



# City Council Meeting/Work Session

**Tuesday, April 23, 2024 at 7:00 pm**

Attendees: Mayor Bayley Hedglin, Councilmember Kirk Crowley,  
Councilmember Ron Skinner, Councilmember Nathan Chamberlain,  
Councilmember Kevin Dunn, Councilmember George Rice, City Manager  
Kaeden Kulow, Assistant City Manager Megan Gallegos, City Recorder  
Melissa Gill

## Monticello City Council Meeting

**Meeting Location: Hideout Community Center 648 S Hideout Way**

1. Call to Order
2. Invocation/Opening Remarks
3. Public Comment
4. Public Hearing Title 10 Chapter 2: Electronic Vehicle Charging Station Regulations

### Attachments:

- PEV Code (PEV\_Code.pdf)

5. Consider for Approval and Adoption: Title 10 Chapter 2: Electronic Vehicle Charging Station Regulations (discussion/action)

Roll Call Vote

6. Consider for Approval: Francom Parking Reduction Request (discussion/action)

Recommendation from the Planning Commission was to allow the parking reduction request.

### Attachments:

- Parking Gym (Parking\_Gym.jpg)
- Proposal for parking reduction at The Gym (1) (Proposal\_for\_parking\_reduction\_at\_The\_Gym\_\_1\_.docx)

7. FBO Update (discussion/action)

### Attachments:

- FBO Elliott Arthur NorthEast Planes Aviation 04.2023 (FBO\_Elliott\_Arthur\_NorthEast\_Planes\_Aviation\_04.2023.pdf)

8. 2023 Audit Review (discussion)

### Attachments:

- Monicello 2023 audit report (Monicello\_2023\_audit\_report.pdf)

9. Consider for Approval and Adoption: Ordinance 2024-3: An Ordinance Adopting Landscapes

## Standards for All New Developments (discussion/action)

Roll Call Vote

### Attachments:

- **Ordinance 2024-3** (Ordinance\_2024-3.docx)

## 10. Planning Commission Report and Discussion with City Council (discussion/action)

### Attachments:

- **PC Recommends 2023** (PC\_Recommends\_2023.pdf)

## 11. Parks and Beautification Committee Update (discussion/action)

## 12. Quarterly Building Report (discussion)

### Attachments:

- **Building Permit Updates** (Building\_Permit\_Updates.pdf)

## 13. Landfill Discussion (discussion/action)

### Attachments:

- **Land Fill Analysis 240312** (Land\_Fill\_Analysis\_240312.pdf)

## 14. San Juan County Speed Shift Update (discussion)

## 15. Follow Up Items (discussion)

## 16. Administrative Communications

## 17. Consider Upcoming Agenda Items (action)

Recommendation: Motion to add \_\_\_\_\_ to the next agenda. Consensus

US Department of Energy Presentation

## 18. Adjournment (action)

## AUDIO FILE

## NOTICE OF SPECIAL ACCOMMODATIONS

THE PUBLIC IS INVITED TO ATTEND ALL CITY MEETINGS In accordance with the Americans with Disabilities Act, anyone needing special accommodations to attend a meeting may contact the City Office, 587-2271, at least three working days prior to the meeting. City Council may adjourn to closed session by majority vote, pursuant to Utah Code §52-4-4 & 5. The order of agenda items may change to accommodate the needs of the City Council, the staff, and the public.

## PROPOSED CODE TO BE APPROVED BY CITY COUNCIL

### TITLE 10 ZONING REGULATIONS

#### CHAPTER 2 *SUPPLEMENTARY REQUIREMENTS AND PROCEDURES APPLICABLE WITHIN ZONES*

Blue = Planning Commission suggestions

Red = Required by state code

#### **10-2-17: COMMERCIAL PLUG-IN ELECTRIC VEHICLE CHARGING STATIONS**

A. As used in this section the following definitions apply:

1. Applicable zones: C-1 Commercial Zone; C-2 Light Commercial Zone; G-1 Government Lands and Parks; I-1 Industrial Zone.
2. Charging Station Land Owner: The person or entity that owns the land on which an electric vehicle charging station is located.
3. Charging Station Operator: A person or entity that operates a commercial electric vehicle charging station and may also own the charging station equipment.
4. Commercial Electric Vehicle Charging Station: A parking stall or space served by a Level 2 or Level 3 charger that has as its primary purpose the transfer of electric energy to an electric vehicle, and for which service a fee shall be charged in compliance with Utah code Title 59, Chapter 30 Electric Vehicle Charging Tax.
5. The owner/operator of the commercial plug-in electric vehicle charging station shall not be considered a public utility and must obtain the electricity from Empire Electric Association.
6. Electric Vehicle: Any vehicle that operates, either partially or exclusively, on electrical energy from the grid, or a source that is stored on board for motive purposes. Electric vehicle includes a battery-powered vehicle, a plug-in hybrid electric vehicle, and any two-wheel vehicle that operates exclusively on electrical energy from a source stored on board the vehicle.
7. Level 2 Charger: Operates on 240 volt alternating current and is considered a medium speed recharger.
8. Level 3 Charger: Operates on direct current and is considered a rapid charger.
9. Universal Connecting Device: A mechanism or adapter designed to facilitate the electrical connection between the charging station's output and the electric vehicles charging port. To ensure interoperability across a wide range of electric vehicles, this device must be compatible with the standardized charging interfaces adopted internationally or by predominant automotive and electrical standards organizations.

B. The provisions of this section shall apply to:

1. New commercial buildings and accessory buildings, parking lots, and parking garages in the applicable zones.

2. Modification of existing off-street parking areas.
- C. Level 3 plug-in electric (PEV) charging stations shall not be installed in any residential dwelling regardless of the zone in which the residential unit is located.
  - D. Commercial plug-in electric vehicle (PEV) charging stations shall be a permitted use in the applicable zones within the city, provided: ~~<Do we need to revise permitted uses section for each of these zones to include PEVs?>~~
    1. The installation complies with the building, electric, fire, and safety codes adopted by the city; and
    2. The installation complies with requirements of Empire Electric Association as evidenced by a letter signed by them addressing the specific requirements of the installation; and
    3. The transformer unit is installed within a utility easement; and
    4. The charging station outlets and connector devices are:
      - a. Not located within a public street right-of-way or on any portion of a public sidewalk required to meet the Americans With Disabilities Act; and
      - b. The charging station outlets and connector devices are not within a utility easement, unless written consent has been submitted with the building permit application granting permission; and
    5. The connecting device shall be universal; and
    6. The installation complies with applicable portions of the Americans With Disabilities Act.
  - E. Wherever the city zoning regulations require off-street parking at least ten percent (10%) of the required stalls or spaces in the applicable zones shall be equipped with commercial plug-in electric vehicle charging stations. When the calculation of percent results in a fractional number of stalls or space, the applicant shall round up to the next whole number.
    1. Wherever parking requirements are met by providing off-street parking stalls or spaces on adjacent lots or parcels, the applicant may satisfy the requirements of this section by entering into a written agreement whereby both properties are combined for purposes of calculating the number of parking stalls or space reserved for commercial plug-in electric vehicle charging stations and the two properties, taken together, meet the minimum requirements contained herein.
    2. Said agreement shall be notarized and recorded with the county recorder and copy of the document bearing the county's imprints shall be provided to the zoning administrator at the time the applicant applies for a building permit. Recording and copy costs shall be paid by the parties to the agreement.
  - F. Commercial plug-in electric vehicle (PEV) charging stations may be Level 2 or Level 3. Installation of Level 2 or Level 3 commercial charging stations shall comply with all requirements at 10-2-17(D) and these additional requirements:
    1. Lighting: If the charging station is more than one hundred fifty (150) feet from an existing street light, the station shall include lights on the charging station for use during night hours.

2. Setback from property lines, buildings, and structures:
    - a. Commercial electric vehicle charging stations shall not be closer to a main building or accessory structure than 25 feet as measured from the closest point of the building or accessory structure and the nearest piece of equipment of the commercial electric vehicle charging station.
    - b. Charge points for commercial electric vehicle charging shall be no closer to one another than ten (10) feet.
    - c. Commercial electric vehicle charging stations shall not be closer to fuel storage or fuel dispensing structures than twenty (20) feet.
  3. A garbage/refuse container shall be placed no more than 20 feet from the footprint of the charging station and shall be secured to prevent wind scatter of garbage/refuse. The charging station operator shall be responsible for garbage/refuse collection and disposal in conformance with city code.
  4. Charging station outlets and connector devices shall be no less than 36 inches and no more than 48 inches from the ground or pavement surface where mounted, and
  5. Charging station outlets and connector devices shall contain a retraction device and/or place to hang permanent cords and connectors at least six (6) inches above the ground or pavement surface; and
  6. Where mounted on pedestals, posts, or other devices, connectors and cords shall be located so as to not impede pedestrian travel or create trip hazards on sidewalks.
  7. Proper use and storage of the outlets and connector devices shall be illustrated on a sign posted on the charging equipment.
  8. The property owner or charging station operator shall post a sign stating "stalls or space reserved for charging of electric vehicles" not greater than 17 x 22 inches with lettering not less than one inch in height.
  9. Stall required for compliance with the American with Disabilities Act:
    - a. One stall for charging stations with three connectors or fewer;
    - b. One stall for every four connectors for stations with four or more connectors.
  10. Charging station equipment shall be maintained in all respects, including the functioning of the charging equipment. A phone number or other contact information shall be provided on the charging station equipment for reporting when the equipment is not functioning or other problems are encountered.
- G. An operator of a commercial electric vehicle charging station shall obtain a business license from the city prior to allowing use of the station. If an operator is not the property owner, an affidavit from the property owner is required to authorize an operator for the station.
- H. It shall be unlawful for any person to park or leave standing a vehicle in a stall or space designated for the recharging of plug-in electric vehicles (PEV) in the applicable zones unless the vehicle is connected for electric charging purposes. Unlawful use of a stall reserved for electric vehicle(s) can be:
1. Subject to a fine as determined in Ord. 2023-3 passed June 27, 2023.
  2. The offending vehicle may be towed and impounded at the vehicle owner's expense.

- I. It shall be unlawful for any person to disconnect a vehicle from an electric charging station when that vehicle is owned or controlled by another person. For those in violation a fine will be issued as determined in City Ord. 2023-3 passed June 27, 2023
  1. Exceptions: Law Enforcement Fire Fighters may disconnect a vehicle when required for public safety.







## Proposal for parking reduction at The Gym, 448 South Main Monticello

Current Code 10-2-5: OFF STREET PARKING, I have an interior space of 38.5'x78.5' building 3022 sq, feet @ 1 space for every 250 square feet of building would require 12 parking spaces. Also, it is requiring them to be on hard surface (concrete or asphalt)

I currently have 8 parking spaces on concrete which would include 1 handicap space to the right of the front door. These are each 9 feet with the ADA space 12 foot wide.

Below are the reasons I have produced the justify the reduction of required spaces.

1. Per city code 10-2-5 section C – 4 – Y the city council, upon recommendation of the planning commission, may grant a parking reduction of up to 25% of the listed parking requirement. This would reduce the required parking to 9 which I have 8 on concrete
2. I do have 4 on good road base with grid stabilization covered by 6 inches of road base installed by Sonderegger Construction. This does not rut or leave tracks or mud; it is the closest thing to hard surface.
3. This will be a 24-hour gym, with 24 hours of operational time vs a typical 8am-5pm there will not be as many people coming at the same time as each other spreading out the need for that many parking spaces. Often you see people at gyms as late as 10pm and as early as 5am. This adds an additional 8 hours of commonly used opening hours so that would cut in half the surge of guests between a typical 8-5 business day.



Keeping in mind it is 24-hour so I will have 3 times open hours to a typical business.

4. With it being a gym / fitness center, we will urge people to walk to and from the gym to help with the cardio part of their workout.
5. Monticello does not have anywhere anyone in the community can attend a gym, there is such a great need for our community to be able to be healthier. Especially with winter being our longest season, the benefits of being physically active in the winter are so important physically and mentally. There is not even 1 motel in Monticello with a fitness center or treadmill. We miss many people staying in Monticello due to the lack of fitness available when traveling. I am getting contracts with I-fit and Peloton where the people that often use those cardio machines those companies will advertise our location and it will show there is a gym in Monticello that they can login to their accounts and keep their workouts going. This is a way bigger deal than I realized. Motels all over are adding these to their fitness centers to get more guests to stay with them. I am working with the motels in town to give a discounted day pass to anyone staying in the motels in Monticello. That will promote their motels and get more people to stay in Monticello while traveling.

## FIXED-BASE OPERATOR LEASE

THIS LEASE made this day, 15 April 2023, by and between the CITY OF MONTICELLO, a Utah municipal corporation organized and existing under the laws of the State of Utah, having its principal place of business at 17 N. 100 E. Monticello, Utah, County of San Juan, State of Utah (Lessor) and NorthEast Planes Aviation, Inc., a Wyoming domestic Corporation, duly organized and existing under and by virtue of the laws of the State of Wyoming, having its principal place of business at 3314 Joanna Bruner Drive, Suite D-14, Laramie, County of Albany, State of Wyoming (Lessee).

In consideration of the mutual covenants contained herein, the Parties agree as follows:

### DESCRIPTION OF PREMISES & EQUIPMENT

Lessor leases to Lessee the Premises and Equipment (Premises) located at the Monticello Municipal Airport located in the County of San Juan, State of Utah, and described more particularly as 1 office building/pilots lounge; fuel storage, including, but not limited to, tanks, pumps, filters, and self-service dispensing equipment, including, but not limited to, pumps, filters, meters, and computer interface property; and all equipment installed thereon, all of which is located at the time of the signing of this Lease at the Monticello Municipal Airport, also known by street and number as 7624 HWY 191, Monticello, Utah, 84535, subject to the right of any governmental agency or approved entity to erect antenna support structures and related appurtenances.

### TERM

The term of this Lease shall be five years, beginning on April 15, 2023, at 12:00 a.m. and terminating on April 14, 2028, at 11:59 p.m. Lessor shall have the option to renew this lease on similar mutually agreeable terms for 3 additional 5-year terms, provided that Lessee is in good standing with regard to this agreement.

### WARRANTIES OF TITLE AND QUIET POSSESSION

Lessor covenants that Lessor is seized of the Leased Premises in fee simple and has full right to make this Lease and that Lessee shall have quiet and peaceable possession of the Leased Premises during the term hereof.

### MANAGEMENT FEES, RENT AND TERMS

As rent for the Premises, Lessee does hereby agree to pay to Lessor at the office of 17 N. 100 E., Po Box 457, Monticello, Utah the current Fuel Flow Fee (as set by Lessor Consolidated Fee Schedule) per gallon of fuel sold or used by Lessee on the Premises for the preceding month. For the first year of this agreement a 20,000 Fuel Flow Fee discount is applied. Rent is due and payable in arrears on the 25th day of each month. The first payment under this Lease shall be due the 25th day of May 2023.

In addition to Fuel Flow Fees, Lessee does hereby agree to pay \$250 per month as a rental charge for use of the office space adjacent to the snowplow shed. Payments to be made on the same terms as the fuel flow fee above.

Lessor hereby agrees to pay a Management Fee to Lessee in consideration of Lessee's maintenance and oversight of the premises, including but not limited to snow removal, vegetation control, animal control, and liaison with the Federal Aviation Administration, Utah Department of Aeronautics, and any other government agencies having jurisdiction over the airport. This fee will be \$2,000 for the first year and then \$1,000 per month thereafter, paid in arrears on the 25<sup>th</sup> day of each month.

In view of the need for insurance coverage when operating city owned equipment including but not limited to snowplows, tractors, and mowers, Lessor agrees to hire one individual specified by Lessee as an employee and pay said employee \$250 per month on a schedule to be determined by Lessor.

Lessee shall have the ability to request approval from Lessor and build hangers according to that approval. All buildings built will be done in accordance with the current Ground Lease Rate (as stated in Lessor Consolidated Fee Schedule) at the time of construction. Ground Lease Payments will be due along with other payments on the 25<sup>th</sup> of each month.

Lessee shall be solely responsible for any and all expenses and costs associated with Lessee's business operations and other related operations conducted by Lessee on the Leased Premises.



Lessor, its officers, agents, or representatives, shall have the right, at any reasonable time, to examine the books and records of Lessee and to make copies of the entries or contents thereof for the purpose of enforcing the rent and fees imposed by this Lease.

#### USE OF PREMISES

The Premises are to be used for the purposes of retail aircraft and aviation product sales, services, and enterprises at the Monticello Municipal Airport. These activities include, but are not limited to, fuel sales and associated ramp services, aircraft and component maintenance governed under FAA Federal Air Regulations parts 43 and 145, aircraft sales, pilot training, aerial tours, and aircraft charters. Lessee shall restrict use of the Premises to aviation related purposes and shall not use or permit the use of the Premises for any other purpose without the written consent of Lessor or Lessor's authorized agent. These operations are the exclusive privilege of the Lessee.

#### RESTRICTIONS ON USE

Lessee shall not use the Premises in any manner that will increase risks covered by insurance on the Premises and result in an increase in the rate of insurance or a cancellation of any insurance policy, even if such use may be in furtherance of Lessee's business purposes. Lessee shall not keep, use, or sell anything prohibited by any policy of fire insurance covering the Premises, and shall comply with all requirements of the insurers applicable to the Premises necessary to keep in force the fire and liability insurance.

#### WASTE, NUISANCE, OR UNLAWFUL ACTIVITY

Lessee shall not allow any waste or nuisance on the Premises or use or allow the Premises to be used for any unlawful purpose.

#### UTILITIES

Except services to the existing building, Lessee shall arrange and pay all utilities furnished to the Premises for the term of this Lease, including electricity, gas, water, sewer, trash, and telephone service. Lessor shall arrange and pay propane, electricity, and internet services furnished to existing Lessor owned building.

#### REPAIRS AND MAINTENANCE

Lessor shall, at its sole expense, maintain and keep in good repair the facilities located at the Monticello Municipal Airport and the Premises. It shall be the duty of the Lessee to reasonably care for and operate the Premises and notify Lessor as soon as possible of any maintenance or repairs that are immediately necessary, anticipated, or that should be budgeted for by Lessor in successive fiscal years.

#### DELIVERY, ACCEPTANCE, AND SURRENDER OF PREMISES

Lessor represents that the Premises are in fit condition for the use by Lessee. Acceptance of the Premises by Lessee shall be construed as recognition that the Premises are in a good state of repair and in sanitary condition. Lessee shall surrender the Premises at the end of the Lease term, or any renewal thereof, in the same condition as when Lessee took possession allowing for reasonable use and wear and damage by acts of God, including fires and storms. Before delivery of the Premises to Lessor, Lessee shall remove all business signs placed on the Premises by Lessee.

#### PARTIAL DESTRUCTION OF PREMISES

Partial destruction of the Premises shall not render this Lease void or voidable, nor terminate it except as provided herein. If the Premises are partially destroyed during the term of this Lease, Lessor shall repair the Premises when such repairs can reasonably be made in conformity with governmental laws and regulations. Written notice of the intention of Lessor to repair shall be given to Lessee within 15 days after any partial destruction. Rent will be reduced proportionately to the extent to which the repair operations interfere with the business conducted on the Premises by Lessee. If the repairs cannot be made within 30 days, Lessor shall have the option to make the necessary repairs within a reasonable time and continue this Lease in effect with proportional rent rebate to Lessee as provided for herein. If the repairs cannot be made in 30 days, and if Lessor does not elect to make them within a reasonable time, either Party shall have the option to terminate this Lease.

Disputes between Lessor and Lessee relating to provisions of this Section shall be

arbitrated. The Parties shall each select an arbitrator. The two selected arbitrators shall then together select a third arbitrator. The three arbitrators shall determine the dispute and their decisions shall be binding on the Parties. The Parties shall divide the costs of arbitration equally between them.

#### ENTRY ON PREMISES BY LESSOR

Lessor reserves the right to enter onto the Premises at reasonable times to inspect the Premises; perform required maintenance and repairs or make additions, alterations, or modifications to any part of the Premises. Lessee shall not interfere with Lessor's right to enter onto the Premises. Lessor may erect scaffolding, fences, and similar structures and Lessor may post relevant notices and conduct maintenance and repairs, all without incurring liability to Lessee for disturbance of quiet enjoyment of the Premises or loss of occupation thereof.

#### SIGNS, AWNINGS, AND MARQUEES INSTALLED BY LESSEE

Lessee shall not construct or place signs, awnings, marquees, or other structures projecting from the exterior of the Premises without the written consent of Lessor. Lessee shall remove signs, displays, advertisement, or decorations it has placed on the Premises that, in the opinion of Lessor, are offensive, otherwise objectionable, or that would not be permissible for a Utah municipal corporation to construct or place. If Lessee fails to remove such signs, displays, advertisements; or decorations within 5 days after receiving written notice from Lessor to remove them, Lessor reserves the right to enter the Premises and remove any such signs, displays, advertisements, or decorations at the expense of Lessee.

#### BUSINESS SALE SIGNS

Lessee shall not conduct "Quitting Business," "Lost Our Lease," "Bankruptcy," or other sales of that nature on the Premises without the written consent of Lessor.

#### TAXES AND ASSESSMENTS

Lessee does hereby agree to pay all taxes and assessments of any nature whatsoever levied upon Lessee or his business or property. Lessee will suffer no work, repair, or maintenance by Lessee or contracted by the Lessee on the Lessee's behalf to be reduced to a lien upon the Premises as a mechanics' or materialman's lien. In the event that they are not so paid, Lessor, at its option, may pay the taxes, assessments and liens and charge the cost thereof to Lessee as an additional rent installment for the month following the date on which the amount was paid by Lessor, which shall be payable on demand, or may give notice of default hereunder.

#### NONLIABILITY OF LESSOR FOR DAMAGES

Lessor shall not be liable for liability or damage claims for injury to persons or property from any cause relating to the occupancy of the Premises by Lessee, including those arising out of damages or losses occurring on sidewalks and other areas adjacent to the Premises during the term of this Lease or any extension thereof. Lessee shall indemnify Lessor from all liability, loss, or other damage claims or obligations resulting from any injuries or losses of this nature.

To the extent permitted by law, Lessee agrees to indemnify and hold Lessor harmless from all claims; losses; expenses; and fees, including attorney fees, costs, and judgments that may be asserted against Lessor that result from the acts or omissions of Lessee and or Lessee's employees, agents, or representatives. Lessee agrees to indemnify and hold Lessor harmless and defend Lessor from and against any and all claims; losses; fees and expenses, including attorney fees, costs, and judgments that may be asserted against Lessor that result from or in connection with Lessor's possession; use; or misuse of the Premises, including the acts or omissions of Lessor and or Lessor's employees, agents, or representatives. Nothing herein shall be deemed a waiver of Lessor's governmental immunity pursuant to (applicable statute(s))

#### LIABILITY INSURANCE

Lessee shall procure and maintain in force at its expense during the term of this Lease, and any extensions thereof, a comprehensive general liability insurance policy with insurers and through brokers approved by Lessor insuring Lessee and Lessor against any liability for personal injury, bodily injury, death, or property damage arising out of this Lease. Such coverage shall be adequate to protect against liability for damage claims through public use of or arising out of accidents occurring on the Premises, in a minimum aggregate amount of \$1,000,000. Lessor shall be named as an additional insured on Lessee policy.



The insurance policy shall provide for 30 day notice of cancellation, refusal to renew, or material change, by certified mail, return receipt requested, to Lessor, Attention: City Manager, Po Box 457, Monticello, Utah, 84535. The insurance policy shall be for the benefit and to safeguard the interests of Lessor and Lessee. Lessee shall provide certificates of insurance, in a form acceptable to Lessor and marked "premium paid" evidencing existence of all insurance required to be maintained. Upon the failure of the Lessee to maintain such insurance as above provided, Lessor, at its option, may take out such insurance and charge the cost thereof to Lessee as an additional rent installment for the month following the date on which the premium was paid by Lessor, which shall be payable on demand, or may give notice of default hereunder. \

Lessee shall also procure and maintain in force at its expense during the term of this Lease, and any extensions thereof, a contents or renters' insurance policy and a hanger-holders' insurance policy insuring the contents of the Premises. Such coverage shall be in a minimum aggregate amount deemed appropriate and reasonable by Lessee.

Lessor shall procure and maintain in force at its expense during the term of this Lease, and any extensions thereof, a comprehensive general liability insurance policy with insurers and through brokers approved by Lessor insuring Lessor against any liability for personal injury, bodily injury, death, or property damage to the Premises. Such coverage shall be in a minimum aggregate deemed appropriate and reasonable by Lessor.

#### ASSIGNMENT, SUBLEASE, OR LICENSE

Lessee shall not assign or sublease the Premises, or any right or privilege connected therewith, or allow any other person except agents and employees of Lessee to occupy the Premises or any part thereof without first obtaining the written consent of Lessor. A consent by Lessor shall not be a consent to a subsequent assignment, sublease, or occupation by other persons. An unauthorized assignment, sublease, or license to occupy by Lessee shall be void and shall terminate the Lease at the option of Lessor. The interest of Lessee in this Lease is not assignable by operation of law without the written consent of Lessor. Lessor shall not unreasonably bar assignment.

#### BREACH

The appointment of a receiver to take possession of the assets of Lessee, a general assignment for the benefit of the creditors of Lessee, any action taken or allowed to be taken by Lessee under any bankruptcy act, or the failure of Lessee to comply with each and every term and condition of this Lease shall constitute a breach of this Lease. Lessee shall have 30 days after Lessor provides written notice of any breach to correct the conditions specified in the notice or, if the corrections cannot be made within the 30-day period, Lessee shall have a reasonable time to correct the default if action is commenced by Lessee within 30 days after Lessor provides the written notice.

Lessee shall have 30 days in which to cure any default. The period to cure a default shall commence upon Lessor providing written notice of default. Subsequent to uncured default, Lessor may re-enter the Premises and take possession of the Premises and all property remaining thereon.

After re-entering, Lessor may re-let the Premises or any part thereof for any term at such rent and on such terms as Lessor may choose without terminating this Lease. Lessor may make alterations and repairs to the Premises. The duties and liabilities of the Parties if the Premises are re-let as provided herein shall be as follows:

In addition to Lessee's liability to Lessor for breach of this Lease, Lessee shall be liable for repairs made.

Lessor at its option shall apply the rent received from re-letting the Premises to either (i) to reduce Lessee's indebtedness to Lessor under the Lease, not including indebtedness for rent; (ii) to rent due under this Lease, or (iii) to the payment of future rent under this Lease as it becomes due.

If the re-let lessee does not pay a rent installment promptly to Lessor, and the rent installment has been credited in advance of payment to the indebtedness of Lessee other than rent, or if rentals from the re-let lessee have been otherwise applied by Lessor as provided for herein, and during any rent installment period, are less than the rent payable for the corresponding installment period under this Lease, Lessee shall pay Lessor the deficiency separately for each rent installment deficiency period and before the end of that period. Lessor may at any time after such re-letting, terminate this Lease for the breach on which Lessor based the re-entry and re-let the Premises.

After re-entry, Lessor may procure the appointment of a receiver to take possession and to collect the rents and profits and carry on the business of Lessee. Proceedings for appointment of a receiver by Lessor, or the appointment of a receiver and the conduct of the business of Lessee by such receiver, shall not terminate and forfeit this Lease unless Lessor has given written notice of termination to Lessee as provided herein.

#### ATTORNEY FEES

If Lessor files an action to enforce any agreement contained in this Lease, or for breach of any covenant or condition, Lessee shall pay Lessor's reasonable attorney fees for the services of Lessor's attorney in the action, all fees to be fixed by the court or by the arbitrators.

#### CONDEMNATION

Eminent domain proceedings resulting in the condemnation of a part of the Premises but leaving the remaining Premises usable by Lessee for the purposes of its business, will not terminate this Lease unless Lessor, at its option, terminates the Lease by giving written notice of termination to Lessee. The effect of any condemnation, where the option to terminate is not exercised, will be to terminate the Lease as to the portion of the Premises condemned and the Lease of the remainder of the demised Premises shall remain intact. The rental for the remainder of the Lease term shall be reduced by the amount that the usefulness of the Premises has been reduced for the business purposes of Lessee. Lessee hereby assigns and transfers to Lessor any claim he may have to compensation for damages as a result of any.

IN WITNESS WHEREOF, the Parties hereto have executed this Lease in the City of Monticello, County of San Juan, State of Utah, effective the date(s) written below.

Lessor:

By: Bayley Hedglin  
 Title: Mayor  
 Date: 4/17/23

Lessee:

Elliott A. Arthur, Pres.  
 By: ELLIOTT A. ARTHUR  
 Title: PRESIDENT  
 Date: 4/17/2023

STATE OF UTAH     )  
                               : ss.  
 County of San Juan    )

The foregoing instrument was acknowledged before me this \_\_\_ day of April, 2023, by BAYLEY HEDGLIN and ELLIOTT ARTHUR, the Mayor of the City of Monticello and CEO of NorthEast Planes Aviation Inc., who duly acknowledge that they executed the foregoing instrument pursuant to a resolution of the governing body of said City.



Melissa L. Gill  
 Notary Public  
 My Commission Expires: March 30, 2027  
 Residing At: 17 N 100W  
Monticello, UT  
84535



Monticello City

**ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2023

Monticello City  
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June 30, 2023

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# Aycock, Miles & Associates, CPAs, P.C.

## Certified Public Accountants

58 East 100 North (83-13) • Roosevelt, Utah 84066 • Phone (435) 722-5153 • Fax (435) 722-5095

### Independent Auditors' Report

Town Council  
Monticello City

#### Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Monticello City, as of and for the year ended June 30, 2023, 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 financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Monticello City, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Monticello 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 Monticello 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 generally accepted auditing standards 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.



# Aycock, Miles & Associates, CPAs, P.C.

## Certified Public Accountants

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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 Monticello 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 Monticello 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.

### **Other Matters**

#### Required Supplementary Information

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

#### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 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 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 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 Town's internal control over financial reporting and compliance.

*Aycock, Miles & Associates, CPAs*

Roosevelt, Utah  
February 12, 2024

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Monticello City  
**Management's Discussion and Analysis**  
June 30, 2023

As management of Monticello City (the City), we offer readers of the City's financial statements this narrative overview and analysis of financial activities of the City for the fiscal year ended June 30, 2023.

## **FINANCIAL HIGHLIGHTS**

- \*Total net position for the City as a whole increased by \$60,994
- \*Total unrestricted net position for the City as a whole increased by \$317,350
- \*Total net position for governmental activities decreased by \$143,330
- \*Total net position for business-type activities increased by \$82,336

## **BASIC FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the basic financial statements of Monticello City. The basic financial statements comprise three components: (1) government wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the fiscal year reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The statement of activities is presented on two pages. The first page reports the extent to which each function or program is self-supporting through fees and intergovernmental aid. The second page identifies the general revenues of the City available to cover any remaining costs of the functions or programs.

Monticello City  
**Management's Discussion and Analysis**  
June 30, 2023

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the government fund balance sheet and the government fund statement of the revenues, expenditures, and changes in fund balances provide reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains two major governmental funds, the general fund and the capital projects fund.

The City adopts an annual appropriated budget for all its funds. A budgetary comparison schedule has been provided to demonstrate legal compliance with the adopted budget for the general fund.

The basic governmental fund financial statements can be found later in this report; see Table of Contents.

Proprietary funds. The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses three enterprise funds to account for the operations of the water, sewer, and sanitation utilities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The enterprise funds are considered major funds of the City.

The proprietary fund financial statements can be found later in this report; see Table of Contents.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are reported later in this report; see Table of Contents.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City.

Monticello City  
**Management's Discussion and Analysis**  
June 30, 2023

**FINANCIAL ANALYSIS**

**Monticello City's Net Position**

	Governmental Activities		Business-type Activities		Total	Total
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Current and other assets	\$ 2,750,057	2,539,419	1,817,539	1,721,653	4,567,596	4,261,072
Non-current assets	15,191,647	15,814,862	11,544,304	11,745,734	26,735,951	27,560,596
Deferred outflows of resources	83,183	60,387	43,714	28,416	126,897	88,803
<b>Total assets and deferred outflows</b>	<b>\$ 18,024,886</b>	<b>18,414,668</b>	<b>13,405,558</b>	<b>13,495,803</b>	<b>31,430,444</b>	<b>31,910,471</b>
Current liabilities	\$ 616,982	606,124	233,228	258,182	850,211	864,306
Long-term liabilities	1,793,274	1,855,389	2,074,362	2,133,216	3,867,635	3,988,605
Deferred inflows of resources	308,689	503,883	8,486	97,259	317,175	601,142
<b>Total liabilities and deferred inflows</b>	<b>2,718,945</b>	<b>2,965,397</b>	<b>2,316,076</b>	<b>2,488,657</b>	<b>5,035,021</b>	<b>5,454,054</b>
Net position:						
Net investment in capital assets	12,465,343	12,854,979	9,220,612	9,108,463	21,685,956	21,963,442
Restricted	866,743	884,561	210,614	293,654	1,077,357	1,178,215
Unrestricted	1,973,855	1,709,732	1,658,256	1,605,029	3,632,111	3,314,761
<b>Total net position</b>	<b>\$ 15,305,941</b>	<b>15,449,271</b>	<b>11,089,482</b>	<b>11,007,146</b>	<b>26,395,423</b>	<b>26,456,417</b>

As noted earlier, net position may serve over time as a useful indicator of financial position. Total assets and deferred outflows of resources exceeded total liabilities and deferred inflow of resources at the close of the year by \$26,395,423, a decrease of \$60,994 from the previous year. This change is equivalent to the net income for the year, in private sector terms.

Total unrestricted net position at the end of the year is \$3,632,111, which represents an increase of \$317,350 from the previous year. Unrestricted net position are those resources available to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

The amount of current and other assets represent the amounts of cash and receivables on hand at the end of each year. Other liabilities are the amounts of current and other liabilities due, at year end, for goods and services acquired.

Changes in capital assets are the result of the difference, in the current year, of the cost of acquisition of capital assets and any depreciation charges on capital assets. Change in long-term debt is the difference in the amount of debt issued and that which has been paid during the year.

Monticello City  
**Management's Discussion and Analysis**  
June 30, 2023

**FINANCIAL ANALYSIS (continued)**

**Monticello City's Change in Net Position**

	Governmental Activities		Business-type Activities		Total	Total
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
<b>Program revenues:</b>						
Charges for services	\$ 879,555	751,320	1,171,488	1,161,444	2,051,042	1,912,765
Operating grants	171,412	163,390	-	-	171,412	163,390
Capital grants	212,728	130,962	-	-	212,728	130,962
<b>General revenues:</b>						
Property taxes	311,694	333,494	-	-	311,694	333,494
Sales tax	808,237	792,534	-	-	808,237	792,534
Other taxes	104,317	100,058	-	-	104,317	100,058
Other revenues	185,862	47,589	120,385	2,962	306,247	50,551
<b>Total revenues</b>	<b>2,673,805</b>	<b>2,319,347</b>	<b>1,291,873</b>	<b>1,164,406</b>	<b>3,965,678</b>	<b>3,483,754</b>
<b>Expenses:</b>						
General government	688,743	457,112	-	-	688,743	457,112
Public safety	287,318	284,044	-	-	287,318	284,044
Highways and improvements	959,719	814,044	-	-	959,719	814,044
Parks and recreation	359,174	374,666	-	-	359,174	374,666
Golf course	509,580	543,117	-	-	509,580	543,117
Interest on long-term debt	12,602	35,998	-	-	12,602	35,998
Water	-	-	648,377	639,028	648,377	639,028
Sewer	-	-	237,051	183,784	237,051	183,784
Sanitation	-	-	324,109	259,100	324,109	259,100
<b>Total expenses</b>	<b>2,817,134</b>	<b>2,508,980</b>	<b>1,209,537</b>	<b>1,081,912</b>	<b>4,026,672</b>	<b>3,590,891</b>
<b>Excess (deficiency) before transfer:</b>	<b>(143,330)</b>	<b>(189,632)</b>	<b>82,336</b>	<b>82,494</b>	<b>(60,994)</b>	<b>(107,138)</b>
Transfers in (out)	-	-	-	-	-	-
<b>Change in net position</b>	<b>\$ (143,330)</b>	<b>(189,632)</b>	<b>82,336</b>	<b>82,494</b>	<b>(60,994)</b>	<b>(107,138)</b>

For the City as a whole, total revenues increased by \$481,924 compared to the previous year, while total expenses increased by \$435,781. The total net change of \$60,994 is, in private sector terms, the net loss for the year which is \$46,145 less than the previous year's net change (net loss).

Governmental activities revenues of \$2,673,805 is an increase of \$354,458 from the previous year. This is primarily due to an increase in charges for services and interest income over the previous year. Governmental activities expenses of \$2,817,134 is an increase of \$308,154 from the previous year.

Business-type activities revenue of \$1,291,873 is an increase of \$127,467 from the previous year. Business-type activities expenses of \$1,209,537 is an increase of \$127,625 from the previous year.



Monticello City  
**Management's Discussion and Analysis**  
June 30, 2023

**BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS**

Some of the more significant changes in fund balances and fund net position, and any restrictions on those amounts, is described below:

*General Fund*

The fund balance of \$1,627,413, reflects an increase of \$222,074 from the previous year. Total revenues increased by \$128,053. Tax revenues, including property taxes and sales taxes, decreased by \$21,481. Intergovernmental revenue increased by \$6,193. All other revenues increased by \$143,341.

Total expenditures, excluding transfers, increased by \$228,691. Current expenditure changes by department were as follows: general government increased by \$165,137; public safety increased by \$12,511; highways and public improvements increased by \$73,680; parks and recreation increased by \$33,141; and golf course decreased by \$55,122. Debt service expenditures decreased by \$12,013.

Total transfers out during the year amounted to \$40,000 with \$40,000 transferred to the special revenue fund.

*Water Fund*

Net operating loss for the year was \$88,468 compared to the previous year net operating loss of \$78,779. The change in net position (net loss) was \$110,359 compared to the previous year's net loss of \$109,453.

The unrestricted net position amounts to \$734,889.

*Sewer Fund*

Net operating income for the year was \$19,350 compared to the previous year net operating income of \$76,005. The change in net position (net income) was \$21,951 compared to the previous year's net income of \$76,593.

The unrestricted net position amounts to \$28,667.

*Sanitation Fund*

Net operating income for the year was \$63,015 compared to the previous year net operating income of \$115,116. The change in net position (net income) was \$170,744 compared to the previous year's net income of \$115,354.

The unrestricted net position amounts to \$384,706.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Revenues for the current year, exclusive of transfers and fund balance appropriations, were originally budgeted in the amount of \$1,973,265. This amount was \$2,301,409. Actual revenues amounted to \$2,260,341, which was \$41,068 less than budgeted.

Expenditures for the current year, exclusive of transfers, were originally budgeted in the amount of \$1,973,265. This amount was \$2,081,483. Actual expenditures amounted to \$1,998,267, which was \$83,216 less than budgeted.

Transfers out for the year were originally budgeted in the amount of \$. The final budget for transfers out was for the amount of \$233,032. Actual transfers out were made in the amount of \$40,000.

Monticello City  
**Management's Discussion and Analysis**  
June 30, 2023

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Monticello City's Capital Assets (net of depreciation)**

	Governmental Activities		Business-type Activities		Total	Total
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
<b>Net Capital Assets:</b>						
Construction in progress	\$ 376,260	-	144,149	124,537	520,410	124,537
Land and water rights	1,823,973	1,823,973	2,368,909	2,368,909	4,192,882	4,192,882
Buildings	5,705,857	5,705,857	97,581	97,581	5,803,438	5,803,438
Improvements other than buildings	20,444,828	20,444,828	-	-	20,444,828	20,444,828
Machinery and equipment	1,906,565	1,841,813	1,225,534	861,211	3,132,099	2,703,024
Water system	-	-	16,528,962	16,528,962	16,528,962	16,528,962
Sewer System	-	-	3,827,538	3,827,538	3,827,538	3,827,538
Sanitation	-	-	11,867	11,867	11,867	11,867
<b>Total</b>	<b>30,257,483</b>	<b>29,816,471</b>	<b>24,204,541</b>	<b>23,820,605</b>	<b>54,462,023</b>	<b>53,637,076</b>
Less accumulated depreciation	(15,932,579)	(15,129,845)	(12,870,850)	(12,421,567)	(28,803,429)	(27,551,412)
<b>Net Capital Assets</b>	<b>\$ 14,324,904</b>	<b>14,686,626</b>	<b>11,333,690</b>	<b>11,399,038</b>	<b>25,658,594</b>	<b>26,085,665</b>

The total amount of capital assets, net of depreciation, of \$25,658,594 is a decrease of \$427,070 from the previous year.

Governmental activities capital assets, net of depreciation, of \$14,324,904 is a decrease of \$361,722 from the previous year.

Business-type activities capital assets, net of depreciation, of \$11,333,690 is a decrease of \$65,348 from the previous year.

Additional information regarding capital assets may be found in the notes to financial statements.

Monticello City  
**Management's Discussion and Analysis**  
June 30, 2023

**CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)**

**Monticello City's Outstanding Debt**

	Current Year	Previous Year
<b>Governmental activities:</b>		
2006 MBA Lease Revenue	\$ 140,000	150,000
2009 MBA Lease Revenue	855,000	900,000
2014 MBA Lease Revenue	805,000	834,000
2019 Yamaha Lease	27,178	35,432
2020 Yamaha Lease	32,382	43,178
<b>Total governmental</b>	<b>\$ 1,859,561</b>	<b>1,962,610</b>
<b>Business-type activities:</b>		
1997 SJWC District	\$ 89,004	118,504
1997A Water Plant	-	28,000
1997B Water Plant	-	23,000
2004 Culinary Meter Instalation	28,000	32,000
2006 Mtn. Collection System	734,307	752,504
2008 State Road Utilities Sewer	278,000	295,000
2008 State Road Utilities Water	260,000	276,000
2010 595 Water Project	94,000	100,000
2013 Secondary Water System	614,167	642,167
2020 Water Bond	15,600	23,400
<b>Total business-type</b>	<b>\$ 2,113,078</b>	<b>2,290,575</b>
<b>Total outstanding debt</b>	<b>\$ 3,972,639</b>	<b>4,253,185</b>

Additional information regarding the long-term liabilities may be found in the notes to financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

No significant economic changes that would affect the City are expected for the next year. Budgets have been set on essentially the same factors as the current year being reported.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Myton City Corporation's finances for all those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the City Recorder or City Manager at 17 N 100 E, Monticello, UT 84535.

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## **BASIC FINANCIAL STATEMENTS**

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Monticello City  
**STATEMENT OF NET POSITION**  
June 30, 2023

	Governmental Activities	Business-type Activities	Total
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:</b>			
Assets:			
Current assets:			
Cash and cash equivalents	\$ 2,218,228	1,713,437	3,931,665
Accounts receivable, net	530,746	104,103	634,849
Other assets	1,082	-	1,082
Total current assets	<u>2,750,057</u>	<u>1,817,539</u>	<u>4,567,596</u>
Non-current assets:			
Restricted cash and cash equivalents	866,743	210,614	1,077,357
Capital assets:			
Not being depreciated	2,200,233	2,513,058	4,713,292
Net of accumulated depreciation	12,124,671	8,820,632	20,945,303
Total non-current assets	<u>15,191,647</u>	<u>11,544,304</u>	<u>26,735,951</u>
Total assets	<u>17,941,704</u>	<u>13,361,844</u>	<u>31,303,547</u>
Deferred outflows of resources - pensions	83,183	43,714	126,897
<b>Total assets and deferred outflows of resources</b>	<b><u>\$ 18,024,886</u></b>	<b><u>13,405,558</u></b>	<b><u>31,430,444</u></b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:</b>			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 125,587	44,598	170,184
Accrued liabilities	93,585	8,530	102,115
Customer deposits	-	51,690	51,690
Deferred grant revenue	233,032	-	233,032
Accrued interest payable	11,083	1,026	12,109
Revenue bonds due within one year	153,696	127,385	281,081
Total current liabilities	<u>616,982</u>	<u>233,228</u>	<u>850,211</u>
Non-current liabilities:			
Compensated absences	44,341	33,237	77,577
Net pension liability	43,069	22,634	65,702
Landfill post closure	-	32,798	32,798
Revenue bonds due after one year	1,705,864	1,985,693	3,691,558
Total non-current liabilities	<u>1,793,274</u>	<u>2,074,362</u>	<u>3,867,635</u>
Total liabilities	<u>2,410,256</u>	<u>2,307,590</u>	<u>4,717,846</u>
Deferred inflows of resources	308,689	8,486	317,175
<b>Total liabilities and deferred inflows of resources</b>	<b><u>2,718,945</u></b>	<b><u>2,316,076</u></b>	<b><u>5,035,021</u></b>
<b>NET POSITION:</b>			
Net investment in capital assets	12,465,343	9,220,612	21,685,956
Restricted for:			
Roads	578,525	-	578,525
Transient room tax	101,413	-	101,413
Debt service	186,805	210,614	397,419
Unrestricted	1,973,855	1,658,256	3,632,111
<b>Total net position</b>	<b><u>15,305,941</u></b>	<b><u>11,089,482</u></b>	<b><u>26,395,423</u></b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b><u>\$ 18,024,886</u></b>	<b><u>13,405,558</u></b>	<b><u>31,430,444</u></b>

Monticello City  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2023

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue (To Next Page)
<b><u>FUNCTIONS/PROGRAMS:</u></b>					
<b>Primary government:</b>					
Governmental activities:					
General government	\$ 688,743	121,332	23,452	-	(543,959)
Public safety	287,318	286,153	-	-	(1,165)
Highways and public improvements	959,719	14,555	129,813	212,728	(602,623)
Parks and recreation	359,174	46,431	18,147	-	(294,596)
Golf course	509,580	411,084	-	-	(98,496)
Interest expense	12,602	-	-	-	(12,602)
<b>Total governmental activities</b>	<b>2,817,134</b>	<b>879,555</b>	<b>171,412</b>	<b>212,728</b>	<b>(1,553,440)</b>
Business-type activities:					
Water	648,377	527,962	-	-	(120,414)
Sewer	237,051	256,401	-	-	19,350
Sanitation	324,109	387,124	-	-	63,015
<b>Total business-type activities</b>	<b>1,209,537</b>	<b>1,171,488</b>	<b>-</b>	<b>-</b>	<b>(38,049)</b>
<b>Total primary government</b>	<b>\$ 4,026,672</b>	<b>2,051,042</b>	<b>171,412</b>	<b>212,728</b>	<b>(1,591,490)</b>

(continued on next page)

Monticello City  
**STATEMENT OF ACTIVITIES (continued)**  
For the Year Ended June 30, 2023

	Governmental Activities	Business-type Activities	Total
<b>CHANGES IN NET POSITION:</b>			
Net (expense) revenue (from previous page)	<u>\$ (1,553,440)</u>	<u>(38,049)</u>	<u>(1,591,490)</u>
<b>General revenues:</b>			
Property taxes	311,694	-	311,694
Sales tax	808,237	-	808,237
Other taxes	104,317	-	104,317
Unrestricted investment earnings	151,958	15,885	167,843
Gain (loss) on sales of capital assets	-	104,500	104,500
Miscellaneous	33,904	-	33,904
<b>Total general revenues</b>	<u><b>1,410,111</b></u>	<u><b>120,385</b></u>	<u><b>1,530,496</b></u>
<b>Change in net position</b>	<b>(143,330)</b>	<b>82,336</b>	<b>(60,994)</b>
Net position - beginning	<u>15,449,271</u>	<u>11,007,146</u>	<u>26,456,417</u>
<b>Net position - ending</b>	<u><b>\$ 15,305,941</b></u>	<u><b>11,089,482</b></u>	<u><b>26,395,423</b></u>



Monticello City  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
June 30, 2023

	General Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,021,021	1,176,166	21,042	2,218,228
Accounts receivable, net of allowances	530,646	-	100	530,746
Due from other funds	154,480	-	-	154,480
Other assets	1,082	-	-	1,082
Restricted cash and cash equivalents	679,938	-	186,805	866,743
<b>TOTAL ASSETS</b>	<b>\$ 2,387,167</b>	<b>1,176,166</b>	<b>207,947</b>	<b>3,771,280</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>				
Liabilities:				
Accounts payable	\$ 117,444	-	8,143	125,587
Accrued liabilities	91,705	-	1,880	93,585
Deferred grant revenue	233,032	-	-	233,032
Due to other funds	-	-	154,480	154,480
Total liabilities	442,181	-	164,503	606,684
Deferred inflows of resources	317,573	-	-	317,573
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>759,754</b>	<b>-</b>	<b>164,503</b>	<b>924,257</b>
<b>FUND BALANCES:</b>				
Restricted for:				
Roads	578,525	-	-	578,525
Transient room tax	101,413	-	-	101,413
Debt service	-	-	186,805	186,805
Assigned for:				
Capital projects	-	1,176,166	-	1,176,166
Special revenue funds	-	-	14,073	14,073
Unassigned	947,475	-	(157,434)	790,041
<b>TOTAL FUND BALANCES</b>	<b>1,627,413</b>	<b>1,176,166</b>	<b>43,444</b>	<b>2,847,023</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 2,387,167</b>	<b>1,176,166</b>	<b>207,947</b>	<b>3,771,280</b>

Monticello City  
**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2023

	General Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 1,201,911	-	-	1,201,911
License and permits	29,947	-	-	29,947
Intergovernmental revenues	130,345	212,728	41,067	384,140
Charges for services	480,495	-	83,000	563,495
Fines and forfeitures	286,113	-	-	286,113
Interest	112,586	31,671	7,701	151,958
Miscellaneous revenue	18,945	-	14,960	33,904
<b>Total revenues</b>	<b>2,260,341</b>	<b>244,398</b>	<b>146,727</b>	<b>2,651,467</b>
<b>Expenditures:</b>				
Current:				
General government	704,743	-	-	704,743
Public safety	270,349	-	-	270,349
Highways and public improvements	294,887	-	-	294,887
Parks and recreation	224,743	-	78,063	302,806
Golf course	469,940	-	-	469,940
Capital outlay	11,357	298,693	-	310,049
Debt service:				
Principal	19,049	-	84,000	103,049
Interest	3,199	-	13,501	16,700
<b>Total expenditures</b>	<b>1,998,267</b>	<b>298,693</b>	<b>175,564</b>	<b>2,472,523</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>262,074</b>	<b>(54,294)</b>	<b>(28,836)</b>	<b>178,944</b>
<b>Other financing sources and (uses):</b>				
Transfers in	-	-	40,000	40,000
Transfers (out)	(40,000)	-	-	(40,000)
<b>Total other financing sources and (uses)</b>	<b>(40,000)</b>	<b>-</b>	<b>40,000</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>222,074</b>	<b>(54,294)</b>	<b>11,164</b>	<b>178,944</b>
Fund balances - beginning of year	1,405,339	1,230,460	32,280	2,668,079
<b>Fund balance - end of year</b>	<b>\$ 1,627,413</b>	<b>1,176,166</b>	<b>43,444</b>	<b>2,847,023</b>

Monticello City  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
June 30, 2023

<b>Total Fund Balance for Governmental Funds</b>	<b>\$ 2,847,023</b>
Total net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds:	
Capital assets, at cost	30,257,483
Less accumulated depreciation	<u>(15,932,579)</u>
Net capital assets	<u>14,324,904</u>
Net pension assets, non-current assets that apply to future periods, are not shown in the funds statements	<u>-</u>
Deferred outflows of resources - pensions, a consumption of net position that applies to future periods, is not shown in the funds statements.	<u>83,183</u>
Long-term liabilities, for funds other than enterprise funds, are recorded in the government-wide statements but not in the fund statements.	
General long-term debt	<u>(1,859,561)</u>
Accrued interest payable	<u>(11,083)</u>
Compensated absences	<u>(44,341)</u>
Net pension liability	<u>(43,069)</u>
Certain revenue is deferred in governmental funds but not in the statement of net position because it qualifies for recognition under the economic resources measurement focus.	
Delinquent property tax deferred	<u>25,032</u>
Deferred inflows of resources - pensions	<u>(16,148)</u>
<b>Total Net Position of Governmental Activities</b>	<b><u>\$ 15,305,941</u></b>

Monticello City  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2023

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 178,944</b>
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with a material cost are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expenses.

Capital outlays	310,049
Depreciation expense	(802,734)
Net	(492,684)

The Statement of Activities show pension benefits and pension expenses from the adoption of GASB 68 that are not shown in the fund statements.	57,541
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Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Long-term debt principal repayments	103,049
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in accrued interest payable	4,098
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Change in compensated absences	(16,616)
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Governmental funds do not report certain revenues because these revenues are not available for current period expenses.

Change in deferred inflow of resources - delinquent property tax	22,338
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<b>Change in Net Position of Governmental Activities</b>	<b>\$ (143,330)</b>
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Monticello City  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
June 30, 2023

	Water Fund	Sewer Fund	Sanitation Fund	Total Enterprise Funds
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:</b>				
Assets:				
Current assets:				
Cash and cash equivalents	\$ 784,380	532,965	396,091	1,713,437
Accounts receivable, net	38,578	26,096	39,428	104,103
Other current assets	-	-	-	-
Total current assets	822,958	559,061	435,520	1,817,539
Non-current assets:				
Restricted cash and cash equivalents	146,297	28,667	35,650	210,614
Capital assets:				
Not being depreciated	2,452,268	60,790	-	2,513,058
Net of accumulated depreciation	7,512,100	966,892	341,640	8,820,632
Total non-current assets	10,110,666	1,056,349	377,290	11,544,304
Total assets	10,933,624	1,615,410	812,809	13,361,844
Deferred outflows of resources - pensions	12,702	13,790	17,222	43,714
<b>Total assets and deferred outflows of resources</b>	<b>\$ 10,946,326</b>	<b>1,629,200</b>	<b>830,032</b>	<b>13,405,558</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:</b>				
Liabilities:				
Current liabilities:				
Accounts payable	\$ 25,490	9,006	10,102	44,598
Accrued liabilities	2,598	2,619	3,313	8,530
Customer security deposits	51,690	-	-	51,690
Accrued interest payable	1,026	-	-	1,026
Revenue bonds, current portion	110,385	17,000	-	127,385
Total current liabilities	191,189	28,625	13,415	233,228
Non-current liabilities:				
Compensated absences	10,924	12,749	9,564	33,237
Net pension liability	6,577	7,140	8,917	22,634
Landfill post closure	-	-	32,798	32,798
Revenue bonds, long-term portion	1,724,693	261,000	-	1,985,693
Total non-current liabilities	1,742,194	280,889	51,279	2,074,362
Total liabilities	1,933,383	309,514	64,693	2,307,590
Deferred inflows of resources - pensions	2,466	2,677	3,343	8,486
<b>Total liabilities and deferred inflows of resources</b>	<b>1,935,848</b>	<b>312,191</b>	<b>68,037</b>	<b>2,316,076</b>
<b>NET POSITION:</b>				
Net investment in capital assets	8,129,291	749,682	341,640	9,220,612
Restricted for:				
Debt service	146,297	28,667	35,650	210,614
Unrestricted	734,889	538,660	384,706	1,658,256
<b>Total net position</b>	<b>9,010,477</b>	<b>1,317,009</b>	<b>761,995</b>	<b>11,089,482</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 10,946,326</b>	<b>1,629,200</b>	<b>830,032</b>	<b>13,405,558</b>



Monticello City  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN NET POSITION - PROPRIETARY FUNDS**  
For the Year Ended June 30, 2023

	Water Fund	Sewer Fund	Sanitation Fund	Total Enterprise Funds
<b>Operating income:</b>				
Charges for sales and service	\$ 519,507	256,251	387,124	1,162,882
Connection fees	3,100	-	-	3,100
Other operating income	5,355	150	-	5,505
<b>Total operating income</b>	<b>527,962</b>	<b>256,401</b>	<b>387,124</b>	<b>1,958,716</b>
<b>Operating expenses:</b>				
Personnel services	120,805	125,067	153,743	399,615
Utilities	25,228	4,603	-	29,831
Repair and maintenance	66,110	8,857	157,660	232,628
Professional and technical	7,588	38,792	278	46,658
Other supplies and expenses	15,195	2,687	1,693	19,574
Depreciation expense	381,503	57,045	10,735	449,284
<b>Total operating expense</b>	<b>616,430</b>	<b>237,051</b>	<b>324,109</b>	<b>1,177,591</b>
<b>Net operating income (loss)</b>	<b>(88,468)</b>	<b>19,350</b>	<b>63,015</b>	<b>(6,103)</b>
<b>Non-operating income (expense):</b>				
Interest income	10,055	2,601	3,229	15,885
Gain (loss) on sale of capital assets	-	-	104,500	104,500
Interest on long-term debt	(31,946)	-	-	(31,946)
<b>Total non-operating income (expense)</b>	<b>(21,891)</b>	<b>2,601</b>	<b>107,729</b>	<b>88,439</b>
<b>Change in net position</b>	<b>(110,359)</b>	<b>21,951</b>	<b>170,744</b>	<b>82,336</b>
Net position - beginning	9,120,836	1,295,059	591,251	11,007,146
<b>Net position - ending</b>	<b>\$ 9,010,477</b>	<b>1,317,009</b>	<b>761,995</b>	<b>11,089,482</b>

Monticello City  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Year Ended June 30, 2023

	Water Fund	Sewer Fund	Sanitation Fund	Total Enterprise Funds
<b>Cash flows from operating activities:</b>				
Cash received from customers - service	\$ 536,150	257,231	390,893	1,184,274
Cash paid to suppliers	(91,888)	(46,698)	(167,047)	(305,633)
Cash paid to employees	(125,516)	(128,422)	(128,454)	(382,393)
<b>Net cash provided (used) in operating activities</b>	<b>318,746</b>	<b>82,111</b>	<b>95,391</b>	<b>496,248</b>
<b>Cash flows from noncapital financing activities:</b>				
Change in customer deposits	3,225	-	-	3,225
<b>Net cash provided (used) in noncapital financing activities</b>	<b>3,225</b>	<b>-</b>	<b>-</b>	<b>3,225</b>
<b>Cash flows from capital and related financing activities:</b>				
Cash from sale of capital assets	-	-	104,500	104,500
Cash payments for capital assets	(31,560)	-	(352,375)	(383,935)
Cash payments for long-term debt principal	(160,497)	(17,000)	-	(177,497)
Cash payments for long-term debt interest	(32,793)	-	-	(32,793)
<b>Net cash provided (used) in capital and related financing activities</b>	<b>(224,850)</b>	<b>(17,000)</b>	<b>(247,875)</b>	<b>(489,725)</b>
<b>Cash flows from investing activities:</b>				
Cash received from interest earned	10,055	2,601	3,229	15,885
<b>Net cash provided (used) in investing activities</b>	<b>10,055</b>	<b>2,601</b>	<b>3,229</b>	<b>15,885</b>
<b>Net increase (decrease) in cash</b>	<b>107,176</b>	<b>67,712</b>	<b>(149,255)</b>	<b>25,633</b>
Cash balance - beginning	823,501	493,920	580,996	1,898,417
<b>Cash balance - ending</b>	<b>\$ 930,677</b>	<b>561,632</b>	<b>431,741</b>	<b>1,924,051</b>
<b>Cash reported on the statement of net position:</b>				
Cash and cash equivalents	\$ 784,380	532,965	396,091	1,713,437
Non-current restricted cash	146,297	28,667	35,650	210,614
<b>Total cash and cash equivalents</b>	<b>\$ 930,677</b>	<b>561,632</b>	<b>431,741</b>	<b>1,924,051</b>

Monticello City  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS (continued)**  
For the Year Ended June 30, 2023

<b>Reconciliation of Operating Income to Net Cash Provided (Used) in Operating Activities:</b>	Water Fund	Sewer Fund	Sanitation Fund	Total Enterprise Funds
<b>Net operating income (expense)</b>	<b>\$ (88,468)</b>	<b>19,350</b>	<b>63,015</b>	<b>(6,103)</b>
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:				
Depreciation and amortization	381,503	57,045	10,735	449,284
Changes in assets and liabilities:				
(Increase) decrease in receivables	8,188	830	3,768	12,786
(Increase) decrease in net pension assets	18,233	16,576	18,233	53,042
(Increase) decrease in deferred outflows	(2,934)	(4,910)	(7,454)	(15,298)
Increase (decrease) in payables	22,234	8,241	(7,416)	23,059
Increase (decrease) in accrued liabilities	(164)	(92)	32,870	32,614
Increase (decrease) in compensated absences	4,544	5,647	2,813	13,004
Increase (decrease) in net pension liabilities	6,577	7,140	8,917	22,634
Increase (decrease) in deferred inflows	(30,967)	(27,716)	(30,090)	(88,773)
<b>Net cash provided (used) in operating activities</b>	<b>\$ 318,746</b>	<b>82,111</b>	<b>95,391</b>	<b>496,248</b>

Monticello City  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1-A. Reporting entity**

Monticello City (the City), a municipal corporation located in San Juan County, Utah, operates under a Mayor-Council form of government. The accompanying financial statements present the City and its component units (if any), entities for which the City is considered to be financially accountable because of the significance of their operational or financial relationships with the City.

The City has no component units and is not a component unit of another entity.

**1-B. Government-wide and fund financial statements**

*Government-wide Financial Statements*

The government-wide financial statements, consisting of the statement of net position and the statement of activities report information on all the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position reports the financial position of the governmental and business-type activities of the City and its discretely presented component units at year-end.

The statement of activities reports the expenses of a given function offset by program revenues 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 expenses and program revenues associated with a distinct functional activity. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are not allocated. All expenses are included in the applicable function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privilege 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.

*Fund Financial Statements*

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

Monticello City  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**1-C. Measurement focus, basis of accounting and financial statement presentation**

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP).

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting, generally including the reclassification of internal activity (between or within funds). However, internal eliminations do not include utility services provided to City departments or payments to the general fund by other funds for providing administrative and billing services for such funds. Reimbursements are reported as reductions to expenses. Proprietary and any fiduciary fund financial statements are also reported using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when the grantor eligibility requirements are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. 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 payment is due.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating income and expense reported in proprietary fund financial statements include those revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services, including administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

*Policy regarding use of restricted resources*

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities payable from restricted assets current in nature are reported with current assets and current liabilities. *Restricted assets, non-current* reports assets restricted for acquisition or construction of non-current assets, or are restricted for liquidation of long-term debt.

Monticello City  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**1-D. Fund types and major funds**

*Governmental funds*

**The City reports the following major governmental funds:**

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

The *capital projects fund* is used to account for the acquisition or construction of the capital facilities of the City (other than those financed by proprietary funds).

*Proprietary funds*

**The City reports the following major proprietary funds:**

The *water fund* is used to account for the resources and expenses in the operating and maintenance of providing water services to the residents of the City.

The *sewer fund* is used to account for the resources and expenses in the operating and maintenance of providing sewer services to the residents of the City.

The *sanitation fund* is used to account for the resources and expenses associated with the collection and disposal of garbage services to the residents of the City.

**1-E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity**

**1-E-1. Deposit and Investments**

Cash includes cash on hand, demand deposits with bank and other financial institutions, deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts and short-term investments with original maturities of three months or less from the date of acquisition. The City's policy allows for investment in fund in time certificates of deposit with federally insured depositories, investment in the state treasurer's pool, and other investments as allowed by the State of Utah's Money Management Act. All investments are carried at fair value with unrealized gains and losses recorded as adjustments to interest earnings. Fair market values are based on quoted market prices.

**1-E-2. Cash and Cash Equivalents**

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.



Monticello City  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**1-E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity  
(continued)**

**1-E-3. *Receivables and Payables***

Accounts receivable other than property taxes and intergovernmental receivables are from customers primarily for utility services. Property tax and intergovernmental receivables are considered collectible. Customer accounts are reported net of allowance for uncollectable accounts. Due to the nature of the accounts receivable, management does not consider an allowance for uncollectable accounts receivable necessary or material. Therefore, no allowance for uncollectable accounts receivable is presented.

During the course of operations, there may be transactions that occur between funds that are representative of lending/borrowing arrangements outstanding at year-end. These are reported as either due to or due from other funds.

Property taxes are assessed and collected for the City by San Juan County and remitted to the City shortly after collection. Property taxes become a lien on January 1 and are levied on the first Monday in August. Taxes are due and payable on November 1, and are delinquent after November 30. All dates are in the year of levy.

**1-E-4. *Restricted Assets***

In accordance with certain revenue bond covenants, resources may be required to be set aside for the repayment of such bonds, and, on occasion, for the repair and maintenance of the assets acquired with the bond proceeds. These resources are classified as restricted assets on the balance sheet because of their limited use. Most capital grant agreements mandate that grant proceeds be spent only on capital assets. Unspent resources of this nature are also classified as restricted. The limited use resources described above involve a reported restriction of both cash and net assets.

Unspent proceeds of bonds issued to finance capital assets are also reported as restricted cash.

**1-E-5. *Inventories and Prepaid items***

Other inventories, which mainly consist of immaterial amounts of expendable supplies for consumption, are not reported. Such supplies are acquired as needed. Proprietary fund inventories, where material, are stated at the lower of cost or market, using the first-in, first-out basis.

Prepaid items record payments to vendors that benefit future reporting and are reported on the consumption basis. Both inventories and prepayments are similarly reported in government-wide and fund financial statements.

**1-E-6. *Capital Assets***

Capital assets includes property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual significant cost and an estimated useful life in excess of two years. Such assets are recorded at historical cost or at estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure is depreciated.

Monticello City  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**1-E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity  
(continued)**

**1-E-6. Capital Assets (continued)**

The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend the assets' life is not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Upon retirement or disposition of capital assets, the cost and related accumulated depreciation are removed from the respective accounts. Depreciation of capital assets is computed using the straight-line method over their estimated useful lives.

Property, plant, and equipment of the primary government, as well as the component units if any, is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10-50
Improvements other than buildings	10-50
Machinery and equipment	5-10

**1-E-7. Long-term Obligations**

In the government-wide and proprietary fund financial statements, long-term debt and obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are deferred and amortized over the terms of the respective bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period.

**1-E-8. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes include a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows of resources relating to pensions as required by GASB 68.

In addition to liabilities, the statement of net position will sometimes include a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The City has two types of items that qualify for reporting in this category. The governmental funds report deferred revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period for which they are levied. The City also reports deferred inflows related to pensions as required by GASB 68, as well as deferred ARPA monies.

Monticello City  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**1-E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity  
(continued)**

**1-E-9. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**1-E-10. Net position flow assumption**

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted - net position to have been depleted before unrestricted – net position is applied.

**1-E-11. Fund balance flow assumptions**

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

**1-E-12. Fund balance policies**

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

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

Monticello City  
**NOTES TO FINANCIAL STATEMENTS**  
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**1-E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity  
(continued)**

**1-E-12. Fund balance policies (continued)**

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

Unassigned fund balance is a residual classification of 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 a specific purpose within the General Fund.

**1-F. Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results may differ from those estimates.

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**2-A. Budgetary data**

In accordance with State Law, annual budgets are reported and adopted by the City Council on or before June 22 for the fiscal year commencing the following July 1. Prior to June 22, an advertised public hearing is conducted to receive taxpayer input. The operating budgets include proposed revenues and expenditures. Control of budget appropriations is exercised under State Law at the department level. Budget amendments are required to increase expenditure budgets and are adopted following a public hearing before the end of the fiscal year. During the current fiscal year budget amendments were made to prevent budget overruns and to increase revenue estimates and appropriations for unanticipated revenues and expenditures. The governmental fund type budgets are prepared using the modified accrual basis of accounting. Budgets for the proprietary funds are prepared using the accrual basis of accounting.

Utah State law prohibits the appropriation of unassigned General Fund balance to an amount less than 5% of the General Fund revenues. The 5% reserve that cannot be budgeted is used to provide working capital until tax revenue is received to meet emergency expenditures, and to cover unanticipated deficits. Any unassigned General Fund balance greater than 35% of the current year's revenues must be appropriated within the following years.

Once adopted, the budget may be amended by the City Council without hearing provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance. A public hearing must be held if the budgeted expenditures will exceed budgeted revenues and any fund balance which is available for budgeting. With the consent of the Mayor, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year. Budgets for the General Fund are prepared on the modified accrual basis of accounting. Encumbrances are not used.

Monticello City  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**NOTE 3 - DETAILED NOTES**

**3-A. Deposits and investments**

Cash and investments as of June 30, 2023, consist of the following:

	Fair Value
Demand deposits - checking	\$ 160,544
Investments - PTIF	4,848,478
<b>Total cash</b>	<b>\$ 5,009,022</b>

Cash and investments listed above are classified in the accompanying government-wide statement of net position as follows:

Cash and cash equivalents (current)	\$ 3,931,665
Restricted cash and cash equivalents (non-current)	1,077,357
<b>Total cash and cash equivalents</b>	<b>\$ 5,009,022</b>

Cash equivalents and investments are carried at fair value in accordance with GASB Statement No. 72.

The Utah Money Management Act (UMMA) establishes specific requirements regarding deposits of public funds by public treasurers. UMMA requires that City funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invested in, and for some investments, the amount of time to maturity.

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by the Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares. The City maintains monies not immediately needed for expenditure in PTIF accounts.

Monticello City  
**NOTES TO FINANCIAL STATEMENTS**  
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**3-A. Deposits and investments (continued)**

**Fair value of investments**

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows: Level 1--Quoted prices for identical investments in active markets; Level 2--Observable inputs other than quoted market prices; and, Level 3--Unobservable inputs. At June 30, 2023, the City had \$4,848,478 invested in the PTIF, which uses a Level 2 fair value measurement.

**Deposit and investment risk**

The City maintains no investment policy containing any specific provisions intended to limit the City's exposure to interest rate risk, credit risk, and concentration of credit risk other than that imposed by UMMA. The City's compliance with the provisions of UMMA addresses each of these risks.

**Interest rate risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. All deposits and investments of the City are available immediately.

**Credit risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits. At June 30, 2023, all of the City's demand deposits were insured.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. This risk is addressed through the policy of investing excess monies only in PTIF.

**Concentration of credit risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

**3-B. Receivables**

The allowance policy is described in Note 1-E-3. Receivables as of year-end for the City's funds are shown below:

	General Fund	MBA Fund	Water Fund	Sewer Fund	Sanitation Fund	Total
Customers, current	\$ 20,379	100	49,229	26,096	39,428	135,232
Property tax	307,824	-	-	-	-	307,824
Intergovernmental	202,444	-	-	-	-	202,444
<b>Total receivables</b>	<b>530,646</b>	<b>100</b>	<b>49,229</b>	<b>26,096</b>	<b>39,428</b>	<b>645,499</b>
Allowance for uncollectibles	-	-	(10,650)	-	-	(10,650)
<b>Net receivables</b>	<b>\$ 530,646</b>	<b>100</b>	<b>38,578</b>	<b>26,096</b>	<b>39,428</b>	<b>634,849</b>



Monticello City  
**NOTES TO FINANCIAL STATEMENTS**  
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**3-C. Capital assets**

Capital asset activity for governmental activities was as follows:

	Beginning			Ending
	Balance	Additions	Retirements	Balance
<b>Governmental activities</b>				
Capital assets, not being depreciated:				
Land rights	\$ 1,823,973	-	-	1,823,973
Construction in progress	130,962	245,298	-	376,260
<b>Total capital assets, not being depreciated</b>	<b>1,954,935</b>	<b>245,298</b>	<b>-</b>	<b>2,200,233</b>
Capital assets, being depreciated:				
Buildings	5,705,857	-	-	5,705,857
Improvements other than buildings	20,444,828	-	-	20,444,828
Machinery and equipment	1,841,813	64,751	-	1,906,565
<b>Total capital assets, being depreciated</b>	<b>27,992,498</b>	<b>64,751</b>	<b>-</b>	<b>28,057,249</b>
Less accumulated depreciation for:				
Buildings	1,494,283	144,687	-	1,638,970
Improvements other than buildings	12,034,815	561,465	-	12,596,280
Machinery and equipment	1,600,747	96,582	-	1,697,329
<b>Total accumulated depreciation</b>	<b>15,129,845</b>	<b>802,734</b>	<b>-</b>	<b>15,932,579</b>
<b>Total capital assets being depreciated, net</b>	<b>12,862,653</b>	<b>(737,983)</b>	<b>-</b>	<b>12,124,671</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 14,817,588</b>	<b>(492,684)</b>	<b>-</b>	<b>14,324,904</b>

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

**Governmental activities:**

General government	\$ 24,925
Public safety	16,969
Highways and public improvements	664,832
Parks, recreation and public property	56,368
Golf	39,640
<b>Total</b>	<b>\$ 802,734</b>

Monticello City  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**3-C. Capital assets (continued)**

Capital asset activity for the business-type activities was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
<b>Business-type activities</b>				
Capital assets, not being depreciated:				
Land and water rights	\$ 2,368,909	-	-	2,368,909
Construction in progress	124,537	19,612	-	144,149
<b>Total capital assets, not being depreciated</b>	<b>2,493,446</b>	<b>19,612</b>	<b>-</b>	<b>2,513,058</b>
Capital assets, being depreciated:				
Water system	16,528,962	-	-	16,528,962
Sewer system	3,827,538	-	-	3,827,538
Sanitation	11,867	-	-	11,867
Buildings	97,581	-	-	97,581
Machinery and equipment	861,211	364,323	-	1,225,534
<b>Total capital assets, being depreciated</b>	<b>21,327,159</b>	<b>364,323</b>	<b>-</b>	<b>21,691,482</b>
Less accumulated depreciation for:				
Water system	8,664,474	375,515	-	9,039,989
Sewer system	2,854,135	42,749	-	2,896,884
Sanitation	11,867	-	-	11,867
Buildings	97,379	202	-	97,581
Machinery and equipment	793,712	30,817	-	824,529
<b>Total accumulated depreciation</b>	<b>12,421,567</b>	<b>449,284</b>	<b>-</b>	<b>12,870,850</b>
<b>Total capital assets being depreciated, net</b>	<b>8,905,592</b>	<b>(84,960)</b>	<b>-</b>	<b>8,820,632</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 11,399,038</b>	<b>(65,348)</b>	<b>-</b>	<b>11,333,690</b>

Depreciation expense was charged to functions/programs of the primary government business-type activities was follows:

<b>Business-type activities:</b>	
Water	\$ 381,503
Sewer	57,045
Sanitation	10,735
<b>Total</b>	<b>\$ 449,284</b>

Monticello City  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**3-D. Long-term liabilities**

Long-term debt activity for the governmental activities was as follows:

	Original Principal	% Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2006 MBA Lease Revenue							
Matures 4/1/2037	\$ 300,000	0.00	\$ 150,000	-	10,000	140,000	10,000
2009 MBA Lease Revenue							
Matures 7/1/2041	1,350,000	0.00	900,000	-	45,000	855,000	45,000
2014 MBA Lease Revenue							
Matures 6/1/2045	1,000,000	1.50	834,000	-	29,000	805,000	60,000
2019 Yamaha Lease							
Matures 3/1/2026	60,758	5.32	35,432	-	8,254	27,178	27,178
2020 Yamaha Lease							
Matures 11/1/2025	61,184	4.20	43,178	-	10,796	32,382	12,518
<b>Total governmental activity</b>							
<b>long-term liabilities</b>			<b>\$ 1,962,610</b>	<b>-</b>	<b>103,049</b>	<b>1,859,561</b>	<b>154,696</b>

Bond debt service requirements to maturity for governmental activities are as follows:

	Principal	Interest	Total
2024	\$ 154,696	26,092	180,788
2025	97,785	12,050	109,835
2026	92,549	11,053	103,602
2027	86,530	10,262	96,792
2028	87,000	9,795	96,795
2029 - 2033	441,000	41,670	482,670
2034 - 2038	444,000	28,830	472,830
2039 - 2043	374,000	15,015	389,015
2044 - 2045	82,000	1,845	83,845
<b>Total</b>	<b>\$ 1,859,561</b>	<b>156,612</b>	<b>2,016,172</b>

Monticello City  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**3-D. Long-term liabilities (continued)**

Long-term debt activity for the business-type activities was as follows:

	Original Principal	% Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
1997 SJWC District							
Matures 12/1/2025	\$ 846,504	0.00	\$ 118,504	-	29,500	89,004	29,500
1997A Water Plant							
Matures 10/1/2022	500,000	3.00	28,000	-	28,000	-	-
1997B Water Plant							
Matures 10/1/2022	460,000	1.00	23,000	-	23,000	-	-
2004 Culinary Meter Instalation							
Matures 12/1/2029	100,000	0.00	32,000	-	4,000	28,000	4,000
2006 Mtn. Collection System							
Matures 10/18/2046	949,670	4.25	752,504	-	18,197	734,307	19,085
2008 State Road Utilities Sewer							
Matures 3/1/2039	516,000	0.00	295,000	-	17,000	278,000	17,000
2008 State Road Utilities Water							
Matures 3/1/2039	484,000	0.00	276,000	-	16,000	260,000	16,000
2010 595 Water Project							
Matures 10/1/2041	166,000	0.00	100,000	-	6,000	94,000	6,000
2013 Secondary Water System							
Matures 8/1/2044	847,000	0.00	642,167	-	28,000	614,167	28,000
2020 Water Bond							
Matures 6/30/2024	39,000	0.00	23,400	-	7,800	15,600	7,800
<b>Total business-type activity long-term liabilities</b>			<b>\$ 2,290,575</b>	<b>-</b>	<b>177,497</b>	<b>2,113,078</b>	<b>127,385</b>

Bond debt service requirements to maturity for business-type activities are as follows:

	Principal	Interest	Total
2024	\$ 127,385	6,464	133,849
2025	120,274	6,239	126,513
2026	121,634	6,014	127,649
2027	92,525	5,789	98,314
2028	93,457	5,549	99,007
2029 - 2033	465,757	24,101	489,858
2034 - 2038	487,946	17,681	505,627
2039 - 2043	403,269	10,781	414,050
2044 - 2047	200,831	3,281	204,112
<b>Total</b>	<b>\$ 2,113,078</b>	<b>85,900</b>	<b>2,198,978</b>

The outstanding bonds are all secured with their respective revenues and/or property and equipment as collateral.

Monticello City  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**3-D. Long-term liabilities (continued)**

**Other long-term liabilities:**

	Beginning	Increase (Decrease)	Ending
<b>Compensated absences:</b>			
Governmental	\$ 27,725	16,616	44,341
Business-type	20,233	13,004	33,237
<b>Total</b>	<b>\$ 47,958</b>	<b>29,619</b>	<b>77,577</b>

	Beginning	Increase (Decrease)	Ending
<b>Net pension liability:</b>			
Governmental	\$ -	43,069	43,069
Business-type	-	22,634	22,634
<b>Total</b>	<b>\$ -</b>	<b>65,702</b>	<b>65,702</b>

**3-E. Interfund receivables, payables, and transfers**

**Interfund receivables and payables:**

	Due To	Due From
General Fund	\$ 154,480	-
MBA Fund	-	154,480
<b>Total</b>	<b>\$ 154,480</b>	<b>154,480</b>

At year end, requirements for restricted cash in the MBA Fund resulted in interfund payables due to the General Fund.

**Interfund transfers:**

	Transfers In	Transfers Out
General Fund	\$ -	40,000
Special Revenue Fund	40,000	-
<b>Total</b>	<b>\$ 40,000</b>	<b>40,000</b>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) move unrestricted revenues collected in the general fund to finance various programs accounted for in the other funds in accordance with budgetary authorizations.

Monticello City  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 4 - OTHER INFORMATION**

**4-A. Risk management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City participates in the Utah Local Government Trust, a public agency insurance mutual, which provides coverage for property damage and general liability. The City is subject to a minimal deductible for claims. There have been no significant reductions in insurance coverage from coverage in the prior year. Amounts of settlements have not exceeded insurance coverage in any of the past three fiscal years.

**4-B. Rounding convention**

A rounding convention to the nearest whole dollar has been applied throughout this report, therefore the precision displayed in any monetary amount is plus or minus \$1. These financial statements are computer generated and the rounding convention is applied to each amount displayed in a column, whether detail item or total. As a result, without the overhead cost of manually balancing each column, the sum of displayed amounts in a column may not equal the total displayed. The maximum difference between any displayed number or total and its actual value will not be more than \$1.

**4-C. Pension Plans**

**General Information about the Pension Plan**

**Plan description:**

Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following Pension Trust Funds:

**Defined Benefit Plans**

- Public Employees Noncontributory Retirement System (Noncontributory System) is a multiple employer, cost sharing, retirement system.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple employer cost sharing public employer retirement system;

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: [www.urs.org/general/publications](http://www.urs.org/general/publications).

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**4-C. Pension Plans (continued)**

**Benefits provided:**

URS provides retirement, disability, and death benefits. Retirement benefits are as follows:

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percentage per year of service	Cola **
Noncontributory System	Highest 3 Years	30 years any age		
		25 years any age*	2.0% per	Up to 4%
		20 years age 60*	year all	
		10 years age 62*	years	
		4 years age 65		
Tier 2 Public Public Employees System	Highest 5 Years	35 years any age	1.50% per	Up to 2.5%
		20 years age 60*	year all	
		10 years age 62*	years	
		4 years age 65		

\* with actuarial reductions

\*\* All past-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

**Contributions:** As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2023, are as follows:

<u>Utah Retirement Systems</u>	<u>Employee Paid</u>	<u>Employer Contribution Rate</u>	<u>Employer rate for 401(k)</u>
Contributory System			
111 - Local Government Div - Tier 2	-	16.01	0.18
Noncontributory System			
15 - Local Government Div - Tier 1	-	17.97	-
Tier 2 DC Only			
211 - Local Government	-	6.19	10.00

Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.

Monticello City  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**4-C. Pension Plans (continued)**

For the fiscal year ended June 30, 2023, the employer and employee contributions to the Systems were as follows:

<b>System</b>	<b>Employer Contributions</b>	<b>Employee Contributions</b>
Noncontributory System	\$ 36,927	-
Tier 2 Public Employees System	53,225	-
Tier 2 DC Only System	3,720	-
<b>Total Contributions</b>	<b>\$ 93,871</b>	<b>-</b>

Contributions reported are the URS Board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

At June 30, 2023, we reported a net pension asset of \$0 and a net pension liability of \$65,702.

	(Measurement Date): December 31, 2022 Proportionate				
	Net Pension	Net Pension	Proportionate	Share	Change
	Asset	Liability	Share	Dec. 31, 2021	(Decrease)
Noncontributory System	\$ -	\$ 50,509	0.0294899%	0.0277817%	0.0017082%
Tier 2 Public Employees System	-	15,193	0.0139526%	0.0157036%	(0.0017510%)
<b>\$ -</b>	<b>\$ 65,702</b>				

The net pension asset and liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2022 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2023, we recognize pension expense of \$6,918.

At June 30, 2023, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
	of Resources	of Resources
Difference between expected and actual experience	\$ 22,264	\$ 603
Changes in assumptions	13,210	241
Net difference between projected and pension plan investments	39,441	-
Changes in proportion and difference and proportionate share of contributions	6,280	23,790
Contributions subsequent to the measurement date	45,700	-
<b>Total</b>	<b>\$ 126,896</b>	<b>\$ 24,634</b>

\$45,700 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2022.



Monticello City  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**4-C. Pension Plans (continued)**

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	Net Deferred Outflows (Inflows) of Resources
2023	\$ (24,167)
2024	2,704
2025	16,217
2026	56,603
2027	1,200
Thereafter	40,004

**Actuarial assumptions:**

The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Salary increases	3.25 - 9.25 percent, average, including inflation
Investment rate of return	6.85 percent, net of pension plan investment expense, including inflation

Mortality rates were adopted from an actuarial experience study dated January 1, 2020. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using 80% of the ultimate rates from the MP-2019 improvement assumption using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

The actuarial assumptions used in the January 1, 2022, valuation were based on an experience study of the demographic assumptions as of January 1, 2020, and a review of economic assumptions as of January 1, 2021.

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 and is applied consistently to each defined benefit pension plan. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Monticello City  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**4-C. Pension Plans (continued)**

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Assets class</b>	<b>Expected Return Arithmetic Basis</b>		
	Target Asset Allocation	Real Return Arithmetic Basis	Long Term expected portfolio real rate of return
Equity securities	35%	6.58%	2.30%
Debt securities	20%	1.08%	0.22%
Real assets	18%	5.72%	1.03%
Private equity	12%	9.80%	1.18%
Absolute return	15%	2.91%	0.44%
Cash and cash equivalents	0%	(0.11%)	0.00%
<b>Totals</b>	<b>100.00%</b>		<b>5.17%</b>
	Inflation		2.50%
	Expected arithmetic nominal return		7.67%

The 6.85% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.35% that is net of investment expense.

**Discount rate:**

The discount rate used to measure the total pension liability was 6.85 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. 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 active and inactive employees. 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. The discount rate does not use the Municipal Bond Index Rate.

**Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate:**

The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.85 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.85 percent) or 1-percentage-point higher (7.85 percent) than the current rate:

<b>System</b>	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$ 318,323	50,509	(173,264)
Tier 2 Public Employees System	66,385	15,193	(24,244)
<b>Total</b>	<b>\$ 384,708</b>	<b>65,702</b>	<b>(197,508)</b>

Monticello City  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**4-C. Pension Plans (continued)**

**Pension plan fiduciary net position:**

Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

**Defined Contribution Savings Plan:**

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue code. Detailed information regarding plan provisions is available in the separately issued URS financial report. The City participates in the following Defined Contribution Savings Plans with the Utah Retirement Systems:

- 401(k) Plan
- Roth IRA Plan

Employee and employer contributions to the Utah Retirement Contribution Savings Plans for fiscal year ended June 30, were as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
401(k) Plan			
Employer Contributions	\$ 7,827	\$ 4,032	\$ 2,106
Employee Contributions	675	635	915
457 Plan			
Employer Contributions	-	-	17
Employee Contributions	-	-	160
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	1,350	1,300	1,300

**4-D. Subsequent events**

Subsequent events have been evaluated through the date of the audit report, the date the financial statements were available to be issued. There have been no subsequent events that provide additional evidence about conditions that existed at the balance sheet date.

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**REQUIRED SUPPLEMENTARY INFORMATION**  
**(Unaudited)**

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Monticello City  
**Notes to Required Supplementary Information**  
June 30, 2023

**Budgetary Comparison Schedules**

The Budgetary Comparison Schedule presented in this section of the report is for the City's General Fund.

**Budgeting and Budgetary Control**

The budget for the General Fund is legally required and is prepared and adopted on the modified accrual basis of accounting.

Original budgets represent the revenue estimates and spending authority authorized by the City Council prior to the beginning of the year. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the Council through formal resolution. Final budgets do not include unexpended balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.

**Current Year Excess of Expenditures over Appropriations**

For the year ended June 30, 2023, expenditures were under budgeted amounts.

**Changes in Assumptions Related to Pensions**

No changes were made in actuarial assumptions from the prior year's valuation..

Monticello City  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**  
For the Year Ended June 30, 2023

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
<b>Revenues</b>				
Taxes	\$ 1,112,600	1,193,000	1,201,911	8,911
Licenses and permits	21,630	27,880	29,947	2,067
Intergovernmental revenues	146,000	375,631	130,345	(245,286)
Charges for services	431,335	448,198	480,495	32,297
Fines and forfeitures	225,000	225,000	286,113	61,113
Interest	14,000	14,000	112,586	98,586
Miscellaneous revenue	22,700	17,700	18,945	1,245
<b>Total revenues</b>	<b>1,973,265</b>	<b>2,301,409</b>	<b>2,260,341</b>	<b>(41,068)</b>
<b>Expenditures</b>				
General government	637,245	705,700	704,743	957
Public safety	271,600	271,150	270,349	801
Highways and public improvements	341,327	320,983	294,887	26,096
Parks and recreation	270,894	240,975	224,743	16,232
Golf course	423,199	513,675	481,296	32,379
Debt service:				
Principal	23,000	23,000	19,049	3,951
Interest	6,000	6,000	3,199	2,801
<b>Total expenditures</b>	<b>1,973,265</b>	<b>2,081,483</b>	<b>1,998,267</b>	<b>83,216</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>-</b>	<b>219,926</b>	<b>262,074</b>	<b>42,148</b>
<b>Other financing sources and (uses)</b>				
Transfers in (out)	-	(233,032)	(40,000)	193,032
<b>Total other financing sources and (uses)</b>	<b>-</b>	<b>(233,032)</b>	<b>(40,000)</b>	<b>193,032</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>(13,106)</b>	<b>222,074</b>	<b>235,180</b>
Fund balances - beginning of year	1,405,339	1,405,339	1,405,339	-
<b>Fund balances - end of year</b>	<b>\$ 1,405,339</b>	<b>1,392,233</b>	<b>1,627,413</b>	<b>235,180</b>



Monticello City  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
As of June 30, 2023  
Last 10 Fiscal Years\*

	As of measure- ment date of Dec 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability/(asset)	Covered payroll	Proportionate share of the net pension liability/(asset) as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total pension liability/(asset)
<b>Noncontributory Retirement System</b>	2014	0.0392946%	\$ 170,626	\$ 312,736	54.60%	90.2%
	2015	0.0423826%	239,821	333,284	71.96%	87.8%
	2016	0.0440309%	282,732	347,387	81.39%	87.3%
	2017	0.0416397%	182,436	342,601	53.25%	91.9%
	2018	0.0359230%	264,527	329,628	80.25%	87.0%
	2019	0.0362270%	136,535	344,251	39.66%	93.7%
	2020	0.0372963%	19,131	326,391	5.86%	99.2%
	2021	0.0277817%	(159,109)	178,589	-89.09%	108.7%
	2022	0.0294899%	50,509	193,978	97.50%	92.3%
<b>Public Safety System</b>	2014	0.0360094%	\$ 45,285	\$ 98,447	46.00%	90.5%
	2015	0.0349505%	62,605	97,607	64.10%	87.1%
	2016	0.0491193%	99,677	68,849	144.78%	86.5%
	2017	0.0639085%	100,251	68,951	145.40%	90.2%
	2018	0.0592034%	152,306	65,009	234.28%	84.7%
	2019	0.0609463%	97,856	68,255	143.37%	90.9%
	2020	0.0295181%	24,507	39,281	62.39%	95.5%
	2021	0.0000000%	-	-	0.00%	0.0%
	2022	0.0000000%	-	-	0.00%	0.0%
<b>Tier 2 Public Employees System</b>	2014	0.0145449%	\$ (441)	\$ 71,204	-0.60%	103.5%
	2015	0.0187199%	(41)	120,982	-0.03%	100.2%
	2016	0.0206940%	2,308	169,707	1.36%	95.1%
	2017	0.0183430%	1,617	179,837	0.90%	97.4%
	2018	0.0138239%	5,920	161,649	3.66%	90.8%
	2019	0.0112439%	2,529	156,291	1.62%	96.5%
	2020	0.0126745%	1,823	202,388	0.90%	98.3%
	2021	0.0157036%	(6,646)	291,767	-2.28%	103.8%
	2022	0.0139526%	15,193	303,945	5.00%	92.3%
<b>Tier 2 Public Safety and Firefighter System</b>	2014	0.0779782%	\$ (1,154)	\$ 32,206	-3.60%	120.5%
	2015	0.0562645%	(822)	33,474	-2.46%	110.7%
	2016	0.0724612%	(629)	59,870	-1.05%	103.6%
	2017	0.0846751%	(980)	89,407	-1.10%	103.0%
	2018	0.0603111%	1,511	80,781	1.87%	95.6%
	2019	0.0525076%	4,939	86,546	5.71%	89.6%
	2020	0.0124770%	1,119	27,856	4.02%	93.1%
	2021	0.0000000%	-	-	0.00%	0.0%
	2022	0.0000000%	-	-	0.00%	0.0%

\* Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. The 10-year schedule will need to be built prospectively.

Monticello City  
**SCHEDULE OF CONTRIBUTIONS**  
 June 30, 2023  
 Last 10 Fiscal Years

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
<b>Noncontributory Retirement System</b>	2014	\$ 55,052	\$ 55,052	\$ -	\$ 319,588	17.23%
	2015	60,880	60,880	-	330,720	18.41%
	2016	61,448	61,448	-	333,947	18.40%
	2017	65,811	65,811	-	357,345	18.42%
	2018	53,212	53,212	-	331,236	16.06%
	2019	52,743	52,743	-	332,832	15.85%
	2020	56,798	56,798	-	354,148	16.04%
	2021	44,976	44,976	-	248,334	18.11%
	2022	34,897	34,897	-	188,940	18.47%
	2023	36,927	36,927	-	205,492	17.97%
<b>Public Safety System</b>	2014	\$ 18,733	\$ 18,733	\$ -	\$ 113,909	16.45%
	2015	14,394	14,394	-	86,965	16.55%
	2016	13,876	13,876	-	59,308	23.40%
	2017	23,390	23,390	-	68,714	34.04%
	2018	22,692	22,692	-	66,662	34.04%
	2019	22,127	22,127	-	65,004	34.04%
	2020	24,342	24,342	-	71,510	34.04%
	2021	1,200	1,200	-	3,526	34.04%
	2022	-	-	-	-	0.00%
	2023	-	-	-	-	0.00%
<b>Tier 2 Public Employees System*</b>	2014	\$ 10,413	\$ 10,413	\$ -	\$ 74,842	13.91%
	2015	11,366	11,366	-	76,078	14.94%
	2016	22,975	22,975	-	154,094	14.91%
	2017	27,557	27,557	-	184,825	14.91%
	2018	24,809	24,809	-	164,188	15.11%
	2019	24,814	24,814	-	159,680	15.54%
	2020	25,269	25,269	-	161,615	15.64%
	2021	41,214	41,214	-	267,596	15.40%
	2022	52,336	52,336	-	330,066	15.86%
	2023	53,225	53,225	-	332,446	16.01%
<b>Tier 2 Public Safety and Firefighter System*</b>	2014	\$ 4,128	\$ 4,128	\$ -	\$ 19,800	20.85%
	2015	7,391	7,391	-	32,777	22.55%
	2016	7,991	7,991	-	35,515	22.50%
	2017	19,647	19,647	-	87,318	22.50%
	2018	18,789	18,789	-	83,249	22.57%
	2019	18,921	18,921	-	81,945	23.09%
	2020	16,935	16,935	-	73,257	23.12%
	2021	-	-	-	-	0.00%
	2022	-	-	-	-	0.00%
	2023	-	-	-	-	0.00%
<b>Tier 2 Public Employees DC Only System*</b>	2014	\$ 159	\$ 159	\$ -	\$ 2,846	5.58%
	2015	1,805	1,805	-	26,867	6.72%
	2017	224	224	-	3,350	6.69%
	2021	82	82	-	1,229	6.69%
	2022	857	857	-	12,805	6.69%
	2023	3,720	3,720	-	60,095	6.19%

\* Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created July 1, 2011.

Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative practices.

Monticello City  
**BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
June 30, 2023

	VMTE Fund	Special Revenue Fund	MBA Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 7,173	13,869	-	21,042
Accounts receivable, net of allowances	-	-	100	100
Restricted cash and cash equivalents	-	-	186,805	186,805
<b>TOTAL ASSETS</b>	<b>\$ 7,173</b>	<b>13,869</b>	<b>186,905</b>	<b>207,947</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>				
Liabilities:				
Accounts payable	\$ -	6,969	1,174	8,143
Accrued liabilities	-	-	1,880	1,880
Due to other funds	-	-	154,480	154,480
Total liabilities	-	6,969	157,534	164,503
Deferred inflows of resources	-	-	-	-
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>6,969</b>	<b>157,534</b>	<b>164,503</b>
<b>FUND BALANCES:</b>				
Restricted for:				
Debt service	-	-	186,805	186,805
Assigned for:				
Special revenue funds	7,173	6,900	-	14,073
Unassigned	-	-	(157,434)	(157,434)
<b>TOTAL FUND BALANCES</b>	<b>7,173</b>	<b>6,900</b>	<b>29,371</b>	<b>43,444</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 7,173</b>	<b>13,869</b>	<b>186,905</b>	<b>207,947</b>

Monticello City  
**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2023

	VMTE Fund	Special Revenue Fund	MBA Fund	Total Governmental Funds
<b>Revenues:</b>				
Intergovernmental revenues	\$ -	-	41,067	41,067
Charges for services	-	-	83,000	83,000
Interest	251	-	7,450	7,701
Miscellaneous revenue	-	9,990	4,970	14,960
<b>Total revenues</b>	<b>251</b>	<b>9,990</b>	<b>136,487</b>	<b>146,727</b>
<b>Expenditures:</b>				
Current:				
Parks, recreation and public property	-	50,205	27,857	78,063
Debt service:				
Principal	-	-	84,000	84,000
Interest	-	-	13,501	13,501
<b>Total expenditures</b>	<b>-</b>	<b>50,205</b>	<b>125,358</b>	<b>175,564</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>251</b>	<b>(40,216)</b>	<b>11,129</b>	<b>(28,836)</b>
<b>Other financing sources and (uses):</b>				
Transfers in	-	40,000	-	40,000
Transfers (out)	-	-	-	-
<b>Total other financing sources and (uses)</b>	<b>-</b>	<b>40,000</b>	<b>-</b>	<b>40,000</b>
<b>Net change in fund balances</b>	<b>251</b>	<b>(216)</b>	<b>11,129</b>	<b>11,164</b>
Fund balances - beginning of year	6,922	7,116	18,242	32,280
<b>Fund balance - end of year</b>	<b>\$ 7,173</b>	<b>6,900</b>	<b>29,371</b>	<b>43,444</b>

## **Government Reports**

# Aycock, Miles & Associates, CPAs, P.C.

Certified Public Accountants

58 East 100 North (83-13) • Roosevelt, Utah 84066 • Phone (435) 722-5153 • Fax (435) 722-5095

## **Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

Monticello City Council

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and business-type activities, each major fund, and the aggregate remaining fund information of Monticello City as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Monticello City's basic financial statements and have issued our report thereon dated February 12, 2024.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Monticello 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 Monticello City's internal control. Accordingly, we do not express an opinion on the effectiveness of Monticello 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 entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance & Other Matters

As part of obtaining reasonable assurance about whether Monticello 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and management responses as items 2023-1, 2, and 3.

# Aycock, Miles & Associates, CPAs, P.C.

Certified Public Accountants

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## Monticello City's Response to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on Monticello City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Monticello City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## Purpose of this Report

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

*Aycock, Miles & Associates, CPAs*

Roosevelt, Utah

February 12, 2024

# Aycock, Miles & Associates, CPAs, P.C.

Certified Public Accountants

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## **Independent Auditor's Report on Compliance and Report on Internal Control Over Compliance as Required by the State Compliance Audit Guide**

Council Members  
Monticello City, Utah

### **Report on Compliance**

We have audited the Monticello City's compliance with the applicable state compliance requirements described in the State Compliance Audit Guide, issued by the Office of the Utah State Auditor, that could have a direct and material effect on Monticello City for the year ended June 30, 2023.

State compliance requirements were tested for the year ended June 30, 2023, in the following areas: budgetary compliance, fund balance, restricted taxes and other related restricted revenue, fraud risk assessment, governmental fees, enterprise fund transfers, reimbursements, loans and services, Utah Retirement Systems, and Public Treasurer's Bond.

### **Management's Responsibility**

Management is responsible for compliance with the state requirements referred to above.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on Monticello City's compliance based on our audit of the state compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and the State Compliance Audit Guide. Those standards and the State Compliance Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about the Monticello City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state compliance requirement referred to above. However, our audit does not provide a legal determination of Monticello City's compliance with those requirements.

### **Opinion on General State Compliance Requirements**

In our opinion, the Monticello City complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2023.

### **Other Matters**

The results of our auditing procedures disclosed three instances of noncompliance. Please see findings 2023-1 to 3 in the accompanying schedule.

The City's responses to the noncompliance findings identified in our audit is described in the accompanying schedule of findings. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.



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## ***Report on Internal Control Over Compliance***

Management of Monticello City is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered Monticello City's internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those state compliance requirements and to test and report on internal control over compliance in accordance with the State Compliance Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Monticello City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## ***Purpose of this Report***

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

*Aycock, Miles & Associates, CPAs*

Roosevelt, Utah  
February 12, 2024

## Findings & Management Responses

- 2023-1     *State of Utah Compliance Finding*—The Parks & Recreation Special Revenue Fund and the Capital Projects Fund exceeded their annual budget.
- Criteria*—Utah Code requires government entities to operate within legally adopted budgets.
- Effect*—The funds’ budgets were less than actual costs.
- Recommendation*—We encourage the City Council to review their budget vs actual reports and modify their budget as necessary.
- Management Response*—The City Council will periodically assess the accuracy of the annual budget.
- 2023-2     *State of Utah Compliance Finding*—The City’s general fund unrestricted fund balance exceeded the Utah Code limitation of 35% of general fund revenues.
- Criteria*—Utah Code sets forth a general fund unrestricted fund balance limitation.
- Effect*—The City’s unrestricted savings exceeded limits as set forth by Utah Code.
- Recommendation*—We recommend that the City Council reduce their unrestricted net equity by reducing revenues, increasing expenditures, or transferring funds to a capital projects fund to be assigned to future construction projects.
- Management Response*—The City Council will analyze the most appropriate way for the community to reduce its unrestricted net position.
- 2023-3     *State of Utah Compliance Finding*—The City Council did not complete Open & Public training during fiscal year-end June 30, 2023.
- Criteria*—Utah State Code requires entities’ governing bodies to annually complete Open & Public Meeting training.
- Effect*—The City did not complete the required training.
- Recommendation*—We recommend that the City complete the annual training for Open & Public Meetings.
- Management Response*—The City Council will schedule and receive Open & Public Meeting training in a very timely manner.

**CITY OF MONTICELLO**

**ORDINANCE 2024-3**

**TO ADOPT LANDSCAPE STANDARDS FOR ALL NEW DEVELOPMENTS**

**WHEREAS**, the City of Monticello commits to preventing the waste of resources by promoting the conservation and efficient use of water; and

**WHEREAS**, landscapes are essential to the quality of life in the City of Monticello by providing areas for active and passive recreation and as an enhancement to the environment by cleaning air and water, preventing erosion, managing stormwater, and replacing ecosystems lost to development; and,

**WHEREAS**, the City of Monticello finds that there is a compelling need and public purpose for adopting updated development standards due to current conditions and factors that require more efficient landscaping standards for water conservation and resource management, and

**WHEREAS**, the purpose of this ordinance is to update the required landscaping development standards with water efficient techniques and regulations; and

**NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF MONTICELLO, UTAH, A UTAH MUNICIPAL CORPORATION: THE FOLLOWING LANDSCAPE STANDARDS FOR ALL NEW DEVELOPMENTS ARE AS FOLLOWS:**

No lawn in parking strips or areas less than eight feet in width.

No more than 50% of front and side yard landscaped areas in new residential developments shall be lawn.

Lawn limitations do not apply to small residential lots with less than 250 square feet of landscaped area.

In new commercial, industrial, institutional, and multi-family development common area landscapes, lawn areas shall not exceed 20% of the total landscaped area outside of active recreation areas.

**PASSED AND APPROVED BY THE MONTICELLO CITY COUNCIL ON THE 23<sup>rd</sup> DAY OF APRIL, 2024.**

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Bayley Hedglin, Mayor

ATTEST:

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Melissa Gill, Recorder

**PLANNING COMMISSION RECOMMENDATIONS TO CITY COUNCIL IN 2023**  
**City of Monticello, Utah**

**1. Planning Commission Vacancy:** Two applicants were interviewed about interests, conflicts, and analytic abilities and both impressed the PC as good potential commission members. After the interview, one applicant withdrew and the PC moved forward with a recommendation for the remaining applicant.

**2. Variance request for setback** at 632 S Hideout Way: Recommended the request be approved with modification to require proponent to install a rain gutter to route storm water onto his property. A public hearing was held and no public comment was received. The modification was recommended because a roof addition to a shed would intrude into the rear lot line setback and potentially cause storm water runoff to flow onto adjacent property not owned by the proponent.

**3. Variance request for mobile home park** at 416 N Main: Recommended the request be modified and approved to waive the city's 3-acre minimum lot size, waive the setback requirement of 450 ft on Main Street for the proposed use, and limit occupancy to long-term rental or lease. A public hearing was held and comments heard from a prospective operator of the park. Modifications were recommended because the lot had formerly housed a mobile home park and could be so used again if the acreage minimum and Main Street setback were waived. Other mobile home park standards still applied and the mobile homes would help the City meet General Plan goals for moderate income housing (3.4) and economic development (3.6).

**4. Updates to Title 11 Subdivision Regulations:** Recommended approval of changes to the City's regulations for subdivision development. The existing ordinance was at least 10 years out of date and no longer complied with state code. It was poorly organized and difficult to apply for both city administration and potential developers. Two public hearings were held and no public comment was received. Recommended changes brought the code into compliance with state law, made it easier to understand, and supported General Plan goals for economic development (3.6), moderate income housing (3.4), and land use and zoning (3.10).

**5. Variance request for multiple dwellings on one parcel** at 332S 100W/133W 300S: Recommended approval of the request because city code had changed since the dwellings were built and no longer allows multiple dwellings on one parcel. A public hearing was held and no comments were received. The recommendation allowed the property owner to bring existing buildings up to code and make new housing units on the parcel. The recommendation supported General Plan goals for moderate income housing (3.4), economic development (3.6) and land use and zoning (3.11).

**6. Zone change request** at 332S 100W/133W 300S: Recommended approval of the request to change the parcel from R-1 to R-2. A public hearing was held and no comments were received. The recommendation was consistent with the variance request (#5 above) recommendation and contributed to the same General Plan goals.

**7. Variance request for RV park** at San Juan County fair ground: The county asked they be allowed to install hookups for trailers at the fair ground to be used by fair/rodeo participants. At the public hearing concerns were voiced about the impact of the use on water pressure in nearby residences, control of non-fair/rodeo use, and competition with existing RV parks in the city. The Planning Commission postponed a recommendation until the city could investigate the concerns.

**8. Updates to Title 10 Zoning Regulations:** Another update to Title 10 was necessitated by new laws that clarified, added to, or replaced portions of prior legislation upon which city code had been structured. A public hearing was held for the updated Title 10 and no comments were received. Changes to the updates were reviewed by the city attorney and several modifications were made. Another public hearing was scheduled in the next year. Hence, no recommendation was made for Title 10 in 2023.

Date Received	Address	Permit Type	Type	Status	Why
10/5/2023	64 W CENTER STREET	BUILDING PERMIT	COMMERCIAL	PENDING	THE TYPE OF BUILD WAS/IS NOT PERMITTED IN THE CITY OF MONTICELLO (YET)
10/12/2023	917 E CENTER STREET	BUILDING PERMIT	COMMERCIAL	APPROVED	MET BUILDNG AND CITY CODES
10/16/2023	80 S MOUNTAIN VIEW DRIVE	BUILDING PERMIT	RESIDENTIAL	APPROVED	MET BUILDNG AND CITY CODES
10/16/2023	196 S 100 W	BUILDING PERMIT	RESIDENTIAL	APPROVED	MET BUILDNG AND CITY CODES
10/18/2023	133 E CENTER STREET	BUILDING PERMIT	COMMERCIAL	APPROVED	MET BUILDNG AND CITY CODES
10/20/2023	81 E 100 N	BUILDING PERMIT	COMMERCIAL	DISAPPROVED	DID NOT MEET IBC SNOW LOAD REQUIREMENTS
11/20/2023	197 E 300 S	BUILDING PERMIT	RESIDENTIAL	PENDING	WAITING FOR UPDATED BUILDING PLANS
1/5/2024	196 E 100 N	BUILDING PERMIT	RESIDENTIAL	APPROVED	MET BUILDNG AND CITY CODES
1/8/2024	396 E 100 N	BUILDING PERMIT	RESIDENTIAL	APPROVED	MET BUILDNG AND CITY CODES
2/5/2024	80 S 200 E	BUILDING PERMIT	RESIDENTIAL	APPROVED	MET BUILDNG AND CITY CODES
2/7/2024	265 NORTH MAIN STREET	BUILDING PERMIT	COMMERCIAL	APPROVED	MET BUILDNG AND CITY CODES
3/6/2024	80 SOUTH MAIN STREET	BUILDING PERMIT	COMMERCIAL	PENDING	WAITING FOR ADDITIONAL BUILDING PLANS
3/19/2024	1280 E CENTRAL	BUILDING PERMIT	COMMERCIAL	PENDING	WAITING FOR ADDITIONAL BUILDING PLANS
3/19/2024	380 SOUTH MAIN STREET	BUILDING PERMIT	COMMERCIAL	APPROVED	MET BUILDNG AND CITY CODES

## Land Fill Analysis

### Contracts & Fees:

Land Contract: Currently Monticello City is under a lease agreement for the land we are using for the landfill. The current contract started Jan. 1, 2021 and is set to expire on Dec. 30, 2030. The cost of the lease started at \$2,000 a year with a \$100 increase each following year. (i.e. for the 2023 year the fee will be \$2,900)

Utah State Renewal: Currently the Landfill permits have been renewed for the next 4 years (some do extend beyond that, but the first one will be due in 4 years).

Landfill PTIF: Currently we are managing a PTIF for the Landfill and our current balance as of 02/29/2024 is \$90,140.39.

### Life Expectancy:

Currently it is estimated that our landfill is at 90% capacity based on our last financial audit (FY23).

### Financials:

Below is a chart over the last three financial years including our current year.

Financial Year	FY 24 7-23/6-24	FY 23 7-22/6-23	FY 22 7-21/6-22	FY 21 7-20/6-21
Income	\$10,417	\$14,970	\$18,728	\$35,222
County Fees	\$4,169.96	\$8,427.40	\$6,927.48	\$10,397.37
Expenses	\$4,196.46	\$5,281.38	\$4,827.89	\$8,768.12
Employee	\$3,503.79	\$4,590.01	\$4,337.17	\$6,078.11
PW Employee	\$5,000	\$5,000	\$5,000	\$5,000
Total Expense	\$16,870.21	\$23,298.79	\$21,092.54	\$30,243.60
Overall State	(\$6,453.21)	(\$8,328.79)	(\$2,367.54)	\$4,978.40

### \*Notes

- FY 24 is as of 3/11/2024 and is not complete but PW employee is based on the whole year.
- FY 21 income is higher due to roofs being replaced after the hailstorm.
- PW Employee is based on two employees working a full two weeks each out at the Landfill.
- FY 23 is the first year under the new rate schedule – See Attachment
- Excluded from the statement above is the closure money that is set aside every year. Currently we are putting \$2,600 each year into the closure account.
- All expenses can be found in our Sanitation Fund 53