CITY OF MONTEZUMA, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

CITY OF MONTEZUMA, GEORGIA

FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2022
AND INDEPENDENT AUDITOR'S REPORT

CITY OF MONTEZUMA, GEORGIA

CONTENTS

Financial Section

Independent Auditor's Report ..... 1 – 3

Basic Financial Statements

Government-Wide Financial Statements

Statement of Net Position ..... 4 – 5
Statement of Activities ..... 6 – 7

Fund Financial Statements

Balance Sheet – Governmental Funds 8
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position 9
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds 10
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities 11
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund and Major Special Revenue Fund ..... 12 – 14
Statement of Net Position – Proprietary Funds ..... 15 – 18
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds ..... 19 – 20
Statement of Cash Flows – Proprietary Funds ..... 21 – 24

Notes to the Financial Statements ..... 25 – 44

Required Supplementary Information

Schedule of Changes in the City's Net Pension Liability (Asset) and Related Ratios ..... 45 – 46
Schedule of City Contributions 47

Notes to the Required Supplementary Information 48

Supplementary Information

Combining and Individual Fund Statements and Schedules

Combining Balance Sheet – Nonmajor Governmental Funds 49
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds 50

CITY OF MONTEZUMA, GEORGIA

CONTENTS

Supplementary Information (Continued)

Special Revenue Funds

Revolving Loan Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual 51

Flood Revolving Loan Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual 52

Hotel / Motel Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual 53

Library Endowment Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual 54

TSPLOST Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual 55

Schedule of Projects Constructed with Special Sales Tax Proceeds 56

Water Improvement Community Development Block Grant 20p-x-096-2-6149 57

Component Unit

Downtown Development Authority

Balance Sheet 58

Statement of Revenues, Expenditures, and Changes in Fund Balances 59

Compliance Section

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* ..... 60 – 61

Schedule of Findings and Responses ..... 62 – 65

MCNAIR MCLEMORE MIDDLEBROOKS & CO
CERTIFIED PUBLIC ACCOUNTANTS

389 Mulberry Street | Macon, Georgia 31201
Post Office Box One | Macon, Georgia 31202
478-746-6277 | mmmcpa.com

June 30, 2023

INDEPENDENT AUDITOR'S REPORT

Mayor and City Council
City of Montezuma, Georgia

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Montezuma, Georgia** (the "**City**"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Major Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's 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.

Responsibilities of Management for the Financial Statements

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

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

Auditor's 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 auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made be a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of changes in the City's net pension liability and related ratios on page 45-46, the schedule of City contributions on page 47, and the notes to the required supplementary information on page 48 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor fund financial statements, budgetary comparison schedules, schedule of projects constructed with special sales tax proceeds, schedule of water improvement community development block grant expenditures, and the Downtown Development Authority's financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, budgetary comparison schedules, schedule of projects constructed with special sales tax proceeds, schedule of water improvement community development block grant expenditures, and the Downtown Development Authority's financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

McNair, McLemore, Middlebrooks & Co., LLC

McNair, McLemore, Middlebrooks & Co., LLC

FINANCIAL STATEMENTS

CITY OF MONTEZUMA, GEORGIA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
Assets				
Cash and Cash Equivalents	$ 1,952,211	$ 232,186	$ 2,184,397	$ 48,495
Asset Held for Resale	39,627	-	39,627	-
Investments	-	109,204	109,204	-
Receivables (Net of Allowance)				
Taxes	96,218	-	96,218	-
Accounts	92,678	515,127	607,805	-
Loans	83,511	-	83,511	-
Due from Other Governments	313,207	-	313,207	-
Internal Balances	2,326,549	(2,326,549)	-	-
Restricted Assets				
Cash and Cash Equivalents	-	14,909	14,909	-
Net Pension Asset	175,491	82,583	258,074	-
Capital Assets				
Nondepreciable Assets	371,645	1,048,497	1,420,142	111,770
Depreciable Assets, Net	3,715,902	11,146,980	14,862,882	173,051
Total Assets	9,167,039	10,822,937	19,989,976	333,316
Deferred Outflows of Resources				
Deferred Outflows of Resources Related to Pensions	40,931	19,261	60,192	-
Total Deferred Outflows of Resources	40,931	19,261	60,192	-

See accompanying notes which are an integral part of these financial statements.

CITY OF MONTEZUMA, GEORGIA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022
(CONTINUED)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
Liabilities				
Accounts Payable	64,071	91,887	155,958	-
Accrued Liabilities	67,962	23,374	91,336	-
Accrued Interest	-	2,584	2,584	-
Unearned Revenue	852,760	-	852,760	-
Escrow Payables	30,180	-	30,180	-
Customer Deposits	-	100,896	100,896	375
Noncurrent Liabilities				
Due Within One Year				
Notes Payable	-	119,869	119,869	-
Compensated Absences	18,972	8,634	27,606	-
Due in More Than One Year				
Notes Payable	-	1,395,336	1,395,336	-
Compensated Absences	8,131	-	8,131	-
Total Liabilities	1,042,076	1,742,580	2,784,656	375
Deferred Inflows of Resources				
Deferred Inflows of Resources				
Related to Pensions	391,228	184,106	575,334	-
Total Deferred Inflows of Resources	391,228	184,106	575,334	-
Net Position				
Net Investment in Capital Assets	4,087,547	10,680,272	14,767,819	284,821
Restricted for				
Capital Outlay	471,702	-	471,702	-
Loans	187,062	-	187,062	-
Tourism	28,576	-	28,576	-
Unrestricted	2,999,779	(1,764,760)	1,235,019	48,120
Total Net Position	$ 7,774,666	$ 8,915,512	$ 16,690,178	$ 332,941

See accompanying notes which are an integral part of these financial statements.

CITY OF MONTEZUMA, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental Activities				
General Government	$ 1,002,295	$ 107,567	$ -	$ -
Judicial	80,617	144,562	-	-
Public Safety	960,188	-	-	386,597
Public Works	930,823	-	203,137	89,387
Health and Welfare	30,800	-	-	-
Culture and Recreation	189,745	-	-	-
Housing and Development	200,375	-	22,425	-
Total Governmental Activities	3,394,843	252,129	225,562	475,984
Business-Type Activities				
Water Fund	767,002	545,504	-	51,905
Sewer Fund	2,453,656	3,554,508	-	-
Solid Waste Fund	619,257	761,239	-	-
Airport Fund	36,943	81,092	-	116,219
Fire & Emergency Fund	226,742	298,104	-	-
Total Business-Type Activities	4,103,600	5,240,447	-	168,124
Total Primary Government	$ 7,498,443	$ 5,492,576	$ 225,562	$ 644,108
Component Unit				
Downtown Development Authority	$ 25,648	$ 300	$ -	$ 30,000
General Revenues				
Property Taxes				
Sales Taxes				
Insurance Premium Tax				
Franchise Tax				
Other Taxes				
Investment Earnings				
Miscellaneous				
Total General Revenues				
Transfers				
Change in Net Position				
Net Position - Beginning of Year - Restated				
Net Position - End of Year				

See accompanying notes which are an integral part of these financial statements.

CITY OF MONTEZUMA, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022
(CONTINUED)

Net (Expense) Revenue and Changes in Net Position			Component Unit
Primary Government			
Governmental Activities	Business-type Activities	Total	Downtown Development Authority
$ (894,728)	$ -	$ (894,728)	$ -
63,945	-	63,945	-
(573,591)	-	(573,591)	-
(638,299)	-	(638,299)	-
(30,800)	-	(30,800)	-
(189,745)	-	(189,745)	-
(177,950)	-	(177,950)	-
(2,441,168)	-	(2,441,168)	-
-	(169,593)	(169,593)	-
-	1,100,852	1,100,852	-
-	141,982	141,982	-
-	160,368	160,368	-
-	71,362	71,362	-
-	1,304,971	1,304,971	-
(2,441,168)	1,304,971	(1,136,197)	-
			4,652
616,953	-	616,953	-
441,319	-	441,319	-
290,210	-	290,210	-
198,432	-	198,432	-
202,921	-	202,921	-
4,473	785	5,258	-
132,308	-	132,308	-
1,886,616	785	1,887,401	-
613,064	(613,064)	-	-
58,512	692,692	751,204	4,652
7,716,154	8,222,820	15,938,974	328,289
$ 7,774,666	$ 8,915,512	$ 16,690,178	$ 332,941

See accompanying notes which are an integral part of these financial statements.

CITY OF MONTEZUMA, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

	General	American Rescue Plan	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	$ 528,308	$ 852,760	$ 571,143	$ 1,952,211
Asset Held for Resale	-	-	39,627	39,627
Receivables, Net of Allowance				
Taxes	96,218	-	-	96,218
Accounts	91,176	-	1,502	92,678
Loans	-	-	83,511	83,511
Due from Other Governments	236,144	-	77,063	313,207
Due From Other Funds	1,928,885	-	-	1,928,885
Advances to Other Funds	398,733	-	-	398,733
Total Assets	$ 3,279,464	$ 852,760	$ 772,846	$ 4,905,070
Liabilities				
Accounts Payable	$ 63,144	$ -	$ 926	$ 64,070
Accrued Liabilities	67,962	-	-	67,962
Unearned Revenue	-	852,760	-	852,760
Escrow Payables	30,180	-	-	30,180
Due to Other Funds	-	-	1,069	1,069
Total Liabilities	161,286	852,760	1,995	1,016,041
Deferred Inflows of Resources				
Unavailable Revenue - Property Taxes	86,044	-	-	86,044
Total Deferred Inflows of Resources	86,044	-	-	86,044
Fund Balances				
Nonspendable	398,733	-	83,511	482,244
Restricted	-	-	687,340	687,340
Unassigned	2,633,401	-	-	2,633,401
Total Fund Balances	3,032,134	-	770,851	3,802,985
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 3,279,464	$ 852,760	$ 772,846	$ 4,905,070

See accompanying notes which are an integral part of these financial statements.

CITY OF MONTEZUMA, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Total Fund Balances - Governmental Funds	$	3,802,985
Amounts reported for governmental activities in the statement of net position are different because:		
Capital Assets		
Capital assets used in governmental activities are not financed resources and, therefore, are not reported in the funds.		
Cost of Assets		7,697,605
Accumulated Depreciation		(3,610,058)
Deferred Outflows of Resources		
Related to Pensions		40,931
Long-Term Liabilities		
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities both current and long-term are reported in the Statement of Net Position. Long-term liabilities at year-end consist of the following:		
Compensated Absences		(27,103)
Net Pension Asset		175,491
Deferred Inflows of Resources		
Related to Pensions		(391,228)
Revenues		
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		86,044
Total Net Position of Governmental Activities	$	7,774,666

See accompanying notes which are an integral part of these financial statements.

CITY OF MONTEZUMA, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	General	American Rescue Plan	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes				
Property	$ 530,909	$ -	$ -	$ 530,909
Sales	441,319	-	-	441,319
Other Taxes	675,545	-	16,018	691,563
Licenses and Permits	19,411	-	-	19,411
Intergovernmental	76,140	149,422	475,967	701,529
Charges for Services	88,156	-	-	88,156
Fines and Forefeitures	144,562	-	-	144,562
Investment Earnings	2	44	4,444	4,490
Miscellaneous	131,631	-	679	132,310
Total Revenues	2,107,675	149,466	497,108	2,754,249
Expenditures				
Current				
General Government	1,054,472	12,000	-	1,066,472
Judicial	80,617	-	-	80,617
Public Safety	1,115,154	-	-	1,115,154
Public Works	714,690	-	6,850	721,540
Health and Welfare	30,800	-	-	30,800
Culture and Recreation	192,725	-	-	192,725
Economic Development	76,908	-	123,467	200,375
Capital Outlay	-	-	312,199	312,199
Total Expenditures	3,265,366	12,000	442,516	3,719,882
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,157,691)	137,466	54,592	(965,633)
Other Financing Sources (Uses)				
Transfers In	966,319	6,150	-	972,469
Transfers Out	(76,089)	(113,529)	(169,788)	(359,406)
Total Other Financing Sources and (Uses)	890,230	(107,379)	(169,788)	613,063
Net Change in Fund Balances	(267,461)	30,087	(115,196)	(352,570)
Fund Balance - Beginning - Restated	3,299,595	(30,087)	886,047	4,155,555
Fund Balance - Ending	$ 3,032,134	$ -	$ 770,851	$ 3,802,985

See accompanying notes which are an integral part of these financial statements.

CITY OF MONTEZUMA, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Net Change in Fund Balances - Total Governmental Funds	$	(352,570)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital Assets		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is depreciated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		
Total Capital Outlays		591,521
Total Depreciation		(238,389)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position.		(91,296)
Deferred Outflows of Resources Related to Pensions is not Available During the Current Period and Therefore is not Reported in the Funds.		
Change in Deferred Outflows of Resources Related to Pensions		40,931
Long-Term Liabilities		
Under the modified accrual basis of accounting used in 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. The adjustments for these items are as follows:		
Compensated Absences		(322)
Net Pension Asset		375,929
Deferred Inflows of Resources Related to Pensions is not Available During the Current Period and Therefore is not Reported in the Funds.		
Change in Deferred Inflows of Resources Related to Pensions		(353,335)
Revenues		
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		86,044
Change in Net Position of Governmental Activities	$	58,512

See accompanying notes which are an intergral part of these financial statements.

CITY OF MONTEZUMA, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budget			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Taxes	$ 1,526,898	$ 1,526,898	$ 1,647,773	$ 120,875
Licenses and Permits	14,500	14,500	19,411	4,911
Intergovernmental Revenues	20,000	20,000	76,140	56,140
Charges for Services	72,424	72,424	88,156	15,732
Fines, Forfeitures and Penalties	75,200	75,200	144,562	69,362
Investment Income	-	-	2	2
Miscellaneous	12,200	12,200	131,631	119,431
Total Revenues	1,721,222	1,721,222	2,107,675	386,453
Expenditures				
Current				
General Government				
Mayor and Council	89,245	78,000	77,923	77
Board of Elections	12,300	5,014	2,873	2,141
Administration	577,205	637,000	636,939	61
Public Buildings	461,175	337,000	336,737	263
Judicial				
Municipal Court	86,912	86,912	80,617	6,295
Public Safety				
Police	1,247,336	1,120,000	1,115,054	4,946
Animal Control	600	600	100	500
Public Works				
Streets	406,103	406,103	336,003	70,100
Stormwater	105,253	275,000	274,716	284
Cemetery	101,458	104,000	103,971	29
Health and Welfare				
Mosquito Control	20,000	35,800	30,800	5,000
Culture and Recreation				
Parks	68,692	83,205	83,205	-
Library	126,769	126,769	109,520	17,249

See accompanying notes which are an integral part of these financial statements.

CITY OF MONTEZUMA, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022
(CONTINUED)

	Budget			Variance with
	Original	Final	Actual	Final Budget
Expenditures				
Housing and Development				
Planning and Zoning	500	1,300	1,255	45
Economic Development	53,150	76,000	75,653	347
Total Expenditures	3,356,698	3,372,703	3,265,366	392
Excess (Deficiency) of Revenues Over Expenditures	(1,635,476)	(1,651,481)	(1,157,691)	386,845
Other Financing Sources (Uses)				
Transfers from Other Funds	1,177,500	1,449,276	966,319	(482,957)
Transfer to Other Funds	(91,345)	(91,345)	(76,089)	15,256
Total Other Financing Sources (Uses)	1,086,155	1,357,931	890,230	(467,701)
Net Change in Fund Balance	(549,321)	(293,550)	(267,461)	(80,856)
Fund Balance - Beginning	3,299,595	3,299,595	3,299,595	-
Fund Balance - Ending	$ 2,750,274	$ 3,006,045	$ 3,032,134	$ (80,856)

See accompanying notes which are an integral part of these financial statements.

CITY OF MONTEZUMA, GEORGIA
AMERICAN RESCUE PLAN ACT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022
(CONTINUED)

	Budget			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Intergovernmental	$ 551,192	$ 551,192	$ 149,422	$ (401,770)
Investment Earnings	-	-	44	44
Total Revenues	551,192	551,192	149,466	(401,726)
Expenditures				
Current				
General Government	298,000	298,000	12,000	286,000
Total Expenditures	298,000	298,000	12,000	286,000
Excess (Deficiency) of Revenues Over Expenditures	253,192	253,192	137,466	(687,726)
Other Financing Sources (Uses)				
Transfer from Other Funds	-	-	6,150	6,150
Transfer to Other Funds	(120,000)	(120,000)	(113,529)	6,471
Total Other Financing Sources (Uses)	(120,000)	(120,000)	(107,379)	12,621
Net Change in Fund Balance	133,192	133,192	30,087	(675,105)
Fund Balance - Beginning	(30,087)	(30,087)	(30,087)	22,798
Fund Balance - Ending	$ 103,105	$ 103,105	$ -	$ (652,307)

See accompanying notes which are an integral part of these financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF MONTEZUMA, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2022

	Business-Type Activities Enterprise Funds		
	Water Fund	**Sewer Fund**	**Solid Waste Fund**
Assets			
Current Assets			
Cash and Cash Equivalents	$ 76,301	$ 70,757	$ 53,336
Investments	-	109,204	-
Restricted Cash and Cash Equivalents	14,909	-	-
Accounts Receivable (Net of Allowance for Uncollectibles)	94,032	310,358	101,112
Due from Other Funds	13,000	150,441	225,258
Total Current Assets	198,242	640,760	379,706
Noncurrent Assets			
Net Pension Asset	18,065	30,969	15,484
Capital Assets			
Nondepreciable Assets	1,707	803,008	-
Depreciable Assets, Net	3,433,455	3,978,796	8,163
Total Capital Assets	3,435,162	4,781,804	8,163
Total Noncurrent Assets	3,453,227	4,812,773	23,647
Total Assets	3,651,469	5,453,533	403,353
Deferred Outflows of Resources			
Related to Pensions	4,213	7,223	3,612
Total Deferred Outflows of Resources	4,213	7,223	3,612

See accompanying notes which are an integral part of these financial statements.

CITY OF MONTEZUMA, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2022

	Business-Type Activities Enterprise Funds		
	Airport Fund	Fire & Emergency Fund	Total
$	2,926	$ 28,866	$ 232,186
	-	-	109,204
	-	-	14,909
	-	9,625	515,127
	-	36,785	425,484
	2,926	75,276	1,296,910
	-	18,065	82,583
	243,782	-	1,048,497
	3,618,049	108,517	11,146,980
	3,861,831	108,517	12,195,477
	3,861,831	126,582	12,278,060
	3,864,757	201,858	13,574,970
	-	4,213	19,261
	-	4,213	19,261

See accompanying notes which are an integral part of these financial statements.

CITY OF MONTEZUMA, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2022
(CONTINUED)

	Business-Type Activities Enterprise Funds		
	Water Fund	**Sewer Fund**	**Solid Waste Fund**
Liabilities			
Current Liabilities			
Accounts Payable	$ 11,068	$ 47,344	$ 31,069
Accrued Liabilities	5,038	9,070	4,095
Accrued Interest	239	2,345	-
Customer Deposits Payable	100,896	-	-
Compensated Absences	1,790	3,115	1,442
Due to Other Funds	633,647	378,567	575,628
Advance from Other Funds	-	-	398,733
Notes Payable - Current	-	119,869	-
Total Current Liabilities	752,678	560,310	1,010,967
Noncurrent Liabilities			
Notes Payable	478,516	916,820	-
Total Noncurrent Liabilities	478,516	916,820	-
Total Liabilities	1,231,194	1,477,130	1,010,967
Deferred Inflows of Resources			
Related to Pensions	40,273	69,040	34,520
Total Deferred Inflows of Resources	40,273	69,040	34,520
Net Position			
Net Investment in Capital Assets	2,956,646	3,745,115	8,163
Unrestricted (Deficit)	(572,431)	169,471	(646,685)
Total Net Position (Deficit)	$ 2,384,215	$ 3,914,586	$ (638,522)

The accompanying notes are an integral part of these financial statements.

CITY OF MONTEZUMA, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2022
(CONTINUED)

	Business-Type Activities Enterprise Funds		
	Airport Fund	Fire & Emergency Fund	Total
$	158	$ 2,248	$ 91,887
	-	5,171	23,374
	-	-	2,584
	-	-	100,896
	-	2,287	8,634
	239,560	525,898	2,353,300
	-	-	398,733
	-	-	119,869
	239,718	535,604	3,099,277
	-	-	1,395,336
	-	-	1,395,336
	239,718	535,604	4,494,613
	-	40,273	184,106
	-	40,273	184,106
	3,861,831	108,517	10,680,272
	(236,792)	(478,323)	(1,764,760)
$	3,625,039	$ (369,806)	$ 8,915,512

The accompanying notes are an integral part of these financial statements.

CITY OF MONTEZUMA, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Business-Type Activities Enterprise Funds					
	Water Fund	Sewer Fund	Solid Waste Fund	Airport Fund	Fire & Emergency Fund	Total
Operating Revenues						
Charges for Sales and Services						
Water Sales	$ 512,968	$ -	$ -	$ -	$ -	$ 512,968
Charges for Services	10,267	3,554,508	655,814	5,400	261,885	4,487,874
Miscellaneous	22,269	-	105,425	75,692	36,219	239,605
Total Operating Revenues	545,504	3,554,508	761,239	81,092	298,104	5,240,447
Operating Expenses						
Salaries and Benefits	140,911	300,081	134,337	-	132,647	707,976
Cost of Sales	18,347	-	-	-	-	18,347
Repairs, Maintenance, and Supplies	406,090	419,841	28,419	3,568	23,993	881,911
Depreciation	112,895	190,220	3,564	13,619	19,601	339,899
Professional Fees	611	-	-	-	-	611
Contracted Services	83,683	1,521,693	452,937	19,756	50,501	2,128,570
Other Operating Expenses	1,532	-	-	-	-	1,532
Total Operating Expenses	764,069	2,431,835	619,257	36,943	226,742	4,078,846
Operating Income (Loss)	(218,565)	1,122,673	141,982	44,149	71,362	1,161,601
Non-Operating Revenues (Expenses)						
Interest Revenue	-	785	-	-	-	785
Intergovernmental Revenue	37,275	-	-	116,219	-	153,494
Interest Expense	(2,933)	(21,821)	-	-	-	(24,754)
Total Non-Operating Revenues (Expenses)	34,342	(21,036)	-	116,219	-	129,525

See accompanying notes which are an integral part of these financial statements.

CITY OF MONTEZUMA, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022
(CONTINUED)

	Business-Type Activities Enterprise Funds					
	Water Fund	**Sewer Fund**	**Solid Waste Fund**	**Airport Fund**	**Fire & Emergency Fund**	**Total**
Net Income (Loss) Before Contributions and Transfers	(184,223)	1,101,637	141,982	160,368	71,362	1,291,126
Capital Contribution	14,630	-	-	-	-	14,630
Transfers In	243,766	150,823	24,273	42,235	66,769	527,866
Transfers out	(213,043)	(885,337)	(42,550)	-	-	(1,140,930)
Change In Net Position	(138,870)	367,123	123,705	202,603	138,131	692,692
Net Position - Beginning (Deficit)	2,523,085	3,547,463	(762,227)	3,422,436	(507,937)	8,222,820
Net Position - Ending (Deficit)	$ 2,384,215	$ 3,914,586	$ (638,522)	$ 3,625,039	$ (369,806)	$ 8,915,512

See accompanying notes which are an integral part of these financial statements.

CITY OF MONTEZUMA, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Business-Type Activities Enterprise Funds	
	Water Fund	**Sewer Fund**
Cash Flows from Operating Activities		
Cash Received from Customers	$ 534,421	$ 3,760,958
Cash Paid to Suppliers for Good and Services	(301,791)	(2,559,733)
Cash Paid to Employees	(179,493)	(306,544)
Net Cash Provided by (Used for) Operating Activities	53,137	894,681
Cash Flows from Noncapital Financing Activities		
Transfer from Other Funds	243,766	150,823
Transfer to Other Funds	(213,043)	(885,337)
Net Cash Provided by (Used for) Noncapital Financing Activities	30,723	(734,514)
Cash Flows from Capital and Related Financing Activities		
Acquisition and Construction of Assets	(136,739)	(87,463)
Capital Grants	51,905	-
Interest Paid on Notes	(2,933)	(21,821)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(87,767)	(109,284)
Net Increase (Decrease) in Cash and Cash Equivalents	(3,907)	51,668
Cash and Cash Equivalents - Beginning	95,117	128,293
Cash and Cash Equivalents - Ending	$ 91,210	$ 179,961
Reconciliation of Cash and Cash Equivalents		
Cash	$ 76,301	$ 70,757
Certificate of Deposits	-	109,204
Restricted Cash	14,909	-
Total Cash and Cash Equivalents	$ 91,210	$ 179,961

See accompanying notes which are an integral part of these financial statements.

CITY OF MONTEZUMA, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Enterprise Funds			
Solid Waste Fund	Airport Fund	Fire & Emergency Fund	Total
$ 704,167	$ 81,092	$ 324,822	$ 5,405,460
(520,073)	(83,016)	(167,348)	(3,631,961)
(159,881)	-	(204,088)	(850,006)
24,213	(1,924)	(46,614)	923,493
24,273	42,235	95,175	556,272
(42,550)	-	(28,406)	(1,169,336)
(18,277)	42,235	66,769	(613,064)
-	(184,892)	-	(409,094)
-	147,507	-	199,412
-	-	-	(24,754)
-	(37,385)	-	(234,436)
5,936	2,926	20,155	76,778
47,400	-	8,711	279,521
$ 53,336	$ 2,926	$ 28,866	$ 356,299
$ 53,336	$ 2,926	$ 28,866	$ 232,186
-	-	-	109,204
-	-	-	14,909
$ 53,336	$ 2,926	$ 28,866	$ 356,299

See accompanying notes which are an integral part of these financial statements.

CITY OF MONTEZUMA, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022
(CONTINUED)

	Business-Type Activities Enterprise Funds	
	Water Fund	**Sewer Fund**
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities		
Operating Income (Loss)	$ (218,565)	$ 1,122,673
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities		
Depreciation	112,895	190,220
Changes in Assets and Liabilities		
(Increase) Decrease in Accounts Receivables	(11,934)	206,450
(Increase) Decrease in Due from Other Funds	27,156	(15,777)
(Increase) Decrease in Deferred Outflows - Pensions	(665)	(1,299)
Increase (Decrease) in Accounts Payable	(4,016)	(36,235)
Increase (Decrease) in Accrued Liabilities	677	864
Increase (Decrease) in Accrued Interest Payable	239	-
Increase (Decrease) in Customer Water Deposits	851	-
Increase (Decrease) in Due to Other Funds	157,318	(457,625)
Increase (Decrease) in Compensated Absences	901	107
Increase (Decrease) in Notes Payable	27,775	(108,562)
Increase (Decrease) in Net Pension Liability	(79,768)	(75,175)
Increase (Decrease) in Deferred Inflows - Pensions	40,273	69,040
Total Adjustments	271,702	(227,992)
Net Cash Provided by (Used for) Operating Activities	$ 53,137	$ 894,681
Noncash Capital Financing Activities		
Contributions of Capital Assets from Government	$ 14,630	$ -

See accompanying notes which are an integral part of these financial statements.

CITY OF MONTEZUMA, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022
(CONTINUED)

	Business-Type Activities Enterprise Funds			
	Solid Waste Fund	Airport Fund	Fire & Emergency Fund	Total
	$ 141,982	$ 44,149	$ 71,362	$ 1,161,601
	3,564	13,619	19,601	339,899
	(57,072)	-	26,718	164,162
	(72,106)	-	23,536	(37,191)
	(3,612)	-	(4,213)	(9,789)
	(127,349)	(83,075)	(35,381)	(286,056)
	(1,313)	-	(738)	(510)
	-	-	-	239
	-	-	-	851
	160,738	23,383	(81,009)	(197,195)
	1,347	-	572	2,927
	-	-	-	(80,787)
	(49,315)	-	(95,042)	(299,300)
	27,349	-	27,980	164,642
	(117,769)	(46,073)	(117,976)	(238,108)
	$ 24,213	$ (1,924)	$ (46,614)	$ 923,493
	$ -	$ -	$ -	$ 14,630

See accompanying notes which are an integral part of these financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

NOTES TO THE FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies

The financial statements of the City of Montezuma, Georgia ("City") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The most significant of the City's accounting policies are described below.

Reporting Entity

The City of Montezuma is a political subdivision of the State of Georgia. It is governed by an elected mayor and six-member governing council ("council") under an elected Mayor-Council form of government. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City of Montezuma, Georgia (primary government) and its component units. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The component unit discussed below is included in the City's reporting entity because of the significance of its operational and financial relationships with the City. In conformity with generally accepted accounting principles, as set forth in Statement of Governmental Accounting Standards Board (GASB) No. 61 *The Financial Reporting Entity: Omnibus, an amendment of GASB Statement No. 14 and 34*, the City's relationships with other governments and agencies have been examined. The component unit column in the combined financial statements includes the financial data for the Downtown Development Authority, as of September 30, 2022. The financial information for the component unit is reported in columns separate from the City's financial information to emphasize that it is legally separate from the City.

Downtown Development Authority

The Montezuma Downtown Development Authority is a public body, corporate and politic, and was created upon the adoption and approval of the Development Authorities Law of the State of Georgia. The DDA was created to revitalize and redevelop the urban, central city, and downtown areas of the City of Montezuma. The Mayor and City Council appoint all members of the Downtown Development Authority. The Downtown Development Authority is audited along with the primary government financial statements and separate financial statements are not prepared.

Joint Venture

A joint venture has the following characteristics:

1. It is a legal entity that results from a contractual arrangement.
2. It is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control.
3. Participants retain an ongoing financial interest or an ongoing financial responsibility.

Under Georgia law, the City, in conjunction with other cities and counties in the middle Georgia area, is a member of the River Valley Regional Commission (the "RC") and is required to pay annual dues thereto. Membership in a RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia.

(1) Summary of Significant Account Policies (Continued)

Reporting Entity (Continued)

The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC.

Separate financial statements may be obtained from:

River Valley Regional Commission
710 Front Avenue, STE A
Columbus, Georgia 31901

Government-Wide and Fund Financial Statements

The government-wide financial statements (Statement of Net Position and Statement of Activities) report information on all the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in 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.

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

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

(1) Summary of Significant Accounting Policies (Continued)

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers 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 judgments, are recorded only when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered 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 revenues are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The fund financial statements provide more detailed information about the government's most significant funds, not the government as a whole. The activities of the government are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The government reports the following major governmental funds:

General 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.

American Rescue Plan Fund – The American Rescue Plan Fund is used to account for the federal grant funds received.

The government reports the following major proprietary fund:

Water Fund – The Water proprietary fund is used to account for the providing of water services to the citizens of the City.

Sewer Fund – The Sewer proprietary fund operates a sanitary sewer system throughout the City and sewage treatment plant. Another treatment plant is operated by the fund as a holding and pretreatment area.

Solid Waste Fund – The Solid Waste proprietary fund is used to account for the providing of garbage collection services to the citizens of the City.

Airport Fund – The Airport proprietary fund is used to account for the activity the City's airport services provide to the general public.

(1) Summary of Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

Fire & Emergency Fund – The Fire & Emergency proprietary fund is used to account for fire services provided to citizens of the City.

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.

Investments are reported at fair value, which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates, and investments that do not have an established market are reported at estimated fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

Receivables

Due from Other Governments represent funds to be received from other local governments, state grant-in-aid, state contracts, or federal funds. No allowance is deemed necessary for these receivables.

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" or "advances to / from other funds." All other outstanding balances between funds are reported as "due to / from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables have been reduced to their estimated net realizable value and are shown net of an allowance for doubtful accounts. Estimated uncollectible amounts are based on historical experience rates.

Restricted Assets

Certain assets of the enterprise funds are classified as restricted assets because their use is restricted by bond covenants.

Prepaid Items

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

Inventories

Inventories of expendable supplies held for consumption are not considered material and are recorded as expenditures, or expenses, as appropriate, when purchased.

(1) Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items acquired subsequent to January 1, 2004) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000, 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 their acquisition value at the date of donation.

The cost 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 primary government are depreciated using the straight-line method over the following estimated useful lives:

Vehicles and Equipment	3-20 years
Land Improvements	15-30 years
Infrastructure	15-30 years
Plant and Buildings	25-50 years

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

Vacation leave is based on the number of years of service and on a bi-weekly pay period as follows:

	Hours Per Pay Period
Employees with Less Than 5 Year	3
Employees with Between 5 to 18 Years	5
Employees with 18 Years or More	7

The maximum amount of vacation leave that may be carried forward from one leave year to another is 120 hours except that Fire Department personnel working more than a regular 40-hour week may carry forward a maximum of 168 hours. Excess vacation leave not taken by the first pay period of the new leave year will be forfeited.

Accumulated unpaid sick leave costs are not vested and are not accrued in any fund, but are recognized as expenditures or expenses, when paid. Accumulated unpaid vacation costs and compensatory time are accrued when incurred in the proprietary funds. The City does not budget for compensated absences in the governmental funds. All accumulated unpaid vacation costs and compensatory time (for funds other than proprietary) are reflected in the governmental activities at September 30, 2022 and amount to $27,103.

(1) Summary of Significant Accounting Policies (Continued)

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position.

Management 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures / expenses during the reporting period. Actual results could differ from those estimates.

Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period or periods and so will not be recognized as an outflow of resources (expense / expenditures) until then. The City has one item that qualifies for reporting in this category. The deferred outflow of resources related to the pension plans. This amount is deferred and will be recognized as a reduction of the net pension liability in future years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items, which arises under a modified accrual basis of accounting that qualifies for reporting in this category. This first item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second is the deferred inflow of resources relative to the differences between expected and actual experience and the net difference between projected and actual earnings on the pension plan investments. This amount is deferred and will be recognized as a reduction of the net pension liability in future years.

Net Position Flow Assumption

Sometimes the government 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 government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Net Position Deficit

At September 30, 2022 the Solid Waste Fund and the Fire & Emergency Fund had deficits of $638,522 and $369,806. These deficits will be funded with subsequent charges for services.

(1) Summary of Significant Accounting Policies (Continued)

Fund Equity

In the financial statements, governmental funds report the following classifications of fund balance in accordance with Governmental Accounting Standards Board Statement No. 54:

- Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted – amounts are restricted when constraints have been placed on the use of resources by (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council. The City Council approves committed resources through a motion and vote during the voting session of City Council meetings.
- Assigned – amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. The intent is expressed by the City Council.
- Unassigned – amounts that have not been assigned to other funds and that are not restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

The City does not have a formal minimum fund balance policy. The following is a summary of the fund balance classifications as of September 30, 2022:

	General Fund	Nonmajor Governmental Funds	Total
Fund Balances			
Nonspendable			
Advances to Other Funds	$ 398,733	$ -	$ 398,733
Noncurrent Loans Receivable	-	83,511	83,511
Restricted			
Capital outlay	-	471,702	471,702
Loans	-	187,062	187,062
Tourism	-	28,576	28,576
Unassigned	2,633,401	-	2,633,401
Total Fund Balances	$ 3,032,134	$ 770,851	$ 3,802,985

Risk Management

The City is exposed to various risks of loss related to torts of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this commercial coverage in any of the past three years.

(1) Summary of Significant Accounting Policies (Continued)

Risk Management (Continued)

There have been no significant reductions in insurance coverage in the current year. Commercial insurance premiums totaled $90,876 during the current year.

The City has obtained commercial insurance for workers' compensation claims. The limits of the coverage are $1,000,000 for each employee claim. Commercial insurance premiums for workers compensation insurance totaled $63,691 during the current year. Settled claims in the past three years have not exceeded the coverage.

(2) Budgets And Budgetary Accounting

Budget Process

An operating budget is legally adopted each fiscal year for all governmental funds except capital project funds. Capital project funds use project-length budgets. The legal level of control (the level at which expenditures may not legally exceed appropriations) for each legally adopted annual budget is the department level. Budgets are adopted on a basis consistent with GAAP. All final budget amounts presented in the accompanying financial statements and supplementary data have been adjusted for authorized revisions of the annual budget during the year. The Mayor and City Council must approve any department level changes to a previously adopted budget. Management may amend the budget without obtaining the approval of the Mayor and City Council at any level below the departmental level. All unexpended appropriations provided in the annual budget lapse at year-end. The annual budget cycle begins in March of the preceding fiscal year when budget workbooks are distributed to each department. The Mayor and City Council advertise the budgets and conduct public hearings on the proposed budget in adherence to local ordinance and state law and a final budget is usually adopted September 30th.

(3) Deposits and Investments

Credit risk

State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law (Georgia Fund I); repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

At September 30, 2022, the City's investments were as follows:

Investment	Maturity	Fair Value	Rating	Weighted Average Maturity (WAM)
Georgia Fund I	Less than 1 year	$ 109,204	AAAf	33 Days
		$ 109,204		

Interest rate risk

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk - Deposits

The custodial credit risk of deposits is the risk that in the event of the failure of a bank, the government will not be able to recover deposits. The City's bank balances of deposits as of September 30, 2022, are entirely insured or collateralized with securities held by the City's agent in the City's name. State statutes require banks holding public funds to secure these funds by FDIC insurance, securities pledged at par value, and surety bonds at face value in combined aggregate totaling not less than 110 percent of the public funds held.

(4) Other Receivables

Receivables at September 30, 2022 consist of the following:

	General Fund	Water Fund	Sewer Fund	Solid Waste Fund	Fire & Emergency Fund	Nonmajor Governmental Funds	Total
Receivables							
Taxes	$ 137,719	$ -	$ -	$ -	$ -	$ -	$ 137,719
Accounts	121,208	181,711	426,619	190,067	30,088	1,502	951,195
Loans	-	-	-	-	-	83,511	83,511
Gross Receivables	258,927	181,711	426,619	190,067	30,088	85,013	1,172,425
Less Allowances for Uncollectibles	(71,533)	(87,679)	(116,261)	(88,955)	(20,463)	-	(384,891)
Net Receivables	$ 187,394	$ 94,032	$ 310,358	$ 101,112	$ 9,625	$ 85,013	$ 787,534

(5) Due from Other Governments

Amounts due from other governments at September 30, 2022, are as follows:

Fund	State	Other	Total
General Fund	$ 40,547	$ 195,597	$ 236,144
Nonmajor Governmental Funds	77,063	-	77,063
Total	$ 117,610	$ 195,597	$ 313,207

(6) Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of September 30, 2022, was as follows:

Due to / from Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Water Fund	$ 287,962
	Sewer Fund	311,874
	Solid Waste Fund	575,628
	Airport Fund	226,560
	Fire & Emergency Fund	525,792
	Nonmajor Governmental Funds	1,069
Water Fund	Airport Fund	13,000
Sewer Fund	Water Fund	150,441
Solid Waste Fund	Water Fund	163,185
	Sewer Fund	61,967
	Fire & Emergency Fund	106
Fire & Emergency Fund	Water Fund	32,059
	Sewer Fund	4,726
Total		**$ 2,354,369**

Advances From	Advances To	Amount
General Fund	Solid Waste Fund	$ 398,733
Total		**$ 398,733**

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

(6) Interfund Receivables, Payables, and Transfers (Continued)

Interfund Transfers

	Transfers In							
Transfer Out	**General Fund**	**American Rescue Plan Fund**	**Water Fund**	**Sewer Fund**	**Solid Waste Fund**	**Fire & Emergency Fund**	**Airport Fund**	**Total**
General Fund	$ -	$ 6,150	$ -	$ -	$ -	$ 62,939	$ 7,000	$ 76,089
American Rescue Plan	-	-	64,986	20,440	24,273	3,830	-	113,529
Water Fund	213,043	-	-	-	-	-	-	213,043
Sewer Fund	706,557	-	178,780	-	-	-	-	885,337
Solid Waste Fund	42,550	-	-	-	-	-	-	42,550
Nonmajor Governmental Funds	4,170	-	-	130,383	-	-	35,235	169,788
Total	$ 966,320	$ 6,150	$ 243,766	$ 150,823	$ 24,273	$ 66,769	$ 42,235	$ 1,500,336

Transfers are used to move unrestricted revenue to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching fund for various grant programs.

(7) Capital Assets

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

Primary Government

	Beginning Balance	**Additions**	**Deductions**	**Ending Balance**
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	$ 358,037	$ 13,608	$ -	$ 371,645
Construction in Progress	91,296	-	(91,296)	-
Total Capital Assets, Not Being Depreciated	449,333	13,608	(91,296)	371,645
Capital Assets, Being Depreciated				
Buildings	2,499,769	-	-	2,499,769
Improvements	951,712	160,669	-	1,112,381
Machinery & Equipment	1,115,580	417,244	(11,987)	1,520,837
Infrastructure	2,192,973	-	-	2,192,973
Total Capital Assets, Being Depreciated	6,760,034	577,913	(11,987)	7,325,960
Less Accumulated Depreciation for				
Buildings	(1,276,757)	(52,310)	-	(1,329,067)
Improvements	(471,897)	(40,208)	-	(512,105)
Machinery & Equipment	(831,674)	(81,176)	11,987	(900,863)
Infrastructure	(803,328)	(64,695)	-	(868,023)
Total Accumulated Depreciation	(3,383,656)	(238,389)	11,987	(3,610,058)
Total Capital Assets Being Depreciated, Net	3,376,378	339,524	-	3,715,902
Governmental Activities Capital Assets, Net	$ 3,825,711	$ 353,132	$ (91,296)	$ 4,087,547

(7) Capital Assets (Continued)

Primary Government (Continued)

	Beginning Balance	Additions	Deductions	Transfers	Ending Balance
Business-Type Activities					
Capital Assets, Not Being Depreciated					
Land	$ 1,048,497	$ -	$ -	$ -	$ 1,048,497
Construction in Progress	4,040,530	203,267	-	(4,243,797)	-
Total Capital Assets, Not Being Depreciated	5,089,027	203,267	-	(4,243,797)	1,048,497
Capital Assets, Being Depreciated					
Buildings	147,183	19,346	-	-	166,529
Improvements	13,532,879	11,693	-	3,394,150	16,938,722
Machinery & Equipment	2,777,182	174,786	-	849,647	3,801,615
Total Capital Assets, Being Depreciated	16,457,244	205,825	-	4,243,797	20,906,866
Less Accumulated Depreciation for					
Buildings	(131,902)	(1,016)	-	-	(132,918)
Improvements	(7,209,463)	(242,641)	-	-	(7,452,104)
Machinery & Equipment	(2,078,622)	(96,242)	-	-	(2,174,864)
Total Accumulated Depreciation	(9,419,987)	(339,899)	-	-	(9,759,886)
Total Capital Assets Being Depreciated, Net	7,037,257	(134,074)	-	4,243,797	11,146,980
Business-Type Activities Capital Assets, Net	$ 12,126,284	$ 69,193	$ -	$ -	12,195,477
				Less Capital Related Outstanding Debt	(1,515,205)
				Net Investment in Capital Assets	$ 10,680,272

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

Governmental Activities	
General Government	$ 62,528
Public Safety	39,914
Public Works	117,987
Culture & Recreation	17,960
Total	$ 238,389
Business-Type Activities	
Water Fund	$ 112,898
Sewer Fund	190,700
Solid Waste Fund	3,564
Airport Fund	13,136
Fire & Emergency Fund	19,601
Total	$ 339,899

(7) Capital Assets (Continued)

Activity for the Downtown Development Authority for the year ended September 30, 2022, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Discretely Presented Component Unit				
Capital Assets, Not Being Depreciated				
Land	$ 111,770	$ -	$ -	$ 111,770
Total Capital Assets, Not Being Depreciated	111,770	-	-	111,770
Capital Assets, Being Depreciated				
Buildings	324,391	-	-	324,391
Total Capital Assets, Being Depreciated	324,391	-	-	324,391
Less Accumulated Depreciation for				
Buildings	(140,527)	(10,813)	-	(151,340)
Total Accumulated Depreciation	(140,527)	(10,813)	-	(151,340)
Total Capital Assets Being Depreciated, Net	183,864	(10,813)	-	173,051
Discretely Presented Component Unit Capital Assets, Net	$ 295,634	$ (10,813)	$ -	$ 284,821

Depreciation expense of $10,813 was charged to the discretely presented component unit.

(8) Long-Term Debt

Proprietary Funds

GEFA Loan Payable 2004L25WQA

In 2018, the City borrowed funds from the Georgia Environmental Facilities Authority. The note required monthly payments of $11,744 including interest of 2%. The original maturity date was due April 1, 2028. The proceeds of the note were used to consolidate sewer facilities in the City. In November 2014, the City refinanced the loan with GEFA. The modified terms included a new maturity date of November 3031, and a new monthly payment amount of $10,865, including interest at a rate of 2%. The balance of the note payable as of September 30, 2022, was $1,036,689. The interest paid on the loan for fiscal year 2022 was $21,821.

(8) Long-Term Debt (Continued)

Proprietary Funds (Continued)

GEFA Loan Payable 2004L25WQA (Continued)

Cash requirements to maturity for this loan are as follows:

	Principal	Interest	Total
2023	$ 111,769	$ 18,614	$ 130,383
2024	114,025	16,358	130,383
2025	116,327	14,056	130,383
2026	118,675	11,708	130,383
2027	119,869	10,514	130,383
2028-2031	456,024	17,478	473,503
	$ 1,036,689	$ 88,729	$ 1,125,418

GEFA Loan Payable DW2019013

On December 10, 2019, the City was approved to borrow up to $1,150,000 at an interest rate of 0.57% from the Drinking Water State Revolving Fund, administered by the Georgia Environmental Finance Authority (GEFA). The project will replace leaking water mains and install an advanced metering infrastructure and related appurtenances. During fiscal year 2021, the loan was modified to allow for an additional $115,000 in available funds to borrow. As of September 30, 2022, the City has drawn $854,330 and has $375,814 in loan forgiveness. The 2022 loan balance is $478,516 with $410,670 available to be drawn. Until completion of the project and final draw on the loan, interest only payments are due monthly. Interest payments for fiscal year 2022 totaled $2,694. Once the loan is finalized, 179 monthly principal and interest payments will begin.

Restricted Assets

The balance of the restricted asset accounts in the Water enterprise fund as of September 30, 2022, is $14,909.

(8) Long-Term Debt (Continued)

Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Subtractions	Ending Balance	Due Within One Year
Governmental Activities					
Net Pension Liability (Asset)	$ 200,438	$ -	$ (375,929)	$ (175,491)	$ -
Compensated Absences	26,781	36,030	(35,708)	27,103	18,972
Governmental Activities Long-term Liabilities	$ 227,219	$ 36,030	$ (411,637)	$ (148,388)	$ 18,972
Business-Type Activities					
GEFA Loan #3- 2004L25WQA	$ 1,145,251	$ -	$ (108,562)	$ 1,036,689	$ 119,869
GEFA Loan #4- DW2019013	450,741	27,775	-	478,516	-
Net Pension Liability (Asset)	216,717	-	(299,300)	(82,583)	-
Compensated Absences	5,707	11,813	(8,886)	8,634	8,634
Business-Type Activities Long-Term Liabilities	$ 1,818,416	$ 39,588	$ (416,748)	$ 1,441,256	$ 128,503

For the governmental activities, compensated absences and net pension liability (asset) are generally liquidated by the general fund and for the business-type activities, compensated absences and net pension liability (asset) are liquidated by the Water Fund, Sewer Fund, Solid Waste Fund, and Fire & Emergency Fund.

(9) Employee Retirement Plans

Georgia Municipal Employees Benefit System

Plan Description

The City contributes to the Georgia Municipal Employees Benefit System (the system), an agent multiple-employer public employee retirement system administered by the Georgia Municipal Association. The City of Montezuma Retirement Plan is a defined benefit plan that provides retirement and disability benefits and death benefits to plan members and beneficiaries. The Public Retirement Systems Standard Law (Georgia Code Section 47-20-10) assigned the authority to establish and amend the plan to the City of Montezuma. The Georgia Municipal Employees Benefit System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Georgia Municipal Employees Benefit System, 201 Pryor Street S.W., Atlanta, Georgia 30303.

(9) Employee Retirement Plans (Continued)

Georgia Municipal Employees Benefit System (Continued)

Benefits Provided

The GMEBS Plan provides retirement, disability, and death benefits to plan members and beneficiaries. Eligibility requirements are one year of City employment for employees; for officials, there is no waiting period. The Plan allows for early retirement at age 55 if the employee has ten years of service. An employee's normal retirement age is 65 given an employee has five years of service. For City officials, ten years of service is required. Monthly retirement benefits paid to an employee are equal to two percent of the monthly average earnings for the highest consecutive three-year wage period times the number of years of service. Monthly retirement benefits paid to an official are equal to $33 times the number of years of service. Employees' and officials' benefits vest at 100 percent in one step after five years of service. These benefit provisions were established by a City ordinance dated November 1, 1972.

Effective November 1, 1972, the Georgia Constitution enabled the governing authority of the City, the Mayor and the Members of the City Council, to establish and to amend, from time to time, the contribution rates of the employer.

Plan Membership

As of January 1, 2022, the date of the most recent actuarial valuation report, pension plan membership consisted of the following:

Retirees and Beneficiaries Currently Receiving Benefits	56
Terminated Vested Participants	32
Current Active Employees Vested	-
Total Membership in the Plan	88

Contributions

The plan members are not required to contribute to the plan. The City is required to contribute at an actuarially determined rate; the current rate is 12.93% of annual covered payroll. The contribution requirements of the City are established and may be amended by the GMEBS Board of Trustees.

Effective November 1, 2014, the Plan was frozen as follows: Participants' normal requirement benefits accrued as of December 31, 2011, shall be vested to the extent funded. Eligible Regular Employees and elected or appointed members of the Governing Authority will not be eligible to participate in this Plan with respect to service on or after October 31, 2014. Employees and elected or appointed members of the Governing Authority who are initially employed or who initially take office on or after November 1, 2014, will not be eligible to participate in this Plan for any purpose. Service, unused sick leave, and earnings on and after November 1, 2014, will not count for any purpose under the Plan. Terminations of Plan for current non-vested employees and elected officials. Vested employees and elected officials will continue to participate in the Plans.

(9) Employee Retirement Plans (Continued)

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

At September 30, 2022, the City reported a net pension asset. The net pension asset was measured as of September 30, 2021. The total pension liability used to calculate the net pension asset was based on an actuarial valuation as of January 1, 2022. An expected total pension liability as of September 30, 2022, was determined using standard roll-forward techniques.

For the year ended September 30, 2022, the City recognized pension expense relative to GMEBS in the amount of $(94,184). At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to the Pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	$ -	$ 575,334
Employer Contributions Subsequent to the Measurement Date	60,192	-
	$ 60,192	$ 575,334

City contributions subsequent to the measurement date of September 30, 2021, are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

Year Ended September 30	
2023	$ (143,605)
2024	(122,024)
2025	(163,857)
2026	(145,848)

(9) Employee Retirement Plans (Continued)

Pension assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions: The total pension liability as of September 30, 2022, was determined by an actuarial valuation as of September 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Salary Increase	2.25%, plus service based merit increases
Cost of Living Adjustments	2.25% for participants terminated on or after September 1, 1980; N/A otherwise
Investment Rate of Return	7.375%, On-going basis, based on long-term expected rate of return of pension plan investments

Mortality Rates:

- Healthy retirees and beneficiaries: Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.
- Disabled participants: Sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.
- Active participants, terminated vested participants, and deferred beneficiaries: Sex-distinct Pri-2012 head-count weighted Employee Mortality Table.
- Plan termination basis (all lives): 1994 Group Annuity Reserving Unisex Table.

The mortality tables (other than the one used for the plan termination basis) are adjusted from 2012 to future years using sex-distinct generational projection under scale SSA2019-2D to reflect expected mortality improvement.

Net Pension Liability / (Asset)

Changes in the Net Pension Liability (Asset)	**Total Pension Liability**	**Fiduciary Net Position**	**Net Pension Liability (Asset)**
Balances at September 30, 2021	$ 4,781,391	$ 4,364,236	$ 417,155
Changes for the Year			
Service Cost	-	-	-
Interest	339,848	-	339,848
Difference Between Expected and Actual Experience	63,805	-	63,805
Contributions - Employer	-	53,596	(53,596)
Net Investment Income	-	1,039,768	(1,039,768)
Benefit Payments	(346,555)	(346,555)	-
Administrative Expense	-	(14,482)	14,482
Other	-	-	-
Net Changes	57,098	732,327	(675,229)
Balance at September 30, 2022	$ 4,838,489	$ 5,096,563	$ (258,074)

The City's net pension asset is recorded in the Government-Wide Statement of Net Position in the amounts of $175,491 for governmental activities and $82,583 for business-type activities.

(9) Employee Retirement Plans (Continued)

Net Pension Liability / (Asset)(Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2020, is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	45%	6.55%
International Equity	20%	7.30%
Real Estate	10%	3.65%
Global Fixed Income	5%	0.50%
Domestic Fixed Income	20%	0.40%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.375%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's net pension liability calculated using the discount rate of 7.375%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375%) or 1-percentage-point higher (8.375%) than the current rate:

	1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
Sensitivity of the Net Pension Liability to Changes in the Discount Rate	$ 231,744	$ (258,074)	$ (671,701)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued GMEBS financial report which is publically available at www.gmanet.com.

(10) Contingent Liabilities

Litigation

During the course of normal operations of the City, various claims and lawsuits arise. The City attorney has advised that there are no potential liabilities that will impair the City's financial position as of the date of this audit report.

(11) Hotel / Motel Tax

The City has levied a 5 percent Hotel / Motel Lodging tax. Of this percentage, 2 percent is given to the Chamber of Commerce to be used for the promotion of tourism. The remaining 3 percent is used by the City to promote tourism. The activity for the year ended September 30, 2022, is summarized below:

	2022
Hotel / Motel Tax Revenue	$ 16,018
Required Expenditures	6,407
Actual Allowable Expenditures	6,407

(12) Restatement

The City determined that a restatement was required for the Revolving Loan Fund in the amount of $18,386 to properly reflect fund balance as of September 30, 2021.

Revolving Loan Fund	
Fund Balance, September 30, 2021, as Previously Reported	$ 338,231
Adjustment Required to Properly Record Fund Balance	18,386
Fund Balance, September 30, 2021, Restated	$ 356,617

THIS PAGE INTENTIONALLY LEFT BLANK

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MONTEZUMA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY (ASSET)
AND RELATED RATIOS

Total Pension Liability	**2022**	2021	2020
Service Cost	**$ -**	$ -	$ -
Interest on Total Pension Liability	**339,848**	338,033	322,037
Difference Between Expected and Actual Experience	**63,805**	39,148	322,220
Changes of Assumptions	**-**	-	-
Change of Benefit Terms	**-**	-	-
Benefit Payments, Including Refunds of Employee Contributions	**(346,555)**	(357,714)	(392,522)
Other	**-**	(30)	20,129
Net Change in Total Pension Liability	**57,098**	19,437	271,864
Total Pension Liability - Beginning	**4,781,391**	4,761,954	4,490,090
Total Pension Liability - Endin	**$ 4,838,489**	$ 4,781,391	$ 4,761,954
Plan Fiduciary Net Position			
Contributions - Employer	**$ 53,596**	$ 15,471	$ 15,768
Net Investment Income	**1,039,768**	395,865	120,812
Benefit Payments, Including Refunds of Member Contributions	**(346,555)**	(357,714)	(392,522)
Administrative Expenses	**(14,482)**	(14,394)	(14,220)
Net Change in Plan Fiduciary Net Positio	**732,327**	39,228	(270,162)
Plan Fiduciary Net Position - Beginning	**4,364,236**	4,325,008	4,595,170
Plan Fiduciary Net Position - Endin	**$ 5,096,563**	$ 4,364,236	$ 4,325,008
City's Net Pension Liability (Asset) - Endin	**$ (258,074)**	$ 417,155	$ 436,946
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	**105.33%**	91.28%	90.82%
Covered-Employee Payroll	**N/A**	N/A	N/A
Net Pension Liability As a Percentage of Covered-Employee Payroll	**N/A**	N/A	N/A

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

CITY OF MONTEZUMA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY (ASSET)
AND RELATED RATIONS
(CONTINUED)

2019	2018	2017	2016	2015
$ -	$ -	$ -	$ -	$ 52,471
321,661	345,027	360,679	345,447	411,444
50,519	(108,423)	(239,349)	166,190	7,436
-	(65,231)	-	-	(141,860)
-	-	-	-	(864,084)
(341,819)	(327,212)	(319,294)	(310,976)	(322,976)
-	-	-	-	-
30,361	(155,839)	(197,964)	200,661	(857,569)
4,459,729	4,615,571	4,813,535	4,612,874	5,470,443
$ 4,490,090	$ 4,459,732	$ 4,615,571	$ 4,813,535	$ 4,612,874
$ 87,906	$ 86,988	$ 60,000	$ 71,000	$ 160,593
430,359	598,170	427,141	55,819	439,524
(341,819)	(327,212)	(319,294)	(310,976)	(322,976)
(15,268)	(16,891)	(9,317)	(11,581)	(9,459)
161,178	341,055	158,530	(195,738)	267,682
4,433,992	4,092,937	3,934,407	4,130,145	3,862,462
$ 4,595,170	$ 4,433,992	$ 4,092,937	$ 3,934,407	$ 4,130,144
$ (105,080)	$ 25,740	$ 522,634	$ 879,128	$ 482,730
102.34%	99.42%	88.68%	81.74%	89.54%
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

CITY OF MONTEZUMA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022
SCHEDULE OF CITY CONTRIBUTIONS

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contributions	*	$ 51,391	$ 15,366	$ 15,760	$ 49,438	$ 79,840	$ 54,348	$ 220,586
Contributions in Relation to the Actuarially Determined Contribution	*	53,596	15,471	15,768	87,906	86,988	60,000	71,000
Contribution Deficiency (Excess)	*	$ (2,205)	$ (105)	$ (8)	$ (38,468)	$ (7,148)	$ (5,652)	$ 149,586
City's Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

Changes of Assumptions

There were no changes in plan provisions in the valuation and there were no changes in methods or assumptions in the valuation.

Methods and Assumptions Used to Determine Contribution Rates

Valuation date	The actuarially determined contribution rate was determined as of January 1, 2022, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the year ending September 30, 2022.
Actuarial cost method	Entry age normal
Amortization method	Closed level dollar for the remaining unfunded liability
Remaining amortization period	Remaining amortization period varies for the bases, with a net effective amortization period of 14 years.
Asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Net Investment Rate of Return	7.375%
Projected Salary Increases	2.25% plus service-based merit increases
Cost of Living Adjustments	2.25% for participants terminated on or after September 1, 1980; N/A Otherwise
Retirement Age	Ages 55-59 rate of 10%, age 60 rate of 20%, age 61 rate of 25%, age 62 rate of 35%, age 63 rate of 40%, age 64 rate of 45%, age 65 rate of 50%, ages 66-71 rate of 25% and age 72 and over rate of 100%
Mortality	Healthy retirees and beneficiaries – Sex-distinct Pri-2012 head count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25 Disabled participants – Sex-distinct Pri-2012 headcount weighted Disabled Retiree Mortality Table with rates multiplied by 1.25 Active participants, terminated vested participants, and deferred beneficiaries – Sex-distinct Pri-2012 head-count weighted Employee Mortality Table Plan termination basis (all lives) – 1994 Group Annuity Reserving Unisex Table The mortality tables (other than the one used for the plan termination basis) are adjusted from 2012 to future years using sex-distinct generational projection under scale SSA2019-2D to reflect expected morality improvement.

THIS PAGE INTENTIONALLY LEFT BLANK

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Revolving Loan Fund - This fund accounts for the issuance and repayment of loans.

Flood Revolving Loan Fund - This fund accounts for the issuance and repayment of loans.

Hotel / Motel Fund - This fund accounts for the hotel/motel taxes collected and expenditures relative to tourism.

Library Endowment Fund - This fund accounts for the proceeds received for the benefit of the library.

TSPLOST Fund - The TSPLOST Fund is used to account for proceeds and various transportation projects associated with a special one percent sales tax.

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

SPLOST Fund - The SPLOST Fund is used to account for the proceeds and various projects associated with a special one percent sales tax.

CITY OF MONTEZUMA, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

	Special Revenue Funds					Capital Projects Fund	Total Nonmajor Governmental Funds
	Revolving Loan Fund	Flood Revolving Loan Fund	Hotel / Motel Fund	Library Endowment Fund	TSPLOST Fund	SPLOST Fund	
Assets							
Cash and Cash Equivalents	$ 136,620	$ 11,037	$ 28,000	$ -	$ 92,694	$ 302,792	$ 571,143
Asset Held for Resale	39,627	-	-	-	-	-	39,627
Accounts Receivable	-	-	1,502	-	-	-	1,502
Loans Receivable	75,737	7,774	-	-	-	-	83,511
Due from Other Governments	-	-	-	-	7,847	69,216	77,063
Total Assets	$ 251,984	$ 18,811	$ 29,502	$ -	$ 100,541	$ 372,008	$ 772,846
Liabilities							
Accounts Payable	$ -	$ -	$ 926	$ -	$ -	$ -	$ 926
Due to Other Funds	-	222	-	-	847	-	1,069
Total Liabilities	-	222	926	-	847	-	1,995
Fund Balance							
Nonspendable							
Noncurrent Loans Receivable	75,737	7,774	-	-	-	-	83,511
Restricted							
Loans	176,247	10,815	-	-	-	-	187,062
Capital Projects	-	-	-	-	99,694	372,008	471,702
Tourism	-	-	28,576	-	-	-	28,576
Total Fund Balances	251,984	18,589	28,576	-	99,694	372,008	770,851
Total Liabilities and Fund Balances	$ 251,984	$ 18,811	$ 29,502	$ -	$ 100,541	$ 372,008	$ 772,846

CITY OF MONTEZUMA, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Special Revenue Funds					Capital Project Fund	Total Nonmajor
	Revolving Loan Fund	Flood Revolving Loan Fund	Hotel / Motel Fund	Library Endowment Fund	TSPLOST Fund	SPLOST Fund	Governmental Funds
Revenues							
Taxes	$ -	$ -	$ 16,018	$ -	$ -	$ -	$ 16,018
Intergovernmental	-	-	-	-	89,370	386,597	475,967
Miscellaneous Earnings	-	679	-	-	-	-	679
Investment Earnings	4,427	-	-	-	17	-	4,444
Total Revenues	4,427	679	16,018	-	89,387	386,597	497,108
Expenditures							
Current							
Public Works	-	-	-	-	6,850	-	6,850
Economic Development	109,060	-	6,407	-	8,000	-	123,467
Capital Outlay	-	-	-	-	100,244	211,955	312,199
Total Expenditures	109,060	-	6,407	-	115,094	211,955	442,516
Excess (Deficiency) of Revenues Over (Under) Expenditures	(104,633)	679	9,611	-	(25,707)	174,642	54,592
Other Financing Sources (Uses)							
Transfer to Other Funds	-	-	-	(4,170)	(35,235)	(130,383)	(169,788)
Total Other Financing Sources (Uses)	-	-	-	(4,170)	(35,235)	(130,383)	(169,788)
Net Change in Fund Balance	(104,633)	679	9,611	(4,170)	(60,942)	44,259	(115,196)
Fund Balances - Beginning - Restated	356,617	17,910	18,965	4,170	160,636	327,749	886,047
Fund Balances - Ending	$ 251,984	$ 18,589	$ 28,576	$ -	$ 99,694	$ 372,008	$ 770,851

CITY OF MONTEZUMA, GEORGIA
REVOLVING LOAN FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Final Budget	Actual	Variance with Final Budget
Revenues			
Investment Earnings	$ -	$ 4,427	$ 4,427
Total Revenues	-	4,427	4,427
Expenditures			
Current			
Economic Development	109,060	109,060	-
Total Expenditures	109,060	109,060	-
Net Change in Fund Balance	(109,060)	(104,633)	4,427
Fund Balance - Beginning - Restated	356,617	356,617	-
Fund Balance - Ending	$ 247,557	$ 251,984	$ 4,427

CITY OF MONTEZUMA, GEORGIA
FLOOD REVOLVING LOAN FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Final Budget	Actual	Variance with Final Budget
Revenues			
Miscellaneous Revenue	$ -	$ 679	$ 679
Total Revenues	-	679	679
Expenditures			
Current			
General Government	-	-	-
Total Expenditures	-	-	-
Net Change in Fund Balance	-	679	679
Fund Balance - Beginning	17,910	17,910	-
Fund Balance - Ending	$ 17,910	$ 18,589	$ 679

CITY OF MONTEZUMA, GEORGIA
HOTEL / MOTEL FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Final Budget	Actual	Variance with Final Budget
Revenues			
Taxes	$ -	$ 16,018	$ 16,018
Total Revenues	-	16,018	16,018
Expenditures			
Current			
Economic Development	6,407	6,407	-
Total Expenditures	6,407	6,407	-
Net Change in Fund Balance	(6,407)	9,611	16,018
Fund Balance - Beginning	18,965	18,965	-
Fund Balance - Ending	$ 12,558	$ 28,576	$ 16,018

CITY OF MONTEZUMA, GEORGIA
LIBRARY ENDOWMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Final Budget	Actual	Variance with Final Budget
Revenues			
Investment Earnings	$ -	$ -	$ -
Total Revenues	-	-	-
Expenditures			
Current			
Culture and Recreation	-	-	-
Total Expenditures	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	-	-
Other Financing Sources (Uses)			
Transfer to Other Funds	(4,170)	(4,170)	-
Total Other Financing Sources (Uses)	(4,170)	(4,170)	-
Net Change in Fund Balance	(4,170)	(4,170)	-
Fund Balance - Beginning	4,170	4,170	-
Fund Balance - Ending	$ -	$ -	$ -

CITY OF MONTEZUMA, GEORGIA
TSPLOST FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Final Budget	Actual	Variance with Final Budget
Revenues			
Intergovernmental	$ 78,000	$ 89,370	$ 11,370
Investment Earnings	-	17	17
Total Revenues	78,000	89,387	11,387
Expenditures			
Current			
General Government	6,850	6,850	-
Public Works	8,000	8,000	-
Capital Outlay	130,000	100,244	29,756
Total Expenditures	144,850	115,094	29,756
Excess (Deficiency) of Revenues Over Expenditures	(66,850)	(25,707)	41,143
Other Financing Sources (Uses)			
Transfer to Other Funds	(35,235)	(35,235)	-
Total Other Financing Sources (Uses)	(35,235)	(35,235)	-
Net Change in Fund Balance	(102,085)	(60,942)	41,143
Fund Balance - Beginning	160,636	160,636	-
Fund Balance - Ending	$ 58,551	$ 99,694	$ 41,143

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF MONTEZUMA, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

SPLOST	Original Estimated Cost	Expenditures			Estimated Percentage of Completion
		Prior Years	Current Year	Total	
Water System Improvements	**	$ 22,880	$ -	$ 22,880	
Sewer System Improvements	**	618,719	130,383	749,102	
Airport	**	36,773	-	36,773	
Solid Waste	**	-	-	-	
General Government	**	20,146	-	20,146	
Public Buildings	**	28,221	-	28,221	
Public Safety	**	255,656	211,955	467,611	
Public Works	**	109,326	-	109,326	
Fire	**	60,692	-	60,692	
Total SPLOST	$ 1,571,551	$ 1,152,413	$ 342,338	$ 1,494,751	95.11%

Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balance

Public Safety	$ 211,955
Transfers Out (Sewer Improvements)	130,383
	$ 342,338

***** SPLOST Referendum does not break out dollar amount of categories.***

Note- This schedule presents a detail for each project allowed in the intergovernmental agreement.

CITY OF MONTEZUMA, GEORGIA
WATER IMPROVEMENT COMMUNITY DEVELOPMENT BLOCK GRANT
20p-x-096-2-6149
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Program Activity	Activity Number	Budget	Expenditures		
			Prior Years	Current Year	Total
Engineering	T-03J-00	$ 69,366	$ 38,975	$ 16,975	$ 55,950
Water / Sewer Improvement	P-03J-01	630,634	-	-	-
Administration	A-21A-00	45,000	1,000	15,500	16,500
Contingencies	P-001-01	5,000	-	4,800	4,800
Total		$ 750,000	$ 39,975	$ 37,275	$ 77,250

**** CDBG activity is reported in the Water Fund.***

CITY OF MONTEZUMA, GEORGIA
BALANCE SHEET
COMPONENT UNIT-DOWNTOWN DEVELOPMENT AUTHORITY
SEPTEMBER 30, 2022

Assets		
Cash and Cash Equivalents	$	48,495
Total Assets	$	48,495
Liabilities		
Customer Deposits	$	375
Total Liabilities		375
Fund Balances		
Unassigned		48,120
Total Fund Balance		48,120
Total Liabilities and Fund Balance	$	48,495

Amounts reported for governmental activities in the statement of net position are different because:

Total Fund Balances - Governmental Funds	$	48,120
Capital Assets		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost of the Assets		436,161
Accumulated Depreciation		(151,340)
Net Position of Governmental Activities	$	332,941

CITY OF MONTEZUMA, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
COMPONENT UNIT-DOWNTOWN DEVELOPMENT AUTHORITY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Revenues		
Intergovernmental	$	30,000
Charges For Services		300
Total Revenues		30,300
Expenditures		
Current		
Housing and Development		14,835
Total Expenditures		14,835
Net Change in Fund Balances		15,465
Fund Balance - Beginning		32,655
Fund Balance - Ending	$	48,120

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances - Total Governmental Funds	$	15,465
Capital Assets		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		
Total Depreciation		(10,813)
Change in Net Position of Governmental Activities	$	4,652

MCNAIR MCLEMORE MIDDLEBROOKS & CO
CERTIFIED PUBLIC ACCOUNTANTS

389 Mulberry Street | Macon, Georgia 31201
Post Office Box One | Macon, Georgia 31202
478-746-6277 | mmmcpa.com

June 30, 2023

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

Mayor and City Council
City of Montezuma, Georgia

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

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2022-001, 2022-002, 2022-003, and 2022-004 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

City of Montezuma, Georgia's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Montezuma, Georgia's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. 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 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.

McNair, McLemore, Middlebrooks & Co., LLC

McNair, McLemore, Middlebrooks & Co., LLC

CITY OF MONTEZUMA, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

(1) Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified that are not considered to be material weakness(es)	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

There was not an audit of major federal award programs for the year ended September 30, 2022, due to the total amount expended being less than $750,000.

(2) Financial Statement Findings

Findings noted on the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*:

2022-001 Fund Balance

CRITERIA
Accurate financial reports are essential to perform analysis of the financial condition of the City, review data for accuracy and completeness, and to prepare annual financial statements.

CONDITION
Beginning fund balances did not reconcile with the prior year ending fund balances.

CONTEXT
Audit adjustments were necessary to reconcile beginning fund balances to the prior year ending fund balances as follows:

- General Fund $16,391
- Water Fund $435,187 (*material)*
- Sewer Fund $4,270
- Solid Waste Fund $3,667
- Airport Fund $152,955 (*material)*
- Fire & Emergency Fund $449

EFFECT
The City produced financial reports, which contained material errors.

CAUSE
The City failed to record all of the 2021 audit adjusting entries and/or made entries in error to fund balance accounts. Procedures were not performed to reconcile the roll forward of fund balance to the prior year audited financial statements.

(2) Financial Statement Findings (Continued)

2022-001 Fund Balance (Continued)

RECOMMENDATION
The City should establish procedures to ensure that all audit entries are properly posted in the accounting system. In addition, the City should establish procedures to reconcile the roll forward of fund balance between accounting periods.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
Management concurs with the finding regarding Fund Balance and will reconcile all future fund balances to assure it agrees with fund balance forward.

2022-002 Accounts Receivable / Revenue

CRITERIA
Under a modified accrual basis of accounting, amounts are recognized as revenue when earned, only as long as they are collectible within the period or soon enough afterwards to be used to pay liabilities of the current period. Under the accrual basis of accounting, amounts are recognized as revenue when earned.

CONDITION
Accounts Receivable and Revenue did not agree to the City's subsidiary ledgers for FY 2022.

CONTEXT
Audit adjustments were required to fairly state revenues for the fiscal year ended September 30, 2022.

- A material adjustment of $37,846 to charges for services was required in the Water Fund.
- A material adjustment of $64,765 to accounts receivable was required in the Sewer Fund.
- A material adjustment of $34,861 to charges for services was required in the Solid Waste Fund.
- A material adjustment of $121,667 to intergovernmental receivables was required in the Airport Fund.
- A material adjustment of $43,335 to accounts receivable was required in the Fire & Emergency Fund.

EFFECT
The City's accounting records contained material errors which were identified and adjusted during the annual audit process.

CAUSE
The City did not have controls in place to ensure proper recording of revenue and receivables.

RECOMMENDATION
We recommend the City develop procedures to ensure that revenues are recognized in the correct fiscal year and receivables are properly stated at year-end.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
Management concurs with the finding regarding Accounts Receivable/Revenue and will make sure that the subsidiary ledgers are reconciled to the General Ledger in the future.

(2) Financial Statement Findings (Continued)

2022-003 Accounts Payable

CRITERIA
In accordance with generally accepted accounting principles, expenditures are recognized as soon as a liability is incurred.

CONDITION
The City had not properly accrued accounts payable activity at year-end and subsidiary ledgers were not reconciled to the general ledger.

CONTEXT
Material audit adjustments were required to properly state accounts payable at year-end as follows:

- General Fund - $46,420
- Solid Waste Fund - $105,425
- Airport Fund - $75,332
- Fire & Emergency Fund - $36,219

EFFECT
Material audit adjustments were needed to fairly state accounts payable for the fiscal year ended September 30, 2022.

CAUSE
The City lacked accounting procedures to ensure the recording of year-end accruals.

RECOMMENDATION
The City should establish procedures to ensure the proper accrual of all liabilities incurred during the fiscal year and reconcile the general ledger to subsidiary ledgers.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
Management concurs with the finding regarding accrual of accounts payable at year end and will be more diligent in recording this activity in the future.

2022-004 Interfund Transfers

CRITERIA
In accordance with generally accepted accounting principles, internal controls should be in place to provide reasonable assurance that interfund transactions are properly recorded.

CONDITION
The City did not properly record transfers between the City's funds.

CONTEXT
Adjustments were required to balance transfers between the City's funds.

(2) Financial Statement Findings (Continued)

2022-004 Interfund Transfers (Continued)

EFFECT
Transfer accounts were improperly stated as follows:

- ARPA Fund
  - Transfer from the General Fund was understated by $109,699.
  - Transfer to Water Fund was understated by $64,986.
  - Transfer to Sewer Fund was understated by $20,440.
  - Transfer to Solid Waste Fund was understated by $24,273.
- Water Fund
  - Transfer from ARPA Fund was understated by $64,986.
- Sewer Fund
  - Transfer from ARPA Fund was understated by $20,440.
- Solid Waste Fund
  - Transfer from ARPA Fund was understated by $24,273.

CAUSE
The City lacked proper controls over interfund transfers to ensure proper recording of interfund activities during the fiscal year.

RECOMMENDATION
The City should implement procedures to ensure the proper recording of interfund activities.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
Management concurs with Interfund Transfers finding and will take extra care to make sure transfers are recorded properly in the future.

THIS PAGE INTENTIONALLY LEFT BLANK