



**City of Fort Valley, Georgia**

**FINANCIAL STATEMENTS**

**September 30, 2020**

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## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Financial Statements**

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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents, except for a certain component unit audited by other auditors as noted in the first paragraph of the Auditor's Responsibilities section below.

### **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.

### **Auditor's 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 97.2 percent, 96.8 percent, and 97.9 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.

### **Summary of Opinions**

<b>Opinion Unit</b>	<b>Type of Opinion</b>
Governmental Activities	Unmodified
Bussiness-type Activities	Unmodified
Aggregate Discretely Presented Component Units	Unmodified
General Fund	Unmodified
2008 SPLOST Fund	Unmodified
2015 SPLOST Fund	Modified
Sanitation Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

### ***Basis for Qualified Opinion on 2015 SPLOST Fund Information***

Because of the inadequacy of accounting records, we were unable to obtain sufficient appropriate audit evidence for certain expenditures related to the 2015 SPLOST fund reported as a major governmental fund. The supporting documentation for two expenditure transactions could not be provided and, therefore, sufficient appropriate audit evidence could not be obtained. The total amount of these expenditures as of September 30, 2020, was \$69,000.

### **Qualified Opinion**

In our opinion, except for the matter discussed in the "Basis for Qualified Opinion 2015 SPLOST Fund Information" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the 2015 SPLOST Fund as of September 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund other than the 2015 SPLOST Fund and aggregate remaining fund information of the City as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***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 62 and Schedule of Contributions on page 63 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.

The accompanying schedule of the projects undertaken with special sales tax proceeds is presented for purposes of additional analysis as required by Official Code of Georgia 48-8-121 and, is not a required part of the basic financial statements. Because of the significance of the matter described above, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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  
July 19, 2024

**CITY OF FORT VALLEY, GEORGIA**

Basic Financial Statements



**City of Fort Valley, Georgia**  
**Statement of Net Position**

<i>September 30, 2020</i>	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Current Assets				
Cash and cash equivalents	\$ 4,717,966	\$ 701,770	\$ 5,419,736	\$ 827,073
Investments	-	-	-	7,551,989
Receivables				
Accounts, net	-	40,308	40,308	3,611,676
Taxes	113,952	-	113,952	-
Intergovernmental	135,208	198,692	333,900	-
Interest	-	-	-	250
Inventory	-	-	-	604,228
Prepaid items	-	-	-	182,017
Non-current Assets				
Restricted assets				
Investments	-	-	-	2,925,386
Capital assets				
Non-depreciable capital assets	731,155	-	731,155	2,167,200
Depreciable capital assets, net	4,880,042	205,467	5,085,509	38,235,000
Total assets	10,578,323	1,146,237	11,724,560	56,104,819
<b>Deferred Outflows of Resources</b>				
Pension	608,510	99,060	707,570	678,302
<b>Liabilities</b>				
Current Liabilities:				
Internal balances	(1,534,865)	1,534,865	-	308,928
Accounts payable	173,379	66,315	239,694	1,864,258
Accrued wages and benefits	30,226	4,236	34,462	152,815
Sales and excise taxes payable	-	-	-	49,404
Compensated absences payable	76,707	2,933	79,640	173,976
Notes payable	-	-	-	258,259
Capital leases payable	24,060	50,470	74,530	-
Long-term Liabilities:				
Customer deposits	-	-	-	605,319
Net pension liability	1,618,851	263,534	1,882,385	1,240,861
Deferred compensation	-	-	-	222,106
Compensated absences payable	306,828	26,401	333,229	87,249
Accrued death benefits payable	183,572	-	183,572	-
Capital leases payable	54,705	52,069	106,774	-
Notes payable	-	-	-	2,060,305
Total liabilities	2,468,328	2,000,823	2,934,286	7,023,480

-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, 2020</i>	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Deferred Inflows of Resources</b>				
Pension	146,584	23,862	170,446	247,099
<b>Net Position</b>				
Net investment in capital assets	5,532,432	102,928	5,635,360	38,083,636
Restricted for:				
Capital projects	2,642,066	-	2,642,066	-
Public safety	80,777	-	80,777	-
New electric generation	-	-	-	1,550,376
Restricted for pledged collateral - construction loan	-	-	-	1,375,010
Unrestricted	1,851,511	(882,316)	969,195	8,503,520
<b>Total net position (deficit)</b>	<b>\$ 10,106,786</b>	<b>\$ (779,388)</b>	<b>\$ 9,327,398</b>	<b>\$49,512,542</b>

*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, 2020*

Functions/Programs	Expenses	Charges for Services	Program Revenues	
			Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental Activities				
General government	\$ 1,211,826	\$ -	\$ -	\$ 1,466,325
Judicial	61,532	290,513	-	-
Public safety	3,637,449	5,718	-	-
Public works	1,348,417	51,000	-	628,996
Culture and recreation	402,605	2,685	-	-
Housing and development	13,100	-	-	-
Interest	3,249	-	-	-
<b>Total governmental activities</b>	<b>6,678,178</b>	<b>349,916</b>	<b>-</b>	<b>2,095,321</b>
Business-type activities				
Sanitation services	1,093,165	1,073,585	-	-
<b>Total business-type activities</b>	<b>1,093,165</b>	<b>1,073,585</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 7,771,343</b>	<b>\$ 1,423,501</b>	<b>\$ -</b>	<b>\$ 2,095,321</b>
<b>Component Unit</b>				
Fort Valley Utility Commission	\$ 22,880,384	\$ 24,171,048	\$ -	\$ 2,874,325
Downtown Development Authority	89,939	13,445	-	67,286
<b>Total Component Units</b>	<b>\$ 22,970,323</b>	<b>\$ 24,184,493</b>	<b>\$ -</b>	<b>\$ 2,941,611</b>
General revenues and transfers				
Taxes				
Property taxes levied for general government purposes				
Alcoholic beverage tax				
Local option sales tax				
Franchise tax				
Hotel/motel tax				
Other taxes				
Investment earnings				
Gain on sale of assets				
Miscellaneous				
<b>Total general revenues</b>				
<b>Change in net position</b>				
Net position, beginning of year as previously reported				
Prior period adjustment				
<b>Net position, beginning of year as restated</b>				
<b>Net position, end of year</b>				

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ 254,499	\$ -	\$ 254,499	\$ -
228,981	-	228,981	-
(3,631,731)	-	(3,631,731)	-
(668,421)	-	(668,421)	-
(399,920)	-	(399,920)	-
(13,100)	-	(13,100)	-
(3,249)	-	(3,249)	-
(4,232,941)	-	(4,232,941)	-
-	(19,580)	(19,580)	-
-	(19,580)	(19,580)	-
(4,232,941)	(19,580)	(4,252,521)	-
-	-	-	4,164,989
-	-	-	(9,208)
-	-	-	4,155,781
2,256,279	-	2,256,279	-
151,418	-	151,418	-
1,362,099	-	1,362,099	-
1,498,875	-	1,498,875	-
16,168	-	16,168	-
101,733	-	101,733	-
1,331	1,621	2,952	108,805
32,009	-	32,009	-
377	-	377	10,800
5,420,289	1,621	5,421,910	119,605
1,187,348	(17,959)	1,169,389	4,275,386
8,919,438	(761,429)	8,158,009	45,179,508
-	-	-	57,648
8,919,438	(761,429)	8,158,009	45,237,156
\$ 10,106,786	\$ (779,388)	\$ 9,327,398	\$ 49,512,542

**City of Fort Valley, Georgia**  
**Balance Sheet – Governmental Funds**

<i>September 30, 2020</i>	General	2008 SPLOST Fund	2015 SPLOST Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$2,085,135	\$ 1,336,625	\$ 1,286,585	\$ 9,621	\$ 4,717,966
Receivables:					
Taxes	113,173	-	-	779	113,952
Intergovernmental	7,766	-	127,442	-	135,208
Interfund receivable	1,622,491	5,200	22,965	-	1,650,656
<b>Total assets</b>	<b>\$3,828,565</b>	<b>\$ 1,341,825</b>	<b>\$ 1,436,992</b>	<b>\$ 10,400</b>	<b>\$ 6,617,782</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
Liabilities					
Accounts payable	\$ 128,642	\$ -	\$ 44,102	\$ 635	\$ 173,379
Accrued wages and benefits	30,226	-	-	-	30,226
Interfund payable	22,965	87,526	5,200	100	115,791
<b>Total liabilities</b>	<b>181,833</b>	<b>87,526</b>	<b>49,302</b>	<b>735</b>	<b>319,396</b>
<b>Fund balances</b>					
Restricted for:					
Public safety technology	80,777	-	-	-	80,777
SPLOST capital projects	-	1,254,299	1,387,690	77	2,642,066
Assigned for:					
Other	-	-	-	9,588	9,588
Contingencies	674,355	-	-	-	674,355
Unassigned	2,891,600	-	-	-	2,891,600
<b>Total fund balances</b>	<b>3,646,732</b>	<b>1,254,299</b>	<b>1,387,690</b>	<b>9,665</b>	<b>6,298,386</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$3,828,565</b>	<b>\$ 1,341,825</b>	<b>\$ 1,436,992</b>	<b>\$ 10,400</b>	<b>\$ 6,617,782</b>

*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, 2020*

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Differences in amounts reported for governmental activities in the Statement of Net Position:

Fund balances - Total governmental funds	\$	6,298,386
Capital assets reported in governmental activities are not current financial resources and therefore are not reported at the fund level.		5,611,197
Pension related deferred outflows, deferred inflows, and net pension liability represent an acquisition or consumption of net assets that applies to a future period and, therefore, are not reported as liabilities or assets in the governmental funds.		(1,156,925)
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Capital leases		(78,765)
Compensated absences		(383,535)
Accrued death benefits		(183,572)
Net position of governmental activities	\$	10,106,786

*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, 2020</i>	2008 SPLOST Fund	2015 SPLOST Fund	Other Governmental Funds	Total Governmental Funds
General				
<b>Revenues</b>				
Taxes	\$ 5,272,401	\$ -	\$ -	\$ 5,284,839
Licenses and permits	101,733	-	-	101,733
Intergovernmental	1,654,151	-	441,170	2,095,321
Charges for services	83,781	-	-	83,781
Fines and forfeitures	260,977	-	-	260,977
Investment earnings	5,700	388	401	6,489
Miscellaneous	377	-	-	377
<b>Total revenues</b>	<b>7,379,120</b>	<b>388</b>	<b>441,571</b>	<b>7,833,517</b>
<b>Expenditures</b>				
Current				
General government	1,368,150	-	-	1,368,150
Judicial	58,417	-	-	58,417
Public safety	3,357,462	-	-	3,357,462
Public works	1,051,799	75,466	-	1,127,265
Culture and recreation	344,404	-	-	344,404
Housing and development	3,000	-	10,100	13,100
Capital Outlay	-	-	178,523	178,523
Debt service				
Principal	22,767	-	-	22,767
Interest	3,823	-	-	3,823
<b>Total expenditures</b>	<b>6,209,822</b>	<b>75,466</b>	<b>178,523</b>	<b>6,473,911</b>
Excess (deficiency) of revenues over (under) expenditures	1,169,298	(75,078)	263,048	1,359,606
<b>Other Financing Sources (Uses)</b>				
Sale of capital assets	32,009	-	-	32,009
<b>Net change in fund balances</b>	<b>1,201,307</b>	<b>(75,078)</b>	<b>263,048</b>	<b>1,391,615</b>
<b>Fund balances, beginning of year</b>	<b>2,445,425</b>	<b>1,329,377</b>	<b>1,124,642</b>	<b>4,906,771</b>
<b>Fund balances, end of year</b>	<b>\$3,646,732</b>	<b>\$1,254,299</b>	<b>\$1,387,690</b>	<b>\$ 9,665</b>
			\$	<b>\$ 6,298,386</b>

*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, 2020*

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

Net change in fund balances - total governmental funds	\$1,391,615
Capital outlay, reported as expenditures in governmental funds, are shown as capital assets in the Statement of Net Position.	284,113
Depreciation expense on governmental capital assets is included in the governmental activities of the Statement of Activities.	(432,833)
Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces capital lease liabilities in the Statement of Net Position.	22,767
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.	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 / inflows of resources related to pensions.	
Net pension liability	(181,879)
Deferred outflows of resources	286,653
Deferred inflows of resources	47,142
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.	(230,443)
Change in net position of governmental activities	<u>\$1,187,348</u>

*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, 2020</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Taxes	\$ 5,548,950	\$ 5,548,950	\$ 5,272,401	\$ (276,549)
Licenses and permits	115,300	115,300	101,733	(13,567)
Intergovernmental	15,600	15,600	1,654,151	1,638,551
Charges for services	64,000	64,000	83,781	19,781
Fines and forfeitures	220,000	220,000	260,977	40,977
Investment earnings	2,000	2,000	5,700	3,700
Miscellaneous	6,000	6,000	377	(5,623)
<b>Total revenues</b>	<b>5,971,850</b>	<b>5,971,850</b>	<b>7,379,120</b>	<b>1,407,270</b>
<b>Expenditures</b>				
Current:				
General government	991,635	991,635	1,368,150	(376,515)
Judicial	55,757	55,757	58,417	(2,660)
Public safety	3,255,428	3,255,428	3,357,462	(102,034)
Public works	1,268,599	1,268,599	1,051,799	216,800
Culture and recreation	353,281	353,281	344,404	8,877
Housing and development	12,000	12,000	3,000	9,000
Debt service				
Principal	20,196	20,196	22,767	(2,571)
Interest	6,394	6,394	3,823	2,571
<b>Total expenditures</b>	<b>5,963,290</b>	<b>5,963,290</b>	<b>6,209,822</b>	<b>(246,532)</b>
Excess (deficiency) of revenues over (under) expenditures	8,560	8,560	1,169,298	1,653,802
<b>Other Financing Sources (Uses)</b>				
Sale of capital assets	-	-	32,009	32,009
<b>Net change in fund balances</b>	<b>8,560</b>	<b>8,560</b>	<b>1,201,307</b>	<b>1,685,811</b>
Fund balance, beginning of year	2,445,425	2,445,425	2,445,425	-
<b>Fund balances, end of year</b>	<b>\$ 2,453,985</b>	<b>\$ 2,453,985</b>	<b>\$ 3,646,732</b>	<b>\$ 1,685,811</b>

*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, 2020</i>		
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$	701,770
Receivables, net		
Accounts		40,308
Intergovernmental		198,692
Total current assets		940,770
Noncurrent assets		
Capital assets		
Depreciable capital assets, net		205,467
Total assets		1,146,237
<b>Deferred Outflows of Resources</b>		
Deferred outflows related pension		99,060
<b>Liabilities</b>		
Current liabilities		
Accounts payable		66,315
Accrued wages and benefits		4,236
Interfund payable		1,534,865
Compensated absences payable		2,933
Capital leases payable		50,470
Total current liabilities		1,658,819
Noncurrent liabilities		
Net pension liability		263,534
Capital leases payable, net of current portion		52,069
Compensated absences, net of current portion		26,401
Total noncurrent liabilities		342,004
Total liabilities		2,000,823
<b>Deferred Inflows of Resources</b>		
Deferred inflows related to pensions		23,862
<b>Net Position</b>		
Net investment in capital assets		102,928
Unrestricted		(882,316)
Total net position (deficit)		\$ (779,388)

*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**

Bussiness-type Activities - Enterprise Fund

	Sanitation Fund
<hr/>	
<i>For the year ended September 30, 2020</i>	
<hr/>	
<b>Operating Revenues</b>	
Charges for services	\$ 1,073,585
<hr/>	
<b>Operating Expenses</b>	
Personnel services	532,221
Purchased services	372,857
Materials and supplies	126,024
Depreciation	60,190
<hr/>	
Total operating expenses	1,091,292
<hr/>	
Operating income (loss)	(17,707)
<b>Nonoperating Revenues (Expenses)</b>	
Interest income	1,621
Interest and fiscal charges	(1,873)
<hr/>	
Total nonoperating revenues (expenses)	(252)
<hr/>	
Change in net position	(17,959)
Net position (deficit), beginning of year	(761,429)
<hr/>	
Net position (deficit), end of year	\$ (779,388)
<hr/> <hr/>	

*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, 2020</i>	
<b>Operating Activities</b>	
Cash received from customers for sales and services	\$ 1,047,498
Cash payments to employees	(464,292)
Cash payments to suppliers for goods and services	(527,459)
Net cash provided by (used in) operating activities	55,747
<b>Noncapital Financing Activities</b>	
Cash from interfund loans	241,151
Net cash provided by (used in) noncapital financing activities	241,151
<b>Capital and Related Financing Activities</b>	
Principal paid on leases	(80,999)
Interest paid on leases	(1,873)
Net cash provided by (used in) capital and related financing activities	(82,872)
<b>Investing Activities</b>	
Investment income	1,617
Net increase (decrease) in cash and cash equivalents	215,643
Cash and cash equivalents, beginning of year	486,127
Cash and cash equivalents, end of year	\$ 701,770

-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, 2020</i>	<i>For the year ended September 30, 2020</i>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>	
Operating income (loss)	\$ (17,707)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Depreciation	60,190
Change in assets, deferred outflows, liabilities and deferred inflows	
(Increase) decrease in assets and deferred outflows	
Intergovernmental receivable	(26,087)
Deferred outflows related in pensions	(57,219)
Increase (decrease) in liabilities and deferred inflows	
Accounts payable	34,589
Accrued wages and benefits	4,236
Compensated absences	14,016
Net pension liability	48,814
Deferred inflows of resources in pensions	(5,085)
Total adjustments	73,454
Net cash provided by operating activities	\$ 55,747

*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, 2020*

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**Assets**

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

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<b>Total assets</b>	<b>\$ 35,915</b>
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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**

*For the year ended September 30, 2020*

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**Additions**

Investment earnings	\$	-
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**Deductions**

Culture and recreation		-
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Change in net position		-
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Net position, beginning of year		35,915
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Net position, end of year	\$	35,915
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*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, 2020</i>	Main Street/ DDA	Fort Valley Utility Commission	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 54,116	\$ 772,957	\$ 827,073
Investments	-	7,551,989	7,551,989
Receivables:			
Accounts, net	150,980	3,460,696	3,611,676
Interest	-	250	250
Inventory	-	604,228	604,228
Prepaid items	-	182,017	182,017
<b>Total current assets</b>	<b>205,096</b>	<b>12,572,137</b>	<b>12,777,233</b>
Non-current assets			
Restricted assets			
Investments	-	2,925,386	2,925,386
Capital assets:			
Non-depreciable capital assets	366,135	1,801,065	2,167,200
Depreciable capital assets, net	1,000,727	37,234,273	38,235,000
<b>Total assets</b>	<b>1,571,958</b>	<b>54,532,861</b>	<b>56,104,819</b>
<b>Deferred Outflows of Resources</b>			
Pension	-	678,302	678,302
<b>Liabilities</b>			
Current Liabilities			
Accounts payable	8,122	1,856,136	1,864,258
Accrued payroll	-	152,815	152,815
Sales and excise taxes payable	-	49,404	49,404
Intergovernmental payable	-	308,928	308,928
Compensated absences payable	-	173,976	173,976
Notes payable	-	258,259	258,259
<b>Total current liabilities</b>	<b>8,122</b>	<b>2,799,518</b>	<b>2,807,640</b>
Long-term Liabilities:			
Net pension liability	-	1,240,861	1,240,861
Customer deposits	-	605,319	605,319
Compensated absences payable	-	87,249	87,249
Deferred compensation	-	222,106	222,106
Notes payable	-	2,060,305	2,060,305
<b>Total liabilities</b>	<b>8,122</b>	<b>7,015,358</b>	<b>7,023,480</b>
<b>Deferred Inflows of Resources</b>			
Pension	-	247,099	247,099
<b>Net Position</b>			
Net investment in capital assets	1,366,862	36,716,774	38,083,636
Restricted for new electric generation	-	1,550,376	1,550,376
Restricted for pledged collateral - construction loan	-	1,375,010	1,375,010
Unrestricted	196,974	8,306,546	8,503,520
<b>Total net position</b>	<b>\$ 1,563,836</b>	<b>\$ 47,948,706</b>	<b>\$ 49,512,542</b>

*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, 2020</i>	Main Street/ DDA	Fort Valley Utility Commission	Total
<b>Expenses</b>			
General government	\$ 89,939	\$ -	\$ 89,939
Utilities	-	22,880,384	22,880,384
Total expenses	89,939	22,880,384	22,970,323
<b>Revenues</b>			
<b>Program</b>			
Charges for services	13,445	24,171,048	24,184,493
Capital grants and contributions	67,286	2,874,325	2,941,611
Total program revenues	80,731	27,045,373	27,126,104
Net program (expense) revenue	(9,208)	4,164,989	4,155,781
<b>General revenues</b>			
Investment earnings	-	108,805	108,805
Miscellaneous	10,800	-	10,800
Total general revenue	10,800	108,805	119,605
Change in net position	1,592	4,273,794	4,275,386
Net position, beginning of year as previously stated	1,504,596	43,674,912	45,179,508
Prior period adjustment	57,648	-	57,648
Net position, beginning of year, restated	1,562,244	43,674,912	45,237,156
<b>Net position, end of year</b>	<b>\$ 1,563,836</b>	<b>\$ 47,948,706</b>	<b>\$ 49,512,542</b>

*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 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.

#### ***Reporting Entity***

The City is a municipal corporation governed by an elected mayor and City Council (the “Council”) consisting of six elected members. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units are, in substance, part of the primary government’s operations even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City. The accounting policies of the City conform to generally accepted accounting principles (GAAP) as applied to governmental units. The more significant accounting policies used by the City are described below.

#### ***Discretely Presented Component Units***

The Fort Valley 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.

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

Fort Valley 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 Council appoint the Main Street/DDA board members. Main Street/DDA does not issue separate financial statements.

#### ***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.

## City of Fort Valley, Georgia Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Government-Wide and Fund Financial Statements (continued)***

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.

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.

## 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 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 fund, and fiduciary fund, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the City has two discretely presented component units, Main Street/DDA and the 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.

#### ***Fund Financial Statements***

The fund financial statements provide information about the City's funds, including its fiduciary fund. 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* is the City's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

**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.

## City of Fort Valley, Georgia Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Fund Financial Statements (continued)***

The City also reports the following fiduciary fund:

***Fiduciary Fund*** – The fiduciary fund 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.

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 and Sanitation Fund. No other funds were budgeted and adopted by the City for the year ended September 30, 2020.

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

## City of Fort Valley, Georgia Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Budgetary Information (continued)***

##### *Budgetary basis of accounting (continued)*

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, 2020, expenditures exceeded appropriations in the General Fund by \$246,532. 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).

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, 2020.

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

## 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)*

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, 2020, 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.

#### *Restricted Assets (Utility Commission)*

In 2020, restricted assets consist of the new generation and capacity funding account \$1,550,376 and a construction loan certificate of deposit pledged as collateral for in the amount of \$1,375,010.

#### *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, 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)***

*Capital Assets (continued)*

*The City of Fort Valley and Main Street/DDA*

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

*The Utility Commission*

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



## 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)*

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.

#### *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."

#### *Compensated Absences – The Utility Commission*

Annual leave benefits 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.

#### *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.

## 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)*

##### *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.

*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 GASBC Section 1800, *Classification and Terminology*, 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

## 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)*

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.

*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.

#### **Contribution of Capital – The Utility Commission**

Contribution of capital in enterprise fund financial statements arise from outside contributions of capital assets, service connection fees to the extent they exceed the cost of the connection to they system, or from grants, or outside contributions of resources restricted to capital acquisition and construction.

## City of Fort Valley, Georgia Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Cost Allocations – The Utility Commission

For reporting purposes, the Utility Commission conducts various allocations of costs within the operating accounts.

*Allocation of Meter, Warehouse and Administrative Costs to the Electric, Water, Sewer, Gas and Telecom Departments.* The Utility Commission allocates the cost of operating its Meter Department, Warehouse Operations and Administrative Offices, which include Customer Service, Billing, Finance, Information Technology, Accounting and Operations, on the basis of number of customers/meters served by each of the operating departments. The allocation rates are: Electric 30.00%, Water 28.50%, Sewer 20.00%, Gas 20.00%, Telecom 1.50% for the year ended September 30, 2020.

#### 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, July 19, 2024, and determined there were no events that occurred that required disclosure.

#### Recently Issued and Implemented Accounting Pronouncements

In May 2020, the GASB issued Statement No. 95 (GASB 95), *Postponement of the Effective Dates of Certain Authoritative Guidance*. GASB 95 extends the effective date of certain accounting and financial reporting provisions in Statements and Implementation Guides that were first effective for reporting periods beginning after June 15, 2018. The requirements of GASB 95 apply to the financial statements of all state and local governments. The primary objective of GASB 95 is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The requirements of GASB 95 are effective immediately.

#### Recently Issued But Not Yet Effective Accounting Pronouncements

The GASB has issued statements that will become effective in future years. These statements are as follows:

In January 2017, the GASB issued Statement No. 84 (GASB 84), *Fiduciary Activities*. GASB 84 seeks to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 will be effective for the fiscal years beginning after December 15, 2019.

## City of Fort Valley, Georgia Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Recently Issued But Not Yet Effective Accounting Pronouncements (continued)*

In June 2017, the GASB issued Statement No. 87 (GASB 87), *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of GASB 87 are effective for reporting periods beginning after June 15, 2021.

In June 2018, the GASB issued Statement No. 89 (GASB 89), *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of GASB 89 are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. GASB 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of GASB 89 are effective for reporting periods beginning after December 15, 2020.

In August 2018, the GASB issued Statement No. 90 (GASB 90), *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of GASB 90 are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The requirements of GASB 90 are effective for reporting periods beginning after December 15, 2019. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

In May 2019, the GASB issued Statement No. 91 (GASB 91), *Conduit Debt Obligations*. The primary objectives of GASB 91 are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

## City of Fort Valley, Georgia Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Recently Issued But Not Yet Effective Accounting Pronouncements (continued)*

GASB 91 achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of GASB 91 are effective for reporting periods beginning after December 15, 2021.

In January 2020, the GASB issued Statement No. 92 (GASB 92), Omnibus 2020. The objectives of GASB 92 are to enhance the comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of GASB 92 are effective for reporting periods beginning after June 15, 2021.

In May 2020, the GASB issued Statement No. 93 (GASB 93), *Replacement of Interbank Offered Rates*. The objectives of GASB 93 are to address financial reporting issues that result from the replacement of an Interbank Offered Rate (IBOR) by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment and clarification of the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; replacing LIBOR as an appropriate benchmark interest rate for the evaluation of the effectiveness of an interest rate swap with a Secured Overnight Financing Rate or the Effective Federal Funds Rate; and providing exceptions to the lease modifications guidance in Statement 87 for lease contracts that are amended solely to replace an IBOR used to determine variable payments. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of GASB 93 are effective for reporting periods beginning after June 15, 2021.

In March 2020, the GASB issued Statement No. 94 (GASB 94), *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of GASB 94 is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in GASB 94, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in GASB 94 as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. GASB 94 also provides guidance for accounting and financial reporting for availability payment arrangements (APAs).



## City of Fort Valley, Georgia Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Recently Issued But Not Yet Effective Accounting Pronouncements (continued)*

As defined in GASB 94, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. GASB 94 is effective for fiscal years beginning after June 15, 2022.

In May 2020, the GASB issued GASB Statement No. 96 (GASB 96), *Subscription-Based Information Technology Arrangements*. GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). GASB 96 (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of GASB 96 are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which GASB 96 is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of GASB 96.

In June 2020, the GASB issued GASB Statement No. 97 (GASB 97), *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of GASB 97 are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of GASB 97 that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of GASB 97 that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021.

## City of Fort Valley, Georgia Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Recently Issued But Not Yet Effective Accounting Pronouncements (continued)*

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. This Statement seeks to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to the determination of the PPP term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset.
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the SBITA term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.
- Extension of the period during which the LIBOR is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions in Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements.
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.
- Terminology used in Statement No. 53 to refer to resource flows statements.

The requirements of this Statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.



## City of Fort Valley, Georgia Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Recently Issued But Not Yet Effective Accounting Pronouncements (continued)*

GASB Statement No. 100, *Accounting Changes and Error Corrections*, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 101, *Compensated Absences*, The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

GASB Statement No. 103, *Financial Reporting Model Improvements*. The new standard will revise and build upon the requirements in GASB Statement No. 34. Key changes in the new standard are summarized below.

- Revises the requirements for management's discussion and analysis (MD&A) with the goal of making it more readable and understandable
- Combines extraordinary items and special items into one category of "unusual or infrequent items"
- Defines operating and nonoperating revenues, specifically by defining nonoperating revenues and classifying all other revenues as operating

## City of Fort Valley, Georgia Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Recently Issued and Implemented Accounting Pronouncements (continued)*

- Includes a new section for noncapital subsidies for proprietary funds' statement of revenues, expenses, and changes in fund net position
- Requires the presentation of proprietary funds' statement of revenues, expenses, and changes in fund net position in the statistical section report the same categories of revenues and expenses as the face of the financial statements
- Removes the option to disclose major component units in a condensed form in the notes to the financial statements and requires them to be shown individually or in combining financial statements following the fund financial statements
- Requires budgetary comparisons to be presented as RSI and adds new columns for variances between original-to-final budget and final budget-to-actual results

The requirements of this Statement are effective for fiscal years ending June 30, 2026, and all reporting periods thereafter.

The City is evaluating the requirements of the above statements and the impact on reporting.

### 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, 2020, were entirely insured or collateralized with securities held by the City's agent in the City's name. At September 30, 2020, the bank balances were \$5,692,334. The City has not adopted formal cash policies.

**Utility Commission Deposits and Investments** – At September 30, 2020, 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 did the same in 2016 when they opened two new accounts at BB&T, a bank that participates in a pool of pledged securities. In fiscal year 2019, the Utility Commission opened a new account at Georgia Community Bank with a balance of less than the FDIC insured limit. At September 30, 2020, the bank balances were \$824,728 and the carrying amount was \$769,957.

**Main Street/DDA – Deposits** – At September 30, 2020, all of the Main Street/DDA's bank balances were entirely FDIC insured. At September 30, 2020, the bank balances were \$54,116.

**City of Fort Valley, Georgia**  
**Notes to Financial Statements**

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

**Fort Valley Utility Commission – Investments**

At September 30, 2020, 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	\$ 1,375,010	\$ -	\$ -	\$ 375,010
Money market account	4,668,308			
Municipal competitive trust	4,434,057			
<b>Total investments</b>	<b>\$ 10,477,375</b>			

**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, 2020 all investments were entirely insured or collateralized with securities held by the Utility Commission’s agent in the Utility Commission’s name.

**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, 2020:

Bank:	Amount	% of Total
CB&T Bank of Middle Georgia	\$ 1,375,010	100%

## City of Fort Valley, Georgia Notes to Financial Statements

### **Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

#### ***City Receivables***

Receivables at September 30, 2020, 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, collectability.

#### ***Utility Commission Receivables***

Receivables at September 30, 2020 consisted of interest and customer accounts (billings for user charges, including unbilled utility receivables).

Receivables and payables are recorded on the Utility Commission'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, collectability.

**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, 2020.

<b>Governmental Activities</b>	<b>Balance 10/1/19</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 9/30/20</b>
Capital Assets, not being depreciated				
Land	\$ 731,155	\$ -	\$ -	\$ 731,155
<b>Total non-depreciable capital assets</b>	<b>\$ 731,155</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 731,155</b>
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	4,006,207	284,113	-	4,290,320
<b>Total capital assets being depreciated</b>	<b>9,719,935</b>	<b>284,113</b>	<b>-</b>	<b>10,004,048</b>
Less accumulated depreciation for				
Buildings	547,395	36,753	-	584,148
Infrastructure	626,324	97,270	-	723,594
Improvements, other than buildings	365,725	49,997	-	415,722
Machinery and equipment	3,151,729	248,813	-	3,400,542
<b>Total accumulated depreciation</b>	<b>4,691,173</b>	<b>432,833</b>	<b>-</b>	<b>5,124,006</b>
<b>Total capital assets being depreciated, net</b>	<b>\$ 5,028,762</b>	<b>\$ (148,720)</b>	<b>\$ -</b>	<b>\$ 4,880,042</b>

Governmental activities depreciation expense for the year ended September 30, 2020:

<i>For the year ended September 30,</i>	<i>2020</i>
Governmental activities	
General government	\$ 21,787
Public safety	140,577
Public works	220,659
Culture and recreation	49,810
<b>Total depreciation - governmental activities</b>	<b>\$ 432,833</b>

**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, 2020.

<b>Business-type Activities</b>	<b>Balance 10/1/19</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 9/30/20</b>
Capital assets, being depreciated				
Machinery and equipment	\$ 1,581,252	\$ -	\$ -	\$ 1,581,252
Less accumulated depreciation for				
Machinery and equipment	1,315,595	60,190	-	1,375,785
<b>Total capital assets being depreciated, net</b>	<b>\$ 265,657</b>	<b>\$ (60,190)</b>	<b>\$ -</b>	<b>\$ 205,467</b>

The following is a summary of capital asset activity for the Main Street/DDA component unit for the year ended September 30, 2020.

<b>Main Street/DDA</b>	<b>Balance 10/1/19</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 9/30/20</b>
Capital Assets, not being depreciated				
Land	\$ 366,135	\$ -	\$ -	\$ 366,135
<b>Total non-depreciable capital assets</b>	<b>\$ 366,135</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 366,135</b>
Capital assets, being depreciated				
Buildings	\$ 1,631,554	\$ -	\$ -	\$ 1,631,554
Improvements, other than buildings	15,249	-	-	15,249
Machinery and equipment	11,490	-	-	11,490
<b>Total capital assets being depreciated</b>	<b>1,658,293</b>	<b>-</b>	<b>-</b>	<b>1,658,293</b>
Less accumulated depreciation for				
Buildings	581,868	52,008	-	633,876
Improvements, other than buildings	11,590	610	-	12,200
Machinery and equipment	11,490	-	-	11,490
<b>Total accumulated depreciation</b>	<b>604,948</b>	<b>52,618</b>	<b>-</b>	<b>657,566</b>
<b>Total capital assets being depreciated, net</b>	<b>\$ 1,053,345</b>	<b>\$ (52,618)</b>	<b>\$ -</b>	<b>\$ 1,000,727</b>

**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, 2020.

<b>Utility Commission</b>	<b>Balance 10/1/19</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 9/30/20</b>
Capital Assets, not being depreciated				
Land	\$ 161,981	\$ 15,000	\$ -	\$ 176,981
CIP	468,419	1,155,665	-	1,624,084
<b>Total non-depreciable capital assets</b>	<b>630,400</b>	<b>1,170,665</b>	<b>-</b>	<b>1,801,065</b>
Capital assets, being depreciated				
Buildings	3,463,376	19,798	-	3,483,174
Distribution system	54,425,379	3,068,479	-	57,493,858
Machinery and equipment	4,783,268	271,626	21,217	5,033,677
Intangibles	498,549	12,600	-	511,149
<b>Total capital assets being depreciated</b>	<b>63,170,572</b>	<b>3,372,503</b>	<b>21,217</b>	<b>66,521,858</b>
Less accumulated depreciation for				
Buildings	254,224	65,621	-	319,845
Distribution system	23,629,417	1,134,505	-	24,763,922
Machinery and equipment	3,684,546	229,238	21,217	3,892,567
Intangibles	294,631	16,620	-	311,251
<b>Total accumulated depreciation</b>	<b>27,862,818</b>	<b>1,445,984</b>	<b>21,217</b>	<b>29,287,585</b>
<b>Total capital assets being depreciated, net</b>	<b>\$ 35,307,754</b>	<b>\$ 1,926,519</b>	<b>\$ -</b>	<b>\$ 37,234,273</b>

***Interfund Balances***

Interfund balances at September 30, 2020, 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 (continued)***

	Due from:						Total
	General Fund	2008 SPLOST Fund	2015 SPLOST Fund	Other Governmental Funds	Sanitation Fund		
Due to:							
General fund	\$ -	\$87,526	\$ -	\$ 100	\$1,534,865		\$1,622,491
2008 SPLOST	-	-	5,200	-	-		5,200
2015 SPLOST	22,965	-	-	-	-		22,965
<b>Total</b>	<b>\$22,965</b>	<b>\$87,526</b>	<b>\$5,200</b>	<b>\$ 100</b>	<b>\$1,534,865</b>		<b>\$1,650,656</b>

***Long-term Debt and Liabilities***

***City Governmental Activities' Capital Leases*** – At September 30, 2020, 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 \$46,500 in accumulated depreciation. The following is a schedule of the future minimum lease payments for the project:

Year	Principal		Interest		Total
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
	<b>\$ 78,765</b>		<b>\$ 3,953</b>		<b>\$ 82,718</b>

***City Business-type Activities' Capital Leases*** – 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 \$51,106 in accumulated depreciation. The following is a schedule of the future minimum lease payments for the front loader.



**City of Fort Valley, Georgia**  
**Notes to Financial Statements**

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

**Long-term Debt and Liabilities (continued)**

Year	Principal		Interest		Total
2021	\$	50,470	\$	3,250	\$ 53,720
2022		52,069		1,651	53,720
	\$	102,539	\$	4,901	\$ 107,440

**Utility Commission Notes Payable** – At September 30, 2020, 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, 2020 follow:

Fiscal Year	Principal
2021	\$ 81,727
	\$ 81,727

**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, 2020 follow:

Fiscal Year	Principal		Interest		Total
2021	\$	19,003	\$	214	\$ 19,217
	\$	19,003	\$	214	\$ 19,217

**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.

**City of Fort Valley, Georgia**  
**Notes to Financial Statements**

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

***Long-term Debt and Liabilities (continued)***

Annual debt service requirements to amortize this loan as of September 30, 2020 follow:

Fiscal Year	Principal	Interest	Total
2021	\$ 44,890	\$ 17,162	\$ 62,052
2022	46,779	15,273	62,052
2023	48,744	13,309	62,053
2024	50,779	11,274	62,053
2025	52,932	9,121	62,053
2026-2029	192,866	13,923	206,789
	\$ 436,990	\$ 80,062	\$ 517,052

**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, 2020 follow:

Fiscal Year	Principal	Interest	Total
2021	\$ 16,420	\$ 2,524	\$ 18,944
2022	16,732	2,212	18,944
2023	17,053	1,891	18,944
2024	17,378	1,566	18,944
2025	17,714	1,230	18,944
2026-2028	55,183	1,631	56,814
	\$ 140,480	\$ 11,054	\$ 151,534

**City of Fort Valley, Georgia**  
**Notes to Financial Statements**

**Note 2: 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, 2020 follow:

Fiscal Year	Principal	Interest	Total
2021	\$ 29,149	\$ 13,777	\$ 42,926
2022	30,367	12,559	42,926
2023	31,636	11,291	42,927
2024	32,958	9,969	42,927
2025	34,335	8,592	42,927
2026-2030	190,849	20,207	211,056
	<b>\$ 349,294</b>	<b>\$ 76,395</b>	<b>\$ 425,689</b>

**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 2: DETAILED NOTES ON ALL FUNDS (Continued)**

***Long-term Debt and Liabilities (continued)***

Annual debt service requirements to amortize this loan as of September 30, 2020 follow:

Fiscal Year	Principal	Interest	Total
2021	\$ 46,601	\$ 8,747	\$ 55,348
2022	47,083	8,265	55,348
2023	47,571	7,777	55,348
2024	48,063	7,285	55,348
2025	48,560	6,788	55,348
2026-2030	250,445	26,296	276,741
2031-2035	263,674	13,066	276,740
2036-2038	118,542	1,378	119,920
	<b>\$ 870,539</b>	<b>\$ 79,602</b>	<b>\$ 950,141</b>

**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, 2020 follow:

Fiscal Year	Principal	Interest	Total
2021	\$ 20,469	\$ 7,771	\$ 28,240
2022	20,860	7,381	28,241
2023	21,257	6,983	28,240
2024	21,663	6,578	28,241
2025	22,076	6,165	28,241
2026-2030	116,854	24,348	141,202
2031-2035	128,426	12,776	141,202
2036-2038	68,907	1,695	70,602
	<b>\$ 420,512</b>	<b>\$ 73,697</b>	<b>\$ 494,209</b>

**City of Fort Valley, Georgia**  
**Notes to Financial Statements**

**Note 2: 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, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Net Pension Liability	\$ 1,436,972	\$ 181,879	\$ -	\$ 1,618,851	\$ -
Capital Leases	102,106	-	23,341	78,765	24,060
Employer Funded Death Benefi	183,572	-	-	183,572	-
Compensated Absences	152,469	231,066	-	383,535	76,707
	<b>\$ 1,875,119</b>	<b>\$ 412,945</b>	<b>\$ 23,341</b>	<b>\$ 2,264,723</b>	<b>\$ 100,767</b>
<b>Business-type activities</b>					
Net Pension Liability	\$ 214,720	\$ 48,814	\$ -	\$ 263,534	\$ -
Capital Leases	183,538	-	80,999	102,539	50,470
Compensated absences	15,118	14,216	-	29,334	2,933
	<b>\$ 413,376</b>	<b>\$ 63,030</b>	<b>\$ 80,999</b>	<b>\$ 395,407</b>	<b>\$ 53,403</b>
<b>Main Street/DDA</b>					
Loan Payable	\$ 262,800	\$ -	\$ 262,800	\$ -	\$ -
<b>Utility Commission</b>					
GEFA loan - DW97-027	\$ 245,181	\$ -	\$ 163,454	\$ 81,727	\$ 81,727
GEFA loan - DW97-027A	56,167	-	37,164	19,003	19,003
GELAC loan - 2006-L58WQ	480,094	-	43,086	437,008	44,889
GEFA loan - DWSRF 04-004	156,586	-	16,106	140,480	16,420
GELAC loan - 2007 L42WQ	377,274	-	27,980	349,294	29,149
GEFA loan - DW14-001	916,663	-	46,124	870,539	46,601
GEFA loan - CW2016-025	440,599	-	20,087	420,512	20,469
Deferred compensation	222,106	-	-	222,106	-
Compensated Absences	248,488	165,939	153,202	261,225	173,976
	<b>\$ 3,143,158</b>	<b>\$ 165,939</b>	<b>\$ 507,203</b>	<b>\$ 2,801,894</b>	<b>\$ 432,234</b>

## City of Fort Valley, Georgia Notes to Financial Statements

### Note 2: 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 3: 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, 2020, the pension plan membership consisted of the following:

<u>Plan Membership</u>	
Active participants	78
Vested terminated participants	19
Retired participants and beneficiaries	49
<hr/>	
Total plan membership	146

**City of Fort Valley, Georgia**  
**Notes to Financial Statements**

**Note 3: 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, 2020, the City’s recommended contribution rate was 11.62% of expected payroll. The City’s contribution to the plan for the year ended September 30, 2020 was \$313,872. Participants in the plan are not required to contribute.

**Net Pension Liability** – The City’s 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.

*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 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, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2015 to June 30, 2019.

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%	6.41%
International equity	20.00%	6.96%
Real Estate	10.00%	4.76%
Global Fixed Income	5.00%	3.06%
Domestic Fixed Income	20.00%	1.96%
	<u>100.00%</u>	

**City of Fort Valley, Georgia**  
**Notes to Financial Statements**

**Note 3: 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**

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at September 30, 2018	\$ 5,687,077	\$ 4,035,385	\$ 1,651,692
Changes for the year			
Service cost	86,998	-	86,998
Interest	417,787	-	417,787
Differences between expected and actual experience	(173,561)	-	(173,561)
Contributions - employer	-	256,398	(256,398)
Contributions - employee	-	-	-
Net investment income	-	116,654	(116,654)
Benefit payments, including refunds of employee contributions	(407,169)	(407,169)	-
Administrative expense	-	(21,642)	21,642
Other	250,879	-	250,879
<b>Net changes</b>	<b>174,934</b>	<b>(55,759)</b>	<b>230,693</b>
<b>Balances at September 30, 2019</b>	<b>\$ 5,862,011</b>	<b>\$ 3,979,626</b>	<b>\$ 1,882,385</b>

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 7.375 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 (6.375 percent) or 1-percentage-point higher (8.375 percent) than the current rate.

	Decrease (6.375%)	Discount Rate (7.375%)	Increase (8.375%)
City's net pension liability - General Employees	\$ 2,600,757	\$ 1,882,385	\$ 1,288,222

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 3: PENSIONS (Continued)**

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

For the year ended September 30, 2020, the City recognized pension expense of \$363,023. At September 30, 2020, the City reported deferred outflows of resources 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	\$ 163,512	\$ (138,848)
Changes of assumptions	230,186	-
Net difference between projected and actual earnings on pension plan investments	-	(31,598)
Employer contributions subsequent to the measurement date	313,872	-
<b>Total</b>	<b>\$ 707,570</b>	<b>\$ (170,446)</b>

\$313,872 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in the pension's expense as follows:

*For the years ending September 30,*

2021	\$	64,917
2022		64,917
2023		50,176
2024		43,242
2025		-
<b>Total</b>	<b>\$</b>	<b>223,252</b>

**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 3: 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, 2020, the plan had 44 active employees, 12 vested former employees, and 37 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, 2020 was 7.47 percent of covered payroll. The Commission's recommended contribution to the plan for the year ended September 30, 2020 was \$217,263. 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, 2020, the Commission reported a net pension liability of \$1,240,861. 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, 2020.

For the year ended September 30, 2020, the Commission recognized pension expense of \$290,537. At September 30, 2020, 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	\$ 4,860	\$ (183,207)
Changes of assumptions	456,179	-
Net difference between projected and actual earnings on pension plan investments	-	(63,892)
Contributions made subsequent to measurement date	217,263	
Total	\$ 678,302	\$ (247,099)

**City of Fort Valley, Georgia**  
**Notes to Financial Statements**

**Note 3: PENSIONS (Continued)**

**Utility Commission Retirement Plan (continued)**

The Authority's contributions subsequent to the measurement date of \$217,263 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, 2020. Other amounts reported as deferred outflows and inflows of resources will be recognized in pension expense as follows:

*For the years ending September 30,*

2021	\$ (10,643)
2022	(5,160)
2023	154,441
2024	75,302
<b>Total</b>	<b>\$ 213,940</b>

**Actuarial Assumptions** – The total pension liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases (including inflation)	3.00%
Net Investment Rate of Return	7.375%

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, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2019.

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, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Domestic equity	45.00%	6.41%
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 3: PENSIONS (Continued)**

**Utility Commission Retirement Plan (continued)**

**Discount Rate** – The discount rate used to measure the total pension liability as of September 30, 2020 was 7.375 percent. 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, 2020 were as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at September 30, 2019	\$ 8,830,968	\$ 8,327,674	\$ 503,294
Changes for the year			
Service cost	103,115	-	103,115
Interest	650,367	-	650,367
Differences between expected and actual experience	(92,826)	-	(92,826)
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - employer	-	263,504	(263,504)
Contributions - employee	-	-	-
Net investment income	-	237,653	(237,653)
Benefit payments, including refunds of employee contributions	(525,039)	(525,039)	-
Administrative expense	-	(16,150)	16,150
Other	561,918	-	561,918
<b>Net changes</b>	<b>697,535</b>	<b>(40,032)</b>	<b>737,567</b>
<b>Balances at September 30, 2020</b>	<b>\$ 9,528,503</b>	<b>\$ 8,287,642</b>	<b>\$ 1,240,861</b>

**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 7.375 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 (6.375 percent) or 1-percentage-point higher (8.375 percent) than the current rate:

	1% Decrease (6.375%)	Current Discount Rate (7.375)	1% Increase (8.375%)
Net Pension Liability	\$ 2,325,878	\$ 1,240,861	\$ 322,961

**City of Fort Valley, Georgia**  
**Notes to Financial Statements**

**Note 3: 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 4: NET INVESTMENT IN CAPITAL ASSETS**

Net investment in capital assets on the City-wide statement of net position as of September 30, 2020 is as follows:

	Governmental Activities	Business-type Activities	Total
Capital assets (net)	\$ 5,611,197	\$ 205,467	\$ 5,816,664
Outstanding debt related to capital assets	78,765	102,539	181,304
<b>Net investment in capital assets</b>	<b>\$ 5,532,432</b>	<b>\$ 102,928</b>	<b>\$ 5,635,360</b>

**Note 5: FUND EQUITY**

Restricted - The following fund balances are restricted for:

General Fund

Public safety technology \$ 80,777

Capital Projects Fund:

Special Local Option Sales Tax (SPLOST) Fund  
used to account for capital projects financed  
with SPLOST \$ 2,642,066

Assigned - The following fund balances are assigned to:

General Fund

Contingencies \$ 674,355

Other Governmental Funds

Other - hotel/motel tax \$ 9,588

**Note 6: 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 \$75,994,583,983 at September 30, 2020. 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 \$2,883,681 at September 30, 2020. 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, 2020 was \$0. Due to the restrictions on the use of these two accounts, they are not presented on the 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. The final credits of \$100,740 were issued in 2019.

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 6: 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 \$1,550,376 for 2020.

**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, 2020. 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 \$2,584,523 at September 30, 2020. 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 7: 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
2018	\$ 76,087	\$ 665,971	\$ 694,621	\$ 47,437
2019	47,437	921,486	860,661	108,261
2020	108,261	969,231	1,000,229	77,263

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 8: 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, 2020. 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 9: 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, 2020, 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, 2020.

**Note 10: 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 11: 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 12: HOTEL MOTEL TAX**

The City has levied a 5% lodging tax. A summary of the transactions for the year ended September 30, 2020 follows:

<u>Lodging tax receipts</u>	<u>\$</u>	<u>12,438</u>
<u>Required expenditures</u>	<u>\$</u>	<u>4,975</u>
<u>Actual expenditures</u>	<u>\$</u>	<u>10,100</u>

**Note 13: PRIOR PERIOD ADJUSTMENT**

The following changes have been made to the beginning net position of Main Street/DDA as summarized below:

		<u>Main Street/DDA</u>
<u>Fund balance, September 30, 2019,</u> <u>as previously reported</u>	<u>\$</u>	<u>1,504,596</u>
<u>Prior period adjustment to correct debt</u>		<u>57,648</u>
<u>Fund balance, September 30, 2019, as restated</u>	<u>\$</u>	<u>1,562,244</u>

**Note 14: COVID-19**

In December 2019, a strand of coronavirus (COVID-19) began to spread worldwide, resulting in a severe impact to the United States economy. In March 2020, the World Health Organization declared the outbreak a pandemic. The spread of COVID-19 has had a negative impact on virtually all businesses and individuals which comprise the tax base of all levels of government. The full extent of this impact is uncertain and cannot be reasonably estimated.

**Note 15: SUBSEQUENT EVENTS – THE UTILITY COMMISSION**

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 Employer's Proportionate Share of the Net Pension Liability**

<i>As of and for the year ended September 30,</i>	<b>2020</b>	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>						
Service cost	\$ 86,998	\$ 87,081	\$ 96,444	\$ 89,621	\$ 78,088	\$ 73,545
Interest	<b>417,787</b>	407,136	390,983	362,832	339,038	332,648
Difference between expected and actual experience	<b>(173,561)</b>	49,402	117,201	260,977	186,530	(42,622)
Changes of assumptions	<b>250,879</b>	-	-	-	-	(16,680)
Changes of benefit terms	-	-	-	-	24,284	48,214
Other	-	-	73,704	-	-	-
Benefit payments, including refunds of member contributions	<b>(407,169)</b>	(395,875)	(367,869)	(332,517)	(309,342)	(315,967)
Net change in total pension liability	<b>174,934</b>	147,744	310,463	380,913	318,598	79,138
Total pension liability - beginning	<b>5,687,077</b>	5,539,333	5,228,870	4,847,957	4,529,359	4,450,221
Total pension liability - ending (a)	<b>5,862,011</b>	5,687,077	5,539,333	5,228,870	4,847,957	4,529,359
<b>Plan Fiduciary Net Position</b>						
Contribution - employer	<b>256,398</b>	302,514	235,918	183,492	207,960	224,278
Net investment income	<b>116,654</b>	370,538	505,764	355,019	41,598	346,833
Benefit payments, including refunds of member contributions	<b>(407,169)</b>	(395,875)	(367,869)	(332,517)	(309,342)	(315,967)
Administrative expense	<b>(21,642)</b>	(22,745)	(24,405)	(10,467)	(12,317)	(10,075)
Net change in plan fiduciary net position	<b>(55,759)</b>	254,432	349,408	195,527	(72,101)	245,069
Plan fiduciary net position - beginning	<b>4,035,385</b>	3,780,953	3,431,545	3,236,018	3,308,119	3,063,050
Plan fiduciary net position - ending (b)	<b>3,979,626</b>	4,035,385	3,780,953	3,431,545	3,236,018	3,308,119
Net pension liability - ending (a) - (b)	<b>\$ 1,882,385</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	<b>67.89%</b>	70.96%	68.26%	65.63%	66.75%	73.04%
Covered payroll	<b>\$ 2,463,798</b>	\$ 2,588,041	\$ 2,680,344	\$ 2,591,285	\$ 2,493,731	\$ 2,112,793
Net pension liability as a percentage of covered payroll	<b>76.40%</b>	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>	<b>2020</b>	2019	2018	2017	2016
Actuarially determined contribution	\$ <b>306,884</b>	\$ 307,678	\$ 282,583	\$ 239,168	\$ 200,173
Contributions in relation to the actuarially determined contributions	<b>313,872</b>	256,398	302,514	235,918	183,492
Contribution deficiency (excess)	\$ <b>(6,988)</b>	\$ 51,280	\$ (19,931)	\$ 3,250	\$ 16,681
Covered payroll	\$ <b>2,463,798</b>	\$ 2,588,041	\$ 2,680,344	\$ 2,591,285	\$ 2,493,731
Contributions as a percentage of covered payroll	<b>12.46%</b>	11.89%	10.54%	9.10%	7.36%

Notes to Schedule

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

Valuation Date: The actuarially determined contribution was determined as of January 1, 2020, with an interest adjustment 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 effective amortization period of 10 years
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash for the year plus the assumed investment return, adjusted by amount that the value exceeds or is less than the market of year. The actuarial value is adjusted, if necessary, to be of market value.
Actuarial Assumptions:	
Net Investment Rate of Return	7.38%
Projected Salary Increases	2.25% plus service based merit increases
Cost of Living Adjustments	0.00%

**SUPPLEMENTARY INFORMATION**

**City of Fort Valley, Georgia**  
**Balance Sheet – Nonmajor Governmental Funds**

<i>September 30, 2020</i>	Hotel/Motel Tax	CHIP Grant 2014-911	2018 CDBG	Total Non-major Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 9,444	\$ 107	\$ 70	\$ 9,621
Receivables:				
Hotel/Motel taxes	779	-	-	779
<b>Total assets</b>	<b>\$ 10,223</b>	<b>\$ 107</b>	<b>\$ 70</b>	<b>\$ 10,400</b>
<b>Liabilities and Fund Balance</b>				
Liabilities				
Accounts payable	\$ 635	\$ -	\$ -	\$ 635
Interfund payable	-	-	100	100
<b>Total liabilities</b>	<b>635</b>	<b>-</b>	<b>100</b>	<b>735</b>
<b>Fund balances</b>				
Restricted	-	107	(30)	77
Assigned	9,588	-	-	9,588
<b>Total fund balances</b>	<b>9,588</b>	<b>107</b>	<b>(30)</b>	<b>9,665</b>
<b>Total liabilities and fund balances</b>	<b>\$ 10,223</b>	<b>\$ 107</b>	<b>\$ 70</b>	<b>\$ 10,400</b>

**City of Fort Valley, Georgia**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance –**  
**Nonmajor Governmental Funds**

<i>For the year ended September 30, 2020</i>	Hotel/Motel Tax	CHIP Grant 2014-911	2018 CDBG	Total Non-major Fund
<b>Revenues</b>				
Hotel/motel taxes	\$ 12,438	\$ -	\$ -	\$ 12,438
Total revenues	12,438	-	-	12,438
<b>Expenditures</b>				
Current:				
Housing and development	10,100	-	-	10,100
Total expenditures	10,100	-	-	10,100
Net change in fund balances	2,338	-	-	2,338
Fund balances, beginning of year	7,250	107	(30)	7,327
Fund balances, end of year	\$ 9,588	\$ 107	\$ (30)	\$ 9,665



**REPORT ON INTERNAL CONTROL AND COMPLIANCE MATTERS**



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

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, 2020, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements and have issued our report thereon dated July 19, 2024. Our report includes a reference to other auditors who audited the financial statements of the Fort Valley Utility Commission, as described in our report on the City’s financial statements. This report does not include the results of the other auditor’s testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**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 2020-001, 2020-002, 2020-003, 2020-004, 2020-005, 2020-007, and 2020-008 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 2020-006.

### **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  
July 19, 2024

**City of Fort Valley, Georgia**  
**Schedule of Findings and Responses**  
**For the Year Ended September 30, 2020**

**2020-001 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 of Condition** - 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** – Management agrees with the finding. In 2020, 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.

**2020-002 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, 2020**

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

**Effect of Condition** - 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** – Management agrees with the finding. 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.

**2020-003 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** 0- 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** – Management agrees with the finding. 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.

**2020-004 Reconciliation of Bank Accounts**

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

**City of Fort Valley, Georgia**  
**Schedule of Findings and Responses**  
**For the Year Ended September 30, 2020**

**Condition** - Bank accounts were not reconciled on a timely basis and required material audit adjustments to reflect the correct amounts for the fiscal year ending September 30, 2020.

**Cause of Condition** – City personnel did not possess the necessary 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 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** – Management agrees with the finding. 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.

**2020-005 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 necessary 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** – Management agrees with the finding. 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, 2020**

**2020-006 Noncompliance with Official Code of Georgia, Section 48-8-12(a)(l)**

**Criteria** - The Official Code of Georgia (OCGA), Section 48-8-12(a)(l), 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** – Management agrees with the finding. 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.

**2020-007 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, 2020**

**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.

**Views of Responsible Officials and Planned Corrective Action** - 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.

**2020-008 Inadequate Documentation Supporting Expenditures of 2015 SPLOST Funds**

**Criteria** – Per O.C.G.A 48-8-121, SPLOST proceeds shall be used exclusively for the purpose, or purposes specified in the resolution or ordinance calling for imposition of the tax.

**Condition** – The City was unable to produce documentation supporting the expenditure of funds for a payment on October 1, 2019, in the amount of \$23,500 and for a payment dated January 31, 2020, in the amount of \$45,500.

**Cause of Condition** – The reason for the missing documentation is unknown

**Effect of Condition** – This could result in noncompliance with O.C.G.A 48-8-121.

**Recommendation** - We recommend management review procedures and make the necessary changes to improve document storage and retention.

**Views of Responsible Officials and Planned Corrective Action** – Management agrees with the finding. See management’s corrective action plan.



**City of Fort Valley, Georgia**  
**Summary of Prior Year Findings**  
**For the Year Ended September 30, 2020**

**2019-001 Segregation of Duties**

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

**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.

**Status** – Unresolved – See current finding 2020-001.

**2019-002 Material Audit Adjustments**

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

**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.

**Status** – Unresolved – See current finding 2020-002.

**2019-003 Recording of Receivables and Internal Activity**

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

**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.

**Status** – Unresolved – See current finding 2020-003.

**City of Fort Valley, Georgia**  
**Summary of Prior Year Findings**  
**For the Year Ended September 30, 2020**

**2019-004 Reconciliation of Bank Accounts**

**Condition** - Bank accounts were not reconciled on a timely basis and required material adjustments for the fiscal year ending September 30, 2020.

**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.

**Status** – Unresolved – See current finding 2020-004.

**2020-005 Lack of Qualifications and Training to Prepare Year-End Financial Statements**

**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.

**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.

**Status** – Unresolved – See current finding 2020-005.

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

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

**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.

**Status** – Unresolved – See current finding 2020-006.

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

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

**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.

**Status** – Unresolved – See current finding 2020-007.

**City of Fort Valley, Georgia**  
**Schedule of Projects Undertaken with Special Purpose Sales Tax Proceeds**  
**For the Year Ended September 30, 2020**

	Original Estimated Cost	Current Estimated Cost	Expenditures		Total
			In Prior Years	Current Year	
<b>2008 Referendum</b>					
Water and Sewer Projects					
Stormwater Drainage	\$ 2,500,000	\$ 2,500,000	\$ 1,014,293	\$ 75,446	\$ 1,089,739
Public Safety Equipment	500,000	500,000	466,734	-	466,734
Road, Street and Bridge Purposes (a)	-	250,000	234,083	-	234,083
	<b>\$ 3,000,000</b>	<b>\$ 3,250,000</b>	<b>\$ 1,715,110</b>	<b>\$ 75,446</b>	<b>\$ 1,790,556</b>

(a) This line item represents the of 2008 SPLOST money given to the City by the County to pay for "Road, Street & Bridge Purposes" from the County's line item "Road, Street & Bridge" per the Intergovernmental Agreement for the DOT grant.

	Original Estimated Cost	Current Estimated Cost	Expenditures		Total
			In Prior Years	Current Year	
<b>2008 Referendum - Main Street DDA</b>					
Cultural, Historical, and Recreational Facilities	\$ 750,000	\$ 75,000	\$ 74,841	\$ -	\$ 74,841

	Original Estimated Cost	Current Estimated Cost	Expenditures		Total
			In Prior Years	Current Year	
<b>20 Referendum</b>					
Roads, Streets, Bridges, and Drainage (including stormwater)	\$ 1,453,000	\$ 1,453,000	\$ 425,894	\$ 1,745	\$ 427,639
Government Buildings and Solid Waste Facilities and Equipment	1,151,000	1,151,000	183,897	175,053	358,950
Cultural, Historical, and Recreational Projects	651,000	651,000	482,128	1,725	483,853
Public Safety Facilities and Equipment	651,000	651,000	484,242	-	484,242
	<b>\$ 3,906,000</b>	<b>\$ 3,906,000</b>	<b>\$ 1,576,161</b>	<b>\$ 178,523</b>	<b>\$ 1,754,684</b>