



City of Fort Valley, GA

FINANCIAL STATEMENTS

September 30, 2019

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of City Council
City of Fort Valley, Georgia

We have audited the accompanying financial statements 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 City of Fort Valley, Georgia (the "City") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Fort Valley Utility Commission, which represent 96.7 percent, 96.7 percent, and 99.6 percent, respectively of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Fort Valley Utility Commission, is based solely on the report of the other auditors. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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 City, as of September 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America also require that the Schedule of Changes in Net Pension Liability on page 59 and Schedule of Contributions on page 60 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor governmental fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor governmental fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor governmental fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Enterprise, Alabama
October 13, 2023

CITY OF FORT VALLEY, GEORGIA

Basic Financial Statements

City of Fort Valley, Georgia
Statement of Net Position

<i>September 30, 2019</i>	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets				
Current Assets				
Cash and cash equivalents	\$ 3,456,287	\$ 486,123	\$ 3,942,410	\$ 2,360,967
Investments	-	-	-	4,966,450
Receivables				
Accounts, net	51,953	40,308	92,261	3,521,249
Taxes	169,253	-	169,253	-
Intergovernmental	112,231	172,605	284,836	-
Interest	-	-	-	19,879
Internal	1,293,714	(1,293,714)	-	-
Inventory	-	-	-	599,000
Prepaid items	-	-	-	114,698
Non-current Assets				
Restricted assets				
Investments	-	-	-	2,874,075
Capital assets				
Non-depreciable capital assets	731,155	-	731,155	996,535
Depreciable capital assets, net	5,028,762	265,657	5,294,419	36,361,099
Total assets	10,843,355	(329,021)	10,514,334	51,813,952
Deferred Outflows of Resources				
Pension	321,857	41,841	363,698	402,264
Liabilities				
Current Liabilities:				
Accounts payable	154,493	31,726	186,219	1,387,673
Accrued expenses	11,915	-	11,915	122,546
Sales and excise taxes payable	-	-	-	51,002
Interfund payable	-	-	-	165,493
Compensated absences payable	-	13,020	13,020	165,493
Intergovernmental payable	10,260	-	10,260	445,273
Notes payable	-	-	-	353,995
Capital leases payable	23,341	80,999	104,340	-
Long-term Liabilities:				
Customer deposits	-	-	-	565,428
Net pension liability	1,436,972	214,720	1,651,692	503,294
Compensated absences payable	152,517	2,298	154,815	82,995
Accrued death benefits payable	183,785	-	183,785	-
Capital leases payable	78,765	102,539	181,304	-
Notes payable	-	-	-	2,527,505
Total liabilities	2,052,048	445,302	2,497,350	6,370,697

-Continued-

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

City of Fort Valley, Georgia
Statement of Net Position (Continued)

<i>September 30, 2019</i>	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Deferred Inflows of Resources				
Pension	193,726	28,947	222,673	635,534
Net Position				
Net investment in capital assets	5,657,811	82,119	5,739,930	33,265,590
Restricted for:				
Capital projects	2,454,096	-	2,454,096	-
Public safety	102,415	-	102,415	-
New electric generation	-	-	-	1,500,443
Restricted for pledged collateral - construction loan	-	-	-	1,373,632
Unrestricted	705,116	(843,548)	(138,432)	9,235,813
Total net position (deficit)	\$ 8,919,438	\$ (761,429)	\$ 8,158,009	\$ 45,375,478

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

City of Fort Valley, Georgia
Statement of Activities

For the year ended September 30, 2019

Functions/Programs	Expenses	Charges for Services	Program Revenues	
			Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 1,479,028	\$ 156,565	\$ -	\$ -
Judicial	70,015	340,040	-	-
Public safety	3,696,008	35,267	-	-
Public works	1,575,548	31,851	-	617,470
Culture and recreation	466,625	14,725	-	-
Housing and development	14,545	-	-	-
Interest	17,017	-	-	-
Total governmental activities	7,318,786	578,448	-	617,470
Business-type activities				
Sanitation services	1,047,467	979,317	-	-
Total business-type activities	1,047,467	979,317	-	-
Total primary government	\$ 8,366,253	\$ 1,557,765	\$ -	\$ 617,470
Component Unit				
Fort Valley Utility Commission	\$ 23,739,709	\$ 24,299,978	\$ -	\$ -
Main Street/Downtown Development Authority	131,190	24,317	-	23,460
Total Component Units	\$ 23,870,899	\$ 24,324,295	\$ -	\$ 23,460
General revenues and transfers				
Taxes				
Property taxes levied for general government purposes				
Alcoholic beverage tax				
Local option sales tax				
Insurance premium tax				
Franchise tax				
Hotel/motel tax				
Unrestricted intergovernmental				
Investment earnings				
Gain on sale of assets				
Miscellaneous				
Transfers, net				
Total general revenues				
Change in net position				
Net position, beginning of year as previously reported				
Prior period adjustment				
Net position, beginning of year as restated				
Net position, end of year				

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

City of Fort Valley, Georgia
Statement of Activities

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (1,322,463)	\$ -	\$ (1,322,463)	\$ -
270,025	-	270,025	-
(3,660,741)	-	(3,660,741)	-
(926,227)	-	(926,227)	-
(451,900)	-	(451,900)	-
(14,545)	-	(14,545)	-
(17,017)	-	(17,017)	-
(6,122,868)	-	(6,122,868)	-
-	(68,150)	(68,150)	-
-	(68,150)	(68,150)	-
(6,122,868)	(68,150)	(6,191,018)	-
-	-	-	560,269
-	-	-	(83,413)
-	-	-	476,856
2,182,666	-	2,182,666	-
150,659	-	150,659	-
1,452,740	-	1,452,740	-
703,346	-	703,346	-
375,347	-	375,347	-
17,905	-	17,905	-
2,091,512	-	2,091,512	-
2,249	917	3,166	284,911
29,522	-	29,522	86,256
44,565	-	44,565	-
595,460	(495,460)	100,000	-
7,645,971	(494,543)	7,151,428	371,167
1,523,103	(562,693)	960,410	848,023
8,436,401	(198,736)	8,237,665	44,527,455
(1,040,066)	-	(1,040,066)	-
7,396,335	(198,736)	7,197,599	44,527,455
\$ 8,919,438	\$ (761,429)	\$ 8,158,009	\$ 45,375,478

City of Fort Valley, Georgia
Balance Sheet – Governmental Funds

<i>September 30, 2019</i>	General	2008 SPLOST Fund	2015 SPLOST Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 917,700	\$ 1,412,792	\$ 1,118,726	\$ 7,282	\$ 3,456,500
Receivables:					
Accounts	51,953	-	-	-	51,953
Taxes	168,474	-	-	779	169,253
Intergovernmental	112,231	-	-	-	112,231
Interfund receivable	1,382,429	5,200	22,965	-	1,410,594
Total assets	\$ 2,632,787	\$ 1,417,992	\$ 1,141,691	\$ 8,061	\$ 5,200,531
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	\$ 142,222	\$ -	\$ 11,849	\$ 635	\$ 154,706
Accrued wages and benefits	11,915	-	-	-	11,915
Interfund payable	22,965	88,615	5,200	100	116,880
Intergovernmental payable	10,260	-	-	-	10,260
Total liabilities	187,362	88,615	17,049	735	293,761
Fund balances					
Restricted for:					
Public safety technology	102,415	-	-	-	102,415
SPLOST capital projects	-	1,329,377	1,124,642	77	2,454,096
Assigned for:					
Other	-	-	-	7,249	7,249
Contingencies	300,975	-	-	-	300,975
Unassigned	2,042,035	-	-	-	2,042,035
Total fund balances	2,445,425	1,329,377	1,124,642	7,326	4,906,770
Total Liabilities and Fund Balances	\$ 2,632,787	\$ 1,417,992	\$ 1,141,691	\$ 8,061	\$ 5,200,531

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

City of Fort Valley, Georgia
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position

September 30, 2019

Total fund balances - governmental funds \$ 4,906,770

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. However, in the statement of net position the cost of these assets are capitalized and expensed over their estimated lives through annual depreciation expense.

Cost of capital assets	\$ 10,451,090	
Less accumulated depreciation	<u>(4,691,173)</u>	5,759,917

Deferred outflows of resources represent a consumption of fund equity that will be reported as an outflow of future period; therefore, are not reported in the funds. 321,857

Liabilities are not due and payable in the current period and therefore are not reported in the funds.

Capital leases	\$ (102,106)	
Pension	(1,436,972)	
Deferred Inflows of resources related to pension	(193,726)	
Compensated absences	(152,517)	
Accrued death benefits	(183,785)	(2,069,106)

Net position of governmental activities \$ 8,919,438

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

City of Fort Valley, Georgia
Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds

<i>For the year ended</i> <i>September 30, 2019</i>	2008 SPLOST Fund	2015 SPLOST Fund	Other Governmental Funds	Total Governmental Funds	
General					
Revenues					
Taxes	\$ 4,871,069	\$ -	\$ -	\$ 11,594	\$ 4,882,663
Licenses and permits	115,840	-	-	-	115,840
Intergovernmental	2,215,932	5,200	487,850	-	2,708,982
Charges for services	81,843	-	-	-	81,843
Fines and forfeitures	377,198	-	-	-	377,198
Investment earnings	4,481	1,246	1,003	-	6,730
Miscellaneous	40,020	-	-	-	40,020
Total revenues	7,706,383	6,446	488,853	11,594	8,213,276
Expenditures					
Current					
General government	1,427,548	-	-	-	1,427,548
Judicial	70,015	-	-	-	70,015
Public safety	3,524,733	-	-	-	3,524,733
Public works	1,115,915	22,227	-	-	1,138,142
Culture and recreation	416,817	-	-	-	416,817
Housing and development	11,499	-	-	3,046	14,545
Capital Outlay	-	-	310,265	-	310,265
Debt service					
Principal	22,500	-	-	-	22,500
Interest	17,160	-	-	-	17,160
Total expenditures	6,606,187	22,227	310,265	3,046	6,941,725
Excess (deficiency) of revenues over (under) expenditures	1,100,196	(15,781)	178,588	8,548	1,271,551
Other Financing Sources (Uses)					
Sale of capital assets	29,522	-	-	-	29,522
Transfers in	600,723	-	-	-	600,723
Transfers out	(100,000)	-	-	(5,263)	(105,263)
Net other financing sources (uses)	530,245	-	-	(5,263)	524,982
Net change in fund balances	1,630,441	(15,781)	178,588	3,285	1,796,533
Fund balances, beginning of year	1,855,050	1,345,158	946,054	4,041	4,150,303
Prior period adjustment	(1,040,066)	-	-	-	(1,040,066)
Fund balances, beginning of year - restated	814,984	1,345,158	946,054	4,041	3,110,237
Fund balances, end of year	\$ 2,445,425	\$ 1,329,377	\$ 1,124,642	\$ 7,326	\$ 4,906,770

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

City of Fort Valley, Georgia

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities**

For the year ended September 30,

2019

Net change in fund balances - total governmental funds \$ 1,796,533

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, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Depreciation expense	\$ (455,749)	
Capital outlay	<u>78,417</u>	(377,332)

Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the government-wide statement of net position. 22,643

Accrued death benefits 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.

Liability at September 30, 2018	183,572	
Liability at September 30, 2019	<u>(183,785)</u>	(213)

Pension contributions are reported as expenditures in the governmental funds when made. Pension expense is reported in the statement of activities as the change in the net pension liability adjusted for changes in deferred outflows of resources related to pensions.

Net pension liability at September 30, 2018	1,537,021	
Net pension liability at September 30, 2019	<u>(1,436,972)</u>	100,049

Deferred outflows of resources at September 30, 2018	(344,416)	
Deferred outflows of resources at September 30, 2019	<u>321,857</u>	(22,559)

Deferred inflows of resources at September 30, 2018	184,412	
Deferred inflows of resources at September 30, 2019	<u>(193,726)</u>	(9,314)

Compensated absences 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.

Liability at September 30, 2018	165,813	
Liability at September 30, 2019	<u>(152,517)</u>	13,296

Change in net position of governmental activities \$ 1,523,103

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

City of Fort Valley, Georgia
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – General Fund

<i>For the year ended September 30, 2019</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 5,345,621	\$ 5,345,621	\$ 4,871,069	\$ (474,552)
Licenses and permits	115,000	115,000	115,840	840
Intergovernmental	107,669	107,669	2,215,932	2,108,263
Charges for services	67,000	67,000	81,843	14,843
Fines and forfeitures	240,000	240,000	377,198	137,198
Investment earnings	5,000	5,000	4,481	(519)
Contributions	16,000	16,000	-	(16,000)
Miscellaneous	5,200	5,200	40,020	34,820
Total revenues	5,901,490	5,901,490	7,706,383	1,804,893
Expenditures				
Current:				
General government	841,904	841,904	1,427,548	(585,644)
Judicial	66,674	66,674	70,015	(3,341)
Public safety	3,397,712	3,397,712	3,524,733	(127,021)
Public works	1,127,209	1,127,209	1,115,915	11,294
Culture and recreation	523,777	523,777	416,817	106,960
Housing and development	12,000	12,000	11,499	501
Debt service				
Principal	22,356	22,356	22,500	(144)
Interest	4,233	4,233	17,160	(12,927)
Total expenditures	5,995,865	5,995,865	6,606,187	(610,322)
Excess (deficiency) of revenues over (under) expenditures	(94,375)	(94,375)	1,100,196	2,415,215
Other Financing Sources (Uses)				
Sale of capital assets	-	-	29,522	29,522
Proceeds from loan	1,160,000	1,160,000	-	(1,160,000)
Transfers in	530,000	530,000	600,723	70,723
Transfers out	-	-	(100,000)	100,000
Net other financing sources (uses)	1,690,000	1,690,000	530,245	(959,755)
Net change in fund balances	1,595,625	1,595,625	1,630,441	1,455,460
Fund balances, beginning of year, restated	814,984	814,984	814,984	1,345,158
Fund balances, end of year	\$ 2,410,609	\$ 2,410,609	\$ 2,445,425	\$ 2,800,618

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

City of Fort Valley, Georgia
Statement of Net Position - Proprietary Fund

Business-type Activities - Enterprise Fund		Sanitation Fund
<i>September 30, 2019</i>		
Assets		
Current assets		
Cash and cash equivalents	\$	486,127
Receivables, net		
Accounts		40,308
Intergovernmental		172,605
Total current assets		699,040
Noncurrent assets		
Capital assets		
Depreciable capital assets, net		265,657
Total assets		964,697
Deferred Outflows of Resources		
Deferred outflows related pension		41,841
Liabilities		
Current liabilities		
Accounts payable		31,726
Interfund payable		1,293,714
Compensated absences payable		13,020
Capital leases payable		80,999
Total current liabilities		1,419,459
Noncurrent liabilities		
Net pension liability		214,720
Capital leases payable, net of current portion		102,539
Compensated absences, net of current portion		2,298
Total noncurrent liabilities		319,557
Total liabilities		1,739,016
Deferred Inflows of Resources		
Deferred inflows related to pensions		28,947
Total deferred inflows of resources		28,947
Net Position		
Net investment in capital assets		82,119
Unrestricted		(843,548)
Total net position (deficit)		\$ (761,429)

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

City of Fort Valley, Georgia
Statement of Revenues, Expenses and Changes in Fund Net Position -
Proprietary Fund

Business-type Activities - Enterprise Fund		Sanitation Fund
<i>For the year ended September 30, 2019</i>		
Operating Revenues		
Charges for services	\$	979,317
Operating Expenses		
Personnel services		438,401
Purchased services		399,395
Materials and supplies		131,036
Depreciation		74,891
Total operating expenses		1,043,723
Operating income (loss)		(64,406)
Nonoperating Revenues (Expenses)		
Interest income		917
Interest and fiscal charges		(3,744)
Total nonoperating revenues (expenses)		(2,827)
Income (Loss) Before Contributions and Transfers		(67,233)
Transfers		
Transfers in		100,000
Transfers out		(595,460)
Change in net position		(562,693)
Net position (deficit), beginning of year		(198,736)
Net position (deficit), end of year	\$	(761,429)

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

City of Fort Valley, Georgia
Statement of Cash Flows - Proprietary Fund

Business-type Activities - Enterprise Fund	Sanitation Fund
<i>For the year ended September 30, 2019</i>	
Operating Activities	
Cash received from customers for sales and services	\$ 983,622
Cash payments to employees	(386,822)
Cash payments to suppliers for goods and services	(538,518)
<hr/>	
Net cash provided by operating activities	58,282
Noncapital Financing Activities	
Cash from interfund loans	775,182
Cash transfers in from other funds	100,000
Cash transfers out to other funds	(595,460)
<hr/>	
Net cash provided by (used in) noncapital financing activities	279,722
Capital and Related Financing Activities	
Principal paid on leases	78,574
Interest paid on leases	(3,744)
<hr/>	
Net cash provided by (used in) capital and related financing activities	74,830
Investing Activities	
Investment income	917
<hr/>	
Net increase (decrease) in cash and cash equivalents	413,751
Cash and cash equivalents, beginning of year	72,376
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Cash and cash equivalents, end of year	\$ 486,127
<hr/>	

-Continued-

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

City of Fort Valley, Georgia
Statement of Cash Flows - Proprietary Fund (Continued)

Business-type Activities - Enterprise Fund	Sanitation Fund
<i>For the year ended September 30, 2019</i>	
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities	
Operating income (loss)	\$ (64,406)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Depreciation	74,891
Bad debt expense	-
Change in assets, deferred outflows, liabilities and deferred inflows	
(Increase) decrease in assets and deferred outflows	
Accounts receivable	13,986
Intergovernmental receivable	6,225
Deferred outflows related in pensions	12,555
Increase (decrease) in liabilities and deferred inflows	
Accounts payable	5,734
Accrued expenses	(5,353)
Net pension liability	14,629
Deferred inflows of resources in pensions	21
Total adjustments	122,688
Net cash provided by operating activities	\$ 58,282

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

City of Fort Valley, Georgia
Statement of Fiduciary Net Position
Fiduciary Fund – Library Endowment Trust Fund

September 30, 2019

Assets

Cash and cash equivalents	\$	4,993
Certificate of deposit		30,922

Total assets	\$	35,915
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Net Position

Held in trust for library purposes	\$	35,915
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The accompanying notes are an integral part of these financial statements.

City of Sample, State
Statement of Changes in Fiduciary Net Position
Fiduciary Fund – Library Endowment Trust Fund

<i>For the year ended September 30, 2019</i>	
Additions	
Investment earnings	\$ 56
Deductions	
Culture and recreation	-
Change in net position	56
Net position, beginning of year	35,859
Net position, end of year	\$ 35,915

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

City of Fort Valley, Georgia
Combining Statement of Net Position - Component Units

<i>September 30, 2019</i>	Main Street DDA Authority	Fort Valley Utility Commission	Total
Assets			
Cash and cash equivalents	\$ 184,285	\$ 2,176,682	\$ 2,360,967
Investments	-	4,966,450	4,966,450
Receivables:			
Accounts, net	130,000	3,371,249	3,501,249
Interest	-	19,879	19,879
Inventory	-	599,000	599,000
Prepaid items	-	114,698	114,698
Total current assets	314,285	11,247,958	11,562,243
Non-current assets			
Restricted assets			
Investments	-	2,874,075	2,874,075
Capital assets:			
Non-depreciable capital assets	366,135	630,400	996,535
Depreciable capital assets, net	1,053,345	35,307,754	36,361,099
Total assets	1,733,765	50,060,187	51,793,952
Deferred Outflows of Resources			
Pension	-	402,264	402,264
Liabilities			
Current Liabilities			
Accounts payable	1,103	1,378,804	1,379,907
Accrued payroll	-	122,546	122,546
Sales and excise taxes payable	-	51,002	51,002
Intergovernmental payable	7,766	387,773	395,539
Compensated absences payable	-	165,493	165,493
Intergovernmental notes payable	57,500	-	57,500
Notes payable	22,899	353,995	376,894
Total current liabilities	89,268	2,459,613	2,548,881
Long-term Liabilities:			
Net pension liability	-	503,294	503,294
Customer deposits	-	565,428	565,428
Compensated absences payable	-	82,995	82,995
Notes payable	139,901	2,318,569	2,458,470
Total liabilities	229,169	5,929,899	6,159,068
Deferred Inflows of Resources			
Pension	-	635,534	635,534
Net Position			
Net investment in capital assets	1,256,680	33,265,590	34,522,270
Restricted for new electric generation	-	1,500,443	1,500,443
Restricted for pledged collateral - construction loan	-	1,373,632	1,373,632
Unrestricted	247,916	7,757,353	8,005,269
Total net position	\$ 1,504,596	\$ 43,897,018	\$ 45,401,614

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

City of Fort Valley, Georgia
Combining Statement of Activities - Component Units

<i>For the year ended September 30, 2019</i>	Main Street DDA Authority	Fort Valley Utility Commission	Total
Expenses			
General government	\$ 85,054	\$ -	\$ 85,054
Utilities	-	23,739,709	23,739,709
Total expenses	85,054	23,739,709	23,824,763
Revenues			
Program			
Charges for services	24,317	24,299,978	24,324,295
Capital grants and contributions	3,460	-	3,460
Total program revenues	27,777	24,299,978	24,327,755
Net program (expense) revenue	(57,277)	560,269	502,992
General revenues			
Investment earnings	-	284,911	284,911
Gain on sale of assets	79,796	6,460	86,256
Total general revenue	79,796	291,371	371,167
Change in net position	22,519	851,640	874,159
Net position, beginning of year	1,482,077	43,045,378	44,527,455
Net position, end of year	\$ 1,504,596	\$ 43,897,018	\$ 45,401,614

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

City of Fort Valley, Georgia Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Fort Valley, Georgia (the "City"), was chartered by an act of the General Assembly of the State of Georgia. The City operates under a Council/Manager form of government with the Council consisting of six elected members. The City provides the following services as authorized by its charter: general government, judicial, public safety (police and fire), public works, culture and recreation, and housing and development. The City also operates a sanitation program.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities at the government-wide financial reporting level and to its enterprise funds at the fund reporting level, provided they do not conflict with or contradict GASB pronouncements.

The most significant of the City's accounting policies are described below.

Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City, this entity is limited to the City of Fort Valley legal entity.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; (2) the City is legally entitled to or can otherwise access the organization's resources; (3) the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the City is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the City in that the City approves the budget, levies their taxes or issues their debt.

The component unit column included on the government-wide financial statements identifies the financial data of the City's discretely presented component units. They are reported separately to emphasize that they are legally separate from the City.

Brief descriptions of the discretely presented component units follow:

Fort Valley Utility Commission – ("the Utility Commission") - The Utility Commission was formed and operates pursuant to the charter of the City of Fort Valley, Georgia, as amended, and acts of the Georgia State Legislature. The Utility Commission consists of five members: the Mayor of the City is an ex-officio member and four popularly elected commissioners, two elected at large and two elected by ward (i.e. east and west). The Utility Commission is a legally separate entity because it has its own name, can sue and be sued in its own name and can buy, sell and lease property in its own name.

The City believes it would be misleading to omit the Utility Commission from its financial statements; therefore, the Utility Commission is reported as a discretely presented component unit of the City.

City of Fort Valley, Georgia Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (continued)

The Utility Commission issues separate financial statements which are available at the Utility Commission's administrative office within the City.

Fort Valley Main Street/DDA – (“Main Street/DDA”) - Main Street/DDA was created to promote business in the downtown area of the City. During the fiscal year ended September 30, 1999, Fort Valley Main Street combined its operations with the Fort Valley Redevelopment Authority. Also during that fiscal year, Fort Valley Main Street combined its operations with the dormant Fort Valley Downtown Development Authority. The combination of these three entities is now referred to as “Fort Valley Main Street/DDA.” Main Street/DDA sponsors promotional events for the community and offers the opportunity for downtown merchants to work together in these pursuits. The Mayor and City Council of the City appoint the Main Street/DDA board members. Main Street/DDA is a governmental fund type. Main Street/DDA does not issue separate financial statements.

Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements, which provide a more detailed level of financial information.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

City of Fort Valley, Georgia Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The proprietary and fiduciary fund are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates governmental funds, while business-type activities incorporate the City's enterprise fund. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the City has two discretely presented component units, the Main Street/DDA Authority and the Fort Valley Utility Commission. These are shown in separate a column in the government-wide financial statements.

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

City of Fort Valley, Georgia Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, and fiduciary funds each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. Fiduciary funds are used to report assets held in a trustee or custodial capacity for others that cannot be used to support the government's own programs. Custodial funds are purely custodial and do not involve measurement of results of operations.

The City reports the following major governmental funds:

General Fund – The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund's fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of the State of Georgia.

SPLOST Capital Projects Funds – The 2008 SPLOST and 2015 SPLOST capital project funds are used to account for all financial resources obtained by the 2008 and 2015 levies of a one percent special purpose local option sales tax and related expenditures.

The City reports the following major enterprise fund:

Proprietary Funds – The proprietary funds' reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The City's only proprietary fund, the sanitation fund, is classified as a major enterprise fund. The sanitation fund is used to account for all financial resources related to the sanitation services provided to the City's citizens.

The City also reports the following fiduciary fund:

Fiduciary Funds – The fiduciary funds' reporting focuses on net assets. Fiduciary funds employ the economic resources measurement focus and are accounted for on the accrual basis of accounting. The City's fiduciary fund is a private purpose trust fund and its resources go to the Thomas Public Library, which is not a program or purpose of the City. This reporting focuses on net assets and changes in net position.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

City of Fort Valley, Georgia Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (continued)

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Budgetary Information

Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, 2008 SPLOST Fund, 2015 SPLOST Fund, Hotel/Motel Tax Fund and Sanitation Fund.

The appropriated budget is prepared by fund, function, and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

Excess of expenditures over appropriations

For the year ended September 30, 2019, expenditures exceeded appropriations in the General Fund by \$229,367. The over-expenditure was covered by excess revenues.

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity

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.

Investments

Investments for the City are reported at fair value (generally based on quoted market prices).

City of Fort Valley, Georgia Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

Georgia law authorizes the City to invest in the following type of obligations:

- Obligations of the State of Georgia or of any other states
- Obligations of the United States Government
- Obligations fully insured or guaranteed by the United States Government or Government agency
- Obligations of any corporation of the United States Government
- Prime bankers' acceptances
- The State of Georgia local government investment pool (i.e. Georgia Fund I)
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia

Receivables

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable. Unbilled utility charges are accrued as receivables and revenue at September 30, 2019.

Unearned revenue – Unearned revenue recorded on the governmental fund balance sheet represents amounts received before eligibility requirements are met.

Interfund Activities and Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” within the fund financial statements. Long-term borrowings between funds are classified as “advances to other funds” or “advances from other funds” in the fund financial statements. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any residual balance outstanding between the governmental and business-type activities at the end of the fiscal year, which are reported in the government-wide financial statements as internal balances.

Interfund transactions are reflected as services provided, reimbursements, or transfers. Services provided, deemed to be at or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when on fund incurs a cost, charges the appropriate benefitting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or business-type funds are funds are netted as part of the reconciliation to the government-wide presentation.

Inventories and Prepaid Items (Utility Commission)

Inventory is recorded using the average unit cost method and expensed when consumed. Inventories include propane gas, meters, transformers, lines, poles, pipe and modems.

Payments made to vendors for services (i.e. prepaid insurance) that will benefit periods beyond September 30, 2019, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expense in the year in which services are consumed.

City of Fort Valley, Georgia
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

Restricted Assets (Utility Commission)

In 2019, restricted assets consist of the new generation and capacity funding account \$1,500,443 and a construction loan certificate of deposit pledged as collateral for in the amount of \$1,373,632.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The City reports these assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the governmental fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the enterprise funds' statement of net position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of five thousand dollars.

The cost of infrastructure assets that were acquired or received substantial improvements prior to fiscal year 2004 are not required to be, but may be capitalized. Pursuant to GASB Statement No. 34, the City elected not to report major general infrastructure assets retroactively. However, the City began capitalizing infrastructure prospectively October 1, 2003. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets utilized by the enterprise fund is capitalized. All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. At the inception of capital leases at the governmental fund reporting level, expenditures and an "other financing source" of an equal amount are reported at the net present value of future minimum lease payments.

City of Fort Valley/Main Street DDA Association

Depreciation is computed using the straight-line method over the following useful lives:

Capital asset classes	Governmental Activities	Business-type Activities
Buildings	20-50 years	N/A
Infrastructure	15-30 years	N/A
Land improvements	15-30 years	N/A
Machinery and equipment	3-20 years	3-20 years

City of Fort Valley, Georgia
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

Depreciation is computed using the straight-line method over the following useful lives presented as rates:

Capital asset classes	Depreciation Rate
Buildings	2%
Natural gas system	2%
Natural gas meters	2.50%
Natural gas equipment	5-20%
Electric system and equipment	3-10%
Water system and equipment	2.5-10%
Sewage system and equipment	2.5-10%
Fiber optic system and equipment	2.5-10%
Intangible assets	10%

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net 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 has one (1) item that qualifies for reporting as deferred outflows of resources, the *deferred outflows related to pensions*, reported in the government-wide and proprietary funds statements of net position. The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net pension liability in future reporting years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one (1) item that qualifies for reporting as deferred inflows of resources. The *deferred inflows related to pensions* are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred inflows related to pensions will be recognized as a reduction to pension expense in future reporting years.

City of Fort Valley, Georgia Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

Compensated Absences

Vacation benefits, comp time and holiday time are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. All compensated absence liabilities include salary-related payments, where applicable. The total compensated absence liability is reported on the government-wide financial statements. The proprietary funds report the total compensated liability at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only "when due."

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of these funds. However, compensated absences and death benefits payable that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are "due for payment" during the current year. Capital leases are recognized as a liability in the governmental fund financial statements, when due.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. 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.

Categories and Classification of Net Position and Fund Balance

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.

Fund balance flow assumptions – Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

City of Fort Valley, Georgia Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

Categories and Classification of Net Position and Fund Balance (continued)

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 provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

Nonspendable fund balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The 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.

Assigned fund balance – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The governing council (council) has by resolution authorized the finance director 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 – Unassigned fund balance is the residual classification for the General Fund.

Revenues and Expenditures/Expenses

Program revenues – Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property taxes – Property taxes attach as an enforceable lien on real property and are levied in October by the City Council. Property taxes are due in December and attach as an enforceable lien on property as of January 1.

City of Fort Valley, Georgia Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenditures/Expenses (continued)

Proprietary funds operating and nonoperating revenues and expenses – Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Sanitation Fund, are charges to customers for services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to allowance for doubtful accounts and pension liability.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 13, 2023, and determined there were no events that occurred that required disclosure.

Impact of Recently Issued Accounting Pronouncements

In Fiscal Year 2019, the City adopted two (2) new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

- Statement No. 83, *Certain Asset Retirement Obligations* (GASB 83)
- Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings And Direct Placements* (GASB 88)

GASB 83 establishes standards of accounting and financial reporting requirements for legally enforceable liabilities associated with the retirement of certain tangible capital assets. State and local governments that have legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the regulation of GASB 83. The requirements of GASB 83 are effective for reporting periods beginning after June 15, 2018. GASB 83 had no impact on the City's financial statements.

GASB 88 defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. GASB 88 requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant subjective acceleration clauses. GASB 88 also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of GASB 88 are effective for reporting periods beginning after June 15, 2018. GASB 88 had no impact on the City's financial statements.

City of Fort Valley, Georgia
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements Issued But Not Yet Effective

GASB has issued the following pronouncements that may affect future financial position, results of operations, cash flows, or financial presentation of the City upon implementation. Management has not yet evaluated the effect of implementation of these standards.

GASB Statement No.	GASB Accounting Standard	Effective Fiscal Year
84	<i>Fiduciary Activities</i>	2020
87	<i>Leases</i>	2021
88	<i>Certain Disclosures Related to Debt, Including Direct Borrowings And Direct Placements</i>	2020
89	<i>Accounting for Interest Cost Incurred before the End of a Construction Period</i>	2021
90	<i>Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61</i>	2020
91	<i>Conduit Debt Obligations</i>	2020
92	<i>Omnibus 2020</i>	2020/2022
93	<i>Replacement of Interbank Offered Rates</i>	2022
94	<i>Public-Private and Public-Public Relationships and Availability Payment Arrangements</i>	2023
96	<i>Subscription Based Information Technology Arrangements</i>	2023
97	<i>Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plan</i>	2022
98	<i>The Annual Comprehensive Financial Report</i>	2022
99	<i>Omnibus 2022</i>	2022/2023
100	<i>Accounting Changes and Error Corrections</i>	2024
101	<i>Compensated Absences</i>	2025

Note 2: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

Custodial Credit Risk – Deposits – The custodial credit risk for deposits is the risk that, in the event of a bank failure, the City’s, Utility Commission’s, or Main Street/DDA’s deposits may not be recovered.

State statutes require banks holding public funds to secure these funds by FDIC insurance, securities pledged at par value and surety bonds at face value in combined aggregate totaling not less than 110 percent of the public funds held.

City Deposits - The City’s bank balances of deposits as of September 30, 2019 were entirely insured or collateralized with securities held by the City’s agent in the City’s name. At September 30, 2019, the bank balances were \$6,629,974. The City has not adopted formal cash policies.

City of Fort Valley, Georgia
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (continued)

Utility Commission Deposits and Investments – The Utility Commission has opted formal cash and investment policies.

At September 30, 2019, all bank balances were entirely insured or collateralized. In October 2011 the Utility Commission elected to secure its deposits in a pool of pledged securities established and maintained by CB&T Bank of Middle Georgia, a division of Synovus Bank, in accordance with Georgia Uniform Commercial Code Chapter 8, Title 45, Code Section 45-8-1 and administered under the direction of the Georgia Office of Treasury and Fiscal Services. The Utility Commission opened two new accounts at BB&T during fiscal year 2016. BB&T also participates in a pool of pledged securities. At September 30, 2019, the bank balances were \$2,086,762 and the carrying amount was \$2,173,682.

Main Street/DDA – Deposits – At September 30, 2019, all of the Main Street/DDA’s bank balances were entirely FDIC insured. At September 30, 2019, the bank balances were \$184,285.

Fort Valley Utility Commission – Investments

At September 30, 2019, the Utility Commission had the following investments presented by maturity period:

Investment Type	Maturity Period			
	Fair Value	Three Months or Less	4-12 Months	1-5 Years
Certificate of deposit	\$ 1,373,632	\$ -	\$ -	\$ 1,373,632
Money market account	3,152,622			
Municipal competitive trust	3,314,271			
Total investments	\$ 7,840,525			

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Utility Commission’s investment policy does not formally limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Quality Risk – Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Utility Commission’s money market account and investment in the municipal competitive trust are not rated.

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Utility Commission’s investments may not be recovered. The investment policies require securities to be held by an independent third-party custodian selected by the Utility Commission as evidenced by safekeeping receipts in the Utility Commission’s name. At September 30, 2019, all investments were entirely insured or collateralized with securities held by the Utility Commission’s agent in the Utility Commission’s name.

City of Fort Valley, Georgia
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (continued)

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the Utility Commission’s investment in a single issuer. The investment policies require that the investments be diversified by limiting investments to avoid over concentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities); limiting investment in securities that have higher credit risks; investing in securities with varying maturities; and, continuously investing a portion of the portfolio in readily available funds, local government investment pools, money market funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

The Commission’s certificates of deposits are issued by the following banks at September 30, 2019:

Bank:	Amount	% of Total
CB&T Bank of Middle Georgia	\$ 1,373,632	100%

Receivables

Receivables at September 30, 2019, consisted of taxes, interest, accounts (billings for user charges) and intergovernmental receivables arising from grants.

Receivables and payables are recorded on the City’s financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation and in the case of receivables, collectibility.

City of Fort Valley, Georgia
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

The following is a summary of capital asset activity for the year ended September 30, 2019.

Governmental Activities	Balance 10/1/18	Additions	Deletions	Balance 9/30/19
Capital Assets, not being depreciated				
Land	\$ 731,155	\$ -	\$ -	\$ 731,155
CIP	-	-	-	-
Total non-depreciable capital assets	\$ 731,155	\$ -	\$ -	\$ 731,155
Capital assets, being depreciated				
Buildings	\$ 2,545,882	\$ -	\$ -	\$ 2,545,882
Infrastructure	1,945,408	-	-	1,945,408
Improvements, other than buildings	1,222,438	-	-	1,222,438
Machinery and equipment	3,927,790	78,417	-	4,006,207
Total capital assets being depreciated	9,641,518	78,417	-	9,719,935
Less accumulated depreciation for				
Buildings	510,642	36,753	-	547,395
Infrastructure	529,054	97,270	-	626,324
Improvements, other than buildings	315,638	50,087	-	365,725
Machinery and equipment	2,880,090	271,639	-	3,151,729
Total accumulated depreciation	4,235,424	455,749	-	4,691,173
Total capital assets being depreciated, net	\$ 5,406,094	\$ (377,332)	\$ -	\$ 5,028,762

Governmental activities depreciation expense for the year ended September 30, 2019:

<i>For the year ended September 30,</i>	2019
Governmental activities	
General government	\$ 21,787
Public safety	155,138
Public works	229,014
Culture and recreation	49,810
Total depreciation - governmental activities	\$ 455,749

City of Fort Valley, Georgia
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (continued)

The following is a summary of capital asset activity for business-type activities for the year ended September 30, 2019.

Business-type Activities	Balance 10/1/18	Additions	Deletions	Balance 9/30/19
Capital assets, being depreciated				
Machinery and equipment	\$ 1,581,252	\$ -	\$ -	\$ 1,581,252
Less accumulated depreciation for				
Machinery and equipment	1,240,704	74,891	-	1,315,595
Total capital assets being depreciated, net	\$ 340,548	\$ (74,891)	\$ -	\$ 265,657

The following is a summary of capital asset activity for the Main Street/DDA component unit for the year ended September 30, 2019.

Main Street/DDA Authority	Balance 10/1/18	Additions	Deletions	Balance 9/30/19
Capital Assets, not being depreciated				
Land	\$ 366,135	\$ -	\$ -	\$ 366,135
CIP	-	-	-	-
Total non-depreciable capital assets	\$ 366,135	\$ -	\$ -	\$ 366,135
Capital assets, being depreciated				
Buildings	\$ 1,692,421	\$ -	\$ 60,867	\$ 1,631,554
Improvements, other than buildings	15,249	-	-	15,249
Machinery and equipment	11,490	-	-	11,490
Total capital assets being depreciated	1,719,160	-	60,867	1,658,293
Less accumulated depreciation for				
Buildings	596,391	53,516	(13,913)	635,994
Improvements, other than buildings	10,980	610	-	11,590
Machinery and equipment	11,490	-	-	11,490
Total accumulated depreciation	618,861	54,126	(13,913)	659,074
Total capital assets being depreciated, net	\$ 1,100,299	\$ (54,126)	\$ 74,780	\$ 999,219

City of Fort Valley, Georgia
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (continued)

The following is a summary of capital asset activity for the Utility Commission component unit for the year ended September 30, 2019.

Utility Commission	Balance 10/1/18	Additions	Deletions	Balance 9/30/19
Capital Assets, not being depreciated				
Land	\$ 161,981	\$ -	\$ -	\$ 161,981
CIP	2,264,113	1,303,967	3,099,661	468,419
Total non-depreciable capital assets	\$ 2,426,094	\$ 1,303,967	\$ 3,099,661	\$ 630,400
Capital assets, being depreciated				
Buildings	\$ 498,931	\$ 2,970,440	\$ 5,995	\$ 3,463,376
Distribution system	53,815,891	609,488	-	54,425,379
Machinery and equipment	4,750,096	75,098	41,926	4,783,268
Intangibles	498,549	-	-	498,549
Total capital assets being depreciated	59,563,467	3,655,026	47,921	63,170,572
Less accumulated depreciation for				
Buildings	254,002	6,217	5,995	254,224
Distribution system	22,506,973	1,122,444	-	23,629,417
Machinery and equipment	3,517,771	208,701	41,926	3,684,546
Intangibles	277,844	16,787	-	294,631
Total accumulated depreciation	26,556,590	1,354,149	47,921	27,862,818
Total capital assets being depreciated, net	\$ 33,006,877	\$ 2,300,877	\$ -	\$ 35,307,754

Interfund Balances and Transfers

Interfund balances at September 30, 2019, consisted of the following amounts and represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that: (1) interfund goods or services are provided or reimbursable expenditures occur; (2) transactions are recorded in the accounting period; and, (3) payments between funds are made. The City expects to repay all interfund balances within one year, with the exception of the interfund amount between the General Fund and the Sanitation Fund. Management is reevaluating the situation to determine if it can be repaid in the future, or if the amount will need to be reclassified as a transfer.

City of Fort Valley, Georgia
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Interfund Balances and Transfers (continued)

	Due from					Total
	General Fund	2008 SPLOST Fund	2015 SPLOST Fund	Other Governmental Funds	Sanitation Fund	
Due to:						
General fund	\$ -	\$ 88,615	\$ -	\$ 100	\$ 1,293,714	\$ 1,382,429
2008 SPLOST	-	-	5,200	-	-	5,200
2015 SPLOST	22,965	-	-	-	-	22,965
Total	\$ 22,965	\$ 88,615	\$ 5,200	\$ 100	\$ 1,293,714	\$ 1,410,594

Interfund transfers for the year ended September 30, 2019, consisted of the following:

	Transfer from				Total
	General Fund	2015 SPLOST	Other Governmental Funds	Sanitation Fund	
Transfer to:					
General fund	\$ -	\$ -	\$ 18,201	\$ 595,460	\$ 613,661
Sanitation Fund	100,000	53,579	-	-	153,579
Total	\$ 100,000	\$ 53,579	\$ 18,201	\$ 595,460	\$ 767,240

Transfers are used to report revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, to report unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, to segregate money for anticipated capital projects, to provide additional resources for current operations or debt service and to return money to the fund from which it was originally provided once a project is completed. There was a transfer to the general fund from the Hotel/Motel Tax fund due to requirements of state statutes. The other transfer from the SPLOST 2015 fund to the Sanitation fund was made to correct payments originally made from the Sanitation fund for operational costs that should have been paid from the SPLOST 2015 fund.

City of Fort Valley, Georgia
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Short-term Tax Anticipation Note

Tax Anticipation Notes –On August 13, 2018, the City issued short-term tax anticipation notes totaling \$1,804,600. The notes are due December 31, 2018, and carry an interest rate of 4.5%. For fiscal year ending September 30, 2019, a draw was taken on the note on October 10, making the total amount drawn of \$799,600. The balance of \$799,600 along with interest of \$11,359 was paid off on December 31, 2018.

On March 11, 2019, the City issued short-term tax anticipation notes totaling \$2,406,000. The notes are due December 31, 2019, and carry an interest rate of 5.0%. For fiscal year ending September 30, 2019, the City had draws on March 12, May 30, and June 18 totaling \$606,000. The balance of \$606,000 along with interest of \$2,061 was paid off on December 31, 2018.

The proceeds of the notes were used to pay the costs of the City’s operations.

Changes in the short-term obligations consisted of the following for the year ended September 30, 2019:

	Outstanding 10/1/2018	Additions	Deletions	Outstanding 9/30/2019
Tax anticipation notes payable:				
General Fund	\$ 744,600	\$ 661,000	\$ 1,405,600	\$ -

Long-term Debt and Liabilities

City Governmental Activities’ Capital Leases – At September 30, 2019, the City is obligated under one capital lease for capital assets belonging to governmental activities.

During the year ending September 30, 2014, the City entered into a lease agreement for an Energy Savings Project which included the installation of a new roof and HVAC system for City Hall. The lease agreement qualifies as a capital lease for accounting purposes. The roof installation and HVAC system were purchased in the general fund in November of 2013. The original cost of the project was \$306,000 and the amount obtained from the capital lease was \$225,000. This year, \$9,000 was included in depreciation expense and \$37,500 in accumulated depreciation. The following is a schedule of the future minimum lease payments for the project:

Year	Principal	Interest	Total
2020	\$ 23,341	\$ 2,780	\$ 26,121
2021	24,060	2,061	26,121
2022	24,802	1,319	26,121
2023	25,566	555	26,121
2024	4,337	18	4,355
	\$ 102,106	\$ 6,733	\$ 108,839

City of Fort Valley, Georgia
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (continued)

City Business-type Activities' Capital Leases – On March 20, 2015, the City entered into a lease agreement with Oshkosh Capital for a freightliner purchased in the sanitation fund. The original cost of the freightliner was \$151,411. This year, \$18,926 was included in depreciation expense and \$66,242 in accumulated depreciation. The following is a schedule of the future minimum lease payments for the freightliner.

Year	Principal	Interest	Total
2020	\$ 32,080	\$ 950	\$ 33,030

On September 14, 2017, the City entered into a lease agreement with PNC Equipment Finance, LLC for a Front Loader purchased in the sanitation fund. The original cost of the front loader was \$244,833. This year, \$25,503 was included in depreciation expense and \$25,503 in accumulated depreciation. The following is a schedule of the future minimum lease payments for the front loader.

Year	Principal	Interest	Total
2020	\$ 48,919	\$ 4,801	\$ 53,720
2021	50,470	3,250	53,720
2022	52,069	1,651	53,720
\$	151,458	\$ 9,702	\$ 161,160

Main Street/DDA Notes Payable - On November 21, 2008, Main Street/DDA borrowed \$51,937 from SunMark Community Bank to pay off an earlier line of credit from CB&T Bank that was used to provide renovations to the Austin Theater. Payments of \$400 were due monthly until October 21, 2011, when the remaining principal of the loan became due. The interest rate on the loan was 5%. On October 21, 2011, Main Street/Downtown Development Authority obtained a loan renewal with SunMark Community Bank that kept the monthly payment at \$400 and the interest rate at 5% but extended the maturity until September 20, 2014. On September 4, 2012, Main Street/Downtown Development Authority obtained a line of credit from SunMark Community Bank that was used to replace the Austin Theater roof. The \$8,085.08 drawn on the line of credit was combined into the original loan and then renewed. The loan renewal with SunMark Community Bank kept the monthly payment at \$400 and interest rate at 5% but extended the maturity date to August 4, 2015. The loan was renewed on August 6, 2015 for 34 months at 5.01% with a maturity date of July 5, 2018. Payments will be \$400 monthly with a balloon payment of \$36,059.35 due on the maturity date. This loan was renewed again on August 27, 2018 for \$35,672. The renewal payments remained the same at \$400 per month for 34 months with an annual interest rate of 6.010%. The schedule below reflects the August 27, 2018 loan renewal.

City of Fort Valley, Georgia
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (continued)

Year	Principal		Interest		Total
2020	\$	2,899	\$	1,901	\$ 4,800
2021		29,901		1,430	31,331
	\$	32,800	\$	3,331	\$ 36,131

On June 29, 2015, Main Street/DDA agreed to be the conduit entity for a loan for Vantage Group to construct an apartment community. Main Street/DDA secured a loan in their name with Community and Southern Bank for \$199,907. The loan term is for 10 years at 4% interest with only interest payments due until July 2017 when principle payments of \$1,666.67 will be due on the 15th of each month with a balloon payment of \$70,258 due on the maturity date. Vantage Group will pay Main Street/DDA each month and Main Street/DDA will then pay Community and Southern Bank. The maturity date is June 29, 2025

Year	Principal		Interest		Total
2019	\$	20,000	\$	3,450	\$ 25,469
2020		20,000		2,960	24,980
2021		20,000		2,470	24,491
2022		20,000		1,980	24,002
2023-2025		70,000		2,920	72,920
	\$	150,000	\$	13,780	\$ 171,862

Main Street/DDA Intergovernmental Note Payable – On November 2, 2009, Fort Valley Main Street/Downtown Development Authority borrowed \$180,250 from SunMark Community Bank to pay for expenditures related to the renovation of a former high school to become the location for a future business school. One payment of interest and principal was due on November 2, 2010. The interest rate on the loan was 4.15%. Main Street/Downtown Development Authority obtained a loan renewal on November 11, 2010 by paying interest only. The loan renewal extended the maturity until May 2, 2011 with interest set at 5%. On May 2, 2011, Main Street/Downtown Development Authority again obtained a loan renewal by paying interest only. This loan renewal extended the maturity to May 2, 2014 with interest set at 5%. Semi-annual payments of \$11,588 were to be made in May and November of each year with the balance due at maturity. A balloon payment was due in May 2014.

The Utility Commission guaranteed the cost of certain architect plans and fees up to the amount of \$180,000 incurred by the Fort Valley Main Street Downtown Development Authority (City of Fort Valley, Georgia) relative to the renovation of the Fort Valley High School building on Knoxville Street in Fort Valley, Georgia. The proposed renovation would have housed the future School of Business Administration program at Fort Valley State University, which is a historically black State and Land-Grant Institution and a member of the University System of Georgia. Short-term financing, for which the Utility Commission has guaranteed repayment, has been provided by a local Community Bank. The project has been abandoned.

City of Fort Valley, Georgia
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (continued)

The Utility Commission did not guarantee the renewal of the note to SunMark Community Bank on behalf of the Fort Valley Main Street Downtown Development Authority. In consideration of the payment by the Utility Commission in the amount of \$147,550.67 SunMark Community Bank transferred, assigned and conveyed to the Utility Commission all of its right, title, and interest in, to and under the certain Promissory Note dated May 2, 2011, between Fort Valley Main Street Downtown Development Authority, as Promissor and SunMark Community Bank, as Promissee, on June 13th 2014.

The Fort Valley Main Street Downtown Development Authority paid the Utility Commission \$11,550.67 on August 19th 2014 and the two entities began negotiations to modify the terms of the note.

The Utility Commission reduced the Downtown Development Authority note by \$23,000 during fiscal year 2017.

Utility Commission Notes Payable – At September 30, 2018, the Utility Commission has five loans outstanding with the Georgia Environmental Finance Authority (GEFA) and two with the Georgia Environmental Loan Acquisition Corporation (GELAC).

GEFA Loan – DW97-027 – On May 19, 1999, the Utility Commission borrowed \$3.5 million in an interest free loan for water distribution system and wells. Payments are due quarterly with a final maturity date of February 1, 2021. Annual debt service requirements to amortize this loan as of September 30, 2019 follow:

Fiscal Year	Principal
2020 \$	163,454
2021	81,727
<u>\$</u>	<u>245,181</u>

GEFA Loan — DW97-027A – On May 19, 1999, the Utility Commission borrowed \$550,000 at a 3% interest rate for water distribution system and wells. Payments are due quarterly with a final maturity date of February 1, 2021. Annual debt service requirements to amortize this loan as of September 30, 2019 follow:

Fiscal Year	Principal	Interest	Total
2020 \$	37,164 \$	1,270 \$	38,434
2021	19,003	214	19,217
<u>\$</u>	<u>56,167 \$</u>	<u>1,484 \$</u>	<u>57,651</u>

City of Fort Valley, Georgia
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (continued)

GELAC Loan — 2006-L58WQ - On May 10, 2007 the Utility Commission received a loan commitment of \$920,000 at a 4.12% interest rate for a lift station and water and sewer lines in the Heritage Pointe Subdivision. Payments of \$5,171 are due monthly with a final maturity date of January 1, 2029. The construction loan went into repayment on February 1, 2009, in the amount of \$844,499.

Annual debt service requirements to amortize this loan as of September 30, 2019 follow:

Fiscal Year	Principal	Interest	Total
2020 \$	43,067 \$	18,986 \$	62,053
2021	44,911	17,142	62,053
2022	46,779	15,273	62,052
2023	48,744	13,309	62,053
2024-2028	276,184	34,079	310,263
2029	20,392	239	20,631
\$	480,077 \$	99,028 \$	579,105

GEFA Loan — DWSRF 04-004 – In fiscal year 2007, the Utility Commission drew down \$631,650 at a 1.9% interest rate for an elevated water storage tank at Peach County High School and water main system improvements to serve Rolling Hills Trailer Park. Payments of \$1,579 are due monthly with a final maturity date of September 1, 2028. During fiscal year 2008 the Utility Commission drew down \$513,350, to the maximum authorized borrowing of \$1,145,000. However, in fiscal year 2008, the Utility Commission received a \$500,000 GEFA DWSRF subsidy which was used to reduce the principal of this loan. The Utility Commission made a balloon payment of \$330,000 in fiscal year 2008. During fiscal year 2009 the construction loan went into repayment on October 1, 2008, in the amount of \$315,000.

Annual debt service requirements to amortize this loan as of September 30, 2019 follow:

Fiscal Year	Principal	Interest	Total
2020 \$	16,106 \$	2,838 \$	18,944
2021	16,420	2,524	18,944
2022	16,732	2,212	18,944
2023	17,053	1,891	18,944
2024-2028	90,277	4,424	94,701
\$	156,588 \$	13,889 \$	170,477

City of Fort Valley, Georgia
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (continued)

GELAC Loan – 2007-L42WQ – On December 14, 2008, the Utility Commission received a loan commitment of \$10,750,000 at 4.1% rate for 20 years for a reclamation facility, three sewage pump stations, force main sewer and gravity main sewer to serve east Peach County.

Payments of \$3,577 are due monthly with a final maturity date in 2030. During fiscal year 2008 the Utility Commission drew down \$1,815,208. During fiscal year 2009 the Utility Commission drew down \$6,445,045. During fiscal year 2010 the Utility Commission drew down \$912,965. On November 17, 2009 GEFA released the Utility Commission from the Debt Service Reserve account in accordance with Exhibit D of the loan contract. The item was waived in its entirety, retroactively to September 30, 2009.

The Utility Commission has received all of the \$7,500,000 from Peach County, Georgia for 2000 SPLOST funds allocated to it in the Intergovernmental Agreement. The Utility Commission made balloon payments with those funds during fiscal year 2009 totaling \$7,500,000. The Utility Commission made an additional balloon payment in August 2009 of \$588,000. Also, in fiscal year 2010, the Utility Commission made another balloon payment in November 2009 of \$500,000. During fiscal year 2010, the construction loan went into repayment in the amount of \$585,218.

Annual debt service requirements to amortize this loan as of September 30, 2019 follow:

Fiscal Year	Principal	Interest	Total
2020 \$	27,980 \$	14,946 \$	42,926
2021	29,149	13,777	42,926
2022	30,367	12,559	42,926
2023	31,636	11,291	42,927
2024-2028	179,145	35,489	214,634
2024-2028	78,997	3,280	82,277
\$	377,274 \$	91,342 \$	468,616

GEFA Loan — DW14001 – During fiscal year 2016, the Utility Commission was approved to borrow up to \$1,500,000 at a 1.03% interest rate in order to fund the Asbestos Water Main System project. During the current period, the Utility Commission received disbursements of \$478,936 from the total amount approved. During 2016 the Commission received disbursements of \$920,333. A subsidy in the amount of \$466,490 has been received thus far and applied to the principal balance of the disbursements. The unpaid principal balance was \$932,979 as of September 30, 2017 and \$613,689 as of September 30, 2016. The final draw was taken subsequent to year end in October 2017. The loan was converted from construction status to repayment status. Payments of \$4,612 are made monthly with a final maturity date is November 1, 2037. The loan went into repayment in the amount of \$962,315.

City of Fort Valley, Georgia
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (continued)

Annual debt service requirements to amortize this loan as of September 30, 2019 follow:

Fiscal Year	Principal	Interest	Total
2020	\$ 46,124	\$ 9,224	\$ 55,348
2021	46,601	8,747	55,348
2022	47,083	8,265	55,348
2023	47,571	7,777	55,348
2024-2028	245,340	31,400	276,740
2029-2033	258,301	18,440	276,741
2034-2038	225,643	4,973	230,616
	<u>\$ 916,663</u>	<u>\$ 88,826</u>	<u>\$ 1,005,489</u>

GEFA Loan — CW2016025 – During fiscal year 2017, the Utility Commission was approved to borrow up to \$1,000,000 at a 1.89% interest rate in order to fund the Speece Cone Superoxygenation System project. During the current period, the Utility Commission received disbursements of \$522,735 from the total amount approved. A subsidy in the amount of \$78,410 was received during fiscal year 2017 and applied to the principal balance of the disbursements. The unpaid principal balance was \$444,325 as of September 30, 2017. Payments of \$2,353.37 are made monthly with a final maturity date of March 1, 2038. The total unpaid principal balance was \$460,309 as of September 30, 2019.

Annual debt service requirements to amortize this loan as of September 30, 2019 follow:

Fiscal Year	Principal	Interest	Total
2020	\$ 20,087	\$ 8,154	\$ 28,241
2021	20,469	7,771	28,240
2022	20,860	7,381	28,241
2023	21,257	6,983	28,240
2024-2028	112,523	28,679	141,202
2029-2033	123,664	17,537	141,201
2034-2038	121,737	5,346	127,083
	<u>\$ 440,597</u>	<u>\$ 81,851</u>	<u>\$ 522,448</u>

City of Fort Valley, Georgia
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (continued)

Changes in Long-Term Debt – Changes in the City’s long-term obligations consisted of the following for the year ended September 30, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Net Pension Liability	\$ 1,537,021	\$ -	\$ 100,049	\$ 1,436,972	\$ -
Capital Leases	124,749	-	22,643	102,106	23,341
Employer Funded Death Benefit	183,572	-	-	183,572	-
Compensated Absences	165,813	-	13,296	152,517	-
	<u>\$ 2,011,155</u>	<u>\$ -</u>	<u>\$ 135,988</u>	<u>\$ 1,875,167</u>	<u>\$ 23,341</u>
Business-type activities					
Net Pension Liability	\$ 221,359	\$ -	\$ 6,639	\$ 214,720	\$ -
Capital Leases	262,112	-	78,574	183,538	80,999
Compensated absences	15,118	-	-	15,118	-
	<u>\$ 498,589</u>	<u>\$ -</u>	<u>\$ 85,213</u>	<u>\$ 413,376</u>	<u>\$ 80,999</u>
Main Street/DDA					
Loan Payable	\$ 288,936	\$ -	\$ 26,136	\$ 262,800	\$ -
Intergovernmental payable	57,500	-	-	57,500	-
	<u>\$ 346,436</u>	<u>\$ -</u>	<u>\$ 26,136</u>	<u>\$ 320,300</u>	<u>\$ -</u>
Utility Commission					
GEFA loan - DW97-027	\$ 408,635	\$ -	\$ 163,454	\$ 245,181	\$ 163,454
GEFA loan - DW97-027A	92,236	-	36,069	56,167	37,164
GELAC loan - 2006-L58WQ	521,438	-	41,344	480,094	43,080
GEFA loan - DWSRF 04-004	172,392	-	15,806	156,586	16,106
GELAC loan - 2007 L42WQ	404,132	-	26,858	377,274	27,980
GEFA loan - DW14-001	962,314	-	45,651	916,663	46,124
GEFA loan - CW2016-025	460,309	-	19,710	440,599	20,087
Compensated Absences	256,348	163,163	171,023	248,488	165,493
	<u>\$ 3,277,804</u>	<u>\$ 163,163</u>	<u>\$ 519,915</u>	<u>\$ 2,921,052</u>	<u>\$ 519,488</u>

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (continued)

All long-term obligations of the City’s governmental funds will be financed through future general fund expendable available financial sources as they become due. Principal and interest payments related to the City’s sanitation enterprise fund are financed from income derived from the operation of the sanitation program. The City’s compensated absences liability will be paid from the fund which the employees’ salaries are paid. Charges for services are used to retire the Utility Commission’s loans and capital leases. The Utility Commission’s compensated absences liability is retired from enterprise fund resources.

Note 4: PENSIONS

The City maintains a retirement plan for its employees and the Utility Commission maintains a separate retirement plan for its employees.

City Retirement Plan

Plan Description – The City contributes to the General Municipal Employees Benefit System (GMEBS), an agent multiple- employer pension plan administered by the Georgia Municipal Association. GMEBS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. The City Council established the benefit provisions and has the authority to amend these provisions through City ordinance. These benefit provisions were established by a City ordinance dated October 1, 1974. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information for the City. That report may be obtained by writing to Georgia Municipal Association, 201 Pryor Street, SW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

All full-time City employees (i.e. 30 hours per week) with one year of service are eligible to participate in the plan with benefits vesting after 10 years of service. The plan provides either:

Normal retirement benefit, whereas the employee retires at age 65 with five years of service. Early retirement benefit, whereas the employee retires at age 55 or older with ten years of service. City employees who retire at or after age 65 are entitled to an annual retirement benefit, payable monthly for life. Benefits are dependent upon such factors as the number of years of credited service and the employee’s final average earnings. The early retirement benefit is computed in the same manner as the normal benefits, reduced on an actuarially equivalent basis. The plan provides death benefits in the form of a lifetime pension to the beneficiary if death occurs prior to retirement.

At September 30, 2019, the pension plan membership consisted of the following:

<u>Plan Membership</u>	
Active participants	82
Vested terminated participants	19
Retired participants and beneficiaries	50
Total plan membership	151

City of Fort Valley, Georgia
Notes to Financial Statements

Note 4: PENSIONS (Continued)

City Retirement Plan (continued)

Contributions – The Plan is subject to minimum funding standards of the Public Retirement Systems Standards Law. The GMEBS Board of Trustees has adopted an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended September 30, 2018, the City’s recommended contribution rate was 11.25% of expected payroll. The City’s contribution to the plan for the year ended September 30, 2019 was \$307,678. Participants in the plan are not required to contribute.

Net Pension Liability – The City’s net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The actuarial date was January 1, 2018.

Actuarial assumptions. The total pension liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	2.75 percent, plus service based merit increases
Investment rate of return	7.50 percent

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females.

The actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 to June 30, 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best- estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of September 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Domestic equity	45.00%	6.40%
International equity	20.00%	7.40%
Real Estate	10.00%	5.10%
Global Fixed Income	5.00%	3.03%
Domestic Fixed Income	20.00%	1.75%
	<u>100.00%</u>	

City of Fort Valley, Georgia
Notes to Financial Statements

Note 4: PENSIONS (Continued)

Discount Rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at September 30, 2018	\$ 5,539,333	\$ 3,780,953	\$ 1,758,380
Changes for the year			
Service cost	87,081	-	87,081
Interest	407,136	-	407,136
Differences between expected and actual experience	49,402	-	49,402
Contributions - employer	-	302,514	(302,514)
Contributions - employee	-	-	-
Net investment income	-	370,538	(370,538)
Benefit payments, including refunds of employee contributions	-	(395,875)	395,875
Administrative expense	-	(22,745)	22,745
Net changes	543,619	254,432	289,187
Balances at September 30, 2019	\$ 6,082,952	\$ 4,035,385	\$ 2,047,567

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's net pension liability - General Employees	\$ 2,324,079	\$ 1,651,692	\$ 1,091,157

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

City of Fort Valley, Georgia
Notes to Financial Statements

Note 4: PENSIONS (Continued)

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

For the year ended September 30, 2019, the City recognized pension expense of \$307,210. At September 30, 2019, the City reported deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 277,634	\$ -
Changes of assumptions	44,223	-
Net difference between projected and actual earnings on pension plan investments	-	(222,673)
Total	\$ 321,857	\$ (222,673)

There were no City contributions subsequent to the measurement date. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the years ending September 30,

2020	\$	81,416
2021		2,035
2022		24,117
2023		(8,384)
2024		-
Total	\$	99,184

Utility Commission Retirement Plan

Plan Description – The Utility Commission’s defined benefit pension plan, the Fort Valley Utility Commission Retirement Plan (the Plan), provides retirement, disability and death benefits to Plan members and beneficiaries. The Plan is a non-contributory defined benefit plan, which is affiliated with the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. The authority for establishing and amending benefits rests with the Utility Commission’s Board of Commissioners. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. The report may be obtained from: Georgia Municipal Employees Benefit System, 201 Pryor Street, SW, Atlanta, Georgia 30303.

City of Fort Valley, Georgia
Notes to Financial Statements

Note 4: PENSIONS (Continued)

Utility Commission Retirement Plan (continued)

Eligibility requirements are one year of service for all employees. The Plan allows for early retirement at age 55 if the employee has ten years of service. Normal retirement is at age 65 with five years of service. Benefits are dependent upon factors such as the number of years of credited service to the Utility Commission and the employee's final average earnings. Beginning January 1, 2003 employees' benefits vest at 50 percent after five years and 10 percent of additional vesting takes place each year thereafter until reaching 100% after ten years of service. These benefit provisions were established by a City ordinance dated September 26, 1974. The Utility Commission's plan was separated from the City's plan as of October 1, 1990.

At September 30, 2019, the plan had 51 active employees, 9 vested former employees, and 35 retired participants or beneficiaries currently receiving benefits. At September 30, 2018, the plan had 49 active employees, 7 vested former employees, and 34 retired participants or beneficiaries currently receiving benefits.

Contributions – Required contributions are determined by the GMEBS based on actuarial calculations performed by an independent actuary. The actuarially-determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Commission's recommended contribution rate for the year ended September 30, 2019 was 9.16 percent of covered payroll. The Commission's recommended contribution to the plan for the year ended September 30, 2019 was \$263,504. Participants in the plan are not required to contribute.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At September 30, 2019, the Commission reported a net pension liability of \$503,294. The net pension liability was measured as of September 30 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The actuarial date was January 1, 2019.

For the year ended September 30, 2019, the Commission recognized pension expense of \$59,843. At September 30, 2019, the Commission had deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 69,282	\$ (170,379)
Changes of assumptions	69,478	-
Net difference between projected and actual earnings on pension plan investments	-	(465,155)
Contributions made subsequent to measurement date	263,504	
Total	\$ 402,264	\$ (635,534)

City of Fort Valley, Georgia
Notes to Financial Statements

Note 4: PENSIONS (Continued)

Utility Commission Retirement Plan (continued)

The Authority's contributions subsequent to the measurement date of \$235,879 and \$263,504 are reported as deferred outflows of resources and will be recognized as a reduction to the net pension liability in the years ending September 30, 2018 and 2019. Other amounts reported as deferred outflows and inflows of resources will be recognized in pension expense as follows:

For the years ending September 30,

2020	\$ (57,687)
2021	(203,218)
2022	(197,735)
2023	(38,134)
Total	\$ (496,774)

Actuarial Assumptions – The total pension liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases (including inflation)	3.25%
Net Investment Rate of Return	7.50%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females. The actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – June 30, 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Domestic equity	45.00%	6.40%
International equity	20.00%	7.40%
Real Estate	10.00%	5.10%
Global Fixed Income	5.00%	3.03%
Domestic Fixed Income	20.00%	1.75%
	<u>100.00%</u>	

City of Fort Valley, Georgia
Notes to Financial Statements

Note 4: PENSIONS (Continued)

Utility Commission Retirement Plan (continued)

Discount Rate – The discount rate used to measure the total pension liability as of September 30, 2019 was 7.50. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability – Changes in the Commission’s net pension liability for the year ended September 30, 2019 were as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at September 30, 2018	\$ 8,850,576	\$ 7,878,305	\$ 972,271
Changes for the year			
Service cost	113,091	-	113,091
Interest	651,391	-	651,391
Differences between expected and actual experience	(227,170)	-	(227,170)
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - employer	-	254,108	(254,108)
Contributions - employee	-	-	-
Net investment income	-	769,539	(769,539)
Benefit payments, including refunds of employee contributions	(556,920)	(556,920)	-
Administrative expense	-	(17,358)	17,358
Net changes	(19,608)	449,369	(468,977)
Balances at September 30, 2019	\$ 8,830,968	\$ 8,327,674	\$ 503,294

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability	\$ 1,430,202	\$ 503,294	\$ 285,881

City of Fort Valley, Georgia
Notes to Financial Statements

Note 4: PENSIONS (Continued)

Utility Commission Retirement Plan (continued)

Benefit Changes – Effective January 1, 2015, the plan was amended to provide for immediate participation for employees. This change had no impact on service credited under the plan and has no impact on benefits.

Plan Fiduciary Net Position – Detailed information about the plan’s fiduciary net position is available in the separately issued GMEBS financial report. That report may be obtained by writing to the Georgia Municipal Association or by calling (404) 688-0472.

Note 5: NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets on the City-wide statement of net position as of September 30, 2019 is as follows:

	Governmental Activities	Business-type Activities	Total
Capital assets (net)	\$ 5,759,917	\$ 265,657	\$ 6,025,574
Outstanding debt related to capital assets	102,106	183,538	285,644
Net investment in capital assets	\$ 5,862,023	\$ 449,195	\$ 6,311,218

Note 6: FUND EQUITY

Restricted - The following fund balances are restricted for:

General Fund

Public safety technology \$ 102,415

Capital Projects Fund:

Special Local Option Sales Tax (SPLOST) Fund
used to account for capital projects financed
with SPLOST \$ 2,454,096

Assigned - The following fund balances are assigned to:

General Fund

Contingencies \$ 300,975

Other Governmental Funds

Other - hotel/motel tax \$ 7,249

Note 7: CONTRACT COMMITMENTS –UTILITY COMMISSION

The Utility Commission has commitments for contracts with four governmental organizations.

Municipal Electric Authority of Georgia – The Utility Commission has contracted for a period not to exceed 50 years, to purchase all of its electric power from the Municipal Electric Authority of Georgia (MEAG). MEAG agrees to provide the generating capacity necessary for reliable and economical power for the Utility Commission’s needs.

MEAG has issued bonds for the purpose of building generation, transmission, and telecommunications facilities. Each participant, such as the Utility Commission, is contingently liable for their pro rata share of the bonds as a power purchase cost until they are retired. The Utility Commission’s contingent contractual obligation varies by individual MEAG project and totals approximately \$63,656,983 at September 30, 2018. The contingent obligations are general obligations of the Utility Commission and the City to which the City’s full faith, credit and taxing powers are pledged.

On April 12, 1999 the Utility Commission adopted the provisions of a Municipal Competitive Trust agreement with MEAG. Under the agreement, MEAG established the Trust for the mutual benefit of MEAG and its wholesale customers (the participating Cities). The Trust was created to provide a means of accumulating funds to mitigate the expected differential between market rates for power and the associated costs of generating that power after the anticipated deregulation of the electric industry. The Trust provides for three types of accounts that are held by the trustee in the name of the Utility Commission.

The flexible operating trust account includes funds that are available for withdrawal at the discretion of the Utility Commission. This amount is included in investments and totals \$3,758,080 at September 30, 2018. The two additional accounts created were the credit support operating trust account and the reserve funded debt trust account. The funds in the credit support operating trust account can only be used to offset rate increases exceeding certain criteria and for loans for capital improvements that will reduce future operating costs.

The funds in the reserve funded debt trust account can only be used for charges related to MEAG’s bond obligations. The balances in the credit support operating trust account and the reserve funded debt trust account at September 30, 2018 were \$0 and \$100,401, respectively. Due to the restrictions on the use of these two accounts, they are not presented on the comparative statement of net position.

Credits from the Municipal Competitive Trust for Power Supply Year 2014. In accordance with the First Amendment of the Municipal Competitive Trust, MEAG Power withdrew funds from the credit support operation account and the reserve funded debt account on behalf of the Participants for the purpose of lowering the annual generation charges for the period of January 1, 2009 through December 31, 2018. The annual amount for the Utility Commission for 2009 was \$1,202,727. The annual amount for the Utility Commission for 2010 was \$1,157,508. The annual amount for the Utility Commission for 2011 was \$1,387,086. The annual amount for the Utility Commission for 2012 was \$769,170. The annual amount for the Utility Commission for 2013 was \$1,463,662. The annual amount for the Utility Commission for 2015 was \$1,183,043. The annual amount for the Utility Commission for 2016 was \$1,038,756. The annual amount for the Utility Commission for 2017 is \$662,190 and for 2018 was \$432,326.

In accordance with the Second Amendment of the Municipal Competitive Trust, effective August 10, 2009, MEAG Power amended the restrictions and broadened the circumstances under which a Participant may withdraw funds from the New Generation Trust, which was established earlier in 2009 to provide for the future funding of the construction of new power generation facilities, including, but not limited to the Plant Vogtle expansion project. The voluntary funding of the New

City of Fort Valley, Georgia Notes to Financial Statements

Note 7: CONTRACT COMMITMENTS –UTILITY COMMISSION (Continued)

Generation Trust by Participants will improve the overall credit rating of MEAG Power in the municipal bond market, both now and in the future. The Generation Trust Account is displayed as a restricted investment asset in the comparative statement of net position. The amount was \$1,401,924 for 2018.

Georgia Public Web Membership – The Utility Commission and other members of MEAG’s telecommunication project created Georgia Public Web (a Georgia not-for-profit corporation) to provide internet and telecommunication services to customers in Georgia. On October 10, 2000 the Utility Commission signed a 50-year commitment to pay each month a proportionate share of the difference between Georgia Public Web’s budgeted costs and revenues. The Utility Commission’s proportionate share is 2.315% at September 30, 2018. The contingent obligations are general obligations of the Utility Commission and the City to which the City’s full faith, credit and taxing powers are pledged. However, in fiscal year 2008, the Utility Commission advance paid their total commitment (Georgia Public Web telecom debt issued on April 3, 2003).

Municipal Gas Authority of Georgia – The Utility Commission has entered into a contract for the purchase of wholesale natural gas supplies and related services with the Municipal Gas Authority of Georgia (MGAG) that requires the Utility Commission to purchase all of its natural gas from MGAG, other than any supplies that were under contract for delivery to the Utility Commission at the time of the execution of the contract with MGAG. The gas supply contract with MGAG authorizes MGAG to establish rates and charges so as to produce revenues sufficient to cover its operating costs and retire its bonds issued to acquire long-term gas supplies for sale to its members, including the Utility Commission. In the event that revenues are insufficient to cover all costs and retire bonds issued by MGAG, the Utility Commission is obligated to pay its share of the costs of the gas supply and related services MGAG provides to the Utility Commission, which costs include amounts equal to principal of and interest on MGAG’s bonds.

The contingent obligations, which extend through the year 2058, are general obligations of the Utility Commission and the City to which the City’s full faith, credit and taxing powers are pledged. The obligation to MGAG for gas supply costs are based on MGAG’s costs to provide such supply, including bonds issued to purchase long-term gas supplies.

The Utility Commission is contingently liable for their pro-rata share of the debt. The Utility Commission’s contingent contractual obligation total approximately \$2,832,204 at September 30, 2018. On December 12, 2002 an intergovernmental agreement was made between the Utility Commission and the City of Fort Valley related to the MGAG contract. Under this agreement, in the event of any required payments pursuant to the provisions of the Gas Supply Contract the payments shall be made first by the Utility Commission from its revenues and assets before any required payments are made by the City of Fort Valley.

USDA Rural Development – On April 15, 2011, the Utility Commission committed to participate in a project with the USDA Rural Development to add a 500,000 gallon elevated storage tank on the campus of Fort Valley State University, a new well and a chemical feed building. The USDA Rural Development will loan the Utility Commission an amount not to exceed \$2,387,000 and will award a grant for the project for \$1,848,000. The loan will be repayable over 40 years at an interest rate of 3.75%. The monthly payment is estimated at \$9,620. On April 15, 2012, the USDA Rural Development granted an extension until October 15, 2012. On October 15, 2012 the USDA Rural Development granted a second extension until April 15, 2013. At that time an additional 60 day extension was approved. As of November 13, 2014 plans and specifications have been approved by USDA. The status of the legal services agreement, preliminary title opinion, updated litigation and judgment agreement and lease agreement with the City of Fort Valley are all open. After no activity on the project for 2015 and 2016, the project was rebid in 2017 with anticipation that construction would begin in 2018-2019.

City of Fort Valley, Georgia
Notes to Financial Statements

Note 8: RISK MANAGEMENT

Both the City and the Utility Commission are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and, natural disasters. The City purchases commercial insurance to cover automobile, property and liability coverage. The City manages its risk of potential loss from injuries to employees by participating in the Workers' Compensation Self-Insurance Fund (WCSIF), public entity risk pools currently operating as common risk management and insurance programs for member local governments. The Georgia Municipal Association (GMA) administers both risk pools.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is to allow the pool's agents and attorneys to represent them in investigation, settlement discussions and all levels of litigation arising out of any claim made against them within the scope of loss protection provided by the funds. The funds are to defend and protect the members of the funds against any liability or loss as prescribed in the member governments' contracts and in accordance with the workers' compensation laws of Georgia. The funds are to pay all costs assessed to its members in any legal proceeding defended by the members, all interest accruing after entry of judgment and all expenses incurred for investigation, negotiation or defense.

The City is self-insured for the first \$30,000 in medical claims of each person covered by the health insurance plan. The City has a reinsurance policy that covers medical claims greater than \$30,000. Liabilities include claims incurred but not reported. These liabilities are allocated between the general fund and the sanitation fund.

Claim liabilities are calculated using recent claim settlement trends as well as payments made after year-end for services rendered prior to year-end. Changes in the balances of claims liabilities during the past three years are as follows:

Date	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Fiscal Year Liability
2017	\$ 63,183	\$ 847,020	\$ 834,116	\$ 76,087
2018	76,087	665,971	694,621	47,437
2019	47,437	921,486	860,661	108,261

There were no significant reductions in insurance coverage from prior year, and there have been no settlements that exceed the City's insurance coverage during the past three years.

Utility Commission Risk Management

The Utility Commission maintains third party coverage for claims arising from property and casualty claims, general liability claims, and medical claims.

There were no significant reductions in insurance coverage from the prior year, and there have been no settlements that exceed the Utility Commission's insurance coverage during the past three years.

Note 9: CONTINGENT LIABILITIES

The City, the Utility Commission, and Main Street/DDA have received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement to the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the City, the Utility Commission and Main Street/DDA believe such disallowances, if any, will be immaterial.

Utility Commission Contingent Liability

The Utility Commission has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement to the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the Utility Commission believes such disallowances, if any, will be immaterial.

The Utility Commission was not a defendant in any lawsuits at September 30, 2018. In the opinion of the Utility Commission's management, there are no legal contingencies which will have a material effect on the financial position of the Utility Commission in subsequent years.

Note 10: ENVIRONMENTAL REMEDIATION

In 2003, the Georgia Department of Natural Resources placed the Vienna Street Dump on the Hazardous Site Inventory and held the City of Fort Valley to be the responsible party. The Vienna Street Dump was placed on the Hazardous Site Inventory because the site has a known release of arsenic exceeding the reportable quantity. The Georgia Environmental Protection Division requires the City of Fort Valley to complete a Compliance Status Report, wherein the City will investigate the source of contamination and propose a Corrective Action Plan to remediate the contamination. As of September 30, 2019, the City had not completed the Compliance Status Report. It is therefore not possible to estimate the costs of remediation, either for the completion of the Compliance Status Report or the execution of the Corrective Action Plan. There may also be other responsible parties discovered through the investigation of the Compliance Status Report that could defray some or all of the environmental remediation liability. The amount of these recoveries, if any, can also not be estimated as of September 30, 2019.

Note 11: RELATED ORGANIZATIONS

The Housing Authority of the City of Fort Valley is a public body and a body corporate and politic created under the authority of the General Statutes of Georgia. The Authority was created for the purpose of providing safe and sanitary housing for the low income citizens of the City. The Mayor of Fort Valley appoints the Authority's five-member Board of Commissioners to five year terms. However, the Authority designates its own management and has the power to approve its own budget and maintain its own accounting system. The City provides no financial support to the Authority and is not responsible for the debts or entitled to the surpluses of the Authority.

Note 12: JOINT VENTURES

The City participates in the Middle Georgia Regional Commission (RC). Membership in a RC is required by Code of Georgia 50-8-34, which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the Chief elected official of each county and municipality of the area. OCGA 50-8-39-1 also provides that the member governments are liable for any debts or obligations of a RC beyond its resources. Financial statements for the Middle Georgia Regional Commission may be obtained from: Middle Georgia Regional Commission, 175 C Emery Highway, Macon, Georgia 31217.

City of Fort Valley, Georgia
Notes to Financial Statements

Note 13: HOTEL MOTEL TAX

The City has levied a 5% lodging tax. A summary of the transactions for the year ended September 30, 2019 follows:

<u>Lodging tax receipts</u>	\$	<u>11,594</u>
<u>Required expenditures</u>	\$	<u>4,638</u>
<u>Actual expenditures</u>	\$	<u>8,309</u>

Note 14: PRIOR PERIOD ADJUSTMENT

The following changes have been made to the beginning fund balance of the General Fund as summarized below:

		General Fund
<u>Fund balance, September 30, 2018,</u> as previously reported	\$	<u>1,855,050</u>
<u>Prior period adjustment to correct various misstatements</u>		<u>(1,040,066)</u>
<u>Fund balance, September 30, 2017, as restated</u>	\$	<u>814,984</u>

Beginning net position as September 30, 2018, for Governmental Activities for the government-wide financial statements have been decreased by the same \$1,040,066 indicated above.

Note 15: SUBSEQUENT EVENTS - UTILITY COMMISSION

The Superior Court of Peach County, Georgia determined, on December 17, 2019, that the Utility Commission was vested with the legal authority to provide direction to MEAG Power with respect to the distribution of the remaining funds contained in Fort Valley’s sub-account within the Municipal Competitive Trust as well as the year-end-settlement funds and the proceeds of off-system sales. Civil Action File No. 18-V-0232

USDA Water System Improvement Project - The USDA Water System Improvement Project to serve Fort Valley State University was rebid and contracts A, B, and C were awarded by the Utility Commission on March 9, 2020. The original budget approved on April 15, 2011 was \$4,973,890. The new budget, based on the current awards, is \$4,973,890, an increase of \$738,890. Funding for the cost overrun will come from the Utility Commission’s reserves.

New Peach County High School - The Utility Commission was awarded the bid to serve power to the new Peach County High School. The Utility Commission will serve the new school with electric, water, wastewater, gas, and telecom services. The current project budget, all services combined, is \$2,294,968. Funding Source: GEFA loans and Contribution from Peach County Board of Education of 50% wastewater cost, up to \$750,000.

**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

City of Fort Valley, Georgia
Required Supplementary Information
Schedule of Changes in Net Pension Liability

<i>As of and for the year ended September 30,</i>	2019	2018	2017	2016	2015
Total Pension Liability					
Service cost	\$ 87,081	\$ 96,444	\$ 89,621	\$ 78,088	\$ 73,545
Interest	407,136	390,983	362,832	339,038	332,648
Difference between expected and actual experience	49,402	117,201	260,977	186,530	(42,622)
Changes of assumptions	-	-	-	-	(16,680)
Changes of benefit terms	-	-	-	24,284	48,214
Other	-	73,704	-	-	-
Benefit payments, including refunds of member contributions	(395,875)	(367,869)	(332,517)	(309,342)	(315,967)
Net change in total pension liability	147,744	310,463	380,913	318,598	79,138
Total pension liability - beginning	5,539,333	5,228,870	4,847,957	4,529,359	4,450,221
Total pension liability - ending (a)	5,687,077	5,539,333	5,228,870	4,847,957	4,529,359
Plan Fiduciary Net Position					
Contribution - employer	302,514	235,918	183,492	207,960	224,278
Contribution - employee	-	-	-	-	-
Net investment income	370,538	505,764	355,019	41,598	346,833
Benefit payments, including refunds of member contributions	(395,875)	(367,869)	(332,517)	(309,342)	(315,967)
Administrative expense	(22,745)	(24,405)	(10,467)	(12,317)	(10,075)
Net change in plan fiduciary net position	254,432	349,408	195,527	(72,101)	245,069
Plan fiduciary net position - beginning	3,780,953	3,431,545	3,236,018	3,308,119	3,063,050
Plan fiduciary net position - ending (b)	4,035,385	3,780,953	3,431,545	3,236,018	3,308,119
Net pension liability - ending (a) - (b)	\$ 1,651,692	\$ 1,758,380	\$ 1,797,325	\$ 1,611,939	\$ 1,221,240
Plan fiduciary net position as a percentage of the total pension liability	70.96%	68.26%	65.63%	66.75%	73.04%
Covered payroll	\$ 2,588,041	\$ 2,680,344	\$ 2,591,285	\$ 2,493,731	\$ 2,112,793
Net pension liability as a percentage of covered payroll	63.82%	65.60%	69.36%	64.64%	57.80%

Note 1: GASB Codification P20 requires information for 10 years. However, until a full 10-year trend is compiled, the City is presenting information for only the years for which information is available.

**City of Fort Valley, Georgia
Required Supplementary Information
Schedule of Contributions**

<i>As of and for the year ended September 30,</i>	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 307,678	\$ 282,583	\$ 239,168	\$ 200,173	\$ 207,956
Contributions in relation to the actuarially determined contributions	256,398	302,514	235,918	183,492	207,960
Contribution deficiency (excess)	\$ 51,280	\$ (19,931)	\$ 3,250	\$ 16,681	\$ (4)
Covered payroll	\$ 2,588,041	\$ 2,680,344	\$ 2,591,285	\$ 2,493,731	\$ 2,112,793
Contributions as a percentage of covered payroll	11.89%	10.54%	9.10%	7.36%	9.84%

Notes to Schedule

GASB Codification P20 requires information for 10 years. However, until a full 10-year trend is compiled, the City is presenting information for only the years for which information is available.

Valuation Date: The actuarially determined contribution was determined as of January 1, 2019, with an interest adjustment to the fiscal year.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 10 years
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Actuarial Assumptions:	
Net Investment Rate of Return	7.50%
Projected Salary Increases	2.75% plus service based merit increases
Cost of Living Adjustments	0.00%

SUPPLEMENTARY INFORMATION

City of Fort Valley, Georgia
Combining Balance Sheet - Nonmajor Funds

<i>September 30, 2019</i>	Hotel/Motel Tax	CHIP Grant 2014-911	2018 CDBG	Total Non-major Funds
Assets				
Cash and cash equivalents	\$ 7,105	\$ 107	\$ 70	\$ 7,282
Receivables:				
Hotel/Motel taxes	779	-	-	779
Total assets	\$ 7,884	\$ 107	\$ 70	\$ 8,061
Liabilities and Fund Balance				
Liabilities				
Accounts payable	\$ 635	\$ -	\$ -	\$ 635
Interfund payable	-	-	100	100
Total liabilities	635	-	100	735
Fund balances				
Restricted	-	107	(30)	77
Assigned	7,249	-	-	7,249
Total fund balances	7,249	107	(30)	7,326
Total liabilities and fund balances	\$ 7,884	\$ 107	\$ 70	\$ 8,061

City of Fort Valley, Georgia

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance -
Nonmajor Funds**

<i>For the year ended September 30, 2019</i>	Hotel/Motel Tax	CHIP Grant 2014-911	2018 CDBG	Total Non-major Fund
Revenues				
Hotel/motel taxes	\$ 11,594	\$ -	\$ -	\$ 11,594
Total revenues	11,594	-	-	11,594
Expenditures				
Current:				
Housing and development	3,046	-	-	3,046
Total expenditures	3,046	-	-	3,046
Excess (deficiency) of revenues over (under) expenditures	8,548	-	-	8,548
Other Financing Sources (Uses)				
Transfers out	(5,263)	-	-	(5,263)
Net other financing sources (uses)	(5,263)	-	-	(5,263)
Net change in fund balances	3,285	-	-	3,285
Fund balances, beginning of year	3,964	107	(30)	4,041
Fund balances, end of year	\$ 7,249	\$ 107	\$ (30)	\$ 7,326

REPORT ON INTERNAL CONTROL AND COMPLIANCE MATTERS



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

To the Honorable Mayor and City Council
City of Fort Valley, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Fort Valley, Georgia, (the "City") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 13, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2019-001, 2019-002, 2019-003, 2019-004, 2019-005, and 2019-007 to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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* and which are described in the accompanying schedule of findings and responses as item 2019-006.

City of Fort Valley, Georgia's Response to Findings

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

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Enterprise, Alabama

October 13, 2023

City of Fort Valley, Georgia
Schedule of Findings and Responses
For the Year Ended September 30, 2019

2019-001 Segregation of Duties

Criteria - Duties should be segregated between employees so that the responsibility for authorizing transactions, recording transactions, reconciling transactions and maintaining custody of assets are assigned to different personnel in order to prevent and/or detect unauthorized use of assets.

Condition - Certain employees who authorize transactions also record transactions in the accounting records.

Cause - The lack of segregation of duties is due to the limited number of employees that are trained to work on financial records.

Effect of Condition - Failure to properly segregate between authorization, recording, receipt/distribution, and reconciliation of accounts can result in errors, omissions, and material misstatement of financial records and reports.

Recommendation - To the extent possible, given the availability of personnel, steps should be taken to separate employee duties so that no one individual has authority to approve transactions, access to both physical assets and the related accounting records, or to all phases of the transaction.

Views of Responsible Officials and Planned Corrective Action – In 2019, the City of Fort Valley had a lack of trained staff. In October 2022, the City Administration reviewed staffing and determined that adequate staffing was in place to segregate the financial duties. It was further determined that particular duties needed to be specifically assigned to individuals to obtain a separation of financial duties. The following changes were instituted to achieve the goals of segregation of duties. The Mayor, City Administrator, Mayor Pro-tem, and One City Councilmember are designated to sign checks. The Financial Officer is tasked with writing checks. The Payables Clerk and Department Administrative Assistants are tasked with processing invoices. Department heads are tasked with reviewing the invoices before being sent to administration for final processing. Staff is qualified and trained to perform the duties assigned and this should appropriately separate and segregate the financial duties to avoid the concentration of duties to allow one individual to improperly take advantage of the system.

2019-002 Material Audit Adjustments

Criteria – The requirement is for the City to prepare their financial statements in accordance with generally accepted accounting principles. (GAAP).

Condition - Material adjustments to the financial records had to be proposed by the auditors in order for the financial statements to conform to GAAP.

City of Fort Valley, Georgia
Schedule of Findings and Responses
For the Year Ended September 30, 2019

Cause - Adjustments were necessary for the City prepared financial statements to be in accordance with GAAP due to a lack of trained personnel.

Effect - Financial statements are not in conformity with GAAP prior to adjustment.

Recommendation - While we realize it would not likely be financially feasible to implement the procedures necessary to eliminate all proposed audit adjustments, we recommend striving to reduce the number of adjustments needed as much as possible.

Views of Responsible Officials and Planned Corrective Action – The City of Fort Valley has since put in place educated and trained individuals capable of making on-going audit adjustments to minimize the amount of end of the year audit adjustments.

2019-003 Recording of Receivables and Internal Activity

Criteria - Generally accepted accounting principles require consideration of the collectability of receivables of all kinds, whether external or internal to the City. Internal controls should be in place to provide reasonable assurance that interfund transactions are properly recorded.

Condition - The general fund pays many expenditures for other funds. Activity between funds were not properly recorded.

Cause of Condition - The City's internal controls were not sufficient to identify interfund accounts that did not balance. The City lacked appropriate controls necessary to record all of the necessary interfund activity.

Effect of Condition - Audit adjustments were needed to correctly balance the interfund accounts.

Recommendation - We recommend the City review interfund accounts to ensure they are properly recorded and balanced for all funds as appropriate, and all interfund accounts be reconciled on a monthly basis.

Views of Responsible Officials and Planned Corrective Action – With the onboarding of the financial officer and payables clerk, there is now adequate staff to record interfund activity accurately and in a timely manner.

2019-004 Reconciliation of Bank Accounts

Criteria – Internal controls should be designed to ensure all bank accounts are properly and accurately reconciled on an monthly basis.

City of Fort Valley, Georgia
Schedule of Findings and Responses
For the Year Ended September 30, 2019

Condition - Bank accounts were not reconciled on a timely basis and required material adjustments for the fiscal year ending September 30, 2019.

Cause of Condition – City personnel did not possess the professional skills, technical expertise, and knowledge necessary to properly reconcile the bank accounts in a timely manner.

Effect of Condition - Failure to reconcile bank statements monthly and timely could result in misstatements without the City's knowledge, and losses could occur due to not detecting bank statement errors within the allotted time period established by the bank.

Recommendation -We recommend for all bank accounts to be reconciled and reviewed on a monthly basis and additional training be provided to reduce posting errors.

Views of Responsible Officials and Planned Corrective Action – Bank account reconciliation is a major step to avoiding errors and misstatements. With timely account reconciliation the City of Fort Valley financial position is more likely to be stated in a true and sound way. Staff has been brought on board and trained to perform this needed and required task to give materially accurate data to the Fort Valley City Council to oversee the correct monthly numbers needed judge the financial operations.

2019-005 Lack of Qualifications and Training to Prepare Year-End Financial Statements

Criteria - Deficiencies in the design of controls exist when personnel or management lack the qualifications and training to prepare year-end financial statements in accordance with GAAP.

Condition - The City has not properly recorded expenditures, revenue, accruals, liability and asset balances correctly or prepared monthly financial reports in order to review and evaluate the financial health of the City.

Cause of Condition - City personnel did not possess the professional skills, technical expertise, and knowledge necessary to follow generally accepted accounting principles and governmental accounting standards on guidance for municipalities.

Effect of Condition - Material corrections and adjustments to the City's financial records were necessary for proper financial statement presentation.

Recommendation - We recommend management consider additional training to provide the accounting staff with the necessary skills to detect and correct misstatements in the financial records.

Views of Responsible Officials and Planned Corrective Action – By increasing the qualification and training of the staff involved in financial and accounting operations, the City of Fort Valley will be able to identify and correct misstatements in the financial records of the City.

City of Fort Valley, Georgia
Schedule of Findings and Responses
For the Year Ended September 30, 2019

2019-006 Noncompliance with Official Code of Georgia, Section 48-8-12(a)(I)

Criteria - The Official Code of Georgia (OCGA), Section 48-8-12(a)(I), states that SPLOST proceeds shall be kept in a separate account from other funds of the City. The OCGA also states that the funds shall not in any manner be commingled with other City funds prior to their expenditure.

Condition - The City's General Fund owed \$22,965 to the 2015 SPLOST fund.

Cause of Condition - The City did not have adequate internal controls to ensure the proper recording of the SPLOST proceeds.

Effect of Condition - The City did not comply with state law that prohibits commingling of SPLOST funds.

Recommendation - We recommend that the City review this section of the OCGA to ensure that SPLOST proceeds are properly segregated and reported in the correct fund.

Views of Responsible Officials and Planned Corrective Action – By hiring of professional staff to fill senior positions, properly vetted by background checks to ensure education, training and experience the City of Fort Valley has moved to minimize non-compliance with Official Code of Georgia, Section 48-8-12(a)1. Staff would be able to research the laws with respect to SPLOST and know that a separate account is required for each SPLOST. Staff would further understand the limitations regarding SPLOST spending. SPLOST expenditures will be properly handled and banked moving forward.

2019-007 Fort Valley Main Street / Downtown Development Authority – Segregation of Duties

Criteria - Duties should be segregated between employees so that the responsibility for authorizing transactions, recording transactions, reconciling transactions and maintaining custody of assets are assigned to different personnel in order to prevent and/or detect unauthorized use of assets.

Condition - Fort Valley Main Street/Downtown Development Authority had only one full-time employee and one part-time employee.

Cause of Condition - The Executive Director position was filled; however, the Authority is operating with only the Executive Director and one part-time employee.

Effect of Condition - Failure to properly segregate between authorization, recording, receipt, distribution, and reconciliation of accounts can result in intentional or unintentional errors that could occur without being promptly detected.

City of Fort Valley, Georgia
Schedule of Findings and Responses
For the Year Ended September 30, 2019

Recommendation - To the extent possible, given the availability of personnel, steps should be taken to separate employee duties so that no one individual has access to both physical assets and the related accounting records, or to all phases of the transaction.

Response/Corrective Action Plan - Fort Valley Main Street is no longer a viable activity for the City of Fort Valley and as such does not need a current corrective action plan. City of Fort Valley DDA has issues with segregation of duties. Proper training of a DDA member and employee will provide knowledge to avoid some of the segregation issues. When properly following the DDA Bylaws requiring 2 signatures from the elected officers, this avoids a single individual from being able to authorize a check for spending.