CITY OF MONTEZUMA, GEORGIA

ANNUAL
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2023

CITY OF MONTEZUMA, GEORGIA

FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023
AND INDEPENDENT AUDITOR'S REPORT

CITY OF MONTEZUMA, GEORGIA

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CITY OF MONTEZUMA, GEORGIA

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March 27, 2024

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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the American Rescue Plan 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 by 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 and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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, the Downtown Development Authority's financial statements, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform*

Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 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, the Downtown Development Authority's financial statements, and the schedule of expenditures of federal awards, 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 March 27, 2024, 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, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
Assets				
Cash and Cash Equivalents	$ 1,622,828	$ 953,298	$ 2,576,126	$ 25,087
Asset Held for Resale	39,627	-	39,627	-
Investments	-	114,263	114,263	-
Receivables (Net of Allowance)				
Taxes	136,677	-	136,677	-
Accounts	93,997	704,007	798,004	16,250
Loans	118,810	-	118,810	-
Due from Other Governments	341,099	601,948	943,047	-
Internal Balances	3,001,488	(3,001,488)	-	-
Restricted Assets				
Cash and Cash Equivalents	-	16,246	16,246	-
Capital Assets				
Nondepreciable Assets	371,645	2,324,758	2,696,403	111,770
Depreciable Assets, Net	3,587,524	10,821,108	14,408,632	203,488
Total Assets	9,313,695	12,534,140	21,847,835	356,595
Deferred Outflows of Resources				
Deferred Outflows of Resources Related to Pensions	358,694	168,796	527,490	-
Total Deferred Outflows of Resources	358,694	168,796	527,490	-

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

CITY OF MONTEZUMA, GEORGIA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023
(CONTINUED)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
Liabilities				
Accounts Payable	192,982	711,210	904,192	-
Accrued Liabilities	47,594	27,276	74,870	-
Accrued Interest	-	836	836	-
Unearned Revenue	556,856	-	556,856	-
Escrow Payables	22,022	-	22,022	-
Customer Deposits	-	103,254	103,254	375
Noncurrent Liabilities				
Due Within One Year				
Notes Payable	-	114,025	114,025	-
Compensated Absences	29,517	7,986	37,503	-
Due in More Than One Year				
Notes Payable	-	1,335,289	1,335,289	-
Compensated Absences	12,651	4,265	16,916	-
Net Pension Liability	349,740	164,585	514,325	-
Total Liabilities	1,211,362	2,468,726	3,680,088	375
Net Position				
Net Investment in Capital Assets	3,959,169	11,094,605	15,053,774	315,258
Restricted for				
Capital Outlay	762,822	-	762,822	-
Loans	154,576	-	154,576	-
Tourism	36,303	-	36,303	-
Unrestricted (Deficit)	3,548,157	(860,395)	2,687,762	40,962
Total Net Position	$ 8,461,027	$ 10,234,210	$ 18,695,237	$ 356,220

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, 2023

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	$ 795,552	$ 118,102	$ 295,904	$ -
Judicial	78,599	89,976	-	-
Public Safety	1,289,585	66,976	-	426,478
Public Works	713,685	-	55,443	95,587
Health and Welfare	30,800	-	-	-
Culture and Recreation	182,931	-	-	-
Housing and Development	113,348	-	21,049	-
Total Governmental Activities	3,204,500	275,054	372,396	522,065
Business-Type Activities				
Water Fund	591,508	555,287	-	575,108
Sewer Fund	2,739,495	4,094,263	-	-
Solid Waste Fund	610,978	711,321	-	-
Airport Fund	132,985	5,220	-	568,844
Fire & Emergency Fund	400,695	66,689	15,000	-
Total Business-Type Activities	4,475,661	5,432,780	15,000	1,143,952
Total Primary Government	$ 7,680,161	$ 5,707,834	$ 387,396	$ 1,666,017
Component Unit				
Downtown Development Authority	$ 26,721	$ -	$ 25,000	$ 25,000
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				
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, 2023
(CONTINUED)

Net (Expense) Revenue and Changes in Net Position			Component Unit
Primary Government			
Governmental Activities	Business-type Activities	Total	Downtown Development Authority
$ (381,546)	$ -	$ (381,546)	$ -
11,377	-	11,377	-
(796,131)	-	(796,131)	-
(562,655)	-	(562,655)	-
(30,800)	-	(30,800)	-
(182,931)	-	(182,931)	-
(92,299)	-	(92,299)	-
(2,034,985)	-	(2,034,985)	-
-	538,887	538,887	-
-	1,354,768	1,354,768	-
-	100,343	100,343	-
-	441,079	441,079	-
-	(319,006)	(319,006)	-
-	2,116,071	2,116,071	-
(2,034,985)	2,116,071	81,086	-
			23,279
714,482	-	714,482	-
461,787	-	461,787	-
252,056	-	252,056	-
227,212	-	227,212	-
175,157	-	175,157	-
2,890	5,059	7,949	-
52,947	32,383	85,330	-
1,886,531	37,442	1,923,973	-
834,815	(834,815)	-	-
686,361	1,318,698	2,005,059	23,279
7,774,666	8,915,512	16,690,178	332,941
$ 8,461,027	$ 10,234,210	$ 18,695,237	$ 356,220

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

CITY OF MONTEZUMA, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	General	American Rescue Plan Act Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	$ 162,577	$ 654,362	$ 805,889	$ 1,622,828
Asset Held for Resale	-	-	39,627	39,627
Receivables, Net of Allowance				
Taxes	136,677	-	-	136,677
Accounts	92,495	-	1,502	93,997
Loans	-	-	118,810	118,810
Due from Other Governments	231,672	-	109,427	341,099
Due from Other Funds	2,603,825	-	-	2,603,825
Advances to Other Funds	398,733	-	-	398,733
Total Assets	$ 3,625,979	$ 654,362	$ 1,075,255	$ 5,355,596
Liabilities				
Accounts Payable	$ 93,801	$ 97,506	$ 1,675	$ 192,982
Accrued Liabilities	47,594	-	-	47,594
Unearned Revenue	-	556,856	-	556,856
Escrow Payables	22,022	-	-	22,022
Due to Other Funds	-	-	1,069	1,069
Total Liabilities	163,417	654,362	2,744	820,523
Deferred Inflows of Resources				
Unavailable Revenue - Property Taxes	50,278	-	-	50,278
Total Deferred Inflows of Resources	50,278	-	-	50,278
Fund Balances				
Nonspendable	398,733	-	118,810	517,543
Restricted	-	-	953,701	953,701
Unassigned	3,013,551	-	-	3,013,551
Total Fund Balances	3,412,284	-	1,072,511	4,484,795
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 3,625,979	$ 654,362	$ 1,075,255	$ 5,355,596

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, 2023

Total Fund Balances - Governmental Funds	$	4,484,795
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		7,856,375
Accumulated Depreciation		(3,897,206)
Deferred Outflows of Resources		
Related to Pensions		358,694
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		(42,168)
Net Pension Liability		(349,740)
Revenues		
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		50,278
Total Net Position of Governmental Activities	$	8,461,027

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, 2023

	General	American Rescue Plan Act Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes				
Property	$ 750,248	$ -	$ -	$ 750,248
Sales	461,787	-	-	461,787
Other Taxes	641,546	-	12,879	654,425
Licenses and Permits	13,832	-	-	13,832
Intergovernmental	76,492	295,904	522,051	894,447
Charges for Services	171,247	-	-	171,247
Fines and Forfeitures	89,976	-	-	89,976
Investment Earnings	2	75	2,827	2,904
Miscellaneous	52,946	-	-	52,946
Total Revenues	2,258,076	295,979	537,757	3,091,812
Expenditures				
Current				
General Government	875,884	27,000	409	903,293
Judicial	78,599	-	-	78,599
Public Safety	1,228,484	-	-	1,228,484
Public Works	481,207	97,506	2,550	581,263
Health and Welfare	30,800	-	-	30,800
Culture and Recreation	211,427	-	-	211,427
Economic Development	108,196	-	5,152	113,348
Capital Outlay	-	-	97,603	97,603
Total Expenditures	3,014,597	124,506	105,714	3,244,817
Excess (Deficiency) of Revenues Over (Under) Expenditures	(756,521)	171,473	432,043	(153,005)
Other Financing Sources (Uses)				
Transfers In	1,359,301	-	-	1,359,301
Transfers Out	(222,630)	(171,473)	(130,383)	(524,486)
Total Other Financing Sources and (Uses)	1,136,671	(171,473)	(130,383)	834,815
Net Change in Fund Balances	380,150	-	301,660	681,810
Fund Balance - Beginning	3,032,134	-	770,851	3,802,985
Fund Balance - Ending	$ 3,412,284	$ -	$ 1,072,511	$ 4,484,795

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, 2023

Net Change in Fund Balances - Total Governmental Funds	$	681,810
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		158,770
Total Depreciation		(287,148)
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		317,763
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		(15,065)
Net Pension Liability		(525,231)
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		391,228
Revenues		
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		(35,766)
Change in Net Position of Governmental Activities	$	686,361

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 TO ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Taxes	$ 1,749,622	$ 1,749,622	$ 1,853,581	$ 103,959
Licenses and Permits	12,500	12,500	13,832	1,332
Intergovernmental	72,000	72,000	76,492	4,492
Charges for Services	70,600	70,600	171,247	100,647
Fines and Forfeitures	100,000	100,000	89,976	(10,024)
Investment Earnings	-	-	2	2
Miscellaneous	12,800	12,800	52,946	40,146
Total Revenues	2,017,522	2,017,522	2,258,076	240,554
Expenditures				
Current				
General Government				
Mayor and Council	111,409	99,487	77,433	22,054
Board of Elections	1,000	1,000	204	796
Administration	695,828	695,828	623,882	71,946
Public Buildings	227,675	227,675	174,365	53,310
Judicial				
Municipal Court	93,968	93,968	78,599	15,369
Public Safety				
Police	1,223,878	1,229,000	1,228,384	616
Animal Control	700	700	100	600
Public Works				
Streets	520,089	520,089	283,826	236,263
Stormwater	113,095	113,095	88,808	24,287
Cemetery	115,100	115,100	108,573	6,527
Health and Welfare				
Mosquito Control	25,000	31,000	30,800	200
Culture and Recreation				
Parks	152,819	152,819	111,202	41,617
Library	123,410	123,410	100,225	23,185

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 TO ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023
(CONTINUED)

	Budget			Variance with
	Original	Final	Actual	Final Budget
Expenditures				
Housing and Development				
Planning and Zoning	500	1,300	1,242	58
Economic Development	194,030	194,030	106,954	87,076
Total Expenditures	3,598,501	3,598,501	3,014,597	583,904
Excess (Deficiency) of Revenues Over Expenditures	(1,580,979)	(1,580,979)	(756,521)	824,458
Other Financing Sources (Uses)				
Transfers from Other Funds	1,890,630	1,890,630	1,359,301	(531,329)
Transfer to Other Funds	(250,371)	(250,371)	(222,630)	27,741
Total Other Financing Sources (Uses)	1,640,259	1,640,259	1,136,671	(503,588)
Net Change in Fund Balance	59,280	59,280	380,150	320,870
Fund Balance - Beginning	3,032,134	3,032,134	3,032,134	-
Fund Balance - Ending	$ 3,091,414	$ 3,091,414	$ 3,412,284	$ 320,870

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

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CITY OF MONTEZUMA, GEORGIA
AMERICAN RESCUE PLAN ACT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023
(CONTINUED)

	Budget			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Intergovernmental	$ 551,192	$ 551,192	$ 295,904	$ (255,288)
Investment Earnings	-	-	75	75
Total Revenues	551,192	551,192	295,979	(255,213)
Expenditures				
Current				
General Government	216,894	216,894	27,000	189,894
Public Works	97,506	97,506	97,506	-
Total Expenditures	314,400	314,400	124,506	189,894
Excess (Deficiency) of Revenues Over Expenditures	236,792	236,792	171,473	(445,107)
Other Financing Sources (Uses)				
Transfer to Other Funds	-	-	(171,473)	(171,473)
Total Other Financing Sources (Uses)	-	-	(171,473)	(171,473)
Net Change in Fund Balance	236,792	236,792	-	(616,580)
Fund Balance - Beginning	-	-	-	22,798
Fund Balance - Ending	$ 236,792	$ 236,792	$ -	$ (593,782)

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

CITY OF MONTEZUMA, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023

	Business-Type Activities Enterprise Funds		
	Water Fund	**Sewer Fund**	**Solid Waste Fund**
Assets			
Current Assets			
Cash and Cash Equivalents	$ 159,889	$ 603,462	$ 141,369
Investments	-	114,263	-
Restricted Cash and Cash Equivalents	16,246	-	-
Accounts Receivable (Net of Allowance for Uncollectibles)	89,945	493,000	112,309
Due from Other Funds	13,000	161,749	257,324
Due from Other Governments	302,092	-	-
Total Current Assets	581,172	1,372,474	511,002
Noncurrent Assets			
Capital Assets			
Nondepreciable Assets	612,607	901,210	-
Depreciable Assets, Net	3,345,817	3,848,999	4,599
Total Capital Assets	3,958,424	4,750,209	4,599
Total Noncurrent Assets	3,958,424	4,750,209	4,599
Total Assets	4,539,596	6,122,683	515,601
Deferred Outflows of Resources			
Related to Pensions	36,924	63,299	31,649
Total Deferred Outflows of Resources	36,924	63,299	31,649

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

CITY OF MONTEZUMA, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023

	Business-Type Activities Enterprise Funds		
	Airport Fund	Fire & Emergency Fund	Total
$	8,293	$ 40,285	$ 953,298
	-	-	114,263
	-	-	16,246
	-	8,753	704,007
	-	37,994	470,067
	299,856	-	601,948
	308,149	87,032	2,859,829
	810,941	-	2,324,758
	3,491,130	130,563	10,821,108
	4,302,071	130,563	13,145,866
	4,302,071	130,563	13,145,866
	4,610,220	217,595	16,005,695
	-	36,924	168,796
	-	36,924	168,796

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

CITY OF MONTEZUMA, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023
(CONTINUED)

	Business-Type Activities Enterprise Funds		
	Water Fund	**Sewer Fund**	**Solid Waste Fund**
Liabilities			
Current Liabilities			
Accounts Payable	$ 309,695	$ 63,966	$ 33,274
Accrued Liabilities	5,008	10,249	5,391
Accrued Interest	239	597	-
Customer Deposits Payable	103,254	-	-
Compensated Absences	1,590	4,417	2,842
Due to Other Funds	672,115	863,827	654,614
Advance from Other Funds	-	-	398,733
Notes Payable - Current	-	114,025	-
Total Current Liabilities	1,091,901	1,057,081	1,094,854
Noncurrent Liabilities			
Notes Payable	523,285	812,004	-
Net Pension Liability	36,003	61,719	30,860
Total Noncurrent Liabilities	559,288	873,723	30,860
Total Liabilities	1,651,189	1,930,804	1,125,714
Net Position			
Net Investment in Capital Assets	3,133,049	3,824,180	4,599
Unrestricted (Deficit)	(207,718)	430,998	(583,063)
Total Net Position (Deficit)	$ 2,925,331	$ 4,255,178	$ (578,464)

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

CITY OF MONTEZUMA, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023
(CONTINUED)

	Business-Type Activities Enterprise Funds		
	Airport Fund	Fire & Emergency Fund	Total
$	300,114	$ 4,161	$ 711,210
	-	6,628	27,276
	-	-	836
	-	-	103,254
	-	3,402	12,251
	243,988	638,278	3,072,822
	-	-	398,733
	-	-	114,025
	544,102	652,469	4,440,407
	-	-	1,335,289
	-	36,003	164,585
	-	36,003	1,499,874
	544,102	688,472	5,940,281
	4,002,214	130,563	11,094,605
	63,904	(564,516)	(860,395)
$	4,066,118	$ (433,953)	$ 10,234,210

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, 2023

	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	$ 541,212	$ -	$ -	$ -	$ -	$ 541,212
Charges for Services	14,075	4,094,263	711,321	5,220	66,689	4,891,568
Miscellaneous	23,675	8,684	-	-	24	32,383
Total Operating Revenues	578,962	4,102,947	711,321	5,220	66,713	5,465,163
Operating Expenses						
Salaries and Benefits	173,526	304,796	159,132	-	196,573	834,027
Cost of Sales	3,855	-	-	-	-	3,855
Repairs, Maintenance, and Supplies	194,477	586,648	30,465	2,917	39,292	853,799
Depreciation	111,565	186,894	3,564	126,919	29,136	458,078
Professional Fees	10,657	-	-	-	-	10,657
Contracted Services	90,020	1,643,182	417,817	3,149	135,694	2,289,862
Other Operating Expenses	3,508	-	-	-	-	3,508
Total Operating Expenses	587,608	2,721,520	610,978	132,985	400,695	4,453,786
Operating Income (Loss)	(8,646)	1,381,427	100,343	(127,765)	(333,982)	1,011,377
Non-Operating Revenues (Expenses)						
Interest Revenue	-	5,059	-	-	-	5,059
Intergovernmental Revenue	538,335	-	-	471,338	15,000	1,024,673
Interest Expense	(3,900)	(17,975)	-	-	-	(21,875)
Total Non-Operating Revenues (Expenses)	534,435	(12,916)	-	471,338	15,000	1,007,857

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, 2023
(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	525,789	1,368,511	100,343	343,573	(318,982)	2,019,234
Capital Contribution	36,773	-	-	97,506	-	134,279
Transfers In	183,830	130,383	-	-	254,835	569,048
Transfers out	(205,276)	(1,158,302)	(40,285)	-	-	(1,403,863)
Change In Net Position	541,116	340,592	60,058	441,079	(64,147)	1,318,698
Net Position - Beginning (Deficit)	2,384,215	3,914,586	(638,522)	3,625,039	(369,806)	8,915,512
Net Position - Ending (Deficit)	$ 2,925,331	$ 4,255,178	$ (578,464)	$ 4,066,118	$ (433,953)	$ 10,234,210

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, 2023

	Business-Type Activities Enterprise Funds	
	Water Fund	**Sewer Fund**
Cash Flows from Operating Activities		
Cash Received from Customers	$ 585,408	$ 3,920,304
Cash Paid to Suppliers for Good and Services	(222,745)	(1,849,916)
Cash Paid to Employees	(192,673)	(334,743)
Net Cash Provided by (Used for) Operating Activities	169,990	1,735,645
Cash Flows from Noncapital Financing Activities		
Intergovernmental Revenue	-	-
Transfer from Other Funds	183,830	130,383
Transfer to Other Funds	(205,276)	(1,158,302)
Net Cash Provided by (Used for) Noncapital Financing Activities	(21,446)	(1,027,919)
Cash Flows from Capital and Related Financing Activities		
Acquisition and Construction of Assets	(634,827)	(155,299)
Capital Grants	575,108	-
Interest Paid on Notes	(3,900)	(19,722)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(63,619)	(175,021)
Cash Flows from Investing Activities		
Interest Received	-	5,059
Net Cash Provided by (Used for) Investing Activities	-	5,059
Net Increase (Decrease) in Cash and Cash Equivalents	84,925	537,764
Cash and Cash Equivalents - Beginning	91,210	179,961
Cash and Cash Equivalents - Ending	$ 176,135	$ 717,725
Reconciliation of Cash and Cash Equivalents		
Cash	$ 159,889	$ 603,462
Certificate of Deposits	-	114,263
Restricted Cash	16,246	-
Total Cash and Cash Equivalents	$ 176,135	$ 717,725

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, 2023

	Business-Type Activities Enterprise Funds			
	Solid Waste Fund	Airport Fund	Fire & Emergency Fund	Total
	$ 700,124	$ 5,220	$ 67,586	$ 5,278,642
	(399,157)	(1,538)	(61,903)	(2,535,259)
	(172,649)	-	(212,917)	(912,982)
	128,318	3,682	(207,234)	1,830,401
	-	-	15,000	15,000
	-	-	254,835	569,048
	(40,285)	-	-	(1,403,863)
	(40,285)	-	269,835	(819,815)
	-	(469,653)	(51,182)	(1,310,961)
	-	471,338	-	1,046,446
	-	-	-	(23,622)
	-	1,685	(51,182)	(288,137)
	-	-	-	5,059
	-	-	-	5,059
	88,033	5,367	11,419	727,508
	53,336	2,926	28,866	356,299
	$ 141,369	$ 8,293	$ 40,285	$ 1,083,807
	$ 141,369	$ 8,293	$ 40,285	$ 953,298
	-	-	-	114,263
	-	-	-	16,246
	$ 141,369	$ 8,293	$ 40,285	$ 1,083,807

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, 2023
(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)	$ (8,646)	$ 1,381,427
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities		
Depreciation	111,565	186,894
Changes in Assets and Liabilities		
(Increase) Decrease in Accounts Receivables	4,087	(182,643)
(Increase) Decrease in Due from Other Funds	1	(11,308)
(Increase) Decrease in Due from Other Governments	(302,092)	-
(Increase) Decrease in Deferred Outflows - Pensions	(32,711)	(56,076)
Increase (Decrease) in Accounts Payable	298,627	16,622
Increase (Decrease) in Accrued Liabilities	(31)	1,179
Increase (Decrease) in Customer Water Deposits	2,358	-
Increase (Decrease) in Due to Other Funds	38,468	485,260
Increase (Decrease) in Compensated Absences	(200)	1,302
Increase (Decrease) in Notes Payable	44,769	(110,660)
Increase (Decrease) in Net Pension Liability	54,068	92,688
Increase (Decrease) in Deferred Inflows - Pensions	(40,273)	(69,040)
Total Adjustments	178,636	354,218
Net Cash Provided by (Used for) Operating Activities	$ 169,990	$ 1,735,645
Noncash Capital Financing Activities		
Contributions of Capital Assets from Government	$ 36,773	$ -

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, 2023
(CONTINUED)

	Business-Type Activities Enterprise Funds			
	Solid Waste Fund	Airport Fund	Fire & Emergency Fund	Total
	$ 100,343	$ (127,765)	$ (333,982)	$ 1,011,377
	3,564	126,919	29,136	458,078
	(11,197)	-	873	(188,880)
	(32,066)	-	(1,209)	(44,582)
	-	(299,856)	-	(601,948)
	(28,037)	-	(32,711)	(149,535)
	2,205	299,956	1,913	619,323
	1,296	-	1,457	3,901
	-	-	-	2,358
	78,986	4,428	112,379	719,521
	1,400	-	1,115	3,617
	-	-	-	(65,891)
	46,344	-	54,068	247,168
	(34,520)	-	(40,273)	(184,106)
	27,975	131,447	126,748	819,024
	$ 128,318	$ 3,682	$ (207,234)	$ 1,830,401
	$ -	$ 97,506	$ -	$ 134,279

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

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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, 2023. 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 an 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 Act Fund – The American Rescue Plan Act 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 debt 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

The City has no inventories. 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 Years	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, 2023 and amount to $42,168.

(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 one item, unavailable revenue, that is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

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, 2023 the Solid Waste Fund and the Fire & Emergency Fund had deficits of $578,464 and $433,953, respectively. 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, 2023:

	General Fund	Nonmajor Governmental Funds	Total
Fund Balances			
Nonspendable			
Advances to Other Funds	$ 398,733	$ -	$ 398,733
Noncurrent Loans Receivable	-	118,810	118,810
Restricted			
Capital outlay	-	570,091	570,091
Loans	-	154,576	154,576
Tourism	-	36,303	36,303
Transportation	-	192,731	192,731
Unassigned	3,013,551	-	3,013,551
Total Fund Balances	$ 3,412,284	$ 1,072,511	$ 4,484,795

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.

(1) Summary of Significant Accounting Policies (Continued)

Risk Management (Continued)

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.

There have been no significant reductions in insurance coverage in the current year. Commercial insurance premiums totaled $49,999 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 $47,882 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 department 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, 2023, the City's investments were as follows:

Investment	Maturity	Fair Value	Rating	Weighted Average Maturity (WAM)
Georgia Fund I	Less than 1 year	$ 114,263	AAAf	30 Days
		$ 114,263		

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.

(3) Deposits and Investments (continued)

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, 2023, 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, 2023 consist of the following:

	General Fund	Water Fund	Sewer Fund	Solid Waste Fund	Fire & Emergency Fund	Nonmajor Governmental Funds	Total
Receivables							
Taxes	$ 170,657	$ -	$ -	$ -	$ -	$ -	$ 170,657
Accounts	122,527	181,200	614,825	206,843	32,353	1,502	1,159,250
Loans	-	-	-	-	-	439,012	439,012
Gross Receivables	293,184	181,200	614,825	206,843	32,353	440,514	1,768,919
Less Allowances for Uncollectibles	(64,012)	(91,255)	(121,825)	(94,534)	(23,600)	(320,202)	(715,428)
Net Receivables	$ 229,172	$ 89,945	$ 493,000	$ 112,309	$ 8,753	$ 120,312	$ 1,053,491

(5) Due from Other Governments

Amounts due from other governments at September 30, 2023, are as follows:

	State	Other	Total
Fund			
General Fund	$ 36,075	$ 195,597	$ 231,672
Water Fund	-	302,092	302,092
Airport Fund	-	299,856	299,856
Nonmajor Governmental Funds	109,427	-	109,427
Total	$ 145,502	$ 797,545	$ 943,047

(6) Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of September 30, 2023, was as follows:

Due to / from Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Water Fund	$ 283,015
	Sewer Fund	795,973
	Solid Waste Fund	654,614
	Airport Fund	230,988
	Fire & Emergency Fund	638,165
	Nonmajor Governmental Funds	1,069
Water Fund	Airport Fund	13,000
Sewer Fund	Water Fund	161,749
Solid Waste Fund	Water Fund	194,192
	Sewer Fund	63,019
	Fire & Emergency Fund	113
Fire & Emergency Fund	Water Fund	33,159
	Sewer Fund	4,835
Total		**$ 3,073,891**

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.

	Transfers In				
Transfer Out	General Fund	Water Fund	Sewer Fund	Fire & Emergency Fund	Total
General Fund	$ -	$ -	$ -	$ 222,630	$ 222,630
American Rescue Plan	139,268	-	-	32,205	171,473
Water Fund	205,276	-	-	-	205,276
Sewer Fund	974,472	183,830	-	-	1,158,302
Solid Waste Fund	40,285	-	-	-	40,285
Nonmajor Governmental Funds	-	-	130,383	-	130,383
Total	$ 1,359,301	$ 183,830	$ 130,383	$ 254,835	$ 1,928,349

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, 2023, was as follows:

Primary Government

	Beginning Balance	Additions	Deductions	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	$ 371,645	$ -	$ -	$ 371,645
Total Capital Assets, Not Being Depreciated	371,645	-	-	371,645
Capital Assets, Being Depreciated				
Buildings	2,499,769	-	-	2,499,769
Improvements	1,112,381	47,818	-	1,160,199
Machinery & Equipment	1,520,837	110,952	-	1,631,789
Infrastructure	2,192,973	-	-	2,192,973
Total Capital Assets, Being Depreciated	7,325,960	158,770	-	7,484,730
Less Accumulated Depreciation for				
Buildings	(1,329,067)	(51,288)	-	(1,380,355)
Improvements	(512,105)	(43,387)	-	(555,492)
Machinery & Equipment	(900,863)	(127,778)	-	(1,028,641)
Infrastructure	(868,023)	(64,695)	-	(932,718)
Total Accumulated Depreciation	(3,610,058)	(287,148)	-	(3,897,206)
Total Capital Assets Being Depreciated, Net	3,715,902	(128,378)	-	3,587,524
Governmental Activities Capital Assets, Net	$ 4,087,547	$ (128,378)	$ -	$ 3,959,169

(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	-	1,276,261	-	-	1,276,261
Total Capital Assets, Not Being Depreciated	1,048,497	1,276,261	-	-	2,324,758
Capital Assets, Being Depreciated					
Buildings	166,529	-	-	-	166,529
Improvements	16,938,722	23,219	-	16,426	16,978,367
Machinery & Equipment	3,801,615	108,987	-	(16,426)	3,894,176
Total Capital Assets, Being Depreciated	20,906,866	132,206	-	-	21,039,072
Less Accumulated Depreciation for					
Buildings	(132,918)	(4,736)	-	730	(136,924)
Improvements	(7,452,104)	(332,046)	-	(14,528)	(7,798,678)
Machinery & Equipment	(2,174,864)	(121,296)	-	13,798	(2,282,362)
Total Accumulated Depreciation	(9,759,886)	(458,078)	-	-	(10,217,964)
Total Capital Assets Being Depreciated, Net	11,146,980	(325,872)	-	-	10,821,108
Business-Type Activities Capital Assets, Net	$ 12,195,477	$ 950,389	$ -	$ -	13,145,866
				Less Capital Related Outstanding Debt	(1,449,314)
				Less (Non-debt Related) Liabilities	(601,947)
				Net Investment in Capital Assets	$ 11,094,605

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

Governmental Activities	
General Government	$ 60,954
Public Safety	74,450
Public Works	132,422
Culture & Recreation	19,322
Total	$ 287,148
Business-Type Activities	
Water Fund	$ 111,565
Sewer Fund	186,894
Solid Waste Fund	3,564
Airport Fund	126,919
Fire & Emergency Fund	29,136
Total	$ 458,078

(7) Capital Assets (Continued)

Activity for the Downtown Development Authority for the year ended September 30, 2023, 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	41,250	-	365,641
Total Capital Assets, Being Depreciated	324,391	41,250	-	365,641
Less Accumulated Depreciation for				
Buildings	(151,340)	(10,813)	-	(162,153)
Total Accumulated Depreciation	(151,340)	(10,813)	-	(162,153)
Total Capital Assets Being Depreciated, Net	173,051	30,437	-	203,488
Discretely Presented Component Unit Capital Assets, Net	$ 284,821	$ 30,437	$ -	$ 315,258

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 two percent. The original maturity date was 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 2031, and a new monthly payment amount of $10,865, including interest at a rate of two percent. The balance of the note payable as of September 30, 2023, was $926,029. The interest paid on the loan for fiscal year 2023 was $19,723.

(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
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	122,288	8,095	130,383
2029-2031	334,845	9,383	344,229
	$ 926,029	$ 70,114	$ 996,144

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 percent 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, 2023, the City has drawn $899,476 and has $391,389 in loan forgiveness. The 2023 loan balance is $508,087 with $250,524 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 2023 totaled $3,900. Once the loan is finalized, 179 monthly principal and interest payments will begin.

GEFA Loan Payable DWDWA20002

On December 22, 2021, the City was approved to borrow up to $300,000 at an interest rate of zero percent from the Drinking Water State Revolving Fund, administered by the Georgia Environmental Finance Authority (GEFA). The proceeds of the loan will be used for the City's water treatment plant and distribution system improvements. As of September 30, 2023, the City has drawn $15,198. The 2023 loan balance is $15,198 with $284,802 available to be drawn. Interest payments for fiscal year 2023 totaled $0. Once the loan is finalized, 239 monthly principal payments will begin.

Restricted Assets

The balance of the restricted asset accounts in the Water enterprise fund as of September 30, 2023, is $16,246.

(8) Long-Term Debt (Continued)

Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Subtractions	Ending Balance	Due Within One Year
Governmental Activities					
Net Pension Liability (Asset)	$ (175,491)	$ 525,231	$ -	$ 349,740	$ -
Compensated Absences	27,103	42,999	(27,934)	42,168	29,517
Governmental Activities Long-term Liabilities	$ (148,388)	$ 568,230	$ (27,934)	$ 391,908	$ 29,517
Business-Type Activities					
GEFA Loan #3- 2004L25WQA	$ 1,036,689	$ -	$ (110,660)	$ 926,029	$ 114,025
GEFA Loan #4- DW2019013	478,516	29,571	-	508,087	-
GEFA Loan #5- DWDRA20002	-	15,198	-	15,198	-
Net Pension Liability (Asset)	(82,583)	247,168	-	164,585	-
Compensated Absences	8,634	12,408	(8,791)	12,251	7,986
Business-Type Activities Long-Term Liabilities	$ 1,441,256	$ 304,345	$ (119,451)	$ 1,626,150	$ 122,011

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, and Solid Waste 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, 2023, the date of the most recent actuarial valuation report, pension plan membership consisted of the following:

Retirees and Beneficiaries Currently Receiving Benefits	43
Terminated Vested Participants	31
Current Active Employees Vested	-
Total Membership in the Plan	74

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

At September 30, 2023, the City reported a net pension liability. The net pension liability was measured as of September 30, 2022. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of January 1, 2023. An expected total pension liability as of September 30, 2023, was determined using standard roll-forward techniques.

For the year ended September 30, 2023, the City recognized pension expense relative to GMEBS in the amount of $(238,442). At September 30, 2023, 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	$ 495,699	$ -
Employer Contributions Subsequent to the Measurement Date	31,791	-
	$ 527,490	$ -

City contributions subsequent to the measurement date of September 30, 2022, 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, 2023. 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	
2024	$ 109,833
2025	68,000
2026	86,009
2027	231,857
2028	-

(9) Employee Retirement Plans (Continued)

Pension Liability, 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, 2023, was determined by an actuarial valuation as of September 30, 2022, 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	$ 4,838,489	$ 5,096,563	$ (258,074)
Changes for the Year			
Service Cost	-	-	-
Interest	343,704	-	343,704
Difference Between Expected and Actual Experience	(319,963)	-	(319,963)
Contributions - Employer	-	60,192	(60,192)
Net Investment Income	-	(794,844)	794,844
Benefit Payments	(356,197)	(356,197)	-
Administrative Expense	-	(14,006)	14,006
Other	-	-	-
Net Changes	(332,456)	(1,104,855)	772,399
Balances at September 30, 2022	$ 4,506,033	$ 3,991,708	$ 514,325

The City's net pension liability is recorded in the Government-Wide Statement of Net Position in the amounts of $349,740 for governmental activities and $164,585 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 percent. 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 percent, 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 percent) or 1-percentage-point higher (8.375 percent) 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	$ 967,075	$ 514,325	$ 130,999

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 publicly available at www.gmanet.com.

(10) Contingent Liabilities

Litigation

During the course of normal operations of the City, various claims and lawsuits arise. Management 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 five percent Hotel / Motel Lodging tax. Of this percentage, two percent is given to the Chamber of Commerce to be used for the promotion of tourism. The remaining three percent is used by the City to promote tourism. The activity for the year ended September 30, 2023, is summarized below:

	2023
Hotel / Motel Tax Revenue	$ 12,879
Required Expenditures	5,152
Actual Allowable Expenditures	5,152

(12) Related Party

During fiscal year 2023, the City entered into an agreement with Water Reclamation Solutions, LLC, a related party to the City Manager, to oversee the City's leachate management as pursuant to Section 7c of the City's agreement with WIN Waste Innovations and ensure the City's compliance with all Environmental Protection Division (EPD) rules and regulations. Per the agreement, the City will pay Water Reclamation Solutions, LLC monthly at a rate of 40 percent of one cent per gallon of leachate billed by WIN Waste Innovations. During fiscal year 2023, the City was billed and paid $69,508 to Water Reclamation Solutions, LLC.

(13) Commitments and Contingencies

Midfield Terminal Area Development Project

During fiscal year 2023, the City entered into a contract for the Midfield Terminal Area Development Project. The total contract amount was $1,843,952. As of September 30, 2023, the remaining contract obligation for the airport project was $1,324,755.

Water System Improvements

During fiscal year 2023, the City entered into a contact for Water System Improvements. The total contract amount was $867,195. As of September 30, 2023, the remaining contract obligation for the water system improvements project was $145,952.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MONTEZUMA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY (ASSET)
AND RELATED RATIOS

Total Pension Liability	**2023**	2022	2021	2020
Service Cost	**$ -**	$ -	$ -	$ -
Interest on Total Pension Liability	**343,704**	339,848	338,033	322,037
Difference Between Expected and Actual Experience	**(319,963)**	63,805	39,148	322,220
Changes of Assumptions	**-**	-	-	-
Change of Benefit Terms	**-**	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	**(356,197)**	(346,555)	(357,714)	(392,522)
Other	**-**	-	(30)	20,129
Net Change in Total Pension Liability	**(332,456)**	57,098	19,437	271,864
Total Pension Liability - Beginning	**4,838,489**	4,781,391	4,761,954	4,490,090
Total Pension Liability - Ending	**$ 4,506,033**	$ 4,838,489	$ 4,781,391	$ 4,761,954
Plan Fiduciary Net Position				
Contributions - Employer	**$ 60,192**	$ 53,596	$ 15,471	$ 15,768
Net Investment Income	**(794,844)**	1,039,768	395,865	120,812
Benefit Payments, Including Refunds of Member Contributions	**(356,197)**	(346,555)	(357,714)	(392,522)
Administrative Expenses	**(14,006)**	(14,482)	(14,394)	(14,220)
Net Change in Plan Fiduciary Net Position	**(1,104,855)**	732,327	39,228	(270,162)
Plan Fiduciary Net Position - Beginning	**5,096,563**	4,364,236	4,325,008	4,595,170
Plan Fiduciary Net Position - Ending	**$ 3,991,708**	$ 5,096,563	$ 4,364,236	$ 4,325,008
City's Net Pension Liability (Asset) - Ending	**$ 514,325**	$ (258,074)	$ 417,155	$ 436,946
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	**88.59%**	105.33%	91.28%	90.82%
Covered-Employee Payroll	**N/A**	N/A	N/A	N/A
Net Pension Liability As a Percentage of Covered-Employee Payroll	**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, 2023
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, 2023
SCHEDULE OF CITY CONTRIBUTIONS

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contributions	*	$ 60,192	$ 51,391	$ 15,366	$ 15,760	$ 49,438	$ 79,840	$ 54,348	$ 220,586
Contributions in Relation to the Actuarially Determined Contribution	*	60,192	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	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	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, 2023, 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, 2023.
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.

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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.

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, 2023

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor
	Revolving Loan Fund	Flood Revolving Loan Fund	Hotel / Motel Fund	TSPLOST Fund	SPLOST Fund	Governmental Funds
Assets						
Cash and Cash Equivalents	$ 102,730	$ 12,441	$ 36,476	$ 185,643	$ 468,599	$ 805,889
Asset Held for Resale	39,627	-	-	-	-	39,627
Accounts Receivable	-	-	1,502	-	-	1,502
Loans Receivable	112,440	6,370	-	-	-	118,810
Due from Other Governments	-	-	-	7,935	101,492	109,427
Total Assets	$ 254,797	$ 18,811	$ 37,978	$ 193,578	$ 570,091	$ 1,075,255
Liabilities						
Accounts Payable	$ -	$ -	$ 1,675	$ -	$ -	$ 1,675
Due to Other Funds	-	222	-	847	-	1,069
Total Liabilities	-	222	1,675	847	-	2,744
Fund Balance						
Nonspendable						
Noncurrent Loans Receivable	112,440	6,370	-	-	-	118,810
Restricted						
Loans	142,357	12,219	-	-	-	154,576
Capital Projects	-	-	-	-	570,091	570,091
Tourism	-	-	36,303	-	-	36,303
Transportation	-	-	-	192,731	-	192,731
Total Fund Balances	254,797	18,589	36,303	192,731	570,091	1,072,511
Total Liabilities and Fund Balances	$ 254,797	$ 18,811	$ 37,978	$ 193,578	$ 570,091	$ 1,075,255

CITY OF MONTEZUMA, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Special Revenue Funds				Capital Project Fund	Total Nonmajor
	Revolving Loan Fund	Flood Revolving Loan Fund	Hotel / Motel Fund	TSPLOST Fund	SPLOST Fund	Governmental Funds
Revenues						
Taxes	$ -	$ -	$ 12,879	$ -	$ -	$ 12,879
Intergovernmental	-	-	-	95,573	426,478	522,051
Investment Earnings	2,813	-	-	14	-	2,827
Total Revenues	2,813	-	12,879	95,587	426,478	537,757
Expenditures						
Current						
General Government	-	-	-	-	409	409
Public Works	-	-	-	2,550	-	2,550
Economic Development	-	-	5,152	-	-	5,152
Capital Outlay	-	-	-	-	97,603	97,603
Total Expenditures	-	-	5,152	2,550	98,012	105,714
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,813	-	7,727	93,037	328,466	432,043
Other Financing Sources (Uses)						
Transfer to Other Funds	-	-	-	-	(130,383)	(130,383)
Total Other Financing Sources (Uses)	-	-	-	-	(130,383)	(130,383)
Net Change in Fund Balance	2,813	-	7,727	93,037	198,083	301,660
Fund Balances - Beginning	251,984	18,589	28,576	99,694	372,008	770,851
Fund Balances - Ending	$ 254,797	$ 18,589	$ 36,303	$ 192,731	$ 570,091	$ 1,072,511

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, 2023

	Final Budget	Actual	Variance with Final Budget
Revenues			
Investment Earnings	$ -	$ 2,813	$ 2,813
Total Revenues	-	2,813	2,813
Expenditures			
Current			
Economic Development	-	-	-
Total Expenditures	-	-	-
Net Change in Fund Balance	-	2,813	2,813
Fund Balance - Beginning	251,984	251,984	-
Fund Balance - Ending	$ 251,984	$ 254,797	$ 2,813

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, 2023

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

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, 2023

	Final Budget	Actual	Variance with Final Budget
Revenues			
Taxes	$ 12,879	$ 12,879	$ -
Total Revenues	12,879	12,879	-
Expenditures			
Current			
Economic Development	5,152	5,152	-
Total Expenditures	5,152	5,152	-
Net Change in Fund Balance	7,727	7,727	-
Fund Balance - Beginning	28,576	28,576	-
Fund Balance - Ending	$ 36,303	$ 36,303	$ -

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, 2023

	Final Budget	Actual	Variance with Final Budget
Revenues			
Intergovernmental	$ 78,000	$ 95,573	$ 17,573
Investment Earnings	-	14	14
Total Revenues	78,000	95,587	17,587
Expenditures			
Current			
Public Works	2,550	2,550	-
Capital Outlay	158,450	-	158,450
Total Expenditures	161,000	2,550	158,450
Excess (Deficiency) of Revenues Over Expenditures	(83,000)	93,037	176,037
Other Financing Sources (Uses)			
Transfer to Other Funds	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balance	(83,000)	93,037	176,037
Fund Balance - Beginning	99,694	99,694	-
Fund Balance - Ending	$ 16,694	$ 192,731	$ 176,037

CITY OF MONTEZUMA, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

SPLOST 2016	Original Estimated Cost	Expenditures: Prior Years	Expenditures: Current Year	Expenditures: Total	Estimated Percentage of Completion
Water System Improvements	**	$ 22,880	$ -	$ 22,880	
Sewer System Improvements	**	749,102	130,383	879,485	
Airport	**	36,773	-	36,773	
Solid Waste	**	-	-	-	
General Government	**	20,146	-	20,146	
Public Buildings	**	28,221	-	28,221	
Public Safety	**	467,611	66,355	533,966	
Public Works	**	109,326	31,248	140,574	
Fire	**	60,692	-	60,692	
Total SPLOST	$ 1,571,551	$ 1,494,751	$ 227,986	$ 1,722,737	109.62%

SPLOST 2022	Original Estimated Cost	Expenditures: Prior Years	Expenditures: Current Year	Expenditures: Total	Estimated Percentage of Completion
Water System Improvements	**	$ -	$ -	$ -	
Sewer System Improvements	**	-	-	-	
Solid Waste	**	-	-	-	
General Government	**	-	409	409	
Public Buildings	**	-	-	-	
Public Safety	**	-	-	-	
Public Works	**	-	-	-	
Fire	**	-	-	-	
Total SPLOST	$ 1,858,824	$ -	$ 409	$ 409	0.02%

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

General Government	$ 409
Public Safety	66,355
Public Works	31,248
Transfers Out (Sewer Improvements)	130,383
	$ 228,395

***** SPLOST Referendums do not break out dollar amount of categories.***

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

CITY OF MONTEZUMA, GEORGIA
WATER IMPROVEMENT COMMUNITY DEVELOPMENT BLOCK GRANT
20p-x-096-2-6149
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Program Activity	Activity Number	Budget	Expenditures		
			Prior Years	Current Year	Total
Engineering	T-03J-00	$ 69,366	$ 55,950	$ 13,417	$ 69,367
Water / Sewer Improvement	P-03J-01	630,634	-	500,718	500,718
Administration	A-21A-00	45,000	16,500	24,000	40,500
Contingencies	P-001-01	5,000	4,800	200	5,000
Total		$ 750,000	$ 77,250	$ 538,335	$ 615,585

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

CITY OF MONTEZUMA, GEORGIA
BALANCE SHEET
COMPONENT UNIT-DOWNTOWN DEVELOPMENT AUTHORITY
SEPTEMBER 30, 2023

Assets		
Cash and Cash Equivalents	$	25,087
Accounts Receivable		16,250
Total Assets	$	41,337
Liabilities		
Customer Deposits	$	375
Total Liabilities		375
Fund Balance		
Unassigned		40,962
Total Fund Balance		40,962
Total Liabilities and Fund Balance	$	41,337

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

Total Fund Balances - Governmental Funds	$	40,962
Capital Assets		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost of the Assets		477,411
Accumulated Depreciation		(162,153)
Net Position of Governmental Activities	$	356,220

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, 2023

Revenues		
Intergovernmental	$	25,000
Total Revenues		25,000
Expenditures		
Current		
Housing and Development		32,158
Total Expenditures		32,158
Net Change in Fund Balances		(7,158)
Fund Balance - Beginning		48,120
Fund Balance - Ending	$	40,962

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

Net Change in Fund Balances - Total Governmental Funds	$	(7,158)
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 Capital Outlays		41,250
Total Depreciation		(10,813)
Change in Net Position of Governmental Activities	$	23,279

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COMPLIANCE SECTION

CITY OF MONTEZUMA, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Federal/Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Housing and Urban Development				
Passed through the Georgia Department of Community Affairs				
Community Development Block Grant	14.218	20p-X-096-2-6149	$ -	$ 538,335
Subtotal for ALN 14.218 Community Development Block Grant Entitlement Grants Cluster			-	538,335
Total Pass-Through Programs			-	538,335
Total U.S. Department of Housing and Urban Development			-	538,335
U.S. Department of Treasury				
Direct Programs				
Coronavirus State and Local Fiscal Recovery Funds	21.019		-	295,904
Total Direct Programs			-	295,904
Total U.S. Department of Treasury			-	295,904
U.S. Department of Transportation				
Direct Programs				
Airport Improvement Program	20.106		-	166,489
Total Direct Programs			-	166,489
Total U.S. Department of Transportation			-	166,489
U.S. Department of Natural Resources				
Passed through the Georgia Environmental Finance Authority				
Drinking Water State Revolving Fund	66.468	DW2019013-L	-	45,146
Drinking Water State Revolving Fund	66.468	DWDRA20002-L	-	36,396
Subtotal for ALN 66.468 Drinking Water State Revolving Fund (DWSRF) Cluster			-	81,542
Total Pass-Through Programs			-	81,542
Total U.S. Department of Natural Resources			-	81,542
Total Expenditures of Federal Awards			$ -	$ 1,082,270

See accompanying notes to schedule of expenditures of federal awards.

CITY OF MONTEZUMA, GEORGIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Montezuma, Georgia under programs of the federal government for the fiscal year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200*, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Montezuma, Georgia, it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Montezuma, Georgia.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance*,* wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) Indirect Cost Rate

City of Montezuma, Georgia has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

(4) Loan Programs

The Drinking Water State Revolving Loan Programs DW2019013-L and DWDRA20002-L are administered by the City of Montezuma, Georgia and the balances and transactions relating to these programs are included in the City of Montezuma, Georgia's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balances of the loans outstanding at September 30, 2023 consists of:

Assistance Listing Number	Program Name	Outstanding Balance at September 30, 2023
66.468	Drinking Water State Revolving Fund - DW2019013-L	$ 508,087
66.468	Drinking Water State Revolving Fund - DWDRA20002-L	15,198
	Total	$ 523,285

MCNAIR MCLEMORE MIDDLEBROOKS & CO
CERTIFIED PUBLIC ACCOUNTANTS

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March 27, 2024

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 (*Government Auditing Standards*), 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 27, 2024.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 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 questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 City'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

MCNAIR MCLEMORE MIDDLEBROOKS & CO
CERTIFIED PUBLIC ACCOUNTANTS

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March 27, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Honorable Mayor and Members
City Council of Montezuma, Georgia
Montezuma, Georgia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the **City of Montezuma, Georgia's** compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Montezuma, Georgia's major federal programs for the year ended September 30, 2023. City of Montezuma, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Montezuma, Georgia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the City of Montezuma, Georgia and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Montezuma, Georgia's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Montezuma, Georgia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Montezuma, Georgia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Montezuma, Georgia's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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CITY OF MONTEZUMA, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Section I - 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

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of Major Programs:

CFDA Numbers	Name of Federal Program
14.218	Community Development Block Grant (CDBG)

Dollar threshold used to distinguish between Type A and Type B program?	$ 750,000
Auditee qualified as low-risk auditee?	No

Section II - 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*:

2023-001 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
The City did not record current year accounts receivable and corresponding revenues in certain funds.

Context
The following material adjustments were required to properly record accounts receivables and revenues for fiscal year 2023:

Water Fund
- Intergovernmental Revenues were understated by $302,092.
- Intergovernmental Receivables were understated by $302,092.

ARPA Fund
- Intergovernmental Revenues were understated by $97,506.
- Unearned Revenues were overstated by $97,506.

Airport Fund
- Intergovernmental Revenues were understated by $299,856.
- Intergovernmental Receivables were understated by $299,856.

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 that 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. Scheduled reviews of revenues and receivables have been put in place.

Section II - Financial Statement Findings (Continued)

2023-002 Accounts Payable

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

Condition
The City did not properly accrue accounts payable activity at year-end.

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

- ARPA Fund - $97,506
- Water Fund - $302,092
- Airport Fund - $299,856

Effect
Material audit adjustments were needed to fairly state accounts payable for the fiscal year ended September 30, 2023.

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

Recommendation
We recommend the City establishes procedures to ensure the proper accrual of all liabilities incurred during the fiscal year.

Views of Responsible Officials and Planned Corrective Actions
Management concurs with the finding regarding accrual of accounts payable at year-end. Measures have been implemented and management will be more diligent in monitoring post fiscal year expenditures and recording this activity in the future.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

City Manager
Mel Fulghom

City Clerk
Jennifer McCarthy

City Attorney
Jon L. Coogle

City Of Montezuma

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Mayor
Nealie L. Johnson

Members of Council
Howard Brown
Walter L. Felton
Cleveland Hobbs
Charles J. Ivey
Daniel C. Porter
Marie Tooks

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

FINANCIAL STATEMENT FINDINGS

2022-001 Fund Balance

Status: Corrective action was taken during FY23.

2022-002 Accounts Receivable/Revenue

Status: Unresolved. See Current Year Finding 2023-001

2022-003 Accounts Payable

Status: Unresolved. See Current Year Finding 2023-002

2022-004 Interfund Transfers

Status: Corrective action was taken during FY23.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None Reported

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March 27, 2024

CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

City of Montezuma, Georgia respectfully submits the following corrective action plan for the fiscal year ended September 30, 2023.

FINANCIAL STATEMENT FINDINGS

2023-001 Accounts Receivable/Revenue

Name of Contact Person: Jennifer McCarthy, City Clerk

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

Corrective Action: Management concurs with the finding regarding Accounts Receivable/Revenue. Scheduled reviews of revenues and receivables have been put in place.

Anticipated Completion Date: March 31, 2024

2023-002 Accounts Payable

Name of Contact Person: Jennifer McCarthy, City Clerk

Recommendation: We recommend that the City develop procedures to ensure the proper accrual of all liabilities incurred during the fiscal year.

Corrective Action: Management concurs with the finding regarding Accounts Payable at year-end. Measures have been implemented and management will be more diligent in monitoring post fiscal year expenditures and recording this activity in the future.

Anticipated Completion Date: March 31, 2024

FEDERAL AWARDS FINDINGS

None Reported