

## OFFICE OF THE STATE AUDITOR REPORT NOTE:

*Section 7-7-211, Mississippi Code Annotated (1972)* gives the Office of the State Auditor the authority to audit, with the exception of municipalities, any governmental entity in the state. In the case of municipalities, *Section 21-35-31, Mississippi Code Annotated (1972)* requires municipalities to obtain an annual audit performed by a private CPA firm and submit that audit report to the Office of the State Auditor. The Office of the State Auditor files these audit reports for review in case questions arise related to the municipality.

As a result, the following document was not prepared by the Office of the State Auditor. Instead, it was prepared by a private CPA firm and submitted to the Office of the State Auditor. The document was placed on this web page as it was submitted and no review of the report was performed by the Office of the State Auditor prior to finalization of the report. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

**TOWN OF MONTICELLO, MISSISSIPPI**

**Audited Financial Statements**

**For Year Ended September 30, 2022**

**PRINCE CPA FIRM, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS**

# TOWN OF MONTICELLO, MISSISSIPPI

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### INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor Martha M Watts and  
Members of the Board of Aldermen  
Town of Monticello, Mississippi

#### **Opinions**

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of September 30, 2022, and the respective changes in cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

#### **Basis for Opinions**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Town of Monticello, Mississippi and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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 Town of Monticello, Mississippi's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Members of



Members of





## **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 generally accepted 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, including omissions, 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 generally accepted 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 Town of Monticello, Mississippi'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 Town of Monticello, Mississippi'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.

## **Other Matters**

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Monticello, Mississippi's financial statements as a whole. The supplemental section, which includes Budgetary Comparison Schedules and other information section, which includes the Schedule of Changes in Long-term Debt, Schedule of Surety Bonds for Municipal Officials and Employees, and Schedule of Capital Assets, are presented for purposes of additional analysis and are not a required part of the financial statements. This information has not been subjected to the auditing procedures applied in the cash basis financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

### **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

### **Other Reporting Requirements required by the Office of State Auditor**

In accordance with requirements set forth by the Office of State Auditor of Mississippi, we have issued our report dated May 19, 2023, on our consideration of the Town of Monticello, Mississippi's compliance with state laws and regulations. The purpose of this report is to describe the scope of our testing of compliance with certain laws and regulations and the result of that testing, and not provide an opinion on compliance.

*Pring CPA Firm, PLLC*

May 19, 2023  
Magee, Mississippi

TOWN OF MONTICELLO, MISSISSIPPI

BASIC FINANCIAL STATEMENTS

TOWN OF MONTICELLO, MISSISSIPPI  
Statement of Net Position-Cash Basis  
As of and For the Year Ended September 30, 2022

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,466,915	\$ 268,605	\$ 1,735,520
Total Assets	\$ 1,466,915	\$ 268,605	\$ 1,735,520
<b>NET POSITION</b>			
Restricted	\$ 509,987	\$ 43,550	\$ 553,537
Committed	457,234	-	457,234
Unassigned	499,694	225,055	724,749
Total Net Position	\$ 1,466,915	\$ 268,605	\$ 1,735,520

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



## TOWN OF MONTICELLO, MISSISSIPPI

## Statement of Activities and Net Position-Cash Basis

As of and For the Year Ended September 30, 2022

Exhibit 2

Functions/Programs	Program Cash Receipts			Net (Disbursements) Receipts & Changes in Net Position		
	Cash Disbursements	Charges for Services	Capital Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-type Activities	
Primary government:						
Governmental activities:						
General government	\$ 1,296,779	-	414,420	(882,359)	-	(882,359)
Public safety	790,714	-	71,087	(719,627)	-	(719,627)
Court	7,432	-	-	(7,432)	-	(7,432)
Culture and recreation	238,315	154,959	-	(83,356)	-	(83,356)
Street Maintenance	129,862	-	241,550	111,688	-	111,688
Total Governmental Activities	<u>2,463,102</u>	<u>154,959</u>	<u>727,057</u>	<u>(1,581,086)</u>	<u>-</u>	<u>(1,581,086)</u>
Business-type activities:						
Water, sewer and electricity	<u>633,901</u>	<u>633,519</u>	<u>8,000</u>		<u>7,618</u>	<u>7,618</u>
Total Primary Government	<u>\$ 3,097,003</u>	<u>788,478</u>	<u>735,057</u>	<u>(1,581,086)</u>	<u>7,618</u>	<u>(1,573,468)</u>
General Receipts and Transfers:						
Taxes:						
Ad Valorem				\$ 572,859	-	572,859
Sales Tax				564,589	-	564,589
Other Aid - Internet Sales Tax				57,557	56,288	113,845
Franchise Fess & Privelage Taxes				82,966	-	82,966
In Lieu of Tax - Grand Gulf				16,926	-	16,926
Intergovernmental				82,439	-	82,439
Water Deposit Receipts				-	6,810	6,810
Miscellaneous				131,454	9,424	140,878
Fines & Foreits				28,294	-	28,294
Total General Receipts and Transfers				<u>1,537,084</u>	<u>72,522</u>	<u>1,609,606</u>
Changes in Net Position				(44,002)	80,140	36,138
Net Position - Beginning				<u>1,510,917</u>	<u>188,465</u>	<u>1,699,382</u>
Net Position - Ending				<u>\$ 1,466,915</u>	<u>268,605</u>	<u>1,735,520</u>

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

TOWN OF MONTICELLO, MISSISSIPPI  
Statement of Cash Basis Assets and Fund Balances  
Governmental Funds  
As of and For the Year Ended September 30, 2022

Exhibit 3

	Major Funds				Other	Total
	General Fund	ARPA Fund	CDBG Fund	Frontage Road Project Fund	Governmental Funds	Governmental Funds
<b>ASSETS</b>						
Cash and Cash equivalents	\$ 499,694	186,672	1	300,926	479,622	\$ 1,466,915
Total Cash Basis Assets	\$ 499,694	186,672	1	300,926	479,622	\$ 1,466,915
<b>FUND BALANCES</b>						
Restricted	\$ -	186,672	1	300,926	22,388	\$ 509,987
Committed	-	-	-	-	457,234	457,234
Unassigned	499,694	-	-	-	-	499,694
Total Cash Basis Fund Balances	\$ 499,694	186,672	1	300,926	479,622	\$ 1,466,915

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

## TOWN OF MONTICELLO, MISSISSIPPI

Exhibit 4

Statement of Cash Basis Assets and Fund Balances and  
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances  
Governmental Funds

As of and For the Year Ended September 30, 2022

	Major Funds				Other	Total
	General	ARPA	CDBG	Frontage Road	Governmental	Governmental
	Fund	Fund	Fund	Project Fund	Funds	Funds
<b>RECEIPTS</b>						
Taxes:						
General Property Taxes	\$ 569,871	-	-	-	-	569,871
Penalties & Interest on Delinquent Taxes	2,988	-	-	-	-	2,988
Licenses & Permits:						
Privilege Licenses	11,701	-	-	-	-	11,701
Franchise charges - utilities	60,339	-	-	-	-	60,339
Rail Car Tax	10,926	-	-	-	-	10,926
Intergovernmental Revenues:						
Federal Revenues:						
ARPA Grant	-	180,942	-	-	-	180,942
FEMA	47,400	-	-	-	-	47,400
General Municipal Aid & Gas Tax	5,236	-	-	-	-	5,236
State Shared Revenues:						
Homestead Exemption Reimbursement	27,714	-	-	-	-	27,714
Sales Tax	564,589	-	-	-	-	564,589
Other Aid - Internet Sales Tax	57,557	-	-	-	-	57,557
In Lieu of Tax- Grand Gulf	16,926	-	-	-	-	16,926
Fire Protection					9,551	9,551
MSDEQ	18,504	-	-	-	-	18,504
MDA Grant	-	-	233,478	-	-	233,478
Public Safety Grant	5,183	-	-	-	-	5,183
County:						
Fire Protection	13,444	-	-	-	26,494	39,938
Frontage Road Funds	-	-	-	241,550	-	241,550
Charges for Services:						
Parks & Recreation	-	-	-	-	154,959	154,959
Fines & Forfeits	11,424	-	-	-	16,870	28,294
Miscellaneous	5,434	-	-	-	-	5,434
Total Receipts	1,429,236	180,942	233,478	241,550	207,874	2,293,080

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

## TOWN OF MONTICELLO, MISSISSIPPI

Exhibit 4 (continued)

Statement of Cash Basis Assets and Fund Balances and  
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances  
Governmental Funds

As of and For the Year Ended September 30, 2022

	Major Funds				Other	Total
	General Fund	ARPA Fund	CDBG Fund	Frontage Road Project Fund	Governmental Funds	Governmental Funds
<b>DISBURSEMENTS</b>						
General Government	335,028	-	-	-	-	335,028
Public Safety:						
Police	553,859	-	-	-	6,391	560,250
Streets	129,862	-	-	-	-	129,862
Fire	225,234	-	-	-	5,230	230,464
Municipal Court	-	-	-	-	17,477	17,477
Public Welfare:						
Animal Control	1,800	-	-	-	-	1,800
Library	1,200	-	-	-	-	1,200
Culture & Recreation:						
Recreation	-	-	-	-	235,315	235,315
Debt Service - Principal & Interest	-	176,134	233,478	-	-	409,612
Capital Outlay	92,703	-	-	406,878	-	499,581
Total Disbursements	<u>1,339,686</u>	<u>176,134</u>	<u>233,478</u>	<u>406,878</u>	<u>264,413</u>	<u>2,420,589</u>
Excess of Receipts over (under) Disbursements	<u>89,550</u>	<u>4,808</u>	<u>-</u>	<u>(165,328)</u>	<u>(56,539)</u>	<u>(127,509)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Other Non-revenue Receipts	11,874	620	-	2,024	52,989	67,507
Donations	-	-	-	-	16,000	16,000
Total Other Financing Sources and Uses	<u>11,874</u>	<u>620</u>	<u>-</u>	<u>2,024</u>	<u>68,989</u>	<u>83,507</u>
Net Changes in Fund Balances	101,424	5,428	-	(163,304)	12,450	(44,002)
Fund Balances - Beginning	<u>398,270</u>	<u>181,244</u>	<u>1</u>	<u>464,230</u>	<u>467,172</u>	<u>1,510,917</u>
Fund Balances - Ending	<u>\$ 499,694</u>	<u>186,672</u>	<u>1</u>	<u>300,926</u>	<u>479,622</u>	<u>1,466,915</u>

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



TOWN OF MONTICELLO, MISSISSIPPI  
Statement of Cash Basis Assets and Net Position  
As of and For the Year Ended September 30, 2022

Exhibit 5

		Business-type Activities Enterprise Funds
<b>ASSETS</b>		
Cash and Cash equivalents	\$	<u>268,605</u>
 Total Assets	 \$	 <u><u>268,605</u></u>
 <b>NET POSITION</b>		
Restricted	\$	43,550
Unassigned		<u>225,055</u>
 Total Net Position	 \$	 <u><u>268,605</u></u>

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

## TOWN OF MONTICELLO, MISSISSIPPI

Exhibit 6

## Statement of Cash Basis Assets and Fund Balances and

## Cash Receipts, Disbursements and Changes in Cash Basis Net Position-Proprietary Fund

For the Year Ended September 30, 2022

	Business-type Activities Enterprise Funds
RECEIPTS	
Intergovernmental Revenues:	
Federal Revenues:	
EDA Grant	8,000
State Shared Revenues:	
Other Aid - Internet Sales Tax	56,288
Charges for Services:	
Water, Sewer, & Garbage	640,329
Total Receipts	<u>704,617</u>
DISBURSEMENTS	
Enterprise:	
Water & Sewer	474,214
Garbage Fees	107,564
Debt Service - Principal & Interest	50,429
Capital Outlay	920
Other Non-operating Disbursements	774
Total Disbursements	<u>633,901</u>
Excess of Receipts over (under) Disbursements	<u>70,716</u>
OTHER FINANCING SOURCES (USES)	
Other Non-revenue Receipts	9,424
Total Other Financing Sources and Uses	<u>9,424</u>
Net Changes in Net Position	80,140
Cash Basis Net Position - Beginning	<u>188,465</u>
Cash Basis Net Position - Ending	<u><u>268,605</u></u>

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

TOWN OF MONTICELLO, MISSISSIPPI  
Notes to the Financial Statements  
For the Year Ended September 30, 2022

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

**A. Introduction.**

The Town of Monticello, Mississippi ("Town") is incorporated under the laws of the State of Mississippi. The Town operates under a Code Charter with a full-time Mayor elected from the Town at large and five aldermen, with four aldermen elected from wards and one alderman elected from the Town at large. The Town's major operations include police and fire protection, parks and recreation, public works and general administrative services. In addition, the Town owns and operates a water and sewer system.

The financial statements are presented in accordance with a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of only cash and cash equivalents and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) reported in the period in which they occurred.

The cash basis of accounting differs from GAAP primarily because revenues (cash receipts) are recognized when received in cash rather than when earned and susceptible to accrual, and expenditures or expenses (cash disbursements) are recognized when paid rather than when incurred or subject to accrual. As a result, only cash and cash equivalents and related net position or fund balances arising from cash transactions are reported in the statements of net position and balance sheets. All other economic assets, deferred outflows of resources, liabilities, and deferred inflows of resources that would be reported in GAAP basis financial statements are not reported in this cash presentation.

The accounting and reporting framework and the more significant accounting principles and practices of the Town are discussed in subsequent sections of this Note. The remainder of the Notes is organized to provide explanation, including required disclosures, of the Town's financial activities for the fiscal year ended September 30, 2022.

**B. Financial Statements.**

*Government-wide Statements:*

Government-wide financial statements are the Statement of Activities and Net Position- Cash Basis. These statements report information for the Town as a whole, excluding fiduciary activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and the Town's general receipts, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the disbursements of a given function offset by program receipts directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the disbursements and program receipts associated with a distinct functional activity. Program receipts include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Town's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction or rehabilitation of capital assets. These receipts are subject to externally imposed restrictions to these program uses. Taxes and other receipts sources not properly included with program receipts are reported as general receipts.

*Fund Financial Statements:*

Fund financial statements are provided for governmental and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.



TOWN OF MONTICELLO, MISSISSIPPI  
Notes to the Financial Statements  
For the Year Ended September 30, 2022

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

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation.**

The government-wide financial statements are reported using the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America as established by Governmental Accounting Standards Board. Receipts are recorded when collected and expenditures are recorded when cash is spent.

Governmental fund financial statements are reported using the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America as established by Governmental Accounting Standards Board. Receipts are recorded when they are collected and disbursements are recorded when cash is spent.

The City reports the following major Governmental Funds:

General Fund - This fund is used to account for all financial resources not reported in other funds.

ARPA Fund - This fund is used to account for funding received from the American Rescue Plan Act.

CDBG Fund - This fund is used to account for the funding received from the Community Development Block Grant Program.

Frontage Road Project Fund - This fund is used to account for the operations of the Town's Frontage Road Project.

The City reports the following major Proprietary Funds:

Water and Sewer Fund - This fund is used to account for the operating activities of the Town's water utility services.

Additionally, the Town reports the following fund types:

**GOVERNMENTAL FUND TYPE**

Special Revenue Funds - These funds are used to account for the proceeds of specific cash sources (other than for major capital projects) that are legally restricted or committed to disbursement for specified purposes. Special Revenue Funds account for, among others, certain federal grant programs, taxes levied with statutorily defined distributions and other resources restricted or committed as to purpose.

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

**PROPRIETARY FUND TYPE**

Enterprise Funds - These funds are used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the town has decided that periodic determination of receipts earned, disbursements paid and/or net income is necessary for management accountability.



TOWN OF MONTICELLO, MISSISSIPPI  
Notes to the Financial Statements  
For the Year Ended September 30, 2022

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

**D. Account Classifications.**

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Association.

**E. Cash and Investments.**

The Town maintains and controls cash in each of the funds or fund types operated. Investments are separately held and reflected in respective funds as investments, some of which are restricted funds.

State law authorizes the Town to invest in interest bearing time certificates of deposit with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state.

Cash includes cash on hand, demand deposits, and all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). All cash deposits are reported at carrying amount (cost) which reasonably estimates fair market value.

**F. Restricted Assets.**

Certain resources are classified as Restricted because they are set aside for the specific purposes.

**G. Equity Classifications.**

Government-wide Financial Statements:

Equity is classified as net position and displayed in two components:

*Restricted net position* - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

*Unrestricted net position* - All other net position not meeting the definition of "restricted".

Fund Financial Statements:

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance is classified as restricted, assigned or unassigned. The following are descriptions of fund classifications used by the Town.

*Restricted fund balance* includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

TOWN OF MONTICELLO, MISSISSIPPI  
Notes to the Financial Statements  
For the Year Ended September 30, 2022

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

*Assigned fund balance* includes amounts that are constrained by the town's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed. Assignments of fund balance are created by the Board of Aldermen pursuant to authorization established by Section 21-17-5, Miss. Code Ann. (1972).

*Unassigned fund balance* is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

**H. Property Tax Receipts.**

State statutes exist under which the Board of Aldermen may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the Town. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Aldermen, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase.

**(2) Cash and Cash Equivalents**

Cash:

The carrying amount of the Town's total deposits with financial institutions at September 30, 2022, was \$1,735,520, and the bank balance was \$1,805,277. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

**Custodial Credit Risk - Deposits.** Custodial credit risk is the risk that in the event of the failure of a financial institution, the Town will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Town does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the Town. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the Town.

Certificates of Deposits:

As of September 30, 2022, the Town had no investments in certificates of deposit.

**Interest Rate Risk -** The Town 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.



TOWN OF MONTICELLO, MISSISSIPPI  
Notes to the Financial Statements  
For the Year Ended September 30, 2022

**(2) Cash and Cash Equivalents - Continued**

Credit Risk – State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972). The Town does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

Concentration of Credit Risk – Disclosure of investments by amount and issuer for any issuer that represents five percent or more of the total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of September 30, 2022, the Town had no investments.

**(3) Claims and Judgments**

Risk Management.

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(4) Contingencies**

Federal Grants - The Town has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the Town. Accordingly, no provision for any liability that may result has been recognized in the Town's financial statements.

Litigation - The Town of Monticello, Mississippi is not a defendant in any lawsuits at this time.

**(5) Defined Benefit Pension Plan**

General Information about the Pension Plan.

Plan Description: The Town of Monticello is a member of the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan as defined in GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Membership in PERS is a condition of employment and is granted upon hiring for qualifying employees and officials of the Town. Code Section 25-11-15, Miss. Code Ann. (1972), grants the authority for general administration and proper operation of PERS to the PERS Board of Trustees (PERS Board). PERS issues a publicly available Comprehensive Annual Financial Report that can be obtained at [www.pers.ms.gov](http://www.pers.ms.gov).

Funding Policy: Per Chapter 11 of Title 25, Miss. Code Ann. (1972), contribution requirements of plan members and their employers are established and may be amended only by the PERS Board. The adequacy of these rates is assessed annually by actuarial valuation. For the year ended September 30, 2022, member employees were required to contribute 9.00 percent of their annual pay, while the Town's required contribution rate was 15.75 percent of annual covered payroll. The Town's employer contributions to PERS for the years ended September 30, 2022, 2021 and 2020 were \$142,037, \$134,379 and \$136,412, respectively. The contributions for each year met the required contributions.

TOWN OF MONTICELLO, MISSISSIPPI  
Notes to the Financial Statements  
For the Year Ended September 30, 2022

**(6) Tax Abatements**

For the year beginning October 1, 2016, the Governmental Accounting Standards Board (GASB) implemented Statement 77, *Tax Abatement Disclosures*. This statement requires governmental entities to disclose the reduction in tax revenues resulting from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The Town of Monticello and the Lawrence County Board of Supervisors negotiates property tax abatements on an individual basis. The Town has tax abatement agreements with one entity as of September 30, 2022.

**(7) Subsequent Events.**

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Town evaluated the activity of the Town through May 12, 2023 and determined that the following subsequent events



TOWN OF MONTICELLO, MISSISSIPPI

SUPPLEMENTARY INFORMATION

TOWN OF MONTICELLO, MISSISSIPPI  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General Fund  
 For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 552,400	572,859	572,859	-
Sales taxes	490,000	564,589	564,589	-
Modernization taxes	50,000	57,557	57,557	-
Licenses, commissions and other revenue	10,000	22,627	22,627	-
Gasoline taxes	4,700	5,236	5,236	-
Fines and forfeitures	19,500	11,424	11,424	-
Intergovernmental revenues	68,693	47,400	47,400	-
Charges for services	19,100	37,131	37,131	-
Franchise fees	55,000	60,339	60,339	-
Miscellaneous revenues	49,300	50,074	50,074	-
Total Revenues	<u>1,318,693</u>	<u>1,429,236</u>	<u>1,429,236</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	305,000	335,028	335,028	-
Public Safety				-
Police Protection	527,300	553,859	553,859	-
Fire Protection	279,755	225,234	225,234	-
Public works				-
Street maintenance	177,000	129,862	129,862	-
Culture and Recreation				-
Library	1,200	1,200	1,200	-
Non departmental				-
Improvements	11,000	-	-	-
National Guard	4,200	-	-	-
Animal Control	1,800	1,800	1,800	-
Civic Center	2,000	-	-	-
Miscellaneous	89,455	92,703	92,703	-
Total Expenditures	<u>1,398,710</u>	<u>1,339,686</u>	<u>1,339,686</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(80,017)</u>	<u>89,550</u>	<u>89,550</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources				-
Transfers in	70,712	11,874	11,874	-
Transfers out	(40,650)	-	-	-
Total Other Financing Sources and Uses	<u>30,062</u>	<u>11,874</u>	<u>11,874</u>	<u>-</u>
Net Change in Fund Balance	(49,955)	101,424	101,424	-
Fund Balances - Beginning	<u>398,270</u>	<u>398,270</u>	<u>398,270</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 348,315</u>	<u>499,694</u>	<u>499,694</u>	<u>-</u>

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

TOWN OF MONTICELLO, MISSISSIPPI  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 ARPA Fund  
 For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
ARPA Grant	\$ 180,942	180,942	180,942	-
Total Revenues	<u>180,942</u>	<u>180,942</u>	<u>180,942</u>	<u>-</u>
EXPENDITURES				
Debt Service	176,134	176,134	176,134	-
Total Expenditures	<u>176,134</u>	<u>176,134</u>	<u>176,134</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>4,808</u>	<u>4,808</u>	<u>4,808</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	620	620	620	-
Transfers out	-	-	-	-
Total Other Financing Sources and Uses	<u>620</u>	<u>620</u>	<u>620</u>	<u>-</u>
Net Change in Fund Balance	5,428	5,428	5,428	-
Fund Balances - Beginning	<u>181,244</u>	<u>181,244</u>	<u>181,244</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 186,672</u>	<u>186,672</u>	<u>186,672</u>	<u>-</u>

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

TOWN OF MONTICELLO, MISSISSIPPI  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 CDBG Fund  
 For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
MDA Grant	\$ 233,478	233,478	233,478	-
Total Revenues	<u>233,478</u>	<u>233,478</u>	<u>233,478</u>	<u>-</u>
<b>EXPENDITURES</b>				
Debt Service	<u>233,478</u>	<u>233,478</u>	<u>233,478</u>	<u>-</u>
Total Expenditures	<u>233,478</u>	<u>233,478</u>	<u>233,478</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	-
Fund Balances - Beginning	<u>1</u>	<u>1</u>	<u>1</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 1</u>	<u>1</u>	<u>1</u>	<u>-</u>

The accompanying notes to the Required Supplementary Information are an integral part of this statement.



TOWN OF MONTICELLO, MISSISSIPPI  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 Frontage Road Project Fund  
 For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Front Road Funds	\$ 241,550	241,550	241,550	-
Total Revenues	<u>241,550</u>	<u>241,550</u>	<u>241,550</u>	<u>-</u>
EXPENDITURES				
Capital Outlay	406,878	406,878	406,878	-
Total Expenditures	<u>406,878</u>	<u>406,878</u>	<u>406,878</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(165,328)</u>	<u>(165,328)</u>	<u>(165,328)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,024	2,024	2,024	-
Transfers out	-	-	-	-
Total Other Financing Sources and Uses	<u>2,024</u>	<u>2,024</u>	<u>2,024</u>	<u>-</u>
Net Change in Fund Balance	(163,304)	(163,304)	(163,304)	-
Fund Balances - Beginning	<u>464,230</u>	<u>464,230</u>	<u>464,230</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 300,926</u>	<u>300,926</u>	<u>300,926</u>	<u>-</u>

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

A. Budgetary Information.

The Town Clerk submits an annual budget to the Board of Aldermen on or before the last Tuesday of August in accordance with the State of Mississippi's statutory requirements. The budget is presented to the Board of Aldermen for review, and public hearings are held to address priorities and the allocation of resources. In September, the Board of Aldermen adopts the annual fiscal year budget for Board of Aldermen operating funds.

B. Basis of Budgeting.

The Town's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

Each fund's appropriated budget is prepared on a detailed line item basis. Receipts are budgeted by source. Expenditures are budgeted by department within a fund as follows: personal services, contracted services, supplies, other services and charges, and capital outlay. Budget revisions are subject to final review by the Board of Aldermen. The legal level of control is by department within a fund. Expenditures may not exceed appropriations at this level. One revision to the budget was made throughout the year.

C. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (Non-GAAP Basis) and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplemental information.

TOWN OF MONTICELLO, MISSISSIPPI

OTHER INFORMATION



TOWN OF MONTICELLO, MISSISSIPPI  
Schedule of Changes in Long Term Debt  
For the Year Ended September 30, 2022

Description	Outstanding Balance 10/1/2021	Issued	Paid	Outstanding Balance 9/30/2022
MS Development Authority Water & Sewer Improvements 2.00%, 2008	159,908	-	22,351	137,557
SRF Note Payable, 1.75%, 2013	252,544	-	20,832	231,712
MS Development Authority, Fire Truck, 3.00%, 2016	12,855	-	12,855	-
MS LP Series Mini-Excavator, 4.21%, 2018	1,086	-	1,086	-
Total Long-Term Debt	<u>426,393</u>	<u>-</u>	<u>57,124</u>	<u>369,269</u>

TOWN OF MONTICELLO, MISSISSIPPI  
Schedule of Capital Assets  
For the Fiscal Year Ended September 30, 2022

	Balance Oct. 1, 2021	Additions	Deletions	Balance Sept. 30, 2022
<b>GOVERNMENTAL ACTIVITIES</b>				
<u>Non-depreciable capital assets:</u>				
Land	106,455	-	17,400	89,055
Total non-depreciable capital assets	106,455	-	17,400	89,055
<u>Depreciable capital assets:</u>				
Buildings	759,274	-	-	759,274
Infrastructure and Improvements	6,907,904	390,624	-	7,298,528
Machinery and Equipment	1,658,745	-	-	1,658,745
Construction in Progress-Frontage Road	-	691,550	390,624	300,926
Total depreciable capital assets	9,325,923	1,082,174	390,624	10,017,473
Governmental activities capital assets, net	9,432,378	1,082,174	408,024	10,106,528
<b>BUSINESS-TYPE ACTIVITIES</b>				
<u>Non-depreciable capital assets:</u>				
Land	1,800	-	-	1,800
Total non-depreciable capital assets	1,800	-	-	1,800
<u>Depreciable capital assets:</u>				
Buildings	49,232	-	-	49,232
Infrastructure and Improvements	6,047,390	298,068	-	6,345,458
Machinery and Equipment	366,250	920	-	367,170
Construction in Progress-2021 CDBG	-	449,919	298,068	151,851
Total depreciable capital assets	6,462,872	748,907	298,068	6,913,711
Business-type activities capital assets, net	6,464,672	748,907	298,068	6,915,511

TOWN OF MONTICELLO, MISSISSIPPI  
Schedule of Bonds of City Officials  
September 30, 2022

1) Company: MS Municipalities Bond Program c/o Scott Insurance Services LLC

Limits of liability: Surety bond coverage as follows:

<u>Position</u>	<u>Coverage Amount</u>	<u>Term of Bond</u>
Mayor	\$50,000	07/01/21-07/01/25
City Alderman (5)	\$50,000	07/01/21-07/01/25

2) Company: Travelers

Limits of liability: Surety bond coverage as follows:

<u>Position</u>	<u>Coverage Amount</u>	<u>Term of Bond</u>
City Clerk	\$50,000	10/20/21-10/20/22
Police Chief	\$50,000	10/20/21-10/20/22
Court Clerk	\$50,000	10/20/21-10/20/22
Deputy Clerk	\$50,000	10/20/21-10/20/22
Parks Supervisor	\$50,000	10/20/21-10/20/22
Concession Manager	\$50,000	10/20/21-10/20/22
Sports Commissioner	\$50,000	10/20/21-10/20/22



TOWN OF MONTICELLO, MISSISSIPPI

SPECIAL REPORT



## PRINCE CPA FIRM, PLLC

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### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

The Honorable Mayor Martha M Watts and  
Members of the Board of Aldermen  
Town of Monticello, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Monticello, Mississippi, ("Town") as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued my report thereon dated May 19, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

Due to the reduced scope, these compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. The results of our compliance tests and our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information disclosed no material instance of noncompliance with state laws and regulations.

The purpose of this report is solely to describe the scope of our testing of compliance with certain state laws and regulations and the result of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

*Prince CPA Firm, PLLC*

May 19, 2023  
Magee, Mississippi