department of Transportation</u>			
Passed through Florida Department of Environmental Protection Recreational Trails Program	20.219	T1709	<u>6,800</u>
<u>U.S. Department of Homeland Security</u>			
Passed through Florida Executive Office of the Governor Disaster Grants - Public Assistance	97.036	Z0824	<u>1,264</u>
<u>U.S. Department of Treasury</u>			
Passed through Jefferson County Board of County Commissioners Coronavirus Relief Fund	21.019	N/A	<u>51,548</u>
<b>Total Federal Awards</b>			<u><u>\$ 772,220</u></u>

**CITY OF MONTICELLO, FLORIDA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

(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.

(5) **Contingency:**

Project expenditures are subject to audit and adjustment. If any expenditures were to be disallowed by the grantor agency as a result of such an audit, any claim for reimbursement to the grantor agency would become a liability of the City. In the opinion of management, all Project expenditures included on the accompanying schedule are in compliance with the terms of the project agreements and applicable federal and state laws and regulations.

**CITY OF MONTICELLO, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

**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  no

Significant deficiency(ies) identified?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

***Federal Awards:***

Internal control over major Federal programs:

Material weakness(es) identified?  yes  no

Significant deficiency(ies) identified?  yes  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  none reported

Auditee qualified as a low-risk auditee?  yes  no

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

Identification of major Federal programs:

Assistance Listing Number	Program Name
14.228	Community Development Block Grants/State's Program-Housing Rehabilitation

**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**

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, 2021. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards, the Uniform Guidance, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Each Major Federal Program***

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, 2021.

## Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's 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.

James Moore & Co., P.L.

Tallahassee, Florida  
April 27, 2022

**CITY OF MONTICELLO, FLORIDA  
OFFICIALS  
SEPTEMBER 30, 2021**

**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, 2021, 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 April 27, 2022.

**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.

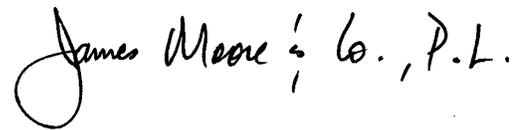
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given 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.

James Moore & Co., P.L.

Tallahassee, Florida  
April 27, 2022



**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, for the year ended September 30, 2021. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied with the aforementioned requirements for the year ended September 30, 2021, in all material respects. An examination involves performing procedures to obtain evidence about the City's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, 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.

In our opinion, the City of Monticello, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

*James Moore & Co., P.L.*

Tallahassee, Florida  
April 27, 2022

**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, 2021, and have issued our report thereon dated April 27, 2022.

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 April 27, 2022, 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. There were no findings in the two preceding financial audit reports.

## **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 I 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 recommendation:

### **2021-001 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 2022 and in the fiscal year 2023 budget process.

## **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.

James Moore & Co., P.L.

Tallahassee, Florida  
April 27, 2022

**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, 2021**

<u>Source</u>	<u>Amount Received in the 2020-2021 Fiscal Year</u>	<u>Amount Expended in the 2020-2021 Fiscal Year</u>
<b>British Petroleum:</b>		
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 and State Financial Assistance includes \$0.00 of expenditures of Federal awards, and \$0.00 of expenditures of State financial assistance that are related to the Deepwater Horizon Oil Spill.

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

# City of Monticello

## CITY COUNCIL

George Evans  
Group 1

Gloria Cox  
Group 2, Vice-Mayor

Julie Conley  
Group 3, Mayor

John Jones  
Group 4

Troy Avera  
Group 5

Emily Anderson  
City Clerk/Treasurer

Seth Lawless  
City Manager

## AFFIDAVIT

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

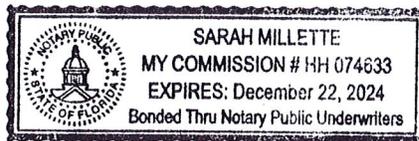
1. I am the City Clerk/Treasurer of The City of Monticello, which is a local governmental entity of the State of Florida;
2. The City of Monticello adopted Resolution 2013-10 implementing impact fees; and
3. The City of Monticello has complied and, as of the date of this Affidavit, remains in compliance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

FUTHER, AFFIANT SAYETH NAUGHT.

  
Emily Anderson  
City Clerk/Treasurer  
City of Monticello

STATE OF FLORIDA  
COUNTY OF JEFFERSON

SWORN TO AND SUBSCRIBED before me this 29<sup>th</sup> day  
of March, 2022.



  
NOTARY PUBLIC  
Print Name: Sarah Millette

Personally known X or produced identification \_\_\_\_\_  
Type of identification produced: \_\_\_\_\_  
My Commission Expires: Dec. 22, 2024

245 South Mulberry Street • Monticello, Florida 32344-1307 • (850) 342-0153  
Fax (850) 997-2217  
E-mail: eanderson@mymonticello.net

# City of Monticello

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April 27, 2022

## CITY COUNCIL

**George Evans**  
Group 1

James Moore and Company  
2477 Tim Gamble Place  
Suite 200  
Tallahassee Florida 32308.

**Gloria Cox**  
Group 2, Vice-Mayor

**Julie Conley**  
Group 3, Mayor

Dear Sir/Madam:

**John Jones**  
Group 4

In re: City of Monticello  
2021 Audit / Recommendation 2021-001 Impact  
Fee Accounting

**Troy Avera**  
Group 5

Please consider this the auditee's response regarding the auditor recommendation contained in the 2020-2021 audit of the City of Monticello, Florida.

**Emily Anderson**  
City Clerk/Treasurer

### **Recommendation 2021-001: Impact Fee Accounting**

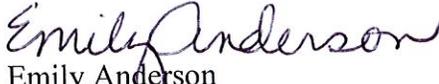
**Seth Lawless**  
City Manager

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 fees to a separate fund in fiscal year 2022 and in the fiscal year 2023 budget process.

### **Response:**

Management is aware that, going forward, impact fees collected by the City of Monticello will be required to be treated in their own fund. We will be working with the City's accountant to set up a separate impact fee accounting module beginning in fiscal year 2023.

Very truly yours,

  
Emily Anderson  
City Clerk/Treasurer

EA/a  
Enc.

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