

**CITY OF MONTICELLO, FLORIDA**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2023**

**CITY OF MONTICELLO, FLORIDA  
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SEPTEMBER 30, 2023**

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**INDEPENDENT AUDITORS' REPORT**

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

**Report on the Audit of Financial Statements*****Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the City of Monticello, Florida (the "City"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

***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, 2023, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Unmodified Opinion on the General Fund and Aggregate Remaining Fund Information***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund and the aggregate remaining fund information for the City, as of September 30, 2023, and the respective changes in financial position thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

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

***Responsibilities of Management for the Financial Statements***

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

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City's ability to continue as a going concern for a reasonable period of time.

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

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, budgetary comparison information, and other pension information as listed in the table of contents presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

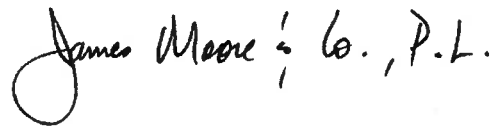
#### ***Other Information***

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2024, 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  
August 28, 2024

**CITY OF MONTICELLO, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2023**

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, 2023.

**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 position*. 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 position 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, 2023**  
(Continued)

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 \$17,533,941 at the close of the most recent fiscal year.

By far the largest portion of the City of Monticello, Florida's net assets (81%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City of Monticello, Florida uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Monticello, Florida's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF MONTICELLO, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2023**  
(Continued)

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

	<b>2023</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Current and other assets	\$ 3,258,643	\$ 1,700,594	\$ 4,959,237
Net pension asset	683,132	-	683,132
Capital assets	3,082,592	17,137,075	20,219,667
Total assets	<u>7,024,367</u>	<u>18,837,669</u>	<u>25,862,036</u>
Deferred outflows	<u>439,369</u>	<u>69,217</u>	<u>508,586</u>
Long-term liabilities outstanding	503,528	5,570,971	6,074,499
Net pension liability	953,582	338,368	1,291,950
Other liabilities	707,783	567,599	1,275,382
Total liabilities	<u>2,164,893</u>	<u>6,476,938</u>	<u>8,641,831</u>
Deferred inflows	<u>172,179</u>	<u>22,671</u>	<u>194,850</u>
Net position:			
Net investment in capital assets	2,579,064	11,566,104	14,145,168
Restricted	869,507	137,311	1,006,818
Unrestricted	1,678,093	703,862	2,381,955
Total net position	<u>\$ 5,126,664</u>	<u>\$ 12,407,277</u>	<u>\$ 17,533,941</u>
	<b>2022</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Current and other assets	\$ 2,837,714	\$ 1,369,917	\$ 4,207,631
Net pension asset	499,353	-	499,353
Capital assets	2,572,176	16,911,118	19,483,294
Total assets	<u>5,909,243</u>	<u>18,281,035</u>	<u>24,190,278</u>
Deferred outflows	<u>696,849</u>	<u>84,223</u>	<u>781,072</u>
Long-term liabilities outstanding	-	5,130,846	5,130,846
Net pension liability	820,173	311,100	1,131,273
Other liabilities	94,391	324,442	418,833
Total liabilities	<u>914,564</u>	<u>5,766,388</u>	<u>6,680,952</u>
Deferred inflows	<u>263,934</u>	<u>20,933</u>	<u>284,867</u>
Net position:			
Net investment in capital assets	2,572,176	11,780,272	14,352,448
Restricted	715,169	137,311	852,480
Unrestricted	2,140,249	660,354	2,800,603
Total net position	<u>\$ 5,427,594</u>	<u>\$ 12,577,937</u>	<u>\$ 18,005,531</u>

An additional portion of the City of Monticello, Florida's net assets (6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* \$2,381,955 may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City of Monticello, Florida is able to report positive balances in net position for its separate governmental and business-type activities.

**CITY OF MONTICELLO, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2023**  
(Continued)

**Governmental activities.** Governmental activities decreased the City of Monticello, Florida's net position by \$300,930.

Key elements of this decrease are as follows:

- Decrease in operating grants for General Fund and increase in Governmental expenses.

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

	<b>2023</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Revenues:			
Program revenues:			
Charges for services	\$ 465,361	\$ 1,371,207	\$ 1,836,568
Operating grants and contributions	1,690	-	1,690
Capital grants and contributions	22,250	132,000	154,250
General revenues:			
Property taxes	789,655	-	789,655
Intergovernmental and other	2,006,044	32,223	2,038,267
Transfers	(79,119)	79,119	-
Total revenues	<u>3,205,881</u>	<u>1,614,549</u>	<u>4,820,430</u>
Expenses:			
General government	830,686	-	830,686
Public Safety	1,123,220	-	1,123,220
Physical environment	471,157	-	471,157
Transportation	1,044,740	-	1,044,740
Culture and recreation	37,008	-	37,008
Water and Sewer	-	1,785,209	1,785,209
Total expenses	<u>3,506,811</u>	<u>1,785,209</u>	<u>5,292,020</u>
Change in net position	(300,930)	(170,660)	(471,590)
<b>Net position, beginning of year</b>	<u>5,427,594</u>	<u>12,577,937</u>	<u>18,005,531</u>
<b>Net position, end of year</b>	<u>\$ 5,126,664</u>	<u>\$ 12,407,277</u>	<u>\$ 17,533,941</u>

**CITY OF MONTICELLO, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2023**  
(Continued)

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

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

**Business-type activities.** Business-type activities decreased the City of Monticello, Florida's net position by \$170,660.

Key elements of this decrease are as follows:

- Reduction in operating grant revenue and increased expenses in business-type activities.

**CITY OF MONTICELLO, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2023**  
(Continued)

**Financial Analysis of the Government's Funds**

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

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

As of the end of the current fiscal year, the City of Monticello, Florida's governmental fund reported ending fund balance of \$2,647,387, a decrease of \$170,297 in comparison with the prior year. Of this total amount, \$2,350,030 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 \$2,350,030 and \$2,647,387, 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 60% 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 \$703,862. The total decrease in net position for the fund was \$170,660. 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, 2023, amounts to \$20,219,667 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities and roads.

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

**Long-term debt.** At the end of the current fiscal year, the City of Monticello, Florida had debt outstanding of \$6,074,499.

**CITY OF MONTICELLO, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2023  
(Continued)**

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

	<b>2023</b>		
	<b>Governmental activities</b>	<b>Business-type activities</b>	<b>Total</b>
Revenue bonds	\$ —	\$ 4,885,350	\$ 4,885,350
Notes payable	503,528	685,621	1,189,149
Total	\$ 503,528	\$ 5,570,971	\$ 6,074,499
	<b>2022</b>		
	<b>Governmental activities</b>	<b>Business-type activities</b>	<b>Total</b>
Revenue bonds	\$ —	\$ 5,066,277	\$ 5,066,277
Notes payable	—	64,569	64,569
Total	\$ —	\$ 5,130,846	\$ 5,130,846

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

**Economic Factors and Next Year's Budgets and Rates**

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

All of these factors were considered in preparing the City of Monticello, Florida's budget for the 2023/2024 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 the City Clerk, 245 South Mulberry Street, Monticello, Florida 32344.

**CITY OF MONTICELLO, FLORIDA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2023**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 532,978	\$ 45,443	\$ 578,421
Investments	1,983,694	678,470	2,662,164
Receivables, net	75,841	378,401	454,242
Due from other governments	209,396	-	209,396
Inventory	4,900	2,975	7,875
Prepays	63,082	14,843	77,925
Restricted assets:			
Cash and cash equivalents	-	428,745	428,745
Certificate of deposit	-	151,717	151,717
Investments	388,752	-	388,752
Net pension asset	683,132	-	683,132
Capital assets:			
Capital assets, not being depreciated	848,526	1,700,946	2,549,472
Other capital assets, net of depreciation	2,234,066	15,436,129	17,670,195
Total assets	<u>\$ 7,024,367</u>	<u>\$ 18,837,669</u>	<u>\$ 25,862,036</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	<u>\$ 439,369</u>	<u>\$ 69,217</u>	<u>\$ 508,586</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 611,256	\$ 359,766	\$ 971,022
Customer deposits	-	160,006	160,006
Accrued interest payable	-	14,406	14,406
Noncurrent liabilities:			
Due within one year:			
Bonds and notes payable	23,595	190,874	214,469
Compensated absences	67,569	20,053	87,622
Due in more than one year:			
Bonds and notes payable	479,933	5,380,097	5,860,030
Compensated absences	28,958	13,368	42,326
Net pension liability	953,582	338,368	1,291,950
Total liabilities	<u>\$ 2,164,893</u>	<u>\$ 6,476,938</u>	<u>\$ 8,641,831</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	<u>\$ 172,179</u>	<u>\$ 22,671</u>	<u>\$ 194,850</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 2,579,064	\$ 11,566,104	\$ 14,145,168
Restricted for:			
Debt service	-	137,311	137,311
Cemetery	186,375	-	186,375
Pensions	683,132	-	683,132
Unrestricted	1,678,093	703,862	2,381,955
Total net position	<u>\$ 5,126,664</u>	<u>\$ 12,407,277</u>	<u>\$ 17,533,941</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, 2023**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 818,158	\$ 46,578	\$ 1,690	\$ -	\$ (769,890)	\$ -	\$ (769,890)
Public safety	1,123,220	7,725	-	-	(1,115,495)	-	(1,115,495)
Transportation	1,044,740	-	-	22,250	(1,022,490)	-	(1,022,490)
Physical environment	471,157	409,758	-	-	(61,399)	-	(61,399)
Culture and recreation	37,008	1,300	-	-	(35,708)	-	(35,708)
Interest on long-term debt	12,528	-	-	-	(12,528)	-	(12,528)
Total governmental activities	3,506,811	465,361	1,690	22,250	(3,017,510)	-	(3,017,510)
Business-type activities:							
Water and sewer	1,785,209	1,371,207	-	132,000	-	(282,002)	(282,002)
Total business-type activities	1,785,209	1,371,207	-	132,000	-	(282,002)	(282,002)
Total primary government	\$ 5,292,020	\$ 1,836,568	\$ 1,690	\$ 154,250	\$ (3,017,510)	\$ (282,002)	\$ (3,299,512)
General revenues:							
Property taxes					789,655	-	789,655
Other taxes, licenses and permits					646,916	-	646,916
Franchise and utility taxes					521,181	-	521,181
Intergovernmental					701,129	-	701,129
Investment earnings					119,362	32,223	151,585
Miscellaneous revenues					17,456	-	17,456
Transfers					(79,119)	79,119	-
Total general revenues and transfers					2,716,580	111,342	2,827,922
Change in net position					(300,930)	(170,660)	(471,590)
Net position - beginning of year					5,427,594	12,577,937	18,005,531
Net position - ending of year					\$ 5,126,664	\$ 12,407,277	\$ 17,533,941

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

**CITY OF MONTICELLO, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUND  
SEPTEMBER 30, 2023**

	<b>General Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 532,978
Investments	1,983,694
Receivables, net	75,841
Due from other governments	209,396
Inventory	4,900
Prepaid items	63,082
Restricted investments	388,752
Total assets	\$ 3,258,643
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	\$ 611,256
Total liabilities	611,256
<b>FUND BALANCES</b>	
Nonspendable:	
Prepaid items	63,082
Inventory	4,900
Restricted for:	
Cemetery	186,375
Assigned to:	
Subsequent year's budget	43,000
Unassigned	2,350,030
Total fund balances	2,647,387
Total liabilities and fund balances	\$ 3,258,643

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, 2023**

<b>Fund balances - total governmental fund</b>		\$ 2,647,387
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	5,602,928	
Less: accumulated depreciation	(2,520,336)	3,082,592
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	(953,582)	
Net pension asset	683,132	
Deferred outflows related to pensions	439,369	
Deferred inflows related to pensions	(172,179)	(3,260)
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:		
Bonds and notes payable	(503,528)	
Compensated absences	(96,527)	(600,055)
<b>Net position of governmental activities</b>		<b>\$ 5,126,664</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, 2023**

	<b>General</b>
<b>Revenues</b>	
Taxes, licenses and permits	\$ 2,436,594
Intergovernmental	246,227
Charges for services	465,361
Investment earnings	119,362
Other	17,456
Total revenues	3,285,000
 <b>Expenditures</b>	
Current:	
General government	779,573
Public safety	1,025,005
Transportation	938,481
Physical environment	452,426
Capital outlay	671,693
Debt service:	
Principal	17,472
Interest	12,528
Total expenditures	3,897,178
 <b>Excess (deficiency) of revenues over expenditures</b>	(612,178)
 <b>Other financing sources (uses)</b>	
Transfers out	(79,119)
Proceeds from issuance of debt	521,000
Total other financing sources (uses)	441,881
 <b>Net change in fund balance</b>	(170,297)
 <b>Fund balance, beginning of year</b>	2,817,684
 <b>Fund balance, end of year</b>	\$ 2,647,387

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, 2023**

<b>Net change in fund balance - total governmental fund</b>	\$ (170,297)
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	671,693
Depreciation expense	(161,277)
Bond and loan proceeds are reported as financing sources in the governmental funds. However, the issuance of debt is reported as long-term debt payable in the statement of net position. Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment of debt principal reduces long-term liabilities in the statement of net position. These amounts are as follows:	
Principal repayment of general long-term debt	17,472
Issuance of governmental long-term debt	(521,000)
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	(115,355)
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	(22,166)
<b>Change in net position of governmental activities</b>	<u><u>\$ (300,930)</u></u>

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, 2023**

	<b>Water and Sewer Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 45,443
Investments	678,470
Accounts receivable, net	378,401
Inventory	2,975
Prepaid items	14,843
Restricted assets:	
Cash and cash equivalents	428,745
Certificate of deposit	151,717
Total current assets	1,700,594
Noncurrent assets:	
Capital assets:	
Land	699,572
Infrastructure, machinery and equipment	24,090,513
Construction in progress	1,001,374
Accumulated depreciation	(8,654,384)
Total capital assets, net	17,137,075
Total noncurrent assets	17,137,075
Total assets	\$ 18,837,669
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	\$ 69,217
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 359,766
Compensated absences	20,053
Payable from restricted assets:	
Current maturities on long-term debt	190,874
Accrued interest payable	14,406
Deposits	160,006
Total current liabilities	745,105
Noncurrent liabilities:	
Bonds and notes payable, net	5,380,097
Compensated absences	13,368
Net pension liability	338,368
Total noncurrent liabilities	5,731,833
Total liabilities	\$ 6,476,938
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	\$ 22,671
<b>NET POSITION</b>	
Net investment in capital assets	\$ 11,566,104
Restricted for debt service	137,311
Unrestricted	703,862
Total net position	\$ 12,407,277

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, 2023**

	<b>Water and Sewer Fund</b>
<b>Operating revenues</b>	
Charges for services	\$ 1,371,207
Total operating revenues	1,371,207
<b>Operating expenses</b>	
Personnel	504,065
Professional	70,204
Utilities and communication	187,406
Repairs and maintenance	133,254
Operating	58,729
Gas and oil	35,244
Supplies and chemicals	100,662
Depreciation	536,117
Total operating expenses	1,625,681
<b>Operating loss</b>	(254,474)
<b>Nonoperating revenues (expenses)</b>	
Interest income	32,223
Interest expense	(159,528)
Total nonoperating revenues (expenses)	(127,305)
<b>Income (loss) before contributions and transfers</b>	(381,779)
Capital grants	132,000
Transfers in	79,119
<b>Change in net position</b>	(170,660)
<b>Net position, beginning of year</b>	12,577,937
<b>Net position, end of year</b>	\$ 12,407,277

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, 2023**

	<b>Water and Sewer Fund</b>
<b>Cash flows from operating activities</b>	
Cash received from customers and grants	\$ 1,123,540
Cash paid to suppliers	(350,728)
Cash paid to employees	(460,053)
Net cash provided by operating activities	312,759
<b>Cash flows from capital and related financing activities</b>	
Payments on long-term debt	(189,948)
Proceeds from issuance of debt	630,073
Acquisition of capital assets	(762,074)
Intergovernmental grant proceeds	132,000
Interest paid	(159,528)
Net cash used in capital and related financing activities	(349,477)
<b>Cash flows from investing activities</b>	
Interest received	32,223
Purchases of investments	(87,913)
Net cash used in investing activities	(55,690)
<b>Net change in cash and cash equivalents</b>	(35,478)
<b>Cash and cash equivalents, beginning of year</b> (including \$427,221 reported in restricted cash and cash equivalents)	509,666
<b>Cash and cash equivalents, end of year</b> (including \$428,745 reported in restricted cash and cash equivalents)	\$ 474,188
<b>Reconciliation of operating loss to net cash provided by operating activities</b>	
Operating loss	\$ (254,474)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	536,117
Increase in accounts receivable	(247,590)
Increase in inventory	(2,175)
Increase in prepaids	(6,288)
Increase in accounts payable and accrued liabilities	243,234
Decrease in utility deposits	(77)
Increase in net pension liability	27,268
Increase in deferred outflows of resources	15,006
Decrease in deferred inflows of resources	1,738
Total adjustments	567,233
<b>Net cash provided by operating activities</b>	\$ 312,759

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, 2023**

	<b>Police Officers' Pension Plan Trust Fund</b>	<b>Firefighters' Pension Plan Trust Fund</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 94,824	\$ 19,270
Investments, at fair value	2,439,702	992,771
Accrued interest	51	78
Total assets	2,534,577	1,012,119
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	26,107	1,500
Total liabilities	26,107	1,500
<b>NET POSITION</b>		
Restricted for pensions	\$ 2,508,470	\$ 1,010,619

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, 2023**

	<u>Police Officers' Pension Plan Trust Fund</u>	<u>Firefighters' Pension Plan Trust Fund</u>
<b>Additions</b>		
Contributions:		
State of Florida and City	\$ 45,172	\$ 14,122
Plan members	25,702	-
Total contributions	<u>70,874</u>	<u>14,122</u>
Investment earnings:		
Interest	60,408	25,003
Net decrease in the fair value of investments	212,717	88,267
Total investment earnings	<u>273,125</u>	<u>113,270</u>
<b>Total additions</b>	<u>343,999</u>	<u>127,392</u>
<b>Deductions</b>		
Benefit payments	125,431	56,620
Termination payments	27,464	-
Professional fees	9,500	-
Administrative expenses	9,125	18,514
<b>Total deductions</b>	<u>171,520</u>	<u>75,134</u>
<b>Change in net position</b>	<u>172,479</u>	<u>52,258</u>
<b>Net position restricted for pensions</b>		
Beginning of year	2,335,991	958,361
End of year	<u>\$ 2,508,470</u>	<u>\$ 1,010,619</u>

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

**CITY OF MONTICELLO, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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

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

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

**CITY OF MONTICELLO, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental fund:

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

The government reports the following major proprietary fund:

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

Additionally, the government reports the following fiduciary fund type:

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the government's enterprise funds are charges to customers for sales and services. The Government also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(d) **Inventory and prepaid items**—All inventory is valued at cost using the first-in/first-out (FIFO) method. Inventory of the governmental fund is recorded as expenditure when consumed rather than when purchased.

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

**CITY OF MONTICELLO, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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

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

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

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

(f) **Receivables and payables**—Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

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

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

**CITY OF MONTICELLO, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

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

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

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

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

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

(j) **Long-term obligations**—In the government-wide financial statements, and for proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year incurred.

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

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

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

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

**CITY OF MONTICELLO, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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

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

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

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

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

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

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

**CITY OF MONTICELLO, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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

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

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

(q) **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.

(r) **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, 2023**

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

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

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**— Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this difference are explained in the above referenced financial statement.

(3) **Deposits and Investments:**

**Deposits.** At year end, the carrying amount of the City’s deposits was \$1,121,260. Each demand account is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Any balance in excess of FDIC insurance is covered by collateral held by the City’s custodial bank, which is pledged to a state trust fund that provides security in accordance with Florida Security for Public Deposits Act, Chapter 280, Florida Statutes.

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

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

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

**CITY OF MONTICELLO, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

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

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

Interest Rate Risk: The City manages its exposure to declines in fair values of investments by investing operating funds primarily in shorter-term securities, Florida State Board of Administration Florida PRIME. The weighted average days to maturity of the Florida PRIME at September 30, 2023, was 35 days. Next interest rate reset dates for floating rate securities are used in the calculation of the weighted average days to maturity.

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

As of September 30, 2023, the City had the following investments reported at fair values:

	<b>Fair Market Value</b>
Florida PRIME	\$ 3,050,916
Police Pension Fund	2,439,702
Fire Pension Fund	992,771
Total	\$ 6,483,389

Of the total fair value, \$388,752 is presented as restricted assets on the statement of net position and \$678,470 is unrestricted for the Florida PRIME investments on the Proprietary Fund Statement of Net Position and \$1,983,694 is unrestricted for the Florida PRIME investments on the Governmental Fund Balance Sheet. The Police and Fire pension investments are reported as entirely restricted in the Statement of Fiduciary Net Position.

**CITY OF MONTICELLO, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

(4) **Receivables:**

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

	<u>General</u>	<u>Water and Sewer</u>	<u>Total</u>
Accounts	\$ 75,841	\$ 378,401	\$ 454,242
Intergovernmental	209,396	-	209,396
Gross Receivables	<u>285,237</u>	<u>378,401</u>	<u>663,638</u>
Less: allowance for uncollectibles	-	-	-
Net total receivables	<u>\$ 285,237</u>	<u>\$ 378,401</u>	<u>\$ 663,638</u>

(5) **Capital Assets:**

Capital asset activity for the year ended September 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 339,976	\$ -	\$ -	\$ 339,976
Construction in process	7,000	508,550	(7,000)	508,550
Total capital assets, not being depreciated	<u>346,976</u>	<u>508,550</u>	<u>(7,000)</u>	<u>848,526</u>
Capital assets, being depreciated:				
Buildings and improvements	2,680,714	7,000	-	2,687,714
Equipment, furniture, fixtures and vehicles	1,438,462	163,143	-	1,601,605
Infrastructure	465,083	-	-	465,083
Total capital assets, being depreciated	<u>4,584,259</u>	<u>170,143</u>	<u>-</u>	<u>4,754,402</u>
Less accumulated depreciation	<u>(2,359,059)</u>	<u>(161,277)</u>	<u>-</u>	<u>(2,520,336)</u>
Total capital assets, being depreciated, net	<u>2,225,200</u>	<u>8,866</u>	<u>-</u>	<u>2,234,066</u>
Governmental activities capital assets, net	<u>\$ 2,572,176</u>	<u>\$ 517,416</u>	<u>\$ (7,000)</u>	<u>\$ 3,082,592</u>
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 699,572	\$ -	\$ -	\$ 699,572
Construction in process	252,920	762,074	(13,620)	1,001,374
Total capital assets, not being depreciated	<u>952,492</u>	<u>762,074</u>	<u>(13,620)</u>	<u>1,700,946</u>
Capital assets, being depreciated				
Equipment, buildings, utility systems and improvements	24,076,893	13,620	-	24,090,513
Less accumulated depreciation	<u>(8,118,267)</u>	<u>(536,117)</u>	<u>-</u>	<u>(8,654,384)</u>
Total capital assets, being depreciated, net	<u>15,958,626</u>	<u>(522,497)</u>	<u>-</u>	<u>15,436,129</u>
Business-type activities capital assets, net	<u>\$ 16,911,118</u>	<u>\$ 239,577</u>	<u>\$ (13,620)</u>	<u>\$ 17,137,075</u>

**CITY OF MONTICELLO, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 8,149
Public safety	45,238
Physical environment	10,276
Culture and recreation	37,008
Transportation	60,606
Total	\$ 161,277
Business-type activities:	
Water and Sewer	\$ 536,117

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

The outstanding balances between funds result mainly from the time lag between the dates reimbursable expenditures occur, when transactions are recorded in the accounting system, and when payments between funds are made. At September 30, 2023, 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, 2023, individual fund transfers to and from other funds for the primary government were comprised of the following:

	<b>Transfer From</b>	<b>Transfer To</b>
Business-type Activities:		
Water Fund:		
General Fund	\$ 79,119	\$ -
General Fund:		
Water Fund	-	79,119
Totals – All Funds	\$ 79,119	\$ 79,119

**CITY OF MONTICELLO, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

**Governmental Activities:**

Bonds and notes payable in the City's governmental activities at September 30, 2023, were comprised of the following obligations:

Note Payable

\$521,000 note payable to Jefferson County in annual installments of \$30,000 starting June 1, 2023, through June 1, 2042, which includes interest at 1.265%, collateralized by the City's constitutional gas tax.	\$	503,528
Less current amount		<u>(23,595)</u>
	\$	<u>479,933</u>

Annual debt service requirements to maturity for the City's governmental activities notes payable are as follows:

<b>Year Ending September 30,</b>	<b>Principal</b>	<b>Interest</b>
2024	\$ 23,595	\$ 6,405
2025	23,895	6,105
2026	24,199	5,801
2027	24,507	5,493
2028	24,819	5,181
2029 – 2033	128,911	21,089
2034 – 2038	137,321	12,679
2039 – 2042	116,281	3,721
	\$ 503,528	\$ 66,474

**Business-type Activities:**

Bonds and notes payable in the City's business-type activities at September 30, 2023, were comprised of the following obligations:

Revenue Bonds

\$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.	\$	804,000
\$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.		4,081,350
		<u>4,885,350</u>
Less current amount		<u>(188,318)</u>
	\$	<u>4,697,032</u>

**CITY OF MONTICELLO, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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

Notes 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 principle installments of \$2,930, through February 15, 2042, plus interest at .78%, collateralized by net revenues of the sewer system. \$ 55,548

Less current amount (2,556)

\$ 52,992

\$2,237,000, 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 principle installments of \$24,608, through August 15, 2044, plus interest at 0%, collateralized by net revenues of the sewer system. \$ 630,073

Less current amount —

\$ 630,073

Annual debt service requirements to maturity for the City's business-type activities bonds, and notes payable, are as follows:

Year Ending September 30,	Principal	Interest
2024	\$ 190,874	\$ 152,811
2025	222,903	145,440
2026	230,447	137,696
2027	238,060	129,633
2028	246,745	121,248
2029 – 2033	934,632	488,333
2034 – 2038	755,659	389,806
2039 – 2043	847,678	299,324
2044 – 2048	974,281	196,015
2049 – 2053	929,692	78,083
	\$ 5,570,971	\$ 2,138,389

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

	Beginning Balance	Changes	Ending Balance	Due within one year
Governmental activities:				
Note payable	\$ -	\$ 503,528	\$ 503,528	\$ 23,595
Compensated absences	74,361	22,166	96,527	67,569
Governmental activity long-term liabilities	\$ 74,361	\$ 525,694	\$ 600,055	\$ 91,164

**CITY OF MONTICELLO, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

	<b>Beginning Balance</b>	<b>Changes</b>	<b>Ending Balance</b>	<b>Due within one year</b>
Business-type activities:				
Revenue bonds	\$ 5,066,277	\$ (180,927)	\$ 4,885,350	\$ 188,318
Note payable	64,569	621,052	685,621	2,556
Compensated absences	26,690	6,731	33,421	20,053
Business-type activity long-term liabilities	<u>\$ 5,157,536</u>	<u>\$ 446,856</u>	<u>\$ 5,604,392</u>	<u>\$ 210,927</u>

(8) **Contingent Liabilities:**

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

(9) **Risk Management:**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance.

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

The investments, as of September 30, 2023, held in trust for employee retirement plans, are as follows:

**Firefighter Pension Fund**

	<b>Cost</b>	<b>Fair Value</b>
Mutual Fund – fixed income	\$ 457,209	\$ 380,481
Mutual Fund – equities	436,551	612,290
Total investments	<u>\$ 893,760</u>	<u>\$ 992,771</u>

**CITY OF MONTICELLO, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

**Police Officers' Pension Fund**

	Cost	Fair Value
Mutual funds – fixed income	\$ 1,085,458	\$ 900,619
Mutual funds – equities	1,101,072	1,539,083
Total investments	\$ 2,186,530	\$ 2,439,702

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

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

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

(11) **Employee Retirement Plans:**

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

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

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

**CITY OF MONTICELLO, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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

**FRS Pension Plan**

**Plan Description and Administration**

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

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

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

**Benefits Provided and Employees Covered**

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

**CITY OF MONTICELLO, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

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

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

**Financial Statements**

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site ([www.myfloridacfo.com](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, 2023, as follows (contribution rates are in agreement with the actuarially determined rates):

<b>FRS Membership Plan &amp; Class</b>	<b>Through June 30, 2023</b>	<b>After June 30, 2023</b>
Regular Class	11.91%	13.57%
Senior Management	31.57%	34.52%
Special Risk	27.83%	32.67%
Drop – Applicable to members above	18.60%	21.13%

Current-year employer HIS contributions were made at a rate of 1.74% of covered payroll.

**CITY OF MONTICELLO, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

For the plan year ended June 30, 2023, actual contributions made for employees participating in FRS and HIS were as follows:

Entity Contributions – FRS	\$ 107,835
Entity Contributions – HIS	17,963
Employee Contributions – FRS	30,924

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

At September 30, 2023, the entity reported a net pension liability related to FRS and HIS as follows:

Plan	Net Pension Liability
FRS	\$ 881,830
HIS	410,120
Total	\$ 1,291,950

The net pension liability was measured as of June 30, 2023, 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, 2023 and June 30, 2022, the entity's proportionate share of the FRS and HIS net pension liabilities were as follows:

Plan	2023	2022
FRS	0.002213048%	0.002238807%
HIS	0.002582405%	0.002815976%

For the plan year ended September 30, 2023, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$	189,598
HIS		149,302
Total	\$	338,900

**CITY OF MONTICELLO, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

*Deferred outflows/inflows related to pensions:*

At September 30, 2023 deferred outflows of resources and deferred inflows of resources related to pensions were recorded from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 82,796	\$ -	\$ 6,004	\$ (963)
Changes of assumptions	57,485	-	10,782	(35,538)
Net difference between projected and actual investment earnings	36,828	-	212	-
Change in proportionate share	29,665	(16,169)	8,468	(33,893)
Contributions subsequent to measurement date	27,034	-	5,010	-
Total	<u>\$ 233,808</u>	<u>\$ (16,169)</u>	<u>\$ 30,476</u>	<u>\$ (70,394)</u>

The above amounts for deferred outflows of resources for contributions related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. 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:

	FRS	HIS	Total
2024	\$ 31,311	\$ (8,403)	\$ 22,908
2025	(2,969)	(7,138)	(10,107)
2026	147,815	(9,512)	138,303
2027	10,923	(10,765)	158
2028	3,525	(7,573)	(4,048)
Thereafter	-	(1,537)	(1,537)
	<u>\$ 190,605</u>	<u>\$ (44,928)</u>	<u>\$ 145,677</u>

*Actuarial assumptions:*

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

**CITY OF MONTICELLO, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.70%. The rate is the same as prior year. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.65% was used to determine the total pension for the program. This rate increased from the prior year rate, which was 3.54%. Mortality assumptions for both plans were based on the PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details.

*Long-term expected rate of return:*

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Expected Rate of Return</u>
Cash	1.0%	2.9%
Fixed income	19.8%	4.5%
Global equities	54.0%	8.7%
Real estate	10.3%	7.6%
Private equity	11.1%	11.9%
Strategic investments	3.8%	6.3%
Total	<u>100.0%</u>	

**CITY OF MONTICELLO, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

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

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

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	6.70%	\$ 1,506,344	\$ 881,830	\$ 359,348
HIS	3.65%	467,883	410,120	362,239

(12) **Other Postemployment Benefits:**

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

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

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

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

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

**CITY OF MONTICELLO, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

(13) **Recent Accounting Pronouncements**

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

- (a) GASB issued Statement No. 101, *Compensated Absences*, in June 2022. GASB 101 amends various provisions regarding the calculation methodology and required disclosures related to the liability for compensated absences. The provisions for GASB 101 are effective for fiscal years beginning after December 15, 2023.
- (b) GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. The objective of GASB 102 is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The effective date for implementation is fiscal years beginning after June 15, 2024, and all reporting periods thereafter.
- (c) GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. The objective of GASB 103 is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The effective date for implementation is fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

**CITY OF MONTICELLO, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2023**

**CITY OF MONTICELLO, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>REVENUES</b>				
Taxes, licenses and permits	\$ 2,229,162	\$ 2,229,162	\$ 2,436,594	\$ 207,432
Intergovernmental	2,066,874	2,066,874	246,227	(1,820,647)
Charges for services	469,080	469,080	465,361	(3,719)
Investment earnings	-	-	119,362	119,362
Other	64,600	64,600	17,456	(47,144)
Total revenues	<u>4,829,716</u>	<u>4,829,716</u>	<u>3,285,000</u>	<u>(1,544,716)</u>
<b>EXPENDITURES</b>				
Current:				
General government	939,547	939,547	779,573	159,974
Public safety	1,789,035	1,789,035	1,025,005	764,030
Transportation	1,194,731	1,194,731	938,481	256,250
Physical environment	370,003	370,003	452,426	(82,423)
Human services	700,000	700,000	-	700,000
Debt service:				
Principal	-	-	17,472	(17,472)
Interest	-	-	12,528	(12,528)
Capital Outlay	7,000	7,000	671,693	(664,693)
Total expenditures	<u>5,000,316</u>	<u>5,000,316</u>	<u>3,897,178</u>	<u>1,103,138</u>
Excess (deficiency) of revenues over expenditures	<u>(170,600)</u>	<u>(170,600)</u>	<u>(612,178)</u>	<u>(441,578)</u>
<b>Other financing sources (uses)</b>				
Transfers in	243,800	243,800	(79,119)	(322,919)
Proceeds from issuance of debt	-	-	521,000	521,000
Total other financing sources (uses)	<u>243,800</u>	<u>243,800</u>	<u>441,881</u>	<u>198,081</u>
Net change in fund balances	<u>73,200</u>	<u>73,200</u>	<u>(170,297)</u>	<u>(243,497)</u>
Fund balances, beginning of year	2,817,684	2,817,684	2,817,684	-
Fund balances, end of year	<u>\$ 2,890,884</u>	<u>\$ 2,890,884</u>	<u>\$ 2,647,387</u>	<u>\$ (243,497)</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, 2023**

**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 YEARS**  
**(UNAUDITED)**

	As of the Plan Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Florida Retirement System (FRS)</b>										
Proportion of the net pension liability (asset)	0.002213048%	0.002238807%	0.002297029%	0.002107787%	0.002105577%	0.002072531%	0.002077410%	0.002091177%	0.002143612%	0.002372254%
Proportionate share of the net pension liability (asset)	\$ 881,830	\$ 833,016	\$ 913,546	\$ 913,546	\$ 725,131	\$ 624,257	\$ 614,484	\$ 528,024	\$ 276,876	\$ 144,742
Covered payroll	1,023,345	1,026,447	987,157	947,503	994,968	943,546	919,060	888,426	840,018	845,157
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	86.17%	81.16%	92.54%	96.42%	72.88%	66.16%	66.86%	59.43%	32.96%	17.13%
Plan fiduciary net position as a percentage of the total pension liability	82.38%	82.89%	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)	0.002582405%	0.002815976%	0.002787815%	0.002974384%	0.002974384%	0.002888854%	0.002883354%	0.002877900%	0.002768871%	0.002844560%
Covered payroll	\$ 410,120	\$ 298,257	\$ 332,804	\$ 332,804	\$ 332,804	\$ 305,760	\$ 308,301	\$ 335,407	\$ 282,381	\$ 265,973
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	1,023,345	1,026,447	987,157	947,503	994,968	943,546	919,060	888,426	840,018	845,157
Proportionate share of the net pension liability as a percentage of covered payroll	40.08%	29.06%	33.71%	35.12%	33.45%	32.41%	33.55%	37.75%	33.62%	31.47%
Plan fiduciary net position as a percentage of the total pension liability	4.12%	4.81%	3.00%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

**CITY OF MONTICELLO, FLORIDA**  
**SCHEDULE OF CONTRIBUTIONS**  
**LAST 10 FISCAL YEARS**  
**(UNAUDITED)**

	For the Fiscal Year Ended September 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Florida Retirement System (FRS)</b>										
Contractually required contribution	\$ 107,835	\$ 100,615	\$ 87,509	\$ 70,032	\$ 65,289	\$ 63,987	\$ 58,678	\$ 54,241	\$ 55,062	\$ 55,487
Contributions in relation to the contractually required contribution	(107,835)	(100,615)	(87,509)	(70,032)	(65,289)	(63,987)	(58,678)	(54,241)	(55,062)	(55,487)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,030,812	\$ 1,032,894	\$ 987,157	\$ 947,503	\$ 994,968	\$ 943,546	\$ 919,060	\$ 888,426	\$ 840,018	\$ 845,157
Contributions as a percentage of covered payroll	10.46%	9.74%	8.86%	7.39%	6.56%	6.78%	6.38%	6.11%	6.55%	6.57%
<b>Health Insurance Subsidy Program (HIS)</b>										
Contractually required contribution	\$ 17,963	\$ 17,146	\$ 16,387	\$ 15,729	\$ 16,516	\$ 15,663	\$ 15,256	\$ 14,748	\$ 10,584	\$ 10,142
Contributions in relation to the contractually required contribution	(17,963)	(17,146)	(16,387)	(15,729)	(16,516)	(15,663)	(15,256)	(14,748)	(10,584)	(10,142)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,030,812	\$ 1,032,894	\$ 987,157	\$ 947,503	\$ 994,968	\$ 943,546	\$ 919,060	\$ 888,426	\$ 840,018	\$ 845,157
Contributions as a percentage of covered payroll	1.74%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.26%	1.20%

**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, 2023, 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 August 28, 2024.

As discussed in the Independent Auditor's Report, 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 Utility Fund.

In addition, 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.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered City of Monticello, Florida's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Monticello, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Monticello, Florida's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We consider the deficiency described below as item 2023-001 to be a material weakness.

**2023-001: Preparation of Financial Statements and Audit Adjustments**

**Criteria:** 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 ("GAAP").

**Condition:** Adjustments were required to be made to the accounting records subsequent to the start of the audit process to be in accordance with GAAP.

**Cause:** Management relied on auditors to propose entries that had not been recorded at the time of the audit.

**Effect:** Incorrect recording of accounting records could lead to a material misstatement on the financial statements.

**Recommendation:** We recommend that the process for identifying accounting transactions be reviewed and updated.

**Compliance and Other Matters**

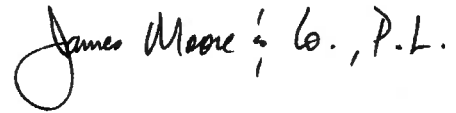
As part of obtaining reasonable assurance about whether City of Monticello, Florida's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a material 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*.

**Management's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the letter titled Management's Response to the Auditors' Comments, as listed in the table of contents. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**Purpose of this Report**

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

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

Tallahassee, Florida  
August 28, 2024

**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, 2023, and have issued our report thereon dated August 28, 2024.

As discussed in the Independent Auditor's Report, 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 Utility Fund.

In addition, 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.

**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 August 28, 2024, 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. Finding 2023-001 remains uncorrected from the second preceding audit. The following is a summary of prior year recommendations:

**2022-001 Impact Fee Accounting** - Comment remains uncorrected from the third preceding audit; see repeat comment 2023-002.

## **Official Title and Legal Authority**

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

## **Financial Condition and Management**

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

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

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

### **2023-002 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 2025 and in the fiscal year 2025 budget process.

## **Additional Matters**

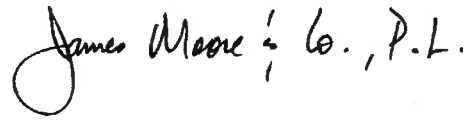
Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention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

**Management's Response to Findings**

The City's response to the findings identified in our audit is outlined as listed in the table of contents. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

**Purpose of this Letter**

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

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

Tallahassee, Florida  
August 28, 2024

**INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT**

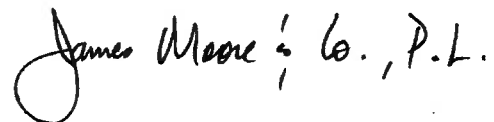
To the Honorable Mayor and Board of Commissioners,  
City of Monticello, Florida:

We have examined the City of Monticello, Florida's (the City) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies* (the Statute), for the year ended September 30, 2023. The City's 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 responsibility is to obtain reasonable assurance by evaluating the City's compliance with those requirements and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination.

Our examination was conducted in accordance with the attestation standards for a direct examination engagement established by the AICPA. Those standards require that we obtain reasonable assurance by evaluating whether the City complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2023, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of evaluation of the City's compliance based on our examination during the year ended September 30, 2023. 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.

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.



Tallahassee, Florida  
August 28, 2024



# City of Monticello

245 S. Mulberry Street, Monticello, Florida 32344

**CITY COUNCIL**

August 28, 2024

**Brian Bachman**

**Response to Finding 2023-001:**

**Gloria Cox, Mayor**

Management ensures that going forward, efforts will be made to ensure records are maintained in accordance with recommendations.

**George Evans**

**John Jones**

**Katrina Richardson**

**Response to Finding 2023-002:**

Management ensures that going forward, efforts will be made to ensure records are maintained in accordance with recommendations.

Sincerely,

Kathy Radford  
City Clerk/Treasurer